DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

SECOND SESSION—EIGHTEENTH PARLIAMENT

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CANADA

House of Commons Debates

OFFICIAL REPORT

Friday, February 19, 1937.

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 24, for the relief of Joseph Neilson Blacklock.—Mr. Golding (for Mr. Plaxton).

Bill No. 25, for the relief of Francis Hector Walker.—Mr. Beaubier, (for Mr. Hyndman).

Bill No. 26, for the relief of William Edward Connor.—Mr. Leader, (for Mr. Jacobs).

Bill No. 27, for the relief of Annie Nemchek Cohen.—Mr. Johnston (Lake Centre, for Mr. Jacobs).

Bill No. 28, for the relief of James Gordon Ross.—Mr. Johnston (Lake Centre, for Mr. Jacobs).

Bill No. 29, for the relief of Florence Anna Iverson Salberg.—Mr. Johnston (Lake Centre, for Mr. Jacobs).

BUSINESS OF THE HOUSE

DATE OF BUDGET—CANADA-UNITED KINGDOM TRADE AGREEMENT

On the orders of the day:

Hon. CHARLES A. DUNNING (Minister of Finance): In response to questions on various occasions from the leader of the opposition (Mr. Bennett) and other hon. members, I am now in a position to state that I expect to be able to bring down the budget on Thursday next, February 25.

It is the hope and expectation of the government that the new trade agreement with Great Britain will be signed before that time, and if it is, the trade agreement will form part of the budget.

SUPPLY—NATIONAL DEFENCE

CONTINUATION OF DEBATE ON AMENDMENT TO MOTION OF MINISTER OF FINANCE

The house resumed from Thursday, February 18, consideration of the motion of Mr. Dunning that the house go into committee of supply, and the proposed amendment thereto of Mr. MacNeil.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, continuing my remarks of last evening, let me declare that I personally long for peace. The social credit movement is a movement designed to obtain peace. Many ardent social crediters are so strongly imbued with the doctrines of peace that they feel that my stand in support of defence is contrary to the ideals of social credit. It is largely because I see in social credit the means of so reorganizing the economic systems of men that peace can become a permanent reality on the earth that I have espoused so fervently the cause of social credit. We are earnestly striving toward a great and glorious ideal; but we must not forget, while looking to the future, that the present has its urgent needs. One of our most urgent needs for the immediate present is more adequate means of defence.

I deplore the misdeeds of the past that have forced us into this situation. In so far as the present government is neglecting its duty in the matter of economic and social reform, I cannot and will not condone its errors. But now that we are in this exigency we must, I feel, comport ourselves wisely.

I appeal to the present government with all the earnestness of which I am capable that they set about reforming the present system. The disgraceful suffering, as inexcusable as it is distressing, which obtains throughout this land should not be allowed to continue. If one year from now I do not see distinct evidence of redress, and if at that time the present government is not showing signs of adopting policies more modern than the outgrown and discredited devices which thus far they appear to have depended upon, then I must say they will have made it extremely difficult, if not intolerable, for me to continue to support them. I believe they want to do the right thing, but they are trying to do the right thing in the wrong way.

For this year, however, because I consider it to be in the interests of Canada to have greater defence, and because I feel it my duty as a member of the parliament of Canada

to help the government in its efforts toward defence, I intend to support the government and to oppose the amendment.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, on Monday last in order that the Minister of National Defence (Mr. Mackenzie) might present to the house the defence estimates for the coming year, the Minister of Finance (Mr. Dunning) moved that the house go into committee of supply. That motion was met by an amendment moved by the member for Vancouver North (Mr. MacNeil). Although hon. members are already familiar with the terms of the amendment, its true significance should once more be pointed out. The amendment of the hon. member is in the following words:

> That all the words after the word "that" in the motion be struck out and the following substituted therefor:
>
> "This house views with grave concern the startling increases of expenditure proposed by the government for the purpose of national armament in contrast with the inadequate provision for the social security of all sections of the Canadian people."

In the form in which it has been moved, the amendment expresses want of confidence in the government. From an examination of its wording, it would appear that hon. members of the Cooperative Commonwealth Federation had had some difficulty among themselves in agreeing upon something they would all be able to support, something which would appear to condemn the expenditures on defence but which at a later time, should the occasion render it advisable, would enable them to shelter themselves under the statement that they had not in fact opposed the defence estimates as such.

Let me again draw attention to the wording of the amendment:

> This house views with grave concern the startling increases of expenditure proposed by the government for purposes of national armament in contrast with the inadequate provision for the social security of all sections of the Canadian people.

Note the words "views with grave concern" the increase in the estimates. Mr. Speaker, we all view with grave concern increases in expenditures for purposes of defence, but that is only a reflection of the concern which world conditions have created in the minds of people in all countries throughout the world. It is not singular that this house should feel concerned at the necessity at this time of adding more by way of defence. When one realizes what the conditions in Europe have been during the last four or five years; when one views the present situation in Spain; when one sees the nations of Europe doing their utmost to prevent what is now a terrible civil war becoming part of a great international conflict, there is reason for concern. But that concern is something which all of us feel quite as much as the hon. members who have moved and seconded the amendment.

Note, however, that the concern the amendment expresses is not with the increase in the estimates. I desire particularly to draw the attention of hon. members to that fact. There is nothing in the amendment which says that hon. members of the Cooperative Commonwealth Federation oppose the estimates to be presented to the house. The concern is over the contrast between the amount to be voted for defence and that to be voted, as they say, for purposes of social security.

May I make one observation in regard to social security. I should be inclined to believe that the security of one's country would rank as the first among all social securities. If through invasion, or aggression in some other form, anything should happen to Canada, I am afraid that what else we may have in the way of social security would, at least for the time being, go pretty well by the board. It is an entirely erroneous conception of the meaning of words to say that social security should be confined only to certain social services some hon. members may have in mind and which could not be carried on at all unless there were social security for the country as a whole.

Let me now speak more specifically about the contrast. I wonder if hon. members responsible for the amendment have ever made a comparison between what is spent in other countries for purposes of social security and for defence and the corresponding sets of expenditures in Canada. If they have, they will have found that in comparison with what Canada is spending for social security, she is spending relatively much less for purposes of defence than is the case with any other country of importance in the world.

Hon. members are most unfair when they draw comparisons between expenditures voted for purposes of defence by this house, and the amount that is being voted for social services by this house. I say "by this house" because of the money of the taxpayers of this country they are taking account only of what is being voted by this house. But hon. members know very well that while there are certain obligations which rest upon the federal treasury, there are also some which rest upon the provinces and upon the municipalities. They have carefully avoided making any mention of what comes out of the taxes of the

people of Canada for social services in the provinces and in the municipalities. They touch as respects social services, only upon what comes out of the people's pockets through amounts voted by this chamber.

They have not been fair in a further particular. While ignoring altogether amounts paid out on social services by provinces and municipalities in addition to expenditures from the federal treasury, they have not pointed out that the burden of defence for the whole of Canada must be borne by the federal treasury alone. That portion of the public expenditure is not divided between the provinces, the municipalities and the dominion; it is an exclusive charge upon the Dominion of Canada. That is a very important fact to be kept in mind, because it was one of the considerations in the minds of those who framed the constitution of our country when they assigned certain social services to the provinces and to the municipalities, largely freeing the dominion from payments on that account, but charging the dominion exclusively with the obligation of expenditures for the purpose of defence.

May I point out that the amounts being asked for to meet the defence needs of Canada are not merely for the protection of our shores and harbours; they are for the protection of all of Canada, of all the provinces and of all the municipalities. With respect to what may happen in a time of actual or apprehended danger of war, this federal government is expected to have responsibility for the defence of the entire dominion. The provinces are not being looked to to make any special expenditure to protect their harbours, their bridges or their highways; that is all part of the federal obligation in time of war, in time of possible invasion or emergency. There is no specified obligation upon the municipalities with regard to protecting their water mains, their sewers, their gas mains and the like; all this obligation so far as it arises out of a condition of war falls upon the federal treasury. With warfare what it is likely to be in the future, with possible air and submarine raids and all else that is to be feared, the protection of our great municipalities against the dropping of bombs or the sowing of mines which might disrupt the whole life of a municipality, becomes one of the most serious obligations under the heading of present day defence.

The amendment in other particulars is unfair. Is it a fact that relatively little is being spent by the federal government for purposes of social security? I have had prepared by the Dominion Bureau of Statistics and the Department of Finance a comparison of the estimates of expenditures for social services and national defence during the last five years. During that period much was expended for social services, to the neglect of what should have been expended for the purpose of keeping the defences of our country up to the standard to which they should have been kept. We get a much better view of the entire picture by taking a period of five years than by confining the comparison to any one. I shall, however give as well the average yearly expenditures

The estimate of expenditures by the dominion government on social services for the five year period, 1932-33 to 1936-37, totals $681,000,000. The average yearly expenditure amounts to $136,200,000. The estimate of expenditures by all provincial governments on public welfare and education for the five year period 1932 to 1936 amounts to $506,000,000 with the yearly average amounting to $101,200,000. The estimate of expenditures by municipalities on public welfare and by school boards for the five year period 1931 to 1935 totals $612,000,000, with a yearly average of $122,400,000. The total expenditure for five years on social services by the three governing entities mentioned amounted to $1,799,000,000 or a yearly average of $359,800,000. Let us now consider the total expenditures by Canada for national defence purposes.

Mr. WOODSWORTH: Are we to assume that these figures include expenditures in the dried-out areas for relief and so on?

Mr. MACKENZIE KING: I will give my hon. friend the details if he wishes them. The total expenditure by Canada for defence services during the five year period, the fiscal years 1932-33 to 1936-37, amounted to $76,000,000, or a yearly average of $15,200,000. In other words the total expenditures in Canada for social security purposes amounted to $1,799,000,000 odd as against $76,000,000 odd for defence purposes during the past five year period, or a yearly average of $359,000,000 odd as against $15,000,000 odd. I submit that that is the only fair comparison to make when one is estimating what is being spent on social services in comparison with defence. All of these amounts came out of the pockets of the Canadian taxpayers.

May I point out that the provinces would not have been able to carry on their social services but for the grants and subsidies which have been paid to them out of the federal treasury and the money lent to them by the federal government. That is what enabled the municipalities to carry on their social services. I wish also to repeat that while the federal treasury has been drawn upon for

loans and grants and subsidies to the provinces to enable them to carry on their social services and for much in addition in the way of special contributions for relief, the dominion has not been able to look to the provinces or to the municipalities for any contribution to help it in its work of defence.

The figures in tabular form are as follows:

Comparison of Estimates of Expenditures for "Social Services" and National Defence
(Prepared by Dominion Bureau of Statistics and Department of Finance)

	Total for five years	Average for one year
Estimate of expenditure by Dominion government on social services for five-year period, fiscal years 1932-33 to 1936-37..	$681,000,000	$136,200,000
Estimate of expenditure by all provincial governments on public welfare and education for five-year period 1932-36..	506,000,000	101,200,000
Estimate of expenditure by municipalities on public welfare and by school boards for five-year period 1931-35..	612,000,000	122,400,000
Total..	$1,799,000,000	$359,800,000
Total expenditure of Canada for National Defence services for five-year period fiscal years 1932-33 to 1936-37..	$76,000,000	$15,200,000

The hon. member for Winnipeg North Centre (Mr. Woodsworth) seemed to be anxious to have details. I shall give him some. The expenditures by the dominion government during the last five years on account of unemployment relief, which is a social service—I want hon. members to keep in mind that during the same period the dominion spent only $76,000,000 on defence—amounted to $254,871,231. For special public works and undertakings for the relief of unemployment, the dominion government expended $38,253,127. For old age pensions the total expenditure during the five years period amounted to $78,033,081. During the last five years more money was spent out of the federal treasury to provide old age pensions than was spent for the purposes of the defence of Canada. A total of $620,251 was spent on technical education while $750,000 was spent in the administration of the Employment Offices Coordination Act. A total of $2,381,922 was spent in the administration of the Annuities Act, the Conciliation and Labour Act, the Fair Wages and Inspection Act, the Industrial Disputes Investigation Act, and the Limitation of Hours of Work Act. On national health we spent $3,752,895 and a total of $468,950 was paid out by way of grants to private institutions for social purposes. In the administration of the Employment and Social Insurance Act a total of $93,862 was expended. In the administration of the Farmers' Creditors Arrangement Act a total of $1,532,266 was expended. A total of $22,691 has been expended in connection with the Dominion Housing Act. In connection with the social services I have enumerated there has been a total expenditure of $380,780,276 during the last five years.

In addition to these outlays which will be quickly recognized as for social services there have been other outlays assumed by this government which were also in the nature of social service contributions. I might begin by directing attention to the fact that after the great war the dominion assumed the whole obligation of expenditures arising out of the war with respect to the treatment and after-care of returned soldiers, the total of the European war pensions and other like outlays. The question was never raised as to whether or not the provinces should carry a part of that load. The load was assumed at once and in its entirety by the federal government notwithstanding that theretofore the provinces had been regarded as the appropriate authorities to assume responsibility on account of social services. Here are some of the additional figures: Treatment and after-care of returned soldiers, $51,450,929.

Mr. WOODSWORTH: Is the Prime Minister putting that in with social services?

Mr. MACKENZIE KING: I am putting it in as an additional outlay on account of social services. If the after-care of a returned soldier is not a social service, I would like to know what is.

Miss MACPHAIL: Do I understand the Prime Minister to say that the after-care of a returned soldier is a social service?

Mr. MACKENZIE KING: I most certainly say so, and I not only say that, but I say it is one of the very first of the social services that ought to be performed. It is a social service which has been undertaken by this federal government. The provinces or the municipalities have not had a corresponding obligation.

Miss MACPHAIL: Would the Prime Minister not call it a war obligation rather than a social service?

Mr. MACKENZIE KING: A war obligation? Most of our social services to-day have arisen out of war obligations.

Miss MACPHAIL: Thank you. That is very good.

Mr. MACKENZIE KING: And the fact that our social services have become so vastly increased on account of war is an added reason why this parliament, which is responsible for defence, should do its utmost to prevent another war arising with the additional social service obligation certain to grow out of it. The fact that we know what war costs a nation in life and limb, and health, is the strongest of reasons why a nation should do everything it can to prevent anything of the kind occurring again. That is the whole purpose of our defence estimates, to assist in preventing aggression on the part of other nations.

Here is the next item: European war pensions, $210,105,583. I say that every dollar that has been spent out of the federal treasury as a war pension is money which has gone to serve the needs of those whose needs have arisen out of the services which they have rendered to the state.

Then there are these items: The writing down of soldier and general land settlement loans, $3,223,413; payments re 1930 wheat crop, $22,456,645; payments re loss on 1930 oats pool under guarantee, $174,383; wheat bonus, 1931-32 and 1932-33, $12,719,900; or a sum in addition to the total I gave a moment ago of $300,130,853.

Mr. WOODSWORTH: Does the Prime Minister include interest on war debts?

Mr. MACKENZIE KING: No, I have not included interest on war debts but I think it ought to be included. That is another obligation which falls on this federal treasury which does not fall on the provinces, which does not fall on the municipalities, but which nevertheless makes it more difficult for the federal treasury to meet what it otherwise might be in a position to meet on many services. The justice of the situation demands that we view what are the obligations which this government has to meet. There is no escaping any of these obligations. Before we can begin to vote a dollar for other purposes, obligations of the character I have just mentioned, European war pensions and the like, have to be met.

The figures I have given make a total of expenditures by the dominion government during the last five years on account of social services amounting to $680,911,129. In addition to that, this dominion has made loans for relief purposes to the provinces, and the net amount outstanding on February 1 of this year was $102,150,000. Those loans have all helped the provinces to meet obligations in the nature of social services of one kind or another. I place on Hansard in tabular form the figures I have just given:

Estimate of Expenditures by Dominion Government during the last five fiscal years on account of Social Services

(Fiscal years 1932-33 to 1936-37)

Unemployment relief	$254,871,231
Special public works and undertakings for relief of unemployment	38,253,127
Old age pensions	78,033,081
Technical education	620,251
Employment offices, Co-ordination Act	750,000
Labour, including administration of: annuities, conciliation and labour, fair wages and inspection, industrial disputes investigation, employment offices, limitation of hours of work, etc., acts	2,381,922
National Health	3,752,895
Grants to various private institutions for social purposes	468,950
Employment and Social Insurance Act	93,862
Farmers Creditors' Arrangement Act (administrative costs)	1,532,266
Dominion Housing Act	22,691
	$380,780,276
Outlays re additional social services:	
Treatment and after-care returned soldiers	$ 51,450,929
European war pensions	210,105,583
Write-down of soldiers and general land settlement loans	3,223,413
Payments re 1930 wheat crop	22,456,645
Payments re loss on 1930 Oats Pool under guarantee	174,383
Wheat bonus, 1931-32 and 1932-33	12,719,900
	$300,130,853
Total	$680,911,129
Loans to provinces for relief purposes, net amount outstanding February 1, 1937	$102,150,000

Let me now give some of the social services that the provinces have been carrying on, and carrying on in part out of loans and grants which have been made to them from the federal treasury. The Dominion Bureau of Statistics

estimate of expenditure by all provincial governments for public welfare and education for the five-year period 1932-1936 is as follows:

Estimate of Expenditure by all Provincial Governments

(The Statistics for 1935 and 1936 are estimated)

	Total for Five Years, 1932-1936
Public Health.. .. .. Including boards of health, clinics, laboratories, grants to health associations, research and disease control.	$ 11,866,067
Public Institutions.. .. .. Including mental institutions, tuberculosis control, children's homes, homes for aged, incurables and rescue homes, reformatories, industrial farms, grants to blind institutions.	83,753,112
General Hospitals.. .. .. Government controlled (exclusive of mental hospitals).	1,385,007
General Hospitals.. .. .. (Exclusive of mental) Grants and assistance to.	23,606,773
Child Welfare and Maternal Assistance..	6,277,069
Old Age Pensions.. .. .. (Less dominion government and municipal contributions).	19,884,503
Mothers' and Deserted Wives' Allowances.. .. .. (Including municipal contributions).	20,769,300
Charities, Miscellaneous..	2,362,860
Labour.. .. .. Including employment bureaux, workmen's compensation, inspection of factories, boilers, public buildings, hotels and boarding houses, other labour regulations.	4,970,445
Interest, sinking fund and collection charges on public charities funds (Quebec only)..	9,161,252
Unemployment Relief.. .. .. (Less dominion government and municipal contributions and deductions from government employees' salaries).	173,743,777
Total Public Welfare . ..	$357,780,165

If I were to add education, which is a social service, the additional amount would be:

Education—Including grants to primary, secondary and technical schools, universities, colleges, normal and training schools, inspection, examinations, free school texts, libraries, deaf and dumb education, and other miscellaneous..	$148,564,113

Or a grand total for public welfare and education for the provinces of $506,344,278.

Let me now give some figures relating to the municipalities. Naturally they are only a partial amount, but are such figures as the bureau of statistics has been able to secure. I would ask the house to allow these tables to appear in Hansard in tabular form so that they may be more readily understood:

[Mr. Mackenzie King.]

Dominion Bureau of Statistics estimate of expenditure of municipalities throughout Canada on public welfare for the five-year period 1931-1935, also expenditure by school boards five years 1931-1935:

	[1]Five Years 1931-1935
Health—Including sanitation and hygiene..	$ 36,631,467
Charities and recreations—Including grants and aids to benevolent institutions, hospitals, poor relief and social service..	118,235,836
Total welfare..	$154,867,303
School board current expenditure	[2]457,726,057
Total welfare and schools..	$612,593,360

[1]Health and charities arrived at by taking the total expenditure for years 1931, 1932 and 1933, and an average of these three years for 1934 and 1935.

[2]School expenditure arrived at by taking the total expenditure for years 1931, 1932, 1933 and 1934, and an average of these four years for 1935.

I have given these figures to the house, Mr. Speaker, because in estimating what we are spending in Canada for defence, and comparing that expenditure with what is being spent in Canada for social services, it is necessary to take in all that has been spent on each account; and the social service account includes, as I have indicated, moneys paid out by the provinces, moneys paid out by the municipalities, and moneys paid out by this federal government.

Anyone who wishes to be just and fair to the taxpayers of the country, to the country itself and to municipal administrations, the governments of the provinces, and the federal government ought to quote every one of the figures which I have quoted here to-day.

In the light of that comparison it would seem there was little to concern ourselves about as respects the inadequacy of amounts for social services in contrast with outlays for defence. Yet this is what the amendment asks the house to declare:

> This house views with grave concern the startling increases of expenditure proposed by the government for purposes of national armament in contrast with the inadequate provision for the social security of all sections of the Canadian people.

It is clear from its wording that the amendment of the hon. member for Vancouver North, necessitates taking into account the social security of all sections of the Canadian people, which means of course what is being looked after by the provinces and the municipalities as well as by the dominion. In the light of the figures which have been given here to-day, there is not a member of the group responsible

for this amendment who ought to think for one moment of supporting it; they all ought to ask to have it withdrawn.

Comparisons or contrasts of the kind are however beside the question. Either money is needed for purposes of defence or it is not. What we propose to spend on defence is not to be justified by comparison with anything else, it is to be justified with respect to the needs of defence alone. It could be justified in all these other ways if one wished to do so, but my point is that any criticism of the government in respect to the defence estimates must be made on the score of what we are spending for defence in the light of the world situation as we know it and of Canada's position as we know it in reference to dangers that may arise. I should like to ask hon. members of the group opposite if any one of them to-day will rise in his seat and say that in the light of the world situation, as he understands it, he thinks we are spending too much for defence in Canada at this time.

Mr. WOODSWORTH: That is the position we take. I do not need to reiterate it. I think it is simple nonsense to be spending as much as we are.

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: Well, if that is the position my hon. friend takes, he has not had the courage to put it in his amendment. That is just the criticism I make of the amendment. I know very well what is going to happen as time slips along. Let the dangers increase to some extent, and what will hon. members say who support this amendment? "Oh, we never opposed the amount of money that the government was proposing to spend for defence."

Mr. WOODSWORTH: You will see, when we come to it.

Mr. SPEAKER: Order.

Mr. MACKENZIE KING: "All we did was to say that the contrast between what was being spent for defence and what was being spent for social services was a matter of concern."

Mr. LAPOINTE (Quebec East): We are concerned about it.

Mr. MACKENZIE KING: Let me now come to what we are proposing to spend for purposes of defence, and why the amount is what it is. And just here may I say that governments are necessarily controlled, in the matters which they submit to parliament, by the actual conditions with which their countries may be faced at any particular time. When a government brings in its estimates it does not bring in just what it pleases or what pleases it most. It has regard to conditions as they exist, and must consider what is necessary, and what it believes the people of the country believe to be necessary properly to meet those conditions. If there were no dangers in the world at the present time, if there were no threat of international war, if there were no impending calamity on a scale such as everyone, who is reflecting on the world situation, realizes that there is, certainly it would be an extraordinary thing for the government to bring in increases in defence estimates. But when countries are facing an altogether new situation, a government which has responsibility for defence must assume that responsibility in the light of existing conditions.

To understand why the defence estimates contain the increases they do, it is necessary to take account not merely of what has happened within the last year or two, but to view the world situation as it has developed in the years since the war. Quickly reviewing conditions, as they are known to all, we can see the reason why, for a considerable period of time, defence estimates were kept at a very low figure, and also why, at the present time, estimates have had to be increased not only by Canada but by countries all over the world that are seeking to maintain their liberties and freedom and free institutions.

After the war, when the treaty of Versailles had been negotiated and signed, and there was brought into being the League of Nations, the world was war weary. There was not a nation which had not had enough of war —as sentiment was reflected in the minds of most of its people—for all time. The world looked for some other means of settling differences which might arise and saw in the League of Nations an institution that seemed to give promise of relieving nations from the necessity of competitive arming in the future. Here, they thought, was an institution that, by bringing into its membership all the nations of the world, would be in a position through the collective security it would ensure to avoid the necessity of any one nation arming against another. The vision was so compelling that it seemed to create the very conditions that were needed for its fulfilment. People did not stop to ask themselves very seriously whether this means of security upon which they were relying, which the league was to bring into being, would actually meet the situation; they were satisfied to accept it. The peoples of the different countries were ready to abandon old methods of settling disputes and to adopt the new and

better ones symbolized in the league. It was a popular gospel to preach, this gospel of the league of nations and all that it stood for, and political parties rivalled each other in their support of the league. Up to a certain point they had very good reason for the ground they took. But as years went by new situations developed. I suppose that the League of Nations as the instrument of collective security was at the zenith of its influence around the year 1926, when, in addition to all that the league represented, the world witnessed the United States join with France in bringing into being the Kellogg-Briand pact, or the Pact of Paris, as it is better known, under the provisions of which the nations that were parties to that instrument agreed from that time on to renounce war as an instrument of national policy. I remember very well the scene in Paris at the time that the pact was signed, because I had the honour of signing it on behalf of Canada. It was a beautiful day, above the foreign office in Paris were flying the flags of the nations of the world. In front of the building were hundreds if not thousands of men, women and children for the most part still dressed in black, rejoicing in this new promise of salvation from aggression, but still having very vividly in their minds the ravages of the war not so many years before. Great were the expectations in those years of the new instruments framed for the purpose of maintaining peace.

Well, how have the hopes once entertained of the League of Nations been realized? The League of Nations first of all was based on the idea of universality of membership. It was brought into being by the United States, one of the greatest powers in the world, and a power, considered largely disinterested. Other countries felt that, with the United States one of the members, collective security among the league members was going to be great indeed. Unfortunately, the United States subsequently did not see its way to becoming a member of the institution which owed its origin to the inspiration of that country. That was the first great disappointment. That was the first great gap in universal membership. As time went on, nations began to withdraw from the league. Japan, one of the great powers, withdrew, and shortly afterwards Germany, another great power, did the same. Brazil withdrew from the league. At the last meeting of the assembly, Italy was not represented. Thus, at the last assembly of the great powers that were in the war, Japan, Germany and Italy were not at the league.

Now, that is a very different kind of league from anything which was thought of, or talked about, during the years in which so much emphasis was put upon the security which all nations were going to derive from the League of Nations. I shall a little later on have something to say about the position of the league and what is involved in membership at the present time. It is I think an open question whether, instead of being a security, it may not in the present situation be something of a liability to be under the obligations which the covenant of the league imposes on its members with its membership restricted in the manner in which it is. That is a factor which must be taken into account at the present time.

There was another disappointment. The war ended, new democracies it was believed would come into being, and the league was to further that end. Instead of democracies the world has seen growing up in Russia, in Germany and in Italy as well as in other European countries dictatorships of the most powerful character. Instead of the people controlling their institutions and parliaments we have seen in the last few years parliaments swept out of existence. The league's whole strength lay in the fact that it was the people who were going to have the say; the people were going to have the say in Germany, in Italy and elsewhere. Well, we have seen the suppression of parliaments in some of these countries.

Then there was disarmament. That was another of the disappointments. Disarmament was foremost among the objectives of the league. It cannot be said that many nations did not strive to effect that great end. It has, however, thus far failed of accomplishment, and competitive arming is taking its place.

The league was going to bring about a condition wherein peace would be maintained by the furtherance of conciliation and arbitration and by treaties. There were to be all kinds of agreements between the different countries, that belonged to the league. Peace was to be secured by contract, process of law, judicial settlement, a world order based upon contractual relationship; and a world that liked to believe in the sanctity of contracts saw in this extension of treaty obligations another great hope for the maintenance of peace. What is the position to-day with regard to treaties and contracts between nations? We have seen how far the treaty of Versailles has been respected. We have seen how Locarno has been violated. We have but to look at the pronouncements made from day to day by certain nations to discover that they put no faith at all in contracts and will not if it suits their purpose regard themselves as bound by any agreement or obligation. Some nations avowedly are placing their confidence

in might not in right; in force not in reason. That is a very different situation from that with which the world was faced a little while ago. These circumstances have changed the whole position of security so far as the nations of the world are concerned.

The league was in existence at the time of aggression against a league member in Manchuria, and the league was found to be a helpless institution in preventing that aggression. The league was in existence at the time of the Chaco war in South America, and the league did not intervene there though nations which were members of the league were involved. More persons were killed in that war than in the Ethiopian war. The league has been seen to be essentially a European institution. The league was in existence when Italy invaded Ethiopia and an effort was made by the application of sanctions to enforce what the league had felt would be the most effective means of ending aggression and maintaining peace. But what was discovered at that time? It was discovered that economic sanctions if they were to be effective at all would lead inevitably to military sanctions, and that military sanctions meant war. That is a very different condition from what most people had thought was likely to be the case when they were advocating membership in the League of Nations.

The result of all this has been that the attitude of nations generally has changed very materially towards the league viewed as an instrument for maintaining peace. Collective security under some of the league's provisions is none other than a reliance upon force. I am not saying that the League of Nations cannot fulfil a useful purpose and that it is not absolutely necessary; I believe it is. But the league in some of its provisions is based too much on a war mentality. The league, as its covenant is drafted, puts far too much reliance upon what force may be expected to accomplish. At any rate that is so to my way of thinking. There may be others who hold a different view. I believe that the league as an instrument to further peace by peaceful means, by constructive peace policies, by reliance upon conciliation, investigation and the power of public opinion by the formulation of world opinion and methods of that kind can be of very great service to mankind and can be made a universal league and a league which will be effective in bringing injustices to light and having them ultimately remedied. But a league which in the light of the developments of the last few years continues to place its reliance on force is going to be a very different institution from that which most of us have conceived the League of Nations to be. And those who are going to put their faith in a league which relies upon force as its means of effecting collective security will have to consider anew what force they are going to be prepared to contribute from the country to which they themselves belong. The change in the position of the league, and in the possibility of its being able to serve the ends it was intended to serve, is another factor which has greatly affected world conditions.

But there is something else which has had a far-reaching effect and it is this. The old struggles, which were in the minds of people in the days when the league was formed, were struggles between nations; the league was formed to prevent one nation flying at the throat of another. But what is the nature of the struggle that is going on in Europe at the present time? What we see is a new kind of struggle, a conflict spreading throughout the world, a class struggle which sweeps right across the frontiers of nations without regard to boundaries—a class struggle on a scale scarcely contemplated by the mind of man. We see violent conflicts of classes and social systems, forms of social and political organization; the peoples beginning to fight among themselves—fighting for their social philosophies with a zeal akin to that of the days of the old religious wars. In other words, it is no longer a matter of nation protecting itself against nation; it has come to be a question of conflicting ideologies, to use an expression that covers the ground better than any other, and as to which of the contending forces is to prevail. All this has been accompanied by new and increasingly terrible weapons and methods of warfare, the wider range of aircraft and submarine and the use of deadly bombs and poisonous germs.

On different occasions I have quoted a passage which I should like to quote again because of its evident application to the present world situation. It is a quotation from one who was not a jingo, but a great scientist, a great humanitarian, one of the benefactors of mankind, one who knew a great deal more about human beings and human nature than most men of his own or any other day—the great scientist Louis Pasteur. In 1888 when Pasteur was being honoured by his country in the opening of the great institute which bears his name he was so overcome by the reception accorded him by the statesmen and scholars of France that he was unable to read from the manuscript he had prepared. He handed it to his son who read from its pages the following memorable words:

Two contrary laws seem to be wrestling with each other nowadays; the one, a law of blood and of death, ever imagining new means of destruction, and forcing nations to be constantly ready for the battlefield, the other, a law of peace, work and health, ever evolving new means for delivering man from the scourges which beset him. The one seeks violent conquests, the other the relief of humanity. The latter places one human life above any victory; while the former would sacrifice hundreds of thousands of lives to the ambition of one. Which of these two laws shall ultimately prevail God alone knows.

Now that is a statement of actual truth never more clearly demonstrated than in our own day. It is a truth we witnessed at the time of the great war, that we are witnessing again to a degree that no one hitherto could have dreamed of. We see in the world forces that are working for destruction and for death. We see forces that are working for peace, health and work. What I want to say to my hon. friends who seem to claim a monopoly of belonging to those forces that are working for peace, health and work is this, that you cannot go on with that work unless you protect yourself from the other forces. That is something to be kept in mind. When some of us to protect ourselves and our country against the forces of blood and of death ask parliament to vote money for purposes of defence, that we may continue to further the law of peace and work and health we are told that we are preparing for and promoting war. We are doing nothing of the kind. We are trying to make the national position secure to enable the law of peace, work and health to prevail and progress. This we believe is only possible as we keep at bay those forces that are making for death and destruction. No one can deny that there is coming over the face of Europe, if not of other parts of the world as well, something in the nature of an alignment of forces which are wrestling with each other, forces which do not confine themselves to any one country and which are operating in ways that are exceedingly dangerous. All that is changing the situation from what it was a few years ago with respect to the need of defence in different countries.

But more than that. We have at the present time and have had since July of last year a great civil war waging in Spain, one of the great countries of Europe. We have seen how difficult it is for other nations to keep their own nationals out of that war. That is something to be considered and to be reckoned with. The fact that in these many months we have seen coming from all parts of Europe men who are prepared to throw their lives into that ghastly furnace, fighting on one side or the other makes pretty clear what we may expect if war ever gets beyond the boundaries of that country to a greater extent than it has at the present time. It has required all the ingenuity and skill that the statesmen of Britain and other countries in Europe could command to confine that conflict within the boundaries of that single unfortunate country. Who will say that those of us who are sitting here may not before the end of this present parliament witness some terrible expansion of that conflict, unless it is totally ended within that period of time. If the conflict spreads, if a conflict of that character becomes international, is it likely that any part of the world is going to escape its terrors? Facing such a possibility, not to speak of others scarcely less evident, can a government which has the responsibility of looking after the defence of its own country, ignore altogether what is necessary for the protection of its coasts, its harbours, its great cities, its people wherever they are, in contingencies that may arise.

These are things which the present administration have had to consider. The situation would be appalling and hopeless if there were not other factors which help greatly to relieve it. It would not be fair to leave the house or the country with the impression that the existing situation menacing as it may be is one that cannot be met. It is a condition that has been continuous more or less for the past five or six years. Europe has been in a very unsettled state. But some way or another, by the working together of men of good will, the nations have been able to maintain peace to a very considerable extent, and we hope and pray that they may be able to continue so to do. And there are many reasons to believe that perhaps they will. I do not suppose that Germany wants to go to war, I do not suppose she is ready to go to war at the present time. I imagine Italy has had enough of war for a while. I imagine Russia knows what it would mean to have to carry on a war in any country other than her own. So far as Japan is concerned there is evidence that the power of the people there who desire peace is very strong. We know whatever the ambitions of their rulers may be that throughout the world the peoples as a whole are anxious to preserve peace. On the whole there has been some improvement, a less tense strain in the international situation, a balancing of forces, a growing recognition on the part of every government of the uncertainties of success and the penalties of failure, a growing readiness too to seek to remove the causes of conflict, the sources of friction and to realize that in the end war settles nothing even for the victor. But one thing is certain, and that

is that this competitive arming cannot continue indefinitely without some terrible crash coming. If what hon. members of the Co-operative Commonwealth Federation group say is true, that competitive arming means war, then war on a colossal scale is inevitable, and it is surely time that we begin to see that our country should be in a position to protect itself against possible contingencies arising out of such a situation.

Do they say, holding the convictions they do, that we should sit by and do nothing to defend our shores, our harbours, our shipping terminals, our great centres against contingencies of a kind that may arise?

Let me read what one gentleman who is not an alarmist and who has had a very strong faith in the League of Nations feels about the world situation to-day. I quote from Mr. John W. Dafoe, president and editor of the Winnipeg Free Press. I imagine Mr. Dafoe has been as strong a supporter of the league as any man in Canada and that he is as little given to exaggeration as any student of international affairs. Speaking in Toronto only a few days ago Mr. Dafoe said:

> It is not possible to be optimistic. If the piling up of armaments, the regimentation of people and the constant interchange of threats between nations must continue, war is inevitable, given time, and perhaps it will come sooner rather than later. Why is the world in its present condition? Because we have reverted to the pre-war conception of relationships between nations. The post-war idea of the keeping of peace being an obligation upon all nations has been submerged. It may return of course but for the time being that great idea has vanished from the world and we are back to a conception that excludes all considerations of morality in international relationships.

There is one Canadian speaking out of his knowledge of conditions and careful study over many years. Let me read—and it is the only other quotation I shall give in this connection—what another public man of great experience in world affairs has been saying about the situation as he sees it. Mr. Lloyd George gave an interview before he left the West Indies in which he stated his view of the present situation and where it was likely to lead. This was on February 5:

> The world is going mad. At the present moment we are spending $1,500,000,000 on armaments. Ten years ago the entire world spent $3,500,000,000 for armaments, now it is spending $12,500,000,000. They have almost quadrupled it in the past ten years and it is still going up. You must have followed what is happening in Europe to-day, nations are arming again. Within ten years the world armaments have trebled and are on the way to be quadrupled all within ten years. It is going on at an accelerating pace, Europe is thoroughly scared, they are frightened of war, all the prayers for peace which you hear everywhere are drowned by the ring of the anvil, countless anvils hammering out the most terrible machinery of war that has ever been invented.

I give these quotations not to alarm the country but to bring home to hon. members some appreciation of the obligation that rests on the government of this country at this time. I ask any hon. member of this house, no matter from what part of the country he comes, if you were in the position of responsibility that I am in to-day, would you do nothing? Would you stand here and tell your fellow countrymen that in the light of statements such as these and in the light of the situation as we all know it, there was no need to do anything in preparation for what may take place later on, I ask this, particularly after having heard the statement made by the Minister of National Defence (Mr. Mackenzie) as to the present position of Canada's defences. I must say that I regret very much that the Minister of National Defence found it necessary to tell the house the condition in which the defence forces of this country find themselves at the present time. It does not strengthen our country to have the weak spots in its armour known all over the world. But apparently something of the kind was necessary to persuade hon. members generally that there was need for replacement of obsolete armaments and equipment, that there was need for making good necessary stores and inadequate supplies, that there was need for something being done to cope with new methods of warfare from the air as well as on land and sea.

Let me answer one question at once. We are asked: What good is the little you are doing, in the teeth of a threatening world situation such as you have described? Why waste the money? If we were without friends, if we were not part of a world seeking to preserve its liberties, I would say it would be quite useless to do anything. But fortunately there are many countries that still love liberty; fortunately there are still many democracies in the world, and I believe we can rely upon many other countries doing their part, if we are prepared to do ours, in meeting the dangers of any situation which may affect this part of the world.

May I point out that undoubtedly Canada is the most secure of all countries. Fortunately, geographically we are better situated than most countries. Fortunately, by nature perhaps we are richer in resources than any other country of comparable size. Fortunately, we have no neighbours to the north, and to the south of us we have the best of

neighbours. Fortunately we are separated by vast oceans from Europe and Asia. Fortunately, there are no countries which could be described as our enemies, or which can be said to be arming directly against us. All of these circumstances are fortunate indeed. Then, fortunately, above all else, we are a part of a great commonwealth of nations which has stood for freedom, and which is in a position to defend its freedom. It is because we are so fortunate that we are able to keep our defence expenditures down to a very small point. That is what I want hon. members to realize.

Miss MACPHAIL: We do realize it.

Mr. MACKENZIE KING: The hon. member may, but I am afraid many about her do not, because we have been told that even these comparatively small expenditures are unnecessary. I want to bring home to the house the fact that the government would not be justified in asking parliament for such a small amount by way of increase, were it not for all the other factors which time in and time out have been mentioned here as reasons why we should do nothing.

By all means, let us make the most of our friendship with the United States. By all means, let us make the most of our friendship and kinship with Great Britain and with every other part of the British empire. By all means let us continue to be friends with every other nation, because in that direction, more perhaps than in any other, security lies. But let us realize that unless we do something to help ourselves these countries cannot be expected to help at a time of world crisis, or great peril. It is not contended that that danger is great for us. There is a danger but so far as Canada is concerned, it is, as I have already pointed out, an incidental contingency. Relatively our danger is small. Another great war, however, might lead to exposure to dangers, which might be great indeed.

I was explaining why the increases have to be made at this particular time. They are necessary because of the changed conditions I have described and the consequent dangers which beset all countries. But there are more immediate reasons, and they are these: During the last few years we have not been spending on defence the amount which normally we ought to have been spending. We have neglected our defence forces. I am not going to criticize my predecessors in office because of the extent to which economies were effected in the Department of National Defence. I am prepared to write those economies down to the depression. The fact is, through years of depression, while there were large expenditures in some directions there were economies in others. It was perhaps natural that the Department of National Defence should have been considered a department in which economies could be effected. Let us not forget, however, that the depression has operated in two ways: It occasioned economies in defence so far as Canada was concerned, but it operated in other ways to make nations excessively restless. The depression has been responsible for much of the feeling which to-day is asserting itself in violence of one form or another. The fact that we tried to meet the depression as we did has only added to our immediate necessities as respects defence.

When the present government assumed office we naturally at once made a survey of all departments of government. The Minister of National Defence reported to his colleagues the condition as he found it in the department of defence. As he said the other day, discovering the condition he did as respects the lack of defence equipment and supplies, he would have been guilty of treason had he not in an emphatic manner reported upon it to his colleagues and in particular to myself as Prime Minister. Had the Minister of National Defence been able to carry out his wishes and what he believed to be his duty, most of the present estimates would have been submitted last year instead of this year, because even at that time the world was facing a critical situation and the need for precautions was apparent. But there was a special reason why it seemed unwise to present increased estimates for national defence at that time. I think hon. members can surmise the reason.

When we assumed office the Italo-Ethiopian war was already in progress and we found the League of Nations had already asked that economic sanctions against Italy be imposed by its several members. Almost the first obligation which fell upon the new administration was that of imposing economic sanctions against Italy because of Canada's membership in the league. Then we were faced with the report that Canada was urging that oil sanctions should be added to the others. Those of us who had responsibility realized what the consequence of the imposition of oil sanctions might have been. We were questioned about it at the time, but since then more than one public man with knowledge of the situation has made it pretty clear that, had oil sanctions been imposed at the time by the league, the world might have seen the whole of Europe in flames last year. With

the European situation as it stood at the time, as a government we felt it would be unwise to arouse discussion in this house on matters of defence, especially when there was the possibility that our action would have been entirely misunderstood by other countries as well as our own. We urged the Minister of National Defence not to press for moneys to make good the depletions and deficiencies in defence to the extent he deemed necessary until the European situation, as it related to the war between Italy and Ethiopia, had somewhat cleared. The understanding was that we would come to parliament with a full statement of the situation at a time when such a statement was not likely to add to the difficulties of those who were dealing with affairs in Europe.

We wished moreover for further opportunity to see that the expenditures requested were absolutely essential, and that whatever it might be necessary to have done would be effective. I have listened to much of what has been said about the Department of National Defence. I know it is a popular pastime to make fun of the brass hats, as they are termed, and to ridicule those who wear gold braid, as it it termed. May I say however—and I say this as the Prime Minister of Canada—that the defence forces of Canada are part of the public service. Persons in those branches of government are not free to defend themselves on the floors of parliament. They are not supposed even to defend themselves in the press of the country, and I think it is most unchivalrous for members of parliament to belittle men who have served their country at the risk of their lives in the past, and who, in the face of a world situation such as we have to-day, are prepared, if necessary, to offer their lives in its service again.

I observed that the group opposite seemed to be greatly amused when one member read from a regulation stating the size of ties that were to be worn in relation to the size of collars and how they were to be made up. I have noticed among men who have had a military training, that one finds at their homes, both in and out of doors, evidences of order and system, which frequently are not to be found in other homes. The continuous attention paid to little things and the discipline necessary to cause a man to pay attention to such things often goes a long way towards ensuring that in a moment of action one who may be called upon to place a gun in position, will do so with accuracy; or one whose duty it is to direct a beam of light will do so with exactness and precision. Hon. members may ridicule these little things but they are a part of the training and discipline which help to make men efficient in times of need.

Knowing that there would be the criticism that officers of the Department of National Defence were seeking to increase their own importance and to enlarge unduly the scope of the defence forces, after prorogation last year I suggested to my colleagues with the approval of the Minister of National Defence that we should have a special committee of the cabinet to take up with the Minister and the officials of his department the whole question of the defence estimates, and that we form from among members of the cabinet a Canadian defence committee. I did that for the reason I have mentioned, but even more for the reason that having regard to the world situation, I thought it important that members of the cabinet should have the fullest possible information with respect to the general defence services. I asked the Minister of National Defence to give to every member of the cabinet a secret memorandum setting forth in detail what was being proposed, what needs were likely to be served, and at what cost they would be met, in order that the defence committee of the cabinet might be in a position to take up with the heads of the branches of the defence department any points of criticism that might occur to any of them after the information had been placed before and considered by the cabinet as a whole.

I shall read the minute of His Excellency in Council of August 20, 1936, which established the defence committee:

> The committee of the privy council have had before them a report, dated 19th August, 1936, from the Right Honourable the Prime Minister, submitting that he is of the opinion that a subcommittee of council should be constituted to consider problems respecting defence.
>
> The Prime Minister therefore recommends that a subcommittee of council, to be known as the "Canadian Defence Committee" and to consist of the Right Honourable the Prime Minister, the Honourables the Minister of Justice, the Minister of Finance and the Minister of National Defence, be appointed, the Right Honourable the Prime Minister to be chairman of the said committee.
>
> The Prime Minister further recommends that the said committee shall have power to call before it any official or employee of the government and any officer of the naval, military or air force of Canada, whose duty it shall be to afford the committee every assistance and all information in connection with any subject in regard to which the committee may desire to be informed.
>
> The committee concur in the foregoing recommendations and submit the same for approval.

After it was formed, the committee had three important meetings with officers of the defence department in addition to other conferences. Before this committee of the cabinet

the chief of the naval forces, the chief of the air forces and the chief of the militia appeared with other members of the staff. A considerable part of a day was spent going over item by item every recommendation that was made. The estimates were then further considered by the cabinet as a whole.

Let me now say a word as to the extent of the increases in the estimates being submitted. In the light of all that I have said, what are we asking this house to do? What items account for the increases? First of all, we are asking parliament to enable us to replace two destroyers which had become obsolete with two destroyers which will be up to date and effective. For a good many years past we have had four destroyers, two of which had been obtained on loan from the British government. Those two had become obsolete and we had to ask ourselves whether we would approach the British government at a time when they were being hard pressed themselves, and ask them in the name of Canada to lend us two more destroyers or whether we would ask them if they could spare us out of their number two destroyers at a reasonable figure. Is there any hon. member who thinks that we should have allowed the two destroyers which had become obsolete not to be replaced? Is there any hon. member who thinks that we should have sought to borrow two destroyers instead of purchasing them? Is there any member of the group opposite who have been criticizing the estimates who will say that we ought to have left these two obsolete destroyers unreplaced in the little service that we provide for our coasts?

We are asking this house to enable us to purchase four mine sweepers, which will be built in Canada. A few years ago we had four mine sweepers regularly in commission. One is still in existence but is ready for scrapping, one was sunk and the other two have been out of commission for some time. We are simply replacing what we had as a part of the regular service a few years ago. I am told that during the war there were 125 mine sweepers between Halifax and Sydney to protect that portion of the shores of Canada. I ask my hon. friends opposite who are criticizing these estimates if they will say that we should not purchase four mine sweepers, when we have only one in Canada to-day? They do not reply. Why then do they criticize these estimates, why do they bring in a vote of want of confidence in the administration because we ask for the small increases we are asking for in order to begin to undertake some sort of defence around our coasts? We propose to have these mine sweepers constructed in Canada. During the war twelve were constructed in this country so that we will be able to do the work ourselves. That covers the naval equipment with the exception of one training ship. We were told that a training ship was essential and we are providing for this ship which also will be constructed in Canada.

Come next to the air forces. I think everyone recognizes that an air force will be a very necessary form of protection from now on. Part of the necessity for this expenditure is due to the change in the nature of present day warfare. Air forces did not exist before the last war and submarines came into general use during that war. Air fighting has become the most significant feature of modern warfare. Well do we know how air forces are being developed in other countries of the world. When the Liberal administration was in office some years ago we felt that everyone would recognize of what great advantage extensive air navigation would be in a country the size of Canada. We thought that we ought to encourage civil aviation and at the same time develop an air force for defence purposes. We made a beginning in that direction, indeed we went quite a way. No exception was taken and this parliament voted the money necessary for the air forces. The expenditures for air defence purposes reached a point just about equal to that which is now being proposed. When my right hon. friend the leader of the opposition came into office in 1930 and encountered years of depression his government thought it advisable to cut down the air force. We criticized him at the time very strongly for that; the Liberal party in Canada, the Liberal members of this House of Commons, criticized the then government for cutting down the air force. All we are doing at the present time is continuing our policy as it was then by restoring the air force to a point where it will be effective and of some real service.

How were the expenditures cut down? In 1930-31, the year we went out of office, the total expenditure for defence purposes was $21,700,000. When my right hon. friend came into office he had by 1932-33 cut that $21,700,000 to $12,600,000. An increase of five million dollars in the present estimates which are required for the air force is accounted for by the extent to which the air force was depleted during the time we were out of office. The entire air force appropriation may be considered as replacement. Does anyone say we should not spend that five million dollars

to bring back the air force to where it was at that time? Will anyone in the group opposite who have been criticizing the government say that? I do not hear anyone say so.

Mr. WOODSWORTH: May I ask the Prime Minister if he will be fair enough to allow us to speak when we have the opportunity when the estimates are under discussion?

Mr. MACKENZIE KING: My hon. friend has had the opportunity to speak, and he has spoken many times. I am asking him a question now, which I am asking any of those opposite who have been criticizing the government.

Mr. WOODSWORTH: I would say to the Prime Minister that I do not propose to answer under these circumstances.

Mr. MACKENZIE KING: That is all I want. I want to make it clear to the country as well as to the house that while hon. gentlemen opposite are taking refuge behind the amendment which has been brought into this house—

Mr. WOODSWORTH: Mr. Speaker—

Mr. SPEAKER: The hon. gentleman must not interrupt without permission.

Mr. WOODSWORTH: As a matter of privilege, Mr. Speaker, I ask that no rhetorical question be put to us across the floor when we have no opportunity of replying. We shall speak when we have a proper opportunity.

Mr. SPEAKER: Order.

Mr. MACKENZIE KING: I will not ask any rhetorical questions but I shall make this positive assertion. There is not a member of the group that has moved this amendment who has stood up in his place and said that he would not support what the government is proposing to do, although supporting an amendment which purports to criticize what the government is doing.

Mr. DOUGLAS: I am prepared to do that when the Prime Minister is through.

Mr. MACKENZIE KING: Now I come to further expenditures, the expenditures for militia purposes. The Minister of National Defence made very clear wherein the provision that is being made for the militia is required. It was pointed out that so far as the equipment which exists at the present time is concerned, much of it is obsolete. It is totally inadequate, and so far as the supplies of munitions are concerned they too are wholly inadequate. Does any hon. member take the view that we should not make good supplies which are deficient? Will anyone say that at a time like this we should expect members of the militia to be prepared to defend our coasts, our harbours, terminals, to support the naval and air forces and not give them the necessary ammunition, not provide them with the necessary guns, not provide them with the anti-aircraft, and other essential equipment? The Minister of National Defence has made perfectly clear what equipment and armaments are necessary if we are to make our militia effective at all.

The view that the government has taken is that we need certain defence forces and needing these forces we should see to it that they are made efficient.

Just to give an idea how Canada stands as compared with other countries in outlays on defence, let me give the amount that was spent per capita on defence by the leading countries of the world for the year 1935-36:

Mexico, $1.12.
Peru, $1.30.
Brazil, $1.31.
Canada, $1.41.
New Zealand, $2.38.
Venezuela, $2.39.
Denmark, $2.50.
Norway, $3.31.
Argentina, $3.72.
Chile, $4.01.
Finland, $4.12.
Japan, $4.30.
Australia, $4.37.
South Africa, $4.53.
Belgium, $4.59.
Sweden, $4.95.
United States, $7.11.
Switzerland, $7.56.
Italy, $8.11—not including extraordinary expenses for the Ethiopian war.
Russia, $9.77.
Great Britain, $14.14.
France, $16.79.

I think, Mr. Speaker, in the light of those figures, that the small amount we are asking by way of provision for defence should not be taken exception to by any hon. member of the house.

The hon. member for Rosetown-Biggar (Mr. Coldwell) said that he hoped some statement would be made of the government's foreign policy. He thought it was important that such a statement should be made in dealing with these estimates. May I say to my hon. friend that I think the government's foreign policy has been put before the house pretty clearly this session and last session. Last session I made a very clear and extensive statement, and this session I have spoken several times on foreign policy.

My hon. friend says that foreign policy and defence are necessarily bound together. I think he makes a mistake in assuming that foreign policy has to do mostly with war.

Foreign policy has to do with maintaining peace, and I have indicated over and over again that so far as this government is concerned, its policy is to follow after the things that make for peace with all the nations of the world, and to do the utmost that it possibly can towards that end. Our whole fiscal policy is based on that view. It is a part of our foreign policy, part of our relations with other countries. We believe that getting rid of trade restrictions, quotas, and other barriers, doing what we can to break down economic nationalism, helps to make for peace. Having regard to the extent of its trade, this government has gone further, I believe, than any other government in existence to-day towards promoting trade with other countries by reducing tariff barriers and getting rid of trade restrictions of one kind and another. When we did away with the embargo against Russia, we were making it clear that we did not wish to maintain an attitude of unfriendliness towards a single country. My hon. friend knows what are the relations between this country and the United States, the relations between this country and France and our relations with Japan, and how they have been promoted in a friendly way. All of that is part of our foreign policy. Interested persons outside this house have not had much difficulty in discovering what are the essential features of Canada's foreign policy. There have been many articles and many debates of late, in which features of our policy have been very fully discussed. Let me quote as a sample from an article which appeared in the University of Toronto Quarterly of last month; it is written by Mr. Escott Reid. It deals with Canada's foreign policy. I cite it because it gives in a concise form certain phases of that policy. Mr. Reid has based what he has written very largely upon what has been said in this House of Commons and which should be as familiar to my hon. friend as it is to any writer beyond these walls. He says:

> Mr. King's foreign policy, as declared from his statements and actions since his reassuming office on October 23, 1935, can be summarized as follows:
>
> 1. The guiding principle in the formulation of Canada's foreign policy should be the maintenance of the unity of Canada as a nation.
>
> 2. Canada's foreign policy is, in the main, not a matter of Canada's relations to the league, but of Canada's relations to the United Kingdom and the United States.
>
> 3. Canada should, as a general rule, occupy a back seat at Geneva or elsewhere when European or Asiatic problems are being discussed.
>
> 4. Canada is under *no obligation* to participate in the military sanctions of the league or in the defence of any other part of the commonwealth.
>
> 5. Canada is under *no obligation* to participate in the economic sanctions of the league.
>
> 6. Before the Canadian government agrees in future to participate in military or economic sanctions or in war, the approval of the parliament or people of Canada will be secured.
>
> 7. Canada is willing to participate in international inquiries into international economic grievances.

That, I think, is a very good statement of some of the features of Canada's foreign policy. Possibly it stresses too much what has to do with possible wars and participation in war, and it does not emphasize enough, in my opinion, what has been done in the way of trade policies and removal of causes of friction between this and other countries. But it does point out certain features that have a direct bearing on these estimates.

Take, for example, the very first statement, that "the guiding principle in the formulation of Canada's foreign policy should be the maintenance of the unity of Canada as a nation." That bears immediately upon these very estimates. If this government, faced with the situation that I have described, had done nothing with respect to Canadian defences, does my hon. friend imagine, does anyone imagine that we would have had unity in this country? We should have had from all over Canada very strong demands that the government pay attention to the world situation and see to it that Canada's defences were properly taken care of. On the other hand, if we had taken extreme measures, if we had become jingoistic in our attitude and had asked this parliament for huge appropriations for purposes of defence, we should have met with decided protests the other way. What we have sought to do is to bring down estimates which would commend themselves generally as reasonable to the Canadian people from one end of this country to the other. In that I believe we have succeeded. Not only the people of Canada generally, but the people of each province of Canada are, I believe, behind us in what we are doing at this time. We have sought before all else, as I have said, to maintain the unity of our country in what we have been proposing. If we have not proposed more, if we have not proposed less, it is because of that guiding principle, we have sought to keep the country united.

I should like to put on record one statement which I regard as important in this discussion of defence, related as it is to foreign policy. It comes from a source which I believe should be considered at all times by hon. members

of this house. It is from the Canadian Legion of the British Empire Service League, through the executive of that body. Before I read it, may I say further to my hon. friend that while it is true our own foreign policy does not include any consideration of objects to be attained beyond Canada in the way of territories to be acquired, or resources to be obtained, or colonies to be restored, the foreign policies of other countries in some of these particulars have a bearing upon the estimates which are now before this house. The statement I am about to read will indicate wherein a consideration of such matters by the government has been deemed necessary by those who served their country in the great war. This communication was sent to me on January 30 of this year by General Alex. Ross, the Dominion president. General Ross' letter states:

At a meeting of the Dominion Executive Council of the Canadian Legion of the British Empire Service League, held in Ottawa this week, consideration was given to the question of national defence, and as a result a resolution was adopted which I think may be taken to correctly represent the views of our membership as a whole on this very important question. A copy of the resolution is enclosed herewith.

This is the view of the Canadian Legion:

The Dominion Executive Council of the Canadian Legion of the British Empire Service League being of the opinion that, in view of the international situation, it is desirable to define the position of the Canadian Legion of the B.E.S.L. on matters of national defence, resolves as follows:

(1) That the Canadian Legion believes that the first essential toward the promotion of world peace is universal disarmament to a point consistent with preservation of order within national territorial limits, and the efficient policing of the seas.

(2) But in view of the fact that efforts made since the war towards procuring universal disarmament have, thus far, been unsuccessful, and that as a result the nations of the world are now rearming to a greater degree than ever before and, in view of the fact that certain of the great powers do not adhere to the League of Nations, and that others, on occasion, have flaunted its decisions, the Canadian Legion believes that the time has now come when the people of Canada should give consideration to the problem of national defence.

(3) That in view of the fact that since the passage of the Statute of Westminster Canada is now an independent nation within the commonwealth of the British Empire, it is necessary that Canada should assume the responsibilities of nationhood, and that we should not rely upon the United Kingdom for our defence by sea or land.

(4) That we, therefore, believe that it is essential that Canada should, forthwith, develop a defence policy which, in the first place, would be designed to enable us to effectively defend our neutrality in case of war and protect our trade and commerce, and ultimately enable us to defend our eastern and western coasts from aggression by enemy forces.

(5) That in so declaring we definitely exclude a policy of arming for purposes of aggression; that we regard our frontier with the United States as one which does not require protection, but we feel that if Canada is to retain her place as an independent nation in the world, she must be able to defend herself from threats of aggression from overseas, which in the present state of world politics cannot be regarded as idle.

(6) That accordingly, we endorse the proposals of the government to increase our national defences and trust that such defences may be developed along the lines suggested, to make our coast secure from attack by sea, land and air, and to preserve our position as an independent nation which does not seek to interfere with the rights of any other nation but only to develop its national life in a world where peace should prevail.

That declaration of the legion sets forth in, I think, as concrete language as could be expressed, very much the views of the present administration. I endorse every paragraph in that communication.

I have spoken longer than I intended, but there are one or two matters to which I should like to refer before I conclude as they have been touched on in the course of the debate.

The first is the suggestion that we need not defend ourselves because we have the Monroe doctrine to rely upon and also because we have Great Britain, to protect us.

So far as the Monroe doctrine is concerned, that doctrine itself in its application has been undergoing of late a certain amount of change. The visit of President Roosevelt to the South American republics made it clear that in so far as the Monroe doctrine was to apply to them, they in turn were to be prepared to consult with the United States upon what should be done to help to maintain peace on this continent. Far from interpreting the doctrine as obliging the United States to undertake the policing of the whole of the western hemisphere, its meaning has come to be that where the United States undertakes an obligation of the kind she expects to do so in consultation with the other countries that may be affected, and consultation, I take it means something in the way of co-operation as well. But as far as the Monroe doctrine is concerned, may I ask this house whether, having regard to our relations with the United States and our desire to maintain the friendliest possible relations with that country, we are prepared to surrender to that country the whole of our obligation in the matter of protection against foreign aggression? Is it likely that we shall be able to maintain friendly relations with the United States if we do nothing to defend our own coasts but simply take the attitude that we shall look

to them for our defence? Similarly with regard to England. Are members of this government who are to represent Canada at the imperial conference to be asked to assert Canada's equality of status with all the nations of the British commonwealth and at the same time to tell the British government that we are relying upon Great Britain to protect our coasts, and will do nothing to help ourselves because we have their protection? In a word, so far as looking to either the United States or Great Britain for the defence of our coasts or of any part of the dominion, while naturally we are glad to know that we can count on that additional safeguard in any great emergency, to suggest that we should depend upon it entirely and do absolutely nothing for ourselves is simply to be lacking in self-respect as a nation; it is simply sponging. I submit that sponging by a nation is, in the eyes of other nations, exactly the same as it is in the case of individuals. An individual who is prepared to look to his neighbours to guard his own home and is not prepared to do anything himself for its defence lacks that kind of manliness and self-respect which entitles him to be classed as a citizen of his country. While we may congratulate ourselves that we are fortunate in our proximity to the United States, while we may be glad of the Monroe doctrine, while it is our good fortune to have both the United States and Great Britain as close friends ready to come and help us should we ever be the victims of aggression, let us realize that if we are to look to them for help all the more we must be prepared to lend a hand ourselves, and that certainly in the defence of our own country.

With respect to neutrality, if we are to look to the United States for assistance, that is all the more reason why we must be prepared to see that the United States at least is not embarrassed by reason of any failure on our part to safeguard our own neutrality. I will not go into the question of neutrality this afternoon beyond observing that any nation that does not wish to become a belligerent in a war must at least be able to see that the waters adjacent to its own coasts are so patrolled by its own vessels that no belligerent can come and operate from that base against some other country with which it may be at war. As was ably pointed out the other evening, a ship coming from overseas from some country at war and entering our waters might immediately involve us in conflict. Unless we are in a position to safeguard our own commerce within our harbours and rivers we cannot expect to be able to maintain neutrality even if we have decided so to do.

[Mr. Mackenzie King.]

I have spoken already of the support of the league and I will not discuss that point further at the moment, though I hope at some other time to have an opportunity to make an additional reference to it. Let me conclude with a word in reference to the imperial conference and imperial defence. I have already, I believe, made clear that so far as participation in any war is concerned the position of the present government, and indeed of all governments in Canada, is that there will be no participation by Canada in a war overseas except by the consent of our own parliament. As long as that is understood, hon. members should have sufficient confidence in themselves to believe that the right course will be followed with respect to any possible participation by Canada in foreign wars.

A good deal has been said in the course of this discussion about the danger of attending imperial conferences and of what may take place at such conferences. May I point out, first of all, that an imperial conference is only a conference; it is not a cabinet. An imperial conference is not a body that exists for the purpose of making policies for the empire and with authority to make such policies and to carry them out. An imperial conference is simply a meeting of representatives of different parts of the empire for the purpose of conferring together on matters of great common concern. Undoubtedly at conferences efforts may be made to introduce imperial policies and gain acceptance for them; but every government is responsible for the attitude that it takes at an imperial conference and I wish to say, here and now, that the attitude which this present administration will take at the forthcoming imperial conference is that which it has taken at every other conference, namely, that it is not in a position to bind Canada to anything. We shall be glad to get and to give as much information as we can on matters of common concern, on matters of trade, of defence, on constitutional problems and the like; but we shall be as free to take our own action with regard to these matters as we are at the present time. Unless its government permits it, there is nothing that an imperial conference can do which can in any way bind this country without the knowledge and consent of its parliament. Therefore I do not think that there need be much fear concerning what will take place by way of commitments at the conference.

Resolutions have been adopted at previous imperial conferences. I should like to read those concerning defence which were adopted

at the conferences of 1923 and 1926 so that the house may see how far they committed this country to anything which this parliament would be likely to take exception. At the imperial conference of 1923 a resolution was passed—and was reaffirmed in 1926—to the effect that, while it was for the parliaments of the different parts of the empire to decide the nature and extent of defence,

> The primary responsibility of each portion of the empire was for its own local defence.

This was based upon a finding of the chiefs of staff subcommittee of the committee of imperial defence in 1923 as follows:

> His Majesty's government in the United Kingdom is mainly responsible for the security of communications between the several parts of the commonwealth.

And:

> Each of the several dominions is responsible for protecting its territory and coastal trade against aggression, until support comes from the outside.

Is there in that resolution anything to which hon. members would take exception? The imperial conference of 1926 laid down the following formula:

> It was frankly recognized that in this sphere (i.e. foreign policy), as in the sphere of defence, the larger share of responsibility rests now, and must for some time rest, with His Majesty's government in Great Britain. Nevertheless all the dominions engage to some extent, and some to considerable extent, in the conduct of foreign relationships, particularly those with foreign countries on their borders. . . . the governing consideration underlying all discussions of this problem must be that neither Great Britain nor the dominions could be committed to the acceptance of active obligations, except with the definite assent of their own governments.

Can any exception be taken to these resolutions? I will guarantee that there shall be no resolution that will go further than either of these with respect to any demand on Canada at the forthcoming imperial conference.

Much has been said about a recent speech made by Sir Samuel Hoare. Does a speech made by a member of the parliament of the old country bind this parliament? It is a mighty fortunate thing for the old country that some of the speeches made here do not bind government there. That is equally true of all parliaments no matter where speeches happen to be made. Fortunately the British community of nations is one in which we are all free to say pretty much what we like, but none of us is bound by what the other fellow says. An imperial conference in London is no different from a dominion-provincial conference here in what it involves in the way of commitments by governments participating. We have had some speeches by members of this parliament, in relation to what might take place at a dominion conference, which have not altogether pleased some of the provincial governments and provincial premiers. But they have not found themselves in any way bound by what was said. They have taken exception to what was said if they wished so to do, and they have acquiesced if they so wished. That is exactly the position this government will be in when it meets with other governments at the forthcoming imperial conference. However, it is quite clear that the concern and doubts of some hon. members have reached the ears of members of the government in the old country and that its members have seen there were those in this parliament who fear that in some way Canada is being committed at the present time with respect to what is being done for purposes of defence in Great Britain, or may be committed later on. Ministers of the crown have lost no time in making very clear that, as far as the defence of the different countries of the British Empire is concerned, it is for each part of the empire to decide for itself what it is going to do.

The first of these ministerial statements is one made by the Chancellor of the Exchequer, Right Hon. Neville Chamberlain. It leaves no room for doubt. Mr. Chamberlain, speaking in the British house of Commons on February 17, after referring to the fact that the United Kingdom was dependent for supplies upon overseas countries, which laid an especial responsibility upon the British forces, especially the navy, to preserve freedom of communications, said:

> It is perfectly true we are dependent largely for supplies of essential materials upon the dominions and in that sense therefore the dispersal of the dominions over the world does lay this special duty upon the navy.
>
> As far as the dominions are concerned it is not the intention to call upon the dominions to make any contributions to a common fund. The dominions as a matter of fact have spent a great deal of money upon perfecting or improving their own defences and that is their contribution to the common fund but there is no other form of contribution of which I am aware under discussion at the present time.

Even that statement was too much for the hon. member for Vancouver East (Mr. MacInnis). Speaking yesterday in the house he quoted this statement, and said: "So you see after all there is a common fund."

The hon. member quoted Mr. Chamberlain's statement:

> So far as the dominions are concerned, it is not the intention to call upon the dominions to make any contribution to a common fund. The dominions, as a matter of fact, have spent a great deal of money—

Some hon. Members: Time.

Mr. MacInnis: May I finish reading this?

Mr. Mackenzie King: Yes, let the hon. member finish.

Mr. MacInnis: I shall continue:

The dominions, as a matter of fact, have spent a great deal of money upon perfecting or improving their own defences, and that is their contribution to the common fund, but there is no other form of contribution, of which I am aware, under discussion at the present time.

And then the hon. member said:

So, you see there is a common fund to which the dominions contribute.

Now what did Mr. Chamberlain mean when he spoke about a common fund? He meant common security. At last the hon. member has discovered that after all there is a common security, towards which we may perhaps be contributing something. I ask hon. members whether they think it is inadvisable to contribute to common security, to a common fund in the nature of security against aggression, against invasion, by making some effort to maintain peace and this in the present instance by defending our own coasts, in our own country, and nothing more.

But Mr. Chamberlain's statement, possibly because it referred to a common fund, was apparently not regarded as sufficient on the part of British statesmen to relieve the fears of some hon. members, because the next day another minister spoke, this time Sir Thomas Inskip, minister for defence coordination. Sir Thomas only yesterday made the following statement in the House of Commons, which is equally emphatic. I read from the Associated Press report in the evening papers of yesterday:

So far as the dominions have opinions on our foreign policy let them be expressed by them, not by persons in this house. We shall this year enjoy the full measure of a conference with dominions' representatives. Let us not embroil them in our commitments.

The defence coordination minister also repeated previous assertions that the dominions will not be asked to share the bill.

"We ask this country to pay for the colonies and dependencies in those parts of the empire for which we are responsible, on which we depend for much of our raw materials," Sir Thomas Inskip declared.

"The dominions, of course, are conscious of the value of their associations with this country and they are making their own preparations at their own expense for their own defence."

As if that were not enough the Prime Minister of England also felt that he should make clear the position that in no way was Canada, or any other dominion, in connection with what it is doing for defence, necessarily committing itself to expenditures for some scheme of imperial defence. The Canadian Press report in last night's Ottawa papers contained the following:

Geoffrey Mander, Liberal, asked for a statement concerning proposals that the government lay before the imperial conference suggestions that a greater share in the cost of imperial defence be borne by the dominions.

Mr. Baldwin: "While welcoming the opportunity afforded by the imperial conference for discussion of defence and other problems, I may remind the hon. gentleman that the defence expenditure of the dominions is entirely a matter for His Majesty's governments in their respective dominions."

Could anything be clearer than that? That statement by the Prime Minister of Great Britain should remove all possibility of doubt as to defence commitments not sanctioned by our own parliament.

In the course of this debate it has been necessary at different times from this side of the house to repeat that what we are doing we are doing for Canada and for Canada alone. That has been necessary for the reason that an impression had been created that what we were doing had relation to some expeditionary force which would be sent overseas. When we say that what we are doing we are doing for Canada alone, we mean that what we are doing is for the defence of our country within the territorial waters of the coasts of our country, and within Canada itself for the defence of Canada. But I hope it will not be thought that because we have laid emphasis on the fact that what we are doing we are doing for Canada, we are not thereby making some contribution towards the defence of the British commonwealth of nations as a whole, or that we are not making some contribution towards the defence of all English-speaking communities, that we are not making some contribution towards the defence of all democracies, that we are not making some contribution towards the defence of all those countries that may some day necessarily associate themselves together for the purpose of preserving their liberties and freedom against an aggressor, come from wherever he may. I say that while we are doing what we are doing for Canada we believe that in this way we can make the most effective contribution towards the security of all countries that may have like institutions, like ideals, and principles of freedom similar to our own.

May I say this word in conclusion. We have heard in this debate that we ought to look to the United States, that we ought to become members of some pan-American conference, that we ought to take up with new friends, that we ought to seek our security in

the league, that we ought not to incur expenditures for defence because there are others upon whom we may lean, that we ought to borrow our ships, that it is unnecessary to look after ourselves. A nation is not unlike an individual. A nation has many attributes that the individual has. A nation has character. A nation has duties and responsibilities. A nation has moral as well as other obligations. And a nation which is going to be worthy of the name will seek to discharge all its obligations and its duties in a way befitting a nation among the nations of the world.

I have in my hand a little volume of Shakespeare's Hamlet, a play the key to which will be found in the following words:

> The time is out of joint; O, cursed spite,
> That ever I was born to set it right!

That is the frame of mind that a good many people are in to-day. The time is out of joint, and, each, for himself, has to decide whether he is going to help shoulder the burden, help put things right, or do as Hamlet did, because the burden of the obligation is a great one, fail either to bear it or to throw it off and so confess his soul unequal to the performance of the great deed laid upon it.

I say to those who fail to realize the stature to which Canada has thus far advanced, and what is expected of her as a nation, that they will do well to heed and to apply to our country the words of profound wisdom addressed by Polonius to his son Laertes, as Laertes set out upon his own:

> My blessing with thee!
> And these few precepts in thy memory
> Look thou character. Give thy thoughts no tongue,
> Nor any unproportion'd thought his act.
> Be thou familiar, but by no means vulgar;
> Those friends thou hast, and their adoption tried,
> Grapple them to thy soul with hoops of steel,
> But do not dull thy palm with entertainment
> Of each new-hatch'd unfledged comrade. Beware
> Of entrance to a quarrel, but being in,
> Bear't, that the opposed may beware of thee.
> Give every man thy ear, but few thy voice.
> Take each man's censure, but reserve thy judgment....
> Neither a borrower nor a lender be;
> For loan oft loses both itself and friend,
> And borrowing dulls the edge of husbandry.
> This above all: to thine own self be true,
> And it must follow, as the night the day,
> Thou canst not then be false to any man.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, in rising to support the amendment of the hon. member for Vancouver North (Mr. MacNeil) and my deskmate, the hon. member for Rosetown-Biggar (Mr. Coldwell), I wish first of all to deal with some of the statements made by previous speakers in the debate.

At the outset may I say a word about the amendment. A number of hon. members have endeavoured to interpret it in such a way as to give them a reasonable excuse for voting against it, on the ground that to vote for the amendment is to vote for socialism and to endorse the philosophy of the Cooperative Commonwealth Federation. The first person to advance that point of view was the Minister of National Defence (Mr. Mackenzie), and others have taken refuge in the same interpretation. Well, if giving people jobs; if taking care of them when they are out of work, through no fault of their own; if looking after the aged, widows and orphans and giving medical and hospital assistance to people who cannot pay for it, are associated in the mind of the Minister of National Defence with the principles of the Cooperative Commonwealth Federation, I have no objection. But that is not what is intended by the amendment. It states two things clearly, first that this group is opposed to increased expenditure for military purposes.

Let me say here to the Prime Minister (Mr. Mackenzie King) that while we did not choose to sit like a group of school children saying Yes, Yes, Yes, while he asked rhetorical questions, I speak for my colleagues and myself when I say most categorically that we are opposed to the increases in the defence estimates. Second, the amendment states that not only are we opposed to the estimates, but we oppose them especially in view of the lack of economic security to be found throughout the dominion. We are saying that we believe bread is more important than bullets, that homes are more important than aeroplanes, that giving people the means to attain physical well-being is more important than building up a military clique within the dominion. When the Minister of National Defence seeks to interpret our stand as one asking for an endorsation of socialism, may I say to him that there are many people across Canada who have taken exactly the same stand as we have, and who could not by any manner of means be called socialists.

The Prime Minister read a press report of Mr. Lloyd George's interview at Jamaica, but may I point out that he did not read all of it. He may have had reasons of his own for not doing so. I shall be pleased to read the rest of it, which runs as follows:

> The veteran British Liberal leader was bitter about the huge sums the mother country was spending on rearmament while we have found

it very difficult to get a few millions for the relief of suffering in the distressed areas. For a very small proportion of that sum of money we could have had unbelievable empire development, but, no, the whole of the money is to go to the dogs of war.

That is the part of Mr. Lloyd George's statement which the Prime Minister did not see fit to read. May I point out that there are other people in Canada who feel as we do in the matter. The city council of Montreal could not by any stretch of the imagination be considered a socialist body. Yet I have before me, from the Montreal Gazette of Wednesday, February 3, a report of the following resolution:

Whereas our country, in the last few years, has gone through an unprecedented crisis and unemployment is still in the acute stage;

Whereas this council, on numerous occasions, has declared itself favourable to the carrying out of public works in preference to the granting of direct relief;

Whereas the precarious state of public treasuries has often been used as an argument against our requests in this connection;

Whereas it is now intended to increase considerably the appropriations for national defence;

Whereas there is no indication that Canada will soon be called upon to defend its territory;

Whereas this council is of the opinion that it would be more appropriate to apply the millions which it is proposed to spend for armaments to the carrying out of works which, while improving and beautifying the municipalities where they would be carried out, would give employment to a large number of persons and would reduce proportionately the list of assisted unemployed;

Moved by Alderman Bray, seconded by Alderman L'Archeveque,

That this council declare itself strongly opposed to the proposed increase in the appropriations for national defence purposes and request the federal authorities to consider the possibility of spending in public works the sums specified in the dominion budget now under consideration for the purpose of armaments.

May I refer to another public body which, I am sure, the Minister of Trade and Commerce (Mr. Euler), were he here, would not describe as a socialist group. The city council of Kitchener, Ontario, with only one dissenting voice passed the following resolution:

Whereas our country, in the last few years, has gone through an unprecedented crisis and unemployment is still in the acute stage;

Whereas this council, on numerous occasions, has declared itself favourable to the carrying out of federally-directed public works in preference to the present granting of demoralizing direct relief;

Whereas the precarious state of public treasuries has often been used as an argument against our requests in this connection;

Whereas it is now intended to increase considerably the appropriations for national defence;

Whereas this council is of the opinion that it would be more appropriate to apply the millions which it is proposed to spend for armaments to the carrying out of works, which, while improving and beautifying the municipalities where they would be carried out, would give employment and wages to a large number of persons and would reduce proportionately the list of assisted unemployed;

Whereas our federal representative was admittedly originally elected because of his anti-conscription and anti-war representations;

Whereas a large section of the people of our community have conscientious and religious objections to war, and the preparation thereof;

Be it therefore resolved to petition the federal government by forwarding the above preamble and the following motion to the federal authorities and leaders of the three political groups:—

"That this council declare itself opposed to the proposed increase in the appropriations for national defence purposes, and request the federal authorities to consider the advisability of spending in public works the sums specified in the dominion budget now under consideration for the purpose of armaments."

This resolution, in company with other resolutions from returned soldier bodies and church organizations, and letters which, as the hon. member for Spadina (Mr. Factor) said the other evening, have been pouring into him and no doubt to many other hon. members in this chamber, points conclusively to the fact that this point of view is not confined to any political party or to any political philosophy, that it is a point of view held by many thousands of people across the dominion.

I should like to turn now to a statement made by the Minister of Agriculture (Mr. Gardiner) in his speech the other evening. As an exponent of international affairs, the hon. gentleman is a splendid Minister of Agriculture. The picture he drew of our navy giving protection to our shipping out to the three mile limit seemed almost ironical. The minister did not say whether he was going to build piers there in order to enable these ships to transfer their cargoes. However, he did say that the root causes of war were twofold, namely, the restriction of trade and the congestion of population. I think many hon. members will agree with me when I say there are other factors, such as the race for markets and raw materials and the struggle for economic control. The minister's suggested solution was unique. He said that we must be prepared either to distribute our foodstuffs or to bring people to this country to enjoy them. I should like to suggest to him that right at this moment we have over a million people in Canada who would like to enjoy some of our foodstuffs but who have not the purchasing power to buy them.

He said that the group in this corner of the chamber had refused to have anything to do with immigration, the one thing that

would solve the problem of war. This group has not opposed immigration. What we have opposed is the idea of bringing men and women out to this country when we already have over a million people who are not able to get along without government assistance. The minister told us that western Canada was able to support 30,000,000 people while it had only 3,000,000 at the present time. Is it proposed that these 30,000,000 people will all produce more wheat and cattle which we cannot sell? Is it proposed that they are to dwell in the drought areas and be assisted by the federal and provincial governments?

The Canada Year Book shows that since 1931 a total of 150,000 people have left the prairies, and that since 1921, leaving out the natural increase, more people have left Canada than have migrated to Canada. When immigration is suggested to this house as a solution for the problem of war, it seems to me that the Minister of Agriculture is talking very much like the president of a certain railway company.

I should like to say just a word with reference to the speech made by the Minister of Mines and Resources (Mr. Crerar), and other odds and ends. He chided the hon. member for Winnipeg North Centre (Mr. Woodsworth) with not being exactly honest, in that he had failed to call the party of which he is the leader the socialist party. The minister said we were flying false colours. He ought to know that the term "socialism," like the term "Christianity," covers a great variety of points of view. The term "socialism" covers many fields of economic doctrine and the term "Cooperative Commonwealth Federation" denotes a particular form of socialism as distinct from Marxian socialism or guild socialism, from Fabian socialism or syndicalist socialism. When the minister suggests that we ought to call ourselves the socialist party, he should go to the Presbyterian church and the Anglican church and suggest that they call themselves the Christian church.

I am not very old but I can remember that another party came to this house fifteen years ago. It seems to me that that party had a false name as they called themselves the Progressive party. Many felt that it should have been called the Liberal party since that is where it ended. Instead of being a progressive party, it turned out to be a retrogressive party.

Miss MACPHAIL: Which showed it was truly Liberal.

Mr. DOUGLAS: I should like to say a few words with reference to the speech of the Minister of National Defence. I am always a little suspicious when an eloquent debater like the minister has to resort to poetry. To me that would indicate he was running out of facts. On page 897 of Hansard the minister is reported as having said that the mover of the amendment (Mr. MacNeil) was purely academic in talking about the nationalization of industry in the event of war, but then on page 904 the minister is reported as saying that his department has spent eight or nine months in surveying this whole field. These two statements are rather inconsistent. If this matter were purely academic, I hardly think his department would waste time on it. If his department is spending time on it, then, it must be a live issue.

What has his department done with reference to this all-important question? The minister says that they have made a survey. The government seems to be constantly confusing diagnosis with cure, and the means with the end. They are like the Minister of Labour (Mr. Rogers) who thinks that when he has made a survey of the unemployed he has cured unemployment. The minister thinks that when he has made a survey of the possibilities of nationalizing industry, the problem has been dealt with. He believes that if you appoint a committee, a commission or a board of inquiry, then the problem can be shelved. This problem has not yet been dealt with. The minister has made no statement as to what he proposes to do with respect to this matter of preventing the making of millions in profits out of a country engaged in war. He says that a survey has been made, but he has not suggested any legislation. He has given no indication that legislation will be introduced or what the nature of that legislation will be. He reminds me of that character in Dickens, Mr. Micawber, who kept thinking that something would eventually turn up.

The time for dealing with this important question of taking the profit out of war is the present. I need hardly remind hon. members that great financial concerns on the North American continent made fortunes during the last war while men were laying down their lives for a mere pittance. I have Engelbrecht and Hanighen's Merchants of Death before me. On page 179 appears a list of the average annual profits made by certain corporations in the four years before the war and in the four years during the war. I shall give only one or two instances. The average annual profits of the United States Steel

Corporation in the period prior to the war was $105,331,000, and during the war, $239,653,000. The average annual profits of du Ponts before the war was $6,092,000, and during the war, $58,076,000. Bethlehem Steel made $6,840,000 a year before the war and $49,427,000 a year during the war. We find that the Canadian Car and Foundry made an average of $1,335,000 a year before the war and $2,201,000 a year during the war. General Motors made $6,954,000 annually before the war and $21,700,000 annually during the war. I have before me statistics in connection with certain British and European firms, but I do not think it is necessary for me to give them as hon. members know just what went on during the last war. I should like to refer to a statement made on April 1, 1935, by the present Prime Minister, then leader of the opposition, as reported on page 2307 of Hansard of that date.

He said:

I would like, however, to say with regard to disarmament, that I do not think it is sufficient for this country simply to say that it supports the League of Nations in its policy of disarmament. I think we ought to name a concrete policy in that regard. Having observed what has taken place in investigations in the United States, where beyond all question it has been shown that there are those who are prepared to traffic in the manufacture and sale of munitions and armaments for the sake of gain, that there are large interests that are even selling simultaneously to countries that are at enmity with each other, it behooves this country, and I believe all nations, to begin immediately to investigate the whole business of armament manufacture and sale. I should like to see a beginning made in this country of a thorough investigation into the whole business of the manufacture and sale and distribution of munitions of war and armaments, and that step put forward as part of a policy to govern British countries, a policy that we would hope might be followed in all parts of the British Empire.

That was the statement made by the present Prime Minister. Recognizing the need for further investigation and action along this line he suggested that this should be the policy not only of Canada but of all parts of the British Empire. I hope the Prime Minister will not forget his own statement when he goes to the imperial conference at London this year for, while the Minister of National Defence and his department are making surveys, profits are being made even now out of preparations for war.

I have before me two very significant tables. The first one shows the amounts of nickel exported prior to the last war. I take these figures from the report of the Royal Ontario Nickel Commission, 1917:

Shipments of Metallic Nickel for ten years before the war
(in pounds)

Date	Shipments	To Great Britain	To Germany
1908..	11,965,948	1,916,492	4,826,439
1909..	19,668,665	2,299,410	7,168,097
1910..	24,138,588	2,841,184	8,182,525
1911..	26,714,205	4,366,640	7,957,469
1912..	33,624,982	7,258,813	8,519,222
1913..	33,876,214..	8,399,827	10,869,260
1914*.	20,468,602	5,740,685	4,949,750

* January to July inclusive.

I shall not read the figures for the other countries, but the increase in shipments is in about the same proportion. What I am interested in reading to the house is a statement of the exports of nickel for the last few years as given by the external trade branch of the Dominion Bureau of Statistics. I would like the house to notice that the proportionate increase in shipments of nickel from 1908 to 1913 coincides very closely with the increase in shipments of nickel from 1933 to the present time. The figures are as follows:

Dominion Bureau of Statistics — External Trade Branch
Exports of Nickel and Products from Canada, by Countries
(Calendar Years, 1929-1936)

Country	Calendar Years 1929	1930	1931	1932	1933	1934	1935	1936
Total Exports.	$25,535,684	$20,505,324	$14,181,565	$7,283,964	$22,795,968	$28,913,230	$36,285,,482	$44,594,296
Exports to—								
United Kingdom.	2,784,045	5,887,593	4,305,081	1,272,127	6,648,908	10,087,351	12,572,741	14,115,970
Germany..	172,863	197,713	412,961	76,973	242,939	257,129	16,233	436,551
Italy.	365,870	186,695	252,622	121,811	113,527	323,004	1,392,787	1,077,582
Japan.	172,696	79,323	75,228	130,064	268,076	799,909	665,907	1,223,677

I have read these figures to the house, Mr. Speaker, first of all to show that since 1933, coinciding with the tremendous preparations for war in every part of the world, there has been a proportionate increase in shipments of nickel to those countries which are most likely to be the aggressor nations. As to whether or not profits are being made, it has already been suggested in this debate that for the first nine months of 1936 the profits of the International Nickel Company were $23,000,000; profits are being made out of this country's shipments of copper and shipments of nitrate for high explosives. If any move is

going to be made by the Department of National Defence to take the profit out of war, this is the time to be doing it. The minister says that a survey is being made. A few nights ago I moved in the house a motion asking the government in the event of war to bring down the necessary legislation to conscript automatically all the industrial, financial and natural resources of the nation to meet the event of war. The government took no steps to accept that resolution; it was talked out. If the government is perfectly sincere, it has a great deal more to do than merely make a survey. It ought to take steps now to see to it that in the event of war we shall go out and not conscript men only but the materials with which to equip the men who go out to do their duty.

May I now state the three reasons why I cannot vote for the increase in armaments. First, I do not feel that the government has shown that we are in any way more menaced this year than we were last year. This group has not said that it is not in favour of defence, but we are opposed to an increase in the defence estimates because it has not yet been demonstrated that the danger has become any greater now than it was twelve months or twenty-four months ago.

Against whom are we arming? What potential aggressor is more aggressive to-day? Oh, I know that bogeymen have been trotted out in this chamber. It has been suggested that it might be Italy, it might be Germany, it might be Japan. I cannot suppose that the government has any real fear of the intentions of these nations, for I noticed in the figures I have just read that Canada is shipping nickel to them. Knowing that we control the major part of the world's nickel supplies, I cannot believe that we would ship to them material which we feared would be returned to us in the form of high explosives. Surely those who talked about the Italians bombing this House of Commons did not imagine that the government of the day would allow us to send them the nickel with which to make those bombs, or did they?

The second reason why I cannot support these increased expenditures is that I am convinced they will not be used purely for national defence but will inevitably lead us to participation in war. I know this has been categorically denied by the Prime Minister and the Minister of National Defence. I am sure that they are sincere. But may I point out that, no matter how sincere governments may be, there are understandings and obligations which are very difficult to avoid when a country once starts on a program of armaments. On April 1, 1935, at page 2307 of Hansard, I find the following statement:

> It is quite easy to say that we would stay out of the war, that we would not send men to fight in Europe, but after the experience I had of the pressure which was exerted at the time of the Chanak incident,...I have very grave doubts as to what might happen in Canada if war were to break out again in any part of the world.

That is the statement of the present Prime Minister of Canada, then the leader of the opposition. He then doubted if in the event of a world war Canada could stay out. I wonder whether he has changed his mind to-day? Those who have read the memoirs of Viscount Grey of Fallodon, who was Sir Edward Grey, foreign secretary of Great Britain, at the outbreak of the war, will remember that he says that, unknown to the cabinet, understandings had been made between the British and French naval staffs, with the result that Mr. Asquith seriously thought of resigning because commitments had been made without the knowledge either of the cabinet or of parliament. The Prime Minister says that Canada will pursue at the imperial conference the same policy it has pursued in days gone by. I hope that is true. I am sure that hon. members on this side of the house were very glad to hear that statement. But the fact remains that the statements of Sir Samuel Hoare, Mr. Neville Chamberlain, and the minister for co-ordination of defence show that a great rearmament program is going on in Great Britain. To me it seems no accident that coincident with the increased armament program in other parts of the British Empire there is an increased expenditure for armaments in Canada. It seems to me we are preparing a program that will fit neatly into the great jigsaw of imperial defence.

The third reason why I cannot support these increased estimates is that I feel they are the price the Canadian people are being called upon to pay for the weakness and spinelessness of those who have been responsible for Canada's foreign policy, particularly during the past eighteen months. A great deal has been said about bogeymen in Europe and the rearmament that is going on. Why is it going on? Because every country to-day has lost confidence in collective action based upon collective security. Why? Because the whole ideal of collective security has been sabotaged. It started when Japan was allowed with impunity to ravish Manchukuo. At that time Sir John Simon, British foreign secretary, made an impassioned defence of Japan's action at the Assembly of the League of Nations. In 1935 Italy embarked on a similar program in Ethiopia.

The Minister of Justice tells the house that the reason why Canada would not support oil sanctions was that she was afraid this might lead to war; that seems to me a flight from reality. As a matter of fact we had imposed other sanctions, and if sanctions lead to war why did we impose the first sanctions? If we were afraid of war why did we impose any sanctions? Why did we impose some and not others? The Prime Minister says that all he intended doing was to clear up a misunderstanding that Canada was leading in the demand for oil sanctions. That was not the impression which went around the world. I remember the shock to world opinion which resulted from that action. People who believed in collective security were stunned by the statement which came from the Minister of Justice (Mr. Lapointe), who was acting Prime Minister at the time. And now, when we see the Minister of Justice and the Prime Minister shedding crocodile tears over the demise of the League of Nations, I feel that the situation is ironic indeed. At that time the interpretation by most people in Canada, and the world at large, was that Canada would not participate in oil sanctions, and no attempt was made to give a contrary impression until this parliament met and it was too late then to remedy this situation. It seems to me that both this government and the British National government are in the position of Frankenstein; they are seeking to defend themselves from a monster of their own creation. We have created this situation and now we are proceeding to ask the Canadian people to pay with their money for the folly and the weaknesses of the foreign policy of this government and the British National government. In the same speech to which I have referred, on April 1, 1935, the present Prime Minister used these words:

> Our country, small as it is, might well lay down a definite policy in that regard as expressing Canada's attitude toward any country which, upon the facts being disclosed, was found to be guilty of attempting to destroy what otherwise might be collective security. If that example were followed by other parts of the British empire, as I believe it would be, it would soon be followed by other parts of the world.

That is a fine statement. I wonder whether the Prime Minister is prepared to reaffirm it to-day? I wonder whether he still believes that? Certainly the foreign policy of the present government has not shown it; and if, as one of the London papers has said, nothing but rags and tatters is left of collective security, much of the responsibility can be attributed to the action of the present government in the Ethiopian affair, plus the speech which was made by the Prime Minister at the League of Nations last September, when he announced to the world that Canada would not participate in economic sanctions.

I object to increased armaments. If they were a contribution to some collective security system, it would be an entirely different matter. What this house is being asked to do is to pay for the weak and vacillating attitude that has been taken by the government in connection with international affairs. I, for one, will never give either my voice or my vote to send young men out to lay down their lives because of the incompetency and, in many cases, the stupidity of those who have directed the foreign policy of this country.

Mr. E. G. HANSELL (Macleod): I had it in mind to give a somewhat extensive speech on the subject of this amendment, but time is passing, a good deal has already been said about the matter, and, I may add, the Prime Minister (Mr. Mackenzie King) has in part expressed my sentiments concerning it. Only a few minutes remain between now and recess, and I think what I have to say can be said in that time. I wish to say simply a word. As the previous speaker has said, the intention of the amendment is to express the sentiment of the Cooperative Commonwealth Federation group, that they are opposed to the house going into committee and passing estimates for defence.

Mr. COLDWELL: Increased estimates.

Mr. HANSELL: Increased estimates for defence—very well. I must say I have little confidence in the present government's economic administration. I do not believe that they can bring us economic security while we remain within the confines of the present financial system. But even though that is my attitude, there are certain facts that I cannot disregard in a world of unrest such as this. We can say what we like about it, but Canada is an integral part of the British Empire; the British Empire might become involved in any international struggle, and once the British Empire is involved, whether we like to think so or not, Canada itself becomes involved. I cannot, therefore, bring myself to believe that we should not make provision for a moderate defence program. While, therefore, I do not agree with the government in their policy with respect to economics, I cannot vote for the amendment.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, I was sorry not to be able to be in the house during the past week; it was my bad luck but certainly not my responsibility. I would have been very much interested to hear all the speeches made on this question of increased armaments. I was not able even to read all the speeches in Hansard, but I was able to follow the reports in the daily press; which is possibly not the best medium, but at any rate is better than nothing. I would particularly like to have heard the speech of the Minister of National Defence (Mr. Mackenzie). I would like to have heard his justification for the increase in the estimates, and I would like to have heard him quoting poetry. Of course I can read it, but poetry never is quite so enjoyable when read. I would like to have known from his speech just when it was that Canada arrived at the present very dangerous position. When did he come to the conclusion, and what brought him to that conclusion, that this country and this government, which had no money for many things which it seemed necessary to find money for, suddenly had thirteen and a half million dollars with which apparently they could find nothing better to do than submit increased military estimates? I fear I really shall have to read his speeches to find out what it was that brought him to that conclusion.

Then too, I wanted so much to know against whom we are arming. It is only sixteen months or so since we had a general election, and although I read the press diligently I do not recall any speeches by the Minister of National Defence at that time, or indeed by the Prime Minister (Mr. Mackenzie King), telling Canada of her great danger, of the bombs that were to drop on the elevators in western Canada. About eighteen or twenty months ago people were wishing that would happen; it would have been one way of getting rid of the wheat. Someone says, "Drop them on the grain exchange," but the worst thing about bombs is that they are often dropped in the wrong places. Some member was greatly worried about one dropping on the House of Commons. I am sure the country listening to this debate would not think it such a calamity, certainly not this week when I was home in bed. If the Prime Minister during the election campaign had made such eloquent speeches as the one he made this afternoon—because it was an eloquent speech; I did not like it, but it was eloquent—if he had made such eloquent speeches on this subject from coast to coast throughout Canada, these coasts which now stand in such need of defence, would there have been the same deadening monotony of Liberals in the house as there is now? I doubt it. Therefore I wish he had made the speeches. The speech he made to-day was a very different one from those he made during the campaign on the same subject or similar ones. I am not clear as to how many cruisers we are to have. We are to have four mine sweepers, but if we spelled "mine sweeper" differently, changing the "e" in "mine" to "d," it might not be bad to have half a dozen.

It is said that all this increase of expenditure is to be for the defence of Canada. My first fear is that if we increase our military estimates, if we increase our fighting forces, they will not be used for the defence of Canada but will make us much more liable to be drawn at the heels of Great Britain into a European or world war. There are very good reasons for thinking that. I admire the dexterity with which the Prime Minister explained away Sir Samuel Hoare's speech, but I believe even the right hon. gentleman would admit that it was to him an embarrassing speech and took quite a lot of explaining. We have had in Canada in the last year a good many imperialists, most of them from Great Britain but some of them Canadians, making throughout the country speeches which lead me to believe that there is a very real danger that an increase in military estimates will make it more likely that we shall be drawn into a European war. Then, too, I noticed the Prime Minister's anxiety that he should not turn up at the imperial conference with empty hands. He does not appear to be going to. And apparently he is not the only person going to the coronation, which brings me to my second worry. We are going to send to the coronation and to the imperial conference—it is hard to distinguish one from the other—334 officers and men of the Royal Canadian Mounted Police.

Mr. DUNNING: No, no.

Miss MACPHAIL: Well, I am quoting from the paper, with a picture of Assistant Commissioner S. T. Wood.

Mr. MACKENZIE (Vancouver): That is incorrect. The total for the mounted police is thirty-four.

Miss MACPHAIL: Well, that is another indication that we should not rely too much on the papers. But 364 officers and men from the military forces—are those figures correct?

Mr. MACKENZIE (Vancouver): The total is 334—air force, militia and mounted police.

Miss MACPHAIL: Well, 334 officers—

Mr. MACKENZIE (Vancouver): No; all ranks.

Miss MACPHAIL: I was going to say "and men" if the hon. member had waited a moment. It is surprising that there are some men going; that is better than all officers. Three hundred and thirty-four officers and men—

Mr. MACKENZIE (Vancouver): And two nursing sisters.

Miss MACPHAIL: Then I am sure the men and officers will be well taken care of. It is a large number of people to go, and I suppose there will also be a number from the House of Commons and from the cabinet, and it may be from the opposition as well. If all these people then are going over to the imperial conference and the coronation, one is not unduly pessimistic or alarmist if one thinks, as I do, that when they return there will be an agitation, a further agitation shall we say, for an increase in military estimates, and that the increase which we have this year will be but the beginning.

We have been reading statements made by Sir Samuel Hoare, and I notice it took about four different statements in the British House of Commons to make it clear that he did not mean what he said. That of course is not quite so remarkable; we get used to that. At any rate there was quite a lot of explaining.

I think too there has been some talk, if my reading this week has been correct, about subversive elements in Canada, and that one needs a bit of an army to take care of these elements. If there is anything which will cause revolt in the minds of the Canadian people it is that this great number of people are going overseas, at government expense, for the coronation and the ceremonies connected therewith, and millions being spent for defence. I have—and so has every hon. member—letters coming to my desk day after day telling about awful conditions in my constituency, conditions that on many occasions are found in the families of the men who fought in the last war.

Just before I came to Ottawa I called at the home of a veteran in my constituency, a man who had won military honours, but who is now totally incapacitated and will never work again. He has six children, and was living in a house not fit for anyone to live in. In connection with the house was a miserable little yard, around which was a picket fence with only one picket here and there. It was a place in which no one should live, much less anyone who served in the last war and won decorations. I am sure that man will be extremely interested to hear that these 334—or whatever the number is—officers, men and nursing sisters are going to the coronation. I am sure he will be extremely interested to learn that Canada is to be saved by an expenditure of $13,500,000 to keep the mines swept—if you sweep mines—off the St. Lawrence waterways, and to keep bombs from dropping on elevators. The veteran gets no pension or allowance.

The Minister of Justice (Mr. Lapointe) is a man whom I have always respected and admired.

Some hon. MEMBERS: Hear, hear.

Miss MACPHAIL: Yet only the other day he pulled the old boner about the defence of women and children. I know only one worse, and that is the one about the protection of widows and orphans. He talked about the need to protect the women and children. Well, let me tell the house about families in Ottawa who might need some defence—and it won't be accomplished with mine sweepers on the St. Lawrence river, either. There are 390 families on relief in Ottawa, each living in one room; there are 687 families on relief in Ottawa, each living in two rooms. Just think of the agony of a woman with an unemployed husband trying to raise a family in one room and at the same time remain sane! It actually makes me feel ill, when I listen to the oratory to which we have been treated in this week in view of such conditions at our very door.

In Canada we still have a million people on relief. We hear a great deal of talk about Canada as the plum for which all nations are looking—all ready to pick it off. It is a plum, all right, with a million people still on relief.

Mr. DOUGLAS: A sour plum.

Miss MACPHAIL: I believe the Montreal Gazette would not, by any stretch of the imagination, be called a socialist paper, and yet only on Tuesday of this week, February 16, I found this heading in the middle of the front page: "Shattered health and morale found among city's unemployed." The article goes on to contradict the claim that "Low economic standards" do not involve "low health standards." It would take a good deal of reading to place the whole article before the house, but briefly they have done research work in 173 cases and have found that out of that number, in 97 cases unemployment was the major problem. The article states:

Included in the total were 112 "out-of-works" —83 heads of families and 29 single men and women... Out of this comparatively representative group, social workers found 50 cases of "serious and more or less permanent illness." Ten families so lacked clothing that children could not attend school and adults were prevented from going to clinics to get necessary treatment.

This is in the city of Montreal; of course mine sweepers on the St. Lawrence might help!

Many families were living in houses condemned by the board of health, and in 11 cases overcrowding was reported as "acute."

That is only one paragraph. There is no common sense in talking about military defence for women and children who are living under conditions such as that. I would not want the Minister of Justice to think that men die more bravely than women. The history of the world, right from the beginning, shows that women die bravely and very many times under conditions which could have been improved to such a degree as to avoid death. We have such conditions throughout Canada.

In my opinion the $13,500,000 we are going to spend to increase our defence could be better spent. I suppose we would not have got even the little bit for the blind this year, but the government would not have nerve enough to bring down $13,500,000 for increased defence, and not do something for the blind. We still have throughout Canada people who are totally incapacitated. On the same day to which I referred previously I called to see a young man who has been completely bedridden since his eleventh year. He is brave; he is intelligent and he is poverty stricken. There is nothing I can do except help him personally. Every hon. member knows of cases of that kind. But we have not the money to help people who are totally incapacitated, because we are so busy defending the women and children by increasing defence expenditure.

Then, the expenditure is useless. Thirteen and a half million dollars extra to defend Canada—why, if all the people in Canada stood along each coast and had all those finely decorated fellows with their thirteen-inch ties—and I will come to that in a minute—and their brass hats and the bagpipes—

Some hon. MEMBERS: Hear, hear.

Miss MACPHAIL: I admit the bagpipes would do more than anything else to drive an enemy away.

Mr. REID: I object very strenuously to the last statement.

Miss MACPHAIL: Mr. Speaker, I did not say who was playing the bagpipes. But I do say that if all the armed forces of Canada stood along our coasts, despite the increased military expenditures we would not be able to defend this country against any enemy who wished to attack us. When we have eleven million people in a country the size of this, we must rely upon good will—and upon good will I do rely. So, that is one person who has answered the Prime Minister's question.

Then the Prime Minister (Mr. Mackenzie King) was upset about the thirteen-inch tie. I was not in the house at the time so I do not know who first referred to it, but I do know that the Prime Minister stated that the homes in which the thirteen-inch ties were worn were tidier than other homes. Or was it as tidy? What about the farmers? I do not think any of them know how long their ties are; in fact not all of them have ties. Yet they are the people who produce the wealth of Canada. What about the men who come out of our mines all covered with grime; what about the people who work in our industrial plants—do they know the length of their ties? Are they less important or less loyal because of that? Did we rely upon the thirteen-inch tie boys between 1914 and 1918? I do not think so. What about the mothers of this country who are forced to remake threadbare clothing in order that their children may be clothed, who must wash and iron and scrimp and scrape in order to raise their families in tidy homes? Do they wear ties thirteen inches long? The Prime Minister was hurt that these men could not come into the house to defend themselves. Any hon. member who wants to make a speech in defence of thirteen-inch ties will have an opportunity to do so when I am finished. I have heard the leaders of both the old parties spend many hours talking about men who could not come into the house to defend themselves. Did not the leader of the silent party talk for two hours the other night about Mr. John Vallance, who cannot come into the house to defend himself?

I have always been glad I am not a member of either of the old parties because I could not vote for other than what I believe. The Prime Minister quoted some beautiful lines—"to thine own self be true." That is what I have tried to do in this house and I will continue to do it in connection with this vote. I believe, if party discipline were removed, the Prime Minister would be surprised at the number of his followers who would vote for this amendment and against an increase in the military estimates.

In my opinion the premise of all the speeches made in defence of this increase is absolutely false. Preparedness does not bring peace. Preparedness brings only preparedness and more preparedness. Everybody keeps prepared until finally the thing they have been preparing for comes, and that is not peace; it is war.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker—

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: There are some hon. members on the opposite side of the house who seem to think that an argument can be made by banging on their desks and boohing. On previous occasions the Prime Minister (Mr. Mackenzie King) himself has made appeals that order should be maintained in the house, and I trust that decorum will be maintained to-night.

In this debate we have had the fullest discussion of foreign policy that has taken place in this house in the fifteen years I have been a member. On the whole I think the debate has been carried on in a very good spirit.

May I say to the Prime Minister that our group has never made any pretensions to having a monopoly of any virtue, but we do claim to have equal rights in this house with other members. We contend that we should be able to state our convictions without having our motives impugned. I take it that we are all good Canadians in this house and although we may differ, and differ very radically, as to what the policy of this country should be, it is our responsibility to state our convictions as clearly and as strongly as we can.

I regret the nature of the very lengthy statement which the Prime Minister made in the earlier part of his address as it seems to me that he was guilty of a greater unfairness than could possibly be suggested in the wording of our resolution. I was glad to hear him practically identify social security with social services, although it seems to me that he carried the idea of social services to a rather extreme length. Certain French-speaking members tried to make out that social security had some hidden connection with communism or something else which they considered might be of a dangerous nature. Surely we are all familiar enough with the phrases that have become so common in this country, in the United States and throughout the world as not to link up social security or social services with a particular kind of political philosophy.

[Miss Macphail.]

The Prime Minister put in education as part of the social services and he included also the care of the unemployed and of the returned men. I think we must recognize that a very considerable part of the unemployment in this country was due to the after-effects of the war, and undoubtedly the disabilities of the returned men were directly due to the war. The amounts under these headings ought to be in the other column. The same thing could be said with regard to the enormous interest which we pay upon our public debt, the greater part of which was incurred because of the war. All these things should be in the war column.

Mr. MACKENZIE KING: May I say to my hon. friend that there are no estimates for war. These estimates are for defence against aggression; they are not for aggression.

Mr. WOODSWORTH: It was in so-called defence that the last war was fought. Everybody knows that sometimes attack is the best means of defence. We have been told by leading British statesmen that to-day the Rhine is the frontier of Great Britain. That is the way it is going to work out when another war comes.

We have had the unusual spectacle all through this debate of the great Conservative party being unrepresented in the discussion. I suppose they have the right to choose the time when they will put forward the representations of their party, but it is peculiar that on such an important matter as this they have remained silent. It is not very often that that is the case, and perhaps that gives point to this observation. Further, it is worth consideration that if certain members on the Liberal side carry out their professed intention, the government will get through its estimates only with the help of the Conservatives who are usually regarded as the imperialist party.

Some hon. MEMBERS: No.

Mr. WOODSWORTH: I have listened to the debates and we shall see how things work out. It is strange that in this matter the Conservatives should be so close to at least one section of the government. The Prime Minister's adroitness in making compromises may still be his undoing. Instead of pleasing everybody, he may succeed in satisfying no one.

This is undoubtedly a move in the direction of assuming our share in the defence of the empire. I suppose as such it will be for the moment satisfactory to the authorities at Westminster. At the same time, put in the

form of the defence of our own Canadian shores, it may win the support of some of the people in Canada who hardly realize the serious implications of these estimates.

It is only a couple of weeks ago that the government rejected my neutrality motion. The Prime Minister said: We cannot decide in advance. Yet now we find that he is advocating a purely defence policy, with armaments sufficient only to protect our neutrality. I asked that we should remain neutral whoever the belligerents might be, and the Prime Minister only two weeks ago said that that would never do. But now he has come to the point of view that these are merely defence estimates, and that we must not do anything more than protect our neutrality. I hope this may be one of the gains of the debate.

But we are still left very much in the dark. If war should break out in Europe, will the Prime Minister state that he would not go to the help of the motherland? I think not. If he stands, therefore, for the solidarity of the empire, Canada's policy cannot remain a purely defence policy.

The Prime Minister despairs of the league as an alternative to national armaments. But let me ask, Why did the league fail? Why have we the world crisis to-day? In England they are not quite so fond of endorsing the policy of the government in power. I should like to read a very severe criticism of the Baldwin government which appeared recently in the London News Chronicle, which I believe is the London organ of Liberal opinion:

> Under a system of collective security of which Great Britain was the most powerful political member, the combined forces of peace-loving members of the league could have stayed the challenge of an aggressor.
>
> When the challenge came the British government broke away in an act of dramatic cowardice which brought upon Britain the contempt of the whole world and left her almost without a friend, stripped both of her political and moral prestige and weakened in her military security.
>
> That is why we must rearm now—and we should never cease to drive it home.

That is the voice of a considerable section of the Liberals in Great Britain. In this country the Liberals simply follow the lead of Mr. Baldwin, and are prepared to arm just as the British government is preparing to arm.

With regard to the situation in Great Britain may I read a sentence or two from the January number of Current History:

> Re-elected in 1935 upon a pacifist, strongly pro-league mandate, the cabinet was essentially interested in rearmament and the maintenance of British imperialistic interests. In one of the most amazing statements ever made by a democratic statesman, Mr. Baldwin described the dilemma in November:
>
> "Supposing I had gone to the country and said that Germany was rearming and that we must rearm, does anybody think that this pacific democracy would have rallied to that cry at that moment? I cannot think of anything that would have made the loss of the election, from my point of view, more certain."

An extraordinary confession! Mr. Baldwin kept silent in order to be elected, and then proceeded to put into operation a program which he knew had not been and would not be endorsed by the electorate. I am not accusing our Prime Minister of having done that, but I think my friend the hon. member for Grey-Bruce (Miss Macphail) is quite right when she asserted that had this been the issue in the last election the Liberals would not have been returned to power. And now that they are returned, they take advantage of their large majority to put over a military program of this kind.

Canada to-day is becoming defence conscious, thanks to the publicity campaign carried on by the Minister of National Defence (Mr. Mackenzie). To-morrow Canada will become war conscious. Let me read a Canadian Press dispatch from Montreal which appeared in our papers of February 18:

> McGill University has received a communication from Colonel L. R. Lafleche, Deputy Minister of National Defence, asking that medical students be given instruction in methods of treatment of persons suffering from poison gas, Doctor A. Grant Fleming, dean of the faculty of medicine, said last night.
>
> The letter, containing an outline of modern methods of treatment, was referred to the medical faculty, Doctor Fleming said, and would be given due consideration.

We are now preparing bombs to drop on defenceless men, women and children, and undoubtedly we may well prepare to have bombs dropped upon us. It seems as if in absolute helplessness we just sit and watch a war come upon us. As I listened to this debate I could not but think of the situation that existed immediately prior to the last war. I looked up the Life and Letters of Sir Wilfrid Laurier by Oscar Douglas Skelton. Let me read a paragraph or so which seems to be so true of the situation to-day:

> The mad rivalries of European empires and the struggles of oppressed and oppressing nationalities were bringing the world nearer the verge of war. Statesmanship appeared to be bankrupt; save for the feeble farce of the Hague and rare individual missions and mediations, the nations appeared unable to find or unwilling to seek any solution, other than the futile—

Listen:

> —futile attempt of each to make itself stronger than every other by shifting alliance and mounting armament.

Again:

For some years a vigorous press and organization campaign in the English-speaking provinces had endeavoured to convince Canadians that in leaving Britain to assume the whole burden of the empire's naval defence they were acting an ignoble part—

The very argument that we hear to-day with regard to defence in general—that if we failed to prepare we would be acting an ignoble part:

—inconsistent with either imperialist or nationalist ideals. Feeling in favour of action was growing, and now the crisis precipitated the vague sentiment. There had been little counter-propaganda. Here and there a nationalist critic had questioned the myth of British protection, or repeated Cartwright's epigram that "all that Canada owed England was Christian forgiveness," or insisted that the navy was an agency wholly of British policy. Still more rare had been the more fundamental criticism of the whole policy of armed rivalry; there was little first-hand knowledge in Canada of foreign affairs, or at least of the rivalries of European states which appropriated that title, and little likelihood that the cure would come before the disease. Sir Wilfrid had denounced the vortex of militarism.

The other day when I heard that prominent Liberals were laying a wreath on the monument of Sir Wilfrid Laurier, I thought they might far better have tried to understand his position and follow his lead. Sir Wilfrid Laurier had denounced the vortex of militarism. Sir William Mulock in 1906 had declared:

This Canada of ours is the only country in the world worth living in that is not burdened with great military debts. Keep it on those lines.... Remember that this is the last spot of refuge on God's green earth where men can come and not pay tribute for the sins of their ancestors.

Already we are paying tribute for the sins of our ancestors, and if these estimates should go through we shall pile up a still greater debt and create a situation in which our children cannot inherit what we have inherited.

Let me quote a few words from Sir Wilfrid Laurier, in which he spoke of the blandishments that one met with in going to London. I wish that Sir Wilfrid's protegé and successor could keep those words in mind as he goes to the imperial conference:

In this campaign, which no one could appreciate until he had been in the thick of it, social pressure is the subtlest and most effective force. In 1897 and 1902 it was Mr. Chamberlain's personal insistence that was strongest, but in 1907 and after, society pressure was the chief force. It is hard to stand up against the flattery of a gracious duchess. Weak men's heads are turned in an evening, and there are few who can resist long. We were dined and wined by royalty and aristocracy and plutocracy, and always the talk was of Empire, Empire, Empire.

[Mr. Woodsworth.]

Mr. MACKENZIE KING: May I say to my hon. friend that I have been through a couple of rounds and came out all right. I hope to be able to do so again.

Mr. WOODSWORTH: The estimates do not seem to show that.

Our resolution has been characterized as a double-barrelled one. We are further told that unless we prepare to defend ourselves we are exhibiting a lack of self-respect; we are sponging on somebody else. We are told that we must fulfil our honourable obligations. I ask, what of our obligations to our own people here in Canada? We have a million people on relief; are we fulfilling our obligations to them? I think even the government cannot claim that. The best they can do is to invoke the British North America Act and hide behind constitutional difficulties. We have some 50,000 unemployed soldiers. Are we performing our obligations to them? I cannot think that we are. We have poor housing conditions. We have enormous debts that are crushing the lives out of a great many of our western farmers and making impossible recovery in many sections of this country. We can do nothing for these classes; yet no expenditure is too great and nothing is too good for those who wish to prepare for war.

A few days ago I received a very interesting copy of the Halifax Herald of January 28, in which there is a front page editorial dealing with the program of President Roosevelt. This is a quotation from the address of the president:

I see millions of families trying to live on incomes so meagre that the pall of family disaster hangs over them day by day.

I see millions whose daily lives in city and on farm continue under conditions labelled indecent by a so-called polite society half a century ago.

I see millions denied education, recreation and the opportunity to better their lot and the lot of their children.

I see millions lacking the means to buy products of farm and factory and by their poverty denying work and productiveness to many other millions.

I see one-third of a nation ill-housed, ill-clad, ill-nourished.

And he added:

It is not in despair that I paint you that picture. I paint it for you in hope—because the nation, seeing and understanding the injustice of it, proposes to paint it out.

The editorial comments:

What the president of the United States has said about his country applies with equal force to this country. Canada, with its population of around eleven million people, is in no better case proportionately than the neighbouring republic.

And what the president of the United States has demanded in social justice and social security for the people of his own country, is what is being demanded for the Canadian people.

I wish that this government, calling itself by the name of Liberal, would follow a lead of that kind instead of falling back on age-old methods which have in the past proved so futile.

Mr. DUPUIS: Would the hon. member say how much was voted at Washington for national defence?

Mr. WOODSWORTH: I am not discussing what was voted.

Mr. DUPUIS: Oh.

Mr. WOODSWORTH: They voted large sums. But let me say that side by side with those large sums they have also spent an enormous amount on social security—which this government does not propose to do.

Mr. BERTRAND (Laurier): Yet they have unemployment in enormous numbers.

Mr. WOODSWORTH: The other day the Minister of Mines and Resources (Mr. Crerar) referred to the position which I had taken during the great war, and that was one reason why I felt I could hardly let this debate close without stating my personal position. The minister himself, as he reminded us, was taken into the Union government, and that government brought conscription to this country. At that time the present leader of the opposition (Mr. Bennett) was director general of war services in charge of the registration scheme. I myself at that time was the director of the bureau of social research for the governments of Manitoba, Saskatchewan and Alberta, all of which at that time happened to be Liberal. When the registration scheme was proposed, I felt that I could no longer remain silent, and I wrote this letter to the Winnipeg Free Press, under date of December 28, 1916:

Yesterday morning there came to me a circular letter asking my help in making the national service registration scheme a success. As I am opposed to that scheme, it would seem my duty as a citizen to state that opposition and the grounds on which it is based. For this end I would ask the courtesy of your columns in presenting the following considerations:

1. The citizens of Canada have been given no opportunity of expressing themselves with regard to the far-reaching principle involved in this matter.

2. Since "life is more than meat and the body more than raiment," conscription of material possessions should, in all justice, precede an attempt to force men to risk their lives and the welfare of their families.

3. It is not at all clear who is to decide whether or not a man's present work is of national importance. It is stated that the brewery workers in England are exempt. What guarantee have we that Canadian decisions will be any more sound, and who are the members of the board that decides the question of such importance to the individual?

4. How is registration or subsequent conscription, physical or moral, to be enforced? Is intimidation to be used? Is blacklisting to be employed? What other method? Is this measure to be equally enforced across the country? For example, in Quebec, or among the Mennonites in the west?

This registration is no mere census. It seems to look in the direction of a measure of conscription. As some of us cannot consciously engage in military service, we are bound to resist what—if the war continues—will inevitably lead to forced service.

I have no shame in reading to-day that statement opposing conscription, even though the reading of it was called forth by the Minister of Mines and Resources, who at that time held a responsible position in the Union government which put over conscription. My letter cost me my position. I was driven into the wilderness. I was not active in politics at that time, and up to that time had not been. Sir Wilfrid Laurier also at that time went into the wilderness.

The Minister of National Defence the other day quoted scripture in support of the government's policy. I do not belong to any church to-day, but it makes me fairly sick to hear anyone quoting the New Testament in support of war or preparation for war. I felt so strongly upon this matter while the war was on that in 1918 I sent in my resignation from the ministry of the then Methodist church. I propose to read a paragraph or two from that document. It is not easy for me to do so, but it may show what war will mean to Canada when the next war comes:

The war has gone on now for four years. As far back as 1906, I had been led to realize something of the horror and futility and wickedness of war. When the proposals were being made for Canada to assist in the naval defence of the empire, I spoke and wrote against such a policy. Since the sudden outbreak of the war, there has been little opportunity to protest against our nation and empire participating in the war. However, as the war progressed, I have protested against the curtailment of our liberties which is going on under the pressure of military necessity and the passions of war.

According to my understanding of economics and sociology, the war is the inevitable outcome of the existing social organization with its undemocratic forms of government and competitive system of industry. For me, it is ignorance, or a closed mind, or camouflage, or hypocrisy, to solemnly assert that a murder in Servia or the invasion of Belgium or the glaring injustices and horrible outrages are the cause of the war.

Nor, through the war, do I see any way out of our difficulties. The devil of militarism cannot be driven out by the power of militarism without the successful nations themselves becoming militarized. Permanent peace can come only through the development of good will. There is no redemptive power in physical force.

This brings me to the Christian point of view. For me, the teachings and spirit of Jesus are absolutely irreconcilable with the advocacy of war. Christianity may be an impossible idealism, but so long as I hold it, ever so unworthily, I must refuse, as far as may be, to participate in or to influence others to participate in war. When the policy of the state—whether that state be nominally Christian or not—conflicts with my conception of right and wrong, then I must obey God rather than man. As a minister, I must proclaim the truth as it is revealed to me. I am not a pro-German; I am not lacking, I think, in patriotism; I trust that I am not a "slacker" or a coward. I had thought that as a Christian minister I was a messenger of the Prince of Peace.

That was written twenty years ago and I have no reason to feel ashamed of the stand I took at that time, though it led me into strange paths.

More than ever before I am convinced of the futility of war; more than ever I am convinced that armaments are no insurance against war. In the present crisis it seems to me we need men of vision and faith who will strike out along altogether different lines. Unfortunately as a nation, we to-day are proposing to travel the same old road over which the nations have travelled for centuries past and which has led inevitably to disaster.

This is an important occasion in the history of Canada. It may be, as the Prime Minister suggests, that we are simply advancing a little bit further along the line of the policy adopted by his party. It may be that our armaments are not great compared with those of Europe, but I submit that we are at the crossroads and definitely choosing the road of military preparedness. I had hoped that we had learned the lessons of the last war and would undertake to strike out along new lines, getting at the causes of war and putting our faith in fair play and good will. We can do this in Canada much more readily than can most of the nations in war-ridden Europe. I believe that Canada has a wonderful chance along new lines.

The other day in our papers I read the brave words of one of the elder statesmen of Japan, Mr. Yukio Ozaki. In the midst of the frenzy and fanaticism and militarism that prevail in that country Mr. Ozaki dared to give words of warning to his people; he dared to advocate a policy of peace. Personally, I regard it as one of the great privileges of my life that two or three years ago I had the honour of being received by Mr. Ozaki in his own home at Karuizawa. He was at one time Minister of Justice, a member of parliament, and is an ex-mayor of Tokyo. Speaking at Karuizawa a few days before I met him, he said:

> We must find a new way to peace. We must search a road to justice. The world must prepare to have a world court of justice which can settle the conflicts when they arise, but by other ways than using force. The victory of the strongest won by not appealing to justice is only for the barbarous and the primitive.

We denounce some of these other nations as barbarous and primitive and we say that the world has gone mad. And it has. But why should we say that the only thing for us to do is to go mad also. That is an absurd position.

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: Yes, this house can laugh if it pleases. If it sees anything funny either in the interruption or in what I have been saying, it is perfectly welcome to scoff. Unfortunately—or fortunately perhaps—I have had to endure some scoffing in my time and I can take a little more, but I want to say to my fellow members, many of whom I have known for years, it does seem to me, irrespective of the way this vote goes, that we as Canadians should understand that Europe is going down, and down, and down, because it has relied on force.

A few days ago I moved a resolution that we should maintain neutrality, not because I was indifferent to the affairs of Europe but because I thought that if we could cut ourselves free we should have time to develop other policies on this continent and avoid the disaster which must overtake Europe if she pursues the policy of force. I know there are people in Europe who are just as much for peace as are any of us in this house. I know there are people in England, many of them, who voted for the peace ballot, who are just as sincere and earnest in the pursuit of peaceful methods as are any of us. I mentioned one of my friends in Japan, and there are those even in Germany and Italy, and in other countries where fascist dictatorship exists, who are still hoping for better days and still trying to witness to the faith that is in them.

I could wish that our country, so blessed in resources, so blessed in its geographical position, instead of following the lead of Europe, would rather decide that we shall work out our destiny in our own way by other and more civilized methods than the world has yet known. If at the close of this debate the

estimates are adopted as they stand, I shall not be utterly discouraged, because I am confident that despite passion and party prejudice there are many in this country who are earnestly looking for some other and better way. Whatever is true of this house, I know that throughout the country there are tens of thousands of our young men and young women—many of them children of the men who fought at the front in the last war—who cherish the great hope a way may be found so that they will not be asked to sacrifice their lives as their fathers did, but rather may be able to live out a nobler and fuller life and take their part as patriotic citizens in building up in this dominion a civilization based upon peace.

The house divided on the amendment (Mr. MacNeil) which was negatived on the following division:

YEAS

Messrs:

Coldwell
Douglas
Elliott (Kindersley)
Fair
Hall
Jaques
Johnston (Bow River)
Kuhl
MacInnis
MacNeil
Macphail, Miss
Marshall
Pelletier
Quelch
Rowe (Athabaska)
Taylor (Nanaimo)
Woodsworth—17.

NAYS

Messrs:

Baker
Barber
Barry
Beaubien
Bennett
Bertrand (Prescott)
Bertrand (Laurier)
Betts
Black (Chateauguay-Huntingdon)
Black (Yukon)
Blackmore
Blair
Blanchette
Bothwell
Bouchard
Boulanger
Bradette
Brasset
Brown
Brunelle
Cahan
Cameron (Cape Breton North-Victoria)
Campbell
Cardin
Casselman
Chevrier
Church
Clark (Essex South)
Clark (York-Sunbury)
Clarke (Rosedale)
Cleaver
Cochrane
Crète
Damude
Davidson
Deachman
Denis
Deslauriers
Donnelly
Dubois
Dubuc
Duffus
Dunning
Dupuis
Dussault
Edwards
Elliott (Middlesex West)
Emmerson
Esling
Evans
Factor
Fafard
Farquhar
Ferguson
Ferland
Ferron
Finn
Fiset, Sir Eugène
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemount)
Fraser
Furniss
Gariépy
Gauthier
Girouard
Gladstone
Glen
Golding
Gosselin
Goulet
Gray
Graydon
Green
Hamilton
Hansell
Hanson
Hartigan
Hill
Howden
Howe
Hurtubise
Hyndman
Ilsley
Isnor
Jean
Johnston (Lake Centre)
King, Mackenzie
Kinley
Kirk
Lacombe
Lacroix (Beauce)
Lacroix (Quebec-Montmorency)
Lalonde
Lapointe (Matapedia-Matane)
Lapointe (Quebec East)
Lawson
Leader
Leclerc
Leduc
Lennard
Little
Lockhart
Macdonald (Brantford City)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
MacLean (Prince)
MacMillan
MacNicol
MacRae
McCann
McCuaig
McCulloch
McDonald (Souris)
McDonald (Pontiac)
McGeer
McGregor
McIntosh
McIvor
McKenzie (Lambton-Kent)
McKinnon (Kenora-Rainy River)
McLarty
McLean (Simcoe East)
McLean (Melfort)
McNevin (Victoria, Ont.)
McNiven (Regina City)
McPhee
Mallette
Massey
Maybank
Mercier
Michaud
Mitchell
Mullins
Mulock
Mutch
Neill
O'Neill
Parent (Quebec West and South)
Parent (Terrebonne)
Patterson
Perley (Qu'Appelle)
Pinard
Plaxton
Poole
Pottier
Pouliot
Power
Purdy
Reid
Rennie
Rhéaume
Rickard
Rinfret
Ross (St. Paul's)
Ross (Middlesex East)
Ross (Moose Jaw)
Rowe (Dufferin-Simcoe)
Ryan
St-Père
Sanderson
Senn
Sinclair
Spence
Stewart
Stirling
Streight
Sylvestre
Taylor (Norfolk)
Telford
Thauvette
Thompson
Thorson
Tolmie
Tomlinson
Tremblay
Tucker
Turgeon
Turner
Tustin
Veniot
Verville
Vien
Ward
Weir
White
Winkler
Wood
Young—191.

PAIRS

Mr. HEAPS: Mr. Speaker, I was paired with the Minister of Mines and Resources (Mr. Crerar). Had I voted I would have voted for the amendment.

Mr. LANDERYOU: I was paired with the hon. member for Essex East (Mr. Martin). Had I voted I would have voted for the amendment.

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

DEPARTMENT OF NATIONAL DEFENCE

Miscellaneous.—To provide for expenses in connection with the Book of Remembrance to be placed on the altar of the memorial chamber in the Houses of Parliament, $8,000.

Mr. BENNETT: Perhaps the minister would tell us how far advanced the work is.

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Chairman, the contract for the completion of the Book of Remembrance was let about five years ago, and it was then thought the book would be completed this year. Unfortunately, however, the work is of such an artistic nature it has taken longer than it was thought it would. It will now take in the neighbourhood of two more years to complete the book; that will be in 1939.

Mr. HEAPS: What will the book have cost, when it is completed?

Mr. MACKENZIE (Vancouver): The original contract was for $35,000. To that must be added this year's vote and probably a vote of a similar amount next year, making a total of $51,000.

Mr. COLDWELL: It is rather ironical that we should consider this vote immediately after voting the increased estimates for the Department of National Defence. Where is the work being done?

Mr. MACKENZIE (Vancouver): In the city of Ottawa. Mr. Purves is the artist, and an honorary committee works in conjunction with him.

Item agreed to.

Battlefields memorials, $51,340.

Mr. MacNEIL: What work is still under way, in connection with memorials?

Mr. MACKENZIE (Vancouver): The work on memorials is practically completed. Before the completion of the Vimy memorial seven others had been erected, Vimy being the last of all the Canadian battlefields memorials overseas. That is one of the reasons for the reduction in the vote this year.

[Mr. Heaps.]

Mr. BENNETT: It might be well to place on record where they are.

Mr. MacNEIL: What proportion of this vote will be expended on other memorials either here or abroad?

Mr. MACKENZIE (Vancouver): This vote will be spent abroad entirely.

Mr. MacNEIL: Principally at Vimy?

Mr. MACKENZIE (Vancouver): The total cost of the Vimy memorial was approximately $1,302,806.84, it being by far the largest of all battlefield memorials.

Mr. MacNEIL: Could we have the details of this expenditure?

Mr. MACKENZIE (Vancouver): They are as follows:

Non-recurring charges:
Auditors' expenses, $150.
Studio Maida Vale, rates, taxes, et cetera, $1,000.
Studio caretaker—salary, $300.
Repairs and maintenance studio, Maida Vale, $750.
Completion of rest house, Vimy, $4,500.
Completion of carving, tarring roads, surfacing road to rest house, et cetera, $2,165.
Chains and bronze pickets across access road to Vimy memorial, $665.
Erection tool and store shed at pump house, $165.
Fencing, pathway, et cetera, at rest house, $200.
Decorating and painting rest house—furnishings for rest room, et cetera, $1,000.
Office, Arras: rent, postage, tables, phone, fuel, light, et cetera, $1,000.
Insurance, Arras: accident, social and transport, $335.
Transport—oil, gas, repairs, et cetera, $1,665.
Mechanic—wages, $1,335.
Crating, packing and shipping materials and files to Canada, incidentals, et cetera, $5,000.
Pay and allowances, engineer in charge, $6,315.
Contingency, provide loss on exchange, $3,000.
Salaries civilian employees, $2,200.
Miscellaneous—legal expenses, et cetera, including sundry payments to be made at N.D.H.Q., $5,000.
Publication—Vimy unveiling, et cetera, $3,000.
Recurring charges:
Civilian personnel at Vimy—wages, $3,000.
Social and accident insurance, Vimy personnel, $200.
Lighting of tunnels and floodlights, $665.
Operation of rest house, telephone, stationery, cleansing materials, et cetera, $400.
Repairing fences, legal fees for prosecution, $665.
Maintenance of Vimy per arrangement with Imperial War Graves Commission (estimated), $1,665.
Maintenance of seven battlefield memorial sites in France and Belgium, other than Vimy, $5,000.

Mr. STIRLING: Would the minister give the names of the other memorials?

Mr. MACKENZIE (Vancouver): Passchendaele, St. Julien, Hill 62, Vimy Ridge, Dury, Bourlon Wood, Le Quesnel and Courcelette.

Mr. HEAPS: Are all these memorials being maintained by the Canadian government?

Mr. MACKENZIE (Vancouver): An arrangement was made some time ago whereby the smaller sites are to be maintained by the Imperial War Graves Commission. It was thought that because of the special significance of Vimy and the fact that the land adjacent to the memorial to the extent of about 250 acres had been given to Canada by France, the memorial should be maintained by Canada. It is being maintained by our engineer working in conjunction with the war graves commission.

Mr. MacNEIL: The minister gave certain items for transport and rest house. Am I to understand that facilities are being maintained for the people who visit these memorials?

Mr. MACKENZIE (Vancouver): A rest house will be erected at Vimy.

Mr. MacNEIL: How long is it intended to maintain these facilities?

Mr. MACKENZIE (Vancouver): It will not be a rest house in the sense of being a place in which to stay.

Mr. MacINNIS: What is the item for legal fees for prosecution?

Mr. MACKENZIE (Vancouver): It will be a small expenditure, perhaps about $150 to cover legal fees in connection with possible trespassing upon the areas adjacent to the memorials.

Mr. LAWSON: Is there any estimate as to the annual cost for the maintenance of this 250 acre park site at Vimy?

Mr. MACKENZIE (Vancouver): It is under the supervision of a Canadian engineer, Major Simson, who is stationed there in charge of the maintenance of the structure and more particularly of the surrounding ground. It has been generally agreed that any horticultural work required would best be carried out by the Imperial War Graves Commission, similar to that which they are doing so well at the other Canadian war memorials in France and Belgium. Owing to the existence of the organization of the Imperial War Graves Commission in connection with the maintenance of cemeteries, it has been found that they can do the work of caring for the grounds, grass, flowers, etcetera, at these memorials far better and cheaper than it can be done by any other method. There is cooperation between our own engineer on the ground and the commission. The final arrangements have not yet been completed, but for this year we are continuing Major Simson in active supervision of the site at Vimy.

Mr. MASSEY: What steps are being taken to make sure that the grounds are being maintained constantly in good order? I was in England until the first of October and some friends of mine there who had visited the memorial on a Sunday in September reported to me that the grounds appeared in a quite dilapidated condition as a result of lunch boxes and papers being scattered all around and children running over the memorial without regard to its significance.

Mr. MACKENZIE (Vancouver): That matter was brought to our attention and explicit instructions were given by cable that more care should be taken to see that the grounds are kept in proper order. That is one of the reasons why we desire at the present time to continue our own direct control in cooperation with the war graves commission.

Mr. MASSEY: There are many people in Canada who will never be able to visit and see the Vimy memorial because of its great distance from Canada. At Christmas time I endeavoured to find a replica of the memorial, but I was told at several shops that no replicas were available and that it was not proposed that any would be available. Is that as a result of a decision by the government?

Mr. MACKENZIE (Vancouver): That has never been brought to the attention of the government. I shall be very glad to look into the matter. I am informed the French government have taken certain steps in that direction.

Mr. MASSEY: I suggest to the minister that it might be valuable to have that matter looked into with a view to acting upon it.

Mr. MacNEIL: Will any portion of this vote be expended by the war graves commission in Canada to mark the graves of Canadians who have died subsequently to the war and who have been buried in plots set aside for that purpose in this country?

Mr. MACKENZIE (Vancouver): I think that would come under the next vote.

Mr. DOUGLAS: Could the minister give the committee the total amount spent on memorials both outside and inside Canada?

Mr. MACKENZIE (Vancouver): Does the question refer to Canada as well as to overseas?

Mr. DOUGLAS: Can the minister give us the total amount outside Canada and the total amount inside Canada in two separate items?

Mr. MACKENZIE (Vancouver): We have not the information for those inside Canada, but I can give the other information.

Mr. CHURCH: May I ask if the minister is going to do anything about memorials in the Niagara district, where two million tourists come in every year? The province of Ontario has been ignored in almost every one of these items. Surely the government of this country can fix up the memorials of the war of 1812. I have referred to this matter in two or three sessions. There are many of these historic spots in the Niagara district, near the mouth of the Niagara river, and up the river to Chippawa and Fort Erie. At Ridgeway the province fixed up some memorial, but there are these old ruins in the Niagara district, at Fort Mississauga, at the mouth of the Niagara river, and all along up the river. The place where Laura Secord was born should be marked just as much as the battlefields in Quebec or other places. What is the idea of fixing up some battlefields with memorials and leaving other provinces with no money spent on them at all? Something ought to be done in the Niagara district. The minister said last year that he would visit the district and look into the matter.

Mr. MACKENZIE (Vancouver): This question belongs to another department; it does not affect mine. In reply to the question asked by the hon. member for Weyburn (Mr. Douglas), the memorials raised in Canada were raised chiefly by private sources. The total cost prior to November 30, 1936, for the overseas war memorial was $2,379,172.81, and to that must be added probably $100,000 to bring the cost up to date.

Mr. MASSEY: May I ask the minister if anything has been done to recognize the services of Walter Allward, the sculptor and architect of the Vimy memorial, other than the payment of the usual expenses and his fee? I think we in Canada recognize that we have in Walter Allward one of the outstanding sculptors of the day and perhaps of all time. While Walter Allward belongs to Canada, he is also acclaimed to-day by the world as one of its great sculptors and artists. He may be regarded now as a world architect. I was wondering whether the government had under consideration any recognition of his services.

[Mr. I. Mackenzie.]

Mr. MACKENZIE (Vancouver): I desire to agree entirely with the observations of the hon. member for Greenwood (Mr. Massey) in reference to the wonderful work done by Walter Allward. I had the privilege of paying a tribute to him where his great monument stands on Vimy Ridge, and my hon. friend was there at the time. I feel that if any Canadian deserves recognition for his wonderful work Mr. Allward certainly does.

Mr. CHURCH: The minister did not understand the question I asked. The property I referred to is dominion government property at the mouth of the Niagara river, where the minister's troops train in the summer. It is in this department, not in the Parks branch. We have not a national park in the province of Ontario. There are two or three small parks, like the one at Pelee island. In the Niagara district there are several memorials that should be fixed up. It is all federal property. Fort George, Fort Mississauga and all these other places are on dominion government grounds; some of them are military burying grounds, and the condition of some of them is a disgrace to the people of this country. At Lundy's Lane some American soldiers are buried. I think part of that property has been taken over and is under the control of the dominion government. Ontario is being neglected almost entirely in these estimates, and yet Ontario pays 42 per cent of the taxes. What have the people on the other side of the line done? The president of the United States fixed up Fort Niagara and all the way to Lewiston, and preserved the memorials. Surely this matter can be looked into, and surely something should be done more than to put a few old slabs on trees. Had it not been for the volunteers in York and other places we might have become part of the United States.

Mr. MACKENZIE (Vancouver): I thought my hon. friend was referring to historic sites, but he is referring to our camp grounds at Niagara-on-the-Lake. I shall be glad to look into the matter.

Mr. MacNEIL: Would the minister give a summary of the expenses in connection with the unveiling of the Vimy memorial, and say whether any special grant was made to the Canadian Legion who had in hand the arrangements?

Mr. MACKENZIE (Vancouver): No request of any kind for financial assistance was received from the legion. There may be certain assistance rendered with reference to the pictures that were taken, but these have not yet been completed.

Mr. MacNEIL: Is a summary available of the expenses incurred by the dominion government in connection with the unveiling?

Mr. MACKENZIE (Vancouver): Yes. The details are as follows: Canadian government, official representation, $10,750; Canadian Battlefields Memorials Commission representation, $2,787.88; transportation, motor cars, accommodation, speaker's tribune, traffic control and other safety devices, loud speakers and broadcasting expenses in connection with official guests from the British isles and the continent, miscellaneous accounts, Department of External Affairs, $17,505.08; hospitality, dinner to French and English officials at Paris, $1,350.66; transportation for guard of honour, $547.56; chaplains' expenses, $2,500; invitation cards and other incidental expenses, $3,086.18; pipe band, drummers, buglers and officers, $14,321.55; military band, $8,100.21; dominion government motion picture bureau, $8,374.66. The total expenditure has been $69,323.78.

Mr. MacNICOL: How many chaplains were there at a cost of $2,500?

Mr. MACKENZIE (Vancouver): There were four chaplains, three of whom officiated at the unveiling ceremonies at Vimy, and the fourth officiated at the service at the grave of Earl Haig in Scotland.

Mr. MacNICOL: Did they receive the $2,500 between them in addition to expenses? Did they all come from Canada or were some from overseas?

Mr. MACKENZIE (Vancouver): They all proceeded from Canada, and this was the total amount received by them all.

Mr. MacNICOL: Including expenses?

Mr. MACKENZIE (Vancouver): They paid their own expenses out of the amount received. This is the total amount involved in sending them to France and England.

Mr. LENNARD: Was there any religious ceremony in connection with the unveiling of the memorial?

Mr. MACKENZIE (Vancouver): Officially no, but it partook very largely of the nature of a dedicatory service.

Mr. LAWSON: What are the names of the four chaplains?

Mr. MACKENZIE (Vancouver): The three clergymen who officiated at Vimy were Honorary Lieutenant Colonel Reverend Cecil C. Owen, of Vancouver; Honorary Lieutenant Colonel Reverend George Oliver Fallis, of Toronto; Auxiliary Bishop of Montreal, the Right Reverend A. E. Deschamps, and the clergyman who officiated in Scotland was the Reverend John Kelman, also I think of Toronto.

Mr. STIRLING: Would the minister tell us how the moving picture that he referred to will be handled?

Mr. MACKENZIE (Vancouver): I understand that the arrangements have been made by the official government motion picture bureau. They are making at the present time final sound tests with reference to the production of the official picture. I understand that arrangements have been made in conjunction with the Canadian Legion for the distribution of the picture throughout Canada. There have been, as my hon. friend will realize, some difficulties which have delayed getting it ready.

Mr. COLDWELL: Is the picture to be handled so that it will not be exploited commercially? Has the government given consideration to that point?

Mr. MACKENZIE (Vancouver): Such arrangements have not been made so far as I know by the government. I believe the Canadian Legion may make their own private arrangements in that regard. I do not think there will be any possibility of exploitation.

Mr. COLDWELL: As I understand it, they are government pictures, for the records?

Mr. MACKENZIE (Vancouver): Yes; they are official records that were taken by the official motion picture bureau.

Mr. COLDWELL: A question on another matter. If there was no religious ceremony, why are the chaplains especially mentioned?

Mr. MASSEY: The whole ceremony was religious.

Mr. MACKENZIE (Vancouver): It depends upon what my hon. friend calls a religious ceremony. To my mind it was one of the most deeply religious ceremonies I have ever attended, although it might not be officially designated as such. My hon. friend will recognize certain circumstances which rendered it difficult to make it a joint religious ceremony.

Mr. COLDWELL: I was using the term the minister used.

Mr. MacNEIL: I draw attention to the fact that the department is in possession of almost priceless films which were taken during the last war and constitute, in my opinion, an important memorial of that war. May I ask

how these films were made available to motion picture producers in such a way as to exploit them commercially?

Mr. MACKENZIE (Vancouver): If that was done at all, I have no knowledge of it; it must have been done before I came into the department. I shall be glad to look into the matter.

Mr. POULIOT: They may have gone away, like other papers.

Mr. STIRLING: I do not know to what the hon. member is referring when he uses that term. It will be in the memory of a good many hon. members that a film was prepared most carefully with the assistance of the motion picture bureau and was handed over to the legion for distribution throughout Canada; that film went from Halifax to Vancouver, and was so shown.

Mr. MacNEIL: Is the department still in possession of the films that were taken on the battlefields in the last war?

Mr. MACKENZIE (Vancouver): I understand that they are being looked after by the government motion picture bureau, under the Department of Trade and Commerce.

Item agreed to.

Adjustment of war claims—Department of National Defence, $64,411.

Mr. MacNEIL: I now ask my question with regard to the marking of graves of Canadian ex-service men who have died since the war and have been buried in plots set aside for those who served.

Mr. MACKENZIE (Vancouver): The matter was last dealt with by order in council P.C. 3310 of October 22, 1935, under which authority was given to the Canadian agency of the Imperial War Graves Commission to—

> . . . provide and erect headstones on the graves in Canada of each member of His Majesty's naval and military forces whose death occurred or shall occur during a period 1st September, 1921 to 31st August, 1935, both dates inclusive, under such circumstances and from such causes as would have brought the case within the scope of the Imperial War Graves Commission had such death occurred on or prior to August 31, 1921.
>
> The cost of such headstones completed and erected on suitable foundations not to exceed fifty dollars each. The expenditure to be chargeable to the adjustment of war claims vote.
>
> That deaths in Canada from war causes have occurred and are continuing at a fairly uniform rate. During 1933-34, approximately 315, and during 1934-35, approximately 335 headstones were erected on such graves.
>
> That provisions of previous orders in council did not include any sums for maintenance of the graves so marked.
>
> That in most cases this is provided locally, but in a certain number of instances some expense under this heading is unavoidable; and
>
> That the maintenance of these graves can be undertaken by the Canadian agency of the Imperial War Graves Commission without exceeding the maximum amount at present authorized for the erection of headstones.
>
> In these circumstances the minister on the advice of the deputy minister of National Defence recommends that the provisions of the orders in council mentioned be continued for the further period of three years, namely from first September, 1935, to 31st August, 1938, both dates inclusive, and that sums as may prove necessary may be allocated to maintenance provided that the total maintenance in any financial year shall not exceed the average of fifty dollars per grave as aforesaid.

Mr. MacNEIL: Did I understand that the order in council indicates whether or not these graves must be in selected plots, or whether the grave of any soldier who dies of war disabilities may be located elsewhere?

Mr. MACKENZIE (Vancouver): My information is that they are supposed to be in recognized military plots, but special consideration is given to cases where that is not possible.

Mr. MacNICOL: I should like to suggest to the minister an improvement with regard to the presentation of his estimates which might apply not only to his department but to every other. We are now considering item 271, adjustment of war claims, $64,411. If there were another column giving the number of the similar vote that is detailed in the auditor general's report for 1935-36, it would help hon. members to understand the item. I have the auditor general's report of that year, but I cannot find without a lot of difficulty the similar item two years back. The second column, of course, gives the vote for last year only. The report for that year will not be available until next year, and if we had the reference to the similar vote of two years ago we could understand the item. That applies to every department. It seems to me little more than a farce to come here to consider an item of $64,000 with nothing before it to indicate what we are talking about unless we ask the minister to take up a goodly length of time in telling us what it is all about. If we had the number in the auditor general's report of two years ago, the last one available, we could look at the item and discuss it intelligently.

Mr. LOCKHART: As regards headstones, mentioned a few minutes ago, what would be the procedure that might be taken to obtain assistance not exceeding fifty dollars on behalf of those who are not buried in certified military plots? There are odd cases where

the burials are in private graves, and I am led to believe that in a few cases there was not sufficient money to provide a proper headstone. What would be the procedure to obtain assistance for the marking of such graves?

Mr. MACKENZIE (Vancouver): My hon. friend will realize, of course, that this is limited to those who died of war disabilities. In all cases where special hardships occur, if the case is reported to headquarters here, immediate action is taken or certainly should be taken to give consideration to the matter.

Mr. MacLEAN (Prince): Funds are available?

Mr. MACKENZIE (Vancouver): Yes.

Mr. STIRLING: Would the minister indicate what portion of the $68,971 voted last year was actually expended, and what have been the expenditures for several years, say the last ten years?

Mr. MACKENZIE (Vancouver): 1926-27, $148,942; 1927-28, $134,741; 1928-29, $113,553; 1929-30, $88,963; 1930-31, $106,076; 1931-32, $91,323; 1932-33, $54,731; 1933-34, $56,135; 1934-35, $48,310; 1935-36, $13,864—rather, the last amount should be $54,843—the amount of $13,864 having lapsed that year.

Mr. STIRLING: There was $14,000 not spent.

Mr. MACKENZIE (Vancouver): Yes, about $14,000 lapsed.

Item agreed to.

Radio services—for the maintenance and operation of the Northwest Territories radio system, $318,900.

Mr. STIRLING: Will the minister give a general description of the item?

Mr. MACKENZIE (Vancouver): This vote is for the maintenance and operation of the Northwest Territories and Yukon radio system with stations at the following points: Borden, Dawson, Mayo, Edmonton, Fort Smith, Fort Resolution, Fort Simpson, Fort Norman, Aklavik, Herschel, Fort McMurray, Cameron Bay, Fort Rae, Chipewyan, Goldfields, Outpost Island and North Battleford. The estimate includes items for maintenance of all present stations and the improvement of the system by the provision of the following items which are considered most essential and the minimum permissable for the efficient operation of the system: (1) additional equipment to provide ground communication for aircraft at Mayo, Yukon Territory, Dawson, Aklavik, Northwest Territories and Fort Simpson, Northwest Territories; (2) repairs and replacements for existing stations, to keep same at high standard of operating efficiency. Building repairs are always expensive owing to rapid deterioration and fuel costs are very high, wood costing up to $18 a cord and gasoline from 50 cents to $1.25 a gallon landed at stations; (3) new buildings at Fort Resolution, Chipewyan, Goldfields, Fort Rae, and repairs to other buildings.

Mr. STIRLING: Does the public make use of these facilities?

Mr. MACKENZIE (Vancouver): Yes; they are used extensively.

Mr. STIRLING: Is a charge made?

Mr. MACKENZIE (Vancouver): A charge is made for commercial messages.

Mr. CHURCH: Is there censorship over the military branch of the radio department? Has anyone any right to exercise censorship in the northwest?

Mr. MACKENZIE (Vancouver): I am informed that there is no censorship at all.

Mr. BENNETT: What was the revenue from all these stations last year?

Mr. MACKENZIE (Vancouver): The following list gives the traffic, paid and franked during the last four years:

	Net receipts (paid traffic)	(franked traffic)
1932-33	$20,716	$11,942
1933-34	22,961	24,582
1934-35	28,284	32,296
1935-36	23,905	38,296

Mr. BENNETT: That is government traffic?

Mr. MACKENZIE (Vancouver): Yes.

Mrs. BLACK: Under what department is the radio at White Horse operated? Does the Canadian government pay the operators or does the United States pay them? I understand that the station is particularly beneficial to United States aeroplanes.

Mr. MACKENZIE (Vancouver): The station was not established at the expense of the Department of National Defence. Its personnel assists largely in connection with Meterological reports.

Mr. MacNICOL: Has the radio commission anything to do with this branch of the radio service?

Mr. MACKENZIE (Vancouver): No.

Mr. DOUGLAS: Is the wireless system under the National Defence department?

Mr. MACKENZIE (Vancouver): It is operated by signallers who are expert technicians, probably as good as any in the world. In this regard I believe they are the most

expert in the world to-day, having had wonderful training in lonely places up north. They are rendering possibly the finest service in the department.

Mrs. BLACK: I would add my tribute; we have had these men with us for a number of years.

Mr. BARBER: What is the reason for the increase?

Mr. MACKENZIE (Vancouver): There is a decrease at headquarters, of $4,900 and at Borden, of $3,850; Cameron Bay, $6,450; Fort McMurray, $6,700; Chipewyan, $7,600; Fort Rae, $5,150, and Goldfields, $12,850. The increases are:

Dawson, $5,850.
Mayo, $2,100.
Edmonton, $20,650.
Fort Smith, $9,900.
Fort Resolution, $10,350.
Fort Simpson, $550.
Fort Norman, $3,050.
Aklavik and Herschel, $1,000.
Outpost Island, $1,350.
North Battleford, $14,900.

Mr. BARBER: Why North Battleford?

Mr. MACKENZIE (Vancouver): Because that is in communication by radio with Goldfields.

Mr. BARBER: Is that $20,000 at Edmonton for new equipment?

Mr. MACKENZIE (Vancouver): Mostly for new equipment.

Mr. MacNICOL: What was the deficit in the radio branch for 1936-37?

Mr. MACKENZIE (Vancouver): The branch is run not as a commercial undertaking but more for public service. One service is entirely free, franked as between one department of government and another, such as the meteorological service, and in other cases charges are made. It is, therefore, not on a paying basis but the service is very valuable.

Mr. MacNICOL: No attempt is made to operate it on a paying basis?

Mr. MACKENZIE (Vancouver): No.

Mr. COLDWELL: Is there any revenue?

Mr. MACKENZIE (Vancouver:) Yes. Last year, 1935-36, the revenue was $23,905 as compared with franked service amounting to $38,296.

Item agreed to.

Militia services—
Cadet services, $140,000.

Mr. MacNICOL: For what reason has the minister cut down the appropriation for cadet services? I may be wrong, but my recollection is that last year the house applauded the increase in the appropriation. I, for one, am strongly in accord with the purpose of this vote. During the last half-dozen or more years there has been an agitation in the country in opposition to cadet training. In my time I have had something to do with cadet training, and my observation has always been that youth benefited very materially by such training. During the last few years someone has occasionally got on the school board with apparently sufficient influence to break up the system of cadet training, and this has always struck me as a retrograde step. A short time ago I attended a meeting of sea cadets under the control of the department and was greatly impressed with the way in which these young men conducted themselves, their civility, and the manner in which they responded to discipline. All along the line I was very much pleased with the results obtained from the money spent by the department, in that respect at any rate, in the training of sea cadets. Here the minister is going back on that, cutting the vote from $150,000 to $140,000. I should like to have seen him increase it so that more young men could have the benefit of cadet training, particularly in these times when so many are standing on the street corners learning nothing, whereas if there were facilities to train them as they should be trained the country would benefit all along the line. I would ask the minister how it is he has cut this vote by $10,000.

Mr. MACKENZIE (Vancouver): I am very glad indeed to answer. The service rendered has not been interfered with in the least. Last year it was found that on the basis on which the grants were made the amounts voted were not all expended. The same service can be given this year for the same number of cadets for a less amount of money. At the end of the school year, August 31, 1936, the number of cadets enrolled was 82,727 as compared with 82,373 at the close of the previous year. In other words, there was actually an increase of nearly 400 in the number of cadets, although several units were closed. As my hon. friend knows, this is based upon a grant of one dollar for senior cadets only, between the ages of fifteen and eighteen. No allowances are made in respect of junior cadets, that is boys between twelve and fifteen. They are, of course, given as

much assistance as possible, but no grant is intended for the instructors in connection with junior cadets. The grant is one dollar a cadet for those who qualify at the end of the year and pass the examination for fitness, and the instructors get the grant according to the number trained and qualified.

Mr. TOLMIE: How many of these are in British Columbia?

Mr. MACKENZIE (Vancouver): I shall give the number for all the provinces for the last two years. These are for the school year ending August 31:

	1935	1936
Nova Scotia	1,973	1,789
Prince Edward Island	836	860
New Brunswick	2,309	2,130
Quebec	49,216	50,193
Ontario	21,861	22,029
Manitoba	1,914	1,607
Saskatchewan	1,290	1,243
Alberta	1,315	1,118
British Columbia	1,659	1,758

Mr. CHURCH: This cadet item is reduced by $10,000. I do not see why this item is selected for a cut almost every year. One only has to look at what is happening in the cities and towns of Canada to-day where these cadet services have been practically abolished. If you are going to have a skeleton militia you must have some complementary organization, namely the cadet services. The cadets are not a military organization as has been contended by some pacifists in this country. The pacifists are doing the country a disservice. The first duty of a citizen is to protect the country. The pacifists are willing to take an oath of allegiance to His Majesty the King, and they pray for the king; they are something like the Christian Scientists who refuse to use the means the Lord has given. I am opposed to any reduction in this item. I have been a member of the board of education in Toronto and I have seen the excellent results of this training. It teaches manliness, courtesy, respect for authority, and many qualities needed for success in life. The board of education branch of the London county council started out on a pacifist career a few years ago, but now they have gone back to the former condition. They refused to allow the Royal Air Force to have anything to do with the cadet services but they found as a result that education was not advanced at all.

In the big cities of this country where many parents are on relief and have no money the children are running the streets. An investigation has been going on for three weeks regarding the Guelph reformatory, where there are one hundred and fifteen children sixteen years of age and one hundred and seventy aged seventeen. The evidence of some of the teachers was that had these children had cadet training, many of them would not have been roaming the streets, travelling around in motor cars and so on. Cadet training is necessary for and complementary to the work of the board of education. The London county council in England are putting back cadet training, not for war purposes but because of its physical benefits. It was started in Canada away back in the lacrosse days when the cadets played lacrosse and other outdoor games. That has all been abolished and now they are out on the streets smoking cigarettes. The reports of the Ontario government and the police department show that, where they have not cadet training, a large number of these young people from fourteen to eighteen years of age get into trouble. The relation of cause and effect is to be seen in this. The cadet services were a blessing to the school boards of Ontario, and to the poorer boys who were not able to join in sporting events because they had no money. I know some families who have been in Toronto many years and never had anyone in trouble. I got three letters to-day from families in my constituency having boys fifteen, sixteen and seventeen years of age in this institution at Guelph, and one told me that if they had had the cadet service and some physical training they would not have got into trouble. The Y.M.C.A. do the work to some extent, but the boys have to pay fees there.

Mr. BENNETT: It is not the government that stops the cadet training; it is the municipalities.

Mr. CHURCH: It is a mistake. The school boards are starved enough these days. The provinces have been allowed by this parliament to take the income tax; over $2,600,000 has been taken from Toronto and $800,000 given back, and it will be necessary to collect the difference by adding to the real estate taxes. This country which has been spending nearly $400,000,000 surely can spend a few dollars to give the school boards throughout the country a little grant towards these services which I say are necessary and which many leaders in public life say teach qualities which make for success in life.

Mr. BENNETT: The government cannot force the schools to undertake cadet training.

Mr. MACKENZIE (Vancouver): I was going to point out to the hon. member just what the leader of the opposition has said. Not one of these units has been disbanded by the government. They are disbanded at the request of school boards not desirous of having the service. I can assure the hon. members that in the next year the same service will

be provided as has been provided in the last several years. There will be no diminution of service unless desired by the school board concerned.

Mr. Chairman, as there seems to be some disposition to discuss the item further, I would ask that it stand, and would move that the committee report progress and ask leave to sit again.

Item stands.

Progress reported.

On motion of Mr. Dunning the house adjourned at 10.24 p.m.

Monday, February 22, 1937

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

*MILITARY SERVICE ACT

Mr. FERLAND:

1. Is the "Military Service Act, 1917," imposing conscription, still in force?

2. What were the statements made by the Right Honourable Sir Robert Borden and the Right Honourable Sir Wilfrid Laurier in reply to this question in the House of Commons, after the great war?

Mr. LAPOINTE (Quebec East): Mr. Speaker, may I give an oral answer to this question? The same question is asked almost every session, although the answer is very clear. The Military Service Act, 1917, is spent. It ceased to be in force after demobilization, following the conclusion of the war and the completion and fulfilment of the consequential provisions of the act. It is noted as being spent in the revised statutes of Canada, 1927, volume 5, appendix 1. The French word is périmée. I do not see why periodically this question is being asked.

So far as the second part of the question is concerned, Sir Wilfrid Laurier died before the first session following the war, so that he could not make any statement about it. Sir Robert Borden may have made statements, but I do not know about them.

WHARFAGE AND HANDLING OF GRAIN AT QUEBEC PORTS

Mr. LACROIX (Quebec-Montmorency):

1. What revenue was received by the government during the year 1936 from the ·06 wharfage per ton on grain received into the private elevators of Sorel?

2. Since when have wharfage charges been made on grain received in the port of Sorel, and what amount was collected in this connection during 1936?

3. What are the rates of wharfage charges on grain in the ports of: (a) Sorel; (b) Quebec; (c) Montreal?

4. What revenue was received by the government during 1936 from wharfage on grain received in the ports of: (a) Sorel; (b) Quebec; (c) Montreal?

5. What quantity of grain, in bushels, was received and stored, during the year 1936, in the ports of: (a) Sorel; (b) Quebec; (c) Montreal?

6. What is the storage capacity for grain, in bushels, in the ports of: (a) Sorel; (b) Quebec; (c) Montreal?

Mr. HOWE:

1. $8,696.18.

2. October 1, 1936. $8,696.18.

3. (a), (b) and (c). Six cents per ton of 2,000 pounds.

4. (a) Sorel, $8,696.18; (b) Quebec, $12,019.14; (c) Montreal, $138,574.70.

5. (a) Sorel, 22,751,693 bushels; (b) Quebec, 6,111,765 bushels; (c) Montreal 79,404,-903 bushels.

6. (a) Sorel, 3,000,000 bushels; (b) Quebec, 4,000,000 bushels; (c) Montreal, 15,162,000 bushels.

HUDSON BAY ROUTE INSURANCE RATES

Mr. TUCKER:

1. What were the original insurance rates on cargo and ships on the Hudson Bay route?

2. When, and by how much have such rates been reduced up to the present?

3. How do such rates now compare with similar rates on the St. Lawrence route?

4. Is the government taking any steps to have the insurance rates on the Hudson Bay route reduced to a parity with those on the St. Lawrence route?

Mr. HOWE:

1. Insurance rates on cargo: This is entirely a matter of competition and is not subject to additional premium for the suspension of the North American Warranty.

On ships: In 1930 the premium for the suspension of the warranty was 60 shillings per cent on the insured value, plus 2 shillings per ton on the gross registered tonnage. On a vessel valued at £10 a ton, this works out at 4 per cent in respect of vessels passing Cape Chidley inwards on and after 10th August and leaving last loading port in Hudson Bay on or before 30th September.

These rates are in every case subject to the proviso that vessels should be properly fitted with and equipped for the use of wireless direction finding apparatus. In 1932 further reductions were made in the case of vessels equipped with the gyro compass, in addition to wireless direction finding apparatus.

2. Up to 1936 rates have been reduced annually, and for 1936 the rates were 17 shillings 6 pence on the insured value, plus 1 shilling 6 pence per ton on the gross registered tonnage in respect of vessels equipped with gyro compasses.

For example—(a) In 1932 a ship of 5,000 tons gross valued at £50,000 and insured against all risks would have paid in 1932 and 1933, a sum of £1,500, in 1934, £1,250, and in 1935, £937.10s., and in 1936, £625.

(b) If without a gyro compass, the same ship would have paid in 1932 and 1933, £1,750, in 1934, £1,500, and in 1935 and 1936, £1,125.

Opening date of season to be altered from August 10th to August 5th, subject to provision that no vessel to pass Cape Chidley between August 5th and August 10th until advised by Patrol Ship "N. B. McLean" that it is safe to do so.

Closing date without surcharge extended from October 7th to October 10th but surcharge of 25 per cent will be maintained between October 11th and October 15th.

3. Rates to Churchill estimated at approximately 1¼ per cent in excess of rates charged on the St. Lawrence route.

4. By strong representations from the Canadian government to the imperial shipping committee, these rates have been reduced annually up to the present time and this policy is being continued.

UNLOADING OF COAL AT PORT OF MONTREAL

Mr. FOURNIER (Maisonneuve - Rosemount):

1. Has the government reached a decision upon the question of permitting coal dealers to unload, in the port of Montreal, at points between Boulevard Pie IX and the works of the Canadian Vickers Company, or further east?

2. Have there been negotiations upon this question?

3. If so, with what results?

Mr. HOWE: No representations have been received.

DEPARTMENT OF NATIONAL DEFENCE—PURCHASE OF AIRCRAFT

Mr. MacNICOL:

1. How many airplanes have been purchased by or for the Department of National Defence from Great Britain, i.e. from the government or British manufacturers, in the twelve months previous to February 1, 1937?

2. How many of the said airplanes were sent to the Dominion air force at Trenton, Ontario?

3. How many flying hours have been credited to each of the said planes that were sent to Trenton?

4. Are any of the said planes defective? If so, how many?

Mr. MACKENZIE (Vancouver):

1. (a) Four Blackburn "Shark II" torpedo-spotter reconnaissance aircraft were ordered in 1935 but were delivered during the twelve months previous to February 1, 1937. Three aircraft of the same type were ordered in April, 1936; delivery of these has not yet been made.

(b) Six Westland "Wapiti IIA" day bomber aircraft (used) were purchased from the air ministry in 1935, and delivered in Canada during the twelve months previous to February 1, 1937.

2. Three of the Shark aircraft referred to in (a) above.

3. Eight hours, six and one-half hours and five hours respectively for the three aircraft.

4. Some not unexpected difficulties have arisen, partly due to the Canadian winter climate and partly to inexperience of this equipment on the part of the Royal Canadian Air Force personnel. These matters are being righted.

PENITENTIARIES—NUMBER OF PRISONERS AND COST OF MAINTENANCE

Mr. ROSS (St. Paul's):

1. How many prisoners are there in each of the penitentiaries in Canada?

2. What is the cost of maintenance, per capita, of prisoners in each penitentiary?

Mr. LAPOINTE (Quebec East):

1. On January 31st, 1937, there were the following number of prisoners in the respective penitentiaries, exclusive of those on the register but not actually in the penitentiary:

Kingston	719
St. Vincent de Paul	883
Dorchester	364
Manitoba	291
Saskatchewan	390
British Columbia	275
Collin's Bay	202
Total	3,124

In addition to the above there were 123 convicts on the register of the different penitentiaries but not included in the above total, as follows:

Kingston	41
St. Vincent de Paul	45
Dorchester	13
Manitoba	4
Saskatchewan	15
British Columbia	5
Collin's Bay	0
Total	123

2. Kingston	$1.74
St. Vincent de Paul	1.85
Dorchester	2.11
Manitoba	2.84
British Columbia	3.58
Saskatchewan	2.56
Collin's Bay	4.43
All Penitentiaries	2.33

Year ending March 31st, 1936.

BORSTAL SYSTEM

Mr. CHURCH:

1. Was an investigation made into the workings of the Borstal system in England by the Department of Justice?
2. If so, with what results?
3. Are any steps being taken this session to give effect to the installation of such a system for the youth of Canada in order to improve present antiquated conditions as to youth.

Mr. LAPOINTE (Quebec East):

1. Yes.
2. The report and study of the Borstal system in England is contained in the annual report of the superintendent of penitentiaries tabled in the House of Commons, February 10th, 1936.
3. It is not anticipated that such steps will be taken to give effect to the installation of this system until the report of the commission to investigate the penal system of Canada has been presented.

ANTHRACITE COAL COMMISSION

Mr. CHURCH:

1. What was the total cost of the Tory commission to investigate coal in Canada?
2. What sums were paid to commissioner, counsel, and other officers connected therewith?
3. What is being done to give effect to the findings of the said report?
4. Why did not such an inquiry cover a policy of a national coal supply for Canada as adopted by resolution of this house in 1926-27?

Mr. ROGERS:

1. $22,246.50. (To February 18th, 1937).
2. Remuneration and expenses of commissioner, $9,364.95; of counsel, $2,903.77; of other officers, $5,320.91.
3. Consideration is being given to recommendations made in report which was received on February 3rd, 1937.
4. The inquiry was held to deal with complaints that conditions prejudicial to the public existed in connection with the importation and distribution of anthracite coal.

NEW BRUNSWICK, UNEMPLOYMENT RELIEF

Mr. BROOKS:

1. Has the federal government contributed $33,000 monthly to the New Brunswick provincial government in lieu of relief during the year 1936?

[Mr. E. Lapointe.]

2. If not, what amount was contributed?
3. How was the above amount apportioned to the different counties, towns and cities in the province?

Mr. ROGERS:

One and two. The amounts of the monthly grants-in-aid authorized for the purpose of assisting the Province of New Brunswick in discharging its responsibilities relative to the relief of necessitous persons within its borders for the fiscal year 1936-37 are as follows: April, May and June, $37,187.50; July, August and September, $33,468.75; October, November and December, $33,468.75; January, February and March, $33,468.75.

3. The apportionment of the monthly grant-in-aid within the province is left to the discretion of the provincial authorities and is not a matter of record with the dominion.

BIG BRAS D'OR, N.S., WHARF

Mr. BROOKS:

1. What was the total amount of expenditure in respect to wharf construction at Big Bras d'Or, Cape Breton, Nova Scotia, in 1936?
2. Who was the foreman, and who was in charge of the work?
3. To whom, and what amounts were paid for the following: (a) wages; (b) materials; (c) supplies?
4. If any balance remains unpaid, what is the amount of such balance, and to whom is this, if any, owing?

Mr. CARDIN:

1. $5,575.70.
2. (a) K. McKay, (b) Work done under supervision of District Engineer at Halifax, N.S.
3. (a) K. McKay, foreman, $505; John Squires, $291.37; J. F. McDonald, $192.75; J. A. McDonald, $178.35; Edward Squires, $9.60; Alister McDonald, $9.60; A. Stephenson, $2.40; R. McKenzie, $1.80; Archie Dunlop, $52.80; Jack Squires, Jr., $15.45; John McDonald, $50.40; J. F. McKenzie and team, $28; John Morrison, $70.80; John Campbell, $60.60; Abel Stevens, $106.80; Nelson Morrison, $32.40; James Campbell, $41.40; Alex. McRae, $34.80; Norman Morrison, $8.10; Fraser McLean, $21; Malcolm McAulay, $3.60; Gordon Stevenson, $7.20; Alex. McLean, $30; D. M. McKay, $2.40; Edmund McDonald, $14.40; John McLennan, $14.40; James Morrison, $7.20; total, $1,792.62.

3. (b) and (c), Norman McLean, ballast poles, $13; Malcolm McAulay, spruce, etc., $43.44; Willie McDonald, ballast poles, $25; Alex. Y. Morley, trucking, $51.38; Neil McKinnon, lumber and trucking, $169.86; Canada Creosoting Co. Ltd., lumber and freight, $1,994.69; Alex. McRae, ballast poles, $9; Alex. Morley, trucking, $12; Bethune's

Garage, trucking, $25; Frank A. Bill & Son, Ltd., hardware, $401.08; J. F. McKenzie, logs, $52.64; W. D. Grant, trucking $27.15; William Faye, hauling ballast, $212.50; John Squires, Jr., hauling stone, $215; The Sydney Foundry & Machine Works, $59.90; R. J. Fife, planks, $53.85; R. Musgrave & Sons, blacksmithing, $408.86; Gordon Stevenson, car hire, $3.50; Rod. McLeod, hiring of boat, $2; K. McKay, disbursements, $3.23; total, $3,783.08.

Grand total, $5,575.70.

4. Work completed; no balance remains unpaid.

MOOSE JAW, SASK., ARMOURIES

Mr. PERLEY (Qu'Appelle):

1. Have the armouries at Moose Jaw recently been, in whole or in part, destroyed by fire?

2. If so: (a) what are the details of the damage; (b) what arrangements are being made for repairs; (c) have tenders been called for in respect of such repairs; (d) if so, by what firms or persons were tenders submitted, and what are the details of such tenders; (e) have any contracts for such repairs been awarded, and, if so, to whom?

Mr. MACKENZIE (Vancouver):

1. Yes.

2. Preliminary report received is to the effect that the north end of the building is completely gutted, and estimated structural damage involved about $40,000.

Further details yet to be reported, and as soon as received, the question as to what steps required to carry out the necessary repairs will be immediately considered.

CANADA GAZETTE—LIST OF REGISTRARS OF ELECTORS

Mr. WERMENLINGER:

1. By whom was the king's printer requested to insert the list of registrars of electors in Canada Gazette of January 16, 1937?

2. What was the date of this request?

3. Was the king's printer requested to hold the publication of the list of registrars of electors until the month of March next?

4. What were the actual expenses incurred in the printing of the list of registrars of electors in the Canada Gazette of January 16 last, for (a) typesetting (b) paper, presswork, overhead, etc.?

Mr. RINFRET:

1. Dominion franchise commissioner, but no date requested for insertion;

2. January 12th, 1937.

3. No.

4. (a) and (b)—cost not appreciable in amount and not susceptible of calculation in items stated.

MONT-JOLI, QUE., POSTMASTER

Mr. WERMENLINGER:

When, and where was the inquiry held, relative to the dismissal of E. Levesque, postmaster at Mont-Joli, Rimouski county, as mentioned in the minister's answer, reported in Hansard of February 4, 1937?

Mr. ELLIOTT (Middlesex): Decision to change postmaster was reached following an enquiry conducted by the district director of postal services, Quebec, March-April, 1936, in connection with a parcel mailed at Mont Joli prepaid with previously used stamps, and related irregularities.

NATIONAL HARBOURS BOARD

Mr. GARIEPY:

1. Has the governor in council, under section 6 of the National Harbours Board Act, 1936, transferred to the National Harbours Board any ports for administration, management and control, other than those of Halifax, Saint John, Chicoutimi, Quebec, Three Rivers, Montreal and Vancouver?

2. If so, what are these other ports and upon what date were they so transferred?

Mr. HOWE:

1. No.

2. Answered by No. 1.

*ST. LAWRENCE RIVER MARINE EMPLOYEES

Mr. GARIEPY:

1. What are the names, occupations and domiciles of the individuals employed by the Department of Marine, during 1936, on the St. Lawrence river, on dredges or icebreakers?

2. What is the number of persons employed, in said department, in any capacity, either temporarily or permanently, during the same period?

3. By whom was each of these individuals recommended for employment?

Mr. HOWE: This question involves names and records of over 5,000 employees in the Department of Marine. It would be necessary to search the records for the last thirty or thirty-five years to ascertain who recommended these employees. This would be a practically impossible task, one which certainly could not be completed for presentation at this session, and probably not at the next.

Question dropped.

RICHELIEU RIVER IMPROVEMENTS

Mr. GARIEPY:

1. Has the government spent the full amount contained in the special supplementary estimates for the fiscal year ending March 31, 1937, and reading as follows: "Richelieu river; improvement of river and Chambly canal system, $500,000"?

2. If not, how much of same was spent?

3. By what department of the government was that expenditure made?

4. Was the work done by day labour or by contract?

5. If by contract, was it allotted by tender?

6. If by tender, who were the tenderers, and what was the respective amount of each tender?

7. Who were the successful tenderers, and what is the domicile or head office of each?
8. Has the work contemplated by such tender been completed?
9. If not, how much of that work remains to be done?

Mr. CARDIN:

1. No.
2. $9,844.90 to February 17, 1937.
3. Public Works.
4. Preparatory work done only, such as surveys, borings, preparation of plans, etc.
5 to 9. Answered by No. 4.

CANADIAN NATIONAL RAILWAYS—NEW EQUIPMENT EXPENDITURES

Mr. ELLIOTT (Kindersley):

1. What sum of money is being spent by Canadian National Railways for new equipment?
2. What are the different classes of equipment and quantities of each?
3. With what companies have the orders been placed?

Mr. HOWE:

1. Approximately $17,400,000.
2. 300 refrigerator cars, 300 gondola cars, 3,000 box cars, 15 snow ploughs, 14 flat cars of 40 tons capacity, 44 flat cars of 50 tons capacity, 50 first-class coaches, 10 mail and express cars, 10 baggage cars.
3. Canadian Car Foundry Company, Eastern Car Company, National Steel Car Corporation, Canadian National Railway shops.

QUESTIONS PASSED AS ORDERS FOR RETURNS

COMMISSIONS UNDER PUBLIC INQUIRIES ACT

Mr. CHURCH:

1. How many commissions have been appointed by the present government since they took office, under the Public Inquiries Act?
2. Who are the commissioners in each case?
3. What was the approximate cost of each commission?
4. Were any of the findings of any of these commissions given effect to?

DISMISSAL OF CIVIL SERVANTS

Mr. WERMENLINGER:

1. How many civil servants were discharged from their duties from November, 1935, to January, 1937?
2. How many in each department?

SEASONAL STAFF AT CHURCHILL

Mr. PERLEY (Qu'Appelle):

1. How many men were employed between the 1st day of June and the 31st day of December, 1936, on the seasonal or temporary staff at the port of Churchill?
2. What were their names and home addresses, and on whose recommendation were they appointed?

Mr. HOWE: Return tabled herewith.

[Mr. Gariepy.]

ROYAL COMMISSIONS

Mr. HYNDMAN:

1. How many commissions appointed by the present government are there in Canada at the present time?
2. What different matters are they inquiring into?
3. What has been the cost of each to date?
4. What have the legal fees of each commission amounted to up to the present time?

Mr. RINFRET: This question is similar to question number 15, in the name of the hon. member for Broadview (Mr. Church), which was allowed to stand to-day as an order for return. I ask that this one also be allowed to stand, both questions to be answered together.

MOTIONS FOR PAPERS

MONT JOLI, QUE., POSTMASTER

Mr. WERMENLINGER:

For a copy of the report of the investigation relating to the dismissal of Etienne Levesque, postmaster at Mont Joli, Rimouski county.

WHARFAGE DUES AND CHARGES

Mr. GARIEPY:

For a copy of all regulations, resolutions, orders in council, passed by the government since September 1, 1936 to date, relative to wharfage dues, and all charges in connection with wharves or properties belonging to the national ports, or to any other port or wharf owned, administered or controlled by the government or the national harbours board.

EUROPEAN WAR PENSIONS TO GOVERNMENT EMPLOYEES

Mr. ELLIOTT (Kindersley):

For a return showing:
1. The complete list of European war pensions paid to government employees in Ottawa, with class rating.
2. In what department employed, and at what salary or wage.
3. The complete list of army officers holding permanent appointments, with their officia. title, who are receiving European war pensions.
4. What salary, separate from pensions, is paid to each.

Mr. POWER: I submit that it would be almost impossible to comply with an order such as this. I have before me an extract from page 590 of Hansard of February 15, 1934, dealing with a question almost identically the same which had been asked by the hon. member for Drummond-Arthabaska (Mr. Girouard). In 1933 a return had been brought down by the then Secretary of State (Mr. Cahan), and when the question was repeated in 1934 the hon. gentleman said:

Mr. Cahan: A year ago the hon. member made a similar inquiry and an order for return was made. It has been impossible

during the year to obtain anything like a satisfactory return to that order, although to-day I have laid on the table of the house the best information we could obtain. During the present session I have laid on the table of the house sixteen portfolios containing the names of between 99,000 and 100,000 persons receiving pensions. To ascertain who of all those in the public service of Canada are receiving such pensions is impossible by mere comparison of names. It means that each department must send to every employee in the public service, permanent or temporary—

Mr. Bennett: Including those in foreign countries.

Mr. Cahan: —to ascertain whether that person is one of those 99,000 or 100,000 persons whose names are mentioned in the sixteen portfolios I produced. It is impossible to answer the question now, and the departments report that it is impossible to prepare an answer in less than ten or twelve months or perhaps more. Therefore I ask the hon. gentleman if he would drop that question under the circumstances.

In view of the fact that an attempt has been made already to secure similar information which it was found impossible to obtain at the end of one year, I suggest that the hon. member drop his request for this order.

Mr. BENNETT: I desire to point out that the return showing the names of all persons in this country receiving pensions was filed after much consideration. I think the original motion was made by Mr. Lucas.

Mr. POWER: No, by Mr. Garland of Bow River.

Mr. BENNETT: I thought it was Mr. Lucas. In answering the question it was necessary to table sixteen portfolios. The suggestion was made at that time that any hon. member who had any particular name in mind could refer to the return in order to obtain the information he desired. It was only after much consideration and grave doubt that this return of the names of all those receiving pensions in Canada was filed.

Mr. POULIOT: The present government will decide for itself.

Question dropped.

GERMAN REPARATIONS

Mr. ELLIOTT (Kindersley):

For a return showing:

1. What amounts, if any, were paid as reparations to Canada by Germany under annex I to section 1 of part VIII of the treaty of Versailles: (a) to civilians; (b) to civilian corporations; (c) to Armenians; (d) to ex-prisoners of war.

2. If the fund has been depleted.

3. What balances remain to be allotted.

4. Under what status the fund is presently held.

Mr. RINFRET: I shall endeavour to give the hon. gentleman the information he seeks, but I must make a reservation in connection with the way in which his question is put. These reparations were not paid by Germany exactly as the hon. member suggests in his question, nor were the payments distributed in the manner indicated. However, I shall endeavour to give the hon. gentleman exact information covering the subject.

Motion agreed to.

ST. ANN'S, ONT., POSTMASTERSHIP

On the orders of the day:

Mr. N. J. M. LOCKHART (Lincoln): Mr. Speaker, before the orders of the day are called I should like to refer to the approval given on February 1 for a return of certain papers from the Post Office Department. That was twenty-two days ago and I was wondering if the Postmaster General (Mr. Elliott) would be kind enough to check up this matter.

Hon. J. C. ELLIOTT (Postmaster General): I shall be very glad to look into the matter immediately. I understood this matter was taking some little time but I hope to be able to table the information very soon.

Mr. LOCKHART: No searching should be required, because all the papers should be on file.

FARM PLACEMENT SCHEME

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, I should like to put a question to the Minister of Labour (Mr. Rogers). Information continues to come to me that certain farmers who come under the farm placement scheme have not yet received the remuneration agreed upon. I would like to ask the minister if he can give any assurance to the house that immediate steps will be taken to reimburse these people.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, the hon. member for Weyburn (Mr. Douglas) was good enough to give me notice of this question. I may say in reply that all payments to farmers in connection with this plan are made directly by the provincial governments. I am sure my hon. friend appreciates the difficulty of administering such a plan over such a wide area. The subject matter of this question has already been brought to the attention of the

government of Saskatchewan. On February 9 a report was received that all payments due up until December 31, 1936, had been forwarded where the recipients had complied with the regulations, and further assurance was given that all future payments would go out regularly.

SUPPLY

DEPARTMENT OF NATIONAL DEFENCE

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

Cadet services, $140,000.

Mr. HEAPS: May I ask the minister to tell us how much of this money is spent in each of the provinces?

Hon. IAN MACKENZIE (Minister of National Defence): I have the numbers enrolled in the different provinces; on August 31st, 1936: Nova Scotia, 1,789; Prince Edward Island, 860; New Brunswick, 2,130; Quebec, 50,193; Ontario, 22,029; Manitoba, 1,607; Saskatchewan, 1,243; Alberta, 1,118; British Columbia, 1,758; total, 82,727.

Mr. HEAPS: Does the government exercise any supervision to see that this money is spent for the purposes for which it is voted?

Mr. MACKENZIE (Vancouver): The moneys are payable on the certificate of the inspecting officer. Instructors in the permanent force are in contact with the school instructors, and the grant is based on the number of cadets who qualify. It applies to cadets between fifteen and eighteen years only.

Mr. HEAPS: I was wondering if any supervision was exercised by the government over the expenditure of the money. Are any reports made to the department showing how the money was spent, or is an examination made on behalf of the department?

Mr. MACKENZIE (Vancouver): The district officers commanding get reports from the officers of every unit in the dominion, and these reports come to the department here.

Mr. BENNETT: The other day the hon. member for Broadview (Mr. Church), who is not present at the moment, asked a question, and I think it might be well if the minister would explain that the government's curtailment of the grant this year from $150,000 to $140,000 is not a matter of government policy but is because the larger sum is not required through municipalities having declined further to utilize cadet services. If that were on the record the hon. member for Broadview would have the explanation he sought the other day.

[Mr. Rogers.]

Mr. MACKENZIE (Vancouver): The right hon. gentleman is correct. The government has not been responsible for the disbanding of one single unit this past year. Several units have been disbanded, but not at the instigation of the government, and although several units have been disbanded the actual number enrolled at the present time is about 400 in excess of a year ago.

Mr. POULIOT: What about the suggestion made to increase the vote by $10,000? Apparently nobody would have any objection to that.

Mr. SPENCE: Had this item passed I would not have had a word to say about it. I am not condemning the minister for reducing the item by $10,000 because I assume the explanation is that there is no demand from the public schools for the money. I should be delighted to see the minister increase the grant by $500,000, if for no other reason than to assist private schools and colleges. Take, for instance, the De la Salle organization and St. Andrew's College in Toronto, two of the best drilled corps in this country, equal almost to the Kingston cadets. They are well dressed and well drilled, and are an inspiration to everybody who sees them on parade. We are not spending half enough money on cadets. The cadet services should be encouraged, and if the public schools do not want the money let the private schools in any part of this country have it. The militia regiments should also get a little more money to encourage them to have a cadet corps in connection with every regiment. I repeat, Mr. Chairman, that cadet training should be encouraged because it is the sort of training that makes men out of the boys. To see them on parade is a beautiful sight, and everyone who sees them applauds them. I do not think we are spending nearly enough money on the cadets, and anybody who criticizes the expenditure of a few dollars for this purpose has very little to do. I understand that only about one dollar per head is given to the cadets.

Mr. MACKENZIE (Vancouver): Not for all cadets, only those between fifteen and eighteen years of age.

Mr. SPENCE: It does not work out to one cent an hour for the training they put in, and their uniforms are not paid for by the defence department but by private interests, I believe. Does this department provide the uniforms for the cadets of De la Salle or St. Andrew's College in Toronto? They are the two organizations I know best.

Mr. MACKENZIE (Vancouver): I am very glad indeed to hear the observations of my hon. friend. May I say that the department does not purchase the uniforms, and the cadets do not receive the one dollar. It goes to the instructors.

Mr. SPENCE: Yes, I realize that.

Miss MACPHAIL: I should like to know what explanation the minister has to offer for the fact that there are 400 more cadets and yet the vote is $10,000 less.

Mr. MACKENZIE (Vancouver): The increase in numbers is from 82,373 to 82,727. A number of units have been disbanded. It is probable they were very small units, and it is possible that some of the larger units may have more cadets this year than a year ago. May I assure my hon. friends who have made inquiries, that the total amount voted last year for this purpose was not expended, and the same amount of training will be carried on under this reduced vote as was done with the larger vote last year. There will be no curtailment whatsoever in that regard.

Mr. POULIOT: On Friday last the hon. member for Broadview or some other member suggested that this vote be increased by $10,000, and the minister said he would think it over. I wonder what he has decided in the meantime.

Mr. MACKENZIE (Vancouver): I am sorry that my hon. friend misunderstood me. I did not say I would think it over. If I were satisfied that we could not give the same service with this reduced vote I should gladly think it over, but $28,307 of last year's vote was unexpended. We can therefore give the same service and the cadets will have the same opportunities under this vote as under the larger vote last year.

Mr. HEAPS: No requests for cadet training last year were turned down?

Mr. MACKENZIE (Vancouver): No.

Mr. COLDWELL: Mr. Chairman, if this vote were for physical training I would not object to it. Indeed I would like to see not $140,000 but something like a million dollars divided among the provinces for physical training, either under the Department of National Health or under the provincial educational departments. I am speaking from experience. I know as a matter of fact that this is not used for physical training, that the cadet grant is very largely looked upon simply as found money, and the boys who parade often do so just for a month or two in order to qualify for the grant.

The question which I rose to ask is this: Last year in the province of Saskatchewan, with which I am familiar, the number of cadets was 1,243. I should like to know what the expenditures were in salaries for military district No. 12 in connection with the cadet services. What salaries did the employees of the Department of National Defence receive in connection with cadet services in military district No. 12?

Mr. MACKENZIE (Vancouver): The amounts are not broken down in the figures that have been supplied me by the provinces. I have only the number of cadets in each province. I shall be very glad, however, to get the information as far as possible for my hon. friend later on.

Mr. COLDWELL: Does the minister know what the expenditure was in military district No. 12 for supervision and inspection of cadets apart from the grant made for the number of cadets per head? We know, of course, that at one dollar per head it would be $1,243.

Mr. MACKENZIE (Vancouver): It was $5,711 for pay and allowances for three instructors.

Mr. COLDWELL: Where were the instructors located, what amount was paid to each of them, and what are their names?

Mr. MACKENZIE (Vancouver): Sanderson, A. R., $2,153.50; Cummings, W., of the Princess Patricia's Canadian Light Infantry, $1,642.50; and Joyner, C., of the Princess Patricia's Canadian Light Infantry, $1,916.25.

Mr. COLDWELL: Were there any travelling expenses in addition?

Mr. MACKENZIE (Vancouver): Yes. They are included in these total estimates. They are not shown individually.

Mr COLDWELL: How many corps would they inspect, and where were the corps located?

Mr. MACKENZIE (Vancouver): I understand that twenty-eight units is the total in Saskatchewan, and between the three instructors they would, I assume, all be inspected.

Mr. COLDWELL: I just wondered how many days were occupied in inspecting these cadet corps.

Mr. MACKENZIE (Vancouver): I cannot answer that. When the instructors were not discharging this particular duty they would be engaged in other work whether for cadets or district headquarters.

Mr. COLDWELL: I may tell the minister that when they inspect corps in the cities they can hold six or seven inspections a day. Some hon. member says they can do no such thing, but I know that an inspection in my institution used to last about three-quarters of an hour one day a year, so I know precisely what I am talking about. What I am trying to point out is that in my opinion this grant is a wasteful one, that if it is to be used for physical training we could use it to much better advantage in another connection. I am objecting to the expenditure not only on the ground of military training but in the public interest on the ground of wastefulness, because I am convinced from my own experience that as used now it is a wasteful expenditure.

Mr. POULIOT: I agree to a certain extent with what was said by the hon. member who has just spoken. If this vote is not for military purposes, I do not see why it should not be transferred to the Department of Pensions and National Health.

Mr. DOUGLAS: Could we have the location of these twenty-eight corps in Saskatchewan?

Mr. MACKENZIE (Vancouver): I have not that information with me, but I shall be glad to get it for the hon. member.

Miss MACPHAIL: From what parts of Canada have requests for grants ceased to come?

Mr. MACKENZIE (Vancouver): The decreases in cadet detachments are: Alberta, three; British Columbia, one; Nova Scotia, five; Ontario, seventeen; Prince Edward Island, one; Quebec, twenty-five; Saskatchewan, eight; Manitoba, two, or a total of sixty-two detachments.

Miss MACPHAIL: Those are discontinued?

Mr. MACKENZIE (Vancouver): Yes.

Mr. COLDWELL: Is Mr. Sanderson the physical training instructor in the Regina normal school, and is this payment really for the work he does there? I may say that the work Mr. Sanderson is doing in that institution is excellent, but it is not only military work. I think that point should be made clear.

Mr. MACKENZIE (Vancouver): I am unable to answer the hon. member's question. The instructor is shown here as "sergeant-major instructor A. R. Sanderson of the R.C.R." My hon. friend will probably know better than I whether Mr. Sanderson is doing other things as well.

Mr. MacINNIS: Have there been any increases in units, and if so in what provinces?

[Mr. I. Mackenzie.]

Mr. MACKENZIE (Vancouver): Yes, in three provinces: New Brunswick, one; Ontario, one; Saskatchewan, one.

Mr. SPENCE: When the minister was reading out the amount spent in each province, I noticed that Ontario is spending about $20,000 and Quebec about $50,000. I am not at all objecting to that, but I should like to know how it comes about.

Mr. MACKENZIE (Vancouver): May I correct the hon. member. In that statement I did not give the amount spent; I gave the number of cadets in each province.

Miss MACPHAIL: The fact that seventy-two units throughout Canada have been disbanded—

Mr. MACKENZIE (Vancouver): Sixty-two detachments.

Miss MACPHAIL: I think the minister said seventy-two—that sixty-two units have been disbanded throughout Canada goes to show that there is a lack of interest in cadet training. I have many times carefully argued the matter. I do not think that this is good physical training, and if it is military training it would be better that it should be definitely military training in one of the military units. This vote, it seems to me, comes in between those two positions, and it would be well to get rid of it as soon as possible. I therefore move, seconded by Mr. Coldwell:

That item 60 in the estimates be reduced by $139,999.

Mr. POULIOT: Speaking to the amendment, some years ago I supported the view of the hon. member for Grey-Bruce when she moved a reduction of a similar item. At that time I said that I was ready to support her in order that the vote should be set at a reasonable figure. It seems to me that it is now nearer that level, although not precisely so, because it should be $150,000. At the time we protested against the vote it was several hundreds of thousands of dollars, but it is now much less. I regret not to be able to support the amendment moved by our charming colleague. On the other hand, Mr. Chairman, I suggest that every member would approve of the transference of that vote to the Department of Pensions and National Health, if the purpose of the vote is what it is said to be, and were that done, I am sure the hon. member for Grey-Bruce would withdraw her motion.

Mr. MacINNIS: In my opinion the hon. member for Témiscouata gave the best reason why this vote should be eliminated: he intimated that a few years ago it amounted

to $700,000 and that it is now down to $140,000. If there were any great demand in the country for this service, there is no doubt that hon. members would be receiving letters and resolutions asking them to support a larger grant. But all the resolutions and all the letters we get are in opposition to any grant whatever.

An hon. MEMBER: No, no.

Mr. MacINNIS: The hon. member for Parkdale says "No, no."

Mr. SPENCE: I did not say "no, no," but I will do so now.

Mr. MacINNIS: That reminds me that when he suggested that this grant or an increased grant be given to any school, public or private, that requested it, he was on very dangerous ground, because if grants are to be made to private schools there will soon be received sufficient applications from such schools to absorb a very much larger vote than this, and one could have no assurance that the money would be used to the advantage of the people of this country. There is a considerable demand throughout Canada for physical training; it is something that has been neglected for a great many years. To say that this grant is given for physical training is foolish. This instruction is not physical training; it continues for a very short period in the year, in fact for only a few months, whereas the children are in school for ten months. If we are to have physical training it should be given over the ten months during which children are in school. If the federal government wishes to contribute to physical training it can do so in a much better way and one that would be much more beneficial to the various municipalities who have difficulty in finding money for school needs. It can be done much more satisfactorily than by means of this grant, which is not required or needed. If it were not a free gift from the government there is not a school in the west that would accept it.

Mr. MacNICOL: I wish to make a few observations in sppport of this vote, or at all events of the minister's intentions. I said the other night that I was sorry to see the vote cut down, but the minister's explanation was satisfactory and I wish to express my approval. I have had something to do with cadet training but it seems to me that the cadet training with which I am acquainted is something different from what my hon. friend (Mr. Coldwell) has been discussing. Instead of training for two months the cadets that I am speaking of receive training throughout the year. Every week in the twelve months they are thoroughly trained. I am now referring to the sea cadet corps at Halifax and in all the principal cities of the country. In Quebec and Montreal there are splendid corps; I have seen the cadets in Ottawa, and I have seen them in Toronto and in Oshawa. There is a splendid corps in Winnipeg. I am not so sure about Regina. My hon. friend from Rosetown-Biggar tells me that there is one there. I know that there used to be one and I am glad to hear that it is still there. I know there is a fine corps in Vancouver.

These cadets are given thorough physical training every week and are taught a great many things that will stand them in excellent stead as they go along in life. I sometimes go to see them train and I know they are taught all sorts of useful vocations in connection with cadet work and so on, all of which makes them real men. I am proud of the work that is done for young Canadians by the cadet corps with which I am associated. These particular cadets are also trained in connection with shipping. I have not by me at the moment the number of Canadian boys trained in the cadet corps supported by the Department of National Defence under this vote and now serving on ships throughout the world. I believe the boys are sent from Toronto to the ship Conway in England and are there given excellent training, graduating to the merchant marine. I know of a large number of young Canadians who are now serving on ships of the empire—not particularly warships, though I see no reason why they could not graduate to that branch of naval service. I am speaking of cadets that finally go on merchant ships. The Canadian Pacific and other shipping companies have them.

This is good work the department is doing for Canada and I like to see these young men trained. They are altogether different from the young fellows one sees standing around the street corners. I have not an unkind word to say about the boys that stand around street corners because they have not the same opportunities that you and I had when we were boys; and if the minister had double the appropriation he could train a good many more boys and take them off the corners in the evenings.

When I go to the Navy League headquarters on the lake shore in Toronto I see there in training, on Tuesday nights, I believe, anywhere from a hundred to a hundred and fifty of these boys, and it is interesting to watch them. They are taught civility; they are encouraged to think quickly and to be prompt in action and in formations. And that is what the young folk want to do instead of standing around the street corners

learning nothing. I am not so familiar now with what goes on in the schools and I cannot speak from experience, but I know that in 1936 the physical instructor of the collegiate institute in Belleville—I believe his name is James Willis Howard—gave a fine discourse to Ithaca university in New York on the value of cadet training. It was so well thought of that it was quoted in Amerman newspapers and journals throughout the country. That is one physical instructor in a collegiate institute in Canada who fully endorses this movement. It is with great pleasure that I shall vote against the amendment when it is submitted to the committee.

Mr. POULIOT: Before the vote is taken on the amendment may I ask the minister whether he is prepared to consider transferring this vote from his department to the Department of Health? If the Minister of Pensions and National Health is not ready to consider taking over this item in his own department—

An hon. MEMBER: That's just as bad.

Mr. POULIOT: May I tell the hon. member for Parkdale, after the interesting speech just delivered by the hon. member for Davenport with regard to the health of the boys who receive special training under the Department of National Defence, that these healthy boys should be transferred to the Department of National Health so as to keep up the name of that department; otherwise if they are all sick there, we shall have to call it the Department of Sickness.

Mrs. BLACK: It is certainly not my intention to say much this year on the subject before us. I am able to speak from experience as to what cadet training does. In the Yukon in the very early days we had a cadet corps taken charge of voluntarily by an officer of what was then known as the Royal Northwest Mounted Police, and the boys in the city of Dawson at that time fairly scrambled over one another to get into that little corps. It was an honour to join and be kept on and a decided dishonour when a boy was let out. It trained the boys mentally, physically and morally. As I say, I can only speak from experience, having had three boys disciplined in that way—a very small number; I should have had more. It is interesting to me to know that the school cadet movement, the object of which is to impart mental, moral and physical training to the youth of Canada and to develop in them the principles of patriotism and good citizenship, was first authorized by an amendment to the Militia Act for the province of Canada, assented to at Quebec on June 9, 1862, under which authority was granted for the formation of associations, for purposes of drill in universities and schools. Enrolment in a school cadet corps, in so far as the department is concerned, is a purely voluntary matter on the part of the individual school boy. During the past summer twenty-nine cadet corps held private camps for their members, without expense to the government, receiving on loan from the department various articles of camp equipment. Under the provisions of the Strathcona trust and in accordance with an agreement entered into by the Department of Militia and various provincial educational authorities the Department of Militia agreed to supply qualified physical training instructors for duty at normal schools.

I do not see how anyone who watches the boys of the present day, out of work, with very little to amuse them and in many cases, no money, can possibly object to this cadet training. The boys in this country, the children in this country, need more and more every day mental, moral and physical training. By joining the cadet corps they are brought in touch with people who are interested in the youth of the country, and if we do not bring up the youth of the country as we ought, what is going to happen in the future?

Mr. COLDWELL: I am afraid that several things are being confused. No one is objecting to physical culture. Indeed I should like to see a much larger grant for physical training. But I am pointing out that cadet drill is not the best kind of physical culture. In fact most of the progressive countries of Europe, including the old land, have to a very large extent abandoned cadet training. Cadet training is military training, not physical training. You can if you wish give physical training in small doses, but I think all the drill sergeant's idea is to get a number of boys out on parade and see how quickly they can obey him without thinking particularly of what they are doing.

> Theirs not to reason why,
> Theirs but to do and die.

On the other hand physical training should make a child alert and well balanced physically. If you want to make a grant for physical training, of which I am thoroughly in favour, then I suggest it be taken from under the Department of Defence and placed under the Department of Health or the educational departments of the several provinces. Then we could adopt modern systems of physical education.

There is no one in this committee more interested in physical education than I am. I have taken a great deal of it myself and have given a great deal from time to time. The poorest form of physical training is the kind that is given in cadet corps. If we want to continue to pay $5,000 a year for the supervision of twelve hundred cadets in Saskatchewan, when that money could be scattered over a large number of schools to aid in giving physical education, well and good; but in my opinion this country cannot afford to spend money wastefully. I would rather see $1,000,000 spent efficiently than this $140,000 spent, as I regard it, wastefully. I am not saying that the men in charge of this work are not doing their best; they are. But the system under which they work is in my opinion wrong. We should consider more modern methods of giving organized supervised games and physical education.

The hon. member for Davenport spoke of the naval cadets. I doubt whether naval cadets are included in this appropriation.

Mr. MACKENZIE (Vancouver): Sea cadets are.

Mr. COLDWELL: He tells us it is much better to have the boys drilling in the evening than standing around the street corners. But let me point out that in all the cases of which I have knowledge the training is given not in the evenings but during school hours, usually at the close of the school day. It does not take anyone off the streets; all it does is to take a group of boys out of their regular classes for a certain length of time. If we are to make a grant for physical training let it be for physical training, and let it be for girls as well as for boys, and then we can get it under the department of health. Followed to its logical conclusion, the argument we have had this afternoon would simply mean that what we ought to do is to put everyone in military uniform and give him physical training. Then indeed we should have a situation comparable to that in Germany and Italy under Hitler and Mussolini.

Mr. BROOKS: I did not intend to say anything with reference to this matter, but some arguments have been brought up with which I do not entirely agree. I had some experience in cadet work as inspector of schools for a number of years in New Brunswick and I must say that my experience was that wherever you found a cadet corps in a school you always found a school where the discipline was good, the physical training good and the children more alert than in other schools. Cadet training is physical training, and the very best physical training. Physical training of course comes entirely under the school curriculum, and the school curriculum, as we know, is made up by the educational department for the different schools. As to military training, as militia officer in the past I have found that young men coming in from the towns and country districts after even ten or fifteen days in a militia camp show a great improvement in smartness and the way they carry themselves. I do not think that either military training or cadet training hurts anyone. Those who had experience with men coming in from all sections of the country in the early days of the war must have observed the great improvement in physique after a short period of training. I am sure we cannot estimate in money the value to the young men of the Dominion of Canada of the training for which this money is voted. I am very much in favour of it. The hon. member for Rosetown-Biggar says it teaches men to move automatically; my experience is that it teaches them to think quickly, makes their minds more alert. I make these few remarks because I believe in this kind of training and regard it as a great asset to the young manhood of Canada.

Miss MACPHAIL: There has been much stress laid on making minds alert. If that is a result of cadet training, it might be a good idea to have a corps from the membership of the house on the grounds in front of this building. Much of what was said by the hon. member for Rosetown-Biggar expresses what I would say in regard to the speech made by the hon. member for Davenport. He talked a great deal about getting the boys in uniform and off the street corners—

Mr. MacNICOL: Pardon me; I did not mention the word uniform.

Miss MACPHAIL: Well, the hon. member told us how smart they looked in their uniforms as he saw them being paraded, so that they must have had the uniforms on. I think we ought to be careful about that, because some people get so enthusiastic about getting boys in uniform, as in Germany and Italy for example, that they have got it down to little chaps about ten years of age. They get everyone into uniform and then say that they are curing unemployment. But getting people into uniform does not mean that the real problems of unemployment have been solved.

Many who have spoken have argued that cadet training makes boys more alert and quick to meet the problems of life. I think world authorities are agreed that it does not do that. The last speaker (Mr. Brooks) referred to the change in the physique of men

trained at the beginning of the war, but that was not all due to cadet training. A great deal of it was due to physical training, as every one knows, because cadet training is not good physical training. In order to have the men in good physical condition, physical training, which had nothing to do with cadet drill, had to be added.

I have said all I intend to say this year or other years. The vote should be transferred to the Department of National Health, or to the department of education, where it could be used for purposes of physical training, in which case it could be made much larger than it is to-day, and we could have training not only of boys, but of girls as well. If we are to have physical training there is no reason why we should take one part of the human race and train it to be physically fit, leaving the other part untrained. I shall continue to move that it be reduced until, some day, we will come to that conclusion.

Mr. DOUGLAS: I do not wish to talk at cross purposes. All hon. members want some type of training which will make our young people as healthy as possible, and make it possible for them to have exercise and physical development. We are trying to decide the best method of accomplishing that end, and upon that subject there seems to be some difference of opinion. I believe the figures the minister gave on Friday evening afford the best contradiction of what has been said by the hon. member for Davenport (Mr. MacNicol) and others.

Mr. MacNICOL: The hon. member for Davenport is experienced in this.

Mr. DOUGLAS: For a number of years I was a member of a cadet corps, and from first-hand information I think I know something about cadets. From the very fact that sixty-two units have ceased to exist during the year it is apparent that cadet training no longer appeals to youth. Surely the hon. member for Davenport does not suggest that, because there are two and a half times as many cadets in the province of Quebec as there are in Ontario, there are two and a half times as many healthy boys.

Mr. MacNICOL: There is not so much socialism and communism in Quebec.

Mr. DOUGLAS: I think we ought to keep to the subject.

Some hon. MEMBERS: Question.

Mr. DOUGLAS: I do not propose to be intimidated by hon. members shouting "question." The fact remains that the young boys are not accepting this type of training as they used to; they are going into boy scout work and the Canadian standard efficiency tests.

An hon. MEMBER: What is that?

Mr. DOUGLAS: When the hon. member for Trinity (Mr. Plaxton) introduced his resolution suggesting a ministry of sports, and the Minister of National Health replied, it was the general consensus of opinion that there was room in Canada for some organized type of physical training and recreation, and that it should come under the departments of education in the provinces. This parliament could make grants to the provinces for that purpose. I should like to join with hon. members who have preceded me in saying that the vote should be transferred to the Department of National Health, with amounts allocated to the respective provinces to carry on cultural and physical training for the improvement of the youth of Canada. It should not be associated with the Department of National Defence, as it has been in the past.

Mr. POULIOT: What does the Minister of National Health think about the transfer of the vote? I ask him in the mildest manner if he will kindly give his answer to that question.

Mr. POWER: I do not know that I should object strenuously to having this branch of the Department of National Defence transferred to the Department of National Health. Of course, if parliament decides that it shall be done, there is nothing to do but to obey. But before undertaking any such task we would have to ask very large subsidies to provide for staff, instructors and other people who would undertake to carry out the training of the cadets. That is not so simple or easy as it would appear to the hon. member for Témiscouata. It is not practicable in one day to transfer from one department to another a branch of training which has been carried on for many years. I am sure that in any case nothing could be done this year, but I am willing to tell the hon. member for Témiscouata and other hon. members who have been so kind as to be willing to give me further responsibility, that during the interval between this session and the next I shall be only too pleased to study the possibilities of the situation.

Mr. SPENCE: I do not agree with the hon. member for Grey-Bruce (Miss Macphail) or the hon. member for Weyburn (Mr. Douglas) much as I should like to at times. Sometimes the hon. member for Grey-Bruce makes

a very pleasant speech, and I feel like supporting her. However on this particular occasion may I say she has always had a hatred of cadet corps, and always shows a desire to reduce the vote. I am not blaming her for her attitude, but I must endorse the sentiments expressed by the hon. members for Yukon (Mrs. Black) and Royal (Mr. Brooks), who have had considerable experience. Why hon. members around me persist in saying there is no physical training in cadet corps work I cannot understand, because that is absolute rot. The cadet corps in Toronto about which I speak—and I assume they are the same in Vancouver, Winnipeg, and other large cities—shows evidence of physical training. Watching them passing on the street one can tell distinctly that they are well trained physically, or they would not be in the condition they are. Hon. members talk about training for ten days or two weeks. May I say that the boys in St. Andrew's College and De La Salle are training all the time; otherwise they would not be in such good condition.

Mr. HAYHURST: Mr. Chairman, I was a cadet instructor for nine years, and I believe I should know something about cadet work. At the same time I feel there is a belief on the part of people in the different provinces that the cadet instruction should be entirely revolutionized. Military training or regimentation as it has been practised in the past leads to only one or two good effects. So far as I can ascertain, the ability to think rapidly is not developed by cadet training. It is developed more readily by organized sports than by the regimentation brought about through cadet training.

The best feature in connection with cadet training, as I have known it, is that it encourages leadership. Cadet instructors, corps commanders and platoon commanders develop the ability to lead. Although this principle may be found in boy scout training, I should like to see it remain in the cadet movement. On the other hand I believe the principle under which cadet corps are organized is entirely wrong, because the municipalities and school boards need that money. The corps of which I was instructor happened three years in succession to win the shield given by the right hon. leader of the opposition. The members of the corps were mostly of Ukrainian parentage. It is said that people of that race make the most disciplined soldiers, although of that I am not certain. Napoleon once said that the Czechs were the best soldiers, because they were willing to obey. No doubt the same conditions exist in some of the central European countries. I should like to see increased facilities provided for the development of the cadet idea. I am against the reduction in this amount, in fact I should like to see it raised to $1,000,000. If cadet training cannot be placed under the department of health this year, perhaps consideration will be given to this matter. The town in which I live was not able to provide any money for sports and we used the cadet money for that purpose. To-day the sports activities of the town have suffered considerably because the cadet corps has been disbanded and no more money is coming in for that purpose. I should like to see this vote increased to $1,000,000 in order that grants could be made to each of the provinces which in turn could divide up the money for the purpose of providing facilities for sport in the different towns and villages by which health and physique of the young people, both male and female, could be improved and developed.

Some one said that cadet training is the poorest form of physical training there is. I suppose he was referring to the mere handling of rifles and so on, but that is something that can be learned by any man who wants to be a soldier, in two weeks. To do that requires no mental discipline or cadet training. Many of our young men have no facilities by which they can develop themselves along mechanical lines. Many of these boys would like to be aeroplane mechanics as they have no liking for ordinary regimentation. A new and better outlook by society would lead to a cleaner and saner world.

Mr. MacNEIL: I have given a good deal of attention to these cadet corps and I have come to the conclusion that they are obsolete. I think we should pay more attention to providing proper methods of physical training for our young people, to be carried on under the direction of those who have taken advantage of the world's experience in this regard. I believe the results obtained would be much better as far as the physical and mental development of our young people is concerned. We should not be spending this amount to carry on physical and military training which is obsolete and merely a disguised form of recruiting for the military units. Facilities are needed everywhere for vocational and technical training which would prove of infinitely more value to our younger generation. My chief objection to this vote is the fact that it does not reach the young men who need it most. The benefits of this vote reach only a comparatively small number of young men, and I agree thoroughly with

the views expressed by the hon. member for Rosetown-Biggar (Mr. Coldwell) that this money is wasted.

Amendment (Miss Macphail) negatived: yeas, 11; nays, 85.

Mr. STIRLING: Am I right in understanding that this vote covers the naval cadets?

Mr. MACKENZIE (Vancouver): Yes, the sea cadets.

Mr. STIRLING: I am a very strong supporter of these sea cadets. There is a corps in my city with which I have been intimately connected for many years and I am very grateful for the good work which has been done. It is gratifying to see the characters of these boys being moulded by the instructors and the petty officers. This work has been going on for several years and good results are being obtained. It is not a very easy thing to do when you are located three or four hundred miles from the coast, but we have been able to get some of these boys placed in the marine service. As far as the boys in the corps at Vancouver and the ports on the Atlantic coast are concerned, they are practically all absorbed into the merchant service and their record has been very good indeed. About half a dozen years ago it was necessary to reduce this vote almost to the vanishing point, and I should like to have the minister tell the committee to what extent these grants are now being made to the sea cadets, and whether he will consider increasing them.

Mr. MACKENZIE (Vancouver): The sea cadets are on exactly the same footing as the other cadet corps. Fourteen corps are affiliated with and six are not affiliated with the division of the Royal Canadian Naval Volunteer Reserve.

Mr. HEAPS: When this vote was first brought before the committee I asked the minister a question with regard to supervision over the grants, and the minister explained that these grants were properly looked after by the department. However, after listening to the hon. member for Vegreville (Mr. Hayhurst) I am inclined to think that something must be wrong somewhere when the money supposed to go to the cadets has been spent for the purposes of sport and other recreational facilities. I should like to know how these funds are being used in other parts of the country and I am just wondering whether something should not be done to provide proper supervision and inspection. Perhaps the people in other districts could be given the same latitude in spending this money as apparently has been given to the people in the district of the hon. member who spoke a few moments ago.

Mrs. BLACK: I can speak from knowledge of one officer who trained a corps, and I know that every cent he earned was used for the purchase of boxing gloves and footballs which he provided with his own money.

Mr. HAYHURST: I should like to clear up this question of where the money went. The cadet instructor is supposed to put most of it in his own pocket, but in this particular case he gave it for the benefit of the community.

Mr. LOCKHART: In connection with the sea cadet work, have any representations been made to the minister or the department in connection with an extension of this work? I know something about cadet work myself, and I know there are many limitations. Is the money paid to instructors in sea cadet work the same as is done in connection with the land cadet services?

Mr. MACKENZIE (Vancouver): Yes.

Mr. LOCKHART: Has any thought been given by those in charge of the sea cadet services that the service might be extended a little to make it more interesting to the boys and develop them a little more? It provides one of the most marvellous trainings in the country, and I was wondering if the minister had received representations for an extension of this work, and if so, will he give them his serious consideration?

Mr. MACKENZIE (Vancouver): Numerous representations have been received praising the work carried out by the sea cadets. Very recently representations were made for an extension of this work, particularly on our coasts. Private citizens have made very strong representations to the department in that regard.

Mr. DOUGLAS: The minister gave the number of cadets by provinces for 1936. Could he give us the amount that was spent in each province?

Mr. MACKENZIE (Vancouver): It has not been broken down in that way.

Mr. DOUGLAS: It is not available by provinces?

Mr. MACKENZIE (Vancouver): No.

Mr. MacNEIL: Is any training still given in marksmanship in any cadet corps?

Mr. MACKENZIE (Vancouver): Yes.

Mr. MacNEIL: What type of institutions are qualified for assistance on account of marksmanship? Are instructions in marksmanship given under the supervision of militia units or under the cadet instructor attached to the school?

Mr. MACKENZIE (Vancouver): The instruction is given by the instructor who receives pay for these services, just as for the ordinary training of cadets.

Mr. MacNEIL: Are the rifles and ammunition supplied by the department from assistance given for instruction purposes?

Mr. MACKENZIE (Vancouver): Rifles are issued and ammunition is supplied by the department.

Mr. BENNETT: The sea cadets vote would not in any sense cover the training in the ship that is being built down in Nova Scotia?

Mr. MACKENZIE (Vancouver): No.

Mr. BENNETT: Nothing to do with this vote?

Mr. MACKENZIE (Vancouver): No. That ship will not be finished until towards the end of this fiscal year.

Mr. BENNETT: That will not be covered by this vote?

Mr. MACKENZIE (Vancouver): Not under this vote at all.

Item agreed to.

Contingencies, $28,800.

Mr. POULIOT: Is there anything here about the pensions being paid to General McNaughton and Colonel Steel?

Mr. MACKENZIE (Vancouver): Not under this vote.

Mr. STIRLING: Would the minister explain this vote?

Mr. MACKENZIE (Vancouver): This vote is to provide for the cost of telegrams and telephone calls, postage, and so forth for militia services at headquarters. It includes guards of honour and the expenses of the Bisley team, the latter item being estimated at $1,200.

Mr. COLDWELL: What did guards of honour cost last year?

Mr. MACKENZIE (Vancouver): So far this year, $3,244.75.

Mr. POULIOT: In order to save time, may I ask the minister which is the item relating to the McNaughton and Steel stuff?

Mr. MACKENZIE (Vancouver): The pension is purely statutory under the terms of the Militia Pensions Act. I forget the exact section, but it is the one dealing with officers seconded from the Department of National Defence to any other department.

Mr. POULIOT: I wonder if I shall have to block all the estimates in order to get some information about these fellows. I understand the pension is statutory, but the money must be provided somewhere in the estimates like every other statutory expense.

Mr. MACKENZIE (Vancouver): Such pensions are payable by the Department of Pensions.

Mr. POWER: They are statutory and are not voted by this parliament.

Mr. POULIOT: Then the whole law should be repealed.

Item agreed to.

Engineer services and works, $2,816,950.

Mr. GREEN: The minister, speaking in the house last week, stressed time and again the necessity for defending our ports and harbours. May I ask what provision is being made for the defence of our ports on the Pacific such as Prince Rupert, Victoria, Vancouver, New Westminster, and Alberni?

Mr. MACKENZIE (Vancouver): I think it would be better to answer that question in detail when we come to the various items, rather than make a general answer. There is a question, of course, how far it is advisable to go in giving details, but I shall be very glad to give all the information I have myself in reference to what is in contemplation. The question I think had better come under the items for aircraft and naval expenditures; also in connection with general stores under another vote. There are certain items for gun emplacements and things like that in this vote.

Mr. GREEN: Are there to be any coast defence batteries to protect the cities of New Westminster and Vancouver?

Mr. MACKENZIE (Vancouver): If my hon. friend will wait until we reach that item I will give him all the details I can with reference to it. I question very much the wisdom of going into too much detail, but if my hon. friend insists I shall be glad to give him what I know myself.

Mr. POULIOT: May I ask the minister if there is a statutory appropriation of expended money which is not mentioned in the estimates, and if so what it amounts to?

Mr. POWER: If my hon. friend is referring to pensions for officers of the Canadian militia, he will find that at page 47 of the estimates under the heading "Militia Pentions Act, 1901," and the amount is $1,400,000.

Mr. POULIOT: Exactly. It is authorized by statute, but it has to be voted each year.

Mr. HEAPS: The amount for engineer services and works is three times the amount of the item last year. Can the minister give us a break-down of the item, and the reasons for the increase?

Mr. MACKENZIE (Vancouver): I had better give the items to my hon. friend: Installation of air conditioning system, Ottawa, $6,000; salaries, temporary civilian employees, engineers, architects, Ottawa, $40,000; Petawawa, continuation of building program, $25,000; military district No. 1 ordnance clothing store, $5,000; Barriefield R.C.C.S. depot, $30,000; Barriefield, central heating plant, $75,000; garage and workshop, $45,000; miscellaneous services, $20,000; St. John's, Quebec, conversion of old married quarters to barracks, $8,200; Valcartier, completion of works and services, filling group, dominion arsenal, $50,000; Valcartier, construction of three additional magazines, $30,000; rebuilding of fortification walls, Quebec, $30,000; Valcartier camp, continuation of building program, $10,000; Halifax, surface exterior walls, military hospital, $5,000; Halifax, construction of garage, $14,000; Winnipeg, Manitoba, additional garage accommodation, Fort Osborne barracks, $25,000; radio beacon building at Winnipeg, $5,000; Shilo camp, continuation of building program, $12,000; Shilo camp, providing a tank for water supply, $8,000; coast defence, Pacific coast, $895,000; Esquimalt, British Columbia, new ordnance store building, $175,000; Esquimalt, British Columbia, continuation of construction program joint service magazine, which was commenced last year, $100,000; Kamloops, British Columbia, procurement of site for magazine, and preliminary work, $36,000; Dundurn camp, Saskatchewan, providing tank for water supply, training area, $8,000; Dundurn camp, Saskatchewan, additional magazine building and heating plants, $39,750; Calgary, Alberta, new barracks, miscellaneous services, $40,000; a total of $1,736,950. I omitted two items: military district No. 2, purchase and construction of new rifle range at Hamilton, Ontario, $100,000; Military District No. 4, Montreal, Quebec, purchase and construction of new rifle range, $150,000; a total for that purpose of $250,000.

Mr. HAYHURST: The grant for Alberta is pretty small.

[Mr. Pouliot.]

Mr. RAYMOND: I should like to get some information. In the bluebook which contains the estimates for the fiscal year ending March 31, 1937, the total amount for national defence —militia and naval services—is shown as $13,377,000. In the bluebook which contains the estimates for the fiscal year ending March 31, 1938, reference is made to the estimates of the previous year, the fiscal year 1936-37, and I find that the amount therein stated is $14,677,000. Will the minister state which amount is correct?

Mr. MACKENZIE (Vancouver): Details of the vote for 1936-37, including cadet services, contingencies, engineer services, general stores, non-permanent active militia, the permanent force and the Royal Military College, make a total of $12,018,926. For the same items the total in 1937-38 is $17,850,428, or an increase of $5,831,502.

Mr. RAYMOND: But, referring to the bluebook which contains the estimates for the fiscal year ending March 31, 1938, I find that the total, in the column 1936-37, is $14,677,000.

Mr. BENNETT: I believe that does not cover supplementary estimates.

Mr. RAYMOND: My reason for asking this question—

Mr. MACKENZIE (Vancouver): I believe I know what the hon. member is referring to. He will recall that last year we had the main estimates, we had the supplementaries and the special supplementary estimates, and in some of the supplementaries there were certain votes under the Department of National Defence approved for unemployment relief purposes which were then under the control of this department, and also a certain amount—as I recall, $2,601,000—which should not really have been charged to defence but was at that time administered by this department; that should be deducted from the total for the year.

Mr. RAYMOND: And this includes all the supplementary estimates for last year?

Mr. MACKENZIE (Vancouver): Yes. I should add for the information of my hon. friend that there is an amount for two destroyers which have been purchased from the British admiralty which is not in the estimates now before the committee, but will be in the special supplementary estimates for the year 1936-37 and will be something over $2,000,000.

Mr. RAYMOND: Do I understand that these are the only supplementary estimates that the minister intends to bring before the committee?

Mr. MACKENZIE (Vancouver): Except that it may be necessary, towards the end of the session, to introduce amounts by way of revotes for projects now under construction and not yet completed, there will not be any further amount this session for defence purposes.

Mr. RAYMOND: Only revotes?

Mr. MACKENZIE (Vancouver): Only revotes.

Mr. GAUTHIER: Mr. Chairman, for the very reasons which I have set forth during the debate on the amendment presented by the hon. member for Vancouver-North (Mr. MacNeil), I intend to oppose this increase in the National Defence estimates, and therefore I move, seconded by the hon. member for Quebec-Montmorency (Mr. Lacroix):

That item 62 of the National Defence estimates be reduced by $1,867,850.

Sir EUGENE FISET: Mr. Chairman, may I ask the hon. member for Quebec-Montmorency (Mr. Lacroix) whether he wishes to eliminate the items concerning Valcartier, which are included in this vote?

Mr. LACROIX: I may point out to the hon. member that this is not a matter of patronage, but of principle.

Mr. BENNETT: That argument should be conclusive.

Mr. RAYMOND: The minister has stated that the estimates were, first, for the maintenance of internal security and the preservation of law and order within our territory, and second, for protection against any exterior aggression. Is the minister able to say what portion of these estimates is for the maintenance of internal security and the preservation of law and order within our territory, and what portion is for protection against any exterior aggression?

Mr. MACKENZIE (Vancouver): I am afraid that is a very difficult question to answer to-day, but every cent of these estimates is to be used for the inside defence of the Dominion of Canada. As I stated in the main debate, it is not the intention to use any of these amounts for any purpose outside of the Dominion of Canada. That is as clear as I can possibly make it. This particular increase of $1,867,850 which we are now discussing is all for absolutely necessary purposes within the Dominion of Canada, to try to make efficient the very small militia force we now have.

Mr. BENNETT: Some of the material will have to be bought outside of Canada, Mr. Chairman.

Mr. MACKENZIE (Vancouver): Yes, but very little of this vote provides for buildings and works.

Mr. RAYMOND: I understand the minister to say it is for the defence of Canada, but it may be important to know where is our first line of defence. In view of the declaration made in the other chamber that our first line of defence is in Europe, may I ask the minister if he believes that our first line of defence is in Canada or in Europe?

Mr. MACKENZIE (Vancouver): That, Mr. Chairman, is a question of major policy, and possibly the hon. member is asking me concerning something that really should belong to the Prime Minister and the government as a whole. I believe it became very clear during the course of the debate last week that all the amounts asked for at this time in this vote are for the protection of Canadian territory or Canadian territorial waters, and under the items referred to in that debate there was no consideration of using any of this money for extraneous commitments or enterprises of any kind. I think that was made abundantly clear in the debate of a week ago. As to where the front line of Canada's defence is, I doubt if anybody here can with accuracy forecast. All I can say is that all the items in these estimates are intended only for the protection of Canada, of Canadian neutrality and of the territorial waters adjacent to our coast.

Mr. RAYMOND: In other countries expenditures for similar purposes are spread over so many years. Has the minister anything of the kind in view here, or are these expenditures only for this year's program.

Mr. MACKENZIE (Vancouver): That is correct.

Mr. RAYMOND: This does not contemplate anything in the future.

Mr. MACKENZIE (Vancouver): No; no specific plans have been laid down for next year. The estimates for any subsequent year will depend upon the conditions existing at that time, but no plans have been prepared for next year.

Mr. RAYMOND: And can we expect that next year the estimates will be about the same as they were last year.

Mr. MACKENZIE (Vancouver): The estimates next year will depend on the conditions prevailing in the world at that time.

Mr. HEAPS: Of the total increase more than half is for the defence of Vancouver?

Mr. MACKENZIE (Vancouver): Not Vancouver, but the Pacific coast.

Mr. HEAPS: I have no doubt the matter was given very serious consideration before the increases were made, but what expert opinion was obtained, and was the defence program for Vancouver decided upon as the most efficient that could be devised?

Mr. MACKENZIE (Vancouver): Very careful consideration was given to the general plan arrived at in this connection. Perhaps I had better give some details with regard to this item of $895,000. This item is for the first stage of construction of emplacements, observation posts, defence light emplacements, power house, et cetera, in the vicinity of Esquimalt, Victoria, Vancouver, off Johnstone strait and off Prince Rupert. It will provide for the acquisition of property and for sufficent construction work to enable protection guns and other equipment to be mounted in case of necessity. It does not provide full protection and accommodation. The total estimated cost of the works contemplated would be about double the amount asked for this year.

Mr. MacINNIS: If that is so, am I right in saying that these estimates, so far as the Pacific coast is concerned, are only a prelude to estimates of a similar kind to be brought down next year and the year following and for many more years to come?

Mr. MACKENZIE (Vancouver): That is not correct. It would probably mean that the same amount might be asked for next year, because $895,000 is roughly speaking about half the amount estimated as necessary for the particular purpose.

Mr. GREEN: How much of that is for the protection of the lower mainland in British Columbia?

Mr. MACKENZIE (Vancouver): It is all designed for the same purpose; the protection of Vancouver island is not separated from the rest. It is all one coordinated plan of defence worked out by experts of the department and by others whose advice they have taken. I do not believe the final details have yet been worked out with reference to the vicinity of Vancouver. Plans are now being drawn up in connection with Vancouver island and the northern portions along Johnstone strait and off Prince Rupert.

[Mr. Raymond.]

Mr. GREEN: Is there any special report in connection with fortifications around the city of Vancouver?

Mr. MACKENZIE (Vancouver): A special report has been prepared in connection with Vancouver, Victoria, Esquimalt and Prince Rupert.

Mr. REID: Is anything being done in the defence program in connection with Queen Charlotte islands?

Mr. MACKENZIE (Vancouver): That situation has been very carefully surveyed and reviewed in the last six months.

Mr. POULIOT: It seems to me that there are two kinds of works contemplated in this item; there are historic works and military works. I have no objection at all to the work that is to be done on the citadel at Quebec, which is a great historic monument, but I do not believe it is worth much from the military point of view, because a shell might destroy it. Those old walls which could resist the cannon balls of days gone by are not so impregnable now. I will not ask the minister to tell the committee where they are located, but I should like to know whether this includes some anti-aircraft defence?

Mr. MACKENZIE (Vancouver): This particular vote deals with emplacements in connection with coast defence, batteries or anti-aircraft guns, et cetera. The guns themselves will be under another vote.

Mr. POULIOT: Can the minister tell me, roughly speaking, what will be the total in connection with so-called historic work, rebuilding or military construction?

Mr. MACKENZIE (Vancouver): The amount is small, $30,000.

Mr. DOUGLAS: What amount is being spent on coastal defence in the east as compared with the Pacific?

Mr. MACKENZIE (Vancouver): I speak only from memory, but it is about $3,500,000 as against $7,000,000. It is about $11,000,000 altogether.

Mr. PARENT (Quebec): What amount is being spent for the improvement of the walls in the city of Quebec? Is the amount spent there considered a military work in the national defence scheme?

Mr. MACKENZIE (Vancouver): It is not in the slightest, but during recent years when the administration of unemployment in connection with the camps was to a certain extent under the Department of National Defence this work was carried out. In my opinion this

vote should not be under the Department of National Defence but under some other department. It has been cut down but we are trying to do the best we can.

Mr. COLDWELL: What appropriation has been made for the defence of the prairie country through Churchill and Hudson bay?

Mr. MACKENZIE (Vancouver): That question also is being considered, but no specific developments have yet taken place.

Mr. MacNEIL: Am I right in assuming that this amount now voted represents about fifty per cent of the program contemplated?

Mr. MACKENZIE (Vancouver): Yes, but in regard to one specific item only, that for $895,000, which deals with the preliminary steps that must be taken with reference to certain emplacements and defences in four or five places along the Pacific coast. The amount asked for this year—that is, only for work that can be done this year—is $895,000, and it is expected that a similar amount will be required at some future time.

Mr. MacNEIL: Who prepares the plans? Is there in the department a council or a general staff on whom the minister relies for advice as to suitable plans and so forth? Will he inform the committee as to the personnel of any such council.

Mr. MACKENZIE (Vancouver): That question was carefully considered by some of the officers from headquarters in Ottawa in consultation with officers in the various districts and also with an outside expert who gave their opinion with regard to Pacific coast defence.

Mr. MacNEIL: Does that include officers on exchange from Great Britain?

Mr. MACKENZIE (Vancouver): One officer came out especially in connection with this work and was here about two months.

Mr. BROOKS: What points in eastern Canada does the minister propose to defend, and particularly what ports in the maritime provinces? What is the nature of the defence?

Mr. MACKENZIE (Vancouver): Speaking generally the reply would be that mostly in the vicinity of the leading ports of the maritime provinces these plans are under consideration. Of course the full development cannot take place with the amounts now asked for.

Mr. BROOKS: I noticed there was nothing in the estimates but engineering services for New Brunswick. I was wondering if they proposed any defences for the harbours.

Mr. MACKENZIE (Vancouver): That question is being considered at the present time, I have had correspondence on that, and when I have a reply I shall be glad to let my hon. friend have a copy.

Mr. MacNEIL: In view of the fact that experts of the British war office have advised the department in regard to these fortifications, is it fair to assume that our coast defence plan is part of an empire defence plan, and that provision is being made for establishments in Canada as bases for imperial forces?

Mr. MACKENZIE (Vancouver): No, it is not. These services were asked for by the Department of National Defence, and before this officer arrived our own officers had worked out plans, and speaking broadly and generally the recommendations agreed in each case.

Mr. POULIOT: Did Major B. D. C. Treat have anything to do with it?

Mr. MACKENZIE (Vancouver): He is the gentleman I have been speaking of for the last ten minutes.

Mr. POULIOT: I like so much to hear of him. But I do not see the use of having him here if he has only repeated what others have said. Probably he spoke only after having heard the good Canadians—I know there are some in the department—and then repeated that, and so he was a great man. Why does not the minister leave him outside of this country?—because he is of no use at all.

Mr. RAYMOND: I understand the minister said the other day that an amount of $2,600,000 voted last year was not spent during the year.

Mr. MACKENZIE (Vancouver): No, that is not correct. It was voted last year for purposes which this year are not included in the estimates of the Department of National Defence.

Mr. RAYMOND: That money was spent?

Mr. MACKENZIE (Vancouver): Yes, much of it was.

Mr. DUPUIS: To clarify the atmosphere could the minister tell us from the point of view of experience and of science whether it is feasible for a belligerent to come from Europe to Canada with aeroplanes and attack the cities of this country?

Mr. MACKENZIE (Vancouver): I certainly do think it possible, not only with long range aircraft of modern types but also

through the development of aircraft carriers. It is quite possible under modern conditions to have a raid on Canadian coasts and cities.

Mr. DUPUIS: I should further like to know this. I understand that if war is declared this country is concerned in seeing our trade continue, our goods shipped overseas and our avenues of trade kept open. Am I correct in saying that ships loaded with our goods could not go outside the three mile limit, otherwise we would become belligerents? If so, we must have warships to protect our merchant shipping, and after our shipping goes outside the three mile limit it must be protected by the British navy.

Mr. MACKENZIE (Vancouver): That of course raises the very difficult general question of neutrality in war time. Anyone will realize at once in view of Canada's very modest naval strength that it would be entirely impossible for us to protect our own trade routes. All we can hope to do is to protect the focal areas, that is, the points at which the trade routes from other countries converge upon our harbour mouths and shipping terminals on both coasts. Our defence against raiders or aircraft carriers must of necessity be limited, in view of the modest forces we have, to our own territorial waters.

Mr. DUPUIS: I thank the minister for the information, which I think it is well that the people should have, especially those who oppose this estimate, so that they may know what the situation would be if war were declared.

Mr. GARIEPY: War declared by whom, and between what nations?

Mr. DUPUIS: By any European country or by any American country, in which European countries might become involved. I think it my duty to declare now the reason I am bound to vote for these estimates. It is, first, for the reasons which have been explained by the minister, and, second, because, having asked my constituents to tell me what to do,—because after all I am only their spokesman in the House of Commons—they held a general meeting and passed a resolution by a large majority in favour of this government spending that amount of money for national defence. The resolution has two other paragraphs, in one of which they state that in case of war they want this parliament to ask the people through a referendum whether they are willing to take part in any European war. And if there is such a referendum they ask that nobody be permitted to vote except those residing in Canada. But for the time being I am perfectly free and I am in duty bound to vote for these estimates.

Mr. RAYMOND: I assume this program has been prepared under the advice of the minister's military experts. May I ask if they were Canadian officers or imperial officers?

Mr. MACKENZIE (Vancouver): They were all Canadian officers except the one to whom I referred. An officer was asked for by the department, to come from England especially to advise on coast defences. He was here about two months and he acted in cooperation with our own officers of all three services.

Mr. STIRLING: And he had information on this very subject, which was technical information that the government desired.

Mr. MACKENZIE (Vancouver): Exactly. He is supposed to be, and I believe is, one of the leading specialists on fortification works.

Mr. COLDWELL: If the danger from aircraft is a determining factor we should examine more closely the minister's statement. He gave it as his opinion that we are in danger from air raids. There are two ways in which such raids could be made, as he suggested. One is by a return flight of aircraft from Europe, which I think it can be stated generally is at present a practical impossibility. A ship would have to refuel on this side. Where would it refuel?

Mr. DUPUIS: It might go to the hon. member's house.

Mr. COLDWELL: It would not find gasoline in my house with which to refuel. The second way would be by aircraft carrier. In the event of war and aircraft carriers being used, if we are to prevent air raids we shall have to prevent the coming of the carrier. How could two destroyers possibly cope with that situation? We have to bear in mind that in any war we should be involved largely on account of our association with some other country. It might be because of proximity to the United States, or because of our connection with Great Britain, even if we declared neutrality. We must remember that either of those nations has a navy powerful enough to prevent the passage of aircraft carriers across the Atlantic, and would be prepared to stop them for their own protection and the protection of their trade routes. I believe the endeavour to frighten people with the thought that we are defending ourselves against air raids is making the house rather ridiculous, especially when we examine the matter in the light of cold reason. We are not in danger of air raids, and I was greatly amused to read that

following the discussion in the house last week an official in the department suggested that a special department should be installed in McGill university to teach people how to look after themselves in the event of air raids. That sort of thing, it seems to me, is an attempt to play upon the nerves of people who have not thought the matter out. I suggest that we examine the minister's statement in the light of actual physical possibilities.

Mr. POULIOT: The vote of $2,816,950 for engineer services and works must be considered without fear or favour. So long as the king of the United Kingdom is the king of Canada, and so long as we are linked with Great Britain and are a part of the British Empire I shall have no objection to a reasonable expenditure in the defence of Canada. As Canada is part of the British Empire, in looking to our defence we are to a certain extent defending the British Empire. That is my humble view, and the opinion I have reached after having visited my home and having discussed the matter with sound-thinking Canadians who hold a similar view. They are interested in the defence of Canada from coast to coast, but they do not want to go further than that. I shall not object to voting for the defence of Canada, so long as my mind is satisfied.

In this instance I am asked to vote $2,816,950, representing a two-thirds increase. We must consider, first of all, that except in the event of civil war any attack must come from the outside. In that event would it come from Europe or from Asia? We do not know. It may or it may not come; I am not ready to discuss that point. It would take a technician, possibly an officer of the army, a man of great experience or a university professor to discuss it. In my view, however, if a thing is done it must be well done. I do not say that money should be wasted, and in this connection I would apply the same reasoning as I do in connection with the dragoons. Their work was not well done, and it might better have been dispensed with. I hope in future the guard will have better horses, or will not parade before the parliament buildings.

Defence must be appropriate. This is not a matter of voting money for the relief of unemployed; it is not something to be done by the Department of Labour or the Department of Public Works. This is a vote for the defence of Canada, and a serious matter. I have no objection to defence, provided we have reasonable grounds for believing that an attack can be made and that the amount voted will provide improved works, and a defence sufficient to prevent an enemy from entering the country.

There is something else which strikes me, but which I have not yet expressed. I make this observation as a Liberal, and following the principles laid down at the St. Roch hotel by my Quebec leader, the Minister of Justice (Mr. Lapointe). I wonder whether this is not part of the H.I.P.—the home improvement plan—with Mr. Purvis at its head. I find it a great mistake to have him in charge of the unemployment business. He is the man who controls the manufacture of explosives, and also celanese and cellophane. I wonder whether he is not the nigger in the wood pile in that business. He may have done much more than B. D. C. Treat from Surrey, England. I should like to have this point clear. Notice that the man in charge of unemployment relief in Canada, the head of the employment commission, is our own little Zaharoff—a most incredible thing—our pocket edition of Zaharoff. He is head of the employment commission. I ask the minister honestly to tell the committee if Purvis had anything to do, directly or indirectly, with the increase in the votes for the Department of National Defence?

Mr. MACKENZIE (Vancouver): I have pleasure in informing the hon. member that I never had the privilege of discussing any items in the defence estimates with Mr. A. B. Purvis.

Mr. POULIOT: So much the better.

Mr. RAYMOND: Are the expenditures involved in this item for the purpose of defending Canada against exterior aggression?

Mr. MACKENZIE (Vancouver): It is all for purposes within Canada, and for no other purpose.

Mr. RAYMOND: But could the minister make a distinction, and state whether the expenditures are to protect Canada from exterior aggression?

Mr. MACKENZIE (Vancouver): Certainly, they are all for that.

Mr. RAYMOND: I ask that because I recall the words of the Prime Minister. After reviewing our friendy relations with other countries, recalling our geographical position and drawing a picture of the international situation he said, as reported at page 1048 of Hansard:

> On the whole there has been some improvement, a less tense strain in the international situation.

He described Canada as the most secure of all countries, and then said, as reported at page 1050:

It is not contended that danger is great for us. There is a danger but so far as Canada is concerned it is, as I have already pointed out, an incidental contingency. Relatively our danger is small.

I said before, and I now repeat that I am ready to vote every dollar which I believe necessary for the protection of Canada, but for the protection of Canada alone. Although I have full confidence in the words of the Prime Minister and the Minister of National Defence, I cannot convince myself that so large an increase is necessary for the protection of Canada, and Canada alone. I may be wrong in my fear; I hope I am. I would rather be wrong than have others wrong. Although I would be willing to support the item, I am reluctant to support so large an increase, particularly in this year when we need every dollar to run the country. I do not know what deficit will be shown when the budget is brought down on Thursday. We may foresee, however, that it will be large, and that we may have a further deficit next year. I believe the Prime Minister said that the defence force had been neglected during the last few years, for reasons of economy, and that this program was not presented last year on account of the European situation due to the Italian war with Ethiopia. But economies are just as necessary to-day as they were during the last five years and unless it is absolutely necessary, I do not think there should be any increase in the military estimates.

Mr. HEAPS: I think this increase is merely the thin end of the wedge; it is just an illustration of what future governments will be asking for. The present government is asking for approximately $1,000,000 to carry on the defence of a small part of our Pacific coast line. The minister has informed the committee that next year a similar amount will be required in order to complete the defences of one portion of the Pacific coast. If approximately $2,000,000 is required to provide this limited defence, no one knows what amounts we may be asked for in future years in order to provide a complete defence of both our Atlantic and Pacific coasts. I am not a military expert, but speaking as a layman I contend that it is impossible for any Canadian government completely to defend our Atlantic and Pacific coasts with the resources at their disposal. In making this statement I am taking into account that our air defences may also be considered as part of our coastal defences. In a matter of this kind the minister is entitled to have the best expert advice available, and I ask him if it is his opinion or the opinion of his expert advisers that this $2,000,000 will provide adequate defences for that part of the country to meet any contingency the government might have in mind.

Mr. MACKENZIE (Vancouver): I do not pretend to be an expert on these matters, but the best advice which I have received as minister of the department from those competent to give advice is that these amounts will afford reasonable protection.

Mr. HEAPS: What does the minister mean when he says, "will afford reasonable protection"?

Mr. MACKENZIE (Vancouver): The money being voted this year and what will be necessary next year.

Mr. HEAPS: Therefore, unless something unexpected develops, these amounts will be sufficient to take care of the defences of the country so far as the minister's department is concerned?

Mr. MACKENZIE (Vancouver): I would not commit myself as to any development in the future.

Mr. MacNEIL: In discussing the coastal defence plan for the Pacific coast the minister stated in the neighbourhood of Esquimalt there would be some concentration of defence in the nature of gun emplacements and various kinds of fortifications. I do not think we should overlook the fact that Esquimalt is a British naval base. Is it fair to assume that the British naval authorities will place British naval guns in these emplacements in order to repel capital ships? It is difficult for me to believe that the Department of National Defence will be in a position to place at that point guns sufficiently powerful to repel raiders of any first class power, considering the range and calibre of the guns usually found on the capital ships of the great powers. In concentrating our defences at Esquimalt are we not asking for trouble? Are we not adopting a provocative measure of defence? Will we not be involved in any conflict in which the British Empire may be involved?

Mr. MACKENZIE (Vancouver): Esquimalt is a Canadian base and is Canadian controlled. There is no suggestion whatsoever, so far as my knowledge goes, that the British government will place any guns for the defence of Esquimalt. We have had some 9.2 guns at this point for some years. These guns were ordered relined and remounted last year and it is intended to supplement the number of guns during the present year.

Mr. MacNEIL: Is not Esquimalt the base for the Pacific squadron of the British fleet?

Mr. MACKENZIE (Vancouver): At one time it was a regular base but it is no longer. It is used now only for stores and coaling purposes.

Mr. MacNEIL: Is there any arrangement between the Canadian and British governments whereby a British warship may come into that port at any hour and for any purpose? Is there any understanding that in the event of hostilities Esquimalt will be defended by the British navy?

Mr. MACKENZIE (Vancouver): I do not think the latter observation is quite justifiable. For years naval stores have been kept at Halifax and Esquimalt, to be used when desired.

Mr. COLDWELL: The hon. member for Vancouver North (Mr. MacNeil) has made a point which we should remember. He stated that unless our coasts are adequately defended, any defences will be simply provocative. We must either go the whole hog or remain in such a position as not to be a menace to any other nation. The minister says that he does not anticipate large expenditures in future years. A short time ago I asked the minister if it was contemplated to defend Churchill, and he told me not this year. If we are going to defend our coast lines adequately, these key points will all have to be defended. If we once put our feet along this path of providing gun emplacements, coastal defences and so on, we must realize that we may be led much farther than we are given to understand today we will be. I am thoroughly convinced of that, and that is one reason why I am opposing this estimate. I believe that with a coast line such as we have, to do as the government intends will mean embarking upon a course which will be more or less provocative and interfere with any neutrality we may desire to observe in the future.

Mr. LACOMBE: Is it the intention of the Minister of National Defence to ask for increased estimates for national defence year after year?

Mr. MACKENZIE (Vancouver): As I said before, I cannot state at the present moment what the estimates for next year will be. They will be governed by conditions prevailing at that time. However, I can tell my hon. friend that at the present time there is no plan to provide for increased estimates. This matter will be decided by the government in the light of conditions existing at that time.

Mr. MacNEIL: Are our coastal defences designed to repel naval vessels and aircraft?

Mr. MACKENZIE (Vancouver): To repel one or the other or both.

Mr. GARIEPY: So far I have not made any declaration on this important matter and before doing so I wanted to hear what explanations the minister had to make. I have just one or two remarks to make before I declare definitely my intention to vote for this amendment. Whether or not we like it, we must face the state of affairs which exists at the present time. I am not at all satisfied with the explanations which have been given for this large increase.

The other day mention was made about internal protection; the communists were after us; we were all to be smashed between Calgary, Fort William and Montreal. But to-day it is all different. It is aeroplanes now. I agree with the hon. member for Rosetown-Biggar (Mr. Coldwell) that the protection which we are providing against the danger is ridiculous. Next it is the protection of air ports. I agree with the statement which has been made that the money to be spent in that regard will be a mere drop in the bucket. The hon. member for Chambly-Rouville (Mr. Dupuis), in putting a question a moment ago, said, "If war is declared." I asked him by whom and between whom, and he did not reply. The reply we had received a few minutes before from the Minister of National Defence was that we must prepare for the future. He did not know what would be done next year. "Conditions prevailing throughout the world," he said, "would have to guide us." Now is it not remarkable, Mr. Chairman, that at the very moment when we are jumping into an increased military expenditure of a couple of millions, the other side decides not to spend anything on colonial protection. As the hon. member for Beauharnois-Laprairie (Mr. Raymond) said the other day, it is a mere coincidence, but a coincidence which should open our eyes.

We are gradually getting into war, and we may as well face the issue. For my part, that is what I say. I say it is a question not of local defence, but a war defence. I am against war; I am going to take my stand against it right now. I have not forgotten what took place from 1914 to 1918. There were heroes, there were great soldiers, there were friends of mine who went to the front and wrote their names in history. I had two brothers there, one of whom was wounded, who spent three and a half years at the front and fought with courage. But during the last twenty years we have been in the grip of an agony as a result of the war, and we wasted money the repayment of which will be a burden for generations to come. We go into our cities

and we see men starving and seeking work. They ask for local expenditure. The women and children want fair protection, and here this government comes with an increase of two million dollars for armaments. I appeal to the country from this house; I do not think the government's request is fair. The province of Quebec is in the confederation and in the British Empire, and we are ready—I speak for my riding—to shoulder our proper responsibility, but this is not a request that should come at this time, and for my part I am going to vote for the amendment.

Amendment (Mr. Gauthier) negatived: yeas, 17; nays, 91.

Mr. STIRLING: In the list which the minister read at the commencement of the consideration of this item, the amount appeared to me to total about $1,750,000. Then the minister gave two subsequent items amounting to about $250,000, so the total was about $2,000,000.

Mr. MACKENZIE (Vancouver): I am ready to give the details: Repairs and upkeep to departmental properties, $830,000:—military district No. 1, $37,865; military district No. 2, $53,375; military district No. 3, $49,125; military district No. 4, $41,125; military district No. 5, $74,375; military district No. 6, $20,625; Halifax garrison, $99,375; joint service magazine, $13,375; military district No. 7, $23,135; military district No. 10, $69,375; military district No. 11, $42,375; military district No. 12, $12,775; military district No. 13, $40,000; Petawawa camp, $25,000; Ottawa services, $10,000; Connaught rifle range, $20,500; rifle ranges generally, $20,000; travelling and freight, $20,000; headquarters reserve, $77,600; alterations to armouries upon reorganization of the non-permanent active militia, $80,000 or a total of $830,000.

Mr. STIRLING: This vote would not cover any new equipment required for the reorganization in the non-permanent active militia?

Mr. MACKENZIE (Vancouver): No; that is in general stores vote.

Mr. STIRLING: Will the minister explain what the air-conditioning item for Ottawa is for.

Mr. MACKENZIE (Vancouver): This item is for the provision of air-conditioning equipment in certain rooms of the photographic building at Rockcliffe, in which it is essential that certain conditions as to temperature and humidity should be maintained in order to prevent distortions and scale changes which affect the accuracy of the completed work seriously.

[Mr. Gariepy.]

Mr. STIRLING: Would the minister give rather more of a description of the development that is being carried on at Valcartier? There was an amount given of $50,000 towards the expenses at the filling group. How nearly completed is the filling group?

Mr. MACKENZIE (Vancouver): This will complete it. There is $50,000 for the completion of works and surveys, filling group of the arsenal at Valcartier.

The second item for Valcartier is $30,000, for construction of three additional magazines. With the contemplated accommodation of the filling group at Valcartier in 1937, the magazine accommodation now under construction will be sufficient only for the storage of raw materials, but three additional magazine buildings will be required for storage of finished products and for storage of ammunition now in unsuitable accommodation at Levis.

A third item for Valcartier is $10,000 for continuation of the building program. Work in this connection will be undertaken on the hospital building, improvements for roadways, the engineers' compound and other small items.

Mr. STIRLING: And if the filling group is now just about complete, could the minister say when the transference of the work will take place?

Mr. MACKENZIE (Vancouver): As I am informed, during the course of the present year, 1937.

Mr. GREEN: This item is largely for construction work. Would it not be possible to give a great deal of that work to the unemployed veterans? I understand that about 33,000 of them have already registered with the veterans' assistance commission, and of that number approximately one-half are employable. Surely this would be a good opportunity to provide work by day labour for quite a large number of these men.

Mr. MACKENZIE (Vancouver): In all departmental contracts there is a clause to the effect that there must be a reasonable quota of ex-service men employed on these works.

Mr. GREEN: Would it not be possible, in view of the fact that this vote is for defence purposes, to employ a larger number of returned men?

Mr. MACKENZIE (Vancouver): I shall be glad to take that into consideration.

Mr. HEAPS: Is all this work to be let by contract?

Mr. MACKENZIE (Vancouver): Last year it was practically all let by contract.

Mr. HEAPS: On what principle is the letting of contracts determined?

Mr. MACKENZIE (Vancouver): In every case, to the lowest tender.

Mr. HEAPS: Did the lowest tenderer get the contract in every case last year?

Mr. MACKENZIE (Vancouver): Except for one small contract in Nova Scotia, where it was decided that local coal should be used in preference to imported coal.

Mr. STIRLING: I wanted to ask the minister to amplify the remarks he made in his speech last week with regard to the investigation he has been carrying on to find out what industrial units could be utilized for the supply of equipment and munitions and so on.

Mr. MACKENZIE (Vancouver): That matter comes under the general stores vote. I shall be glad to deal with it at that time.

Mr. QUELCH: For what sizes of guns are the emplacements being built on the west coast?

Mr. MACKENZIE (Vancouver): The guns that are now there, but were outmoded, were 9·2 guns, but they are being reconditioned, relined and remounted and will be as good as new when that work is completed. It was commenced last year. It is intended to supplement them with some six-inch guns and also, I believe, with some others.

Mr. HEAPS: Is much to be spent by way of expropriation of properties?

Mr. MACKENZIE (Vancouver): I could not give a definite answer. I should not think the amount would be very large. So far as possible we are proceeding by expropriation or negotiation—preferably by expropriation.

Mr. HEAPS: Is there much property to be bought out of the amount that is to be voted at the present time?

Mr. MACKENZIE (Vancouver): I should think the amount will include the purchase of properties, but I do not suppose it will be very extensive, because in any case it is hoped these properties will not be located in congested areas.

Mr. MacNEIL: One matter causes me concern. In going over the reports of the Department of National Defence I find that amounts ranging from around $300,000 to approximately $1,000,000 have been voted each year in succession for this particular purpose, engineer services and works, and I assume that the same men who are now planning our coastal defences have been aware of the dangers with which, it is alleged, we are threatened at the present time. How does the minister account for the fact that notwithstanding these expenditures extending over a long period of years he now states plainly that no coastal defence exists? Why was no provision made, when the department was first made aware of war preparations in Europe and on the Pacific, for the defence which is now being planned?

Mr. MACKENZIE (Vancouver): Of course my hon. friend will realize that I cannot answer for any of my predecessors. I can tell him that within one week of coming into office I took action to ascertain the present condition of these matters.

Mr. MacNEIL: Another question: Could the minister roughly segregate the amount of this vote that is being spent on the Atlantic and the Pacific coasts and the amount that is being devoted for purposes inland? To what extent is money being expended on the further construction of armouries and training grounds?

Mr. MACKENZIE (Vancouver): There is not a single cent for armouries, except a small amount for reconditioning. Not a cent is included in these estimates for new armouries.

Mr. MacNEIL: I assume that the minister is planning adequate protection against aircraft. Is the department taking into consideration the danger of air raids from over the arctic circle—which may not be as incredible as at the moment it may sound? In all seriousness, it has been shown by aviation experts in recent years that the shortest route to this country from some of those countries which we are led to believe may now be threatening Canada is over the arctic circle into the very centre of Canada. Is the defence plan taking into consideration protection against aircraft raids from that direction?

Mr. MACKENZIE (Vancouver): Provision in that respect is being considered and, I believe, a report on the matter will be made to the department.

Item agreed to.

General stores, $6,060,699.

Mr. MACKENZIE (Vancouver): Clothing and necessaries, an increase of $35,000; miscellaneous stores, increase $97,950; artillery stores, increase $2,858,616; equipment and

maintenance, increase $120,900; medical stores, increase $1,000. Inspection stores and ammunition, salaries and wages, maintenance and services; increase on the former of $54,900, on the latter of $141,650. Dominion arsenal, Quebec, $140,388. Other expenditures, $113,155. Extension to the gauge plant at the dominion arsenal, Quebec, $150,000; machinery, $15,000. For the dominion arsenal at Lindsay the increase is $950. Total increase $3,729,509, with a decrease of $220,010; or a net increase of $3,509,499.

Mr. THORSON: Where will these stores, particularly guns and munitions, be purchased?

Mr. MACKENZIE (Vancouver): As far as possible we are endeavouring to have them purchased in Canada.

Mr. THORSON: To what extent will that be done?

Mr. MACKENZIE (Vancouver): We have a committee now surveying all resources, both public and private, in the Dominion of Canada, with that purpose in view. We have not yet reached the stage of production of ammunition to any extent in the dominion, but the decided objective is, on account of the difficulty of obtaining these supplies outside the country, to have them manufactured in Canada.

Mr. THORSON: Is it intended to encourage the production of these stores in Canada and to set up factories for that purpose?

Mr. MACKENZIE (Vancouver): Of course it would take some time to establish public factories for that purpose. At the present time, for the immediate emergency, it has been decided to cooperate with private industry, exercising proper supervision and control.

Mr. COLDWELL: Are General Motors making or proposing to make munitions or equipment for the department? Let me explain what I have in mind. There has been a rumour, for example, that the assembly plant at Regina is to be converted into a munitions factory by the General Motors corporation. I have read that in western papers.

Mr. MACKENZIE (Vancouver): I have no information in that regard, and I do not believe that is the case. The only work which that corporation is doing for the department is trying to develop a tractor; as I recall, the sum of $4,500 has been expended in that work.

Mr. COLDWELL: Of course many of our industrial plants could be readily converted into munitions factories, and I believe that a good deal of the urge for rearmament is coming from industrialists who see the prospect of profit. That is the reason I should like to see something done to curtail possible munitions profits. One other question. I notice that in this item is included ammunition and guns and supplies. Following the question of the hon. member for Selkirk, may I ask, are we buying munitions from abroad? To be more specific, are we experimenting with any guns produced in Czechoslovakia? I have in mind the Bren machine gun. If so, what are we paying for these guns?

Mr. MACKENZIE (Vancouver): I believe it was the year before last that two were ordered by the department; ten more are now on order. The Bren is a new automatic machine gun which up to now has been manufactured in Czechoslovakia. I understand that the rights of the manufacturer have been purchased by the British government and that they are to construct as soon as possible a factory in the United Kingdom for the extensive production of that type of gun. The department has been looking into the question with a view to having the gun manufactured in Canada.

Mr. COLDWELL: What are we paying for these guns?

Mr. MACKENZIE (Vancouver): I believe we paid $1,000 apiece for the first two.

Mr. COLDWELL: Anyone who has seen one of these guns and compared it with an automobile realizes that there is very little mechanism about it. These guns are manufactured, particularly under mass production, very cheaply, and here we are paying $1,000 apiece for machine guns from Czechoslovakia, probably from a factory owned by a gang of international munition makers, possibly to practise slaughter upon other nations who are using exactly the same gun to slaughter Canadian boys. It seems to me that if we are going to buy guns we ought to buy them without encouraging these enormous profits that are being made by the munition companies, and I call attention particularly to this gun from Czechoslovakia. We are paying $1,000 each for these guns and I venture to say they can be made for at least a quarter the cost of a Ford car.

Mr. THORSON: I have nothing to add to what I said the other day by way of protest against this program of increased armaments. I accept without hesitation, of course, the statement made by the Prime Minister that we have not made any commitments, but it is not always within the power of one individual to decide what the future will bring, and I am afraid that this policy now initiated with the best of motives will

lead us in the wrong direction. I am opposed to it for the reasons I stated the other day, and therefore I move, seconded by the hon. member for Quebec-Montmorency (Mr. Lacroix), that item 63 of the estimates of the Department of National Defence be reduced by $3,509,499.

The CHAIRMAN: I may point out that an amendment such as this does not require a seconder.

Mr. RAYMOND: The other day the Minister of National Defence, speaking on the motion of the hon. member for Vancouver North (Mr. MacNeil), said:

> We have reduced the military establishment of this country from 135,000 to 90,000; in fact we have done that within twelve months. All we are doing now is to see to it that this small force shall be properly equipped.

I understand that the item now under discussion is to provide for some equipment.

Mr. MACKENZIE (Vancouver): That is correct.

Mr. RAYMOND: I am surprised that there is an increase. If the military establishment has been reduced from 135,000 to 90,000, the cost of equipment should be reduced. Will the minister be kind enough to explain?

Mr. MACKENZIE (Vancouver): There was no equipment to speak of before. We have reduced the paper strength, as it is called, of the militia forces from 135,000 to a total of about 90,000. The actual training strength will not be very much changed, but under the old form there was very little equipment available. What equipment we had was largely obsolete, and we are now endeavouring to get some modern guns and machine guns, and other things necessary for an effective and efficient militia force in the dominion. This is to replace equipment that has become obsolete and worn out and to obtain more adequate equipment for our forces.

Mr. RAYMOND: How was the money voted last year under a similar item spent?

Mr. MACKENZIE (Vancouver): It was spent for the same purpose, but it was not nearly sufficient to proceed with the mechanization of the reorganized forces of Canada.

Mr. RAYMOND: Is this just for the present year?

Mr. MACKENZIE (Vancouver): It was preliminary to what we are doing now.

Mr. HEAPS: The minister must realize that both in this house and outside there is a strong volume of opinion against this vast increase. It is coming to be realized more and more even in this chamber, as we have seen this afternoon, that the vast amount of money we are asked to spend on these items will not make Canada any more secure against attack than it was last year and that these increased expenditures on armaments will not secure our neutrality to any greater extent. A certain number of people who stand to gain by these expenditures will be heartily in favour of this vast increase. The armament manufacturers or those who intend to manufacture armaments and those who have to deal with war materials will all be glad to see this increase, and in my opinion the increase this year is merely the prelude to greater increases to be asked for in this chamber in future years. I believe this is merely the thin end of the wedge, and the minister has more or less admitted it. It is my experience that those who run departments are always anxious to have the most efficient and the greatest department anywhere. In municipal affairs I have found the same thing. The head of the fire department wants the greatest fire-fighting apparatus to be found anywhere in the world, and the same applies to the war department. Now we are setting up a war department we are entering upon a vast expenditure for armaments.

I wish to refer to a statement made by the minister with regard to the purchase of munitions. I think it would be better if he did not go outside to purchase munitions. If the government is going to go into the purchase of armaments, in my opinion it should, as far as possible, establish its own munition plants. I do not think the minister has far to go at the present time. There is no need at this stage, for him to go to private armament manufacturers and ask them to put in bids, for in the last war the railway shops of Canada were able to turn out munitions, and I was told that they did so as efficiently and as cheaply as the private manufacturers could produce them, if not more so. If such is the case I want to take the profits out of this whole manufacture of munitions, if we can do it by the government owning, controlling and operating the munition factories. Then perhaps the pressure from outside by those who produce these goods would not be as strong as it is now. I should like to know whether the minister has canvassed the situation recently to see whether the government itself could not undertake the manufacture of munitions in plants in which they were manufactured during the last year. I have reference to the railway shops.

Mr. MACKENZIE (Vancouver): I find myself in agreement with much of what the hon. member has said, and the government took action some time ago along the lines he

now suggests. An interdepartmental committee was appointed some months ago to make an industrial survey of the whole of Canada. That committee has been functioning. There is also in the Department of National Defence under the master general of the ordnance a joint army, navy and air supply committee, and that committee has already surveyed about sixty or seventy industrial plants throughout the dominion. It has also been instructed to survey the public plants of the kind to which my hon. friend has referred with a view to making an up to date report as to how far, in the event of an emergency, these plants could be used for public purposes. So that what my hon. friend advocates has been carried out for the last several months.

Mr. HEAPS: The minister says that in case of emergency these plants will be utilized. But I am not now referring to a case of emergency, unless he calls present conditions a case of emergency. I am referring to the money which we are asked to vote in this item, which is to go for the purchase of munitions. I want to know whether the minister can give an undertaking that the supplies for which this money is now being voted could not be manufactured in the railway shops, in plants which are partly or wholly under government control and ownership. A survey may have been made, but I want to know whether there is going to be a start made and these shops owned by the government and people of Canada kept in operation, because from these shops I am sure he will get just as good an article as, if not better than, that produced under private ownership.

Mr. MACKENZIE (Vancouver): A considerable amount under this vote we are considering will go to the government-owned institutions at Valcartier and the dominion arsenal at Quebec. In addition we are surveying the plants to which the hon. member has referred to see how far they can be used for the purpose.

Mr. HEAPS: Are there government-owned plants outside the railway shops capable of manufacturing munitions?

Mr. MACKENZIE (Vancouver): Yes.

Mr. HEAPS: Where are they?

Mr. MACKENZIE (Vancouver): There are factories in Canada which did produce munitions during the war and would be willing to do so again if given the opportunity.

Mr. HEAPS: But those are privately-owned institutions?

Mr. MACKENZIE (Vancouver): Yes.

[Mr. I. Mackenzie.]

Mr. HEAPS: But what I want is to get the manufacture of these munitions entirely out of private hands. What I am asking is a complete survey of government-owned institutions capable of manufacturing munitions required by the government. If the minister could have that survey made, it would meet with the approval of people inside and outside this house.

Mr. MACKENZIE (Vancouver): That is being done at the present time, in regard to both publicly and privately-owned plants.

Mr. FINN: Let me say to the hon. member who has just spoken and to hon. gentlemen opposite who supported the motion of want of confidence in the government, that they cannot blow hot and cold. They must either stand by their guns or desert their guns. Having found that a vast majority of this house and a tremendous body of public opinion in this country are favourable to the policy of the government as brought down by the Minister of National Defence, he asks the minister, in whom he voted want of confidence, whether he will give an undertaking. I ask him what good that undertaking would be to him after having voted no confidence in the minister.

Then the hon. member referred to defences on the Atlantic and the Pacific and asked what good were they. I did not speak on the amendment, but let me remind him that the country to the south of us is the United States. There is to-day what is called an imaginary boundary line between this country and that, extending from the Atlantic to the Pacific. If the hon. member goes out in front of this building he will see carved deep in the stone over the main entrance these words:

> The wholesome sea is at her gates,
> Her gates both east and west.

Is it the responsibility of the government, is it the responsibility of this house, is it the responsibility of this country to defend these gates? If we do not defend them, then we are vulnerable to any enemy which may attack the United States, and then what happens? The enemy will enter Canada through these gates, and not only shall we be at once in the position of becoming belligerents, but the Americans will have to defend themselves against enemies invading their country through ours. Therefore the American government will have to fortify that imaginary boundary line from the Atlantic to the Pacific. Let my hon. friends opposite who voted want of confidence in the government on this most important and vital matter answer that question as to whether they are in favour of

reasonable defence of the gates of this country both east and west and the great St. Lawrence river, or whether they are in favour of a do-nothing policy, and simply telling the government which is in power to-day, You are no good for the fricassee; you are no good for the soup, and like the rabbit that ran away, you are no good at all. That, Mr. Chairman, is the position of my hon. friends led by the hon. gentleman in the front seat who is laughing on the front of his face. But the people of this country understand the situation, as does this house.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. McNEVIN: Mr. Chairman, my object in rising is to point out to the Minister of National Defence (Mr. Mackenzie) that in connection with securing a supply of arms and munitions sufficient to meet the requirements of the dominion, serious consideration should be given to using the facilities available in the constituency of Victoria, Ontario, which I have the honour to represent. With respect to overseas orders for arms and munitions which are coming to Canada, I do not believe the government would be justified in interfering with the private corporations which are filling these orders for arms and munitions. Yet, in connection with the supply of these materials for use, if needed, in our own country, the question is entirely different, and I believe it would be a sound policy for the government to manufacture arms and munitions for our own defence, when required. This policy would prevent private corporations from making exorbitant profits, as happened during the great war.

If present government facilities are operating at full capacity, and are not adequate, then we should carefully supervise any additional contracts for war material. I referred in my opening remarks to the dominion arsenal number two located at Lindsay, Ontario. This is a plant covering several acres, the buildings of which are in a reasonable state of repair. It is true some additional material and machinery of the newer type would have to be acquired. Yet the amount of money necessary to place the plant in perfect running order would not be an unreasonable sum. It should not be forgotten that in order to provide sidewalks, roads and other necessary civic services for the arsenal, the town of Lindsay spent from $75,000 to $100,000, a large amount of money for a town of only eight thousand people. This has added materially to the burdens of the corporation, which at the present time is receiving very little in return. The plant is the property of the dominion government. The item under discussion contains a substantial expenditure for arms and munitions, and I desire that the department supervised by the Minister of National Defence give consideration to reopening this plant in the present emergency, and that the manufacture of these materials be carried on at this plant under the direct supervision of the Department of National Defence.

Mr. LENNARD: I do not agree with what the hon. member for Winnipeg North (Mr. Heaps) said just before six o'clock. There are in Canada firms equipped to make the various items required, and they have no connection whatsoever with international munitions makers. One firm I have in mind is John Bertram and Sons Company, Limited, of Dundas, Ontario. That firm is one hundred per cent Canadian, employs Canadian workmen and is fully equipped to manufacture either big guns or munitions.

Mr. MACKENZIE (Vancouver): Mr. Chairman, in reply to the hon. member for Victoria, Ontario (Mr. McNevin), may I say I had the pleasure of visiting Lindsay during the last year, and accompanied by officials of the department made a thorough inspection of the buildings and properties there. The government of Canada has in the properties at Lindsay a very considerable investment, amounting to about $800,000 for the land and $900,000 for the buildings, or a total of $1,700,000. I can assure the hon. member that this year the department will make a careful survey of the possibility of utilizing the property now in possession of the government, in connection with projects being developed.

May I tell the hon. member for Winnipeg North (Mr. Heaps), that there is no suggestion of any pressure in regard to any government policy, so far as firms in Canada are concerned. This is entirely regardless of any pressure or suggestions by any firms of any kind in Canada.

Mr. McNEVIN: I wish to thank the minister for his explanation. I am satisfied the government will give consideration to the matter.

Mr. MacNICOL: May I say a word or two in comment on what the minister has said in reference to the Lindsay arsenal. I know he was there, because I made a thorough inspection of the plant myself. In my view Lindsay is particularly well situated. I am

familiar with the town and the surrounding country, and I believe it is well situated for the work the minister had in mind.

When he was speaking before the dinner recess the minister said that the department intended to do similar work at Valcartier and, if I remember correctly, at Montreal—

Mr. MACKENZIE (Vancouver): At Quebec.

Mr. MacNICOL: Yes. At that time I noticed he did not mention Lindsay. I had intended to bring the fact to his attention, because of all places mentioned I believe Lindsay has the best location. Valcartier could be blown off the map by aeroplane invasion, but it would take an aeroplane different from what we have to-day to cross the sea and then go as far west as Lindsay. Besides, the topography of the land about Lindsay lends protection, and its waterways offer points of landing for seaplanes. The buildings are as the minister described them.

May I now say a word on behalf of the minister's staff, at the Lindsay arsenal, because they all strike me as being competent men. I saw that they had covered all the equipment with grease, which is a first class protection, and I believe a word of commendation now and then from the head of the department would mean a great deal to men who take care sufficient to protect the valuable equipment in the plant. My understanding is that the machines could be put into instant operation. During the great war large quantities of munitions were made there, and ample testing places are available. I should like to encourage the minister to go the whole way in providing work for Lindsay workmen along with those of Valcartier and Quebec. Lindsay is so far removed from possible attack that anything done by the department at that point would be safe from attack by sea.

Mr. MACKENZIE (Vancouver): In connection with the survey made of the plant at Lindsay, may I say to the hon. member that to put the plant into shape for production of small arms and ammunition would cost in the neighbourhood of $400,000. To equip the plant with the necessary new machines to produce small arms and munitions would cost perhaps a million dollars.

Mr. COLDWELL: The minister seems to be of opinion that we may be subject to air attack. I shall not argue the point with him, but shall ask him this question: In the defence estimates what provision is being made to secure supplies to reassure the civilian population that sufficient preparations will be ready to keep communities safe from air attack?

Mr. MACKENZIE (Vancouver): The only answer I can make is that by the cooperation of the three branches of the service we hope to be in a position to meet any such aggression, if it comes. I did not get the drift of the hon. member's question, and I do not know if he was referring to food supplies.

Mr. COLDWELL: No, I am referring to actual defence from air attack. I think it is generally realized that an air raid would consist largely in the dropping of bombs. There are three types of bombs, namely the explosive bomb, the gas bomb and the incendiary bomb. Of the three I believe the last is by far the worst. It is all very well to say that the three branches of our military defence will cooperate to ward off attack, but I would direct attention to the fact that the Prime Minister of Great Britain told the British House of Commons that aeroplanes were not meant for defensive purposes and that it would be impossible through the use of planes to defend a city from aerial attack. If these are defence estimates, what defence are we providing for the people of Canada? Are we going to rely upon a few guns stuck here and there? I contend that that is no defence whatsoever. If the minister is right, our real defence lies in our preparedness to meet conditions which will arise should an air attack occur. I believe the purpose of such an attack would be to strike panic into the hearts of the people so that they would compel whatever government may be in power at the time to sue for peace. This brings me back to the point I made this afternoon, that armaments such as we can provide are simply provocative and would in my opinion invite a potential enemy to strike terror into the hearts of our people. What defence is the department providing in the event of air raids?

Mr. MACKENZIE (Vancouver): As I said before, I do not pretend to be a superstrategist like my hon. friend, but I do suggest that aeroplanes provide the best defence against air raids. The only defence my hon. friends are willing to provide is no defence at all; they are ready to leave Canada entirely defenceless. We are making a reasonable effort to meet any possible aggression and I think we are all united in the hope that there will never be any need for these defences. We intend to provide on our coasts a few high speed aeroplanes which will work in cooperation with the other services.

Mr. COLDWELL: That does not answer my question. I want to know what preparations the department is making to protect our people from incendiary and gas bombs. I realize it would be almost impossible to provide protection against explosive bombs. As we all know from our general reading, the defence program of Great Britain has been concentrated upon this particular problem.

Mr. MACKENZIE (Vancouver): The best methods which the combined skill of the technical advisers of the department can devise will be taken and these will be used in conjunction with the precautionary measures already taken.

Mr. MAYBANK: For the convenience and education of the hon. gentleman, perhaps the minister could have all the plans of strategy published in the Canada Gazette.

Mr. MacNEIL: As the minister is well aware, it does not require a superstrategist to answer the question asked by the hon. member for Rosetown-Biggar (Mr. Coldwell). In the event of an air raid the civilian population will suffer. The minister is well aware that military strategists of the first rank agree that the only defence against air attack is retaliation and we would have no opportunity to engage in such retaliation. I think special provision should be made to protect the women and children in the principal harbours on both our coasts. The minister should consider the building of bomb proof and gas proof shelters in order that the civilian population will not suffer. Is this defence merely for the small number of troops who will be actually manning the guns at these points? This matter is being considered in other countries and I cannot understand why the minister brushes our suggestions aside with derision, particularly as they concern the women and children of this dominion.

Mr. MACKENZIE (Vancouver): I may say that every single cent of these estimates might possibly be used for the protection of the women and children of Canada. I do not think my hon. friend is very helpful when he suggests that there should be no protection whatsoever.

Mr. MacNEIL: My question still remains unanswered. Is any provision being made for the construction of shelters in the event of air raids?

Mr. LENNARD: It does not require a military strategist to realize that should any country attack Canada by air, it would first of all establish an aeroplane base somewhere in Canada. If we did not have planes available to attack that base, we would be powerless.

Mr. POULIOT: This item of $6,060,699 covers "the purchase, inspection, maintenance and repair of stores, clothing, necessaries, mechanical and water transports; cost of material and labour for the manufacture of ammunition; inspection of output; maintenance of and repairs to arsenal buildings and plants; freight, cartage, transport and travelling expenses and other services generally." Does this item include anything for the purchase of ordnance, or is it just for the purchase of rifles and cartridges?

Mr. MACKENZIE (Vancouver): As I said before, there is in this vote an item amounting to $3,795,331 for artillery stores, or an increase of $2,858,616.

Mr. POULIOT: About one-third of this vote will be used for the purchase of ordnance?

Mr. MACKENZIE (Vancouver): More than one-third for artillery stores.

Mr. POULIOT: Will this item cover the purchase of anti-aircraft guns?

Mr. MACKENZIE (Vancouver): There are two sections of anti-aircraft artillery, including munitions for mobile units and excluding coast defence but available for these purposes which would cost about $350,000.

Mr. POULIOT: Items 62, 63, 64 and 65 are closely connected. One covers the building of fortifications and the providing of bases for guns. If I am not mistaken, that would be under item 62?

Mr. MACKENZIE (Vancouver): Quite right.

Mr. POULIOT: Then the guns and ammunition would come under item 63, general stores. These things would be used by the non-permanent and permanent militia, covered by items 64 and 65. I voted for the reduction of item 62 for several reasons, one of which was the fact that it covered the maintenance of historical buildings which I felt should be placed under the control of our parks commission. This shows that there is little order in the departments of government. Will the minister tell me if the final say in the purchase of the items covered under general stores will be left to him or will that be decided by a commission? I should like to know also if item 63 is under his control?

Mr. MACKENZIE (Vancouver): Yes, under the control of the governor in council.

Mr. POULIOT: Thank you. This is how I understand government, Mr. Chairman, that every minister shall be boss of his own department, and shall not be bothered by commissions around him on which he can lean to escape responsibility. There is one thing that struck me in the minister's explanation a few moments ago with regard to Mr. Purvis. I am very much concerned about this item for general stores; I was very much afraid, and I think I still have reason to believe, that Mr. Purvis might be the nigger in the wood pile, but I will take the word of the minister that he has never spoken to Mr. Purvis about the increase in the military vote. I think that is a fair interpretation of the minister's words. I do not need to tell the committee that soldiers cannot fight with wooden guns or air rifles, like children. They must have real guns, and real ammunition for them, I admit. If the first item had been reduced, I would have voted for a proportional reduction in item 63, because as there would have been less engineering services and less work, the material required should also have been less.

But I will go the limit. I will take the word of the minister this time, but I promise that I shall scrutinize the other items very closely. Undoubtedly if we are to have a permanent and a non-permanent force, our soldiers should be reasonably well equipped; otherwise let us dispense entirely with the Department of National Defence. If we have soldiers, they must have clothes, be protected against the cold in winter and be well cared for while they serve in the army; otherwise let us reduce the whole vote for this department to one dollar or one cent. But if we are to have an army, we must look after our soldiers in peace time as well as in war. That is my humble view, and therefore I shall vote against the amendment to this item. I do not know what I shall do on the others.

Mr. BARBER: What is meant by mechanical water transport?

Mr. MACKENZIE (Vancouver): The operation and maintenance of mechanical transport vehicles with the Royal Canadian Army Service Corps. The increase this year is $416, the amount being $25,401 this year as compared with $24,985 last year; other vehicles, last year $12,845, and this year $16,935, or an increase of $4,090. In the item for the purchase of motor transport vehicles there is a decrease from $33,263 last year to $28,757 this year. The amount for operation and maintenance of Royal Canadian Army Service Corps water transports is $7,450.

[Mr. I. Mackenzie.]

Mr. MacINNIS: The hon. member for Halifax (Mr. Finn) before the dinner recess tried to make it appear that our attitude over here was not consistent with the attitude we took the other day. I maintain that it is absolutely consistent, and that in fact we are taking very much the same attitude as the hon. member for Témiscouata (Mr. Pouliot) took just a few moments ago. He said that if we were going to have soldiers we could not arm them with wooden guns. All things are relative, and it is just as logical to arm soldiers with wooden guns as to try to protect this dominion by expending the appropriations that are now before the committee. It is as impossible to do the one as the other. Our geography and our long coast line make it impossible for us to defend ourselves by making these expenditures.

Referring to the question we were discussing a moment ago as to the manufacture of munitions by the government or by private enterprise, I understand the minister stated that surveys had been made. I should like to ask how much of the supplies at present being used by the government was manufactured by government works, how much was supplied by private industry within the dominion, and what proportion we imported from other countries?

Mr. MACKENZIE (Vancouver): Is my hon. friend speaking of munitions only, or of all supplies?

Mr. MacINNIS: Of all supplies.

Mr. MACKENZIE (Vancouver): Until the present year quite a lot of the supplies required by the department, ordinary supplies which any department might require, like clothing—

Mr. MacINNIS: Leave out clothing.

Mr. MACKENZIE (Vancouver): So far as the supply of munitions is concerned we have been limited in recent years to the production of the Quebec arsenal, but now we have just about completed the filling group at Valcartier, which is a dominion-owned institution operated in conjunction with the ammunition group at the arsenal in Quebec. We have had to import some munitions from other sources. It is hoped now, especially in view of the delay there would be in obtaining supplies from overseas, that most of our supplies can be manufactured in Canada. That is why the survey is now being made in regard to publicly-owned and private plants, the supervision of private manufactures or the utilization of available government-owned institutions.

Mr. MacINNIS: That point is a very important one. If we have to have armaments and munitions of war for offence or defence, so far as possible they should be manufactured by the federal government rather than by private firms engaged in the manufacture of arms. To turn the work over to private enterprise would mean that we would be continually subjected to pressure to buy supplies. There are rumours floating around at the present time that are disquieting, and we should be very careful that we do not give occasion for such rumours to arise, or put ourselves into the position where we shall be subject to pressure in the future.

Mr. HEAPS: Did I understand from the minister that the survey is now almost completed?

Mr. MACKENZIE (Vancouver): It will take at least another year.

Mr. HEAPS: Assuming that it does take another year, there must be in the possession of the government at the present time quite a number of facts pertaining to sites now under government control and as to facilities which the government could command in the immediate future. Could sufficient arms and munitions be supplied in the government's own factories to meet present needs?

Mr. MACKENZIE (Vancouver): There are two principles involved. The first would be to decide the question of complete public ownership of these utilities; the second, their capacity to produce sufficient quantities to meet requirements. My hon. friend will realize that it takes some time to instal new machinery—new jigs and dies and all the necessary implements of production—in any factory, publicly or privately owned. At the present time it seems essential to expedite as much as possible the production of these necessary supplies. There may be an immediate policy and a long range policy. A long range policy would doubtless, as it did in England, combine government-owned arsenals and institutions with the cooperation, attended by strict supervision, of private industries.

Mr. DOUGLAS: Has the minister at hand the contracts that were placed outside Canada for light and heavy artillery, small arms and tanks, et cetera, the countries in which they were placed, and the firms with which they were placed?

Mr. MACKENZIE (Vancouver): I do not think that in recent months we have placed any contracts of the kind my hon. friend has mentioned.

Mr. DOUGLAS: Do I take it that no contracts were placed outside Canada?

Mr. MACKENZIE (Vancouver): There were for aeroplanes, but that was twenty-four months ago.

Mr. DOUGLAS: None for small arms or artillery or tanks?

Mr. MACKENZIE (Vancouver): No, not recently.

Mr. HEAPS: Is it proposed, in connection with the amount we are voting in the present estimates, that these arms and munitions be manufactured in publicly-owned plants here in Canada?

Mr. MACKENZIE (Vancouver): The hon. member will find very greatly increased amounts for production of these articles in arsenals which are now government-owned in the Dominion of Canada. It is a question whether these will be sufficient to meet the increased amount provided for in these estimates, and therefore it may be necessary, during this year at any rate, to cooperate with private industry, with, as I said before, the most rigid supervision. After all, with regard to profits there are three elements: in the first place, supplying our own necessities in our own country in peace time; in the second place, the control of exports from Canada, and in the third place, the measures that it might be necessary to take if an emergency arose. The first one can be handled in two ways: in the first place, with reference to about eighty per cent of our supplies, where the principle of competition can be utilized one can, I think, safeguard the public interest. But the duty of the government becomes evident when you deal with the remaining ten or fifteen or twenty per cent, where the production is highly specialized, and it is in cases such as these that in England they now are using a very rigid system of inspection and of audit, and have introduced the principle of reasonable remuneration, thereby eliminating excessive profits from the production of armaments or munitions. In regard to export to other countries, I think my hon. friends will find, before this session is over, that the provisions of sections 290 and 122 of the Customs Act will be stiffened so as to give the government more control over the export situation.

Mr. DOUGLAS: Has the minister any idea what proportion of this vote is likely to be spent in Canada for the purchase of these supplies? Or will it be spent in England?

Mr. MACKENZIE (Vancouver): Except with reference to, probably, some guns which could not possibly be made in Canada, by

far the greater proportion, probably eighty per cent, of the amount, will be spent in Canada.

Mr. MacNEIL: Have any purchases been made or any contracts placed for the purchase of anti-aircraft artillery or heavy guns?

Mr. MACKENZIE (Vancouver): Yes.

Mr. MacNEIL: If so, from what sources?

Mr. MACKENZIE (Vancouver): I think an order was placed by my predecessor for anti-aircraft guns from England. Of course we are amplifying that order by providing in these estimates for some more anti-aircraft guns.

Mr. DOUGLAS: Could the name of the firm be given?

Mr. MACKENZIE (Vancouver): All orders were placed through the British War Office, as in the case of the Bren guns. I think I probably misled my hon. friends this afternoon. Although those machine guns were made in Czechoslovakia they were ordered through the British War Office.

Mr. POULIOT: Are they on trucks or to be put on foundations?

Mr. MACKENZIE (Vancouver): I am informed that anti-aircraft guns are mobile units.

Mr. MacNEIL: Have any purchases been made or contracts placed for tanks or armoured motor vehicles?

Mr. MACKENZIE (Vancouver): No; in the estimates we are now considering there is provision for some few light tanks. In the reorganization of the militia which was effected on December 15 last there are six tank battalions created; each one is to be supplied with one light tank for instructional purposes, and the tank depot at London, Ontario, will have three tanks for instructional purposes.

Mr. MacNEIL: What purchases have been made or what contracts have been placed for the purchase of machine guns?

Mr. MACKENZIE (Vancouver): Twelve Bren light automatic machine guns, two of which have arrived in Canada, were ordered from the British War Office. There is provision in these estimates for twenty-one more guns of the same kind for instructional uses in the various units throughout Canada; there is also provision for a substantial further number. It has not yet been decided whether they will be obtained from England or manufactured in Canada. An endeavour is being made to see if they can be manufactured here.

[Mr. I. Mackenzie.]

Mr. COLDWELL: What company has secured the manufacturing rights of the Bren gun?

Mr. MACKENZIE (Vancouver): None so far. Several have been endeavouring to do so.

Mr. COLDWELL: The gun is still under the control of the Czechoslovakian company?

Mr. MACKENZIE (Vancouver): No; the British War Office.

Mr. DUPUIS: I assume that the government was authorized under previous estimates to place orders for such guns in England?

Mr. MACKENZIE (Vancouver): Yes. Orders went out last year and the year before.

Mr. BENNETT: Do I understand the minister to say that so far as small arm munitions are concerned, we are in a position to manufacture all our requirements in Canada?

Mr. MACKENZIE (Vancouver): No; I said this, that we are endeavouring through inquiries to find out if we can so do. Last year we certainly did not have the facilities in this country, and as far as I know we do not have them yet. Various people have been endeavouring to obtain the rights for manufacturing machine guns, but so far there is absolutely—

Mr. BENNETT: No—small arm munitions. I gathered—and I want to be sure I am correct—that we have facilities in this country to manufacture all the small arm munitions we may require. Is that right?

Mr. MACKENZIE (Vancouver): That is right. We have the facilities here for manufacturing small arm munitions, and we are providing in these estimates for the augmentation of the productive capacity in the arsenals with reference to small arm munitions.

Mr. BENNETT: Small arm munitions are manufactured at the present moment, I suppose, at the arsenal at Quebec?

Mr. MACKENZIE (Vancouver): Yes.

Mr. BENNETT: What will the Valcartier arsenal manufacture?

Mr. MACKENZIE (Vancouver): It is another operation of an exactly similar kind to the Quebec arsenal production, an extension of it.

Mr. BENNETT: And what about the Lindsay arsenal?

Mr. MACKENZIE (Vancouver): The Lindsay arsenal is at the present time used only for the storage of equipment.

Mr. BENNETT: I know that.

Mr. MACKENZIE (Vancouver): The Lindsay arsenal, as my right hon. friend knows, was used for this purpose before and could be so used again. We have made investigations of the cost of so doing. According to the estimates we have received, it would cost $400,000 to place the Lindsay arsenal in a position again to manufacture small arm munitions.

Mr. BENNETT: The equipment was not taken away?

Mr. MACKENZIE (Vancouver): No; it was stored there.

Mr. BENNETT: And I suppose it is obsolescent as compared with current equipment; is that the position?

Mr. MACKENZIE (Vancouver): Yes.

Mr. BENNETT: And those are the three places at which we manufacture small arm munitions?

Mr. MACKENZIE (Vancouver): That is quite correct.

Mr. BENNETT: When we come to shell cases, we of course manufactured shell cases in large quantities in this country during the war. Are we in a position to manufacture shell cases in Canada now?

Mr. MACKENZIE (Vancouver): I believe that to a small extent that is now done in the dominion arsenal at Quebec. But my right hon. friend may know that recently a private corporation in Canada is carrying out at Hamilton an order for shell cases for the British government.

Mr. BENNETT: Yes. That is the National Steel Car Corporation.

Mr. McNEVIN: In view of the fact that Lindsay arsenal has been mentioned, I might state that while some of the machinery is obsolete and out of date, a large number of machines are still fit for certain operations.

Mr. LACOMBE: Speaking this afternoon on item 62, I asked the minister if it was the intention of the department to come every year before parliament or before the committee and ask for such an increase in the vote for national defence. To make my position perfectly clear, I ask the minister if his answer is the same as regards item 63.

Mr. MACKENZIE (Vancouver): Yes; my answer must be the same. I am not in a position at the present time to announce what the policy of the government may be next year; that must necessarily depend upon conditions then prevailing. However, I should hope that no increases would be necessary. After all, a minister of the crown has responsibilities in connection with his department and I simply could not make, I would refuse to make commitments now with reference to what may be done next year.

Mr. DOUGLAS: If I understood the minister correctly, I understood him to say that the British war department had the right to manufacture certain machine guns, and that certain companies were trying to secure these rights in Canada. Would it be possible for the government to secure them?

Mr. MACKENZIE (Vancouver): Yes, I think so.

Mr. DOUGLAS: I am not inquiring about government policy, but that seems to be the wise course, knowing as I do the minister's attitude towards taking the profits out of war manufacture. Would the government give consideration to such a step?

Mr. MACKENZIE (Vancouver): No decision has been made in that regard, but I want to leave this thought with my hon. friend. In connection with the installation of these factories the preliminary cost is tremendously heavy. The cost of the machinery is heavy, and if in a year's time we could dispense with it there would be an enormous economic change resulting in the throwing out of employment of a good many people. The economic argument must be met. I realize the force of the argument for having these things publicly owned, but if we require some supplies within a reasonable time we may have to cooperate with private interests.

Mr. HEAPS: Would not the same argument apply to private concerns? They would have to get equipment, and if it were no longer required the same argument would apply to their staffs, who would no longer be needed.

Mr. MACKENZIE (Vancouver): But it would not cost the private concerns as much.

Mr. HEAPS: Why would it cost the government more?

Mr. MACKENZIE (Vancouver): A private concern could turn its plant to a good many other uses.

Mr. QUELCH: Are the manufacturers of war material in Canada subsidized?

Mr. MACKENZIE (Vancouver): No, at least not by the Canadian government.

Mr. MacNEIL: Does this provide for the purchase and use of chemicals in warfare?

Mr. MACKENZIE (Vancouver): No.

Mr. MacNEIL: No thermite?

Mr. MACKENZIE (Vancouver): No.

Mr. BENNETT: Would this be the appropriate item under which to discuss the question of aeroplanes?

Mr. MACKENZIE (Vancouver): That comes under the next vote, vote No. 69 or No. 70 on page 26.

Mr. STIRLING: There is a considerable quantity of machinery stored at Valcartier in storehouses and sheds. I do not remember whether it was for the manufacture of guns or what it was for, but when I inspected the machinery it was all in excellent order, capable of being used again. For what purposes would it be used?

Mr. MACKENZIE (Vancouver): I am not familiar with that situation.

Mr. POWER: That must be the machinery taken from the Ross rifle factory when it was dismantled years ago.

Mr. STIRLING: I thought it was in connection with heavy guns.

Mr. POWER: I believe it has to do with the manufacture of Ross rifles, abandoned since about the middle of the war. That is the machinery now stored in the immigration sheds in Quebec.

The CHAIRMAN: It has been moved by Mr. Thorson that item 63 of the estimates of the Department of National Defence be reduced by $3,509,499.

Amendment negatived: yeas, 26; nays, 113.

Mr. STIRLING: Will the minister go into a little further detail with regard to this investigation that he is carrying on? I understand that a departmental committee of officers is considering the factory possibilities throughout Canada. How do they know where to go? Are lists submitted? Are applications made, or does the minister send this committee to certain places?

Mr. MACKENZIE (Vancouver): As I said this afternoon, there was created by order in council an inter-departmental committee from five government departments in connection with an industrial survey in case there might be an emergency, and in the Department of National Defence there has been formed a departmental supply committee called the army, navy and air supply committee. They are making a survey of the general requirements of the nation industrially. In regard to applications for examination, no application has been refused but in some cases they have not yet completed inspections asked for. Requests have come from public bodies such as boards of trade, firms, from members of parliament and others. As far as I know, in no case has a request been refused. The idea is to make this survey as comprehensive as possible so that there may be on file complete information with reference to all industrial plants in the dominion.

Mr. STIRLING: Did the minister publicly intimate that it was desirable to have applications? Is he sure that all factories with possibilities have got into touch with the department?

Mr. MACKENZIE (Vancouver): I do not believe that was done, and possibly it should be done, because a request came from the committee itself the other day for more publicity in order that all those who are interested may immediately file applications for inspection.

Mr. MacNEIL: What is the name of the firm to which the minister referred a minute ago—the firm having contracts with the British government for the manufacture of shell-casing in Canada?

Mr. MACKENZIE (Vancouver): I have no official knowledge, and can speak only from hearsay, but I believe it was the National Steel Car Corporation of Canada, Limited.

Mr. MacNEIL: With reference to stores, to what extent has the minister accepted the advice of experts from the British War Office?

Mr. MACKENZIE (Vancouver): I do not think they were consulted with reference to the stores vote.

Mr. MacNEIL: Might we have a clearer explanation of the duties to which these officers have been assigned in Canada? I understand there are twelve. What particular duties have they undertaken in connection with the reorganization of the Canadian military forces. What are the plans for coastal defence?

Mr. MACKENZIE (Vancouver): I do not know of any separate organization in connection with the reorganization. The only organization established is the one I mentioned in reply to the hon. member for Yale (Mr. Stirling) with reference to the industrial survey. They have obtained the

services of Colonel Ogilvie of the Department of Mines, but the personnel has not yet been decided upon.

Mr. STIRLING: The minister mentioned that in the case of the Bren machine guns, they were obtained through the war office. They were actually manufactured, I think, in Czechoslovakia?

Mr. MACKENZIE (Vancouver): Yes, by the war office.

Mr. STIRLING: In connection with the shell cases which were also ordered, or to be ordered through the British War Office, how will that operate? Will they be made in Woolwich?

Mr. MACKENZIE (Vancouver): We have not ordered any so far.

Mr. STIRLING: I understood the minister to say they probably would be obtained—

Mr. MACKENZIE (Vancouver): No, just the few machine guns.

Mr. BENNETT: The minister said a moment ago that certain guns were ordered through the British War Office. He mentioned two or three items. What is the modus vivendi in connection with that? How is the British War Office used and what are its functions qua our department?

Mr. MACKENZIE (Vancouver): The first thing, of course, is to get an order in council authorizing the purchase from either the air ministry in regard to certain aeroplanes or the war office, and I think the high commissioner's office in England was used. They are practically acting as agents for the Canadian government in getting supplies for us and thereby assuring us that we are getting good equipment at reasonable prices.

Mr. STIRLING: At the present time the British government we understand is working full time and overtime to supply its own requirements. I remember instances when we endeavoured to purchase this and that and found it was impossible to get delivery for two, three or four years. Is the minister not going to run into that difficulty?

Mr. MACKENZIE (Vancouver): Yes, I quite agree. The average time for the supply of aeroplanes from England is twenty-four months, and it would be longer than that in regard to munitions. I think some equipment ordered by my hon. friend long before he left office has not yet been delivered. That is why it is going to be absolutely necessary for us to supply our own requirements.

Mr. BENNETT: That is why I was asking the minister whether or not he believed that this appropriation of $6,000,000 could be spent during the twelve months.

Mr. MACKENZIE (Vancouver): It is going to be very difficult.

Mr. BENNETT: Well, it is not for me to suggest what the path of wisdom would be.

Mr. MACKENZIE (Vancouver): The main thing is to get the appropriation through first.

Mr. MacNEIL: To what extent does this vote provide for the purchase of mines and depth charges for the protection of our harbours and also chains necessary to intercept raiding craft.

Mr. MACKENZIE (Vancouver): There is nothing in this vote. I think there is in the naval vote provision to a certain extent for the equipment mentioned.

Mr. COLDWELL: The hon. member for Vancouver North (Mr. MacNeil) asked the minister about ten military officers from Great Britain. They have been mentioned a number of times. Are there ten or twelve, and what are their names and duties?

Mr. POULIOT: And experience.

Mr. MACKENZIE (Vancouver): The interchange officers from Great Britain in Canada are as follows:

Capt. and Bt. Major G. H. A. MacMillan, M.C., Argyl & Sutherland Highlanders at Royal Military College;
Capt. E. F. B. Cook, R.E., at Royal Military College as instructor in engineering;
Capt. T. C. Thompson, M.C., Royal Signallers to signal training centre, Camp Borden;
Capt. J. B. Gordon-Duff, Rifle Brigade, to P.P.C.L.I.;
Lieut. J. S. Symons, R.H.A. to R.CA.;
Lieut. H. A Prince, Sixth Gurkha Rifles, to R.C.R.

That is a total of six, and we have also six officers interchanged with these officers, who are on various duties in England, for instance:

Major J. C. Murchie, R.C.A. at War Office;
Capt. & Bt. Major W. C. Thackray, R.C.A. to Royal Artillery;
Capt. N. J. W. Smith, R.C.E. to R.E., Aldershot;
Lieut. H. F. Cotton, P.P.C.L.I. to First Battalion Rifle Brigade;
Capt. G. W. Smart, R.C. Signallers to Fourth Division Signallers;
Lieut. R. M. Crowe, R.C.R. to Fifth Battalion 12th Frontier Force Regiment, India.

This practice has been going on for many years; it is no new departure.

Mr. COLDWELL: Have we any similar exchanges with other countries?

Mr. MACKENZIE (Vancouver): No.

Mr. MUTCH: Can the minister tell us whether these officers imported from England have been vaccinated?

Item agreed to.

Non-permanent active militia, $2,578,740.

Mr. POULIOT: Does this item include disbanded regiments, and, if so, how many?

Mr. MACKENZIE (Vancouver): I think what my hon. friend is referring to is that in the reorganization some of the old regiments have to be disbanded because new units have to be created. There was an increase of artillery units and engineering; some infantry and cavalry units were disbanded, and these were shown on the returns for some time.

Mr. POULIOT: I did not catch the minister's answer. I should like to know the definition of a disbanded regiment. Besides that, I wonder whether any of those are considered as non-permanent active militia, or if they will be revived in case of need.

Mr. MACKENZIE (Vancouver): Necessarily a disbanded regiment ceases to exist, but if there should be a change of policy a regiment could be revived with its old name.

Miss MACPHAIL: A resurrection, in other words.

Mr. POULIOT: I thank the minister for his explanation, but may I refer you, sir, to the fact that an hon. gentleman here to-night is an honorary colonel of three disbanded regiments. Most foolish. However, I shall not insist on that. But the minister has just told us about the officers who have come from England, all captains and one lieutenant, no honorary colonels, no honorary lieutenant-colonels. No one hears of such a thing in Great Britain, but here we like what is fictitious, and we think a lot of these honorary officers. I would ask the minister, for his own peace and security, to drop all appointments of honorary officers. We do not need them. Some people are fond of brass hats and so on; I do not care for them, I say that openly and no one will prevent me from saying that I am against brass hats and honorary colonels and honorary lieutenant-colonels. What is most stupid is that there are only two full colonels in active service, and I think forty-six honorary colonels.

Let us be serious. As we have a large country, vast in area, we must have efficient transportation for every unit. May I quote the example of the United States where special officers are trained with great care, possess great skill and will be ready within a very brief time to form regiments and battalions. They have the knowledge required of leaders in the army, and with a small group of officers the United States have a very practical non-permanent active militia. I ask the minister whether the officers of his department are aware of the facts as to how the officers are trained at West Point and elsewhere, and whether Canada is to act on similar lines.

Mr. MACKENZIE (Vancouver): May I tell the hon. member that we have the Royal Military College, one which is reputed to be as good as any in the United States or England.

Mr. POULIOT: I thank the minister. Might I ask him the number of officers and men, and their pay, in the non-permanent active militia. While he is looking for the information, may I say that we now see the waste of money in connection with the League of Nations. Canada, subscribing to the league, has spent millions of dollars. We are one of the few countries which has honoured bills received from Geneva. What is the result of that? It has been more expense for the Department of National Defence. This is not the only country in that difficulty; every country is in it. I believe these facts show that the moneys voted for the league are pure waste.

Mr. SPENCE: The hon. member for Témiscouata seems to have a grudge against honorary colonels. May I convey to him the fact that if it were not for some honorary colonels, many of the militia regiments to-day would not be in existence. The money they get from the government would not keep them long. I know of one honorary colonel who contributed $20,000 in the last two years. They should receive a great deal of credit, and should not be criticized so much.

Mr. POULIOT: I thank the hon. member for Parkdale for his kindly interruption. May I ask him how much money the honorary colonel of three disbanded regiments must subscribe to those disbanded regiments to keep them going on, disbanded?

Mr. MACKENZIE (Vancouver): In reply to the hon. member may I say that in the non-permanent militia there are 6,812 officers and 42,080 other ranks, making a total of 48,892 as of June 30, 1936.

Mr. POULIOT: How long do the officers and other ranks serve during the year?

Mr. MACKENZIE (Vancouver): As a rule they serve exactly the same length of time. They do their training with their units. In

some cases they do their annual training during the summer months. The period of training varies from ten to fourteen days, according to the militia unit concerned.

Mr. GREEN: How many anti-aircraft batteries are provided in the reorganization?

Mr. MACKENZIE (Vancouver): That has not yet been finally decided upon. The exact location of the anti-aircraft batteries has not yet been decided, but is being considered.

Mr. GREEN: Placing of some of the units has been announced, but I can find no reference to anti-aircraft batteries on the lower mainland of British Columbia. Will a battery be placed there?

Mr. MACKENZIE (Vancouver): This might come under the heading of coastal defence, as apart from the reorganization of the units of the non-active militia.

Mr. MacINNIS: Are any militia officers retiring on pension owing to the amalgamation or disbandment of militia units?

Mr. MACKENZIE (Vancouver): No; no officers would be affected, because no pension is payable to non-permanent active militia in that way.

Mr. LENNARD: I have heard reference to-night to the pay received by officers of the non-permanent militia. I know a little about what goes on in the non-permanent militia forces, and I have yet to hear of one officer in the non-permanent active militia who has received any of the salary allotted to him. It goes into battalion funds.

Mr. MacNEIL: To what will the increase be devoted?

Mr. MACKENZIE (Vancouver): It is mostly for training. May I read the memorandum in regard to it:

To provide for 9 days' additional training for N.P.A.M. anti-aircraft batteries, coast defence batteries, engineer fortress companies and fortress signal companies, and two days' additional training for cavalry, infantry and services.

To provide for a small increase in camp training as opposed to training at local headquarters.

To provide special training for units which will be converted from one arm of the service to another; particularly infantry units being converted to machine gun battalions or tank battalions.

To enable units that have been formed by the amalgamation of two or more units, or have been converted to another arm to train approximately the same numbers as were trained by the original units during 1936-37. This provision is considered most important if the enthusiasm of the new units is to be maintained.

To provide additional funds for royal and provisional schools in order that officers and n.c.o's of units being converted from one arm of the service to another may receive instruction in their new duties.

To provide funds for additional courses of instruction in tank and armoured car training.

To provide a small increase in funds to cover expenses in connection with sickness and injuries to personnel and horses in consequence of increased numbers to be trained.

To provide an increase in the annual allowances in consequence of increased numbers to be trained.

To provide a small increase in funds for the purchase of training manuals. Several manuals are being revised and reorganization of the N.P.A.M. necessitates the purchase of an increased number of others.

Grants to Associations—$1,500.

As a result of reorganization of the N.P.A.M. the number of units affiliated with certain of the Associations has increased while in the case of other associations, there has been a decrease in membership. The additional amount of $1,500 is to meet increased expenditures of the associations in which the number of affiliated units has increased.

Operational expenses of military properties—$10,912.

The bulk of this increase ($6,800) is to cover new charges against this allotment, that is for rent of the Sarcee Indian reserve which has been paid from training allotment in past years, and for snow removal at Halifax which was formerly taken care of by military personnel or by relief labour.

The balance is chiefly due to increased cost for fuel, et cetera, owing to changes in armoury accommodation.

Salaries and wages—$11,228.

There is a net increase of 13 positions as compared with 1936-37. This is chiefly to adopt the approved policy of the department of making civilian appointments to positions such as caretakers, watchmen and firemen, so that military personnel who are presently performing these duties may devote their entire services to regimental duties.

Provision is also made for a few additional caretakers, necessary for the care of new buildings recently taken over by the department, and in some cases to supplement the present staff, consequent upon reorganization of the non-permanent active militia.

Mr. BENNETT: I want to mention one matter to the minister. He said that the total number of men in the non-active militia was some 48,000. How many were there last year?

Mr. MACKENZIE (Vancouver): Of course the paper strength last year of the militia, before reorganization, was 130,000 in round numbers.

Mr. BENNETT: Yes; that is what I am coming to.

Mr. MACKENZIE (Vancouver): The training strength last year was 39,000 in round numbers, and this year we are making provision for a training strength of about 46,000.

Mr. BENNETT: The point I am trying to make was that when I heard him use the figure the other day I was not unaware of the fact that a report was made to the former government with respect to the matter. Reorganization involved a reduction from 143,000 paper strength to 90,000 paper strength. But paper strength had no value; it was the strength actually on the rolls, and the strength on the rolls last year was a little less than 40,000. Do I understand the strength on the rolls now is some 48,000?

Mr. MACKENZIE (Vancouver): The strength on the rolls for training purposes. The paper strength on the rolls this year is about 87,000. We can train only 46,000 of these.

Mr. BENNETT: When I use the term "paper strength," I mean the actual men attached to the units. They had 140,000 at one time. That was paper strength, pure and simple.

Mr. MACKENZIE (Vancouver): Yes.

Mr. BENNETT: At that time there was a discussion as to the reorganization of eleven divisions with one division of cavalry, as the possible thing. After the Washington conference we reduced that to six divisions with one cavalry division. It is upon that statement the minister is now proceeding with his operations.

Mr. MACKENZIE (Vancouver): It was prior to the disarmament conference, in 1932.

Mr. BENNETT: No, no; there were two separate things. I happened to have received the same secret report as the minister is talking about. It provided for eleven divisions, besides the cavalry division. After the Washington conference of 1921-22 we began to readjust our situation. Finally, because of our being called upon to make a report to Geneva for the purposes of the disarmament conference as to what we would regard as our effectives, we made a report which contemplated an effective and paper strength of about 90,000. I understand it is upon this figure that the minister now proceeds. He contemplates the training of a little more than half that number.

Mr. MACKENZIE (Vancouver): That is right.

Mr. BENNETT: The difficulty about the situation is that the paper strength is no indication of the real strength. You can with some degree of certainty say that if you undertake to train 48,000, you probably will be able to train that number. In the breakdown of item number 64, how much is it contemplated to spend on training?

[Mr. I. Mackenzie.]

Mr. MACKENZIE (Vancouver): The total amount to be spent on training is $1,785,800.

Mr. BENNETT: Is that training for seven days or ten days?

Mr. MACKENZIE (Vancouver): It varies according to the unit. Certain arms of the service get more training, especially the coastal defence batteries and the artillery units.

Mr. BENNETT: The infantry training is for seven or ten days?

Mr. MACKENZIE (Vancouver): Artillery, field army, 12 days; coast defence, 21 days. Engineers: units other than fort companies, 12 days; fortress companies, 21 days. R.C.C.S., 14 or 21 days. C.O.T.C., 12 days. Cavalry and infantry, 10 days. R.C.A.S.C. and R.C.A.M.C., 10 days.

Mr. POULIOT: I suggest that officers and non-commissioned officers in the non-permanent active militia should be Canadians. A Canadian is more patriotic and makes a better soldier than anyone else and there is no excuse for other than Canadians being in this branch of the service.

Mr. MacNEIL: I move that vote number 64, non-permanent active militia, be reduced by the amount of $220,640. I move this amendment because of the facts disclosed by the minister during the previous debate. There is every indication that the major part of these appropriations will go to the creation of a mobile force, an ideal arrangement for the dispatch of an expeditionary force overseas. As was intimated, no great attention is being paid to the development of coastal defences or of what might be strictly described as the defence of Canada. There is also every indication of very close cooperation between what has been termed the Canadian war department and the British War Office. I believe our Department of National Defence was rightly described as our war department by the hon. member for Winnipeg North (Mr. Heaps). We have often suspected that department of being the Canadian branch of the British War Office.

There has been no indication that this department has attempted to achieve any greater efficiency or to overcome the obsolete methods which have been adopted in the past. I directed the attention of the minister to the fact that since the armistice this parliament has voted millions for the purposes of national defence and he has admitted in this house that at the end of that period actually no defence exists, that nothing has been accomplished. The suggestion has been made

that we are unchivalrous in attacking the officers of the department, but I would remind the committee that the same practice has been carried out by both sides of the chamber in connection with men who were unable to defend themselves. I think it is quite permissible to question the competency of a department which has shown no results over a long period of years. It is the same staff made up of the same so-called experts who will be called upon to expend these additional amounts, and there is no definite assurance that under a reorganization the department will achieve a more efficient defence. We have had no assurance from the minister that an adequate plan will be evolved to restrict war profits in advance of the outbreak of war or upon the outbreak of war. There has been no definite assurance from the minister that there will be a proper organization of war industry.

There has been no indication that the department will assume any greater responsibility in the expenditure of these sums in connection with the development of the physiques of the young men who may be called upon to serve in these various units. We may yet be involved in a struggle without any opportunity being given to this house to express the will of the Canadian people. Under the Militia Act as it stands to-day the governor in council may dispatch troops abroad by declaring an emergency, and this would be an accomplished fact when parliament met within fifteen days. In moving this amendment we want to make our position clear that in opposing the increase in these votes, we do not take the position that Canada should be entirely without defence. We believe that the ordinary amounts made available to this department should be sufficient to provide adequate protection for our coasts without creating additional forces and storing large amounts of war materials. I am very much alarmed by the admissions made by the minister that this vote simply indicates the commencement of a program which in five or six years will increase the votes to—

Mr. MACKENZIE (Vancouver): I must correct that statement; I never said anything of the kind.

Mr. MacNEIL: The minister said that he would make no commitment with regard to the future but that undoubtedly similar expenditures would be necessary in succeeding years in order to complete the program. I think it is a reasonable inference to make that the general program will necessitate the increasing of these estimates from year to year until our armament project reaches a possible expenditure of $100,000,000. Under these circumstances and in the absence of suitable explanations from the minister, I believe we are fully justified in protesting against the increase in this item.

Mr. POULIOT: What is the percentage of Canadian-born and Canadian residents in the non-permanent active militia, as compared with English-born? I am referring to officers and non-commissioned officers.

Mr. MACKENZIE (Vancouver): I am sorry, but that is not known. However, I may say that all the members of the non-permanent militia are good Canadians.

Mr. DOUGLAS: The minister, in replying to the hon. member for Témiscouata (Mr. Pouliot), gave the number of officers and other ranks in the non-permanent forces. Did he also give the amount of money paid to these men?

Mr. MACKENZIE (Vancouver): I did not have that information under my hand, but I shall get it.

Amendment (Mr. MacNeil) negatived: yeas, 26; nays, 92.

Mr. LOCKHART: The minister has said there is to be an increase in the non-active militia forces during the coming year. Could he state where these increases will take place?

Mr. MACKENZIE (Vancouver): They are distributed all over the country. The authorized peace establishment on December 31, 1935, was 9,010 officers; other ranks, 124,925, or a total of 133,935; 1936, officers, 8,670; other ranks, 117,920, or a total of 126,590. Then the actual strength by military districts is as follows:

Strength by Districts
Numbers all ranks

District	1936 June 30	1935 December 31
M.D. No. 1	4,290	4,290
M.D. No. 2	10,835	10,543
M.D. No. 3	6,094	6,160
M.D. No. 4	5,450	5,757
M.D. No. 5	2,559	1,907
M.D. No. 6	3,639	3,654
M.D. No. 7	2,727	2,787
M.D. No. 10	3,687	3,753
M.D. No. 11	3,261	3,215
M.D. No. 12	3,433	3,366
M.D. No. 13	2,917	3,329
	48,892	48,761

Item agreed to.

Permanent force, $5,848,039.

Mr. POULIOT: May I ask the minister how many militia councils there are, who compose them, and have all members of

these militia councils been in the line in a theatre of war? If not, who are those who have never been there? When I speak of a theatre of war, I speak of any theatre of war.

Mr. MACKENZIE (Vancouver): The defence council is as follows: the minister is the president; the deputy minister, the vice-president; the chief of the general staff, the director of naval service, and the senior air officer are members, while the adjutant general, the quartermaster general, the master general of the ordnance and the judge advocate general are associate members.

Mr. POULIOT: And the names?

Mr. MACKENZIE (Vancouver): The minister, the hon. member knows. The deputy minister sits in front of me, Colonel LaFlèche; the chief of the general staff is Major-General Ashton; the director of naval service is Commodore Nelles; the senior air officer is Air Commodore Croil; the adjutant general is Major-General Constantine; the quartermaster general is Major-General T. V. Anderson; the master general of the ordannce is Major-General Caldwell, and the judge advocate general is Colonel Orde.

Mr. POULIOT: Oh, Colonel Orde. Has he ever been in the line in a theatre of war?

Mr. MACKENZIE (Vancouver): Yes.

Mr. POULIOT: Did he get an increase in pay last year, and are there many other officers in the drill shed or armouries at Ottawa who have had an increase in pay?

Mr. MACKENZIE (Vancouver): I believe his classification was changed.

Mr. POULIOT: An increase of $600, was it not?

Mr. MACKENZIE (Vancouver): Yes, approximately.

Mr. POULIOT: Are there other officers in the drill shed who have had an increase in pay?

Mr. MACKENZIE (Vancouver): There are bound to be every year because there are promotions and retirements every year.

Mr. POULIOT: Speaking of the permanent force, may I draw your attention, Mr. Chairman, to sessional paper 160 reference No. 41, tabled on February 10? A wonderful resumé has been made of it by the correspondent of the Canadian Press, who found that there are 95 officers and 215 other ranks in the department 37 years of age or older, and 34 officers and 377 men younger than 37. Then, dealing with those 37 and over, he found there were 68 officers and 119 men who had served in the line in an actual theatre of war; 4 officers and 9 men who had been stationed farther than twenty miles behind the fighting line; 9 officers and 18 men who had been stationed in England; 14 officers and 60 men who did not leave Canada on active service overseas. Of the total departmental staff, 92 officers and 345 men were born in Canada; 37 officers and 246 men were born outside Canada.

For that reason, sir, I shall vote against this item, because I do not see why men born outside Canada should be on the headquarters staff of the department. There are now 246 of them, and that does not include non-commissioned officers, as to whom I shall have the figures later on because the house has passed an order for a return of that information. I do not see why we do not have good Canadians at departmental headquarters at Ottawa. We have some, but they are not all Canadians. There is no excuse for not giving a chance to Canadians to enlist in the departmental staff as men, as non-commissioned officers, and as officers. It is clear this is something that should be done, and there is no excuse for the contrary. So long as there is one man born outside Canada in the Department of National Defence I shall vote against this item. There should be a general clean-up there.

An hon. MEMBER: What about the minister?

Mr. POULIOT: We have adopted him. I was speaking of the men. The minister is a good Canadian by adoption. Canada is his country by adoption and, I would say, by predilection; besides, he has been elected by the people, and therefore he is all right with me.

An hon. MEMBER: And he is a good Scotsman.

Mr. POULIOT: And he is a good Scotsman. There are many good things about him. I know the minister is not responsible for the state of affairs that exists in the department. What I said the other day I meant. I am not going to move an amendment, but I am ready to vote for an amendment to reduce the vote to the figure at which it stood last year, just on account of the state of affairs in the department and also because of red tape. I am strongly opposed to red tape. Red tape must disappear from the Department of National Defence. I am in favour of a good army to defend our country, but I want no red tape and I want no other people than good Canadians to defend our own country. That is where we should find real patriotism. When I say Canadians, I mean Canadians at

heart; some of them, like the minister, may not have been born in this country, but the majority should be Canadians. As I have said, however, I do not blame the minister or the deputy minister for the present state of affairs; I blame the bureaucracy that has been established there a long time. The minister and the deputy minister have served in the fighting line, but there are some in the department who were hiding themselves when the others were fighting,—and now they are the bosses and try to run the whole show. Enough of that; it must stop. Representatives of the people must bring them to their senses.

There is something else. I ask the minister by what process an efficiency medal is granted to any man in the army. I ask him also if a man has not to be in active service for twelve years before becoming entitled to receive the efficiency medal, and if it is not against King's Regulations and Orders to award that medal to anyone who has not been on active service but who is just an honorary officer. I suggest to the minister that he should read that part of the regulations which relates to the efficiency medal.

Mr. MACKENZIE (Vancouver): The Canadian efficiency decorations are awarded to officers who have completed twenty years of service in the non-permanent active militia and have been certified by the responsible military authorities as being efficient and thoroughly capable officers. Service in the ranks may count as half time, war service as double time, providing the officer was serving in the non-permanent active militia on or before August 4, 1914. Honorary colonels and lieutenant colonels who have qualifying service are also eligible. In all cases the granting of this decoration is purely a matter of routine affecting those who have qualified through the necessary length of service.

Mr. HEAPS: Would the minister give a more detailed statement as to how this amount is to be spent?

Mr. MACKENZIE (Vancouver): Yes. The increase is $234,713. Administration takes $3,998. Provision is made for one officer previously included in the general allotment. There are also minor adjustments of pay and allowances. As regards training, there is an increase of $28,000. That is consequent upon reorganization being carried out in the non-permanent active militia. A larger number of instructors will have to be provided by permanent force units; there will be additional unit training, and courses in Canada, with new equipment recently received and more which will be available during the coming year. Combined training of the permanent force units at a central camp calls for some small increase in addition to the normal courses abroad. Instruction in coast defence, tanks and armoured cars will have to be carried out by eight officers; $11,563 is due to the provision for increased personnel and new building accommodation. An increase of $191,152 is shown under a general heading in which provision is made for an increase of twenty-two officers and one hundred and seventy-three other ranks. This includes nine officers and eighty other ranks who were previously engaged in connection with civil aviation, and also a small increase in other charges incidental to the increase in strength.

Mr. HEAPS: How many men and how many officers are involved in this item?

Mr. MACKENZIE (Vancouver): There are twenty-two officers and one hundred and seventy-three other ranks. Of these, nine officers and eighty other ranks were previously paid under the vote for civil aviation—they probably belonged to the signal corps; they are now paid under this vote.

Mr. HEAPS: What is the total number of men and the total number of officers?

Mr. MACKENZIE (Vancouver): December 31, 1936, 419 officers and 3,617 other ranks, or a total of 4,036.

Mr. POULIOT: And what is the pay of each, please ?

Mr. MACKENZIE (Vancouver): Colonel, on appointment, $9.20 per day, after three years in the rank, $9.60; after six years in the rank, $10. Lieutenant-colonel, on appointment, $7.70; after three years in the rank, $8.10; after six years in the rank, $8.50.

Mr. POULIOT: I do not wish to interrupt the minister, but what I want to know is the total amount to be paid to officers, on the one hand, and men, on the other; also the amount to be paid to non-commissioned officers.

Mr. MACKENZIE (Vancouver): I regret that it is all shown as the total of pay and allowances.

Mr. POULIOT: What I want is the total for officers, non-commissioned officers and men. I will also ask the minister if the number of non-commissioned officers was included in the number of other ranks that he gave before.

Mr. MACKENZIE (Vancouver): Yes. The pay and allowances for 362 officers is $1,029,081; for 3,595 other ranks, $3,504,091.

Mr. POULIOT: Thank you. May I ask the minister also if there is any militia council besides the one he has mentioned.

Mr. MACKENZIE (Vancouver): No. In the old days, I believe, it was called the militia council. It is now called the defence council.

Mr. POULIOT: Would the minister tell us who are the members of that council besides himself and his deputy, whom we all know, who have been in the fighting line in an actual theatre of war? Who are the other members of the council who have been nearer than twenty miles to the firing line, and for more than a week?

Mr. MACKENZIE (Vancouver): I am informed they all saw service either in this war or in former wars.

Mr. POULIOT: In both wars? Not any war. In the South African or the great war? Just a minute, Mr. Chairman, the minister is ready to answer.

Mr. MACKENZIE (Vancouver): I have answered.

Mr. POULIOT: Were there any who did not go to any war?

Mr. MACKENZIE (Vancouver): No.

Mr. POULIOT: I do not mean officers who have gone to England. That does not interest me. That an officer has been stationed in Canada or in the rear in France does not interest me either. I want to know if every member of the council has been in the trenches, in France, on the Salonika front or elsewhere, or at sea, for more than a week during any war? If there are some who have not, I should like to know their names.

Mr. MACKENZIE (Vancouver): Mr. Chairman, I have no personal knowledge touching the hon. member's question. My information is that they all saw service.

Mr. COLDWELL: The minister began to give us the per diem rates of pay for the various ranks. Will he complete that?

Mr. MACKENZIE (Vancouver): These are the rates:

Rank	Pay
Colonel—on appointment	$ 9.20
after 3 years in rank	9.60
after 6 years in rank	10.00
Lt-Col.—on appointment	7.70
after 3 years in rank	8.10
after 6 years in rank	8.50
Major—on appointment	6.50
after 3 years in rank	6.90
after 6 years in rank	7.30
Captain—on appointment	5.20
after 3 years in rank	5.60
after 6 years in rank	6.00
Lieut.—promoted from ranks	4.00
after 3 years in rank	4.40
after 6 years in rank	4.80
after 8 years in rank	5.20
Lieut.—on appointment	3.60
after 3 years in rank	4.00
after 6 years in rank	4.40
after 8 years in rank	4.80
2nd Lieut.	3.00
Warrant Officer Class 1	
Staff Sgt.-Major, Regtl. S.M. and other S.M. of equal rank and appointment	$ 3.70
after 3 years in rank	3.80
after 6 years in rank	3.90
Other W.O's Class 1—	
on appointment	3.40
after 3 years in rank	3.50
after 6 years in rank	3.60
Warrant Officers Class 2	
Regtl. Quarter Master Sergeant Staff Q.M.S., Q.M.S. and S.M. of squadrons, batteries or companies—	
on appointment	2.80
after 3 years in rank	2.90
after 6 years in rank	3.00
Squadron, Battery or Company Sgt. Maj. other than above—	
on appointment	2.50
after 3 years in rank	2.60
after 6 years in rank	2.70
All Other Ranks	
Squadron, Battery or Company Q.M.S. and Staff Sergeant—	
on appointment	2.20
after 3 years in rank	2.30
after 6 years in rank	2.40
Sergeant—on appointment	1.90
after 3 years in rank	2.00
after 6 years in rank	2.10
L-Sgt., Corporal and Bombardier—	
on appointment	1.60
after 3 years in rank	1.70
after 6 years in rank	1.80
L-Corporal and L-Bombardier—	
on appointment	1.40
after 3 years in rank	1.50
after 6 years in rank	1.60
Private (over 18 years old)—	
on appointment	1.20
after 3 years in rank	1.30
after 6 years in rank	1.40
Boy (until 18 years of age)	.60

Mr. COLDWELL: Are these amounts inclusive of rations and quarters?

Mr. MACKENZIE (Vancouver): No.

Mr. COLDWELL: Are there allowances for married officers?

Mr. MACKENZIE (Vancouver): Yes. In every single case mentioned there are allowances for single and married officers and men

of other ranks on a corresponding scale. There is a graduated scale of allowances according to whether they are single or married.

Mr. COLDWELL: Can the minister give the allowances?

Mr. MACKENZIE (Vancouver): These are the allowances:

Rank	Single	Married
Colonel	$3.20	$4.40
Lt.-Colonel	3.00	4.20
Major	2.70	3.80
Captain	2.30	3.20
Lieut. and 2nd. Lieut.	1.80	2.60

Mr. DOUGLAS: What men of different ranks in the three arms of the service are in training in Great Britain? The minister said that there were six officers. This summer I met a number of Canadian officers from the air force who are training in London.

Mr. MACKENZIE (Vancouver): I shall have those under the various votes.

Mr. POULIOT: It has been said that the increases in these votes are due to the spread of communism. That may be so; that may be one of the reasons why there is an increase in these votes. But, Mr. Chairman, would you like to have a recipe for the prevention of communism, something that will result not in an increase but in a decrease in expenditures? There is one thing against which I have always protested and will always protest, and as soon as I have an opportunity to do so I will try to introduce legislation in that regard. For the present, however, I will say that one thing which is shameful is the fact that some members of the Department of National Defence have one foot in that department and the other foot in some other department and on that account they get a pension when they hold a job for which there is no pension. One case is that of General McNaughton. It is a shame. That man, who belongs to the permanent force for which there is a vote here, is no longer chief of staff. He was entitled to a pension of $4,800 in June, 1935. He was not transferred but was seconded or loaned to the Department of Trade and Commerce as head of the National Research Council although he is not qualified for that position, and he receives a large salary, a salary of $15,000—$15,000 too much—and will be entitled afterwards to a pension which will be double the pension to which he is now entitled. He is entitled to a pension as former chief of staff. Let the government send him back to the Department of National Defence and appoint to the National Research Council a good man like Sir Frederick Banting. It would be an honour to him and a great boon to humanity to have Sir Frederick Banting replace General McNaughton as head of the National Research Council. I am willing to go the limit with regard to the permanent force and to make any concession I can. But when a man is no longer necessary in one department and chooses to go to another, he should go there with his two feet; he should not keep one foot in the National Defence department and the other foot in some other department. If the Department of National Defence agrees to the change, it is because it no longer requires him, and if he is not needed in that department I do not see why he should be given this advantage. I cannot understand it. I submit, therefore, that the law in connection with the permanent force should be amended in the very near future, because such a salary paid to a man who is not qualified to receive it is a direct provocation to communists and to all those who are against social order in the country. I am strongly opposed to such salaries being paid to nonentities, to men who give pink teas day after day in an effort to make those whom they entertain forget that they are nonentities. But they are nonentities and they will offer people a glass of wine or a cup of tea, a piece of toast or a piece of cake. And that piece of toast, that piece of cake, that glass of wine, or that cup of tea is an investment they make to keep their job. This is the way in which some people in high office in the civil service carry on. It is bureaucracy at its worst; I denounce it again in this year 1937, the centennial anniversary of the year 1837, and I do not denounce it for McNaughton only, I denounce it for all those who are in the same class of suckers of the civil service, who try to run the whole show. I hope that notice is sufficient to those concerned.

Mr. COLDWELL: The minister quoted a number of allowances just now. In the auditor general's report there is something called a flying allowance. What is that, and to whom is it paid?

Mr. MACKENZIE (Vancouver): That comes under the Royal Canadian Air Force vote. I shall be glad to give the information then.

Mr. MacNEIL: Sometimes this item appears in addition to ordinary pay and allowances of officers attached to headquarters. How many of the officers attached to the permanent force are entitled to the flying allowance?

Mr. MACKENZIE (Vancouver): I am informed that when a militia officer is attached to the Royal Canadian Air Force and is instructed to fly, he gets an additional allowance of $2 a day for the period so employed.

Mr. POULIOT: May I direct the attention of the committee to a mistake which is frequently made in the English language. It is that when an hon. member judges anyone in the pay of this country, the papers say that such member has attacked such high official. I do not attack McNaughton, any more than I would be attacking my bootblack if I said he had given me a bad shine. This man is in the pay of the dominion government. He is a servant of the servants of the people. Therefore I did not attack him; I judged him, as I have a right to do. By tolerance we admit people in the gallery; we could discuss the case of any civil servant in camera without letting anyone hear our remarks, but as we live in a free country people can listen. This is no attack, and those who say it is an attack make a mistake in the use of English; it is just a judgment which we pass.

Mr. MACKENZIE (Vancouver): In reply to the question of the hon. member for Weyburn (Mr. Douglas), there are four officers of the staff at the staff college, Camberley; two at staff college, Quetta; one at the imperial defence college, London; one at the senior officers school, Sheerness; two at the gunnery staff course, Woolwich; one at the anti-aircraft defence school; two at the school of military engineering, Chatham; one at the London City Guilds college; one at the ordnance officers' course, Woolwich, and one at the small arms courses, England.

Mr. STIRLING: In Quetta, India?

Mr. MACKENZIE (Vancouver): Yes.

Mr. MacNEIL: I move in amendment:

That vote No. 65, permanent force, be reduced by $234,713.

I do so for the reasons I have stated before, and also because the minister has shown no justification for this increase. I protest against preparations for an overseas expeditionary force in Canada at this time without full disclosure of our policy in that regard.

Mr. POULIOT: If my hon. friend does not say too much, I shall vote for his amendment. If he says too much, I shall not.

Amendment (Mr. MacNeil) negatived: yeas, 22; nays, 83.

Mr. BENNETT: Does General McNaughton at the present time receive any pension of any kind from this country?

Mr. MACKENZIE (Vancouver): As far as I know, not a cent.

Mr. BENNETT: I desire to ask further whether the minister is aware that General McNaughton receives the salary which the Prime Minister fixed for the head of the National Research Council and which was paid to his predecessor?

Mr. MACKENZIE (Vancouver): That is my understanding.

Mr. POULIOT: Now I shall have to give some more explanation on account of what has just been said by the leader of the opposition. Here was Doctor Tory, one of the clearest minds of this country, a man who had been the principal of a great university in the west, a man of great knowledge and a scientist. When he left he was refused a pension by the right hon. leader of the Tory party, the hon. member for Calgary West (Mr. Bennett). He refused Doctor Tory a pension; then he appointed his pet McNaughton to that high position, and I remember that you, sir, took exception to the matter yourself when you were on the other side of the house. So did I. But never an answer from that moribund government. We were being asked to save money to this country. By sending McNaughton back to the Department of National Defence there would be a saving of thousands of dollars to the Canadian exchequer. But the previous government did not listen to that; they gave a deaf ear to that wise advice, which came not only from St. Mary and Témiscouata but from nearly the whole opposition. McNaughton who had a salary of $9,000 as chief of staff in the Department of National Defence was entitled to a pension of $4,800, or $1,000 more than members of parliament receive now for their arduous duties; he was entitled for the balance of his life to a pension of $4,800; surely that was enough. But although he had apparently no scientific training since the day he left McGill, three score years ago—or one and a half score years ago—he was appointed as head of the National Research Council. To the surprise of all of us that great military genius was put there. We find McNaughton on the National Research Council, Steel on the radio commission, and MacBrien in the Royal Canadian Mounted Police—a fine trio. And afterwards we hear about peace! Mr. Chairman, McNaughton was not transferred; he was loaned. He was loaned by the previous government. He was loaned to the Department of Trade and Commerce. Why? To serve the purpose of the high-ups, of their bureaucracy at its worst. Knowing nothing about the progress of science, he was placed in the National Research Council. He was there at a salary of $15,000. In spite of the fact that the commission does not command any pension, and due to the fact that he has

not been transferred but has been seconded and loaned by the Department of National Defence, instead of having only $4,800 for his pension he will have $9,000 yearly when he retires, and that will be in three or four years at the most. It is shameful, sir, and I strongly protest against it. I maintain that man is not competent, that it is a case of shameful favouritism which anyone must denounce bitterly, because it is a provocation to those who suffer hunger and who complain that they have nothing to eat. It is a provocation to all. I have no animosity against Mr. McNaughton; I do not care about him. For me he is a nonentity and not a man at all, but I do not want any Canadian citizen to ask me, "How is it I can have nothing to eat, while that man has too much, much more than he deserves"? That is all.

Mr. BENNETT: Mr. Chairman, I desire to point out that it is an error to state that Doctor Tory was refused a pension. Doctor Tory was in the service of the country for several years under an appointment which did not enable him to pay into the superannuation fund. He was not eligible, nor was it suggested at any time that he was eligible for pension. I desire to point out, further, that all those who do receive pension under the civil service pay a premium during the period of their term of office, for the purpose of receiving the pension which is awarded to them by law and not as a gratuity or as a charitable act. It is something for which they pay, as we pay for endowment insurance. They pay a premium, and in the estimates the government supplements it to the extent of $2,000,000 each year. That is a right which is accorded by an act which was not made by any of us, and which has been on the statute books for many years.

Mr. POULIOT: One word: I said that Doctor Tory had no pension. He had none. This is a well known fact, and the record is to that effect. That is one point. The second point I know very well, namely, that according to the Militia Act a man from the Department of National Defence may be transferred to another department. That is all right. But this enactment is all wrong, and I will take the first opportunity to have it repealed. The other point is that a man has to be defended when he is a pet. The reason McNaughton was appointed to such a high post at such a high salary was not because he was competent but because he was a very dear pet. That is all.

Mr. DOUGLAS: Could the minister give us the distribution of the permanent force, as he did the militia?

Mr. MACKENZIE (Vancouver): I have it by military districts.

Mr. DOUGLAS: All right.

Mr. MACKENZIE (Vancouver): They are these:

Permanent Force Strength by Provinces as of December 31, 1936

	Officers	Other ranks	Total
Ontario—			
Headquarters, Ottawa..	79	355	434
M.D. No. 1..	26	224	250
M.D. No. 2..	52	564	616
M.D. No. 3..	50	421	471
R.M.C..	14	57	71
Petawawa military camp	1	1	2
	222	1,622	1,844
Quebec—			
M.D. No. 4..	25	234	259
M.D. No. 5..	27	252	279
	52	486	538
Nova Scotia—			
M.D. No. 6..	35	431	466
New Brunswick—			
M.D. No. 7..	7	48	55
Manitoba—			
M.D. No. 10..	43	512	555
British Columbia—			
M.D. No. 11..	29	274	303
Saskatchewan—			
M.D. No. 12..	10	54	64
Alberta—			
M.D. No. 13..	21	190	211
Totals..	419	3,617	4,036

Mr. MacNEIL: In the plan of reorganization has consideration been given to the abolition of some military districts? It seems to me that we now could concentrate our effort on the development of coastal defence, and that in the interests of economy we might abolish some of the thirteen military districts for which headquarters are now maintained. Under the new plan of reorganization will that be possible?

Mr. MACKENZIE (Vancouver): From time to time the question raised has been discussed, but it has not come to my attention recently in connection with reorganization. Suggestions are coming in from time to time, and it has been discussed at headquarters.

Item agreed to.

Royal Military College, $377,200.

Mr. COLDWELL: What is the staff of the military college, and what are the rates of pay for instructors in the institution?

Mr. MACKENZIE (Vancouver): The rates of pay are:

Appointment—Rank—Name—Amount

Commandant, R.M.C., Brigadier, H. H. Matthews, $6,000.

G.S.O.I., Lt.-Col., K. Stuart, $3,723.

Staff Adjutant, Major Bvt. Lt.-Col., C. R. S. Stein, $3,248.60.

Instructor, Air Force, Sqdn. Leader, G. E. Wait, $4,200.

Assoc. Professor Engineering, Major, R. A. H. Galbraith, $2,883.50.

Assoc. Professor Tactics, Captain, Temp. Major, H. O. N. Brownfield, $2,883.50.

Assoc. Professor Artillery, Captain, Temp. Major, D. R. Agnew, $2,883.50.

Administrative Officer, Captain, Temp. Major, H. Stetham, $2,883.50.

Instructor, tactics, Captain Bvt. Major, D. A. Grant, $3,358.

Works Officer, Captain, W. N. Bostock, $2,613.

Weapon Training Officer, Lieutenant, Temp. Captain, D. B. Buell, $2,226.50.

Inst. Equitation, Lieut., C. F. Wolfe, $1,934.50.

Medical Officer, Captain, J. L. Sutherland, $2,000.

Nursing Sister, Lieutenant, F. H. Wylie, $2,044.

Two officers abroad and one accountant (paid at N.D.H.Q. and charged to R.M.C. vote), $9,052.

Total, $51,933.60.

Mr. COLDWELL: I was more interested in the civilian teaching staff. Is there superannuation for the civilian teachers, and, if so, what contributions are made to it?

Mr. MACKENZIE (Vancouver): Yes; they are under the civil service commission. The names are as follows:

Professors:	
Senior professor and mathematics, L. N. Richardson	$ 5,045
Modern languages, W. R. P. Bridger	4,680
Physics and chemistry, J. L. McKee	4,365
Civil engineering, O. T. Macklem	4,365
Associate Professors:	
Surveying, H. H. Lawson	3,780
Mathematics, L. A. Brown	3,780
Mathematics, P. Lowe	3,150
Mathematics, J. P. Twiss	3,150
Civil engineering, L. F. Grant	3,780
Physics, C. C. Cook	3,465
French, C. A. Chabot	3,780
English and history, T. F. Gelley	3,780
Instructors:	
Physics and chemistry, W. R. Sawyer	2,700
Chemistry and French, A. Bleau	2,940
Engineering, G. G. M. Carr-Harris	2,940
French, H. P. Emond	2,730
Modern languages, F. H. Rand	2,670
	$61,100
Less current salary deductions	3,055
Total	$58,045

Mr. COLDWELL: What are the academic standards required for students entering the Royal Military College?

Mr. MACKENZIE (Vancouver): They are as follows:

A candidate must be a British subject, and his parents must have resided in Canada for the two years immediately preceding the date of entrance. A son of an ex-cadet of the Royal Military College of Canada whose residence is anywhere in the British Empire, or a son of a member of the Canadian civil service or the Canadian diplomatic corps, shall not be disqualified on the grounds of non-residence.

At the discretion of the minister, the provision in regard to residence in Canada may be waived in favour of sons of:—

(i) members of the Canadian militia or ex-members of the Canadian permanent force or the Canadian expeditionary force, who, for reasons of health are residing outside of Canada.

(ii) British subjects employed temporarily abroad by purely Canadian commercial or industrial concerns.

In such cases, an affidavit, setting forth the circumstances which require the applicant to reside abroad, must be submitted with the application.

A candidate must have attained the age of sixteen years and not have attained the age of nineteen years on the 1st January in the year in which entrance to the college is desired. In special cases, where a candidate has passed honour or senior matriculation and is physically well developed, he may, on the recommendation of the selection board, and with the approval of the Minister of National Defence, be admitted if not more than two months under the minimum age.

Educational qualifications — The minimum qualification for entrance is as shown hereunder. Any superior qualification (e.g. senior matriculation or partial senior matriculation in addition to junior matriculation) which candidates may submit will be taken into consideration in determining the order of merit of candidates.

To be qualified for admission to the Royal Military College a candidate must have completed a "pass" standard in the examination for any one of the following, provided such examination includes the compulsory subjects algebra and geometry:—

Nova Scotia—Grade XI certificate, provided it covers the requirements for junior matriculation in arts or science at any of the recognized universities in the province.

New Brunswick—Provincial junior matriculation.

Prince Edward Island—Second year certificate of the Prince of Wales' college.

Quebec—The junior matriculation of McGill university, Loyola college, Laval university or L'Ecole Polytechnique, Montreal; or a certificate from the authorities of Laval university that they accept the educational standing of a candidate as the equivalent of their matriculation.

Ontario—Provincial junior matriculation or the matriculation of the University of Ottawa.

Manitoba—Provincial junior matriculation.

Saskatchewan—Provincial junior matriculation.

Alberta—Grade XI diploma.

British Columbia—Provincial junior matriculation.
Abroad—The school certificate of the Oxford and Cambridge examination board or the University of London, which will be accepted, subject for subject, as equivalent of the junior matriculation of McGill university.

Mr. DOUGLAS: What was the enrolment last year at the college?

Mr. MACKENZIE (Vancouver): The number of vacancies allotted by the department for the school term ending September, 1936, was 44. Three additional vacancies occurred after the allotments by the selection board, so the total would be 47.

Mr. DOUGLAS: What was the total number attending the college?

Mr. MACKENZIE (Vancouver): Two hundred is the total number allotted, and I think they were up to strength last year.

Mr. STIRLING: Would the minister break up that forty-seven into the different provinces?

Mr. MACKENZIE (Vancouver): Ontario, allotted quota, 14; candidates admitted, 16; Quebec, French-speaking, quota, 9; admitted, 5; English-speaking, quota, 2, admitted, 7; Nova Scotia, quota, 2; admitted, 3; New Brunswick, quota, 1; admitted, 2; Manitoba, quota, 3; admitted, 3; British Columbia, quota, 3; admitted, 4; Saskatchewan, quota, 4; admitted, 4; Alberta, quota, 3; admitted, 2; Prince Edward Island, quota, 1; admitted, none; Abroad, quota, 2; admitted, 1. The total quota was forty-four and the total admitted, forty-seven.

Mr. DOUGLAS: What fee do the students pay?

Mr. MACKENZIE (Vancouver): First year, annual fees, $100, outfitting allowance $250 and expense allowance $200; second year, $100 and expense allowance, $200; third year, $100 and expense allowance, $200; fourth year, $100 and expense allowance, $200.

Miss MACPHAIL: What is meant by expense allowance?

Mr. MACKENZIE (Vancouver): I suppose it is what we would call spending money.

Miss MACPHAIL: Does the $100 tuition fee cover board and room?

Mr. MACKENZIE (Vancouver): I understand that is the total with the $200 expense allowance.

Miss MACPHAIL: This seems to be a good scheme for the people who can get their children into the college. It has been stated often in this house that the federal government has nothing to do with education, but here we are maintaining an institution where history, mathematics, algebra, geometry and all the things that go to make up education are taught. We vote considerable sums of money in order that a certain group may have their education spoon-fed. This small group of 200 are really educated at the expense of the dominion government. They get their spending money; they get their fees and they get their board and room paid for with only a small expenditure on the part of their parents. They are practically kept by the state. I am not going to say any more about it other than that this is a part of the whole mistaken scheme of always preparing for war.

Mr. VIEN: I think the hon. member is mistaken. The expense allowance is provided by the student in addition to the tuition fee of $100.

Mr. MACKENZIE (Vancouver): The total cost to a student for the four year course is $1,500.

Miss MACPHAIL: Why was the minister referring to spending money? What has that to do with the item under consideration?

Mr. MACKENZIE (Vancouver): I was giving the expense to a student attending the college.

Miss MACPHAIL: Is that spending money provided by the government for the student or by the student for himself?

Mr. MACKENZIE (Vancouver): It is provided by the student.

Miss MACPHAIL: What has the Department of National Defence to do with the amount of spending money a student provides for himself?

Mr. MACKENZIE (Vancouver): I was giving an estimate of the cost to a student attending the Royal Military College.

Mr. COLDWELL: This $250 is really the minimum amount of spending money a student must have? We are everlastingly talking thrift to our children and yet we provide $250 a year as spending money. That seems to me to be quite thriftless.

Miss MACPHAIL: I should like to see scholarships provided for needy students all over Canada who cannot afford to pursue their studies. I do not expect that my suggestion will be acted upon, but I would like to see this total amount of $377,200 made available to students in Canada who have not the means to pursue the studies they are well qualified to pursue. I have always thought that the Royal Military College was a part of the war machine in Canada; I still think

so, and I resent the fact that while, ordinarily, education cannot be touched by the federal government, yet in circumstances such as these the federal government hires professors and they go on teaching these students. We do this in one field, but in another field we cannot teach young Canadians because the field of education is controlled by the provinces. I protest against that.

Mr. MacINNIS: We have here an item of nearly $400,000 which is spent for the education of approximately, I think, 200 students. I wonder whether the minister could give us any information as to the occupation these men follow after their university career is finished.

Mr. MACKENZIE (Vancouver): I think I had better give the percentage taking commissions. The balance would go to civilian occupations, mostly to different branches of the engineering profession. The percentage taking commissions from 1919 on was 18, 5, 14, 9, 28, 30, 29, 18, 29, 12, 23, 30, 17, 47, 35, 49, 44 per cent. So 56 per cent last year would go into civilian occupations, and 44 per cent took commissions in various services.

Mr. HEAPS: Why does the military college train students for private vocations?

Mr. MACKENZIE (Vancouver): The military college provides excellent instruction in various branches of the engineering profession, and when the students graduate, if there are not openings for them in various branches of the service, naturally they go into different professions.

Mr. HEAPS: I know of cases where students have entered the Royal Military College, when the opportunity presented itself, in order to obtain a civilian training. If we are going to have a military college, why should it not be maintained strictly as a military institution? Not that I am anxious to maintain military institutions, but if we are going to maintain this one, that seems to me the efficient way to conduct it. Would the minister tell us whether there would be vacancies in our permanent militia for 100 per cent of the students upon graduation.

Mr. MACKENZIE (Vancouver): I am informed that there would not necessarily be.

Mr. HEAPS: Complaint was made a few moments ago by one hon. member that a large number of officers with the Canadian militia have come over from Great Britain. I do not know to what extent that is true, but the statement has been made, and other members have the same impression. Perhaps the minister would give us information in that regard.

[Miss Macphail.]

Mr. MACKENZIE (Vancouver): Is my hon. friend speaking of the non-permanent militia or of the permanent force?

Mr. HEAPS: The permanent force.

Mr. MACKENZIE (Vancouver): There are quite a number in the permanent force who are British-born, but in the permanent force there are no officers from England except for temporary periods of attachment in Canada.

Mr. DOUGLAS: On what basis are the Royal Military College students selected?

Mr. MACKENZIE (Vancouver): On a quota basis from the various provinces of the dominion.

Mr. BENNETT: Fixed by statute.

Mr. MACKENZIE (Vancouver): Yes, fixed by statute.

Mr. DOUGLAS: I know there is a quota for each province; but how are the students selected? Is it by examination?

Mr. MACKENZIE (Vancouver): The board of education for the province makes a report on the educational standing of the applicants, and then selection is made on the basis of comparison and merit.

Mr. VIEN: I would like to suggest an amendment to the course of tuition given in the Royal Military College. Prior to two years ago the student who graduated from the Royal Military College could enter a university of the province of Quebec for any profession, but last year the Quebec law with respect to the bar, the Quebec Bar Act, was amended, so that to-day a graduate from the Royal Military College is not admitted to the study of law in the province of Quebec unless he follows an additional course in philosophy. I would suggest, in order that graduates of the Royal Military College might be able to enter any liberal profession, that philosophy should be added to the course of tuition.

Mr. MACKENZIE (Vancouver): Thank you.

Mr. BENNETT: May I direct attention to one thing, which I thought the minister was going to deal with? The hon. member for Grey-Bruce (Miss Macphail) asked why we should maintain the Royal Military College. It is maintained under the provisions of head 7 of section 91 of the British North America Act. Under that section, as perhaps all members know, exclusive jurisdiction to deal with the militia, military and naval service, and defence was vested in this parliament, and under that provision we have established that school. That answers to some extent the question put by the last member, as to why the course of instruction is as it is.

On the question of education generally I was surprised at the question being asked in the form in which it was. Section 93 of the British North America Act provides:

In and for each province the legislature may exclusively make laws in relation to education, subject and according to the following provisions—

And those provisions respect the rights of minorities and matters of that kind.

Mr. COLDWELL: I notice that the cost of the Royal Military College is $368,400. If there are 200 pupils, that means the cost is approximately $1,800 per pupil. Is that in addition to the fee which is paid? If so, the cost runs to nearly $2,000 per pupil per year, and I would point out that many of our schools in western Canada are being run for a quarter of that amount, for the teacher and the education of all the students in the school.

Mr. MACKENZIE (Vancouver): The total expenditure for the year 1935-36 was $359,-132.83. The average for 200 students in 1935 was $1,795.66, or, less the annual fee of $100, $1,695.66.

Mr. LOCKHART: In view of the increased activity in aviation, are any arrangements being made at the Royal Military College to have the curriculum include instruction in this field of work to encourage and develop our young men who may be going through the college? Is any special provision being made for the young men to develop in that field?

Mr. MACKENZIE (Vancouver): At the present time we have in the college an instructor in aviation. But I think what the hon. member means is to make special facilities available for these boys, on graduation, to enter the air force. That is being done.

Mr. LOCKHART: The reason I inquire is that I know quite a number of the boys who are attending the Royal Military College, and there is a feeling among them that a number would like to enter the aviation field. I wondered whether that wish could be met to the extent of special training and other inducements to them to enter that branch of the service.

Mr. MACKENZIE (Vancouver): At the present time graduates are offered commissions in the Royal Canadian Air Force, but I assume the same conditions apply here as obtain in other branches of the service, and that all cannot get commissions who wish to obtain them.

Mr. MARTIN: Without anticipating the resolution which stands in my name, it does seem to me, having in mind the great expenditure on the Royal Military College, an institution intended for the national welfare, and in view of the reply given by the minister that a student expends on his own behalf about $1,500 over the four year course, that opportunities should be given to young men who have not the means but who possess special aptitude for this kind of work; that if the college is to be maintained as a state institution, some facilities should be afforded to poorer students in order to remove the stigma of aristocracy or exclusiveness which certainly attaches to those who are privileged to attend the college. I say that without desiring to reflect upon the character of any of those who are now attending or have attended the Royal Military College. But in every community in which I have lived there are some boys who, because they have attended the college, consider that they occupy in consequence a special social standing in the community. Yet there were many others in the same community who were as well qualified to attend but who, because of financial disability, were precluded from doing so. I suggest to the minister that serious consideration be given to extending the privilege of training at this institution to those who, solely because of financial reasons, are unable to attend. I should like to have the minister either approve or disapprove this suggestion.

Mr. MACKENZIE (Vancouver): I might sympathize very largely with the views of my hon. friend, but they raise, of course, a question of government policy upon which I am not competent at the present time to pass.

Mr. CLARKE (Rosedale): Are there any aeroplanes or is any equipment of that type available at the military college for the education of the students? If so, what amount of this money is set apart for that kind of training?

Mr. MACKENZIE (Vancouver): My information is that they are instructed at the Royal Military College in the theory of aviation and subsequently go for training courses to Camp Borden or elsewhere.

Mr. BENNETT: The hon. member for Essex East (Mr. Martin) overlooks one fact. All the students who go to the Royal Military College, Kingston, go there on merit. I remember a former minister of militia, Colonel Ralston, saying that perhaps it was the one institution left in all the world in

which merit determined the right of a student to attend. There is no question of financial position at the time the examinations are held; if a student who is very poor tops the list he will have the opportunity of going, and in most cases there have been found in all communities men willing to assist such students to go to that college. I have in mind a case that came to my own attention through a friend who was deeply interested in the welfare of a young man who had passed at the top, and who succeeded in graduating although he came from a very humble home and had no money of his own. It is not unusual for boys of humble circumstances to graduate at the top of their class, but the point I desired to make was that it is perfectly clear there is no question of riches or poverty at the time the preliminary examination is passed; choice is made on the basis of merit and not on the financial or social circumstances of students.

Mr. DUPUIS: But in the case of these poor students who are at the top of their class there is, I understand, no government appropriation to help them to attend the Royal Military College.

Mr. BENNETT: That is right.

Mr. MACKENZIE (Vancouver): They are not debarred from going, except that the number of students who can be accommodated is limited to two hundred, and of course that makes the number available from each province comparatively small.

Mr. DUPUIS: But supposing it is only possible for the young man's parents to pay the $100 fee; the balance of money required will not be paid, I suppose, by the military college administration?

Mr. MACKENZIE (Vancouver): No. It costs $450 the first year and $350 each year thereafter until the student graduates.

Mr. HAYHURST: As I understand it, the body that chooses the students selects them on the basis of merit, but I must point out that in many parts of Canada, and certainly in my own district, nothing is known of the Royal Military College and no one from our community has ever been accepted in the college. At least one hon. member has spoken this evening as though it made some difference where a man is born. In my constituency it happens that most people come from central or eastern Europe, but it does not matter whether they are born in England, or Ireland or eastern Europe or Quebec or Ontario or elsewhere, they all receive the same consideration at the hands of our people and, I may add, at the hands of the Alberta department of education; so that I take issue with anyone who raises in this house any question of racial superiority or even suggests that because, for instance, one man was born in Scotland and another in England there may be some difference in their calibre or abilities. I have always held the idea that, no matter where a man or a woman is born, he or she is to be judged wholly by his or her integrity, character and intelligence. The same considerations, in my opinion, should apply to admission to the Royal Military College. It happens that in Alberta two boys were chosen for the British navy. We know why they were chosen, because a competitive examination was held and thrown open to applicants from Alberta. These two boys, one from Lethbridge and one from Vegreville, were selected and entered as cadets, and they are now serving as lieutenants in the British navy. As I have said, this was a competitive examination, and selections were made on the basis of ability, irrespective of race, creed or colour.

It would seem that knowledge of the Royal Military College should be more widespread, so that we may be assured of recruiting boys who have ability, without special consideration to those whose financial circumstances may enable them to get the best type of training, which I believe must or should be given at the college, if they can get $1,700 per pupil. The hon. member for Rosetown-Biggar (Mr. Coldwell) stated that in Saskatchewan many schools are run for a quarter of that amount. In Alberta we consider ourselves lucky if we get a similar amount. What we need is a more equitable deal for all the people of Canada, without regard for this race superiority complex, which should not be voiced in this chamber.

At times one finds it difficult, when listening to these debates on defence, to separate what is intended to be serious from what seems to be futile. As a matter of fact, a whole lot of it is purely political propaganda, perhaps for the purpose of raising our status as politicians. We are one of the British peoples, though some hon. members seem to hate to admit it. After all, we are all a part of the British Empire, and although I represent a part of Canada more thickly populated than any other by new Canadians, I am not afraid to make that statement. I repeat, we are all a part of the British Empire, notwithstanding the fact that there are people who perhaps feel it is a terrible thing for us to have the British fleet behind us. I do not suppose that in Britain they mind saying, the fleet is behind us. I do not think there should be any

objection to having aeroplanes to protect our own coasts in order to safeguard our democracy. I feel keenly about democracy because it is the greatest asset we have. It is something to be prized, to be able to come here and speak our minds freely and listen to the different statements that are made. Some hon. member from Toronto said that Canada resembled a Balkan state, but as a matter of fact each province is part of the great dominion, and whether we were born in England or anywhere else, we should all be loyal to the dominion.

Mr. MacNEIL: Are the students required to have a recommendation from the minister or from any other person in order to be admitted to the college?

Mr. MACKENZIE (Vancouver): The minister has no say, except in certain cases where the quota is not filled; then the selection is made from a general list by the selection board, and the appointments are made on merit.

Mr. MacNEIL: Is that determined by competitive examination?

Mr. MACKENZIE (Vancouver): According to the ratings they have previously established in their respective provinces. If one province did not fill its quota, there might be a vacancy and that would be filled after a comparison of qualifications and on the basis of merit.

Mr. HEAPS: Suppose in a particular province there are four vacancies and of the persons entitled to go one or two decline, Would an opportunity be given to the students in that province to fill the vacancy or vacancies?

Mr. MACKENZIE (Vancouver): No; it is done from the general list if the province does not fill its quota.

Mr. MacNEIL: Are graduate students, not granted commissions on the forces, kept on the reserve of officers?

Mr. MACKENZIE (Vancouver): They join the militia.

Mr. McCANN: Has the Royal Military College any degree-conferring power?

Mr. MACKENZIE (Vancouver): No.

Mr. McCANN: It is unfortunate that it has not. I have known something of the institution for a number of years and have known a great number of distinguished graduates. I feel, at times when there is a good deal of criticism of the institution, that we do not stop to think. There is not in this country a university which, through the tuition fees paid by its students, would be in a position to educate them. We forget entirely that our universities are aided either by private philanthropy, endowment funds or provincial grants. The Royal Military College could not for a moment carry on if it were not given some aid from the federal government, and it being the only institution of its kind in Canada carrying on its particular line of work, I submit that it is entitled to the aid it receives from the federal government. It is too bad that this government, who run the Royal Military College, do not arrange that a degree should be conferred upon those who graduate—a degree which would entitle the graduates to be placed in exactly the same position as are men in universities who take a similar course.

A number of those who graduate from the Royal Military College take out commissions in the imperial army and follow that particular career. There are others who take a course in engineering, and who, in order to enter the competitive field in engineering, in this or in any other country, after leaving that school, find it necessary to take a year at some recognized university which has the degree-conferring power. I suggest to the minister that this institution should have a charter as a university in order to give its graduates degrees just as universities do that pass students in the different lines of science. I know, having been educated in the city in which the Royal Military College is situated, that although a good deal is said at times about its students assuming that they have a higher social standard because they belong to that particular school, because they wear a pill-box hat, and although there is supposed to be some snobbery among them, it was one of the duties imposed upon us attending Queen's university to take some of that snobbery out of them—and we were usually successful—so that they were better off for having been in a town where there was another university. However, that is aside from the point I wish to make, which is that the Royal Military College holds in Canada a unique position. It has trained a large number of men who have reached prominence in the military and scientific departments of the country and it is doing a very useful work. I submit, therefore, that it should continue to have the federal subsidy provided for in this vote.

Mr. LENNARD: Referring to the question of snobbery among the cadets of the Royal Military College, I should like to say that

they show a distinct politeness to their elders which is lacking in some of those attending our universities.

Mr. BENNETT: I had hoped that the minister would answer the very pertinent inquiry made by my hon. friend from Renfrew South. The fact is that I asked the question myself when I first knew of the college. The reason no degrees are awarded is that it is not intended that the college should give a civil education, if I may use that term, and the justification for its existence is found under the head of section 91 of the British North America Act. If it were awarding degrees for academic distinction, it would be placed in such a position that it might be regarded as violating the provisions of section 93 of the British North America Act. It is therefore, a purely constitutional reason why no degrees are awarded. The institution can exist only as a military school. Essentially that characteristic must dominate its life, and if it departs from that and becomes a civil educational institution under the provisions of the provincial legislatures, it can receive no federal aid. That is the real reason.

Item agreed to.

Progress reported.

On motion of Mr. Lapointe (Quebec East), the house adjourned at 10.55 p.m.

Tuesday, February 23, 1937.

The house met at three o'clock.

EMPLOYMENT AND SOCIAL INSURANCE ACT

Mr. JEAN FRANCOIS POULIOT (Témiscouata) moved for leave to introduce Bill No. 30, to repeal the Employment and Social Insurance Act.

He said: Mr. Speaker, I am moving the introduction and the first reading of this bill to repeal the Employment and Social Insurance Act. Last June this legislation was K.O'd by the Supreme Court of Canada and on January 28 the privy council gave it its coup de grace. Since February 1 this legislative corpse has been lying in state on the order paper. It is too late to revive it or even to embalm it. This bill is intended to be a grave digger as it is high time that this legislation was buried.

If I may be permitted, I should like to give a little experience I had just recently. Three commissioners were appointed under this act, and I was told the other day by the government that the judgment of the privy council decided the status of these gentlemen. I drew your honour's attention to the fact that one of these commissioners had been canvassing from door to door among the members and I inquired if he had a licence as a parliamentary agent. I went up to my room and I saw him in the corridor speaking to a stenographer. He was probably trying to canvass her. He told me that he wanted to see one of my colleagues, whose office was beside mine. I happened to know from that hon. gentleman that this former commissioner, who had received a salary of $9,000 per year for doing nothing, was looking for another soft job paying at least $5,500. I called down to the main door to have a constable sent up. When the constable came up I asked him to ask this gentleman if he had a licence as a parliamentary agent. The gentleman gave no answer to the constable. I then went over myself and I said, "What are you doing here, bothering the members, running from room to room?" He said, "I want to see such and such a member." I said, "I know that is false because that member told me he wanted nothing to do with you, that you were just looking for a soft job." I said, "Have you a card as a parliamentary agent?" And he said, "No." I then asked the constable to escort him out of this parliamentary building, which he did. I had to do this thing myself, but I did it, and this gentleman is now out of the building. Therefore I want the commission put out of the picture also. I move the introduction of this bill, seconded by the hon. member for Hochelaga (Mr. St. Père), the respected whip of Quebec.

Hon. ERNEST LAPOINTE (Minister of Justice): Of course my hon. friend can insist upon introducing this bill and the others that follow it on the order paper, but I should like to say that the legislation which these bills are intended to repeal has no operative effect whatever and no purpose would be served by taking it out of our statutes. On the other hand, some of this legislation might be amended and by co-operation with the provinces be brought within the sphere of federal jurisdiction. As to the others there is the possibility of amending the British North America Act, still in co-operation with the provinces, to make the legislation effective.

As there is no purpose whatever to be served by repealing this act, which is a dead letter as it is, and as it may be useful in some way to keep it there, perhaps my hon. friend would agree to let the statute remain as it is now and allow the government to deal with it in the best interests of the house and of the people.

Mr. POULIOT: Answering what my hon. leader from Quebec has said, I do not intend to kill that legislation, because it is dead now; I am only trying to bury it—that is the difference. If we have a dead letter on the statute book it is just as well to dispense with it, because otherwise when there is a revision of the dominion statutes these acts will be included.

Mr. LAPOINTE (Quebec East): No, never.

Mr. POULIOT: I think it is just as well to allow this bill, which is only seeking to repeal another act, receive its first reading. Never did a government object to the first reading of a bill except when the leader of the opposition (Mr. Bennett) was Prime Minister. I hope my hon. friend the Minister of Justice has no objection to the first reading being given.

Mr. LAPOINTE (Quebec East): I have no objection. The hon. member has a right to introduce it, but it is useless.

Motion agreed to and bill read the first time.

WEEKLY REST IN INDUSTRIAL UNDERTAKINGS ACT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved for leave to introduce Bill No. 31, to repeal the Weekly Rest In Industrial Undertakings Act.

Motion agreed to and bill read the first time.

MINIMUM WAGES ACT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved for leave to introduce Bill No. 32, to repeal the Minimum Wages Act.

Motion agreed to and bill read the first time.

LIMITATION OF HOURS OF WORK ACT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved for leave to introduce Bill No. 33, to repeal the Limitation of Hours of Work Act.

Motion agreed to and bill read the first time.

NATURAL PRODUCTS MARKETING ACT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved for leave to introduce Bill No. 34, to repeal the Natural Products Marketing Act, 1934, and the Natural Products Marketing Act Amendment Act, 1935.

Motion agreed to and bill read the first time.

DOMINION TRADE AND INDUSTRY COMMISSION ACT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved for leave to introduce Bill No. 35, to amend the Dominion Trade and Industry Commission Act, 1935.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, in reference to these bills there is a great deal to be said on both sides. I presume that it is inopportune on the first reading of a bill to enter into a prolonged and detailed discussion, but the remarkable thing about this proceeding is that the leadership of this house has evidently passed to the hon. member for Témiscouata.

Mr. POULIOT: Mr. Speaker, with the permission of the house I have just one word to say in reply to the hon. member for St. Lawrence-St. George. The other day he said that the decisions that had been given by the privy council were just opinions, and it is precisely on that ground that I am asking for the repeal of these bills, which are all wrong.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

THE BUDGET—SUSPENSION OF STANDING ORDER 28 FOR SITTING OF THURSDAY, FEBRUARY 25—TRADE AGREEMENTS WITH RUSSIA AND GERMANY

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

That standing order 28 respecting the committee of ways and means be suspended for the sittings of Thursday 25th February and Friday 26th February, 1937.

He said: Standing order 28, as hon. members know, obliges the Speaker to leave the chair on Thursday and Friday without question being put. It is the intention of the Minister of Finance (Mr. Dunning) to introduce his budget on Thursday next, and he wishes to do so with the Speaker in the chair.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, this would seem to be an appropriate time to ask whether the trade agreements between Canada and Russia and Canada and Germany will be laid upon the table before Thursday. I cannot recall that having been done, and I think it should be done before the budget is brought down.

Mr. MACKENZIE KING: I should prefer to have the Minister of Finance answer the question. I shall ask him to do so to-morrow.

Right Hon. Sir GEORGE PERLEY (Argenteuil): Before this motion passes may I suggest to the Prime Minister that it should refer to Thursday only? It has been the custom for many years to adjourn the debate on the budget over Sunday in order to give members the opportunity to consider its provisions, and this practice should be followed particularly this year if there is to be submitted at the same time a new trade agreement between the United Kingdom and Canada. I do not suppose the Prime Minister wishes to give up the privilege of going into supply on Friday without a motion, and I would therefore suggest that this motion be amended to apply to Thursday only, with the understanding that the budget debate will not be proceeded with until probably next Tuesday. This I think would give ample opportunity to hon. members to consider it properly.

Mr. MACKENZIE KING: Mr. Speaker, may I say that the government had no intention of proceeding with the debate on the budget on Friday. It was intended that the debate should be adjourned until next week. As to whether it should be adjourned until Monday or Tuesday next, might be arranged when the Minister of Finance is here. I imagine that the minister will take no exception to having an adjournment made until Tuesday if that is the wish of hon. gentlemen opposite. As a matter of fact I had one copy of the motion amended in the form in which my right hon. friend (Sir George Perley) has just suggested, making it apply to Thursday only. I spoke to the clerk, a moment or two before the house met as to the advisability of the amendment being made in that way. It was thought that it did not very much matter, that in any event the house could go into supply on Friday. We do not anticipate any opposition to the motion to go into supply on that day. However, it may simplify matters if the motion is amended as suggested, and I so move that it be adopted with the words "and Friday 26th February" omitted.

Motion as amended agreed to.

PRECEDENCE FOR GOVERNMENT BUSINESS ON AND AFTER WEDNESDAY, MARCH 3

Right Hon. W. L. MACKENZIE KING (Prime Minister): With the consent of the house I propose, for the convenience of hon. members, to put a motion with respect to sittings on Wednesday of which notice appears in to-day's votes and proceedings. Tomorrow will be the last private members' day if the house so agrees. I gather there is an understanding between members of the different parties in the house that this will be acceptable to them. If that is so, I would now move:

That on and after Wednesday the 3rd of March next to the end of the session, government notices of motions and government orders shall have precedence on Wednesdays over all business except introduction of bills, questions by members and notices of motions for the production of papers.

Motion agreed to.

CANADA-UNITED KINGDOM TRADE AGREEMENT

ANNOUNCEMENT WITH RESPECT TO SIGNATURE THIS DAY AND TABLING ON THURSDAY NEXT

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to advise the house that the trade agreement between Canada and the United Kingdom was signed at noon to-day. The agreement was signed on behalf of the United Kingdom by Sir Francis Floud, K.C.B., High Commissioner for the United Kingdom, and on behalf of Canada by the Minister of Finance (Mr. Dunning) and myself. The agreement will be tabled on Thursday afternoon.

UNEMPLOYMENT RELIEF

ALLEGED DISCRIMINATION ON POLITICAL GROUNDS AGAINST APPLICANTS UNDER LAND SETTLEMENT SCHEME

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): There is an extraordinary news item in the Montreal Gazette of to-day, to the effect that unemployed who desire assistance in settling on the land will be refused aid if they have "advanced ideas" or have been members of a communist or socialist organization; that aldermen at the city hall were so informed yesterday by the Auger-Rogers back-to-the-land plan forwarded them by the provincial ministry of colonization. The regulation reads in part:

The would-be colonist of "advanced ideas" who has previously taken part in a communist or socialist organization cannot be accepted.

In view of the fact that the opposition in the British House of Commons is a socialist opposition, and that New Zealand, a sister dominion, is under a socialist government, it seems to me an extraordinary thing that any regulation of this kind can be put forward in one of our provinces. I am aware that later in the article the Minister of Labour (Mr. Rogers) is reported as saying he knows nothing

of the matter, but I do not think that that statement of his, as given to the press, is quite enough, and I ask whether the minister will give the house the assurance that the government will give no assistance to any scheme that discriminates against any individual because of his political affiliations or his religious beliefs.

Hon. NORMAN McL. ROGERS (Minister of Labour): All agreements with the provinces concerning unemployment relief contain a provision that there shall be no discrimination with respect to race, religion or political affiliation. In my opinion no regulations under any agreement can be made which are contrary to that provision. I hope that will satisfy my hon. friend.

LABOUR DISPUTE

GOVERNMENT DOCK FACILITIES AT VANCOUVER AND UNLOADING OF MOTORSHIP BELLINGHAM

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I desire to direct a question to the Minister of Transport (Mr. Howe) with reference to a situation in the port of Vancouver. I have received to-day a telegram, a copy of which has been sent, I believe, to the minister. It states that the motorship Bellingham, American registry, arrived in the port of Vancouver yesterday with a cargo of fish consigned to the Canadian Fishing Company Limited. The owners of the vessel wished to have the International Longshoremen's Association of Vancouver discharge the cargo. The Canadian Fishing Company will not allow that to be done at their dock. The owners of the vessel are willing to have the cargo discharged at any other dock. Mr. Burns, who I believe is the port manager at the government docks, advised the International Longshoremen's Association that he is not in a position to say that the facilities of the government docks will be available if members of the International Longshoremen's Association are employed to unload the ship. Could the minister give the house any information with regard to this matter, and state whether the shipping federation completely control the men who are to discharge and load ships in the port of Vancouver, and particularly on government docks?

Hon. C. D. HOWE (Minister of Transport): I received notice of the hon. member's question and telephoned our port manager to-day. The facts are not exactly as stated by the hon. member. It is true that the steamship Bellingham arrived at Vancouver yesterday with a cargo of 250,000 pounds of frozen fish consigned to the Canadian Fishing Company Limited, but the contract for the carrying of this cargo calls for the running of the cargo at the dock of the Canadian Fishing Company Limited, Vancouver. After unloading about twenty-five per cent of the cargo the ship's crew discontinued servicing the winches, thereby causing a stoppage of work on the part of the longshoremen. The reason given for this action by the ship's crew is that the longshoremen working the ship are not members of the International Longshoremen's Association. On the other hand, the Canadian Fishing Company Limited refuses to permit I.L.A. men to discharge cargo at its dock. It is to be noted that the Canadian Fishing Company Limited is not a member of the local shipping federation. Representatives of the local International Longshoremen's Association called upon Mr. Burns stating that the reason for the action of the ship's crew was that before leaving Ketchikan for Vancouver the crew had been assured that the cargo would be unloaded by I.L.A. men. They then wished to ascertain whether Burns would permit the unloading of this cargo at the harbour board's fish dock. Mr. Burns pointed out that this was quite impossible for the reason that the water depth of the fish dock would be insufficient, it being about ten feet only, to accommodate the steamship Bellingham. Moreover, the landing of the cargo elsewhere than on the Canadian Fishing Company's dock would create a breach of the contract between the vessel owner and the company under which the latter could refuse delivery of the cargo; in other words, before any arrangement could be made to unload the cargo at any dock, arrangements would have to be made for the disposal of the cargo. It is perishable cargo, and if it is unloaded at our docks and thrown out there it would belong to no one. We should like to know before it is unloaded what the disposition of it is to be, and who is to pay the charges.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Naval services—To provide for the maintenance of the ships and establishments of the naval service, including the Royal Canadian Navy, the Royal Canadian Naval Reserve and the Royal Canadian Naval Volunteer Reserve, $4,486,810.

Mr. POULIOT: This vote is for naval services. Last year it was $2,654,000; this year it is $4,486,000 or an increase of $1,832,000.

The government has decided that two new ships shall be purchased for the protection of both our coasts. I take it for granted that the government's views in this respect are sound, but on the other hand we must not forget that the coasts on both sides are hundreds of miles long and there are many bays on the Pacific as well as on the Atlantic seaboard, besides the gulf of St. Lawrence and the St. Lawrence river. It is necessary, therefore, for the new ships to be the most effective and speedy. Our entire fleet on each side will consist of one man of war only, and the life of that man of war is that of a dog, twelve years. I submit, therefore, that when the government decides to purchase one battleship for the defence of each coast the ships should be the most efficient and the speediest, and ships that can give the best service. I believe hon. members will agree with me in that. I do not object to the vote because it is too large—and I am wondering whether there will be an amendment to reduce it—but I do object to it because it is too small. We do not need second hand ships, and if the government is of the opinion that we must have ships to defend our shores they should be the very best. If we have a small ship let it be the latest one from the shipyards. I cannot therefore vote for any amendment to reduce this item, because I do not think it is large enough; and for that reason I cannot support this item in the estimates.

Mr. BARBER: Will the minister explain this vote and tell us what proportion will go to the Pacific?

Mr. MACKENZIE (Vancouver): Perhaps I had better break it down. The increase is $1,832,310, made up as follows:

Pay and allowances, $359,325.
Stores and allowances, $350,760.
Medical services, $3,500.
New ship building, in connection with four mine sweepers to be constructed in Canada, $700,000.
Repairs and maintenance, $128,400.
Works, lands and buildings, $200,000.
Miscellaneous effective services, $92,225.

There is a decrease of $1,900 in non-effective pay vote. May I make it clear that the vote for two destroyers purchased from England is not in the present increase; it is to be introduced in a special supplementary estimate for 1936-37. The main increase in this vote is for the four mine-sweepers and stores and equipment on both coasts.

Mr. BARBER: What will be the total expenditure for naval protection? The estimates are divided into three parts; we have roughly $19,000,000 for land forces, and about $11,000,000 for air forces, and I understand there is about $5,000,000 for naval protection. What will be the total for naval protection—$5,000,000 or $7,000,000?

Mr. MACKENZIE (Vancouver): The two destroyers were really under this fiscal year's expenditures because negotiations to purchase them were completed last year and they will be charged against expenditures for 1936-37. The total of $2,000,000 should be added to the figure shown for the present year.

Mr. BARBER: Seven millions?

Mr. MACKENZIE (Vancouver): Yes in all.

Mr. HEAPS: Can the minister give us any idea what the annual increase in the estimates will be to take care of this expenditure now proposed?

Mr. MACKENZIE (Vancouver): The appropriations for 1937-38 are:

Ships—
Saguenay (destroyer), $296,925.
Champlain (destroyer), $25,000.
Skeena (destroyer), $295,525.
Vancouver (destroyer), $25,000.
Crescent (now Fraser) (destroyer), $300,000.
Cygnet (now St. Laurent) (destroyer), $300,000.
Armentieres (mine sweeper), $41,980.
Vessels in reserve (Ypres and Festubert), $22,950.
New schooner, $28,650.
New construction (towards 4 mine sweepers), $750,000.
Fitting ships for R.C.N., $56,000.

Barracks—
R.C.N. barracks, Halifax, $436,500.
R.C.N. barracks, Esquimalt, $485,145.

Dockyards—
H.M.C. dockyard, Halifax, $102,225.
Armament supply depot, Halifax, $168,050.
H.M.C. dockyard, Esquimalt, $78,500.
Armt. supply depot, Esquimalt, $332,180.

Port Defences, $42,300.

Naval Intelligence—
Headquarters, Ottawa, $13,650.
Halifax, $7,800.
Esquimalt, $6,900.
Naval headquarters, Ottawa, $54,625.
Officers and men overseas, $278,000.
Cemeteries, $1,550.
Comox rifle range, $1,330.
Ottawa W/T station, $22,300.
General Account, $19,250.
Royal Canadian Naval Reserve, $43,500.
Royal Canadian Naval Volunteer Reserve, $250,975.

Mr. HEAPS: I did not make myself clear. What I want to find out is what increase in the estimates will be necessary as a result of the expenditures we are incurring this year for increased naval armaments and new ships. Will that mean an increased future outlay each year?

Mr. MACKENZIE (Vancouver): It will be the difference in the number of ratings and stores necessary for the new destroyers as against the old ones. The new ships are considerably larger and will require an increased personnel. There will be an increase personnel for the new mine sweepers and training schooner. Otherwise there is no increase.

Mr. HEAPS: What will be the increase?

Mr. MACKENZIE (Vancouver): About $300,000 or $400,000, but that is subject to correction.

Mr. DUBOIS (Translation): Mr. Chairman, I did not take part in the debate which took place last week on the amendment presented by the hon. member for Vancouver North (Mr. MacNeil), but the public and this house knew very well where I stood on this question of armament. However, I wish to avail myself of the present discussion of the military estimates to say once more that I am against any direct or indirect contribution to extra-territorial wars. Therefore, I move, seconded by the hon. member for Lake St. John-Roberval (Mr. Sylvestre):

That item 67 of the national defence estimates be reduced by $1,832,310.

Mr. LAPOINTE (Quebec East) (Translation): Mr. Chairman, I have no objection to my hon. friend moving his amendment, but the reason he sets forth is not fair. He states that he is against extraterritorial wars, but these estimates which we are discussing have no connection whatever with extra-territorial wars.

Mr. POULIOT: I want to tell the committee that I am entirely satisfied with the explanations given to me by the minister a moment ago. The committee will see in due course what to do with the supplementary estimates in regard to second hand ships.

Mr. STEWART: What is the cost of the mine sweepers?

Mr. MACKENZIE (Vancouver): The amount included in the estimates this year is three quarters of a million dollars. The estimated cost is one quarter of a million each, a total of one million, but it is not anticipated that they can be finished during the present year.

Mr. TOLMIE: How many mine sweepers will be constructed on the Pacific coast?

Mr. MACKENZIE (Vancouver): That has not been finally decided, but at least one, possibly two.

Mr. HEAPS: Can the minister say when he expects the two new ships to be delivered to this country?

Mr. MACKENZIE (Vancouver): They were commissioned as Canadian vessels a week ago and are expected to sail from England about March 12.

Mr. TREMBLAY: What is the increase in the tonnage?

Mr. MACKENZIE (Vancouver): The details of the new destroyers are as follows:

Displacement, 1,375 tons as against 1,075 for the old Champlain and Vancouver which have been demilitarized. The dimensions of the ships are as follows:

Length, 317¾ feet as against 275¾ feet.
Beam, 33 feet as against 27 feet 5 inches.
Draft, 12 feet as against 11 feet.
Horse power, 36,000 as against 29,000.
Speed, 35·5 knots as against 36 knots.
Engines, Parsons geared turbines; boilers three admiralty, three drum type.
Fuel oil capacity, 470 tons.
Guns, four of 4·7 inches, one 3 inches, five smaller guns, and eight torpedo tubes, 21 inches.

They were completed April 5, 1932, and the purchase price was $1,000,000.

Mr. POULIOT: What is the usual period of usefulness of a ship of that kind, and when were these ships completed?

Mr. MACKENZIE (Vancouver): The estimated life of a destroyer of this type is about twenty years. They were built in April, 1932, they are a little over four years old.

Mr. WOODSWORTH: We are told that this is a part of the defence plan for Canada, which is supposed to be an adequate plan. What function are these destroyers, these new ships, designed to perform? What work are they particularly required to do under the plan set forth by the minister?

Mr. MACKENZIE (Vancouver): That I think is more or less obvious. It will be patrol and defence of our territorial waters, harbour mouths and shipping terminals on both coasts. I do not for the moment pretend that this is an ample naval force for that purpose, but it is at least a force which would cooperate with other forces in giving some reasonable protection.

Mr. WOODSWORTH: There will be only these two destroyers doing that patrol work?

Mr. MACKENZIE (Vancouver): We shall have four modern destroyers when the other two are here.

Mr. WOODSWORTH: But there are only two on each coast?

Mr. MACKENZIE (Vancouver): That has been the case so far.

Mr. WOODSWORTH: Does the minister really consider that two patrol boats on each coast can defend this country or maintain our neutrality?

Mr. MACKENZIE (Vancouver): I think they can do quite a lot in cooperation with the other services. It is much better than nothing at all.

Mr. HEAPS: Would the minister not think as a matter of policy that if the same amount were spent say for air defences it would give better results?

Mr. MACKENZIE (Vancouver): No, in the cooperative work of the various services it is necessary to have surface ships as well as air services, and these as my hon. friend will agree are on a very modest scale indeed.

Mr. MacINNIS: In answering the hon. member for Winnipeg North a moment ago as to the increased annual cost on account of equipment the minister said that there would be a certain increase in cost arising out of the increased ratings. I am not very familiar with these terms. What does "increased ratings" mean? Does it mean the additional number of men?

Mr. MACKENZIE (Vancouver): Yes.

Mr. MacINNIS: Would there not also be an increase in cost arising out of the larger ships and more efficient equipment?

Mr. MACKENZIE (Vancouver): Yes, possibly, that is so.

Mr. LACOMBE: Mr. Chairman, I wish to reiterate my opposition to any increase in the national defence estimates, and I believe, moreover, that the hon. member for Nicolet (Mr. Dubois) has stated the reasons why just as well as I could do it myself. However, my attitude is based mainly upon the answers given to me yesterday by the hon. Minister of National Defence (Mr. Mackenzie), when he stated that he may, each year, ask for increases, depending on conditions then prevailing. That is why I am supporting the amendment presented by the hon. member for Nicolet.

Mr. HANSELL: The minister said that the maintenance of the two new ships will perhaps amount to $300,000 each. Is that included in the present estimate?

[Mr. I. Mackenzie.]

Mr. MACKENZIE (Vancouver): Yes.

Amendment (Mr. Dubois) negatived: yeas, 18; nays, 117.

Item agreed to.

Royal Canadian Air Force—Expenses in connection with the general maintenance and training of the permanent and non-permanent active air force, and provision of facilities therefor, $11,391,650.

Mr. BARBER: Does this vote include expenditures for landing fields? Have landing fields through to the coast been completed?

Mr. MACKENZIE (Vancouver): Landing fields would not ordinarily come under the Department of National Defence but, as the hon. member will realize, under the civil aviation branch of the Department of Transport. I presume the hon. member has reference to the matter we discussed last year.

Mr. BARBER: Yes.

Mr. MACKENZIE (Vancouver): That was well under way some time ago. I do not know whether the Minister of Transport can answer it, but there was definite progress made with reference to it before the transfer from the Department of National Defence to the Department of Transport took place.

Mr. BARBER: I just wish to remind the minister that a discussion took place last year with respect to a landing field at Chilliwack, and at that time he promised it would be proceeded with. The latest information I have is that nothing has been done, not even to the extent of securing the land.

Mr. MACKENZIE (Vancouver): I think definite steps were taken before the transfer was effected, but I shall look into the matter, with my colleague, and inform the hon. member.

Mr. HEAPS: Would the minister tell the committee the number of machines the government has in service in the air defence of Canada?

Mr. MACKENZIE (Vancouver): At the present time the total in Canada is 182 aeroplanes. There are 8 fighter Siskins now obsolete; 18 army cooperation of which 15 Atlas, now practically obsolete, and 3 Avro No. 626; 4 Vancouver flying boats, which are obsolescent; 7 new torpedo bombing Blackburn "Sharks," only 4 of which have been delivered so far, but which are modern service planes; 105 various types of training planes, many obsolete, and 40 transportation planes of different types used on various government services, particularly civil government air operations, making a total of 182.

The present estimate provides for an increase of 102 planes, as follows: 12 fighter planes, 3 army cooperation planes, 7 flying boats, 24 bomber planes, of which 18 are used Wapiti planes, and 6 new Avro No. 626, 11 torpedo bombing planes, 18 coastal reconnaissance planes, and 27 training planes.

Mr. HEAPS: How many aeroplanes has the minister purchased since assuming office?

Mr. MACKENZIE (Vancouver): Since April 1, 1934, the following were ordered: October 3, 1934, 10 Atlas airframes from the air ministry; on May 27, 1935, 10 Civet Fleet airframes; on November 18, 1935, 6 Wapiti airframes, from the air ministry; on November 28, 1936, 5 Stranraer aeroplanes, from Canadian Vickers; on September 22, 1936, 10 Fleet trainer airframes; on May 11, 1936, 1 Avro tudor aeroplane, from Armstrong Siddeley; on May 4, 1936, 7 Torpedo "Shark" aeroplanes, from the air ministry; on August 29, 1935, 3 Avro type "626" aeroplanes, from Armstrong Siddeley; on August 23, 1935, 3 Northrop Delta aeroplanes, from Canadian Vickers, for civil government air operations; on August 9, 1935, 2 super-71 Fairchild aeroplanes, from the Canadian Wright Company, and on January 11, 1937, 4 Northrop Delta aeroplanes for civil government operations.

Mr. HEAPS: How many of these machines are now being operated by the government?

Mr. MACKENZIE (Vancouver): All the planes as required and suitable, namely 182 of them; but few are modern service planes.

Mr. HEAPS: Are any under repair?

Mr. MACKENZIE (Vancouver): Inevitably there are always some under repair.

Mr. HEAPS: Some are so obsolete that they could not very well be used by the government for flying purposes?

Mr. MACKENZIE (Vancouver): Not that I know of. Unless they are being repaired for purposes of training, I am not aware of any. Some are obsolete of course.

Mr. LANDERYOU: How does the speed of these planes compare with those of similar types in other countries?

Mr. MACKENZIE (Vancouver): The new planes we are receiving compete favourably with the best in the world, and the new ones being ordered will be modern in every detail —speed, strength and range; in every way they will be the most modern available. In almost every case the types have been advised by the British air ministry.

Mr. HEAPS: The Blackburn machines are well known, but I understand that some of the machines purchased here in Ottawa are old and obsolete. Persons conversant with flying claim it would be hazardous for them to be utilized for flying purposes. I believe the matter was brought up last year by the hon. member for Vancouver North (Mr. MacNeil). Eight machines were purchased last year, and I understand other machines not much better than those are being purchased.

Mr. MACKENZIE (Vancouver): None of that kind has been purchased since last year. These machines were pronounced airworthy by inspectors whose duty it is to inspect them.

Mr. HEAPS: On what basis are they purchased? Are purchases made through tenders, or does the department simply purchase the machines it believes to be best suited for the purpose?

Mr. MACKENZIE (Vancouver): With regard to service planes, technical officers in the air service consult with officials of the air ministry in England and endeavour, generally, to have the same type of machines as is recommended by those officials. I have here the recommendations of the air ministry with reference to all the modern service planes which recently have been ordered in Canada.

Mr. DENIS: Are they to be built only in Canada?

Mr. MACKENZIE (Vancouver): Yes, so far as I know, and in so far as possible. With the exception of certain used machines for training purposes, 18 in number, which we are to obtain from the British air ministry, and are to be reconditioned here. With the exception of these, all machines, will be built in Canada this year, it is expected.

Mr. MITCHELL: Have we any modern pursuit fighting planes, and, if so, how many, and when were they purchased?

Mr. MACKENZIE (Vancouver): The only modern service planes we now have are these Blackburn Sharks?

Mr. MITCHELL: How many?

Mr. MACKENZIE (Vancouver): Seven ordered altogether, but only 4 have been delivered so far. Three of them should be delivered before April 1, from England, bringing the total up to 7. Seven other flying boats are being constructed. These will have a very long range, will be used for coastal defence purposes and are recommended by the air ministry as being the best type for that particular work.

Mr. MITCHELL: Would you mind telling—

The CHAIRMAN: The hon. member for Davenport has the floor.

Mr. MITCHELL: How old are the Siskin fighters, and when were they designed?

Mr. MACKENZIE (Vancouver): They are as follows:

Siskin: 2 in 1927, 1 in 1928, 4 in 1929, 1 in 1931, total 8.

Army co-operation types: Atlas, 2 in 1927, 2 in 1928, 1 in 1929, 10 in 1934, total 15; Avro 626, 3 in 1935.

Flying boats, Vancouver, 4 in 1930.

Training types: Avro 621, 6 in 1930, 1 in 1936, total 7; Courier, 1 in 1928; Fairchild 51, 2 in 1927, 5 in 1928, total 7; Fleet, 17 in 1931, 10 in 1935, 10 in 1936, total 37; Moth, 18 in 1929, 14 in 1930, 1 in 1935, total 33; Tomtit, 2 in 1930; Wapiti, 6 in 1935; Blackburn Shark, 4 in 1935, 3 in 1936, total 7; Vedette, 4 in 1929, 8 in 1930, total 12.

Mr. MITCHELL: Are the fighting planes all new?

Mr. MACKENZIE (Vancouver): Yes.

Mr. MITCHELL: The Siskins have formed the main arm of the Canadian flying corps for years and I should like to know if these machines were new when purchased.

Mr. MACKENZIE (Vancouver): I am informed that they were, but have become obsolete.

Mr. MacNICOL: For some time rumours have been going around the air field at Trenton that a number of the planes have not been giving satisfaction. A few days ago I put a question on the order paper with reference to this matter, which the minister answered yesterday. The minister stated that three Shark II planes were sent to Trenton and that these planes had flown only nineteen and a half hours. Then follows a rather significant remark by the minister: "Some not unexpected difficulties have arisen." Does the minister expect that these planes will give satisfaction? If not, is it the intention of the department to return them to where they came from?

Mr. MACKENZIE (Vancouver): I was not informed of this matter until I saw my hon. friend's question on the order paper. I understand that there were some technical difficulties in connection with the Blackburn Shark planes, having to do with the lubricating system, but I have been told that these difficulties are being successfully surmounted. I do not think there is any question in the world that these machines are the most modern and up to date to be obtained, and there is every likelihood of their proving to be first class in every particular.

[Mr. Mitchell.]

Mr. MACDONALD (Brantford): How many squadrons are now in existence in the non-permanent active air force, and where are they located? Is it the intention of the department to create additional squadrons?

Mr. MACKENZIE (Vancouver): The squadrons are located as follows:

Toronto, No. 10, army cooperation squadron.
Vancouver, No. 11, army cooperation squadron.
Winnipeg, No. 12, army cooperation squadron.
Montreal, No. 15, fighter squadron.
Montreal, No. 18, bomber squadron.
Hamilton, No. 19, bomber squadron.
Regina, No. 20, bomber squadron.
Quebec city, No. 21, bomber squadron.
Calgary, No. 13, army cooperation squadron.

These are the squadrons authorized up to date, and their continuation will depend on the generosity of this house.

Mr. MACDONALD (Brantford): Is there a distinctive uniform for this branch of the service? Do the members of it have separate quarters, or are they quartered in the different armouries throughout the country?

Mr. MACKENZIE (Vancouver): With some of the newer squadrons there has been a little difficulty in getting suitable quarters, but the older squadrons have their own quarters. I think they all wear the air force uniforms.

Mr. MACDONALD (Brantford): I should like to bring to the attention of the minister the fact that in the city of Brantford there are between fifty and one hundred qualified pilots. There is no opportunity for these young men to enter a squadron although they do belong to the flying club established under the civil aviation department. They are a splendid body of young men, and I feel that there is ample personnel available to establish a squadron at Brantford. When additional squadrons are being established I trust the minister will not forget this city.

The question of uniforms should receive the careful attention of the minister and his department, not only with reference to the flying clubs but in connection with the non-permanent active militia. The day of the khaki uniform has passed. It is a drab, unattractive thing and does not inspire any enthusiasm in the youth of our country. I believe there would be a greater urge to join the various units if our young men knew that they would be outfitted in colourful uniforms. We should get back to the days of the distinctive regimental uniforms. About the only attractive uniform at the present time is that worn by the Highland regiments. Other units should not be penalized simply because they

are not Highland regiments. There should be an attractive walking-out uniform of which the members of the units would be proud.

There are many centres in Canada where proper facilities are not provided in the way of armouries for the various units. If I might be permitted to refer again to that great city which I represent, Brantford, I would remind the minister that while we have one quite modern armoury, the other building, known as Dalhousie Street armoury, could hardly be described as such. It is simply a commercial building consisting of a basement and three floors. There is supposed to be a shooting range in the cellar, but as that space is mostly taken up with the furnace and piles of storage, it is entirely inadequate for the purpose. The other floors are broken up into small sections, and in order to get from the ground floor to the second or third floors you must go outside and ascend by another stairway. As I said before, the so-called armouries is not in any way worthy of the name. In that armouries there have been located three units, an artillery unit, a machine gun unit, and a cavalry unit. One of them, the artillery unit, the 54th Battery, won the governor general's cup this year, which is the prize given for the very best shooting by any artillery unit in Canada, and I say that a unit that can win such honours is worthy of some consideration as to where they shall be quartered in their home town.

Speaking generally of armouries, I think more consideration should be given to the men in the units. What have we in our armouries to-day? We have a large drill hall containing the officers' quarters, which are usually fairly palatial, and I quite approve of that. I was pleased indeed to hear the Prime Minister (Mr. Mackenzie King) refer in such splendid terms the other day to the brass hats. We have to have generals; we have to have officers. An army cannot function without generals and officers any more than a factory can function without managers and foremen. Then besides the officers' quarters and the drill hall there is what is known as the sergeants' mess, reasonably good quarters, but only reasonably so. We must pay due regard to the sergeants, the non-commissioned officers throughout the country because they are in many respects the backbone of every militia unit.

But what about the men? Often we find that the men are almost entirely forgotten. At the close of the parade the regiment is dismissed. The officers go to their quarters, the sergeants go to their quarters, and the men—well, only an army expression would describe what they do. They merely break off and go on their way. I think that more consideration should be given to the men.

I have referred to the uniforms. The officers and the sergeants have dress uniforms but the men have nothing but khaki. They should have something bright and brilliant. When the parade is over, instead of being dismissed and sent on their way, they should have some quarters of their own to which they could go and mingle with their pals.

In conclusion, and to sum up, I would again draw the minister's attention to the fact that in Brantford we have enough men to form a squadron of the air force. I hope that a survey will soon be made of the quarters provided for the various units in Brantford, and generally I would most strongly urge that more colourful uniforms be given to all ranks. And in all cases where a new armoury is being built more consideration should be given to the accommodation which will be known as the men's quarters.

Mr. TOLMIE: Mr. Chairman, I should like to call the attention of the minister to the unique situation in Esquimalt. Both the naval and military headquarters are located at Esquimalt. Esquimalt is a small municipality, and because of its close proximity to Victoria it does not derive a great deal of benefit from the purchase of the military and naval supplies required. The following resolution was recently passed by the Union of Canadian Municipalities:

Whereas Esquimalt is almost solely a naval and military station from which in times of peace or war the Pacific coast of the Dominion of Canada and its sea-borne commerce may be efficiently guarded;

And whereas in order to meet the requirements of the naval and military authorities and to provide facilities needed, a large proportion of the buildings and land have been acquired by the crown and are used for naval and military purposes which if taxable would exceed in taxable value all other assessed property in Esquimalt;

And whereas the cost of maintenance of all public streets, roads, lighting, public health and all other functions of a municipality have to be undertaken and financed by owners of private property within the municipality;

And whereas free education is given in the municipal schools to the children of all ranks in the army and navy;

And whereas the drydocks at Esquimalt are available for purposes of public trade of a revenue-producing nature, yet being government-owned are free from taxation, which would not be the case if they were privately owned;

And whereas Esquimalt is called upon to shoulder financial liability for essential services;

And whereas this liability is imposed upon the municipality by virtue of its geographical position, but which is incurred directly on behalf of the whole dominion;

And whereas by the Municipal Act, section 211, chapter 179, all government property is exempt from taxation;

Therefore be it resolved in view of these special circumstances that the Union of Canadian Municipalities requests the dominion government to afford relief to the municipality of Esquimalt by means of an adequate annual grant.

The assessment on land in Esquimalt amounts to $2,134,756; the exemptions total $892,705, leaving a taxable land assessment of $1,242,051. Crown properties equal 13·88 per cent of the total assessment on land. On improvements the total assesment is $10,227,095, and the exemptions on improvements, $8,218,650, leaving a balance remaining of $2,008,445, only 75 per cent of which may be taxed. Crown exemptions amount to $8,072,750, or 78·80 per cent of the total assessed value of improvements. The revenue lost on crown properties, calculated on the present rate of 40 mills levied on land and 50 per cent of the assessed value of improvements, exceeds the total present revenue of the municipality from all sources by approximately $88,000.

Owing to the proximity of Victoria, as I mentioned before, a large proportion of the business goes to that city. The advantages derived from the presence of naval and military establishments at Esquimalt are outweighed by the cost of services, such as the upkeep of roads, education, and so forth, within the municipality. In this respect there is no comparison with the city of Halifax, which derives all the benefit from the purchases made by the naval and military establishments. Within a single year recently the supplies purchased in Halifax by the forces reached a total of $276,489. But as I have said, Victoria is so close to Esquimalt that Esquimalt derives little if any benefit from that source, as practically all supplies required for government establishments in Esquimalt are purchased in the larger cities.

I do not want to take up too much of the time of the committee, and with your kind permission, Mr. Chairman, I shall put on Hansard a tabulated comparison of the conditions existing in seven cities in the southern end of British Columbia.

	Total taxable property	Exemptions	Population
New Westminster	$20,392,047	$ 8,508,605	17,524
North Vancouver	7,214,195	4,165,075	8,510
Victoria	50,837,461	22,338,032	39,082
Burnaby	19,446,115	7,286,350	25,564
Saanich	11,954,659	1,623,759	12,968
Oak Bay	10,816,317	530,073	5,892
Esquimalt	3,250,496	9,111,355	3,274

Esquimalt has 25·91 miles of roads and 18·98 miles of sidewalks. Roads and sidewalks are deteriorating fast owing to the lack of funds. Three of the main roads lead directly to the naval barracks, the military barracks and the dry docks. The greatest volume of traffic is over these three roads.

Members of the permanent force of Canada are part of the active militia within the meaning of the Municipal Act, and are classified accordingly, thereby enabling them to exercise the municipal franchise. The payment of taxes or other moneys to the municipality is not necessary to secure this right, residence only being required. A recent statute of the province of British Columbia, namely the Public Institutions Indemnification Act, 1932, provides that the municipality must bear a portion of the charges for such institutions as public hospitals for the insane and tubercular sanatoria where a patient prior to his admission was a resident of such municipality. This is so in the case of the municipality of Esquimalt, where, if a soldier is admitted to an institution for the insane, the municipality must meet a certain proportion of the cost.

[Mr. Tolmie.]

The municipal council in 1934, in an endeavour to keep down excessive taxation, was driven to the floating of a six per cent loan of $30,000 to pay off an accumulated bank overdraft. However, vacant property continues to revert, with the result that taxes on improved property must be increased to a point which makes it impossible for the owners to hold on, in spite of the fact that expenditure has been reduced to a minimum. The situation is further complicated by cost of unemployment relief, social service costs and loss of provincial government grants.

The population of Esquimalt is 3,274. Hardly one thousand are ratepayers, and mainly of the wage earning class. Many of these people suffer from lack of employment. Unless relief is obtained the outlook will be desperate. Under the circumstances, and in view of the fact that the municipality is almost solely a naval and military station and that the facilities provided by the corporation such as roads, street lighting, schools, et cetera, are of as much benefit to government establishments as to the private owner, it would not seem unreasonable for the dominion government to afford such relief by

means of annual grant as is done by the British government under similar circumstances. For example, the city of Plymouth, in England, is given relief of taxation on this particular account; the government pays the same as the ordinary ratepayer. In Chatham the treasury makes a grant in lieu of rates, and the valuation is fixed by His Majesty's treasury. In Portsmouth, government property is rated, but a contribution is given in lieu of rates on figures agreed upon between the treasury valuer and the city valuer. So that in all these three cities a certain provision is made for the extraordinary condition to be found in these large naval and military ports. Esquimalt is in a similar situation, and I suggest that these circumstances be taken into consideration by the government with a view to giving reasonable relief to this particular municipality.

Mr. MACKENZIE (Vancouver): My hon. friend has made an excellent submission regarding the peculiar difficulties of Esquimalt. As a matter of fact he was good enough on several previous occasions to bring this matter to my attention, and also he and I were members of a delegation which discussed it some time ago in the city of Victoria. The question, of course, is one of considerable difficulty. The problem arises in other parts of Canada, although possibly not so acutely as in the case of Esquimalt. Some time ago I asked for a report with regard to the situation, and as soon as it is available I shall be pleased to take up the subject with some of my colleagues and further consider the representations made by the hon. member.

Mr. TOLMIE: I should be glad if the minister will let me have a copy of that report.

Mr. MACKENZIE (Vancouver): Certainly.

Mr. HEAPS: When the report is received I trust that the minister will see to it that circumstances in other places similar to those of Esquimalt will be dealt with in a similar manner. I hope that no favouritism will be shown to any town on the Pacific coast or the Atlantic coast or in the interior. I know the minister will be flooded with requests from various quarters for special consideration.

Mr. MACKENZIE (Vancouver): That is a difficulty.

Mr. HEAPS: I hope he will not give special consideration to any particular district. I realize that when Esquimalt advances reasons for special treatment, Brantford will do the same; Lindsay will want special consideration, and Halifax, and Toronto, and probably a few other places, and there will be no limit to demands made upon the department by cities all of which, indeed, suffer to a certain extent. The result of that kind of thing has been described, and rightly so, as establishing a vicious principle, the principle of patronage. I notice that the minister (Mr. Power) who is sitting next to the Minister of National Defence does not agree that it is a vicious principle.

Mr. POWER: I was going to say that it is the principle of the pork barrel.

Mr. HEAPS: It is fundamentally vicious, I suppose, while a minister is in opposition, but it is quite legitimate when he and his party have returned to office. My point is that I have always objected to any form of patronage, and I trust that with regard to the money that is to be expended under this item and the money which the house is voting for further estimates of defence, no consideration of that kind will be allowed to weigh with the department.

Mr. MACKENZIE (Vancouver): There is nothing here for it.

Mr. HEAPS: I know, but sometimes it seeps in by some back way which is hard to discover. Occasionally the ways of the department are very dark and devious; we have known of contracts going to persons who were associated with the party in power at the time.

Mr. MACKENZIE (Vancouver): That is not the case with this department.

Mr. HEAPS: I would not say definitely that it is not. The minister must remember the statement made last year in this house by the hon. member for Vancouver North (Mr. MacNeil) with regard to quite a number of aeroplanes. I have heard something again this year which I do not want to repeat on the floor of this chamber; I do not mind giving a statement privately to the minister.

Mr. MACKENZIE (Vancouver): I shall be very glad to have it.

Mr. HEAPS: These things do happen, and I object to this form of patronage, because where patronage creeps into any department, the department cannot be efficiently run. If we are to spend money by the millions, while I object to expenditure of this kind, my specific protest at this time is against the intrusion of any element of patronage. So that whenever hon. members, whether on the Liberal or the Conservative side of the house, ask special consideration or special favours

from the department, I hope no favours will be granted but that all expenditures will be made strictly on their merits.

Mr. MACDONALD (Brantford): In reply to the hon. member for Winnipeg North (Mr. Heaps) I may say that I asked no special consideration for Brantford. I merely drew the attention of the minister to the fact that in Brantford we have between fifty and a hundred qualified pilots who are able and anxious to serve their country and at the present time have no opportunity to do so.

Mr. TOLMIE: I too would like to assure the hon. member for Winnipeg North that I did not have patronage in view at all. I merely called to the attention of the minister a situation with which I acquainted him when he was visiting the city of Victoria. The situation in Esquimalt as I have described it is a peculiar one; it does not exist anywhere else in Canada. I again draw to the attention of the hon. member for Winnipeg North the fact that in England the principle of a government contribution has been applied to three of their large naval bases. If there are other points in Canada which are in the same situation as Esquimalt, justice in this respect should be done to them.

Mr. LANDERYOU: I concur in the remarks of the hon. member for Winnipeg North. I should like to know what type of plane will be stationed in or adjacent to the city of Calgary.

Mr. MACKENZIE (Vancouver): Does the hon. member mean the permanent force squadron or the non-permanent at Calgary? There was an idea of having a permanent force squadron at Calgary; provision also is being made for the organization of a non-permanent squadron. To which does he refer?

Mr. LANDERYOU: What type of plane is being stationed there?

Mr. CRETE: I move, seconded by the hon. member for Lotbiniere (Mr. Verville):

That item 69 of the national defence estimates be reduced by $6,706,622.

Mr. THOMPSON: How many fliers are in the force at the present time and to what extent does the government propose to increase the personnel? In my opinion there is no way in which we can more effectively help our defence in Canada than by increasing the air force.

Mr. MACKENZIE (Vancouver): The following are the increases in personnel provided for in the estimates. Taking the permanent Royal Canadian Air Force, the strength at January 31, 1937, was 147 officers and 958 airmen, or a total of 1,105; and in the increases provided for there will be added 48 officers and 540 airmen, or a total increase of 588, bringing the new strength of the permanent force up to 195 officers and 1,498 airmen, or a total of 1,693. Taking the non-permanent force, the strength at January 31, 1937, was 76 officers and 455 men, and the increases are 42 officers and 491 airmen, or a total increase of 533, bringing the new total strength of the non-permanent force up to 118 officers and 946 airmen or a total of 1,064, making the new total personnel of the two branches 313 officers and 2,444 men or, altogether, 2,757.

Mr. THOMPSON: What length of training is given these men before they are able to fly their aeroplanes?

Mr. MACKENZIE (Vancouver): The degrees of training vary. There is preliminary training, the first months being devoted generally to instructional work on the ground, and also training on trainer aircraft, and there is defence training later on. At Trenton, Camp Borden and various schools instruction is given in different types of flying. The training is progressive, so many hours being given to flying, and so many hours to technical training on the ground and to other subjects.

An hon. MEMBER: Is there a training school?

Mr. MACKENZIE (Vancouver): Yes; there is Camp Borden, and it is intended to make Trenton the main school in the dominion.

Mr. POTTIER: What portion of this is for the purpose of air fields?

Mr. MACKENZIE (Vancouver): There is nothing definitely for air fields as such, but there is a considerable amount for stores and buildings and in connection with Trenton and other depots throughout the country. The air fields are under the jurisdiction of the Minister of Transport. There is nothing for air fields in this vote except for Nova Scotia and Vancouver island, provision being made for some aerodromes.

Mr. POTTIER: Where are these aerodromes located in the maritime provinces?

Mr. MACKENZIE (Vancouver): At Dartmouth and other localities not yet determined.

Mr. LACOMBE: Mr. Chairman, I am opposed to this increase in item 69 for the same reasons which I gave when discussing item 67, and the more so because after scanning the details of this vote I am wondering where

these expenditures may lead us to. In fact, once we have acquired these war machines we shall have to provide for their maintenance, and increase the number of our aviators. I also wish to point out to the committee the many losses of lives that this aviation training school is liable to cause among our Canadian youth. I shall therefore support the amendment presented by the hon. member for St. Maurice-Lafleche (Mr. Crete).

Mr. MITCHELL: I am going to oppose the amendment for this reason. Some years ago—it was either in 1931 or 1932—there was an air display across Canada demonstrating the acme of perfection in aviation in the dominion at that time, of which a squadron of Canada's best fighting aeroplanes formed a part. I believe the Siskin fighters took part in that. In conversation with some of the men in charge of the Canadian air force aeroplanes I was informed that these machines were built according to plans prepared shortly after the war and the opinion expressed by the men handling these aeroplanes was that they were obsolete and inadequate at that time, which as I say was in 1931 or 1932. I have no other authority than the opinion of the men who handled these aeroplanes. In my opinion it is high time that Canada had up to date equipment, certainly in our air defence.

Mr. MacNICOL: What plans, if any, is the government making to ensure in Canada the further manufacture of aeroplanes? I might mention a rumour that was current last summer about the time the government took its stand on the question of sanctions, on which at the moment I have no comment to make, either for or against. It was rumoured in Toronto that there was a delegation of manufacturers there from Great Britain considering taking over the old boiler plant which had been operated by the John Inglis Company, a very large plant, quite satisfactory for making aeroplanes, but that owing to the stand taken by the government they crossed over the line and decided to have their planes made in the United States. I do not know how much truth there is in that rumour, but I should like the minister to tell the committee what efforts are to be made to see that the aeroplanes are manufactured in Canada.

Mr. MACKENZIE (Vancouver): I am not acquainted with the plant mentioned by my hon. friend, but generally speaking the desire of the technical officers is to have as far as possible the same type of aeroplanes in Canada as are used in England by the air ministry there. The normal way of proceeding, apart from the possibility of the government themselves manufacturing, would be that when our officials, with the advice they get from the officials of the air ministry in mind, decide upon a particular type, say a fighter or bomber, it would be up to whoever got the agency from the parent company in England, and probably paid for it, to get the licence to manufacture in Canada, provided they had the equipment for so doing. So far only one company is building service planes for the dominion government, but during the year there is no question that other companies will have to undertake the work.

Mr. BENNETT: What company is that?

Mr. MACKENZIE (Vancouver): Vickers of Montreal.

Mr. HANSELL: I have been waiting for this amendment, and rather expecting it, in view of the fact that the increase in the estimates for the air force is larger than for any other department. I am going to vote against the amendment, and I want to record my reasons for so doing.

One of the best plans of national defence I believe to be defence from the air. I have been reading a good deal along this line recently, and expert opinion seems to be that there is no effective defence possible from land or sea, that both land and sea forces are vulnerable, but that the air forces are invulnerable except to attack from the air. I am glad to notice that there are to be twenty-four bombing planes, but there should be several times that number. It may be of interest to some hon. members to know that in the bombing raids upon London during the great war not one single bombing plane was ever brought down by anti-aircraft guns. On the other hand we are told that bombing planes can hit their mark both on land and sea with very close precision. Looking at these defence estimates from every possible point of view I believe there is no reason why we cannot vote for this increase in the air forces. As it is difficult to know just where civil aviation ends and military aviation begins, I wonder if the minister would mind giving his opinion as to the advisability of building up a civil air force for transport or other purposes all the way across Canada, and whether or not such an air force could be quickly changed if necessary to military uses.

Mr. MACKENZIE (Vancouver): I think in most countries nowadays the big planes used for civil aviation are convertible, and some planes built for civil government air operations are convertible for purposes of national defence.

Mr. ROSS (Middlesex): Before the vote is taken I wish to ask a question or two of the minister. Before I do so, however, I should like to commend him on the very efficient manner in which he placed before the house a few days ago the defence situation, together with an outline of his proposals for improving it. The minister has also defended his estimates in an admirable manner under heavy fire, not only from one section of the opposition; I notice that quite a few "shorts" fell in his direction. The Prime Minister and the Minister of National Defence have made it very plain to everyone that the proposed increased armament is for defence purposes only. To me that seems largely self-evident. The scope of our defensive armaments as limited by the estimates precludes the possibility of their being used for offensive action overseas. In other words no serious percentage of the arms and equipment to be provided by this program could be moved outside of the country without weakening our defensive position at home to an extent almost inviting disaster.

Now, sir, our defence program, small though it be, should be viewed in the light of modern conditions. Methods of warfare have changed. They have very largely moved from the land and the water into the air. This condition invites from me at this time what may be considered in some quarters as a preposterous statement; however I give it for what it is worth. There is the possibility that at last the tide has commenced to turn, that modern world armament has reached or will shortly have reached, before the completion of the British defence program, the point where it defeats its own ends. My opinion is based upon certain facts. I repeat that offensive warfare has largely moved from the land and the water into the air. I refer to bombing, whether with gas, explosives, or incendiary and chemical materials. It is largely agreed among competent authorities that especially under weather conditions favourable to the attack no adequate direct defence against bombing has yet been found. But there is the important exception of indirect measures, in other words the fear of certain and effective retaliation. The German general staff—and I refer to it simply to illustrate my point—is quite well aware of what retaliation would mean. They realize that bombing attacks on London or the Midlands or important ports would probably be highly successful in themselves, but at the same time they are just as completely aware that even before their bombers in their hundreds—and there would be hundreds—reach England, as large or a larger number of British bombers would be winging their way to Germany, probably actually passing the enemy squadrons, and would cause unparalleled damage to the cities, towns, ports and important centres in that country.

No one man is responsible for the tragic and utterly crazy military situation that exists to-day. It has grown to its present alarming proportions through factors largely arising out of the treaty of Versailles, and also, as has been mentioned here time and again, through the failure of the League of Nations to function as we all hoped it would. I submit that preparedness is reaching that ultimate point where there is a real possibility that it will defeat its own ends. As one surveys the political and military evidence as it now exists I think the conclusion can be fairly reached that preliminary overtures for some measure of disarmament may be under way before the completion of the British program.

At this point I would direct attention to certain remarks of the Prime Minister in his eloquent speech on Friday last. They were of importance, and cannot receive too much emphasis. At page 1048 of Hansard for last Friday the Prime Minister is reported to have said:

> We know whatever the ambitions of their rulers may be that throughout the world the peoples as a whole are anxious to preserve peace. On the whole there has been some improvement, a less tense strain in the international situation, a balancing of forces, a growing recognition on the part of every government of the uncertainties of success and the penalties of failure, a growing readiness too to seek to remove the causes of conflict, the sources of friction, and to realize that in the end war settles nothing even for the victor.

Of course there is the other school of thought which holds the view that world conflict is inevitable. We may rest assured it will not be provoked or commenced by the British commonwealth of nations. Its position is now well known, and can be appropriately described in a sentence from Lincoln's first inaugural speech. I believe this sentence is as fitting as it could be:

> This government will not assail you; you can have no conflict, without yourselves being the aggressors.

For the time being the English-speaking people must continue to do their part. This is a matter of first-class importance. As I see it, the British commonwealth of nations is like a chain girdling the earth, but at the same time it is no stronger than its weakest link.

In conclusion may I say that as I view it our minister is simply endeavouring to bring our defences to such a point of efficiency that,

if a testing time should come, his hands will be clean and his conscience clear. In the short time the department has been under his care he has shown great courage, in the face of considerable pressure, in the reorganization and modernizing of the non-permanent service. I believe the results speak for themselves. He has shown great courage in laying all his cards on the table and asking for enough money to furnish a modest defence force with that quality and class of arms and equipment to which our Canadian soldiers, sailors, and airmen are justly entitled.

Is it the intention of the department to have considerable coordinative training between our air squadrons and our naval units?

Mr. MACKENZIE (Vancouver): Yes, that is the intention.

Mr. ROSS (Middlesex): I believe two destroyers will be reporting in April. Is it the intention of the government to have the two new destroyers manoeuvre together, or to have one join the obsolete destroyer on one coast, and the other join the other destroyer?

Mr. MACKENZIE (Vancouver): The practice in the past has been to have the four destroyers meet annually in West Indies waters for naval training exercises. I presume that will be continued in the future.

Mr. MacNEIL: The trend of the discussion confirms the suspicions I expressed the other day. We are not discussing preparations for defence; rather we are discussing preparations for participation in a war of offence. This afternoon we have heard that we should have more colourful uniforms with which to arouse militaristic sentiment in our youth, and that we should have larger armouries instead of emphasis on coastal defence. We have heard the minister describe how the major portion of the expenditures will go for the purchase of mobile equipment, and no emphasis is placed on the necessary part it will play in actual coastal defence. Now we are calmly discussing—and it is being advocated—increased purchases of bombing planes, and it is suggested that bombing planes are necessary for defence. I am anxious to have someone explain to me how, under conditions of modern warfare, a bombing plane could be considered as a defensive weapon. Bombing planes are used to bomb, and surely it is not intended to drop bombs on our own territory. Evidently it is expected we shall engage in measures of retaliation, and drop bombs on innocent women and children in other parts of the world.

Mr. REID: What about submarines?

Mr. MacNEIL: The correct defensive weapon against the submarine is the depth charge. It is inconceivable to me that in Canada we should plan an expedition to retaliate against other countries, and that we should make preparation on such a grand scale as to send flight squadrons across the Atlantic or the Pacific to drop bombs on the towns of other countries.

Mr. MACDONALD (Brantford): Suppose a foreign country established a base in Canada, what would happen?

Mr. MacNEIL: That is a remote possibility, and for defence against it bombing planes are not required. To repel the attack of air raiders you must have fighting planes, and fighting planes are not usually armed with bombs. The point I make is that the discussion indicates that the trend is not towards preparation for defence, but rather for offence, and that all—

Some hon. MEMBERS: No, no.

Mr. MacNEIL:—All the items presented by the minister indicate careful preparation under advice of experts of the British war office, so that we may take our place in the line of empire defence. My views in that regard are confirmed by the remarks of the hon. member who has just taken his seat. In that regard the assurances given by the government stand for naught; for all preparations indicate that steps are being taken in a contrary direction. For these reasons I support the amendment, and have no scruples in protesting against the increased expenditure for aviation, advanced largely at the expense of civil aviation, where our young men actually get their technical training. Clearly the expenditure is intended for purposes of offence rather than defence.

Mr. MARTIN: So far I have not taken any part in the discussion of these estimates, but I do believe the observations of the hon. member who has just spoken (Mr. MacNeil) cannot escape the consideration of the committee. The Prime Minister, the Minister of National Defence and the Minister of Justice have indicated in no uncertain terms that the program of the government, in these particulars, was actuated by no consideration other than one of national defence. In fairness to my convictions, which I believe are well known in some quarters, I could not possibly vote for any measure which would be for purposes of offensive action.

Mr. MacNEIL: Why bombing planes, then?

Mr. MARTIN: The hon. member has made a very serious charge, one which is not only in contradiction to the undertaking given by

responsible ministers but clearly involves an issue far out of proportion to anything already mentioned by the hon. member. As one member to another I would ask him if he can substantiate his charge that the estimates are for purposes of offensive action and not for purposes of defence, and not in vague but in specific language, I would ask him to give some justification for his observations.

Mr. MacNEIL: I will inform the hon. member that the information tabled by the minister during the discussion of the estimates indicates that the major portion of the expenditures is for weapons which may be considered weapons of offence rather than weapons of defence. Greater emphasis is placed upon mobile equipment, which may readily be used for purposes of overseas contingents, and not for coastal defence, as might be expected from the solemn assurance which was given the house. Sir, I am quite within my rights in questioning the assurance given by a minister in that respect.

Mr. MARTIN: Will the hon. member permit a question? Against which country is the policy of Canada, in terms of offensive action, directed?

Mr. MacNEIL: That is the question I have been asking the government, and to which we have not yet received a satisfactory answer.

Mr. COLDWELL: I am in agreement with the hon. member for Vancouver North (Mr. MacNeil) when he says that bombing planes are offensive weapons of war, and I base this assertion upon the statement made last year by the Prime Minister of Great Britain when speaking in the House of Commons at London. The hon. member for Middlesex (Mr. Ross) also made that clear when he said that aeroplanes were weapons that could be used in retaliation; that their specific defensive use was for reprisal purposes.

As I said before, I do not believe that Canada is in danger of attack from the air. Under present conditions I do not think that such an attack would be feasible from a military point of view. Apparently the Department of National Defence and certain members of this house do not agree with that. If these estimates were for the purpose of protecting our women and children instead of buying bombing planes for retaliatory measures, we should be considering ways and means of protecting our people from possible attacks from the air.

Last night reference was made in a Canadian radio commission broadcast to the matter of defensive preparation from air attacks and to a report issued by a group of Cambridge scientists dealing with the matter. It happened that a copy of this report came to me from Great Britain through the mail last evening. A distinguished group of Cambridge scientists examined the measures that might be taken as protection against attack from the air, and arrived at the conclusion that no absolute protection was possible. Because of that, they are opposed to this form of warfare—to war itself. Among the group is to be found some of the most distinguished scientists at the university of Cambridge. The group includes:

J. D. Bernal, M.A., assistant director of research in crystallography.
H. A. Harris, M.A., D.Sc., professor of anatomy.
A. F. W. Hughes, M.A., Ph.D.
Joseph Needham, Sc.D., Sir William Dunn, reader in bio-chemistry.
N. W. Pirie, M.A., Ph.D., demonstrator in bio-chemistry.
J. S. Turner, M.A., Ph.D., demonstrator in botany.
D. H. Valentine, M.A., demonstrator in botany.
E. B. Verney, M.A., M.B., B.Ch., F.R.C.P., F.R.S., Shield reader in pharmacology.
C. H. Waddington, M.A., lecturer in zoology.
Arthur Walton, M.A., Ph.D.
W. A. Wooster, M.A., Ph.D., lecturer in the department of mineralogy and petrology.

There is a further list of other scientists comprising the group whose names I will not read. They indicate quite clearly the position in which nations taking measures of a provocative nature will find themselves. In my opinion nations that provide air and naval bases are provoking attacks by other nations. As we know, there is no defence from air attacks except retaliation. The question asked a few moments ago by the hon. member for Vancouer North has never been answered in this chamber. He asked: Against whom are we arming, and whom are we preparing to attack? If these estimates were in reality defence estimates, if the department and hon. members of this house believed that we were in danger of air attacks, the thing to do would be not to buy bombing planes but to build bomb-proof and gas-proof shelters for our people in our congested centres and to teach them the proper measures to take in the event of attack by air. This is not my own conclusion; I am simply repeating the conclusions arrived at among others by the group of scientists referred to in the broadcast last evening. I regard their statement as one of the most authoritative that has been issued. Moreover, they say that there is no protection for children from air attacks.

Mr. DUPUIS: Against whom does the hon. member protect himself when he locks his door?

Mr. COLDWELL: Against the robber or burglar who may be in the vicinity of my home.

Mr. DUPUIS: Name him.

Mr. COLDWELL: I say against the robber who may be in the vicinity of my home.

Mr. DUPUIS: There are many international robbers.

Mr. COLDWELL: I ask the hon. member what robber is in the vicinity of Canada at the present time and against whom are we preparing these weapons?

Mr. DUPUIS: Name yours first.

Mr. COLDWELL: I should like to read from the report to which I just referred.

Mr. DUPUIS: Scientists will never solve this question.

Mr. COLDWELL: The following is an article which appeared in The Lancet of December 19, 1936:

> Major Blackmore said little could be done for the child under five. From that age on, they could be persuaded to wear a respirator, but the resistance to breathing, though reduced to two and a half inches, was enough to inhibit small children. A pram cover has been designed to convert the perambulator into a gas proof room, and this worked excellently. The objections were the difficulty of manipulating a perambulator, and the fact that only 25 per cent of the population of the east end of London possessed perambulators.

Mr. McLEAN: (Melfort): Does that article refer to conditions in Canada or to conditions in another country?

Mr. COLDWELL: The city of Montreal is probably just as crowded as the city of Liverpool.

Mr. McLEAN (Melfort): But there is more space around it to which the people could be removed.

Mr. COLDWELL: I imagine that gas would kill the people of Montreal just about as quickly as it would kill the people of Manchester.

Mr. McLEAN (Melfort): But I would point out that they do not have to stay in the city.

Mr. COLDWELL: I quote further:

> A gas-proof box had been designed for children under two and worked well, but the babies objected strongly and yelled. The sight of a mottled face through a yellow celluloid window always convinced the mother that the child was being suffocated and she took it out. Further possibilities were being explored. One of the difficulties was to find personnel for experiment.

And Major Blackmore is in charge of this particular work for the present government of Great Britain. The point I am making is this: We have heard a great deal in this house about the defence of our women and children. Today we are told that we need bombing planes for protection, for retaliatory measures if you will, but no appropriations are to be found in these estimates for giving any real defence for our women and children in the event of air raids. I say, Mr. Chairman, that these defence estimates can be construed only as offence estimates.

Mr. McLEAN (Melfort): In your opinion.

Mr. COLDWELL: In my opinion. If we are looking for real defence for our people we should examine the scientific factors that will be brought to bear in the next war. If we believe that war is a possibility we should prepare ourselves for that. The hon. member for Vancouver North (Mr. MacNeil) last night mentioned the new bombs that have been perfected, the thermite bombs. I wonder whether the Department of National Defence has given any consideration to precautions which might be taken to meet the havoc and devastation that would be caused by aeroplanes dropping thermite bombs. There is not a chemical known that will extinguish fires started by that type of bomb because it burns without air. If hon. gentleman care to get the report to which I have referred this afternoon, they will find experiments in the use of thermite described therein, one of which was the dropping of thermite through a pail of water which resulted in burning out the bottom of the pail. To guard against the effect of aerial attacks would be a real defence measure. If we are buying planes because we fear air raids, then I say that the methods of defence which we should adopt are rather methods that would enable us to defend ourselves against the effects of the raids about which we are being continually frightened. I am asking the department to be logical. I have been logical. I have opposed this estimate because I do not believe we are likely to be attacked from the air. I ask the department to be equally logical, and if they believe that air raids upon us are possible, let them make some recommendations to this committee to meet the situation that would then arise, we will say, in a city like Montreal, Halifax, Vancouver or Saint John.

Mr. DEACHMAN: Mr. Chairman, I have not said a word upon these estimates so far, but when the hon. member for Rosetown-Biggar (Mr. Coldwell) suggests that the only possible defence for the Dominion of Canada is a gas-bag, a fire hose and a funk hole, I must ask permission to make a brief reply.

You will recall, sir, that in 1914 there was a war. At that time the German cruiser

Emden broke loose, and raided and sank thousands of tons of British shipping. Perhaps the hon. member for Rosetown-Biggar, or if he is not a naval or military expert, perhaps the Minister of National Defence (Mr. Mackenzie) can tell us what would have prevented the Emden, had it chosen to do so, from coming to Victoria, destroying the shipping there, passing on to Vancouver and repeating the same process there. Had we anything to defend ourselves with at that time? Was there a man, was there a ship, was there a plane which could have interfered? Am I right when I suggest that the defence upon which we relied at that time was two or three Japanese cruisers which happened by chance to be in the immediate vicinity? I am not a warrior. I do not want war; I deplore war as much as anybody in this house can possibly deplore it, but I submit that we must consider realities.

In 1914 there was also the cruiser squadron of von Spee attacking shipping in the south Atlantic. It met the ships of Cradock, defeated them and then moved towards the east coast of South America. That was a much greater menace than the Emden. What was there to prevent it from going up to Victoria or to the Atlantic ports? Could my hon. friend the Minister of National Defence state that we now have at Vancouver or Victoria or any other coast city, aeroplanes or anti-aircraft guns with which one might stop such a squadron from attacking our ports? It is true that the squadron moved around the other way and there was met by a British squadron, but it is conceivable that in the next war conditions might not be exactly the same. It might be that British squadrons will not be moving freely here and there in the Atlantic to chase German cruisers. History repeats itself, but not always on the same lines. It might be that for a time British warships would be compelled to remain near home and they might have to let a stray vessel of the enemy cross the seas, destroying what it will.

I ask my hon. friends, the military and naval experts in the southeast corner, this question: Are you willing to say that this country should go absolutely without defence? I answer that you are not, because you voted this afternoon time and time again for the expenditure of the same amount as we expended last year. You believe in defence, but you do not believe in efficient defence. You believe in fighting, but you believe in fighting with what someone has described as wooden guns. I want peace. I will do anything that is possible for peace. I have asked this house, and especially the Minister of Finance, and I have appealed to the nation as a whole, that we ought to consider means of expanding our trade and developing our commerce with other nations of the world. But if you are not going to do that, are you going to face realities? Are you going to meet the exigencies of war, as you must do if war comes? Are you going to realize that in that case you must be prepared to defend Canada? And what are you going to defend it with?

I do not suggest to-day that these estimates are too high or too low. I am not competent to judge. All I say is that we have police forces in our cities. Will you withdraw the police? Would the hon. member for Rosetown-Biggar who knows someone in his immediate neighbourhood who might be a robber hesitate to lock his door because he did not happen to be acquainted with the robber? I submit that we do not know the nation against which we may be engaged. The scene changes rapidly, and no one knows what may happen. But I want to mention one word that I received to-day in a letter from a friend in London. He said: "My friends here expect the storm to break before July." I hope he is wrong. I feel in my heart he must be wrong.

Mr. BENNETT: Hear, hear.

Mr. DEACHMAN: I do not believe the world can be so mad. Would we not ourselves be full of madness if we failed to take cognizance of the circumstances, if we failed to realize that when the storm breaks, we may in some measure be brought into close contact with it. When that storm comes, it may be necessary for us to do something, and we at least ought to be prepared, not for every eventuality, but surely for some.

Mr. WOODSWORTH: Mr. Chairman, the hon. member for Huron North (Mr. Deachman), whether he intended it or not, has really diverted the discussion from the point we were raising. He urges that we face realities. That is what some of us are trying to do. We are asking whether this greatly increased armament is adequate. The minister cannot say that it is. We are asking against whom are we preparing to fight. The minister cannot name the nation.

Mr. DUPUIS: Any nation which may be at war with us.

Mr. WOODSWORTH: The minister and the government are not facing the realities of the situation. If we venture to criticize anything, someone sneers that we are not military and naval experts. Hon. members

who do the sneering are themselves not much more military and naval experts than anyone else in the committee. We have asked the minister again and again with regard to the advice of experts, but we are told that he must not divulge military secrets and strategy. I submit that although we members of parliament are not naval and military experts and make no pretence of being such, we are called upon again and again in the discussion of estimates to determine upon policies with regard to agriculture, as to which most of us are not experts, with regard to commerce, concerning which most of us are not experts, with regard to labour, with regard to legal matters, in which most of us are not experts. Then why should it be that the military estimates should be considered as quite different from any other? Though we may not be military experts, some of us have been trained in some degree in logic, and logical reasoning is not confined to either side of this house or any group in this house. As duly elected representatives we are asked to determine upon a certain policy, and it does not help to clear the situation when hon. members opposite sneer or pound their desks.

The hon. member for Huron North had a good deal to say about guns and ships and anti-aircraft. I submit that the vote we are discussing is not concerned with any of these things.

An hon. MEMBER: Why not?

Mr. WOODSWORTH: What we are now concerned with is planes, bombing planes. It is curious that although the hon. member for Vancouver North (Mr. MacNeil) objected to this provision on the ground that essentially it would mean offensive rather than defensive warfare, the minister had nothing to say. The hon. member for Rosetown-Biggar (Mr. Coldwell) supplemented what had been said earlier by quoting an authoritative statement from men who are dealing with this very question at close quarters in England. Again, the minister has nothing to say in rebuttal of the argument. Only a few minutes ago an hon. member who sits just behind the minister distinctly made the statement, in supporting the government's policy, that bombing planes were practically useless except for retaliation. The minister has not indicated whether he accepts such supporting opinions as that. From all I have read, it is generally agreed that bombing planes are of very little value except as a means of retaliation. Yet the minister has nothing to say when we point to an argument of that kind, an argument put forward as one reason for supporting the estimate for an increased expenditure on bombing planes. When, a few days ago, we were urged to accept these increased estimates and all that this program involves, we asked against whom we were arming. We pointed out that it was next to impossible for the Japanese on one coast or the Germans on the other to send an expedition to Canada. We were told in reply that occasionally raiders may come over here and that we ought to be able to repel occasional raids from whatever country they come. One would have thought that if we were facing realities the program would be one of coastal defence. Quite true, certain increases along that line have been proposed, but now the minister comes along with proposals for an increased expenditure well on to seven millions of dollars, the major part of which relates to this arm of defence, and we ask the reason for it. It is admitted that if a raider came across at this time, our bombing planes would not be much good, but the major purpose of the bombing plane would be retaliation. Let us come to realities. Is it suggested that if a German plane, we will say, came over here and managed, as the Minister of Agriculture (Mr. Gardiner) put it the other day, to drop a bomb on a granary in Saskatchewan, we must send our air force away over the Atlantic to drop bombs on Germany?

An hon. MEMBER: No.

Mr. WOODSWORTH: That is the logic of the proposal.

Mr. DUPUIS: To protect us against such an attack.

Mr. WOODSWORTH: Are we to understand that our only purpose in providing for such a large force of aeroplanes circling over this country or known to be somewhere available, is that the Germans will be afraid to come over here for fear that we then would go over to Germany? I suggest we are being driven to extreme and imaginary assumptions if that is the argument in support of the vote. Is it possible for us to accept that point of view without going contrary to the policy which we have been assured is the policy of this government? I could hardly but accept the statements of the Prime Minister (Mr. Mackenzie King) and the Minister of Justice (Mr. Lapointe), coming as they did from men who are sincere. I could hardly but accept the assurance they gave the other day that this defence vote was for purely defence purposes. But, Mr. Chairman, whatever they may think, I do not know exactly the means by which advice is passed on from one governmental body to another, from the United Kingdom to this country, but I do say that we have the right to be suspicious. We have the

right to be suspicious when we find that a major part of the increase is to be devoted, not to defence purposes—admittedly it would be useless for strictly defence purposes—but to what would be of value as a means of retaliation. That retaliation would undoubtedly carry our planes over to some foreign country. Again and again it has been admitted that we are not going to attack the United States. Then the only other foreign country would be overseas. It may be that somewhere there will be a submarine upon which a bomb might be dropped. I admit that possibility. But essentially that would not deter a great nation from sending bombers over to this country. The effective use of bombers can mean only that we would send bombing planes to Europe or to Asia, and that means that we depart entirely from the policy which the Minister of Justice, the Prime Minister, and the Minister of National Defence himself have stated is the policy of Canada. I think we ought to be fair in this matter.

Mr. MACKENZIE (Vancouver): Hear, hear.

Mr. WOODSWORTH: I think we ought to be straightforward in this matter.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: I am glad to hear the minister say, "hear, hear." Then the government should proceed with perfect fairness and frankness. Somebody said that the Minister of National Defence had laid all his cards on the table. I am not suggesting that he has some Machiavellian plan to put this program over on Canada, but I do suggest to him that the program which is being outlined is not one that will commend itself to a very great number of Canadians as being a purely defence program. And that is especially true of this item. It has been charged in some sections of the chamber that we in this corner have not been absolutely consistent. I do not know what other course we could have taken in order to be consistent. We have from the very first opposed the increase in armaments, and we are opposing it item by item. When our motion of lack of confidence was before the house, the Prime Minister suggested that we had some other end in view and that when it came to the estimates we would not vote against them. That was his suggestion in opposing our resolution. Well, we are voting against these increases steadily, item by item, and we propose to continue doing so; we are sincere in that. Some of us believe that we could settle the matter far better by other means than by military defence preparations. I am convinced of the truth of that. As I tried to set forth in my resolution earlier in the session, I believe that if, in an endeavour to bring about better relations between Canada and the other countries, if necessary making financial sacrifices and refusing to ship our raw materials to be used in the manufacture of armaments in other countries, thus provoking yet other countries to retaliation,—if to that end we devoted one-tenth of the attention and one-tenth of the money that we give to military matters, it would be a surer defence than any other which could be provided. I have said that again and again. I should like to wipe out all these increases. But an item of this kind is particularly objectionable, simply because it seems to indicate that, if not in the back of the minister's mind, at any rate in the back of the minds of his officials—and we have no way of getting at them except through the minister—there is the idea that these military bombing planes may be used not in Canada but for some expedition outside Canada. They are mobile; they are the arm that could be most readily used if we were asked to send a military expedition abroad. One cannot but have the feeling that somewhere considerations of this kind are behind this program.

We are given a picture to-day of what will be involved, and if bombs are dropped in other countries it will be on other households, upon women and children as well as men. I can very well recollect, as can many hon. members, the consternation, the abhorrence, we experienced in the last war when the Germans began using gas. It was a horrible thing, we thought; never would we resort to any such thing. Throughout the world there was an outcry against it. Yet the horror has passed and the use of gas and gas bombs and bombing planes is being accepted as essential in modern warfare. That is the picture to which we must look forward.

I wish to say as a Canadian—and I feel sure I represent the feeling of tens of thousands of other Canadians—that we would do anything rather than involve this country in fratricidal strife.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: I think that is true. I will not sneer at my hon. friends opposite, for I believe they would do almost anything to avoid such a state of affairs. But I do say that they are adopting a military program which will inevitably land us in that sort of thing. They do not want it any more than I do, but they are adopting a program which in the end means war, and not

merely war for the defence of our own borders but war which will inevitably land us in some foreign country. That is the end of the road.

Mr. FRASER: Does the hon. member really believe that bombing planes are not used in coastal defence?

Mr. WOODSWORTH: The best information that I can secure is, as was stated by an hon. member on the government side a few minutes ago, that bombing planes are almost useless for purely defensive purposes. That is my information.

Mr. ROSS (Middlesex): If the hon. member is referring to me, I object to that statement; I never said any such thing.

Mr. WOODSWORTH: Hansard will show it. He said that bombing was practically useless except as a means of retaliation. I believe that was the meaning of his words. I should not like to do him wrong but that is what I wrote down.

Mr. LENNARD: May I ask the hon. member one question? What would he do in the event of an enemy nation sailing aeroplane carriers within a few hours' distance of our coast? What method of offence would he adopt?

Mr. WOODSWORTH: I do not think I am particularly called upon to answer that question. That contingency is so remote that we can very well disregard it.

Mr. LAPOINTE (Quebec East): There is one question which has been asked so often during the course of this debate, and which I regard as so preposterous, that I consider it my duty to answer it. Hon. gentlemen are asking us: Against whom are you arming? Can there be anything more ludicrous than that question? My hon. friend has just asked the same question, and I ask him: Can he cite any country in the world, any parliament in a civilized country where, when they organize their defence, they broadcast to the world that they are arming against this or that country? It is absurd to ask that question and my hon. friend knows it.

We in Canada are a peaceful people and we try to maintain friendly relations with all the nations of the world. We have no enemies, I hope; in fact I know we have no enemies. How can my hon. friend ask us to say that we are arming against somebody in particular? But we live in a world the conditions in which we cannot ignore. We live in a world which is arming everywhere and in a way we all deplore. At no time in history has there been such intensive arming on the part of every nation as there is at the present time. Rulers of nations advertise themselves, as was done in two countries which I could name but shall not, as wanting by force to propagate their doctrines throughout the world. As I say, we are the enemy of no one, but we have to take into account the madness that prevails everywhere. And we try at least—at least, I repeat—to defend ourselves in case of need. My hon. friends themselves are voting for credits for defence. Some hon. members on that side, and even on this side, have moved amendments to reduce the items in the estimates, but they want to keep the amounts as they were last year or the year before; that is an admission that there must be some provision for the defence of Canada. If there must be some national defence, is it not proper that it should be at least a little efficient, a little effective? That is a question more logical and reasonable than the one asked by my hon. friend.

After all, the first law of life is that of self-preservation. Every organism that lives seeks to protect itself, to make conditions so that it may live. The first duty of a nation is to defend its citizens; that I believe, no one will contradict. But my hon. friends say: Oh, we are in no danger, there is no need; we cannot foresee any. Well, to govern is to foresee. On a question like this we cannot follow our own personal fancies; we must take into account our responsibilities for our fellow men in Canada, and if unfortunately in a certain emergency something happens which my hon. friends say cannot happen, but which others say may happen, I could not justify myself to my conscience for neglect to take precautions by saying that the hon. member for Winnipeg North Centre (Mr. Woodsworth) or the hon. member for Vancouver North (Mr. MacNeil) or the communist party of Toronto or some groups in my own province told me that we did not need any defence. We are responsible; we have to make provision, and that is what we are doing at this time, as members of the government and as members of parliament doing our duty as God has given us the light to see it. I have heard somebody say: These explanations are all right, but my electors in the sixth range of some township will not understand that. Mr. Chairman, we are not going to govern Canada on that basis. I am a member of this government, and we are going to govern Canada in the way which we believe is the straightforward, honest and fair way for the protection of our citizens. And let me also ask—for some hon. members come back time after time with the suggestion that we are preparing for participation in wars outside Canada—why

should hon. gentlemen say this when they know that it is not the case, when they know that it is not true—

Mr. WOODSWORTH: Mr. Chairman, I ask that that statement be withdrawn.

Mr. LAPOINTE (Quebec East): Which statement?

Mr. FRASER: It is no worse than the statement made by the hon. member a few minutes ago. Let him withdraw his own.

Mr. WOODSWORTH: Mr. Chairman, on a point of order. The Minister of Justice said that in expressing ourselves as we had done we made statements which we knew not to be true.

Some hon. MEMBERS: No.

Mr. WOODSWORTH: Which we knew to be wrong. I say that statement must be withdrawn.

Mr. LAPOINTE (Quebec East): I said that they know these estimates are not for outside intervention but for the defence of Canada.

Mr. WOODSWORTH: We do not know that.

Some hon. MEMBERS: Order.

The CHAIRMAN: The point of order of the hon. member for Winnipeg North Centre (Mr. Woodsworth) in my opinion is not well taken.

Mr. WOODSWORTH: Mr. Chairman, I appeal against your ruling. I have never allowed anyone to say that my motives were wrong, that I knew anything which I did not know. I appeal against the ruling.

Mr. CLEAVER: But you will accuse any member of the government of that.

Mr. LAPOINTE (Quebec East): If my hon. friend wants to speak, I have the floor.

Mr. WOODSWORTH: I have appealed against the chairman's ruling.

Mr. LAPOINTE (Quebec East): I suppose my hon. friend does not insist on his appeal?

Mr. WOODSWORTH: I have appealed against the ruling of the chairman.

An hon. MEMBER: Put it in writing, according to the rules of the house.

Mr. WOODSWORTH: I have the right to appeal.

Mr. MACKENZIE (Vancouver): But your appeal must be in writing.

Mr. WOODSWORTH: That has not been the practice of this house. I am willing to put it in writing, but in the meantime I say that has not been the practice.

Mr. LAPOINTE (Quebec East): Does my hon. friend want me to write it for him?

Mr. WOODSWORTH: No. But I have been in this house for a good many years and I have never seen a member compelled to stop to do that.

The CHAIRMAN: The hon. member for Winnipeg North Centre will be good enough to put his appeal against the ruling of the chair in writing, and present it to the table.

Mr. WOODSWORTH: I know of no such rule. Perhaps the chairman will show me the rule. It is not the practice of the house. I submit we ought not to make a certain rule in one case and another rule in another case.

Mr. POULIOT: Mr. Chairman, speaking to the point of order, during the twelve years I have been a member I have never seen a motion which was not in writing. If the hon. member for Winnipeg North Centre moves to appeal from your decision, he must put it in writing, in order that Mr. Speaker may take cognizance of his complaint. That seems clear and official, and there is nothing now before the chair. Mr. Chairman, you are ready to submit to Mr. Speaker the complaint of the hon. member for Winnipeg North Centre, but you have nothing in your hand. What can you give to Mr. Speaker? It is just as clear as daylight at noon. Therefore it seems to me that while we were waiting for Mr. Speaker to receive your report the hon. member for Winnipeg North Centre would have ample time to draft a short motion. More than that, I am ready to oblige him by drafting the motion, if he will tell me what he wants to put into it. That, however, is not an engagement to vote for it.

Mr. WOODSWORTH: Mr. Chairman, no hon. member is allowed to impute motives to another. The Minister of Justice has done that, and I have appealed. Ordinarily it is sufficient to appeal to the Speaker. I have never known of a case of this kind, and I say it is distinctly subversive of the law of order of the house, and of all sense of justice and fair play, if there is to be one set of rules for one party and another set for another party.

Mr. LAPOINTE (Quebec East): My hon. friend is entirely wrong. If he thinks I was

imputing motives, I am quite willing to give him satisfaction. I did not impute any motives to the hon. member.

Mr. WOODSWORTH: That is all I asked for at the beginning.

Mr. POULIOT: Speaking to the question of privilege, I would say it has just been settled.

Some hon. MEMBERS: Question.

Mr. LAPOINTE (Quebec East): My hon. friend has been successful in one thing, namely to cut my speech short.

Some hon. MEMBERS: Question.

Amendment (Mr. Crète) negatived: Yeas, 22; Nays, 120.

Mr. CHAIRMAN: I declare the amendment lost. Shall the item carry?

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

Mr. DOUGLAS: I understood the minister—

Some hon. MEMBERS: Carried.

An hon. MEMBER: It is six o'clock.

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

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

DIONNE QUINTUPLETS

Mr. R. W. GRAY (Lambton West) moved the second reading of Bill No. 19, for the protection of the Dionne quintuplets.

Mr. BENNETT: Explain.

Mr. GRAY: In 1935 the provincial legislature of Ontario passed an act respecting the guardianship of the Dionne quintuplets. Under this act the Minister of Public Welfare was appointed a special guardian and the lieutenant governor in council was empowered to appoint additional guardians. At the present time His Honour Judge Valin, Doctor Dafoe and the father, Mr. Dionne, are the active guardians of the quintuplets and in them is vested full power to look after the health and general welfare of the quintuplets.

An application was made recently to the patent office for the registration of the words "quins," "quints" and "quintuplets" as trade marks to be used exclusively in connection with certain articles. The application lists some two hundred articles, but I shall read only a few. It was made by the Blossom Products Corporation, of Allentown, Pennsylvania, in the month of January and asks the right to use these words in connection with panties, bloomers, stepins, undersuits of knitted and woven fabrics, pyjamas, bathing suits, corsets, combinations, slips, mufflers, mittens, knickers, rompers, creepers, ties, bibs, overalls, suspenders, wind-breakers, crossword puzzles, paper games, bicycles, tricycles, brooms, kiddy carts, wheelbarrows, scooters, checker boards, blankets, spreads, beddings, pillows, mattresses, quilts, sheets, scarves, alcoholic beverages, ale, beer, gin, whisky, brandy, dental cream, toothbrushes, lip and cheek rouge, mascara, eye shadow, eyebrow pencil, high chairs, baby chairs, tobaccos, cigarettes, pipes, patent medicines and sewing boxes, in connection with all of which wares the applicant is exclusively concerned. The commissioner of patents found that he would be bound to grant the application of the applicants unless some protection was given. This bill proposes to vest exclusively in the guardians of the quintuplets the right to use the words "quins," "quints" and "quintuplets." Perhaps hon. members would like to discuss this bill and may have certain suggestions to make by way of amendment, and for these reasons I think it only right, should the house agree, that the bill should be referred to the private bills committee. I have discussed this matter with the commissioner of patents and he advises me that this is the only procedure by which the necessary protection can be given.

Hon. FERNAND RINFRET (Secretary of State): Mr. Speaker, as this bill is going before the private bills committee I shall not discuss it at length at this time. I may say that I claim no experience in this matter, but I wish to confirm what has been said by the sponsor of the bill (Mr. Gray). Unless a bill of this kind is passed, the objects hoped to be attained can not be attained. Under the provisions of the Unfair Competition Act, which is a statute passed in 1932 dealing with the registration of trade marks, generally speaking trade marks in the form of a word may be registered only in association with specific commodities which are manufactured or sold by the person seeking to register the trade mark. On the other hand, there is nothing in the act giving the Secretary of State any discretionary power to refuse an application by any firm for the registration of the word "quintuplets" or other words of that kind. Although this is a common word, it has come to have great commercial value because

of the great public interest throughout the world in the Dionne quintuplets. Commercial houses both in Canada and abroad have been anxious to register these words as trade marks, and, as the hon. gentleman has just said, some applications have been made to my department.

After consultation with the commissioner of patents we came to the conclusion that we could not refuse such an application or delay the grant indefinitely. The department has always taken the stand that it could not view favourably any legislation which devised to private or commercial firms special privileges, but it would appear that the circumstances in this case are such that the department would not oppose this bill. It will be sent to the private bills committee where all sides, if there are more than one, can be heard. Therefore, I ask the house to consent to the second reading and send the bill to the committee.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, this is not a case of sides or parties; it is essentially a question of the public interest. I venture to say that no such measure has ever before been submitted to any parliament. I wonder whether the house realizes just what this bill means? It means that the provisions of the law with respect to trade marks are to be set at naught. As the minister (Mr. Rinfret) has said, a trade mark can be registered only under certain conditions, but these conditions are not to be observed with respect to this matter. These words are to be declared trade marks without any obligation upon these people to comply with the provisions of the law with respect to trade marks. In other words, this bill is to prevent anyone else from using these words.

Mr. GRAY: During the life of the quintuplets.

Mr. BENNETT: These words are declared to be the trade marks of five minor children incapable of holding property except through guardians. The guardians have given no indication of any intention to utilize these trade marks in accordance with the provisions of the law. In my judgment it is legislation which, in the public interest, we cannot entirely overlook. I cannot think of the use of the word "quints" causing any harm to these five children. What harm could possibly be done by someone using the word "quints" according to the terms of the law when they have to do certain things in order to maintain the validity of their trade marks? As the minister very properly observed, they

[Mr. Rinfret.]

can be used only in connection with some specific matter.

We are now being asked to call these words trade marks and vest them in the guardians for purposes not at all related to commerce. This parliament is being asked to do something which I venture to say has never before been done by any parliament in connection with trade marks. The hon. gentleman (Mr. Gray), who has moved the second reading of this bill, has stated that it will be sent to the private bills committee, so there is no object in my directing the attention of the house to the facts I have mentioned other than to say that the public interest must be considered regardless of any sentimental or other considerations which may obtain. I venture to say that in the long history of the administration of trade marks there has never been such a bill as this one for the purpose of creating trade marks out of words of this kind and vesting them in the guardians of minor children who have no intention of utilizing them for commercial purposes. I only direct attention to that and will leave it at that because the bill is going to the private bills committee.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

SECOND READINGS

Bill No. 24, for the relief of Joseph Neilson Blacklock—Mr. Plaxton.

Bill No. 25, for the relief of Francis Hector Walker—Mr. Hyndman.

Bill No. 26, for the relief of William Edward Connor—Mr. Jacobs.

Bill No. 27, for the relief of Annie Nemchek Cohen—Mr. Jacobs.

Bill No. 28, for the relief of James Gordon Ross—Mr. Jacobs.

Bill No. 29, for the relief of Florence Anna Iverson Salberg—Mr. Jacobs.

DIVORCE IN BRITISH COLUMBIA

PROVISION FOR APPEAL TO PROVINCIAL COURT OF APPEAL IN DIVORCE AND MARTIMONIAL CAUSES

The house resumed, from Tuesday, February 9, consideration of the motion of Mr. Green for the second reading of Bill No. 15, to provide for appeal to the court of appeal of the province of British Columbia in divorce and matrimonial causes.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I have always been opposed to divorce. A few years ago I fought strongly against the bill of the hon. member for Winnipeg North Centre (Mr.

Woodsworth) establishing divorce courts in Ontario. I stated at the time that it would facilitate divorce, and that the number of divorces would increase as a result, and unfortunately the statistics show that I was right. But this bill is altogether different. A divorce court is operated and now exists in the province of British Columbia.

Mr. BENNETT: It did before British Columbia joined the union.

Mr. LAPOINTE (Quebec East): Yes, before it joined the union, but the courts have held that there was a doubt as to whether there was an appeal to the court of appeal of British Columbia and that appeals should go to the privy council. It has been represented to me, and I have the conviction, that divorce is rather more easily obtained under these circumstances, that perhaps it is not surrounded with the same safeguards there would be if there was an appeal court in British Columbia for divorce as there is in the other provinces. In other words, this bill, instead of facilitating divorce, will make it more difficult. It will assure more safeguards to the parties. Under these circumstances I do not oppose the bill.

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

Section 1 agreed to.

On section 2—Appellate jurisdiction in divorce and matrimonial causes.

Mr. MACKENZIE (Vancouver): May I ask the sponsor of this bill if this clause includes appeals on questions of fact as well as of law?

Mr. GREEN: Yes; it includes an appeal on questions of fact.

Section agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Aviation—Royal Canadian Air Force—Expenses in connection with the general maintenance and training of the permanent and non-permanent active air force, and provision of facilities therefor, $11,391,650.

Mr. DOUGLAS: Just before recess I was about to ask the minister a question. At the moment, however, I should like to make some observations with reference to remarks by the hon. member for Huron North (Mr. Deachman), and the Minister of Justice (Mr. Lapointe) to the effect that we of this group have hardly been consistent in that we voted for estimates equal to the amount of last year. We have not opposed defence. We have opposed the increase in defence, because we do not believe that any adequate reason has been shown for these increased estimates. The Minister of Justice made a strange remark. He said he did not propose to be convinced that the vote was a waste of money merely because that point of view was advocated by the hon. member for Winnipeg North Centre and the hon. member for Vancouver North (Mr. MacNeil), the communist party in Toronto, and some sections of his own province.

Mr. LAPOINTE (Quebec East): That is quite true.

Mr. DOUGLAS: I would not go so far as to say that the minister intentionally lumped together all these groups for the purpose of inferring that the inspiration for this opposition came from the communist party.

Mr. LAPOINTE (Quebec East): It is a mere coincidence.

Mr. DOUGLAS: If such an interpretation should be put upon our action, I should like to state here and now that our opposition has been consistent with the policy and philosophy of this group. While it is not unusual to hear some hon. gentlemen associate us with the communist party, in order to cast somewhat of a slur upon our group, it is unusual to hear them include also any hon. members from Quebec who happen to differ from the government.

I think we are fully within our rights in asking two questions with reference to these increases: first, if they are needed, and, second, if they are to be used exclusively for defence. The minister said this afternoon that the question against whom the provision is to be made is totally irrelevant, because in other countries where rearmament is being voted no mention is made of the nation against whom they are rearming. That is hardly in accordance with the facts. As a matter of fact, again and again in the Japanese diet Russia has been cited as the nation against whom Japan is providing defence. Hitler has stated repeatedly that fear of communism is what causes his country to arm. The Prime Minister of Great Britain made the statement not long ago that the frontier for Great Britain was on the Rhine, and that Britain must protect the sea route to India, which is the life-line of the empire. I think these statements clearly show against whom those nations are arming. But no such statement has been made in connection with these estimates. We are repeatedly

told that we have no enemies, and at the same time, that we must defend ourselves lest some time or another we should manage to develop enemies. There is no reason for some of the indignation that was displayed this afternoon merely because we asked, quite frankly, are these purchases that it is now proposed to make, in the best interests of defence, or are they such as will not give adequate defence but rather will lend themselves to the formation of a mobile unit for use elsewhere? In asking the minister to give that information, we are not being obstructionists, nor are we trying to be facetious. Therefore I ask the minister just what part would bombing planes play in actual defence in the event either of an attack by raiders or an invasion of our coasts.

Mr. MACKENZIE (Vancouver): This is the first time during the discussion of these estimates that the minister in charge of them has been asked this question by any member of the group in the corner. All the members of the group other than the hon. member who has just spoken took it for granted, and so stated plainly in this committee, that these estimates were to be used for offensive purposes outside the Dominion of Canada, and they thereby broke the rules of the house, because not only my leader, the Prime Minister, but two or three of our colleagues and many others who are conversant with the policy underlying these estimates stated, not once, but time after time on the floor of the house that not one cent of these estimates is intended for any purposes of aggression outside Canada, but that the vote is intended solely for the defence of the dominion. I think my friends and my political opponents alike will agree with me that I have refrained from any provocative utterances during the discussion of these estimates. What has happened? My hon. friends of the Cooperative Commonwealth Federation moved an amendment when Mr. Speaker was in the chair a week ago. The debate upon that amendment occupied the house for almost a week. During the discussion unequivocal assurances were given by the government that every cent of these estimates—air force, militia and naval estimates—was for the defence of Canada, of Canadian territorial waters and Canadian neutrality. Yet when we come to the items, hon. member after hon. member day after day rises in his place and refuses to accept the assurances which have been given. There is a rule that when an hon. member rises in his place and makes a statement his word is to be accepted, and I am very much surprised at the suspicion and distrust which seem to have been engendered in the minds of my hon. friends opposite.

With reference to the use of bombing planes, I do not pretend to the wonderful knowledge that some of my critics appear to have, but the best technical advice I have received is that the most effective defensive weapon to-day is the aeroplane, the bombing aeroplane. My hon. friends, however, will not accept the assurances of those who give this technical advice. I desire again to assure the hon. member for Weyburn, if assurance is of any use to him, that every cent of these estimates is intended for the purposes that have been specified, for the defence of Canada.

Mr. DOUGLAS: I asked the minister a perfectly civil question. I hardly think it is necessary—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Sit down.

Mr. DOUGLAS: I rise to a point of order.

An hon. MEMBER: Take your medicine.

Mr. DOUGLAS: I asked a perfectly civil question. I refuse to have it imputed to me that I am not open to conviction, or that I am impervious to any explanation.

Mr. MACKENZIE (Vancouver): I am glad to know that the hon. member is open to receive an explanation. I am trying to convince him; I trust that when I have finished my explanation he will be entirely convinced. At one time the members of the group to which he belongs argue that these defence estimates are not adequate for the defence of Canada; at another time they complain that these estimates are used for offensive purposes. They offer us two great policies, one a home policy and the other a foreign policy. The hon. member for Vancouver East (Mr. MacInnis), in reply, I believe, to the Prime Minister, said the other day that he was in favour of military sanctions with reference to the League of Nations.

Mr. MacINNIS: I did not say anything of the kind.

Mr. MACKENZIE (Vancouver): I was in the house. The records of Hansard will confirm my statement.

Mr. MacINNIS: The records of Hansard will not show any such thing.

Mr. MACKENZIE (Vancouver): Mr. Chairman, if I am misquoting my hon. friend I will certainly retract, but I should like to

refer to Hansard to substantiate what I have said, that he was in favour of participation with reference to any obligation existing under the League of Nations.

Mr. MacINNIS: Quite so.

Mr. MACKENZIE (Vancouver): That means one thing and one thing only. It means military sanctions. And what would that involve? I am neither criticizing nor commending the policy he advocates. But if Canada had sent a mobile division last year to Ethiopia, it would have cost this country in eight months over $100,000,000. That is the meaning of the foreign policy of the hon. member for Vancouver East; yet when we come here proposing a modest expenditure of $35,000,000 for defence of our Canadian homes and Canadian shores, these hon. gentlemen do everything possible to retard and hinder and impair the passage of the estimates.

This is the quotation:

Mr. Lapointe (Quebec East): But suppose the hon. member is wrong, and there had been a war, would he have been in favour of participating in that war?

Mr. MacInnis: Most certainly, in any action which Canada as a member of the league would take to protect another member of the league.

As I said, I neither commend nor condemn that declaration of policy, but I am stating its implications and its consequences. If Canada had been called upon last year to send a division to Ethiopia, the cost to this country would have exceeded $100,000,000; yet, though we have given repeatedly in this house most emphatic assurances that these modest estimates are solely for the defence of Canada, we have two declarations of policy from our critics across the way: one from the member for Vancouver East, which would mean an expenditure of hundreds of millions of dollars of Canadian money; the other, from the hon. member for Rosetown-Biggar (Mr. Coldwell), who would not allow us a gun or an aeroplane or a warship or a torpedo-boat destroyer or a submarine, but who would have a national policy of dug-outs for the Dominion of Canada. That is going to be the home policy of the Cooperative Commonwealth Federation group—overseas hundreds of millions of dollars; in Canada not a cent for the defence of the liberties and the security of the Canadian people. We must not give to our Canadian boys, the finest fighters in the air the world has ever seen, decent aeroplanes to meet anyone who might assail us. Instead we must have a policy of dug-outs, east and west, north and south. That is the policy of the hon. member for Rosetown-Biggar. I have never seen such inconsistency, suspicion and mistrust in all my experience in the House of Commons.

Mr. DOUGLAS: I asked a question, and I am still waiting for the answer. I enjoyed the exuberant eloquence of the hon. gentleman, but I should like to get an answer to the question which I asked.

Mr. MACKENZIE (Vancouver): The question was with regard to bombing aeroplanes, and the answer is that according to the best opinion they constitute one of the most effective defensive weapons.

Mr. HEAPS: The minister accuses the group over here of holding up the estimates and prolonging the debate.

Some hon. MEMBERS: Oh, no.

Mr. HEAPS: Oh, yes, he did. He said that day after day this discussion had gone on in the house, and he also accused us of being responsible for the debate which took place during the best part of last week. I would point out in the first place that those who spoke most on the question last week were members of his own party, and if he is going to point the finger of accusation at anyone for holding up the discussion he had better look around him among his own friends. There he will find the culprits. For, after all, the Conservative party did not participate in the discussion at all; only five members of Cooperative Commonwealth Federation group spoke on it, and they were not allowed more than forty minutes each; in fact I doubt whether they took up the whole forty minutes. But if they did, that would mean two hours on the part of this group in the discussion last week, while all the rest of the time the hon. gentleman's own supporters discussed the question. They were the ones who took up the time. And the same thing with regard to the amendments. The items under discussion yesterday and again to-day have been spoken to mostly by members on the minister's side. I do not know of any member of the Cooperative Commonwealth Federation group that has moved any amendments; possibly one may have done so. Most of the amendments came from supporters of the minister himself. Why, therefore, does he accuse us? As the hon. member for Weyburn said, his own exuberance ran away with him and he forgot himself, and possibly the same remark applies to some of the arguments he has used. I have not spoken a great deal on the question. I asked a few questions for information and I do not believe any of us in this group are entirely

opposed to having defence. I realize that we must have some defence, just as it was pointed out that if we are to preserve order in any community, we must have the nucleus of a police force there. But there is legitimate room for differences of opinion on these estimates. I am of opinion that we could have had the same efficiency in connection with the defence forces of the country with the amount of money spent last year as we shall have with the money we are asked to vote on this occasion.

An hon. MEMBER: Give the basis of your opinion.

Mr. HEAPS: It is my opinion though it may not be worth much, and in a discussion such as this I do not suppose that it would be worth much, but I believe the opinion is shared by many others. As I have said here before, if only a tithe of this money spent for war purposes were spent in an effort to foster peace sentiments among the nations, we should get far more value for the money expended than we receive for the money spent on munitions and in preparing for some eventuality.

Mr. MacINNIS: The Minister of National Defence is greatly concerned about the inconsistency of the defence policies of the small group in this corner, but I am not sure that his own party are all at one on their defence policy. There is possibly more inconsistency on that side, not only relatively, but perhaps on the whole. When he has got rid of the inconsistency in his own camp, he can come over here and lecture us. Let us look at the situation we were dealing with last Thursday. I made some reference to sanctions—and remember sanctions were applied by the Liberal government against Italy in the war with Ethiopia. If those sanctions had led to war, would the government have taken part in that war or would they have backed out? That is a question we have a right to ask the government.

An hon. MEMBER: Why don't you ask us where the fire goes when it goes out?

Mr. MacINNIS: Judging by the look of distress on the hon. member's face, I doubt whether he himself knows the answer to that. The question before the dominion is still the question of foreign policy and we have not settled it yet, nor have we done anything towards settling it. Am I to understand, is the house to understand, is the country to understand, that in developing this defence policy we are withdrawing from the League of Nations and will take no further part in applying sanctions or in any other phase of the work of the league? That is a question which must be answered satisfactorily to the people of Canada. If we are going to withdraw, what alignments are we going to make? For, after all, we must have some policy, a policy of collective security; either we must have a policy of association with the commonwealth of nations in a league of some sort or we must make some other arrangement. One of these alternatives is inevitable; which one are we going to choose?

Mr. MACKENZIE KING: May I point out to the hon. member that this house has already agreed that with respect to sanctions parliament will say what is to be done. That has been settled; my hon. friend was a party to it.

Mr. MacINNIS: Evidently not—

Mr. MACKENZIE KING: Oh, yes.

Mr. MacINNIS: —because when the sanctions were applied to Italy this house was not consulted, and when Doctor Riddell was censured the house was asked nothing about it.

Mr. MACKENZIE KING: When I spoke on a previous occasion, the hon. member for Rosetown-Biggar asked me whether I would make a statement of our foreign policy. In that statement of our foreign policy I drew the attention of the house to the fact that the policy of the government with respect to sanctions was to allow parliament to decide. That was a clear statement and it was accepted by everybody.

Mr. COLDWELL: The Minister of National Defence paid some attention to some remarks I made both last night and to-day with regard to what constitutes real defence against air attacks. I am not retracting anything I said in that regard. It may be called in derision a national policy of dug-outs, but I fancy that if the hon. gentleman will read Hansard and see what I actually said and the views I expressed, together with the authorities upon which I based those views, he will feel ashamed of that remark. If we are really in danger of attack, as the minister has constantly reminded us, I wanted to see that the women and children for whose protection these armaments are supposed to be obtained, shall be provided with some defences. And there is nothing in these estimates that will provide any such defence.

My point of view regarding armaments can be well stated in the words which I read in the debate of a week ago yesterday. I suppose there was no man in the British Empire more closely associated with the foreign policy of Great Britain in the pre-

war years than the late Sir Edward Grey. Shortly after the beginning of the war, Sir Edward Grey used these words:

> The increase of armaments that is intended in each nation to produce consciousness of strength and a sense of security does not produce these effects.
>
> On the contrary, it produces the consciousness of strength of other nations and a sense of fear. The enormous growth of armaments in Europe, the sense of insecurity and fear caused by them—it was these that made war inevitable.

This statement, I believe, is absolutely correct. Last week we saw the announcement from Great Britain of a great armament program, and a day or two later there was a discussion in Germany regarding the matter, and a sense of greater insecurity engendered there. The result will be that Germany will adopt another great armament program. That will cause Russia to build up still greater armaments, and so the mad race goes on, until the time comes when one nation feels that it is in a position to bring the matter to a show-down. It is a tragedy for the world that collective security has broken down. I would be glad to see a reconstituted and reorganized League of Nations, with some power such as an international police force to enforce law and order in the world. But these individual national rearmament programs can lead only to ruin and chaos, and that is the reason for my opposition to these estimates. I have consistently preached this for years. What I have said in this house is what I have said ever since the war. And I am not in the position of some hon. gentlemen who perhaps did not make their position clear prior to the election. I did. And I had many friends among hon. gentlemen opposite who told me that I was not alone in that attitude, that it was the policy of the Liberal party. Consequently, when I see this rearmament program proceeding, I feel, rightly or wrongly, but conscientiously at least, that I must oppose it. Because I agree with the statement made by Sir Edward Grey when the war broke out, that a sense of insecurity will pervade the world and all the nations, it also seems to me that we in this part of the world, small in population, with a tremendous territory to protect, ought to weigh well the consequences of joining in such a race and of following a policy which may appear provocative. The item under discussion, that of bombing planes, is a provocative item. The Minister of National Defence and those advising him may believe that bombing planes constitute an arm of defence; I do not, nor, may I add, do those who have spoken of aeroplanes in the British House of Commons, including the Prime Minister of Great Britain. So we in this group are opposing these increased estimates because we believe they can lead only to further rearmament and to ultimate disaster. When the minister complains about obstructionist tactics, let me point out, as was done by my colleague from Winnipeg North (Mr. Heaps), that last week only five of this group spoke, for forty minutes each or less. But the debate went on all week. None of the group to my immediate right spoke; almost the entire debate was carried on by the supporters of the government. When I used to read Hansard before I came here, I marvelled how the present Minister of National Defence, when he was in opposition, could manage to keep up such a barrage on the ministers who were then in power. Consequently, it comes with rather poor grace from the minister that he should complain that we are examining these estimates thoroughly.

Mr. MACKENZIE (Vancouver): I did not complain.

Mr. COLDWELL: Then what was all the heat about?

Mr. MACKENZIE (Vancouver): It was all light.

Mr. COLDWELL: I understood him to say that we had been obstructing the estimates.

Mr. MACKENZIE (Vancouver): No, I never said that.

Mr. COLDWELL: Well, if I am mistaken, I am glad to withdraw the reflection upon the minister.

Mr. POULIOT: May I ask a question of the hon. gentleman who has just spoken? Sometimes I may use provocative language—

Some hon. MEMBERS: Oh, no, no!

Mr. POULIOT:—especially when through the chair I reply to the hon. member for St. Lawrence-St. George (Mr. Cahan). But my hon. friend who has just spoken said that this increase is a provocation. I ask him, whom do we provoke? Do we provoke the United States, which is spending billions for its army and navy? It provokes us. Do we provoke Japan? Japan is in the same case; she provokes us. Every nation is provoking each other; well, then, it is time to be careful and defend ourselves. If I voted for some amendment—I may vote for others in the future—I shall never vote for a motion or amendment on the ground of provocation, because it was made clear that this expenditure was for self-defence, and when it is for the defence of this country the government will find me just the same as before. I would ask the hon. gentleman who has just spoken, whom do we provoke by increasing the estimates of the Department of National Defence?

Mr. COLDWELL: When I look at the late war I realize this, that the nations which were least armed were the ones which were not involved.

Mr. POULIOT: Belgium, for example?

Mr. COLDWELL: Belgium was armed to the teeth; its fortresses around Liege were the greatest fortresses that had been built.

An hon. MEMBER: Oh, oh, you are obsolete.

Mr. COLDWELL: They had just been completed under the direction of some of the greatest French and British engineers, when the great war broke out. Belgium was destroyed. I look at Denmark, and I see it practically unarmed when the war began.

Mr. FRASER: A different thing, altogether.

Mr. MACKENZIE (Vancouver): Not now.

Mr. COLDWELL: It had the most desirable naval bases for operation against the British navy which could be found on the shores of the North sea. But Denmark was not invaded, because she provided no excuse—no provocation, if you like—for invasion. That is my view.

Mr. MACKENZIE KING: To what extent was Canada armed before the last war?

Mr. COLDWELL: Canada was not well armed before the great war, but Canada entered that war of her own volition.

Mr. FRASER: And she will the next.

Mr. GREEN: Mr. Chairman, I should like to change the subject for a moment, and get on a peace-time footing. I understand the plans of the Department of National Defence call for certain extensions at the Jericho air base in Vancouver. There is some suggestion that part of the extension will require taking over a portion of Locarno park, which adjoins the base, on the west. May I point out that the park is comparatively small, but that it is one of the most popular parks in Vancouver, has one of the safest bathing beaches for children and is one of the best parks for picnic purposes. It would be too bad if the department were to take over any of the park, because I believe in the vicinity there is vacant land which should be used, even if it is not quite so satisfactory. I suggest that the minister give the matter serious consideration before any of the park area is taken over.

Mr. MACKENZIE (Vancouver): The question raised by the hon. member for Vancouver South is one of negotiation at the present time with the Vancouver city council and the Vancouver parks board. No decision has yet been reached; the matter is still under consideration.

Mr. CLARK (York-Sunbury): Mr. Chairman, may I call the attention of the minister to the fact that Fredericton, the capital city in the province of New Brunswick, has no air port. In a defence program it would surely be regarded proper to have a landing field at each capital city, and I would ask that consideration be given to providing one for Fredericton.

Mr. MACKENZIE (Vancouver): Representations have been received from New Brunswick, and the matter is now under consideration.

Mr. DOUGLAS: The vote in question involves a large sum of money, and I do not believe the minister fully answered the question I put to him. I know he has had a grilling for two days, and perhaps he is a little irascible. But in asking him as to the usefulness of bombing planes for defence purposes, I do not think we are casting any aspersions on the word of the Prime Minister or on that of the Minister of Justice.

Mr. POULIOT: The aspirations of ministers are always dangerous.

Mr. DOUGLAS: I was talking about aspersions, not aspirations. Emerson said: "Your actions speak so loudly I can't hear what you say." The only way we can judge the use to which any arm of the service will be put is to know the nature of that part of the service. I can imagine that a bombing plane might be used to attack an aircraft carrier or, in a remote instance, perhaps to attack a submarine, although depth charges would seem to be the logical weapon for that purpose. If there are any other uses, I think the officials should give them to us, through the minister. That is the only way we can judge whether the major part of this great sum of money is going to be used in a service which will actually constitute a defence, or whether it will be used for other purposes. I think that is a fair question.

Mr. MACKENZIE (Vancouver): I believe I replied to the question on at least two occasions. As I said, out of the 102 aeroplanes involved in the estimates, only 24 are bombing planes. As I said this afternoon, there are other types such as fighters, reconnaissance, torpedo bombers, bombers and also small training planes, which constitute 27 out of the total of 102. In the opinion of those whose advice is competent, bombing planes

are most effective, with fighter and reconnaissance planes, for defensive purposes. That is as clear, as lucid and as precise as I can make my answer.

Mr. DOUGLAS: One other question—and this is the last: If I understood him correctly the minister said this afternoon that some of the planes were being built in England because the British air ministry thought it wise to have planes of the same design and make. Is that correct?

Mr. MACKENZIE (Vancouver): No, it is not exactly correct. The reason they were made in England previously was that we did not have resources in Canada for building them. Deliveries from England of some planes ordered have taken about twenty-four months, before they have actually reached Canada. So the hon. member can see that if there are immediate requirements—and there are—we must look to other sources for the production of the planes.

Mr. DOUGLAS: Did I understand the minister to say that it was desirable to have planes of the same design as those in the British air force?

Mr. MACKENZIE (Vancouver): Yes, certainly.

Mr. DOUGLAS: Why? What is the object of that?

Mr. MACKENZIE (Vancouver): Because it has been for many years the considered policy in all arms of the service that equipment in all branches shall be of a pattern identical with that used by the mother country if possible. That is the reason.

Mr. O'NEILL: I was interested in the remarks of the hon. member for Winnipeg North who appeared to object vigorously to some observations that had been made. Apparently he thought someone had said that the group to which he belongs was obstructing the passage of the estimates. Hon. members will recall that a resolution was introduced by the hon. member for Winnipeg North Centre, and during the discussion of it all we heard was war, rumours of war, preparations for war, and so on. Then, a resolution was brought in by the hon. member for Winnipeg North, and the same thing happened.

Mr. COLDWELL: No; I wish to correct that.

Mr. O'NEILL: The resolution was brought in by the hon. member for Weyburn, and the talk was along similar lines. Another resolution was introduced by the hon. member for Vancouver North, the discussion of which consumed a week, with the exception of Wednesday afternoon. Now we hear the same arguments to which we have listened on private members' days since the opening of the session. Since we have been here we have heard nothing but wars, rumours of wars and preparations for wars. The hon. member has said that only five members of his group have spoken. I imagine it would be a revelation to those hon. members if we were to take time to show them a comparison of the time those five members have consumed, as compared with any other five members, including the Prime Minister.

Mr. DOUGLAS: Do you include the hon. member for Témiscouata?

Mr. O'NEILL: I do not say they are obstructing passage of the legislation; I am not saying that. I would not say a thing like that. It seems to me, however, that a great deal of time has been consumed by those five members. Honestly, I should like to have the command of the English language and the powers of oratory possessed by those hon. gentlemen. Possibly, if I had such powers, I might be consuming a good deal of the time of the house. However, I really do not know what I can say now either for or against war, after listening to the remarks of members of the group to which I have referred.

Mr. HEAPS: May I say a word in reply to what the hon. member has just said?

An hon. MEMBER: Just one word.

Mr. HEAPS: There seems to be an anxiety among some hon. members opposite to have the vote taken, and we hear hon. members shouting, "Carried, carried." When I hear that, I remember the time when some hon. members opposite sat on this side of the house, and I remember too, the days and weeks they consumed in the discussion of a small matter which was really of very little importance. I wonder now what some hon. members who are sitting opposite to-day would have said if the same estimates had been brought down by a Conservative government.

An hon. MEMBER: We would vote for them.

Mr. HEAPS: It is easy for hon. members to say they would vote for them. I imagine that for every day which has been spent at this time, they took probably a week. The hon. member for Kamloops (Mr. O'Neill) has not been in the house very long and perhaps that is why he spoke in the way he

did. Had he been a member of his party when they were in opposition he would have known that in connection with peace, order and good government more time was taken up by those who now sit to the right of the Speaker than has been taken up on this question, which I believe is of greater importance to this country. If the hon. gentleman who has just spoken will take the time and trouble to read Hansard, I can give him the names of five members of his own party—

Some hon. MEMBERS: Order.

Mr. HEAPS: I will let him take the names of five members of his own party and compare their speeches with those of five other members of this house to see how much time was taken in debate. I am willing to give him the names of ten members and let him see what happened. There is always a certain lack of restraint on the part of hon. members on the government side of the house, but I think what has happened in this debate shows a lack of appreciation of what this house means.

Mr. LAPOINTE (Quebec East): We did not repeat the same thing all the time.

Mr. HEAPS: I am not repeating anything I have said before in this chamber. I would not be saying what I am saying now were it not for what the previous speaker said. It must be admitted that it is the right of an opposition to criticize estimates and that is the position his party has always taken. Now they are in power, hon. members opposite are denying us the right to elicit information. They say we should not speak because we happen to be in opposition. Let me say to the hon. member for Kamloops: Compare the number of speeches on this particular question delivered by members in this group with the number of speeches delivered by members of the Liberal party.

Mr. O'NEILL: That is what I am doing.

Mr. HEAPS: The hon. member must be asleep; if he were awake he would see that only five members of this group spoke on the amendment moved by the hon. member for Vancouver North (Mr. MacNeil).

An hon. MEMBER: You only have seven members.

Mr. HEAPS: If each member spoke for forty minutes, that would take only a little over three hours of the time of this house. How can the hon. member say that we have been responsible for keeping this thing going for a whole week? Is it not a little absurd to say that, when we spoke for only a little over three hours? No member of the Conservative party took part in this debate, but thirty to forty members of the Liberal party spoke on the question. They wanted to express the views of their constituents on this matter, and that is only what we want to do. I do not think there is anything more I can add to the volume of speeches already delivered, and I am quite prepared to let the matter rest.

Mr. MacNEIL: Mr. Chairman, I have a number of questions to ask in connection with this estimate which I think is of sufficient importance to warrant questions being asked and their being answered. I fail to understand why this group should have ricidule and sarcasm heaped upon it because its members view this matter very seriously. I think I have a right to view this matter seriously as I have a distinct recollection of many hours of the time of this parliament being spent on subjects of less consequence, on matters of a purely partisan and political nature. If we make a mistake in formulating a national policy, it may mean the lives of many Canadian young men. Of that there can be no doubt. We stand at an important point in our national affairs and there is little excuse for the levity which has been assumed by some members. While in the heat of debate provocative remarks may be passed, I do not think hon. members should question our sincerity. I think they should recognize that we are accorded the support of many thousands of our fellow citizens.

The hon. member for Weyburn (Mr. Douglas) brought up a matter which has not yet been satisfactorily answered. The minister stated that he was relying almost implicitly upon the expert advice of the departmental staff. He suggested that we were questioning the good faith of himself and of the Prime Minister (Mr. Mackenzie King) in giving certain assurances to this house. I do not intend to suggest for one moment that the Prime Minister or the Minister of National Defence has attempted to deceive this committee. I think the Minister of National Defence must admit that both he and his deputy minister, a man for whom we all have the greatest esteem, are so burdened with administrative details that they cannot give the necessary study to questions of a technical nature. The minister has admitted quite frankly that he must rely upon this expert advice.

The minister asks that we rely upon the advice of men who during the past eighteen years have received from this parliament approximately $300,000,000. That vast amount has been expended by these experts, and yet

the Minister of National Defence rose in his place the other evening and said that at the present time we have no defence, that we must ignore all the activities of the past and start anew. This is the same staff of experts whose advice must now be accepted by this house.

It was shown very clearly that the most ghastly and stupid blunders were made by the general staff at the outbreak of the last war. They said that bombs could not possibly be used in trench warfare, that the private soldier would have to rely upon rifles and bayonets. It was Tommy Atkins himself who discovered that if he was in a hole here and Heinie was in a hole over there, he could take a jam tin, fill it with guncotton and a few rusty nails and get at his enemy. That is what was done in spite of the advice of the experts on the general staff. The history of the general staff has been that of retarding development. We have in the evidence of the Minister of National Defence clear proof of the incompetency of the present staff, upon whose advice we must rely. The minister should not seek to answer our questions by stating that that is the best advice possible.

I think the experience in the last war was such as to give us the right to suggest that the general staff in Canada is acting in rather too close cooperation with the British War Office. The general atmosphere of the Department of National Defence is such as to suggest that they rely almost entirely upon the advice of the experts of the British War Office. It is quite reasonable to suspect that similar conditions exist to-day as existed at the outbreak of the last war when it was found that commitments, of which the British government had no knowledge, had been made in the name of the British Empire.

The minister alleged that this group was inconsistent because the hon. member for Vancouver East (Mr. MacInnis) stated that he would participate in a war in defence of collective security. I should like to point out one phase of that question which has not been dealt with. Under a genuine system of collective security, national increases in armaments would not be necessary. The genuine assertion of a policy of collective security without increased armaments would mean an overwhelming superiority of pooled armaments which would make increased armaments individually unnecessary. It is the abandonment of the policy of collective security and the resorting to a policy of individual rearming which has led us on our present mad course. I think these points should be borne in mind. The minister in his estimates this afternoon dealt with the increase in personnel in the Royal Canadian Air Force. What proportion of that personnel will be stationed on the Pacific and Atlantic coasts, and what proportion at inland points?

Mr. MACKENZIE (Vancouver): Does my hon. friend refer to the non-permanent air force?

Mr. MacNEIL: To both.

Mr. MACKENZIE (Vancouver): At Vancouver there is at the present time No. 4 F.B. squadron and there is a fighters' squadron being sent out there from Trenton as soon as organized. So far as the non-permanent air force is concerned, there is No. 11 army cooperation squadron on the Pacific coast at the present time. In regard to the Atlantic coast, non-permanent air force, Montreal has got No. 15 fighter squadron and No. 18 bomber squadron. Quebec has one in process of organization. I think it is No. 21 bomber squadron. In the permanent force there is at Dartmouth, on the Atlantic coast, No. 5 F.B. squadron.

Mr. MacNEIL: What is the proportion inland?

Mr. MACKENZIE (Vancouver): I had better give the personnel of the Royal Canadion Air Force as located: Total of all ranks at headquarters, 88; courses abroad, 11; Camp Borden, 205; Vancouver, 74; Trenton, 336; Ottawa, No. 1 depot, 91; Ottawa, R.C.A.F. station, 137; Winnipeg, 42; Dartmouth, 66; district headquarters, 9; permanent force detachments, 50; seconded, 5; total, 1,114 in the permanent air force. Now for the non-permanent: Toronto, No. 10 squadron, 115; Vancouver, No. 11, 109; Winnipeg, No. 12, 111; Montreal, No. 15 fighter squadron, 7; Montreal, No. 18, bomber squadron, 7; Hamilton, No. 19 bomber squadron, 121; Regina, No. 20 bomber squadron, 7; total, 477; grand total, 1,591. May I point out that those stationed at Calgary and those in the east at Trenton would be almost immediately available for coast defence purposes.

Mr. MacNEIL: What is the number of qualified pilots among the commissioned officers and other ranks? I ask that question for the reason that the rumour is abroad that only too frequently the sergeant pilots are the real experts in the force and that they do not gain the promotion they deserve from the skill they have acquired in the force.

Mr. MACKENZIE (Vancouver): My information is that all the general list officers are qualified but the actual number of sergeants and other ranks qualified to fly is not available.

Mr. MacNEIL: To what extent is the training completed under the auspices of the British aviation authorities. Are the pilots finally trained in England or here?

Mr. MACKENZIE (Vancouver): Here, except that in rare cases the officers proceed to take courses of instruction in England with respect to specific aspects of the training problems of aviation.

Mr. MacNEIL: The minister assures the committee that steps will be taken to restrict the making of profit in the purchase of equipment. To what extent is it intended to undertake the supervision of agencies established in Canada to assemble planes that are really manufactured abroad and merely assembled in this country—mere assembling agencies without assuming responsibility in regard to manufacture?

Mr. MACKENZIE (Vancouver): That will be done so far as possible by the department, and in fact it is now being done. The most effective way would be this: Most of the purchases made in the old days were made through the air ministry, and a comparison of prices paid by the air ministry, plus the cost of transshipping the planes to Canada and other similar factors, would give us the principle of reasonable remuneration which has been adopted in England. That is the course which will be followed.

Mr. DOUGLAS: The minister yesterday gave the number of officers training in England for the permanent militia. Will he give similar figures for the air force?

Mr. MACKENZIE (Vancouver): There are eleven altogether at the present time engaged in courses abroad.

Mr. DOUGLAS: In England?

Mr. MACKENZIE (Vancouver): Yes.

Mr. NEEDHAM: Mr. Chairman, as I have not so far spoken on these estimates, I cannot be accused of taking up the time of the committee, nor am I going to speak very long tonight. So much has been said from different sides on this question that it is very conflicting, I think, to almost everyone of us. I should like to put the question from another angle for a few moments.

We are told that the world has gone mad. Surely it is time for us to restore a little sanity somewhere. I have been thinking along this line: We are voting this session for defence purposes around $35,000,000. Suppose Canada, for instance, said: As a government we shall try a new experiment in the world. We shall cut out absolutely all armaments, defence or otherwise; we shall use that money in the production of the necessities of life in this country, and then we shall distribute these necessities of life among those countries that need them most. If we have an enemy, we shall give them that which they need, and the keener the enemy the more goods we shall give them. I am just wondering what $34,000,000 or $35,000,000 would mean to Canada if it were used in the extra production of goods to be distributed among other nations. I am wondering what effect this would have on the nation which received these goods as a free gift. I hope the day is not far distant, when some nation,—and I hope it will be one of the leading nations—will have the courage to take such action.

I am thinking of a Teacher of a long while ago who laid down certain rules for the government of mankind, and I think the nation that first adopts the golden rule will be the foremost and most respected nation in the world. I say again, think of what that $34,000,000 would mean to Canada if it were used in our mines, in our manufactures, on our farms and so on. A little while ago we had a tremendous surplus of wheat. Would it not have been a fine gesture to have given that wheat to the country that needed it most? I repeat, it is said that the world is gone mad. Let us try to bring back a little sanity by applying the golden rule. That will solve problems both national and international.

Item agreed to.

Civil government air operations—for air survey photography and contingencies which may arise in other air operations, $361,000.

Mr. MacNICOL: May I ask if the work carried on by the aeroplanes under this item is duplicated by the aeroplanes of other departments, by the topographical surveys, for instance?

Mr. MACKENZIE (Vancouver): No; there is no duplication.

Item agreed to.

Civil Government—
Salaries, $409,847.
Contingencies, $55,500.

Mr. POULIOT: On this item I will refer the committee to what was said yesterday afternoon and evening by the member for Témiscouata about red tape and other things in the department. On the other hand, I wish to pay a tribute to the deputy head, who is highly competent. I hope that, acting in cooperation with his minister, he will bring

at least some order into his department, get rid of red tape, and put an end to the system of bureaucracy which has handicapped that department as badly as it has many others. The deputy minister has an admirable war record, and since his appointment as deputy head he has proved to be a very efficient executive. Very sincerely I pay that tribute to him. At the same time I ask the minister seriously to consider the matter of seconding, which is absurd. Several members have complained about the practice. It is all wrong. Civil servants can be seconded only from the Department of National Defence. The system leads to abuse. If a man is not needed any longer in the Department of National Defence, and his services are requested by the minister of another department, he should be transferred there and have nothing more to do with the department in which he formerly served. As matters are now, there are some who enjoy benefits which they do not deserve, because they do not belong any more to the Department of National Defence except to derive emoluments from it. It is time that this should be stopped. The minister nodded affirmatively when the matter was brought to his notice a moment ago. I hope he will deal with it this year, so that by the next session the practice will have ceased and it will not be necessary to call upon the house to put a stop to it.

Mr. HEAPS: Will the minister inform the committee as to the total amount that is being voted in the present estimates for the Department of National Defence?

Mr. MACKENZIE (Vancouver): Yes, $34,999,871—practically $35,000,000. That is apart from the $2,000,000 odd, which will be included in the supplementary estimates for 1936-37, in connection with the purchase of two destroyers from England.

Mr. MacNEIL: Does that include various items for public works construction which might properly be charged to the department?

Mr. MACKENZIE (Vancouver): Yes.

Mr. POULIOT: To make myself clear: the repeal of seconding must have retroactive effect.

Item agreed to.

The CHAIRMAN: Item 218, to provide for expenses connected with Canada's representation at the coronation of His Majesty, $35,000.

Mr. MACKENZIE (Vancouver): In reply to the question asked by the hon. member for Vancouver North in connection with the last vote, I hope I made it clear that my reference was only to public works carried out in connection with the Department of National Defence, not, of course, general public works by the Department of Public Works.

Mr. MacNEIL: The reason I asked that question is that under the Department of Public Works there are a number of items of construction of armouries and repair and maintenance of naval dockyards.

Mr. MACKENZIE (Vancouver): That is quite correct. Every year under public works there are a few items relating to certain works they carry out for the Department of National Defence, at Esquimalt and Halifax and other places, that will be revealed when the supplementary estimates come down. They are not under our control.

Mr. MacNEIL: In the preparation of the summary which we find in the last report of the department, are all these items of construction that are under the Department of Public Works finally included under the various heads in this summary?

Mr. MACKENZIE (Vancouver): In the total I gave? No.

Mr. MacNEIL: In the department's estimates each year are items which are strictly under the heading of the Department of National Defence; there are other items, in the Public Works department, relating to the construction of armouries and similar undertakings. If we desire to make a fair comparison and go back over the report of the department, do we find in the comparative summary, which in the last report is found on page 13, 1926-27 down to the present time, those public works items finally incorporated in the statement issued by the department?

Mr. BENNETT: No; in the auditor general's report.

Mr. MACKENZIE (Vancouver): Is my hon. friend speaking of the annual report of the Department of National Defence?

Mr. MacNEIL: Yes.

Mr. MACKENZIE (Vancouver): I am informed that they are not included.

Mr. POULIOT: Item 218 is to provide for expenses connected with Canada's representation at the coronation of His Majesty. I am told it was called.

Mr. MACKENZIE (Vancouver): It was called.

Mr. POULIOT: In this regard may I suggest to the minister that the Canadian representation at the coronation of His gracious Majesty should be led by a member of the House of Commons who is in active service.

Mr. MACKENZIE (Vancouver): The vote is No. 249.

Miscellaneous—To provide for expenses of the contingent to attend the coronation of His Majesty, $197,000.

Mr. HEAPS: What vote are we discussing now, Mr. Chairman?

The CHAIRMAN: No. 249.

Mr. HEAPS: You called 218.

Mr. MACKENZIE (Vancouver): It was passed last week.

Mr. POULIOT: It is the same matter. As it is the same matter, I hope the committee will kindly listen to the following suggestion. Canada has decided to send a representation to His Majesty's coronation. Very well. The vote is $197,000. I suggest to the minister that that delegation should be led by a member of the House of Commons who is in active service. He is a full colonel.

Mr. STREIGHT: Full, did you say?

Mr. POULIOT: I did not say honorary.

Mr. STREIGHT: Would the hon. member explain what he means by "full"?

Mr. POULIOT: By "full" I mean entirely qualified, a man who has seen real service, who, by the way, is just a colonel. I should be glad and everyone in the country would be delighted if the hon. member for York West (Mr. Streight), who participated in the South African war, and who had an admirable record during the last war, were asked to lead the delegation at the coronation of His Majesty.

Some hon. MEMBERS: Hear, hear.

Mr. POULIOT: There is no man who is better qualified than the hon. member to whom I have referred. He is actually in active service; the honour belongs to him, and the way that this committee has received my suggestion shows that it deserves consideration. Moreover, I warn the minister to be very careful and to show his respect to His Majesty by sending to the coronation men with a fine war record. This is a national defence vote, and referring to it I submit that those who go to represent Canada at the coronation should not be members of the Royal Canadian Mounted Police, who might go again to Madison Square Garden, but should all be Canadians, men who have been in the army. If any one is to lead them, it should be the officer who is in active service in the House of Commons and who has won the many decorations which he wears on occasion.

Mr. HEAPS: Will the minister please give us a break-down of this item?

Mr. MACKENZIE (Vancouver): This is to provide for the contingent which will be going across: the Royal Canadian Navy, the Royal Canadian Naval Reserve and the Royal Canadian Naval Volunteer Reserve, $13,000; for the permanent and non-permanent active militia, $140,000; for the Royal Canadian Air Force, including non-permanent air squadrons, $26,000; for the Royal Canadian Mounted Police, $18,000. This makes a total of $197,000.

Mr. HEAPS: This is one item which should be reduced. We are spending a good deal of money at this time to send this contingent overseas to participate in the coronation festivities, and I suggest that if we spent about $100,000 less, Canada would be just as well represented and the rest could be spent among deserving people who will be compelled to stay in the dominion. With the vast number of unemployed in Canada it is not good policy on the part of the government to spend such huge sums of money to send a contingent overseas to take part in a series of festivities. I should be more satisfied if the government of their own volition would reduce the amount by half and spend the other half in Canada—they might even augment it considerably—for the benefit of those who will have very little to be happy about when these ceremonies are taking place. Could the minister not see his way to cut the amount by half? As I say, Canada would be just as well represented if half the number went over.

Mr. MACKENZIE (Vancouver): At the last coronation the number who went over in the contingent was more than double the number that will be going on this occasion. If I remember rightly, the personnel was about 720. At that time, however, the expenditure was for as far as the port of disembarkation only. This time the entire expense is borne by the Canadian government.

It might interest hon. members if I read a statement showing the allotment of the non-permanent active militia personnel:

Military District	Officers	Other ranks	Total
No. 1	3	9	12
No. 2	7	18	25
No. 3	5	12	17
No. 4	9	23	32
No. 5	6	12	18
No. 6 (N.S.)	3	8	11
No. 6 (P.E.I.)	1	5	6
No. 7	3	7	10
No. 10	3	9	12
No. 11	4	9	13
No. 12	3	10	13
No. 13	3	8	11
	50	130	180
Permanent force			
All districts	5	20	25
Band	1	34	35
Total militia (Including nursing sisters.)	56	184	240

Mr. FAIR: How does the minister arrive at the figure he has given?

Mr. MACKENZIE (Vancouver): For the naval forces the amount is $13,000; for the militia forces, $140,000; for the Royal Canadian Air Force, including non-permanent squadrons, $26,000; for the Royal Canadian Mounted Police, $18,000. These are broken down into various items, including travelling and expenses.

Mr. MacNICOL: Any salaries?

Mr. MACKENZIE (Vancouver): Pay and allowances during the time they will be away.

Mr. WOODSWORTH: Will the minister give those items?

Mr. MACKENZIE (Vancouver): These are the details:

Details of items for naval service—$13,000.

Rail transportation and subsistence in Canada of 4 officers and 26 ratings from their homes to the point of concentration at Halifax and thence as a unit to Montreal	$ 2,400 00
Ocean passages to England in R.M.S. "Montcalm" and return in R.M.S. "Montclaire" of 4 officers and 26 ratings	5,400 00
Rail transportation in England—Southampton to London and return of 4 officers and 26 ratings	150 00
Subsistence allowance during period in England at following rates: 4 officers at $8 per diem, 26 ratings at $3 per diem	2,000 00
Entertainment allowance	200 00
Naval contingency fund	200 00
Rail transportation and subsistence on return to Canada of 4 officers and 26 ratings when dispersed to homes and bases	1,600 00
Exigencies	1,050 00
	$13,000 00

Details of item for permanent and non-permanent active militia—$140,000.

Pay—	
Officers (56)	$ 18,296 00
Other ranks (184)	10,716 00
Transportation and travelling	94,349 00
Horses and general	3,000 00
Contingencies	500 00
Entertainment—	
Officer commanding troops	439 00
Officer commanding detachment	200 00
Miscellaneous and unforeseen	12,539 00
	$140,000 00

Details of item for Royal Canadian Air Force—$26,000.

Transportation—8 officers and 22 airmen—	
From station in Canada (say Winnipeg) to Ottawa	$ 930 00
Berths	261 00
From Ottawa to Saint John; rail fare (boat train)	438 00
Parlour car seats—Ottawa to Montreal	7 00
Berths, Montreal to Saint John	110 00
Ocean transportation, return	7,270 00
From Southampton to London, rail fare (return)	175 00
From Saint John to Winnipeg, rail fare	1,375 50
Berths	375 50
Travelling and subsistence allowance—	
Winnipeg to Ottawa—2 days	240 00
Stopover at Ottawa—10 days	1,200 00
Ottawa to St. John—1½ days	180 00
In England (quartered in barracks but no messing provided)—20 days	2,500 00
Southampton to London (return)—1 day	105 00
Leave in England—7 days	735 00
St. John to Winnipeg—3½ days	420 00

Miscellaneous—	
Rail gratuities, Canada and England (return)	85 00
Gratuities, steamship (return)	320 00
Taxis and transportation of luggage	310 00
Pay for non-permanent personnel (59 days)	4,501 70
Contingencies	4,092 35
Grant to commanding officer, contingent, miscellaneous	168 95
Grant to commanding officer, contingent, entertainment	200 00
	$ 26,000 00

Details of item for Royal Canadian Mounted Police—$18,000.

Strength of detachment—2 officers, 32 other ranks—	
Travelling expenses to Regina (for personnel assembling at Regina from the divisions of the force), approximately	$ 1,000 00
Travelling expenses of personnel, Regina to Montreal, approximately	2,175 00
Estimated on 34 fares at $42.73, $1,452.82.	
34 berths at $10 (average), $340.	
Meals on train, $385.	
Freight on 34 horses, Regina to Montreal (exact quotation from railway companies not obtained), approximately	1,100 00
Ocean fares for personnel, round trip, 34 at $80 each (based on one-third increase on rates, $60 paid in 1911), approximately	2,800 00
Transportation of horses, Montreal to London, 34 at $67 each (round trip), (based on one-third increase on rates, $50 paid in 1911), approximately	2,300 00
Living allowances in England, approximately	1,700 00
Special allowances whilst abroad, approximately	1,400 00
Forage, etc., for horses whilst absent from Canada, approximately	800 00
Freight on 34 horses, Montreal to Regina (see item 3)	1,100 00
Travelling expenses from Montreal to original divisions	2,225 00
Gratuities and entertainment	400 00
Contingencies and unforeseen expenses	1,000 00
	$ 18,000 00
Grand total	$ 197,000 00

Winnipeg has been taken to arrive at an average for the whole of Canada.

Mr. HEAPS: How much was spent at the last coronation?

Mr. MACKENZIE (Vancouver): Speaking from memory, I believe it was about $135,000.

Mr. CLARKE (Rosedale): Will the officers and men who are going over, especially the officers, be paid a salary while on the trip or will they go gratuitously?

Mr. MACKENZIE (Vancouver): They will receive a subsistence allowance overseas.

Mr. CLARKE (Rosedale): Expenses, but no salary?

Mr. MACKENZIE (Vancouver): The usual pay and allowances.

Mr. MACKENZIE KING: There is one point the minister has not so far mentioned which ought to be recalled; it is that in arranging for the contingents which are to take part in the ceremonies, there has been conference between the different dominions, Australia, New Zealand, South Africa and Canada, and as far as it has been possible to do so, an arrangement has been worked out for representation in relation to the size of the dominions. I believe it is true, relatively speaking that other countries in the empire, having regard to size, are sending larger representations than Canada. What should be kept in mind is that so far as these coronation ceremonies are concerned the eyes of the world will be upon the different dominions represented there. There will be seen on the screen, in all the theatres in different parts of the empire, views of those who took part in the ceremonies. The whole coronation will be broadcast from one end of the world to the other. All that the government is seeking to do is to have Canada hold her place relatively with the other dominions in these proceedings.

Mr. POULIOT: May I offer a suggestion that would make for economy? I will not reduce the number of men. But the transportation overseas represents a large amount. I remember distinctly that at the time of the Gaspé tricentennial celebration the Prime Minister of Canada very wisely went down from Montreal to Gaspé on the Saguenay. We have two boats now, the Saguenay and the Vancouver. I wonder whether, for the last time that they are in service for the Dominion of Canada, it would not be proper to use those boats for something definite before we scrap them. They served once for

the Prime Minister of Canada to go to Gaspé, we should use them to carry our delegation to the coronation. This would mean a saving of $60,000. I propose no amendment, but I make that suggestion to the minister. What was good enough for the then Prime Minister of Canada must be good enough for any member of the delegation.

Mr. LAPOINTE (Quebec East): They are obsolete ships, and we are not obsolete.

Mr. POULIOT: The Minister of Justice, I hope, will not lead a regiment there, although he is the head of the Royal Canadian Mounted Police.

Would the minister be kind enough to tell the committee who led the Canadian representation to the coronation of His late Majesty King George V, and whether that officer was a member of the House of Commons?

Mr. MACKENZIE (Vancouver): I believe the selection made at that time was the senior combatant acting officer of the House of Commons, Colonel Maclean.

Mr. WOODSWORTH: I suppose that in this matter, as in the other items of expenditure, the government have definitely made up their mind, and that this vote will be passed, but I must once more protest against this large expenditure for such a purpose. Canada in the past has not been a military nation. It seems we are now in danger of becoming militarized. There are these ceremonies connected with the coronation of the king. With what other nations of the empire may have done or may propose to do I am not very much concerned; I am thinking of Canada and what she should do. Evidently we are making the coronation very largely an occasion for military display. Evidently there is, even in this minor matter, an arrangement among the different dominions. I suppose it will exhibit the solidarity of the empire from a military standpoint; every nation outside the British commonwealth will interpret it in that way. I do not think that is a good impression to go abroad, if we propose to restrict our military activities to our own defence. If the coronation of the king is an event in which all the population of this country are supposed to take an interest, I do not know why those who go should be limited to members of parliament, public officials and particularly the military. The suggestion may be regarded as fantastic, but I made it the other night and I repeat it, that since the vast majority of the people of Canada who have built up this country are farmers, labour men, business men, there is no earthly reason why farmers and labour men and business men should not be sent to the coronation. But that is not being done. I can understand that they might feel very much out of place in the blaze of colour which no doubt the papers will report at the time of the coronation. But such people are the basis of our Canadian life, and I do not see why we should elevate one particular class in this country and give them a joy-ride while other people remain at home. Those who remain at home, the farmers moiling and toiling across the western plains, the labouring people, are going to pay the bills. There is no one else to pay them. If the minister proposed to insist that the very wealthy, and those easily able to pay, should bear the entire cost, one could not make quite as strong an objection, but the cost is distributed over the entire population, poor as well as rich. It is, however, only one class of the community which has any part in the celebrations. It is no wonder that great numbers of the people in this country begin to doubt whether the government as it now exists is in reality a government of the people, and whether they should take any particular interest in the coronation ceremonies.

I wish to point out, as my colleagues have done, that we have very needy cases in this dominion. Almost every post brings to my desk, as I am sure it does to many others, appeals for help, statements of the desperate conditions existing in Canada. I am thinking not merely of personal appeals for help, but of appeals on behalf of large groups of people. We have nearly a million people on relief; that is just one group, a very important one. It is all very well for the government to say: Oh, well, under the British North America Act we cannot do anything about it, or we can do only this much, we can give grants in aid. Simply to screw such unfortunate people down to bare existence, while other classes in the community are given every opportunity, is not right; it is not consonant with the principles of democracy. I protest against that kind of thing. We have the money in hand to do things like this, but we have not the money to help these needy people. We are told we should protect the mothers and the children, but we read daily of the pressing needs of mothers and children in every province of this country, lacking ordinary medical necessities, in many cases not supplied even with sufficient food, and yet we have these vast expenditures for purposes of ostentation. If we must have soldiers go abroad, cut this contingent in two and cut the expenses in two, and I am quite sure that the people of this

dominion would feel a great deal happier, and Canada would have adopted a much wiser course, and just as patriotic a course as by passing these votes.

Mr. LAPOINTE (Quebec East): It is very hard to satisfy my hon. friend, and I am not surprised that he has seized this new opportunity of making some capital politically. But may I tell my hon. friend this: the king is going to be crowned in London, and for the first time as King of Canada. Instead of being crowned in Ottawa or Cape Town or Canberra or Sydney or Melbourne or any of the other capitals of the nations of the commonwealth, he is being crowned in London, and there he takes the oath to govern his people in Canada, his people in New Zealand, his people in Australia. If, instead of having the present arrangement, we had a king or a ruler who would be crowned in Canada I should like to know whether we could get away with $197,000. If, instead of having a monarchy, we had a republic, as some irresponsible people mention at times, do we think we could get away with $197,000? Does the hon. member believe there would be nobody dressed in military uniforms if, instead of being a nation in the British commonwealth of nations, participating in the coronation of our king in London, we had all that in Canada—whether through a king, a president or some other ruler?

I believe on the whole this is certainly not an extravagant amount for the coronation of our king, and the arrangement of the British commonwealth is the best which could be had, so far as Canada is concerned, when we consider it in terms of money. I believe the hon. member will be better advised not to raise all these questions just for the purpose—and he will forgive me for saying this—of criticizing. I have yet to see a proposal by this government which has been accepted by the hon. member. Surely some of our proposals must be deserving of approval and ought to be supported at times.

This afternoon the hon. member was very thin-skinned, and thought I was imputing motives to him. About five minutes before he had said that my right hon. leader was not sincere.

Mr. WOODSWORTH: No, no.

Mr. LAPOINTE (Quebec East): Yes, my hon. friend said that.

Mr. WOODSWORTH: I made no such statement.

Mr. LAPOINTE (Quebec East): Hansard will show it.

Mr. WOODSWORTH: I made no such statement.

[Mr. Woodsworth.]

Mr. LAPOINTE (Quebec East): But I did not raise an objection.

Mr. WOODSWORTH: I made no such statement, and there was nothing to object to.

Mr. LAPOINTE (Quebec East): I want my hon. friend to have all possible latitude, but he should be a little less sensitive when other members speak. On this vote I think he might very well let his criticism go.

Mr. WOODSWORTH: I do not object to anyone criticizing me. What I did object to this afternoon was the statement that we were making statements which we knew were not true. I object to that kind of allegation. Let me say that this afternoon I took considerable time to say I was quite sure the Prime Minister, the Minister of Justice and the Minister of National Defence were sincere in their belief that they were doing this merely for defence purposes.

Mr. LAPOINTE (Quebec East): It was said in a very queer way.

Mr. WOODSWORTH: I said that, as Hansard will show. I said that I did not think that would be the result, and that the voting of moneys to purchase bombing planes, et cetera, which we were then discussing, in my judgment would inevitably lead us into war. I maintain that I have a perfect right to make that criticism. The Minister of Justice now says—and I suppose he has a right to say it, if he thinks it—that I have raised these questions for political ends.

An hon. MEMBER: He said no such thing.

Mr. WOODSWORTH: It is strange that if the proposals of the government are considered to be in harmony with the will of the majority of the people, I should object to them in order to gain political prestige. The votes show, so far as the committee is concerned, that those of us who have been objecting are not in the majority, and are not on the popular side. It would be easy for some of us to float with the current—very easy. We are trying to advocate something which undoubtedly is unpopular in Canada. But fifteen or sixteen years ago I was elected by a certain group of people who stood for certain principles. I represent that group. In a democracy I have a perfect right to express the convictions of that group, and I am trying to do so. That is what I am here for, and I have a perfect right to express my views. Simply because these views do not harmonize altogether with the ideas held by the ministers and the larger parties is no particular reason why my motives should be impugned, or why it should be said that I am trying to make

political capital. This is a game of politics. I am trying to express the opinion of those who have sent me here, and of others who voted for this group at the last federal election, and I have a perfect right to do so.

Although I did not object at the time, I thought the Minister of Justice was hardly fair this afternoon when he closely associated our group with the communists. Surely that is not quite fair.

Mr. LAPOINTE (Quebec East): I never said that.

Mr. WOODSWORTH: Well, we were told that the minister was not going to do anything at the dictation of the group in this corner, or the communist group in Toronto. I do not think that is fair. I believe the minister knows perfectly well that at the last election most of us were opposed by communists. Some of us were opposed to war before the communist party in Canada was organized. We do not see eye to eye with them in regard to many of these matters.

Mr. LAPOINTE (Quebec East): Will the hon. member permit me to speak? At the same time I said certain groups in my own province expressed the views held by the hon. member and the communist party in Toronto. I may assure him that those people in the province of Quebec were not communists. Apparently on this question there is a disunited front.

Mr. WOODSWORTH: That is all very well, then. All I wish to say is that I am a little weary—

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: —of having people in this house shout at one simply because he states a position, on which he was elected, and on which he has been elected at election after election throughout the years.

The minister has a perfect right to introduce the estimates, but we, as part of the opposition, have a perfect right to criticize them. I do not intend to go over the ground again, but I do protest—and that is all I can do—against these very large expenditures which are not directly related even to the defence of the country, as must be admitted. This afternoon dire necessity was pleaded; someone suggested that war might come before July. If anything like that were true, surely we would expect those advocating military defence would spend every cent of the money in the defence of this country, instead of on a ceremonial affair in London. That is the basis of my criticism of the estimate. I again protest against this elaborate expenditure.

Mr. MACKENZIE (Vancouver): I wish to correct an erroneous impression left by the hon. member who has just taken his seat, when he referred to the soldiers being sent over. May I inform him that about eighty per cent of the amount spent is being spent on volunteer citizen soldiers in the militia forces of Canada. Many hon. members know those men, and every class he mentioned—the farmers, the labouring class, the business men, the fishermen, the miners—

Mr. WOODSWORTH: But they go as soldiers, not as fishermen or miners.

Mr. MACKENZIE (Vancouver): No; they go in both capacities. They are citizens of Canada, and volunteer soldiers. To soldiering they give only a small amount of their time, as a patriotic duty. I feel certain that labourers, farmers, miners, officials and every single section of the community throughout Canada will be represented in the contingent to be sent. I think the hon. member either wittingly or otherwise conveyed an erroneous impression when he stated it was a military contingent. These men are volunteer soldiers who are rendering a magnificent service to Canada. As a matter of fact, some of them are actually on relief at the present time in some of the cities. They are performing a magnificent work in the militia service of Canada. So far as possible, every section of the community as well as every province should be represented in the coronation contingent.

Mr. DUPUIS: How many will be going from the districts of Montreal and Quebec?

Mr. MACKENZIE (Vancouver): That would be districts four and five. There will be nine officers and twenty-three other ranks from district No. 4, and six officers and twelve other ranks from district No. 5. Those will be from the non-permanent active militia. There will also be some from the permanent force, from the naval forces and possibly from the air force.

Mr. ELLIOTT (Kindersley): Has the minister any information as to the prices of covered and uncovered seats at the coronation and what procedure is necessary to obtain such seats?

Mr. MACKENZIE (Vancouver): The department has no official information, but we shall be very glad to communicate through the ordinary channels with the high commissioner's office and find out.

Mr. MACKENZIE KING: I may say that this week the press of the country will be given full particulars in connection with the point raised by my hon. friend.

Mr. POULIOT: Who is to make the selection of the officers and men to go to the coronation?

Mr. MACKENZIE (Vancouver): I think that question was fully answered some time ago in connection with a question asked by the hon. member for New Westminster (Mr. Reid). Applications will be forwarded from unit commanders to the various districts and they will recommend to national defence headquarters at Ottawa.

Mr. POULIOT: I am fearful of what will happen because of the petty patronage that exists among certain officers. The minister should be very careful to keep his eyes open and watch this game in order that those who go shall be worthy. Otherwise some pims will be going there.

Mr. DOUGLAS: If I got the minister's figures correctly, they work out to one officer to three men; is that correct?

Mr. MACKENZIE (Vancouver): There will be seventy officers and 264 other ranks from all services including the Royal Canadian Mounted Police, a total of 334.

Mr. DOUGLAS: Is that not a large proportion of officers as compared with other ranks?

Mr. MACKENZIE (Vancouver): I think the proportion is fair. In the air force the proportion is even larger because of certain conditions that exist, while in some of the other forces the proportion will be lower.

Mr. BENNETT: I followed the minister when he referred to the apportioning to the various military districts of the numbers to go. I should like him to make clear just how the selection of the personnel is to be made within the districts.

Mr. MACKENZIE (Vancouver): In a letter which went forward to the district officers commanding in January, concerning militia personnel, certain basic principles were laid down which will have to be observed with reference to proper territorial and other representation. The first stipulation was to personal fitness and general appearance, although certain exceptions will be made in connection with men possessing war disabilities which might prevent them from carrying arms. It was recommended that one-third of the military contingent should be made up of those who had active service. It was stated that while this proportion might be increased, the younger officers and men were not to be overlooked. There was to be the proper proportion maintained among the different arms of the service. The circular letter was dated January 29, 1937, and signed by the adjutant general.

Mr. BENNETT: I wanted to know who makes the final selection. The district officers commanding will send in lists of names to the adjutant general, but I want to know by whom the ultimate selection will be made.

Mr. MACKENZIE (Vancouver): That has not been determined as yet, but I think it will be made by a committee of the defence council.

Mr. BENNETT: Will the district officers commanding send in only the exact number of names allotted to their districts?

Mr. MACKENZIE (Vancouver): They will send in three times the number.

Mr. BENNETT: Then the ultimate selection will be made in Ottawa?

Mr. MACKENZIE (Vancouver): The initiation of the lists will be in the hands of the regimental commanders and district officers commanding, but the ultimate selection will be made at national defence headquarters.

Mr. ELLIOTT (Kindersley): Has the entire quota been filled? Have there been any selections from Saskatchewan?

Mr. MACKENZIE (Vancouver): The district officers commanding have been asked to have the names in by March 3.

Item agreed to.

PENSIONS AND NATIONAL HEALTH

Pensions payable to men on active service, northwest rebellion 1885, and general pensions, $20,000.

Mr. GREEN: The estimates of the pensions department have been up only on one other occasion this session, about five weeks ago. At that time I asked the minister to let four items stand in order that we might have an opportunity of seeing any report or reports which might be made by the veterans' assistance commission. I have no desire to hold up the estimates of the minister, but I should like him to hold over certain items, say item 198, dealing with war veterans' allowances and item 193, dealing with unemployment assistance, in order that we may discuss any questions that might arise out of these reports.

Hon. C. G. POWER (Minister of Pensions and National Health): I would be prepared to hold over item 193, dealing with unemployment assistance, in order that any discussion on these matters might take place.

Mr. GREEN: I think it should be pointed out that up to date we have received only one interim report from this veterans' assistance commission. That report deals largely with the organization of the commission, and with the instructions that they sent out. It is really a very minor report. I believe that the delay in bringing down a more complete report from that commission is doing great harm because soldier organizations, right across Canada, expected great things of this veterans' assistance commission; the veterans themselves expected great things of the commission; and the special committee of this house which sat last year to deal with pensions and returned soldier problems also expected great things of this commission. All these bodies expected that the government would act on the report of this commission, and act during this session, not during the session of 1938. But now the position is this, that if these reports are not brought down very soon, it will be too late for the government to pass legislation this session, and there will be nothing done until 1938. That can be seen plainly by all interested parties, and I am afraid that the result will be grave dissatisfaction among veterans right across Canada.

Last year the soldier organizations who were represented before the pension committee, and the committee itself and the house all recognized that the principal soldier problem was the problem of the unemployed war veteran. This house passed the Veterans' Assistance Commission Act, which provided for setting up a veterans' assistance commission, and we also voted $500,000 with which they could do their work. The duties of this commission I think may be fairly summarized by saying they were to investigate the extent of unemployment among veterans, to classify the unemployed veterans, for example, as to whether they were employable or unemployable, and to ascertain their ages and occupations. The commission were also to try to find schemes for the employment of these unemployed veterans who are employable, and were supposed also to report on ways of caring for the unemployable veterans.

The organization of the commission took place in July of last year, and they have held public hearings across Canada, a great deal of interest being taken in the hearings in all centres, so that there are many thousands of people throughout the country waiting and watching for results from the commission. The commission have seen many industrialists and other employers of labour and have had questionnaires returned from 33,000 unemployed veterans. My suggestion is that by this time the commission should have had figures available for consideration by this house, and yet, as I have said before, we have only one interim report outlining the organization of the commission and referring to two schemes which were recommended by one of the honorary local committees.

The Veterans' Assistance Commission Act provided for these honourary local committees, and according to this interim report they have been set up in ten cities. The report shows that 170 men have been appointed as members of these local committees, and these men are among the leading men in the different cities. I know that in Vancouver the minister has been able to get some of the best men in the city to act on the honorary local committee. These committees have held meetings and no doubt have made recommendations. They are really exploring a new field, trying to help get jobs for the unemployed veterans. They deserve great credit for that and should be given all possible assistance, but I have had this experience with the committee in Vancouver; they have asked me: "Suppose we do work out some scheme; how do we know that the government is not going to sidetrack it, like governments do? Are we not wasting our time in doing this work?" Now the last thing I want to see happen is for the government to give any justification for these committees to think that such is the case. If these local committees go out of business, if they lose interest, it will be fatal to the success of the Veterans' Assistance Commission Act and the whole plan will fail.

I suggest that the government should at once get from this veterans' assistance commission, and table in the house so that we can all study them, reports showing the extent of unemployment among the veterans, the classification of the unemployed, the schemes for employment that have been worked out by this commission, and what ways they have to suggest for caring for the veterans who are actually unemployable.

The minister said the other night that there were 33,000 unemployed veterans in Canada who had filled in and returned the questionnaire sent out by the commission. I think it would be a fair estimate that many thousands of these, perhaps 15,000, are unemployable. I suggest that the government should face this problem of the unemployable veterans right now; waiting will only make the problem worse. The commission can do nothing for them because they are unemployable; no improvement in business conditions can help them because they are unemployable.

Are they simply to be kept on relief for another year? The government might as well decide now what they propose to do about this problem. If they do not, I am afraid that the unemployed veterans will lose confidence in the veterans' assistance commission and also in the government, because all their hopes are based upon action being taken by this commission and by the government during this year, not next year.

The special committee of this house which sat last year realized that early reports from the commission were absolutely necessary, and the minister will remember that we included in our report this recommendation:

> To ensure that the progress of the commission's activities, both in connection with its surveys and application of approved projects, be made known to the government, your committee would also recommend that the commission be required to submit from time to time interim reports on matters arising out of the act.

In pursuance of that recommendation there was placed in the act at the beginning of section 12:

> The minister may from time to time require the commission to submit a report on the progress of projects and other matters arising out of this act.

We were very keen that the commission should report as early as possible, because we realized that little could be done to deal with the problem of the unemployed soldier until we got a report from the commission. Some of us complained last year because there would have to be the delay of one year in getting action. This year we have come to Ottawa expecting to proceed on the basis of reports from this commission; all action was to be based on their suggestions. All the war veteran members of the house, regardless of party, are ready to help the government work out some reasonable solution for this problem. The question is above partisan politics. We are only too glad to help the minister and we realize that the problem is difficult, but in order to help him and to get on with this work we simply must have reports from this commission, and we must have them quickly; otherwise no help can be given to the unemployed veteran during the present session. I suggest to the minister that he put all possible pressure on the commission, that he get as many reports as possible and have them tabled as quickly as possible, so that we can do something during this session to help these men. He will find hon. members on this side only too glad to cooperate with him in facing the problem.

[Mr. Green.]

Mr. POWER: I do not wish to interrupt my hon. friend, but I should like to point out that any discussion of reports or interim reports of the veterans' assistance commission would hardly be in order on the item we are now discussing, which deals with pensions for the northwest rebellion.

Mr. GREEN: I realize that.

Mr. POWER: Now that my hon. friend has had an opportunity of laying his views before the committee, I think we should confine ourselves to this item; but if the committee wishes me to do so, I shall have no objection to discussing now this particular phase of the matter. In any event, however, we shall have to revert to it, I assume, when the item of the veterans' assistance commission is reached.

Mr. GREEN: I brought forward the matter for this reason, that it really is the essential point in the pensions estimates during the present session, and if we can be satisfied that that is recognized there is no reason why we cannot get ahead rapidly. I think the minister will agree with me that this is the main thing to be dealt with in regard to pensions this session.

Mr. POWER: I do not want to accuse my hon. friend of blocking the estimates until we come to the section which interests him. Neither on the other hand do I feel that I should be doing my duty to hon. members who may want to discuss other items if we do not take them in a fairly orderly way. After all, the estimates of the whole department are before the committee. I know my hon. friend does not wish to block the returned soldier pension vote of $41,000,000; I am sure he has no idea of doing that.

Mr. GREEN: I do not want to block any votes. I merely point out the urgency of this question.

Mr. POWER: I am quite willing to discuss that with the hon. member upon the appropriate item of the estimates, and I shall call it at any time he likes and shall be pleased to meet him in any way he wants. But surely when I have called an item—and it is in the discretion of the minister to call any item he pleases—that has no connection whatever with the matter he has brought up, if he does not wish to discuss it, let him allow it to pass; if he wishes to discuss it, let him do so. He has asked me to hold back the item on unemployment assistance and I have agreed to do so, in order to permit him to discuss the very item which is now brought up.

Mr. BENNETT: What is the item?

Mr. POWER: The northwest rebellion pensions.

Mr. ELLIOTT (Kindersley): I would request that we hold over, if possible, items 193, 198 and 200, in order to give us a chance to prepare our questions.

Mr. POWER: Quite frankly, I do not expect to pass many more items this evening. As a matter of fact, I had intended to go on with matters dealing with pensions rather than the health section of the department. As regards item 200, war pensions, $41,500,000, I do not think there would be any great objection to passing it unless the hon. member has some specific matter to bring up. As a rule it is not discussed very much, apart from the necessary explanations. On the last occasion I gave explanations for over an hour.

Mr. ELLIOTT (Kindersley): The only reason I mentioned this is that if we stick to the subject matter we shall all be prepared to discuss the subject, but if we allow other matters to be brought in under item 199 we may not be prepared to deal with them.

Mr. POWER: The hon. member, then, asks me to hold over items 193, 198 and 200.

Mr. GREEN: I am afraid I started this question of holding over items. I am quite satisfied with the minister's assurance, given earlier in the discussion, that he would hold open one item and would allow us to discuss on that item any other one. All I ask is that we get reports from the veteran's assistance commission just as quickly as possible. If that is done, I shall have no objection whatever.

Mr. POWER: Well, I suppose I shall have to be out of order myself for a moment and we shall talk about the report. I am now ready to table—as a matter of fact I did communicate to the hon. member certain reports which I had—(1) order in council appointing members of the veterans' assistance commission; (2) order in council substituting Mr. MacNicol for Brigadier-General Ross as a member of the commission; (3) interim report re employment of ex-service men in the maritimes, dated, November 3, 1935; (4) interim report re corps of commissionaires dated November 3, 1936; (5) interim report re preservation of forests in the maritimes, dated, December 10, 1936; (6) interim report re the establishment of a community centre, dated December 17, 1936; (7) second interim report re corps of commissionaires, dated December 18, 1936; (8) second interim report re employment of ex-service men in the maritimes, dated January 20, 1937; (9) preliminary report of the activities of the veterans' assistance commission, dated January 21, 1937; (10) copy of letter addressed by the minister to each member of each honorary local committee; (11) order in council re a corps of commissionaires; (12) order in council re the establishment of a community centre. I have received another interim report from the commission but am not prepared to table it at the present moment because I am asking the commission to clarify it and give me further details regarding it. I will undertake this, however, for the sake of my hon. friend and any others who are interested, that this report will be tabled in ample time for discussion in the house before parliament prorogues.

Mr. GREEN: Of course, it is not so much discussion in the house we want; it is action in the house we want, and if the discussion is held only a week before parliament prorogues, this will not help the unemployed veteran body. The report should be tabled in time for us to take some action. The minister realizes that that is the position.

Mr. POWER: But even this minister must give this matter some consideration before he takes action, because it may develop into a very, very important problem, and I think I should be given time to consider a report so far-reaching in its consequences as that will be, and to ask for details and particulars and clarification of the report before I lay it on the table of the house and make it public.

Mr. GREEN: Will the minister give us the assurance that he will bring in that report in time for the government to bring down legislation at this session?

Mr. POWER: If the government decides that it should bring in legislation dealing with that report it will find the time; it will make the time.

Mr. GREEN: Another point: in the meantime would it be possible to have a report showing how many of these unemployed veterans there are, and the different classifications? I believe that information is almost ready, and it would help us a great deal if we could get it to go on with. We shall then know how big the problem is that we have to deal with.

Mr. POWER: I have had, though not in the shape of a report, certain information dealing with the classification of ex-soldiers who have replied to the questionnaires, but that report is not complete, and in the form in which I have it before me I do not think it would give information which would be of value to any member of the house. It has

not given me any information of any value, and I am asking the commission to come to certain conclusions or to indicate just what they think we should do with these figures. Suppose they give me a figure showing that, of the 31,000 who registered and replied to questionnaires, some eight or ten thousand are already pensioners, some six thousand are men who have the war veterans' allowance, some seven thousand are men under forty years of age, and so on and so forth—these figures are not accurate, because I have not this document before me—these figures will not lead us to any conclusion unless further details are given. It was only last week that I received this mass of figures with details of that kind, and I am asking for further clarification of the report.

Mr. GREEN: The veterans' assistance commission have now been working for several months. Would it not be possible for them to prepare, say by next week, figures that will be of some use to us?

Mr. POWER: I cannot give any undertaking.

Mr. GREEN: The minister has power under the act to require reports from the commission.

Mr. POWER: And that is what I am doing.

Mr. GREEN: I am afraid the commission will lose the confidence of the veteran body in Canada if they do not do something quickly.

Mr. MacNEIL: Through the courtesy of the minister I have had an opportunity of perusing the material which is about to be tabled and I think he will agree with me that it does not constitute the report for which we have been waiting expectantly. It is true that this material does present a record of valuable accomplishments in the establishment of local advisory committees and in assistance which is contemplated—

Mr. POWER: Assistance which has been given. The community centre has been established.

Mr. MacNICOL: Which item are we discussing?

The CHAIRMAN: Item 199.

Mr. MacNEIL: As the hon. member for Vancouver South has pointed out, you cannot separate the various sections of the returned soldiers' problems. These various pensions are related one to another.

[Mr. Power.]

Mr. MacNICOL: The rebellion was in 1885; what has that to do with veterans of the last war?

Mr. HEAPS: How long have these pensions been going on? How many people have been receiving pensions?

Mr. POWER: There are now 49 pensioners altogether, 43 disability and 6 dependent.

Mr. HEAPS: What was the item in previous years?

Mr. POWER: In 1933-34 it was $26,000, of which $20,495.17 was spent; in 1934-35 it was $22,000, of which $20,183.76 was spent; in 1935-36 it was $21,000 and exactly $21,000 was spent; in 1936-37, prior to November 30, 1936, it was $20,000, and we have expended $14,270.73.

Mr. MacNICOL: Pensions or salaries?

Mr. POWER: These are all pensions payable to militiamen who were on active service in the rebellion.

Item agreed to.

European war pensions, naval, militia, and air forces after the war, $41,500,000.

Mr. MacNICOL: I wish to pass one comment on this item in connection with a case which apparently is outside the departmental regulations. A soldier named Thomas Cruden was gassed in the war. He is a Scotchman and was very diffident about making application, and finally he had to be sent to California by a fraternal organization to which he belonged. It seems that being in a hospital in California he cannot receive consideration from the department. I am not finding fault with the department, because I have found in the last year or two that a great number of cases I have been interested in have been taken care of, and I am convinced that there has been a great improvement in the way in which returned soldiers have been treated. I have no fault to find with what has been done in Canada; on the contrary I have a great deal of commendation and praise for the way in which the department is now looking after the returned men. This man, Thomas Cruden, is in a hospital in the United States, having been sent there by the fraternal organization to which he belongs, and because he is outside Canada it seems that he has no claim on the department. Is there any regulation under which he can come?

Mr. POWER: If the gentleman has any claim for pension he can submit his claim from outside Canada as well as from within.

Mr. MacNICOL: Will he be accorded his pension while in a hospital in the United States?

Mr. POWER: He could get his pension wherever he happened to be unless we were paying for him, and then we would deduct a certain amount. He would probably get the pension awarded him by the pension commission here. If he were in one of our own hospitals his pension would be taken away during the time he was in hospital if he went on pay and allowances, which would amount to much more in most cases.

Mr. MacNICOL: He was ordered to California by his doctors and was sent there by this fraternal organization. I shall again report the case to the department and I feel confident that if anything can be done it will be done.

Mr. MacNEIL: It was expected that the war veterans' commission would deal with those in receipt of small pensions, and I was endeavouring to point out to the minister that if we could gather some more accurate information as to his intentions with regard to the general problem, as far as he is able to divulge it, it would be of great assistance to us in the consideration of these estimates. With reference to the remarks of the hon. member for Vancouver South, I would remind the minister that it was recommended by a special committee last session that one of the first duties of the veterans' assistance commission would be to make a survey and submit suitable recommendations in regard to those veterans who at that time, it was urged, should receive the benefits of the War Veterans' Allowance Act. A formula was devised and those capable of maintaining themselves were put into one category. A classification was established for those between the ages of fifty-five and sixty, but it was not possible at that time to secure the approval of parliament for any lowering of the age limit. It was felt, however, that there was a large category that might not be covered by amendments to the act, and that their interests should be safeguarded by early recommendations from the veterans' assistance commission. Through the courtesy of the minister I have been given an opportunity of perusing this material and I approve everything done. But that does not bring us to the core of the problem and I submit that we have a right to expect from the veterans' assistance commission at an early date some interim report which would review the evidence given before the commission at its various sittings, give us some outline of the picture, the general distress existing among ex-service men, and recommend to the minister, and through him to parliament, some emergent remedial legislation.

I can sympathize with the minister in his statement that it is impossible to bring in a comprehensive plan with respect to a problem so complex and therefore I shall not harass him or press him. As stated by the hon. member for Vancouver South, however, the organized veterans, and the veterans generally throughout Canada patiently accepted the assurances given the house last session that after a proper inquiry was made and projects were formulated they would then receive the benefits they have a right to expect, particularly in the case of the unemployed. We are in danger of moving rapidly towards the close of the present session and the minister has not been able yet to suggest any adequate appropriation for men in this category. We would appreciate some assurance from him at an early date that such interim report may be had—not the material placed on the table this evening but an interim report which would to a degree at least meet the distress of which we find evidence on every hand, and, may I suggest, to relieve which he has more or less promised that some measures would be taken. I hope he will agree with the suggestion advanced by the hon. member for Vancouver South that the two votes be held over until we have an opportunity of reviewing the findings of the veterans' assistance commission.

Mr. POWER: My hon. friend has for the past week or more been so busily and vociferously and actively engaged in the arts of peace that I could reasonably expect he would soon be following his natural bent and engaging in the arts of war, but I am sorry that I should be the victim of his aggression without even having the right to declare my neutrality.

Mr. HEAPS: No defence.

Mr. POWER: No defence whatsoever. But I may repeat what I said to the hon. member for Vancouver South, that an interim report was submitted to me some time ago. The matters contained therein are of such great importance that I thought it necessary to refer the report back to the committee for further details and clarification. When I have received a reply from the commission I shall be only too glad to table the report, and if at that time the government decide that action should be taken upon it I can assure my hon. friends that time will be found, or made, to permit of legislation being brought down. I cannot give any other assurance than that; I think that is fair enough in all conscience.

Mr. MacNEIL: As the report touches so closely the question of war veterans' allowances, will the minister consent to hold over the items?

Mr. POWER: I am willing to consent to hold up any item and undertake that we shall discuss the whole realm of ex-soldiers' problems on that item. But one hon. member wants item 199 held over; another wants another item held over. Unless we can come to some agreement as to which item shall stand, I might as well throw up my hands and not attempt to pass any estimates for some days. In view of the fact that the matter under discussion is the veterans' assistance commission, I think item 193, unemployment assistance, would be the appropriate item to hold over.

Mr. BENNETT: That is fair.

Mr. LENNARD: Can the minister tell me how many veterans between fifty-five and sixty are receiving the burnt-out pension?

Mr. POWER: That again is war veterans' allowances. That comes under the legislation passed last session. Applications could come in only some time in July or August, and I think in the neighbourhood of six or seven hundred have been accepted so far. I shall be glad to furnish my hon. friend with full and specific details of that when we come to the appropriate item.

Mr. POULIOT: Would the minister kindly tell me what is the yearly contribution of General McNaughton to the pension fund since he has been seconded from the Department of National Defence to the Department of Trade and Commerce?

Mr. POWER: I have not the least idea, nor do I know how I could find that out, because no contributions are made to the Canadian pension commissioners. My hon. friend knows, I think, that the Militia Pension Act of 1901 is administered by the Canadian pension commissioners only to the extent that they pay out the amounts of money which are indicated to them by the Department of National Defence.

Mr. POULIOT: I thank the minister, and I ask him who will give me the information.

Mr. POWER: I suggest that the Department of National Defence could do it. I am sure I cannot.

Mr. POULIOT: Then I shall put a question on the order paper which will be answered by the Secretary of State.

Mr. POWER: By the Department of Finance in all probability.

[Mr. Power.]

Mr. GREEN: Last year quite extensive amendments were made to the Pension Act. Would the minister tell the committee how they have worked out. I have had no complaints about them; they seem to be working well.

Mr. POWER: If my hon. friend has had no complaints, doubtless they worked out well. I have before me a report from the chairman of the pension committee. It is lengthy; I do not think I need read it all.

An hon. MEMBER: Table it.

Mr. POWER: I could table it—no, it is more or less confidential. But I could give the high lights of it. The increased liability due to the addition of the widows who became entitled to pension—my hon. friend will remember that in certain circumstances widows not previously entitled to pension became eligible—amounted to $36,792. The reinstatement of additional allowances for housekeepers involved an increase of $24,388. The correction of marriage status involved an increase of $4,578; the increase due to pensions paid in respect of self-inflicted wounds was $5,388; perpetuation of errors in previous awards, $8,811. These actions in themselves show an increase in the annual liability of $79,957, which exceeds by $35,842 the total increase in annual liability. This latter figure may be taken as indicating what would have been the normal decrease had it not been for the enactment of the amendments of 1936. The fact that these sources of irritation and dissatisfaction have been removed at such moderate expense is a gratifying comment on the soundness of the action taken by the government.

Mr. BENNETT: When the minister next comes with his estimates before the committee, I should be greatly obliged if he could be in a position to indicate something as to the amount of the patriotic fund at the end of the South African war. Under the statutes passed last session the South African veterans who were burnt out are not eligible for any benefits. They used to receive benefits from the patriotic fund, but it will be recalled that that fund was exhausted in dealing with the soldiers of the great war. The number of South African veterans left is small. If the government contemplate legislation, I think something should be done in that regard. It will be recalled that we did not pay them; they were paid by the British government. Inasmuch as we assumed no financial responsibility with respect to them while in South Africa, and those who returned are now few in number—because I think the average would be between sixty and seventy—and are

in pretty bad shape, unable to work, not receiving the benefits now that they did get from the patriotic fund, and not eligible for pension under existing legislation, I trust the government will not overlook the claims of these unfortunate men, who are most deserving from the standpoint of their present status.

Sir EUGENE FISET: When the committee was sitting last year, I made myself the advocate of the South African veterans, and I am only too happy to endorse what the leader of the opposition has said. These men are very few in number. Last year it was provided that they would be admitted to hospital free, but unfortunately their pension was paid by the British government, and the only thing to do is to supplement the pension which they are now receiving, or at least give them some grant under the War Veterans' Allowance Act. I hope it will be done.

Mr. CLARKE (Rosedale): Would a person who has served in the naval, military or air forces here in Canada but who did not go overseas be entitled to any of these Canadian pensions.

Mr. POWER: The air force was enlisted by the imperial government, so they would not be entitled to Canadian pensions. But any other man who enlisted in the Canadian forces was entitled to obtain a pension if he could prove that his disability was incurred in or was due to service.

Mr. CLARKE (Rosedale): Who did not go overseas?

Mr. POWER: I must say the deadline for further applications for pension was set at July 1, 1936, for those who served only in Canada. So they are debarred by statute from making application now, although they had approximately twenty years to do so.

Mr. BROOKS: In connection with the amendment regarding the deadline, may I say that practically the only complaint I had last year in connection with pensions was that many of these men did not know that the deadline expired on July 1. What effort was made by the department to notify the different returned men's organizations that the deadline for soldiers who had not served overseas had been set?

Mr. POWER: The legislation was introduced about March 1, and was finally passed about the beginning of June, last year. In that period the question was debated and, as the hon. member knows, was discussed before a parliamentary committee. Returned soldiers' organizations were immediately made aware of the fact that there was to be a deadline for certain cases in Canada. I was out at the Canadian Legion convention in Vancouver, and announced it there. I know that, generally speaking, the ex-soldiers' associations were quite familiar with the legislation proposed. I do not think there was much objection to it, from their standpoint. I shall have the figures available at a later time, but offhand I would say that about six cases have been turned down as being statute barred since then—not more than that.

Mr. BROOKS: I do not see how they could be notified during the convention at Vancouver, because the amendment had not then been passed.

Mr. POWER: That it was the intention of the government to introduce such legislation.

Mr. BROOKS: That it was the intention?

Mr. POWER: Yes.

Mr. BROOKS: What effort was made, after the amendment was passed? There were quite a number of complaints, and I believe the persons complaining thought they did not receive sufficient notice.

Mr. POWER: I think the deadline was set at July 1, 1936. The legislation was passed in June. I doubt whether it would have been possible, during that short period of time, to advise all ex-soldiers in Canada as to their rights under the legislation. But certainly all ex-solders' associations were fully aware of it.

Mr. BROOKS: I do not wish to prolong the debate, but the minister must bear in mind that all returned men do not belong to veterans' organizations.

Mr. POWER: I quite agree.

Mr. BROOKS: There were men who came to me and said they had absolutely no notice of the intention of the government to set a deadline at July 1.

Mr. HEAPS: I notice there is a reduction in the estimate of about $150,000 as compared with last year. I wonder whether this means that we have reached the peak in our pension expenditures, or whether it is just an estimate of the amount that has to be paid. If it is just an estimate, perhaps the minister could give us the amount actually expended last year on pensions.

Mr. POWER: On a former occasion I discussed the matter at some length and said that it was more or less of an estimate. I did say, however, that I thought that at the time pensions had at least been stabilized, and that they would not rise higher, unless there was some change in the legislation.

Mr. BENNETT: Except for the war veterans' allowances.

Mr. POWER: Yes. That is another matter altogether, which will rise to $12,000,000 or $13,000,000 in a few years. I have no objection to giving the expenditures. In 1932-33 pensions were about $43,000,000; in 1933-34, $41,800,000; in 1934-35, $41,900,000; in 1935-36 $41,521,000, and in 1936-37, prior to November 30, they stand at $27,653,000.

Mr. HEAPS: Why is there such a large sum in the estimates?

Mr. POWER: Because we expect to spend approximately $41,500,000. We expended $41,521,000 in 1935-36, and expect to spend just about that much this year.

Mr. NEEDHAM: Do I understand the cut-down on the deadline was for soldiers who did not leave Canada?

Mr. POWER: Yes.

Mr. NEEDHAM: I have in mind some men in my constituency who would be in this class: They served overseas, and I should like to have an answer to give them. They were gassed, and although they have no marks on them by way of wounds, as a result of the gas they have recently been unable to follow their occupations.

Mr. POWER: There is no deadline for them, if they served overseas. That provision applies only to those who served in Canada.

Mr. ELLIOTT (Kindersley): I have received several letters from war veterans in western Canada, and especially from ex-prisoners of war, who complain that they are unable to obtain remuneration from the pensions department. They contend there are a great many pensioners employed at large salaries, and they feel that if there were a deadline whereby, after a man received say $2,000 per year, his pension would be discontinued, they would have a better opportunity of presenting their case and receiving a certain amount of money from the vote. Is it a fact that there is no limitation on the amount of salary a pensioner may receive?

Mr. POWER: Pension has nothing to do with the salary a man receives either from the government or from a private concern. It has always been held as a principle, from the very first pension committee, that the awarding of a pension to any ex-soldier should not debar him from any employment whatsoever. I do not know how the constituents of the hon. member in western Canada would be assisted in any way in establishing their claim for pensions if we were to take away from someone who already has a pension his right to earn a living or to earn a salary commensurate with his ability and capacity.

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No, no.

Mr. BENNETT: It is eleven o'clock.

Mr. MacNEIL: There is a question I should like to ask, but I see it is eleven o'clock.

Item stands.

Progress reported.

VACANCY

Mr. SPEAKER: I have the honour to inform the house that I have received a communication from two members notifying me that the following vacancy has occurred in the representation, to wit:

Of Matthew McKay, member for the electoral district of Renfrew North, by decease.

I accordingly issued my warrant to the chief electoral officer to make out new writs of election for the said electoral district.

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

Wednesday, February 24, 1937

The house met at three o'clock.

TRADE AGREEMENTS

CANADA-GERMANY AND CANADA-RUSSIA—DOCUMENTS TABLED

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the right hon. leader of the opposition (Mr. Bennett) asked yesterday if the trade agreements between Canada and Germany and between Canada and Russia would be laid on the table before the debate on the budget to-morrow. I should like to say that the government feels it is desirable if hon. gentlemen opposite are agreeable, to defer discussion of the agreement with Germany until the Minister of Trade and Commerce (Mr. Euler), who negotiated it, is in the house. The Minister of Finance (Mr. Dunning) desires me to say that the delay should not present any practical difficulties since the agreement does not involve changes in any tariff items requiring consideration of the committee of ways and means. The arrangements with the Soviet union require no further action, and I am therefore tabling now an exchange of telegrams made public in a statement to the press on September 12, 1936; a statement issued by the "Tass" official

Russian news agency and made public on September 14, 1936; together with order in council P.C. 2354, of September 10, 1936, removing the embargo on certain Russian products.

Mr. CAHAN: May I ask whether the Russian documents are voluminous?

Mr. MACKENZIE KING: Oh, no.

Mr. CAHAN: Could they be published in the votes and proceedings?

Mr. MACKENZIE KING: There is no objection to that. They have already appeared in the press.

Mr. CAHAN: It is very difficult to keep copies of what appears in the press.

Mr. MACKENZIE KING: I shall ask that they appear in the votes and proceedings to-morrow.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*WATER CONSERVATION COMMISSION

Mr. DOUGLAS:

1. What was the personnel of the water conservation commission?
2. What amounts were paid to each: (a) as salaries; (b) as living and travelling expenses?
3. What was the total amount of money spent on, for, or by this commission since its appointment?
4. What was the date of its appointment?
5. Has this commission filed a report with the government?
6. Is such a report obtainable, and, if so, where?

Mr. RINFRET: I am informed that there exists no commission bearing that name.

*CORONATION DAY

Mr. CHURCH:

1. Is Wednesday, May 12, coronation day, to be a public holiday in addition to May 24?
2. Will banks and financial institutions, places of business, industry and stores, and government offices be closed, and will a proclamation be issued to this effect?
3. Is the government putting on a special coronation celebration? If so, where, and what is it to consist of?
4. Will any coronation medals be awarded in Canada, and to whom?

Mr. RINFRET: This information will be given to the house from time to time.

LETITE, N.B., LIGHTHOUSE KEEPER

Mr. BROOKS:

1. Did a vacancy occur in the position of lighthouse keeper at Letite lighthouse, Charlotte county, New Brunswick, in the year 1936?
2. If so, was a competition held under the Civil Service Act to fill the position?
3. How many candidates took the examination, showing those who were successful and the order in which they were placed by the Civil Service Commission?
4. Were any of the successful candidates returned men, and, if so, did a returned man receive the permanent appointment?
5. If not, why?

Mr. HOWE:

1. Yes.

2. Yes.

3. Five—Prescott H. Dines, Thomas M. French, Russell B. Matthews, Frank K. Spinney, John M. Tucker.

Two candidates were successful. Mr. Prescott H. Dines secured a rating of 92·4 and Mr. Russell B. Matthews a rating of 81·4.

4. Permanent appointment not yet made. Dines, the highest rated candidate, volunteered for active service but was rejected, as he was under military age. He has served for twenty years as assistant lightkeeper and is, therefore, qualified by training and experience to succeed to the vacancy in accordance with the recognized principle of promotion. In such cases absolute adherence to the returned soldier preference may not accord with the best interests of public service. The matter is still under consideration.

5. Answered by No. 4.

CANADIAN NATIONAL RAILWAYS—STOCK ISSUES

Mr. ELLIOTT (Kindersley):

1. What amount of stock of the Canadian National Railways and subsidiary companies is held by: (a) the public; (b) financial companies; (c) in Canada; and (d) outside of Canada?
2. What is the annual interest rate of the different issues, and total annual payments?

Mr. HOWE:

1. As set forth on pages 31 and 32 of the printed report of the Canadian National Railways for 1935, the capital stocks of railways comprising the Canadian National system amount to $464,755,279.03, of which amount $4,584,225 is owned by the public and the remainder by the government either directly or beneficially.

The amount owned by the public represents minority shares of certain subsidiary companies which shares were not acquired when control of such companies was obtained many years ago by the Canadian Northern and Grand Trunk companies. No dividends are at present being earned on any of the share capital.

2. With regard to debenture stocks and bonds (the funded debt of the system) full particulars, as at December 31, 1935, are shown on pages 27 and 28 of the 1935 annual report

of the railway. That statement indicates the issuing company, the date of the issue, the date of maturity, the principal outstanding, and the annual interest accrual; also the issues guaranteed by dominion and provincial governments.

It is impossible to say where and by whom these securities are held, as the greater part are in bearer form and the railway company has no record of the holders.

FARMING POPULATION—INCOME TAX

Mr. HYNDMAN:

1. How many residents in Canada are engaged in farming at the present time?
2. How many farm owners are there in Canada at the present time?
3. How much revenue did the government receive on account of income tax paid by farmers for the year 1935?
4. How many farmers paid income tax for the year 1935?

Mr. RINFRET:

1. On June 1, 1931, 1,128,154 residents of Canada were employed in agriculture.
2. On June 1, 1931, 583,706 farmers owned their farms and 67,942 farmers owned part and rented part of their farms.
3. Fiscal year 1935-36, $46,609.35.
4. Fiscal year 1935-36, 694.

QUESTIONS PASSED AS ORDERS FOR RETURNS

INDIAN RESERVES SURRENDERED

Mr. NEEDHAM:

1. Have any Indian bands surrendered their reserves?
2. If so, how many and for what cause?
3. What benefit, if any, accrued to each Indian band as a result of such surrender?
4. Can an Indian band surrender part of a reserve without surrendering the whole?

UNEMPLOYMENT RELIEF—LOANS TO PROVINCES

Mr. MAYBANK:

1. In each of the fiscal years ending 1933, 1934, 1935, 1936, were loans made by the dominion government to any provincial government for helping said provincial government with its relief problems?
2. If so, what amounts to each, year by year, were lent?
3. Was interest payable on such loans by such provinces?
4. If so, what amount of interest was payable by each province, year by year, for money so advanced?
5. Have all provinces paid such interest on such loans? If not, what provinces have paid and what amount each year?
6. What amounts are owing by any province for such moneys advanced to them: (a) for principal; (b) for interest?

[Mr. Howe.]

MOTION FOR PAPERS

DEPARTMENT OF TRANSPORT EMPLOYEES—ST. LAWRENCE RIVER

Mr. MacKINNON (for Mr. Gariepy):

For a return showing:

A list containing the names, occupations and domiciles of the individuals employed by the Department of Transport during 1936 on the St. Lawrence river, for navigation purposes or works of different kind or nature.

Mr. HOWE: This is another omnibus question that entails an almost impossible amount of work. It involves going back over the files for many years. I think the motion should be dropped.

Motion dropped.

NATIONAL SCHOLARSHIPS

PROVISION FOR ACADEMIC AND TECHNICAL TRAINING OF OUTSTANDING STUDENTS FINANCIALLY UNABLE TO CONTINUE THEIR EDUCATION

Mr. PAUL MARTIN (Essex East) moved:

Whereas the important industrial nations of the world are spending large sums annually in scholarship systems, to ensure that the most brilliant of their boys and girls may not be prevented because of a lack of financial resources, from securing adequate academic training to enable them to take their proper place as thoroughly trained leaders in the industrial, professional and public life of their respective countries;

And whereas in this age of scientific advance in all walks of life Canada cannot afford to longer ignore and lose the tremendous asset which it possesses in the latent ability for trained leadership of the brightest of her young people;

Therefore be it resolved,—That, in the opinion of this house, following the practice already established in Great Britain and other industrial countries, the government should investigate the desirability of a system of national scholarships to be made available to outstanding students who are financially unable to continue their education, to enable them to secure undergraduate and (or) post-graduate training in our universities, university colleges, agricultural colleges and technical schools.

He said: Mr. Speaker, no one is more persuaded of the limitations of this resolution and of some of the technical difficulties involved than I am. I feel, however, that in asking the government to investigate the desirability of setting up a system of national scholarships I am not being inconsistent in leaving details, which for the moment cannot be decided in general discussion, to the body which, I trust, will be set up for the purpose of considering the principle behind the proposal.

May I say, even though it be at the expense of laying myself open to the charge of boyish frankness, that one satisfaction I have in bringing this resolution before the house is that it is the realization of an ambition which began at a time when a scholarship would have been of very great assistance. If for no other purpose than to confirm the judgment of those who gave assistance to me, I sincerely trust that in the proposal I am making there will be some compensation to these individuals.

I do not propose to spend much time in drawing attention to the obvious plight of men and women of my generation, and of the young people of generations following mine, in Canada. That must be taken as self-evident. But it is important to note that the young people of this country, as of most countries to-day, are actuated by a fear of dislocation of their own possibilities because of economic conditions for which they are not responsible. Many young men and women with special aptitudes are denied the opportunity of proceeding in courses commensurate with their abilities and their desires to make some achievement for the national welfare.

While I do not think any hon. member, whether he be of a younger or an older generation, is not fully alive to this need, I venture to suggest that possibly younger members who have recently come to this chamber can approach the problem with greater freshness and vitality. To-day we talk, sometimes with alarm, sometimes perhaps imprudently, of the spread of ideas that are inconsistent with and contradictory to the basis of the civilization which all of us in the western world know best. I simply suggest this, that if we are to ward off the encroachment of ideas that are alien to principles which I believe every hon. member will accept, that must be done, not by condemning the evils or the imperfections of a particular economic thesis suggested, but by offering something that will adequately meet the needs which are felt by so many young men and young women in this dominion. One cannot emphasize that too much. I am not suggesting that through an acceptance of the principle of national scholarships there will nowhere be adherence to communism. I am not suggesting that those who receive scholarships under this system will possess in themselves guaranteed assurances of a contribution to the state. But what I say is that, according to the law of averages, if this privilege were accorded to young men and women who now have not the means of proceeding to agricultural colleges, to technical institutions, to the universities, there will be a substantial number of those selected who certainly will more than justify any expense or any violation of principle involved in the acceptance of the proposal I have in mind.

I suggest that there can be only one effective argument against the proposal for a system of national scholarships. Leaving aside for the time being the problem we have in this country by reason of the fact that education, under the British North America Act, is within the exclusive jurisdiction of the provinces, I believe, the only effective argument is that which suggests it is not the function of the state to make the provision which is proposed in this resolution. I am prepared to meet that argument. I hope that those who take issue with me will not base their objections on grounds of cost, or of spoon-feeding; those are self-evident; I am sure any number of hon. members may be assumed to have them in mind. As regards the functions of the state, may I simply say that no man who is alive to the currents of his own day, no man who knows the course of history, will deny the ever-present law of change, or, if you will, evolution from one form of society to another. I do not believe I am giving expression to anything inconsistent with my own political principles when I say that the stage through which we are passing is one which indicates that more and more the state will be called upon to intervene and engage in new activities. This means an era of socialization, or whatever one may wish to call it. That seems to be a tendency which no thinking man or woman can deny. That being the case, having in mind that in Canada we have always recognized that it is an obligation of the state, or more particularly a function of the provinces, to provide educational facilities for our citizens, I think we have to go one step further and to realize that if we are charged with the responsibility of education we ought also to be charged with the responsibility of seeing that those who are properly qualified are given the education.

In suggesting the two objects behind this resolution, I use the language of the consultative committee of the Board of Education in Great Britain in 1916 when it made its report to the Minister of Education, who in return introduced a bill for furthering a program of national scholarships in the United Kingdom. The first object is the training of men and women according to their capacity so that they may serve public ends in the manner for which they are best fitted, the

reward of merit and the encouragement of learning being subsidiary to this purpose; the second is the provision of equal opportunity, so far as this is consistent with the best use of the means at our disposal. An analysis of these two objects will reveal, first of all, that if democracy is to be preserved—and we boastingly refer to our desire to have it preserved—we should be consistent and realize that the basis of democracy must be education. This does not mean that equality of opportunity in education involves extending to every citizen the same measure of education, but it does mean the selection, within the democracy, of men who are best fitted for a particular pursuit or a particular function.

In 1925 Lord Eustace Percy, speaking in the British House of Commons as Minister of Education, laid down a principle which I think must challenge every existing democracy. He said that the time had passed when we must look upon democracy as meaning that education must be distributed to all sorts of people; rather, he said, children must be trained for the station to which, not by birth but by natural capacity, they properly belong. Why? Because, as we face problems in this house from day to day, every hon. member must feel, as I do in proper humility, the immensity and the difficulties of the many questions with which we have to deal. These problems are becoming more and more complex, and the problem of government in the future will gradually shift. I do not believe this house will lose its definite relation to these problems, but gradually the problems will call for examination in detail by others outside parliament, and it will be left for members of this chamber and other responsible bodies to pass upon the judgment of those servants of the state who by training are particularly qualified to make suggestions to the government of the country. While it may be disarming to a good many of us, I think we have to abandon the idea that every member of parliament is a potential prime minister. That is not the case, and we have to use the brain power which providence has given us in this country as in others, in the same measure as we use the agencies of the state in the development of our natural resources, in the surveys that are made, in agriculture, in mining and in all other branches of our economy. I believe that if we in Canada have risen to a high standard of prosperity, this is largely in spite of ourselves, largely because of conditions which were not present in many other countries that deliberately planned a course of action.

[Mr. Martin.]

Let me discuss this difficulty, the perfectly obvious one—that this is a provincial matter. The other night the leader of the opposition (Mr. Bennett), speaking on the estimates in connection with the Royal Military College, quite properly pointed out the reasons why the federal government could legally and constitutionally extend to the Royal Military College the grant it does. It is because that comes properly within one of the specific phases of jurisdiction accorded to the dominion government. It is true, as I said a moment ago, that education under the British North America Act was specifically and exclusively reserved to the provinces; but the term "exclusively" surely does not mean that the federal arm of government cannot extend to the provinces, by way of supplemental assistance, measures which properly come within the provincial sphere. If there should be disagreement with that statement, we have the precedent of our National Research Council scholarships, and if we want a further precedent, we have the grants in aid in respect of technical education, pursuant to the Technical Education Act of 1919. I am not particularly concerned in what form the federal government assists in furthering this proposal, but I am interested in having substantially the desired results, and if they are to be brought about by grants in aid to the provinces, definitely earmarked for that purpose. I do not see that there will be much to object to in the method.

I fully realize that a resolution of this kind will meet with a certain amount of natural opposition, for it is difficult for us to take, as we should do, the long view, which in the long run is the short view. We cannot calculate in terms of months or even of a year the benefits that accrue from what we do in this house; it is in the long term of time that the good we do in this house really becomes effective or apparent. I suggest that the story behind the rivalry in the field of commerce and industry, with Germany on the one hand and Great Britain on the other, presents one of the greatest romances and one that vitally affects the proposal which I am now discussing.

I should like for a moment to go back to the Napoleonic period, when Great Britain was the first, in fact the only power, to develop mechanical industry and to use science for practical ends on a large scale. In the same period Great Britain had a monopoly of ocean navigation to practically all the markets outside the western world. In those countries where European civilization was not accepted Great Britain was the chief buyer and seller. Of what was that the product?

It was the product of a spontaneous effort on the part of industry, unrelated to science, unrelated to the universities, unrelated to knowledge in the sense in which we understand these terms to-day. There was no public system for the encouragement of industry, commerce or agriculture, or of any other phase of Great Britain's economy. The universities lived in self-contained units. There was no relation between the university towns and commerce and industry; in fact, the university man was reluctant to take any part in the business world, for it was not regarded as proper to his function or his training. Likewise, in industry, every firm was jealous of its own secrets and of its own prowess and record. It was unwilling to disclose these to other firms and it would have no relations with science or the universities. Well, as long as this British monopoly prevailed, the common sense of Englishmen sufficed. Just about the time Cavour was bringing about unification in Italy, unification came about in Germany; in 1870 there came about the formation of the German state, based upon the Bismarckian philosophy, and England found her rival, a rivalry based not upon spontaneous effort but upon the coordination of all branches of German economy; industry, the college, the university, the agricultural school and government were all harnessed together in one cooperative enterprise in the name of the state to try to secure for Germany the ascendancy that was already England's. By that method of rationalization, by the encouragement given to research, by help given to poor scholars, by industry cooperating with government, Germany rose to a position where she seriously rivalled and imperilled the ascendancy of England. That effort of Germany has been duplicated in other countries. This rationalization, or coordination of forces, represents what can be done if the state will only try to coordinate all these agencies which can be utilized to make of the state what it became in Germany.

The scholarship system I have in mind is not novel; it is something that goes back even to the beginnings of Greek culture. In the form of which I am now speaking I suppose its beginnings were in the time of Henry VI when he, along with others, endowed schools providing opportunities for poor scholars. That system has been carried on in Great Britain ever since. The Education Act of 1852 in England, at a time when there was no acceptance of the view that it was the function of the state to administer matters of education, nevertheless extended further provision for assistance to poor scholars. In the Education Act of 1907, amending the act of 1902, further provision was made for a program of national scholarships. And not only that act but what has been done since that time in England should be an example to us. During the great war, when the nation was concentrating its forces upon the successful prosecution of the war, the Department of Education, acting upon a minute of council, began to investigate once again the question of scholarships. This was done because in the words of the committee that set about making the examination, no time could be lost in developing to the utmost the resources of the best of England's brain power. In 1916 this committee made a recommendation to the board of education for an increase in the number of scholarships. Again in 1925 under Lord Eustace Percy another committee, this time a commission, made an investigation recommending still further increases, and this in a country where private endowments are greater than in any other country in the world. It may be argued, however, that the case of England is not applicable here, that England is a unitary state. The constitutional difficulty in connection with education does not exist there as it does here. But the principle is the important point. The fact is that His Majesty's government in the United Kingdom have realized that it is the function of the state to select from its citizens those who, having special intellectual attainments and ability, but lacking financial resources, should be given the opportunity of proceeding to higher education along the lines designated.

What is happening in England, what happened in Germany has been followed in other countries. Take Japan. One hundred years ago Japan could not in any particular begin to rival the industrialization of any western country; yet within seventy years she has been able, by the same coordination of effort and utilization of her brain power, to reach almost the point of equality in commercial and industrial rivalry with most of the countries of the western world. How was that done? It was not done by industry refusing to cooperate with universities or with the state in these matters. It was, as in the case of Germany, the result of coordination of effort on the part of industry and the universities—and when I use the term "university," I include technical schools and agricultural colleges. Any hon. member who has studied in Europe or the United States will remember that there is no exclusion of Japanese representation from their universities. The Japanese government annually since 1904 has been sending hundreds of its

brightest students, but some of the poorest financially, to American and European universities, giving them the best training afforded there, on condition that these students return to their own country and try to make some contribution to the national welfare of Japan. I was reading the other day a statement by Doctor Compton, an outstanding administrator in the field of technological research. Speaking of Japan as of 1934, he said:

> I found sixty-nine research institutes, twenty-four of which were supported by the industries of the country and forty-five under support of the central government. These institutions were conducting research in every phase of national industry. In them were employed over one thousand scientific experts with approximately twenty-five hundred scientific assistants. In addition one thousand men were engaged in the electrical technical laboratory in Tokyo testing electrical equipment and carrying on research in electricity along the lines of power transmission, illumination standards, material and instruments.

That is on the technical side. On the general side every American university and some of our own in Canada have Japanese students studying political science, philosophy, engineering, getting the best out of our system and then going back to their own country to use their equipment in the interests of Japan.

The same is done in Italy. I was in Italy last summer and had an opportunity of learning something of what the Italian government is doing in the utilization of her best brain power. Next year it is hoped to enlist in all branches of university training eight thousand students annually, paid by the state, conditional upon their staying in Italy for a period of years to help rebuild the economy of that country.

Take Russia. Russia stands for something which is fundamentally antithetical to the ideas which I have been taught and in which I believe, but on its economic side the Union of Socialist Soviet Republics offers a challenge to the whole world in its coordination of effort in all branches. It seeks to rebuild Russia in an attempt to rival in all branches of industry other nations throughout the world.

One or two points about Russia: In 1930 there were 400 research institutes; to-day there are 840. In addition to this, there are scattered throughout the country 188 branches, engaged in scientific pursuits, not purely for academic interest but having in mind an attempt to strengthen the economy of Russia. There are 47,900 trained men who will come out of these institutes this year and who will be engaged for a period of five years on the study of problems affecting Russia.

[Mr. Martin.]

There are 80,004 students this year who will come out of universities, men whose university education has been paid by the state, men whose financial condition would not otherwise permit them to have this kind of training, men who will be expected, by the terms under which they entered the universities, to carry on in the interests of their country. Whatever we may say of her, whatever we may think of the philosophy which actuates her political officials, by the way in which she has planned her whole economy Russia does offer a challenge to the whole world, including our own country. She has a population of 186,000,000 people, some twenty times that of this dominion.

To give an example of just how far behind we are, let us make a comparison. If we divide the figure 20 into the Russian population, we have a figure which nearly represents the population of Canada. On that ratio of comparison, we would have 2,500 men engaged in research in our National Research Council. Instead of that, we have only 160. By the same method of comparison, instead of spending about $500,000 annually upon our National Research Council, as we do, in order to be on the same level as Russia we would have to spend something like $25,000,000 annually. For the moment we may think that certain advantages we have will always give us a measure of economic and commercial strength. On the other hand, we may take the stand that in the long run, unless we plan as other countries have planned, or take the same point of view as they have taken, we shall find ourselves lagging behind and, as a result, our people will suffer.

Since 1916 South Africa, one of our sister dominions, through its government has expended $100,000 annually, except in the last fifteen years when it has spent an average of $150,000 annually in providing opportunities to poor students to attend university. True, the grants vary, but the principle is there. These sums are apart altogether from private endowments.

In Australia we have exactly the same condition, but on a greater scale. Bursaries, fellowships and scholarships are provided for young men and women who are financially unable to pursue their studies, and are cared for by the state on a conditional basis.

New Zealand is a country much smaller than Canada, but referring to the New Zealand Year Book for 1934, I find that an average of nearly 2,000 students received free university education annually in the preceding

ten years. In the last eight years the government of New Zealand has spent approximately $100,000 in providing opportunities to poor men and women to attend the universities of that country.

I turn again to Great Britain, and the policy she has pursued, irrespective of the government in power. Her case is outstanding for a number of reasons, because the universities of Cambridge and Oxford and the provincial universities are more heavily endowed than are any corresponding institutions in any other country of the world. Despite, that fact, His Majesty's government in the United Kingdom, directly and through local educational boards, spends thousands of pounds annually in providing opportunities for young Englishmen and young English women to attend the universities, in the hope that those men and women may become part of the civil service, and serve the state in the professions or in some other capacity.

Professor Ernest Barker, whose name will be well known to most hon. members, has calculated that nearly one-half the total number of students in British universities have obtained assistance in various ways other than through their own financial means. I have made the calculation that in 1929 the British government assisted financially no less than 72,000 students who otherwise would have been unable to complete their university education. This is altogether apart from the appropriations for research. Even more startling, the quinquennial report of the university grants' committee of Great Britain, published in 1936, indicates that 41 per cent of all students in British universities are in receipt of financial assistance from government departments, local educational authorities, school or university endowments and the Carnegie trust. In 1934-35, 20,000 students were assisted and the sum of £1,350,000 was expended on their behalf.

Surely the most effective argument must be a presentation of the practice of countries the statesmanship of which is at least equal to that of Canada. In that connection let us consider Sweden, a country which to-day seems to project itself as such a great example in matters of government. Last year Sweden provided 3,000 scholarships to poor men and women; most of those scholarships were in agricultural colleges. Provisions were made by the government for the maintenance and tuition of the students. Apart from those, 1,600 students are given free education in the schools in forestry, not purely because of academic interest but because there, as in other countries, there is the same coordination of effort and the same decision to try to have all agencies in the state working for the common welfare, instead of permitting the condition which, I am afraid, obtains in this country, whereby each pursues his own course, government on the one hand and industry on the other, with very little interrelation between the two.

Denmark—and I think Denmark is the most outstanding example—is denied those physical advantages which Canada is accorded. Yet by planned effort, she has been able to attain a very definite supremacy in many markets of the world. She rivals Canada in the bacon and dairy products' markets. Behind her success is not a spontaneous but rather a definite and planned effort. By thousands—I think last year it was something like 4,000—her young men and women gain training in institutions corresponding to our agricultural colleges, such training being at the expense of the state and on condition that these young men and women return to the farms to serve in positions of leadership, in the ultimate hope that Danish agriculture may benefit, as in fact it has benefited.

When I speak of Denmark, I cannot help recalling the situation in my own constituency, one which is both urban and rural. I have calculated that in fifteen years, in the rural portion of my constituency, only three have been privileged to attend an agricultural college. Of that number only two came back to the farm. In one case a very definite leadership has been given to neighbours, and the result has been a considerable improvement in the standard of agricultural pursuit in that district. But, Mr. Speaker, let me tell you what I envisage, and I hope it will not be said that I am given to flights of imagination. As my justification I can give only the situation that exists in other countries. If every year at the expense of the state, because these people have not the means themselves, certain numbers of students could be afforded an opportunity of attending, let us say the agricultural college at Guelph or some other school where agricultural science is taught, these people would come back to their communities as leaders. They would have an improved knowledge of scientific agriculture, and this would be worth more than one can measure in terms of dollars and cents.

The Minister of Agriculture (Mr. Gardiner) knows full well some of the agricultural problems that face my riding. There are two specific problems in regard to which we have endeavoured for a considerable time to find a solution. I suggest to the minister that if twenty years ago we had initiated a policy

under which young farmers could have received this additional training, the problem in connection with the growing of corn in Essex county and western Ontario in general might have been greatly minimized by this time. Sometimes we face these problems without any consciousness of the real difficulties involved or of what the problems really are, and an adequate knowledge of these matters can be acquired only over a period of time and by a considerable amount of study.

Mr. DEPUTY SPEAKER: Order. I regret to interrupt the hon. member, but his time is up.

Some hon. MEMBERS: Go on.

Mr. MARTIN: I am in the hands of the house.

Some hon. MEMBERS: Go ahead.

Mr. MARTIN: I impress that point upon the house. I ask the Minister of Agriculture if he would not agree, having in mind that many of our agricultural problems can be best tested by others than governments. We call upon the government continually because, in that field of work, normally speaking only in the civil service can we find those equipped to deal with these problems. I venture to suggest that, just as in Denmark the improvement in agriculture has been spontaneous, coming from the people, so in Canada there would be less reliance upon the government if, for the time being, the government would adopt a policy of greater intervention in these matters. I do not want to mention the argument of cost; I hope it will not be brought up.

Miss MacPHAIL: No, not after yesterday.

Mr. MARTIN: Not after yesterday, as the hon. gentleman says.

Some hon. MEMBERS: Oh, oh.

Mr. MARTIN: I am afraid that in my zeal for this subject I have confused the sex of the hon. member. I simply wish to say this: I realize that expenditures have to be made. If there is justification for spending money on national defence; if there is justification for spending some $300,000 on the Royal Military College at Kingston, having in mind what statesmanship is really intended to mean, I believe there can be no comparison between the merits of this proposal and these other minor matters which, in the course of time, will appear as fleabites. But if there is any argument on the point of cost, I suggest that anyone who examines the achievements of research scholars of the National Research Council will see that, as a result of the scientific endeavour of one of these scholars, more money has come to Canada than has been expended, during the years from 1916 on, on scholarships on behalf of the National Research Council. But even if that were not the case, surely that is not the test. Perhaps the results of such a policy are incalculable, but the real test is this: Is this not a preventive measure? The very nature of research precludes any consideration of cost.

I thank the house for its indulgence, but before I take my seat I should like to refer to the National Research Council. I think, Mr. Speaker, that the amount of money we spend on the National Research Council is highly inadequate. It seems to me that in the light of what other countries have done and are doing for research we have no reason to be proud of our record. First of all, on the scholarship side, anyone who is familiar with the projects contemplated and the work to be done will realize that twice the number of scholarships which are extended to national research fellows would not take care of the need. I should like to place on Hansard the record of contributions by this government, in terms of scholarships, to the National Research Council:

National Research Council
Expenditures on Post-Graduate Research Scholarships

1917-18	$ 5,550 00
1918-19	7,150 00
1919-20	20,850 00
1920-21	17,700 00
1921-22	38,575 00
1922-23	35,725 00
1923-24	37,830 00
1924-25	40,101 66
1925-26	40,082 00
1926-27	41,105 00
1927-28	41,855 00
1928-29	43,720 00
1929-30	49,990 00
1930-31	59,535 00
1931-32	38,490 00
1932-33	17,605 00
1933-34	9,160 00
1934-35	11,825 00
1935-36	13,205 00
	$570,053 66

May I say, Mr. Speaker, that since this resolution was placed on the order paper I have received letters from over five thousand people in this country, from university professors, from ministers, from industrialists, from teachers and particularly from young men and young women. If we are to avoid the pitfalls which are sometimes evident in other countries more than in our own, we should recognize that the state has a definite obligation. As I have already said, the argument with which I shall be met is that education is a matter for the provinces, but there

is nothing to prevent the federal government from offering positive assistance, consistent with the exclusive jurisdiction which by law is accorded to the provinces. At a time when we are talking of national unity and of the divisions that exist in our own country, perhaps a scheme of national scholarships open to men and women of merit in every part of Canada might help to emphasize what I think we in this house should emphasize, namely, that if Canada is to remain a confederation of nine provinces we must continually bring to the front the state in terms of the federal arm of government.

I am aware, Mr. Speaker, that all sorts of criticism will be levelled at this proposal. I know many will say that it is all right for those who want education, that it is a project to assist intellectuals. It may hold out that advantage; it may act as an encouragement in these days to young men and young women who are looking for encouragement. I believe I might put my argument on a sounder basis. I am not thinking of extending charity; I am not only thinking of young men and women in the cities and in the rural districts who need special assistance. I am thinking in terms of my own country. I should like to see Canada utilize the same forces that other countries have used and are using in their attempt to secure a strengthened economy. I fully believe that if the government could see its way clear to set up a committee, not necessarily of paid officials but of eminent men and women who would volunteer their services, to prepare the lines along which this proposition might be worked out, in a period of time this proposal would stand a test which few measures, in the long run, are able to stand.

Mr. W. A. WALSH (Mount Royal): Mr. Speaker, in rising to support the motion that has been presented by the hon. member for Essex East (Mr. Martin) I wish I could discuss the matter as eloquently as he has, but I am afraid in that respect I shall fall very considerably short; therefore I would ask the house to bear with me while I make a few remarks on the subject under debate.

First of all, and without indulging in any flattery, I wish to compliment the hon. member for Essex East on the very able manner in which he has presented his motion. His argument was in terms so clear and concise, his illustrations so aptly chosen, and his supporting data so carefully selected, that if there were any doubt in the mind of anyone when he came into the house as to the wisdom of accepting the motion I am sure that by now it must have been altogether removed.

May I say also that I feel very happy in following my hon. friend from Essex East when I realize that he is a Canadian of French descent, a Roman Catholic, and from the province of Ontario, and I myself, seconding his motion, am a Canadian of English descent, a Protestant, and from the province of Quebec. I think this will serve, as does the motion itself, to emphasize the national unity that exists and always should exist in this Canada of ours.

A number of years ago, when I was considerably younger than I am to-day, I read the pages of Oliver Goldsmith's Deserted Village, and many in this house will remember at least the first two lines as I do:

> Sweet Auburn! lovliest village of the plain,
> Where health and plenty cheer'd the labouring swain,—

It went on from there, and in one passage these words occur:

> Beside yon straggling fence that skirts the way,
> With blossom'd furze unprofitably gay,
> There, in his noisy mansion, skill'd to rule,
> The village master taught his little school.

I am in one sense the personification of the character presumed to be represented in that part of Oliver Goldsmith's Deserted Village. I think, if I am correct in my estimation, that I am possibly the only member of this house who is at present actively engaged in the teaching profession and who hopes, God willing, to remain actively engaged in it for a number of years yet to come. For that reason I desire to lend every possible encouragement to the purpose of the motion, in the hope that I may contribute to the subject under discussion something that will at least lend weight to the arguments that have been used by the mover.

May I just say in passing, Mr. Speaker, that I am happy to see returning to this house the hon. member for Sherbrooke (Mr. Howard), who has been enjoying a profitable holiday in a climate which at this time of the year is a little better than our own, whose family in days gone by made a very considerable contribution to the cause of education as exemplified in this motion, and who is himself a member of the Protestant Committee of Education for the province of Quebec. I am sure he is deeply interested in this motion and in the discussion that will take place upon it.

I am fully aware, as the mover has already impressed upon the house, that education is a subject which was placed under the jurisdiction of the provincial governments by the fathers of confederation when they framed the British North America Act in 1867. I

for one would not in any way seek to change what the fathers of confederation so wisely did in this respect. But the motion has nothing whatsoever to do with any change in our educational systems as they exist to-day, and I hope to make that abundantly clear as I go from point to point in the course of my remarks.

The provinces are doing an admirable job in the field of education. The motion does not in any way seek to criticize the activities which the provinces are carrying on in the educational field or the manner in which they are carrying on those activities. This proposal is designed in particular to give encouragement to whatever they may be doing in this field without striving, by any devious ways whatsoever, to enter the field of education, which we all recognize belongs strictly and entirely to the provincial governments. The purpose of the motion is to supplement the efforts not only of our provincial governments but also of all existing organizations interested in the subject of education.

In my native province of Quebec the schools, of course, date back to many, many years prior even to confederation. We had a peculiar system of education in our early days, and it was not until the year 1790 that there was any real order put into our educational work as conducted in that province. A commission was appointed at that time headed by the chief justice of the province, William Smith, and it is interesting to notice one of the phrases that he used in connection with the recommendations brought forward by that commission. He suggested the establishment of three parish schools, "for the teaching of the three R's in order that the lower classes might be lifted out of a state of base barbarism." That was in 1790. I want to assure this house that in the province of Quebec we have made very long strides since the year 1790. We have an educational system of which we are justly proud, and I want to remind the house that we have living within our province two great peoples, Canadians of French descent and Canadians of English descent. We carry on our educational systems—I want you to notice that word; it is in the plural—we carry on our educational systems without any conflict whatsoever. The Protestant educational system is in no way interfered with by our Catholic or French-speaking majority; and likewise the Catholic and French system is in no way interfered with by the English-speaking and Protestant minority. Such is the condition in the province of Quebec, where these two great peoples live side by side in complete harmony one with the other, particularly where the educational field is concerned, so that we can immediately dispel from our minds the possibility of the creation of friction as a result of the adoption by the house of any measure such as is proposed in the motion now before us.

[Mr. Walsh.]

I am much impressed by the terms of the motion, particularly the last paragraph, which I may be allowed to quote:

> That, in the opinion of this house, following the practice already established in Great Britain and other industrial countries, the government should investigate the desirability of a system of national scholarships to be made available to outstanding students who are financially unable to continue their education, to enable them to secure under-graduate and (or) post-graduate training in our universities, university colleges, agricultural colleges and technical schools.

I have been deeply impressed also by the reasons advanced in support of this resolution by the hon. member who moved it and by the paragraphs that precede the concluding portion of the motion. His resolution was very carefully prepared, and, as I have said, he is to be commended for the manner in which he has presented the subject to the house. It will be noticed that he has not emphasized solely academic pursuits; he has discussed also the possibilities of graduate and undergraduate work in our agricultural and technical schools. Personally I prefer that the emphasis should be placed upon those two particular phases, because I believe that from them our primary industry of agriculture and our secondary industry of manufacturing would be greatly assisted by the trained minds which could be brought into action through the medium of scholarships, an asset which is being lost to Canada because of the inability of these young people to finance themselves through a graduate or undergraduate course in any of our universities, agricultural colleges or technical schools.

Our provinces are specifically charged with the work of education, but, as we know, many if not all are financially embarrassed and for that reason are not able to give the measure of assistance in the field of education which no doubt under happier circumstances they could provide. For that reason, in my opinion, the dominion government should at this time bring into play its financial resources so as to give these young men an opportunity to further their education, and thereby become the national assets that God evidently intended them to be when He endowed them with the latent ability that we should provide the means to develop.

If, Mr. Speaker, we canvassed the members of this house we should be astonished to find how many hon. members have been

assisted to a higher degree of education through scholarships provided by schools, by governments, by private enterprise or by other organizations interested in education. When I began to study this question and discussed it with various hon. members, I was amazed at the number who told me, in effect, "Well, I should not be where I am or what I am to-day if such and such a scholarship had not been available for me when I was going through high school or just entering college." Many in this house have thus been assisted to bring to the affairs of the state a trained mind. Why should not the dominion government, as other countries have done, interest themselves in this field and provide opportunities for the development of latent talent for use in the industries of our country?

As was mentioned by the mover of the resolution, many organizations have endorsed it. I might mention the Citizens Research Institute, of Toronto, the National Research Council, the Canadian Teachers' Federation, the Canadian Federation of School and Home Clubs. Also, of course, our universities and colleges are one hundred per cent behind this motion, and all express the hope and have the expectation that it will be adopted, thus giving the government the privilege of at least discussing the matter and if possible bringing in a measure upon which this house can act, or of acting themselves without further discussion in this chamber.

I have mentioned our universities and our colleges. Many of us are graduates of universities. I am thinking of one university in the city of Montreal, known as l'Université de Montréal, a French Canadian institution which has been established for many years. Although this is somewhat aside from the question under discussion, indirectly it bears on it. L'Université de Montréal is situated, in an unfinished condition, on the northern slopes of the mountain around which Montreal is built. It is in financial distress, and I am sorry that the Minister of Labour (Mr. Rogers) is not in his seat; for I was going to suggest to him that when he is considering relief projects for Montreal and for the province of Quebec he might provide ways and means for the completion of that university, so that we may have on the northern slopes of Mount Royal a foundation which will become nationally and internationally known as a centre of French culture in the second largest French-speaking city in the world. In this matter I wish not to be misunderstood. I am not saying this for political purposes, nor have I any political motive in view. It does not affect me in my constituency. What I have said arises from a deep conviction and a sincere interest in the cause of education and in the project that has been put forward by the mover of this resolution. Scholarships could then be provided in an exceptionally fine university where students, even English-speaking students, could get the benefit of French culture. I hope the Minister of Labour will give due consideration to this suggestion and make it possible for us in Montreal to have this centre of French culture completed at an early day.

I believe it was von Bismarck of Prussia and Germany who on one occasion said that the nation that has the schools has the future. This motion will provide an incentive for our schools to do even better work than they are doing at present. Our schools are doing very excellent work and I do not wish them to feel that I am in any way suggesting that they need this spur; but I believe it would be an added incentive to them to instil a deeper sense of responsibility into the minds of the pupils who are attending our schools to-day, and in so doing encourage some of the brighter pupils to look forward to the possibility of taking advantage of one of these national scholarships. In my opinion our schools need that encouragement; education in Canada needs it. As we all know, education is something of a sacred trust. Although at present it reposes in the provinces, we believe that the government at Ottawa should indirectly take an interest in education and seek to give some measure of encouragement to the excellent work which the provinces are doing.

Education is a heritage that we ourselves in this generation must assist in every possible way, so that as we pass from the field of activity we can leave behind us those who are probably better educated than we had an opportunity of being. Education is a process that is intended to fit the individual to become a valuable and useful member of society, and by the adoption of this motion I suggest that we should be making a greater use of our educational system, and making of that system a real national asset and a national benefit. We must emphasize that point and emphasize it rather definitely.

In conclusion I should like to sum up in a few words my reasons for supporting the resolution so ably moved by the hon. member for Essex East. I would emphasize again that it will in no way interfere with provincial administration of our educational systems. I suggest again that it will emphasize the Canadian point of view in our educational systems, that it will encourage and supplement the efforts that are now being made, and place educational facilities at the disposal of those who would otherwise have to forego

them. It will not establish any precedent, because the government of Canada has interested itself in education on many previous occasions and made grants to provincial governments for provincial education in days gone by for the purpose of giving them the advantage of additional income so that they could carry on their work more effectively. For these reasons I have seconded the motion that has been moved and I give it my unqualified support.

Mr. DENTON MASSEY (Greenwood): I am sure that one may heartily congratulate the hon. member for Essex East (Mr. Martin) on his presentation of this very important problem. Those of us who know him personally—and I am sure he will permit me to say this—realize the worthy effort that he put into his own education and the value that scholarships have been to him—scholarships well won and applied. And perhaps in his presentation this afternoon, which was indeed a most erudite and scholarly exposition of his purpose, one could find that he himself was his own best recommendation for what he is advocating. Then, too, it would seem significant that the one who seconded the motion, the hon. member for Mount Royal (Mr. Walsh), is himself a superintendent of schools. So that this motion has been launched ably and under most auspicious circumstances. When therefore two hon. members such as those who have moved and seconded the motion bring it to the attention of this house its purpose must be a most worthy one and one to which the government should give full consideration.

It would seem to be a common failing of human nature to tend to regard lightly the value and importance of an education. Sometimes it would seem that we fail to recognize the vitalizing value and the quickening influence and practical worth of scholastic and academic education. In Canada, however, we have gone far along the way of providing means of education for our youth during the most important and vital stages of their earlier development.

One-fifth of our total population is represented by children attending school, and tomorrow morning throughout the length and breadth of this dominion 2,300,000 children will go to school, almost double the number that went to school twenty-six years ago. These children will trudge their way, some of them unwillingly and others gladly, to meet 73,000 teachers. It is noteworthy that the Canadian schools number on their rolls twice as many children as there are farmers in the whole of the dominion, and as many as there are men and women in all other occupations combined. Granted that the schools across the length and breadth of this dominion, under the restrictions under which they have been placed in regard to expenditure, have done an extraordinarily fine piece of work; granted that the vast majority of the 73,000 teachers are noble men and women, working many of them for pathetically small salaries, but conscious of the weight of responsibility that rests upon them; granted that the attendance at schools is on the increase—for the average child to-day spends eight and a half years in school, whereas his or her parents spent only six; granted a good many other things in connection with our educational system of which we may be justly proud, have we yet realized fully the importance of education?

In 1930 and 1931 the national expenditure in Canada was $4,750,000,000, of which fifty-five per cent was spent for food, clothing and shelter, including the taxes paid as part of the purchase price. Seven per cent went for direct taxes, eight per cent for savings and thirty per cent for other things, including approximately eight per cent for indirect taxes and 3·5 per cent for schools and universities. Only 3·5 per cent of our national expenditure went to schools and universities. And my definition of university is the same as that of the hon. member for Essex East, and includes agricultural colleges, technical schools and so on.

I referred a moment ago to the salaries paid to some of our teachers. This house was shocked a few weeks ago when the hon. member for Rosetown-Biggar (Mr. Coldwell) drew to its attention the salaries paid—or at least that were not being paid—to some of the teachers in his own province of Saskatchewan. While conditions may not be as extreme in other parts of Canada as in the dried-out areas of that province, nevertheless looking to my own province of Ontario I find that the average salary of public school teachers in 1934 was only $1,141. And in the same year in Saskatchewan the average salary paid in the rural elementary schools was the amazing figure of $505. Yet it is upon these men and women that we place the responsibility for the education of our children, the most priceless asset of the nation. And only 3·5 per cent of our national expenditure is devoted to education. I fully admit that the number of dollars spent on the school system does not measure its value. The test of any educational system is, does it educate? The value of any educational system is to be found, not in the beauty of its buildings and equipment, not in the theories that motivate it,

but in what the pupil learns. Does he leave school, or whatever institution it may be, equipped and ready to face the practical workaday problems of life? What has he learned concerning the cultural things which help to make him not only a man but a gentleman? Has he been regarded as an individual and had his native traits and individual tendencies recognized and developed fully, or has he been just one of thirty or forty pupils or whatever number may be in a class room? Has he merely been exposed to the prescribed course of study, or his some effort been made to see that he not only swallowed but digested what he was given? In other words, what sort of foundation is being laid for him for the days when he is forced to build upon it and is faced with the problem of earning his own living?

In the remarks I am making it is not my desire or my purpose to criticize the educational system of this country. A noble work is being done in all provinces. But do we make it possible for the worthy student to go as far as he or she would or could? Is money, or rather the lack of money, a barrier to higher and specialized education? As the hon. member for Essex East has so well pointed out, in Canada it would indeed appear so. And when we realize what is being done in other countries, as has been so well demonstrated this afternoon, to develop students who have shown themselves meritorious and worthy, young people of character and of guarded and studied ambition, and of hope not only for themselves but also for the nation to which they belong, then I say it is high time that we took stock of ourselves to see where the slack may be in our system of education.

It would seem that in this resolution the quick centre of our difficulty has been touched. Hon. members know well that legion is the name of those who have been and are compelled to curtail their early education by reason of various and difficult circumstances The unemployment of parents and heads of families because of conditions for which they are in no way responsible has meant that boys and girls, young men and young women, have been denied the training necessary to equip them properly and adequately for their life's vocation. Then too our schools, which have a high standard of usefulness, the sphere of which for years they have been widening, as a result of lack of funds have in many cases not been able to provide adequate facilities for technical training. In these days, horrible to relate, apprenticeship is almost unknown in this country. The lack of this training has been painfully felt in far too many quarters. It is regrettable that the Minister of Labour (Mr. Rogers) is not here to participate in this debate, but I am sure he would be here were he not prevented. It is of the utmost importance for us to realize that in this dominion we are facing or are about to face a scarcity of trained men and women for highly specialized jobs. As I mentioned in the house the other day, in the building industry alone a comparatively small percentage of increase in its activities would occasion an absolute shortage of skilled mechanics.

Mr. LAPOINTE (Quebec East): Will my hon. friend permit me? The Minister of Labour has been here this afternoon; he was compelled to go out for a few minutes, but he will come back. I should not like it to appear on the record that he was away while this resolution was debated.

Mr. MASSEY: I am very glad to withdraw the remark, but I am sure the minister heard me say that he would be here if it were not for some very good reason.

There are upwards of 130,000 young men and young women attending technical schools in Canada. But this number is less than one per cent of our total population, and only about five per cent of our school-going population. Attending universities in Canada there are to-day 32,500 young men and young women, about 1·5 per cent of our school-going population. I am sure that when we consider the importance, for those who are capable of absorbing it, who merit it, and who wish to have it, of university education or technical or advanced or specialized education in some form, it seems extraordinarily unfortunate that so small a percentage of our population is able to take advantage of the opportunities that these institutions have to offer.

Last session I was privileged to introduce a resolution dealing with the reestablishment of youth. During the course of my remarks, as reported on page 907 on Hansard of March 9, 1936, I drew the attention of the house to the percentage of those who remained in school after sixteen years of age. Those figures themselves tell the story, when it is realized that so many of our young people find it necessary to leave school for various reasons at or before the age of sixteen, and when so often the reason is the absence of funds to permit them to carry on.

Now, what have we done in connection with scholarships? It would seem unnecessary to bring this crying need to the attention of the house in the way it has been. We have witnessed what has been done in other countries, as it has been so ably demonstrated by

the hon. member for Essex East this afternoon. Should we be so slow to recognize what we should do and must do in Canada? What means have been taken to provide for the better students, the meritorious students, to carry on with their education? Scores, yes thousands, of young men and women are compelled to leave school in order to seek employment, and many times it is a hopeless effort to look for a job. Their education is cut short; they are denied opportunities for further education simply because of the lack of funds. To that I have referred previously, and I refer to it again with emphasis. There are many problems that face governments in these days, Mr. Speaker, not alone the governments of this nation but those of all nations. But what more important problem can there be for the consideration of the government than the problem of making available higher education to those who have proven themselves able and willing to embrace it, and thus the better to fit the most meritorious of our youth for the days to come, when they will be engaged in gainful occupation?

For many years it has been my peculiar privilege to have an extensive contact with youth, both as a result of my vocation and as the result of an avocation. Scores of young men have come to me in the last twelve years or so from all walks of life and with all sorts of problems. In thinking over some of the cases that have come to my attention during the last few years I came to a letter, written on the the letterhead of the Danforth Technical School, Greenwood avenue north of Danforth, Toronto, under date of January 14, 1937. The Danforth Technical School is a most worthy institution, presided over most ably by the principal, Mr. Ferguson. Under the date mentioned he has written, in part, as follows:

> We have in this school a young boy sixteen and a half years of age and in the third year industrial course, majoring in pattern making and design. This boy's father has been and is still out of work for about four years, and I believe, the family is on partial relief. The boy informs us that it will be necessary for him to stop school almost immediately to become a wage earner since there are six children in the family, five of whom are girls. The teachers' confidential report, which I am submitting, is very encouraging, he, of course, stood first in his class.
>
> In order to supplement the teachers' report we gave him a group intelligence test which revealed a mental age of practically twenty years and an intelligence quotient of 124·5. Realizing that this was an exceptional boy, both from the standpoint of intelligence and application, I arranged to have Mr. M. Parmenter, who is experienced in administering individual intelligence tests, to give him an individual test which revealed an I.Q. considerably above the average.
>
> Here is an exceptionally bright boy whose school career is about to be curtailed because of the financial conditions in the home. I would like to see, if at all possible, some sort of scholarship arranged for the boy so that he could not only complete his four-year industrial course but carry on through the university in the school of science. It is boys of this type that should make our leaders in the future. If you can suggest any way by which this can be brought about it would be greatly appreciated by all of those connected with this school and, I believe, would be rendering a service to the nation as a whole.

I had a long talk with that boy. Personally I found him to be everything that his principal suggested in this letter. I found that boy in this position, that it would be necessary for him to cease attending school immediately. What was there for that boy but to do what he was forced by circumstances to do? It was impossible for him to carry on; it was impossible for him to go ahead and finish his four year course, let alone go to the university. Here is an intrinsic asset to this nation, more precious than all the silver and gold in the mines of Canada, yet we permit circumstances which we can control to carry boys like this away from their studies and force them to take any jobs they can get, thus depriving them of the fullest benefits of an education. Why should it be that the son of a wealthy man, regardless of how much intelligence the boy may possess, regardless of how thick his skull may be and regardless of anything else, should have the opportunity of a cultural training, a university training, while that opportunity is denied a boy such as I have described, though in the case of some of the sons of wealthy men, their thick skulls may provide a veritable anvil for weary pedants to pound upon?

It is said by some that the lack of money really is no handicap to the boy who actually wants an education, that he can work his way through university; it has been done over and over again, it may be said. It is true that it has been done, but how many times must we remind ourselves that these are vastly different days from those of the 1920's, that we are facing conditions vastly different from those that existed fifteen years ago? How can a young man count upon going to university, where he knows he will have to face the necessity of paying fees, paying for books, paying this and paying that,

when he must hazard the whole thing on being able to obtain a job firing a furnace or doing something similar? There is no desire on the part of the youth of this country to be spoon fed. I fully believe there is just as much red blood coursing through the veins of Canadian youth to-day as was ever the case, but Canadian youth must recognize the situation with which it is faced. So must we, and so must provincial and municipal governments. Times have been and are cruel; the struggle has been against seemingly unconquerable odds and against influences that certainly have been uncontrollable. But to-day unnecessary hazards and handicaps beset the path of youth. Should we not as a parliament do something, in the face of the conditions that have been sketched this afternoon by the hon. member for Essex East and the hon. member for Mount Royal (Mr. Walsh); or should we just sit back and do nothing while many of our young people are deprived of the opportunity to obtain the advantages of higher education?

Last year, during the course of the debate to which I have referred already, in connection with the resolution I introduced having to do with the establishment of a national youth reestablishment commission, the Minister of Labour (Mr. Rogers) said in part, as reported on page 919 of Hansard:

> In conclusion, Mr. Speaker, I would repeat that the government is fully in sympathy with the reestablishment of the youth of this country and, like any government conscious of its responsibility in relation to unemployment at this time, we will take every possible step to see to it that young men and women are given opportunities within which they may realize their desire for remunerative employment. I do not believe the youth of this dominion expect ready-made jobs, nor do I believe that the solution for unemployed youth lies in public employment. If I did believe that I should have some misgivings for the future of Canada. It is our duty to create conditions within which our Canadian youth may once more, as in other years, find their own opportunities and make the most of them.

It will be recalled, as has been mentioned already this afternoon, that the Technical Education Act of 1919, through grants in aid to the provinces, made it possible for the provinces to carry on technical education. In 1921, as a direct result of that act, there were 57,000 students enrolled in technical schools. Eight years later, in 1929, there were 121,000, and even in 1934, under such conditions as we have discussed this afternoon, there were 122,000 students. There, it would seem to me, is the legitimate echo to expect from the remarks made by the Minister of Labour last year, that if worthy work is done along these lines the results are assured. After all, the Technical Education Act was not an unusual act. The bugaboo and hazards of interfering with provinces were gracefully overcome. The provinces were glad to accept the assistance. The money was used, and used adequately and well, with the result that in ten short years 121,000 of our Canadian youth found themselves in a position to avail themselves of technical education.

The value of scholarships is indeed beyond debate. Those of us who have had to do with youth, those of us who have had to do with young men and women, fully realize the value of scholarships. We speak a great deal, and with much pride, of our national resources. We talk in glowing terms about our country, rich in natural resources. Hon. members coming from constituencies wherein are forests, mines and the like, boast about the great wealth of Canada. There is no wealth in Canada which could even begin to compare in value with the potential wealth supplied by our youth. Are we to-day going to fail to "mine" that youth? In other words are we not going to do our best to bring to the surface the fullest and best within that youth?

I strongly support the resolution. Its passage would be hailed with great acclaim throughout Canada. Youth is vocal these days; youth has spoken and is speaking on this point. The hon. member for Essex East, the hon. member for Weyburn (Mr. Douglas) and myself, as delegates to the League of Nations, had the opportunity this summer of attending the world youth congress at Geneva. During the course of that congress and within the Canadian delegation itself there was much discussion concerning scholarships. The Canadian Youth Congress, one of the national youth organizations in Canada, in a statement of its principles, refers specifically and directly to the desire of youth to be able to embrace scholarships, in other words that scholarships be set up within this dominion. Other youth organizations throughout the length and breadth of Canada have likewise expressed themselves.

The hon. member for Essex East states he has received 5,000 communications in regard to this great problem. Youth is vocal in the matter, and as one who has been actively interested for many years in the wefare of Canadian youth, with all the earnestness of which I am capable I urge upon the government their ready acceptance of the burden of the resolution.

It was George Eliot who wrote:

There is no short-cut, no patent tram-road to wisdom. After all the centuries of inventions, the sole path lies through the thorny wilderness which must still be trodden in solitude with bleeding feet, with sobs for help, as it was trodden by them of olden times.

May the government not be deaf to this appeal for help!

Mr. L. A. MUTCH (Winnipeg South): Mr. Speaker, it is no part of my plan or intention to discuss the value of education as such. That must be patent to all. As one who for some time has been engaged in educational work I have knowledge of the need of a measure of encouragement or assistance to permit students who are financially unable to pursue advanced studies to continue their educational training.

May I congratulate the hon. member for Essex East (Mr. Martin) upon the thoroughness of the preparation and presentation of his observations, and upon the excellent work he has done throughout Canada in promoting the ideas exemplified in the resolution now under consideration.

I note the resolution states that the government should investigate the desirability of a system of national scholarships. Sir, I have no doubt of the desirability. I would ask that the government consider ways and means of making a beginning on such a program. It has been said and demonstrated in the house that a little knowledge is a dangerous thing. In Canada there are many students —I have taught some of them myself—with brains capable of assimilating knowledge, and with the will to study. Too often, having had their minds awakened by the processes of study, through adverse financial circumstances they have been obliged to abandon their studies carried on under the guidance of men and women skilled in leading the student mind away from the pitfalls of half-truths which throng the pathway of the student. What is the result? Too often the result has been that those active brains go on, unguided, building for themselves on false premises, or at the best on half-truths, adhering to all or any of the crack-pot theories which bedevil the thinking of people in Canada to-day.

We need to conserve and develop that brain power. Surely the British North America Act cannot prevent the people of Canada through us, their representatives, from offering to help and encourage, by way of scholarships, all worthy students who have shown possibilities. I am particularly concerned with the carrying on of advanced education under such a system. I do not think it is possible to do too much at one time, but we must begin somewhere. My own observation from experience is that the real and crying need to-day is to pick out those who have shown unusual possibilities and allow them to go on into the realm of investigation and into the speculative part of education so that under proper guidance they may serve Canada more intelligently in whatever sphere or whatever phase of Canadian life they may follow.

Therefore to my mind it is important that we should consider the matter from the standpoint of conservation. I believe we must look to the conservation of our best brains, which, although perhaps not yet developed, give promise of something for the future. We are reminded constantly of the lack of balanced thinking, and I believe much of that is due to the fact that having reached a certain stage really bright minds are left to shift for themselves, building without a sure foundation, lacking in guidance, and arriving at futility.

For these reasons I have much pleasure in supporting the resolution, in the hope that out of it something may come to help take up the slack and eliminate the waste which in my personal experience I have seen.

Mr. J. A. BLANCHETTE (Compton) (Translation): Mr. Speaker, it is a pleasure for me, while I deem it also my duty, to rise in this house in support of the resolution which has just been presented by the hon. member for Essex East (Mr. Martin). The hon. member deserves to be complimented for this resolution, and all those who will graciously support him will certainly also be worthy of praise.

I know that throughout Canada many young men have been unable to complete their studies on account of financial difficulties. You may rest assured, Mr. Speaker, that no expenditure, except perhaps the moneys voted for the relief of our unemployed, could ever be more useful than that which is anticipated for the purpose set forth in this resolution. Such a proposal would certainly be worthy at any time, but it is all the more deserving, coming as it does in a period of depression such as the one we are now experiencing. Many countries have enacted measures in support of this plan, and as Canada is a progressive country, I think it would be a step in the right direction, should this house declare itself unequivocally in favour of this proposition.

Lately, Japan, Germany and Russia have all acted along the same lines. In 1935, the United States enacted their National Youth Administration Act for the purpose not only

of subsidizing high school studies, but also of providing for the completion of their course by young students who, though needy, are nevertheless brilliant, conscientious and eager to succeed in the avocation for which they have been endowed with particular talent by the Divine Master.

In 1935, the United States voted over 25 million dollars for needy students, and while we should not always follow the lead of that country, we may without hesitation, in this case at least, accept the resolution presented by the hon. member for Essex East, with a view to granting deserving students some beneficial, and I shall even say necessary help.

If I may be permitted, however, to make a suggestion, I think that it would be advisable to point out that in the past too many students have chosen the professions, such as medicine and law, with the result that, today, these professions are overcrowded; from this it may be inferred that there have been too few who followed a scientific course.

Here is what one of our learned compatriots said in a lecture at Quebec, in 1880:

> There is that rankling sore, the overcrowding of the professions, specially the liberal professions. It steadily swells the flow of intelligent young men, fed with latin and greek, who, when they leave our colleges and universities have to face the hideous spectre of misery and idleness. These conditions are a social menace that we must necessarily stem by creating new opportunities, by opening new avenues, and by directing, in any possible way, towards agriculture, industry, colonization, mechanics and all fields of human activity, even that of science, these energies which are eager for action and are lingering in inactivity.

That statement still applies to the present time, and the professions are more overcrowded than ever. In those circumstances our youth are justified to look elsewhere, particularly in the economic sphere. We must look toward the development of our natural resources, for there lies the secret of our future prosperity.

Between 1924 and 1930, 60 per cent of the 1,210 graduates who came out of our classical colleges insisted on further increasing the overwhelming number of doctors and lawyers, while less than 200 followed scientific pursuits. I believe these figures will help to show that is in the interest of our students, at least for the time being, to turn toward other occupations than the so-called professions.

If our young men prepare themselves, sincerely and conscientiously, in their respective avocation, our country, vast as it is, will surely take notice of them.

Success is gauged according not to the wealth that one may acquire, but to one's service to the community. However, neither is excluded, and it is always well to remember that you cannot acquire leadership without earning it.

I consider it therefore my duty to support this resolution, and I trust that the hon. Minister of Finance (Mr. Dunning) will welcome it with his usual smile, a sincere smile, and that he will do his utmost to place this proposal among those which he supports.

I understand that there are only 72 bilingual members in this house, 59 of whom are from the province of Quebec, so you will allow me to resume in English the comments I have to offer on this resolution.

Mr. Speaker, I must congratulate the mover (Mr. Martin) and the seconder (Mr. Walsh) of the resolution which is one, I believe, that will receive the approval of all groups in this house.

It is to be regretted that it is not possible for us to get together more often on measures and resolutions presented in the house, especially when these are for the welfare of humanity which, after all, is the quintessence of government's raison d'être.

The Old Age Pensions Act has been a godsend to many people well advanced in years. This act has made it possible for some to make the remaining years of their life a period of quietude and contentment never experienced before in many cases, and may this enjoyment reach into years of ripened old age as a fitting close to the useful lives which many of our aged have given to the development and progress of this country.

This resolution might be called, if I may be permitted the term, the corollary or complement of the Old Age Pensions Act, for if we recognize in a tangible form by the old age pension the services rendered us by our aged, can it not, therefore, be deduced that we should do all within our power to enhance and encourage the latent possibilities of our youthful talent, a talent which often cannot assert itself properly because of financial difficulties?

Especially is it fitting and proper that the resolution be introduced at this time, during a period of depression and financial anxiety such as the world has never before experienced.

I feel quite certain that each and every one of us knows of many cases in our respective constituencies where the carrying out of the spirit of this resolution by the government would be like manna from heaven. For my part I am cognizant of many cases of young men and young women in my constituency who, because of financial embarrassments, could not finish their university courses.

which would have needed in some instances only one or two more years of study to complete, in order to equip these young people for life's journey.

I know of other cases also, as all of us do, of young boys and girls whose talents need only to be developed and nurtured, but the inability of whose parents to give them a course of studies which would make these youths assets of no mean value to their community, their province and their country, has resulted in the stifling of their youthful hopes. We always have too much mediocrity in any given country, and as a converse we always have too few intellectuals.

It has been estimated that in round figures 100,000 boys and girls leave school annually before the age of eighteen, and that about 2,000 boys enter our universities annually. Of these about three per cent have the brilliant qualities to make outstanding leaders, and granted that these 2,000 will finish their university course, we therefore turn out about 60 young men annually destined for leadership.

From the above figures, therefore, it may logically be deduced that we have 3,000 young men annually who are potential leaders but who are unable to finish their studies—and this to the detriment of their self-assertion, and to the detriment of this country.

Russia is now spending an average of $400,000,000 yearly in scientifically educating leaders for the development of her industries and commerce.

Japan not only educates thousands of her youth in her imperial universities, as has been said this afternoon, at the expense of the state, but spends $600,000 annually in sending three hundred of her most brilliant students to study new methods and ideas in foreign countries, and to bring these home for the benefit of her national development. In Great Britain there is in operation a system of scholarship whereby it is possible for any brilliant pupil to win his way, by means of scholarships, from the elementary school through the high schools and universities of the country, the funds being supplied by the government of Great Britain. Germany, France and Italy are doing likewise.

In the United States college enrolment dropped ten per cent between 1932 and 1934. In order to compensate for this curtailment, in June, 1935, the United States founded the National Youth Administration, which copes with the situation by coming to the assistance of students who have already made their mark in scholarship, but who are unable to continue studies owing to financial difficulties.

[Mr. Blanchette.]

In a survey reported to the office of education in connection with the National Youth Administration, it was revealed that in ninety-nine institutions, approximately fifty-five per cent of the college age students received an average of A or B. There were two factors responsible for this scholastic superiority: first, the students had been selected on the basis of good scholarship, and, second, the students selected to receive federal assistance not only desired a college education but were of the conscientious type who made the most of the opportunities given them. The primary qualification of students so selected should be their needs as to financial assistance required, good character, and the possession of such ability as to give assurance of their doing good scholastic work.

I quote from a report of a subcommittee on American vocational guidance, on child health protection:

> Scholarships for the young are the result of an effort to give these young people a square deal. They are an output to assure to young people that equality of opportunity.

Such a resolution, if carried out, would remove from the labour market a large number of job applicants who could be advantageously absorbed in the field of education to the betterment of the community and the country. Our future students who must make important decisions concerning social and economic problems in the future, cannot be too well prepared and this resolution would reduce the financial hardships that are limiting the educational careers of many students.

After July 31, 1936, the United States spent for the National Youth Administration as follows: students, $9,569,949; college age, $13,448,132; graduate age, $979,289, or a total of approximately $24,000,000. After May 26, 1936, the National Youth Administration helped the American youth as follows: 7,000 graduate students, on an average of $25 to $30 a month, to help their way through; 133,000 college students earning a maximum average of $15 a month to help meet expenses of college education; 269,500 high school students earning up to $6 a month through government assistance to pay for carfares, lunches and text-books.

What country offers a better laboratory, as it were, than Canada as a vast field for our youth to work in, to study and to solve its varied problems? We have many major problems peculiar to Canada, arising from climatic conditions, wide areas of scattered population, geological formations, mineral deposits, water power possibilities, forest areas drought areas.

The depression has also created social and economic problems unheard of before, many of which have been beyond the scope of the present generation, and what a splendid opportunity there is for our youth to profit by our experience, as important as it has been to a certain extent, to remedy the ills which we all wish and strive to see banished from our confines.

There is nothing that we like better than to pick out sure winners, and as this resolution calls for the choice of the elite among our financially embarrassed students, it assures us that our moneys will be well spent, on subjects who have already proved their mental fabric as well as their moral and physical fibre. No money would be better spent in Canada than that diverted towards the carrying out of the resolution by the government. We are subsidizing movements having in view the bettering and development of agriculture, and it would appear to me that the amelioration and the advancement of our youth take precedence over any material development which we might conceive of, or favour. The progress of any country is in the genius, the happiness and the enterprise of its people. The past five years of depression have destroyed much of this wealth. It behooves each and every one of us to do our utmost to revitalize it, as it were, in these three sources and there is no surer method of doing this than in carrying out the tenets embodied in this resolution.

In conclusion, permit me to state that I am heartily in favour of the resolution and I believe that no legislation which could be passed at this time by any government would be received with more general support, approval, satisfaction and commendation than that presented by the hon. member for Essex East (Mr. Martin).

Mr. VITAL MALLETTE (Jacques-Cartier): Before dealing with the motion so ably presented by the hon. member for Essex East (Mr. Martin), I wish to express a word of commendation of the hon. member for Mount Royal (Mr. Walsh), especially with reference to two subjects which he treated this afternoon. In the first place, when he spoke of proposed help to the university of Montreal by trying to interest the provincial authorities in cooperating with the Department of Labour by means of public works to be carried out this year or next, he referred to something which I had in mind, and I shall be glad indeed to support any movement in that direction.

The second point to which I wish to refer relates to his reference to the satisfactory operation of the school systems in the province of Quebec. I may illustrate that by an anecdote concerning an incident in which I took part. I mention it not for the sake of publicity but to show how well we in lower Canada who live in towns where the population is bilingual get along with our friends and neighbours who speak a different tongue and practise a different religion. Some thirteen years ago, when I was mayor of my own town, the Protestant school commission in a neighbouring town decided to erect a new school house. The school house was duly built and was ready for the school term. The commission thought there should be a ceremony of official opening, and for that purpose they invited the mayor of the town, himself English-speaking and Protestant, to perform the ceremony. For some reason he did not turn up, and when the time came to pronounce the school formally open, the school commissioners got together and said, "What shall we do? The mayor is not here." One of them suggested, "Let us ask the mayor of the next town who is present. He is French, a Catholic and a Liberal, but he certainly will not mind opening our school." I accepted the invitation, performed the ceremony and pronounced the school well and truly open, and it has been prosperous ever since. I mention that to show how we get along in lower Canada, because we believe in the bonne entente for the benefit of Canada.

In the life of a country, in its everyday life, there are some moral factors which I am afraid do not receive all the attention they deserve. People have to devote so much time to the daily struggle for existence that they are forcibly compelled to neglect some moral values, and among these moral values education is very often the first victim. Where is there a larger loss to any country than that caused by lack of opportunity, in thousands of cases to young men and young women of talent, who cannot find ways and means of completing their studies? And to my mind the completion of studies does not necessarily mean a university degree; it applies just as well to the young mechanic trying hard to learn a trade and to the young girl seeking the knowledge that will help her honourably to earn a living should she be compelled to work, or to perfect herself in any career of her own choosing.

The loss to Canada from that source is incalculable. It must be appalling. It is utterly impossible to figure it out in terms of money, just as it is impossible to calculate the awful anguish and anxiety suffered by those ambitious and generous young people when they find themselves obliged to give up their studies through lack of money.

And what can be said about the state of mind of the parents? They endure the same sufferings as their children. Often their sole ambition was to have their children properly educated, and if they cannot realize it they feel they have not done their duty towards their children, and that single thought is sufficient to spoil their peace of mind and render them very unhappy.

And right here, sir, let me return to another aspect of the case, the position of the educators. Teaching is a self-denying profession. The rate of remuneration is, in many instances, lamentable. Our colleagues from the west, early in the session, told us of the plight of teachers in the western provinces. I cannot claim that it is any better in the rural districts of Quebec. May I quote from Le Devoir of February 20, 1937, something that appears on page 3. The report is to the effect that Mr. Albini Paquette, secretary of the province and Minister of Health, promised at a meeting of the association of Catholic female teachers, held in Quebec city on February 19, that at this session of the legislature he would introduce a law by which these female teachers would be assured of a minimum salary of $300 a year. I need not comment on that.

Here I want to pay a public tribute to the members of the religious teaching orders. Thousands of men and women, members of religious orders, are teaching in Canada, without regard to pay, actuated only by their confidence in God and the love of their fellow men. I cannot find terms to express adequately the debt of the nation to all our educators lay and religious, and any study of the question is incomplete when it overlooks teachers of all ranks.

It is suggested that scholarships be established by the dominion government. There is already quite a number of endowed scholarships at our universities. The province of Quebec, for years, has awarded scholarships which permit some students from that province to pursue their studies in other Canadian universities or abroad. If anything is done by this government in connection with scholarships, I suggest that special attention should be given to a plan that would permit Canadian students, if they wish to do so, to study at universities other than those in their own provinces. This is a vast country; it takes a whole week by the fastest train to cross from east to west, and it is impossible for most of us to get fully acquainted with other provinces. Time and money as usual are the obstacles. If anything is done to help young men and women in their respective professions to learn more about other provinces, I think we shall have done something towards building up Canada as a nation. Such scholarships—I am speaking of the province of Quebec—are open, I understand, to all, with special consideration to pupils whose families are in difficult circumstances. I do not contend that the system works to perfection, but it has given excellent results in various professions and in the arts as well.

In the discussion of Monday evening on the estimates for the Royal Military College we were reminded that under the British North America Act the control of education had been left to the provinces. The provinces are justly jealous of their rights and are opposed to centralization. On the other hand, so far they have not shown any tendency to refuse grants from the dominion government. In any event it appears to me that any plan under the proposed resolution would have to be worked out in cooperation with the provincial authorities and might consist of special grants, thereby giving every province an opportunity to apply them along the lines they consider best in accordance with their particular genius and their particular ideals. The fact that this involves cooperation with the provinces does not in itself present insuperable difficulties. Roads are a provincial concern; yet the dominion is cooperating with the provinces in the construction of the trans-Canada highway. The provinces have departments of health and so has the dominion government. The provinces have departments of agriculture, and so has the dominion government. Many other similar instances could undoubtedly be cited.

The question of scholarships could, at any rate, be discussed with the educational authorities of the various provinces. Their points of view necessarily have to be obtained and duly considered, because they would not care for any infringement of their rights in regard to education. If this resolution is adopted, it might be brought before the next dominion-provincial conference. The resolution is deserving of serious consideration. It represents idealism in its highest form, service to others for the benefit of the state. It expresses a noble sentiment. It is both humanitarian and patriotic. I hope it will lead to constructive results.

Mr. M. J. COLDWELL (Rosetown-Biggar): I do not want to speak at length but I would express on my own behalf and on behalf of the group with which I am associated our support and appreciation of this resolution. The ground has been well covered as to the reasons why the government and people of Canada should consider a system of national scholarships. I do not know whether the

mover is aware of the fact that it is by a peculiarly happy coincidence that this resolution should be moved in the middle of the week that has been set aside as education week in Canada.

The idea of scholarships is not at all new A great deal has been said this afternoon about the scholarships in the old land, the scholarships with which I was familiar when I was a boy and later when I was at college there. After all, when we look backward down the long avenues of time; particularly, may I say, when we look into the pages of British history, we find that many of the scholarships and many of the schools in which they are now given originated in mediaeval times, which some people call the dark ages, but which, when we look into them, were not in many respects so very dark after all. There you found the threefold system of education of chivalry, monastery and guild, and if these gave a somewhat lopsided education, nevertheless we can find a great deal of inspiration in such mediaeval movements. In my association with boys and girls throughout the years I have witnessed again and again the tragedy of youth potentially able to absorb education and to develop, being denied the opportunity owing to lack of means. Perhaps our greatest waste in Canada is not the material waste but the intellectual waste so involved. And since this resolution tends to concentrate attention upon the problem, it is justified at this time.

Several times to-day mention has been made of the appropriation for the Royal Military College. That is a precedent which we might well keep in mind. When we consider that we are able to find approximately $360,000 to educate 200 boys in that institution we might well consider setting up for the same amount of money 1,200 scholarships of $300 each to look after some of the underprivileged boys and girls who are deserving of educational opportunities.

Of course I regard higher education as essential to the public good. In fact never in our history did we need a more widespread knowledge of affairs than we do now. For after all, higher education should produce that breadth of mind, that vision, that ability to size a situation up more or less accurately, which seems tragically lacking in these days of difficulty and stress. And when we look at the recent records of our institutions of higher education we find that although traditionally conservative—I use the word in its dictionary sense—they have displayed an unusual amount of progressive leadership in the past few years. It is astonishing to many that in the old university of Oxford, for example, we find some of the most progressive thinkers and writers in the English-speaking world. That is all to the good. The more we can place our youth in contact with ideas and ideals, the more we can develop their ability to think, the healthier and the better will the nation be. It is almost platitudinous I know to repeat a remark made at the close of the war by one of the prophets of our time, Mr. H. G. Wells. He said that we were about to witness a race between education and catastrophe. I think that has been borne out in the days that have followed, and I am afraid that catastrophe is far in the lead.

I do not wish to go into the tragic circumstances of the schools in some parts of Canada; I did that on a former occasion. But I do feel, as the hon. member for Essex East (Mr. Martin) felt, that if we are to keep pace with other progressive nations we have to develop immediately our educational institutions and facilities. I further believe that this will have to be done on a national scale. We have to avoid interference with the provincial educational systems; we have to avoid interference with the rights of minorities, or in some parts even of majorities, but nevertheless we have to expand our facilities for the acquisition of knowledge, and I believe that must be done under some more nearly national system of education.

On behalf of the group with which I am associated I congratulate the mover, the seconder, and all the others who have spoken to this resolution. The debate has been an excellent one, and coming as it has after a hectic week, it has provided I think for all of us something of a relief. On behalf of this group I want to express appreciation of and support for the resolution.

Hon. NORMAN McL. ROGERS (Minister of Labour): I believe that the house is indebted both to the mover of this resolution (Mr. Martin) and to others who have taken part in the discussion. The subject is one of exceptional interest, an interest which unquestionably has been accentuated owing to the difficult years through which we have been passing. Perhaps as one who was himself a teacher and who, like others in this house, has profited from scholarships, I may claim a peculiar concern in this matter.

In offering my congratulations to the mover of the resolution I would add this further observation: as I heard him I wished that he could have delivered the same address, with the same zeal and conviction, in provincial legislatures throughout this dominion. I also wished that he might have delivered it, if he will permit me to say so, at the

annual meetings of many of our large industrial corporations. He has suggested that this resolution should not be considered in any narrow way. I agree with him entirely in that. The question of jurisdiction cannot be altogether avoided. At the same time it would be an evasion of the issue to say that there is any insuperable constitutional obstacle in the way of a grant from the dominion government for this purpose. Nevertheless we are obliged to consider priorities of obligation in connection with the different governments in Canada. And it seems to me that we cannot avoid the question of financial responsibility for the provision of scholarships. Should this obligation be assumed by the universities themselves? To some degree the obligation of providing scholarships has been assumed by universities throughout Canada, as in other countries. But I am far from suggesting that the provision of scholarships by universities has been at all adequate. I believe very strongly that universities in this country could do more than they have done in the way of making scholarships available to graduates of our high schools.

The question also arises as to the assumption of at least a portion of this obligation by individuals and corporations. I am not certain that throughout the discussion enough emphasis has been laid upon that feature of the problem. We are all aware of the fact that in the United States particularly there are educational endowments, established in some cases by individuals and in some by corporations, which have made available large sums of money either for research or for the provision of post graduate scholarships. It has often seemed to me that we in this country have not kept pace with that movement. For example I recall that a strong supporter of national scholarships spoke to me some time ago and told me of a conversation he had had with the head of a large life insurance company in Canada. He said that the head of this large insurance company welcomed the proposal for national scholarships, particularly on the ground that it would provide insurance companies with a larger number of well equipped students in higher mathematics who might become actuaries.

My immediate response to that situation was this: These large life insurance companies in Canada ought to assume at least a part of the obligation to establish scholarships in their special field. I do not think it at all unreasonable that great corporations which have an increasing need for trained students should of themselves establish scholarships, particularly in those branches of study and research relating to their own activities. Personally I should like to see such a development take place in Canada. I am quite aware of the fact that it is said on behalf of some of those corporations that their by-laws do not permit the use of their funds for such purposes. On the other hand there is scarcely a large corporation in the country that does not spend large amounts for advertising purposes. For my own part I cannot think of a better method of advertising on the part of many of these corporations than through the establishment of scholarships of this kind.

I am not going to suggest that the field of education is one which can be clearly defined and restricted for all time. I am very glad indeed that the mover of the resolution himself recognized that the dominion government had made certain important contributions in the direction suggested by the resolution. I should like to bring to the attention of the house what has been done through the National Research Council in recent years. During the nineteen years ending March 31, 1936, the National Research Council has awarded 344 bursaries, 244 studentships and 97 fellowships. These 685 awards were held by 401 persons in nineteen departments of science at twelve Canadian universities. Of these grantees 371 have secured the degree of M.A. or M.Sc. and 260 the degree of Ph.D. I agree with the mover of the resolution that much more could be done in that direction. I will not dispute with him that more has been done in other countries. As I said at the beginning, it is very largely a matter of determining priorities of obligation. The National Research Council, I may say, is now giving further attention to the whole question of scholarships and fellowships, and the provision that has been made for the present year is somewhat in excess of that made for last year.

In considering our obligations, particularly at this time, I do not believe we can ignore the primary obligation we have towards those younger people who are now unemployed. As members of the house will be aware, the speech from the throne contained an explicit reference to measures which would be undertaken for the reestablishment of unemployed young people. I feel quite certain that at this time members of this house and the country generally would feel that this type of assistance should have priority over any far-reaching change in the existing establishment of studentships and fellowships by the National Research Council.

I feel that the mover of the resolution has served a very useful purpose in bringing this matter to the attention of the house. I can assure him that the National Research Council is giving careful attention to this whole matter. It does seem to me that the question is one which in its very nature requires the utmost cooperation between governments before there should be any departure from existing policy. I have not raised explicitly the question of provincial jurisdiction, but at the same time I think the dominion government would be in a vastly better position in relation to this proposal if it had been adduced by any of those who have supported the resolution that provincial governments of their own initiative had established either undergraduate or postgraduate scholarships on a substantial scale. The government of Quebec, I believe, is somewhat of an exception in that regard, and some of the provinces that have provincial universities have made a beginning in that direction. So that while the resolution cannot be accepted in its precise terms I can assure the mover that the question is one which has received and is receiving consideration.

Mr. WILLIAM HAYHURST (Vegreville): Mr. Speaker, as has been said before, the debate this afternoon has been on an exceedingly high plane, and on behalf of this group I should like to congratulate all hon. members who have spoken. The hon. member for Essex East (Mr. Martin), who introduced the resolution, certainly covered the ground thoroughly, and the Minister of Labour (Mr. Rogers), who has just spoken, has shown that there are factors which make this question more a provincial than a federal matter. But that does not necessarily mean that we should not discuss this question here in order to bring home to the people of Canada the significance and importance of the question which we are facing to-day.

Long ago it was said by a great Greek philosopher that there was no royal road to learning, and in the study of history we find that sometimes the more knowledge people possessed—I am speaking of book knowledge—the more they beclouded or covered up their philosophy with verbosity in their efforts to hoodwink the people. Thus at various periods we have had what we call the worship of books instead of the use of books and the use of real knowledge.

It has been said in this house that the chief trouble is lack of money, and that is so. In the homes of the people who raise large families there is not sufficient money to prepare their children to meet the battle of life as we have to meet it to-day. I have in my hand an educational magazine issued in the province from which I come. On the cover of that magazine are a few words by Mr. J. W. Studebaker, commissioner of education in the United States, which I should like to read:

> When Leonardo da Vinci completed his painting on the wall of the old monastery, he called the monks in to view it. They fell to discussing the beautiful colourings of the tablecloth. Impulsively the great artist took his brush and in their presence dashed it across the tablecloth. Turning to the monks, he said in substance: "I brought you to look upon the face of the Master and you see only the cloth which I had painted upon the table."
>
> I sometimes wonder if in our profession we do not need a da Vinci to dash his brush across some of the "educational tablecloths" and help us to see more clearly the child.
>
> Organizations, techniques, methods, buildings, equipment—all of these and many more are essential to educational progress and we must devote our thought and energy to their study and use. They are the tools—the implements—for promoting educational progress. All of these implements must fit into their place in the picture, but with the child always and ever as the centre of interest.

The Minister of Labour showed, in substance, that among educated people unemployment is probably greater than among any other class. Many professional workers of all kinds are unemployed. In most European countries the authorities have recognized the importance of this problem of unemployment among professional workers, and a variety of measures have been adopted with the object of increasing their opportunities.

Whilst I am not speaking against the resolution, yet I feel that a broader vision must be developed. The hon. member for Rosetown-Biggar (Mr. Coldwell) referred to a statement by H. G. Wells to the effect that if we do not employ a better system of education we must face catastrophe. It is my view that the whole field of education must receive some attention at the hands not only of the dominion government but of the provincial governments as well, so that we may not be able to say, "O education, what crimes have been committed in thy name!"

Higher education for children in large families must take up an excessive portion of income. It is much to be hoped in the interests of international efficiency and the equalizing of opportunity for the highest education, that the income limits may be generally raised. All young people should be educated to the limit of their capacities, and those who cannot afford to educate themselves, and are worthy of the monetary outlay, should receive some form of scholarship.

In that respect I may add I am not speaking entirely in favour of academic education as it is generally understood to-day. We realize that technical skill, the skill required in household economy and other subjects of a practical kind, are just as important as the skill required in the so-called classical subjects.

Youth itself is seeking further advantages, and lack of employment is keeping the young people at school. If these young people were being educated along the line of scientific research and in fields where their knowledge will be required upon completion of their courses, much would be done to solve the present problem of professional unemployment. It is well known that colleges and universities have continued to turn out graduates trained for professional and technical occupations much faster than they could be absorbed, thereby adding to the number of unemployed. Odd jobs for professional workers are fewer and farther between than in the cases of other workers.

The problem of the professional and technical worker has received much less attention in Canada than in most other countries. The evolution of technical methods and customs undermined the demand for their services in the same way that the development of automatic machinery limited the jobs of manual workers. The effect of the development of mechanical music upon employment among musicians is well known.

In connection with the defence estimates which we were discussing Monday and yesterday, it was evident that we should develop an air consciousness in our people. This could readily be done by the development of our commercial airways. It is quite evident to-day that travel is as cheap, as efficient and as comfortable by air as by any other way. However, the railways as at present conducted are not a paying proposition, and more competition from airways would render the payment of dividends upon the investment in railways still less likely. Consequently members of the house persistently think in terms of communication as we have it to-day instead of in terms of the efficiency that could be developed by the technological improvements now available for our use.

We should regard education as a continuous adjustment of the individual to life, which means more and more an adjustment to make proper use of leisure time. People must have the right aspirations so that they will have something specific to think about. It has been said that England's greatest battles have been won on her playing fields; it might also be said that Canada's greatest battles will be won in her class rooms. Mr. Speaker, it is six o'clock.

[Mr. Hayhurst.]

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

Thursday, February 25, 1937

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 36, for the relief of Charles Marsh Doxsey.—Mr. Walsh.

Bill No. 37, for the relief of Phyllis Stanners Kitchin, otherwise known as Judith Stanners Kitchin.—Mr. Walsh.

Bill No. 38, for the relief of Ivy Jackson Beaulne.—Mr. Jacobs.

Bill No. 39, for the relief of Charlotte Opal Moore Norton.—Mr. Jacobs.

Bill No. 40, for the relief of Mildred Tannenbaum Sufrin.—Mr. Jacobs.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

CANADIAN WHEAT BOARD—SECRETARY

Mr. McGREGOR:

1. Is Clive B. Davidson presently engaged as secretary of the Canadian Wheat Board?
2. If so, at what salary?

Mr. ROGERS:

1. Yes.
2. $6,800 per annum.

BINDER TWINE EXPORTS TO RUSSIA

Mr. WARD:

1. Did the Canadian manufacturers, in the years 1927 or 1928, export binder twine to Russia?
2. If so, what quantity was so exported?
3. Was the price per pound charged the Russian government more or less than the prevailing wholesale price in Canada at that time?
4. If so, what was such difference?

Mr. ROGERS:

1. Yes.
2. 1927, 114,934 cwt.; 1928, 57,637 cwt.

3 and 4. No information.

NATIONAL PARKS WORKERS—SALARY DEDUCTION

Mr. BLACKMORE:

1. Was the hourly rate of pay to workers in national parks reduced on April 1, 1932?
2. If so, who reduced it?
3. What department or agency in Canada possesses the power and authority to set this wage rate?

Mr. CRERAR:

1. Yes.

2. Pursuant to Salary Deduction Act.

3. The governor general in council—the rates are based on the wage scale prevailing in the district.

MARKET GARDENING PRODUCTS

Mr. LACOMBE:

1. What was the approximate value of the market gardening products of Canada in 1935; also in 1936?

2. What was the value of the market gardening products of the province of Quebec in 1935; also in 1936?

Mr. ROGERS: Approximate value of market garden vegetable crops in Canada: 1935, no information; 1936, $20,000,000.

Value of market garden vegetable crops in Quebec: 1935, $5,442,000; 1936, $6,221,000.

LA SALLE—250TH ANNIVERSARY

Mr. MALLETTE:

1. Will the 250th anniversary of the death of René Robert Cavelier de la Salle be officially recognized on March 19 next?

2. Is the government aware that the state of Louisiana is making preparations to celebrate this anniversary?

Mr. CRERAR:

1. It is the intention of the government to recognize the 250th anniversary of his death by providing for the erection, this year, of a memorial to La Salle.

2. Yes.

QUESTION PASSED AS ORDER FOR RETURN

NATIONAL RESEARCH COUNCIL

Mr. POULIOT:

1. What was the total expenditure for the National Research Council since June, 1935?

2. Did that council make any scientific discovery during that period?

3. If so, what member or employee of that council made it, what was it, and when was it made?

Mr. ROGERS: Return tabled herewith.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, among my New Year's resolutions was a secret undertaking that my budget speech this year should be brief. I must confess, however, that this resolution has suffered the fate of many of its companions. In preparing a budget, a bewildering array of complex questions demand attention, if one is to give a reasonably complete and accurate statement of the economic and financial position of Canada in these difficult years. To abbreviate further the statement which I now offer would mean presenting to this house something less than is expected in an annual review of this kind. But, Mr. Speaker, if I cannot bring you greater brevity than last year, perhaps I can bring you greater cheer.

A year ago I was able to show that the state of business and trade was generally encouraging and suggested that we might reasonably expect throughout the year a strengthening and broadening out of the forces of recovery then clearly in evidence. My expectations of a year ago have been amply realized. The last twelve months have witnessed a continued and increasing vigour in the recovery movement, and the gratifying evidence of expanding business activity and more widely distributed economic betterment stands clearly recorded. In many directions the gains have exceeded expectations. The strength of Canada's recuperative power, the success of our constructive efforts, both as individuals and as governments, and the improvement in world economic conditions generally are seen in the growing volume of newly created wealth finding broader domestic and foreign markets and in the renewed spirit of confidence and enterprise on the part of our people.

I shall have occasion later to refer to the less satisfactory aspects of current developments and to certain signals which may point to danger ahead. Viewing the situation broadly, however, in the light of the progress of the past year and the major underlying forces at work, I believe I can fairly say that since 1929 no New Year has dawned with brighter promise for Canada. I shall be greatly disappointed if, by this time next year, Canada has not moved substantially further along the road of economic recovery.

I shall now present, with as little resort to statistics as possible, a few of the more significant evidences of our economic progress during the past year. Consider, first, our most comprehensive measure of economic activity in Canada, the index of the physical volume of business. This index is made up from forty-five important factors, and measures the physical volume of output in nearly all our leading industries as well as freight traffic on our railways, construction activity, and domestic trade. At the low point of the depression in February, 1933, this index had

fallen to 67 as compared with 100 in 1926. The average level of this same index for the final quarter of 1936 was 119·3, an improvement of over 78 per cent from the low point and of more than 10 per cent as compared with the last quarter of 1935. The preliminary index for January, 1937, the latest month for which the figure is available, stood at 117·3 as compared with 106·2 in January, 1936.

This substantial improvement in business as a whole is confirmed by other broad indicators of general economic activity such as electric power production and carloadings. During 1936, the output of electric power established a new record, the total being 8·9 per cent higher than that for 1935, which was the previous record year. During 1936 also the railways carried more freight, total carloadings increasing by 5½ per cent. The improvement in carloadings has been greatly accelerated since the beginning of the year. Total cars loaded in January, 1937, exceeded the figure for January, 1936, by about 20 per cent, and were greater than in any previous January since 1931. Railway freight traffic is still substantially below the volume of the years 1926-29, but the return of normal grain crops in the west and restoration of construction activity with normal building material shipments would eliminate much of this differential and produce a radical change in the earning position of the two railway systems.

Manufacturing of all kinds showed a generally well-sustained growth during the past year. The gain over the preceding year was 10 per cent, and the output was greater than for any previous year since 1929. Output of automobiles was somewhat lower in 1936 than in 1935, but this was due to the production of some of the new 1936 models in the fall of 1935. In the case of pig iron and steel production, one of our major capital goods industries, the upward trend is now clearly defined, steel output rising by 18 per cent in 1936 to the highest point since 1929. In general, the capital goods industries which normally suffer so severely in depressions and thus contribute so greatly to the spread of unemployment, have in the past year shown a marked increase in activity, recording gains in output of over 8 per cent. This improvement, which may be regarded as one of the most significant features of the recovery in 1936, may reasonably be expected to be accelerated during the present year, as the latent demands arising from equipment replacements and plant extensions exert further impetus.

Activity in the forest products industries throughout 1936 showed truly remarkable gains over 1935, the general index for this group having moved up more than 25 per cent from December, 1935, to December, 1936. In British Columbia the lumber cut increased by about 15 per cent. Exports of planks and boards to the United States increased by more than 55 per cent as compared with 1935, while sales to the United Kingdom were almost 40 per cent higher. Expanding output has brought a most heartening increase of employment in logging. The seasonally adjusted index for the final quarter of 1936 recorded an average improvement of more than 28 per cent over the same period in 1935. Since the turn of the year, unfortunately, activity in the industry has been retarded because of weather conditions—too much snow in some sections, too little in others.

The production of newsprint in Canada soared to a new high point in 1936 with an output of more than 3,200,000 tons. This represents a gain of 16 per cent over 1935, and of 66 per cent over 1932, the low year of the depression in this industry. This output means that Canadian mills operated at an average of over 82 per cent of rated effective capacity for the year as a whole, and at 91 per cent of rated effective capacity in the last quarter. The increase in demand for Canadian newsprint, chiefly in the United States but also to an increasing extent in other world markets, and the probability of a moderate rise in prices augur well for the immediate future of this important industry which for so long has suffered from actual or threatened bankruptcy.

An ever-mounting total of wealth continues to flow from our mines. In 1936 the value of our output reached the imposing total of over $360,000,000, an increase of more than 15 per cent over that for 1935, the previous peak year for mineral output in Canada. At current production levels our mines are turning out wealth at the rate of a million dollars a day. While gold continues to hold the spotlight with an output of $130,000,000 in 1936, or double that of ten years ago, and with many new mines still coming into production, yet the other metals, such as nickel, copper, lead and zinc, are finding an increasingly important place in the growing volume of our mineral exports. Canada's base metal industry has undergone remarkable changes in the last ten years as the result of an expenditure of almost $100,000,000 in plant extension and equipment and the coordination of mining, smelting, refining, fabricating and marketing facilities. In the production of nickel, lead, zinc, the platinum metals, asbestos and salt, new all-time records were established in 1936 and the output of

coal was greater than in any previous year since 1929. As in the case of the lumber industry, the mining industry in its expansion is showing a steadily mounting pay-roll. The seasonally adjusted index of employment in mining was over 12 per cent higher in December, 1936, than in December, 1935, while the index of employment in metal ores moved up about 20 per cent during the past year. It is extremely gratifying to note this movement of our people into primary industries, where they find profitable occupation in the output of natural products with which Canada is so bountifully supplied.

Agricultural production suffered in 1936 through unfavourable weather during the growing season. Improved prices, however, resulted in a money return for field crops greater than in any year since 1930, amounting to approximately $600,000,000, an increase of about 17 per cent over 1935.

With regard to wheat, the 1936 yield was about 52·7 million bushels below that of 1935, and was the smallest crop since 1919. Drought conditions again played havoc in certain areas, destroying crops completely in some districts and reducing to meagre levels the yield in others. In spite of the smaller 1936 yield, however, the value of this crop was substantially above the value of the 1935 crop due to greatly enhanced prices, which are again reaching levels which promise more profitable and stable conditions for the western farmer.

During 1936 an increasing volume of live stock was marketed, but with prices slightly less favourable than those prevailing in the previous year. The bureau of statistics' index of live stock sales rose over 12 per cent above the previous year's average. For the dairy industry generally, prices were moderately higher during the past year. There was a striking increase in cheese exports, and the volume moving abroad in 1936 was more than double the amount exported in 1935 with prices higher than at any time since 1930.

Recent price movements have operated distinctly in the direction of reducing the farmer's handicap. As the house well knows, the farmer was particularly hard hit in the collapse of prices following 1929, and we find that by 1932 the average level of prices for farm products was down to 48·4 per cent of the average level in 1926. Since that time, however, prices have greatly improved, particularly in the past year, and by the end of 1936 this index had moved up to 82·4. While prices of things which the farmer sells have been moving upward, there has been relatively little change in the prices of things which he buys. In fact, taking 1926 prices as equal to 100, we find the retail price index in December, 1936, standing at 81·8, while, as noted above, prices of agricultural products had reached the 82·4 level, after a rapid rise in the last few months of the year. At the end of 1936, therefore, the farmer's relative position, as far as prices were concerned, was slightly better than in 1926. Wide disparity between prices of primary and finished products is perhaps the most significant feature of what we call a depression, and it is greatly to be hoped that this approximate parity between agricultural and other prices can be maintained.

The general level of wholesale prices which had been remarkably stable in Canada since 1933 has finally begun to move sharply upwards. During 1934, 1935, and the first half of 1936, the bureau's index fluctuated narrowly around 72 per cent of the 1926 level. In the last half of 1936, however, the wholesale price index rose by over 10 per cent to 79·7 at the close of the year, an upturn that has restored wholesale prices to the level prevailing at the end of 1930. This rise in prices is a world-wide condition and the forces which have brought it about continue to be effective. One may express the hope that such forces may not be allowed to get out of hand. While they may correct the economic disparities from which we have recently suffered, and while they may give every evidence of abounding prosperity for a time, they are likely, if the pace is too rapid, to create new disparities and plunge us once more into the throes of depression.

An obvious indicator of the general state of our economic health is the volume of dividend distributions by corporations. It is gratifying to report, therefore, that reliable estimates of profits for the past year were the highest since 1930, and reveal an increase of more than 13 per cent over the 1935 total. An unofficial index of dividends distributed stood at 117 for December, 1936, against 100·1 for December, 1935, and 62·5 at the low point in August, 1933. Profits are the mainspring of economic activity in the system under which we operate. Increasing profits are therefore the best augury for increasing employment, the best indication of the approach of the day when private industry will be able to release governmental bodies from the enormous burden which they have had to bear in recent years.

In the financial field, conditions have remained generally favourable. The year 1936 witnessed a striking increase in the volume of capital issues publicly floated. Bond issues

publicly offered in Canada for new capital and for refunding purposes, excluding treasury bill issues, are estimated to have reached a total of $715,000,000 as compared with $541,000,000 for the previous year, an increase of over 32 per cent. Of this 1936 total, $242,000,000 was for new capital and $473,000,000 for refunding purposes. Financing for private corporations accounted for $232,000,000 of the total in 1936, or more than five times the total of such financing during 1935. The increasing volume of such private corporate issues and the increasing proportion of such issues offered for new capital purposes are healthy signs.

This heavy volume of bond flotations is in part a reflection of prevailing low interest rates. The wages of money, as measured by the yield on high grade bonds, averaged lower in 1936 than at any time since before the war. These low rates have made it possible for the dominion government and for the eastern provinces to refund outstanding obligations and to raise new funds at record low cost. For short term money the dominion is paying on a yield basis of approximately three-quarters of 1 per cent per annum, while on long term issues the rate has been only slightly over 3 per cent. Except for an interruption in September and October, the trend of high grade bond prices was steadily upward during 1936. An unusual number of actual or pending flotations and fears engendered by the weak financial position of certain western provinces, coupled with unfavourable developments in foreign markets, have caused some hardening of the rates during the past month. The somewhat lower levels of bond prices resulting have attracted renewed investment buying and yields on high grade securities for the most part are still slightly above the levels prevailing a year ago. The continuance of interest rates on substantially the present basis will foster economic recovery by encouraging private enterprise to expand existing equipment and undertake new projects on a low capital cost basis.

It is unfortunately true, however, that the financial position of several of our provincial governments is such that they are unable to take advantage of prevailing low interest rates in order either to reduce their fixed charges by refunding outstanding debt or to obtain new funds for relief and other expenditures. Despite drastic efforts to reduce expenditures and increase taxes, and despite a long record of honourable dealing with their creditors, they have been unable either to balance their budgets or to have recourse to the investment market for the funds necessary to meet their commitments.

[Mr. Dunning.]

This is a problem to which the government has given the most serious and unremitting attention since the day it assumed office. I need not recount the efforts which were made last year to find a solution. The plan then evolved which would have made low rates available to the provinces as a result of dominion assistance under appropriate safeguards, proved unacceptable in several quarters. The acute stage which the problem has reached in Manitoba and Saskatchewan during the recent past led the government to make the decision which was announced by the right hon. the Prime Minister (Mr. Mackenzie King) to the house last week. That decision followed investigations which demonstrated what had long been recognized as a fundamental weakness in the allocation of financial powers and responsibilities to the provincial governments by the fathers of confederation seventy years ago. The revenue-raising powers assigned to the provinces do not appear to be commensurate with the responsibilities which they were given or which they have assumed in an age of increasing provision for governmental social services. It is a basic principle that a government should be able to stand financially upon its own feet—that it should itself be responsible for raising the revenue necessary to meet its own needs. I look therefore with great confidence to the results of the investigation into this whole problem to be made by the royal commission which is to be appointed. If this investigation and report are as competent, as impartial and as constructive as the occasion demands, they may well serve to point the way to such action as to make the year 1937 as significant in Canadian history as the year 1867.

In this connection may I pay tribute to the assistance given by the Bank of Canada in conducting the preliminary investigation of the financial position of these two provinces at the request of their governments and of this government. The province of Alberta has now requested a similar investigation. As the house knows, the bank has power to act, upon request, as the fiscal agent and the adviser of any provincial government. We now have an illustration of the important contribution which the bank may make to the financial welfare of the dominion merely by providing a source of competent and disinterested advice to our major governments.

Our banking system currently finds itself with ample reserves for the accommodation of commercial borrowers. While the volume of commercial loans is abnormally low, there have recently been indications of growth, and a moderate increase is expected during the present year. Contrary to the prevailing

belief in some quarters, the banks will heartily welcome the opportunity thus provided to invest their funds at somewhat higher rates than have recently been available on gilt-edge securities. It is also encouraging to note in recent banking statistics that debits to individual bank accounts in the clearing house centres of Canada—in other words, the cheques drawn by the public on their bank accounts—showed an increase in December, 1936, of 16 per cent over December, 1935. We have to go back to 1930 to find an annual volume of debits exceeding the level reached last year. This indicates, Mr. Speaker, that the velocity of circulation of cheque-book money is speeding up with the rising tempo of business activity and the increase in public confidence.

This is the factor so frequently forgotten by advocates of monetary panaceas. The volume of money-work done is the product of the amount of money multiplied by its velocity of circulation. An arbitrary increase in the amount of money by the fiat of a government is likely to defeat its object by a proportionate or more than proportionate decrease in the velocity factor. If the increase in the volume of money continues beyond a certain but unpredictable point, public confidence is lost altogether and a flight from money occurs. In the early stages of a severe and prolonged depression credit expansion may be an essential weapon to combat the deflationary forces at work. It must, however, be recognized as a very dangerous weapon requiring the use of expert technique as well as great wisdom and caution. The control of the volume of money and credit with a view to mitigating the extremes of booms and depressions is one of the primary functions of a central bank. The easy money policy which has been followed in the recent past is, in my opinion, an illustration of appropriate action in a time of depression. There will come a time, however, and it may come more quickly than many of us expect, when precisely the opposite policy will have to be followed, if the best interests of the country are to be served.

Monetary policy has a role to play during depressions. That role is an important one; although I am bound to say that as a medicine for depressions monetary techniques are far more effective when applied before rather than after the event. During the present depression, more deliberate use has been made of monetary devices and remedies than in any previous depression. This is largely to be explained by the great advances made in monetary theory and central banking practice during the post-war years and, in so far as Canada is concerned, by the fact that we have only recently been building up the necessary mechanisms for control. But monetary policy should not be regarded as a panacea. It can, at best, only create conditions favourable to sound development. In a constructive program it should merely take its place as part of a much larger whole. Fundamentally our need is an increase in our aggregate national income—an increase in material wealth, not a different yardstick by which to measure it. Real purchasing power consists in goods and services produced, not in the number of monetary tickets which are used to facilitate the exchange of these goods and services.

An increase in our national wealth and income can best be secured by facilitating the production of the many things which Canada is best fitted to produce; and by exchanging these products on as large a scale as possible for products which Canada cannot advantageously produce. To these objectives the government has been energetically devoting itself by opening up and expanding foreign markets for our basic products, by stimulating employment in productive lines, and by endeavouring to eliminate uncertainty and fear which paralyze initiative and retard industrial enterprise. The success of these efforts is indicated in part at least—for I do not wish to claim for the government all the credit for the recovery which we have enjoyed— in the statistics which I have already given, indicating encouraging expansion in nearly all lines of productive activity. These statistics are confirmed by preliminary estimates of the national income for 1936. By national income I mean the income of all the people of Canada—I am not using it in the sense of governmental income. These estimates indicate a total of $4,520,000,000 as compared with $4,094,000,000 in 1935. This is an increase of over 10 per cent in the national income, that is, the aggregate of the individual incomes of all the people. It is an increase in real purchasing power, created not merely by writing up a credit to ourselves in our national bank account but by providing profitable opportunities for the production of goods and services. While there is still a substantial distance to go, this advance, like the others which I have recorded, is impressive and gratifying

In surveying the general outlook, however, we must not close our eyes to the fact that business cycles in their course from depression to full recovery never completely conform to an established pattern. We cannot deduce from past experience that the upward movement must inevitably continue or that it will proceed evenly and satisfactorily in all directions. The point I am making is this, that while the general movement is at present strongly upward, yet we must not lightly assume that we have solved our problems, or

that we have by any means reached the stage where we can relax our vigilance or our economies. We must not lose sight of the fact that, in certain fields, improvement has lagged, and that to a large number of our people the recovery of business has not yet brought the expected relief. In other directions there is more than a suggestion of a mentality that led to the deplorable excesses in the late twenties. Greed and unreasonableness in industrial relations are dangers that can paralyze our best efforts. There are forces unleashed in the recovery period that must be grappled with no less vigorously than those facing us in times of depression. These realities must not be neglected. Furthermore, disturbing factors in international relations still perpetuate much uncertainty in the world outlook. To these less favourable factors I wish to devote a few moments.

Apart from those sections of our agricultural industry which have suffered from the ravages of drought, the most conspicuous laggard among our major industries has been private construction. While there was a very slight improvement in total private building, and a moderate increase in residential and industrial building, the bureau's index for construction activity averaged slightly lower in 1936 than in 1935, and stood at the deplorably low level of 49·8. The value of contracts awarded amounted to only $162,000,000 as compared with an average of $428,000,000 in the prosperous years from 1925 to 1929. This is especially unfortunate in view of the fact that so large a proportion of our unemloyment is to be found in the construction trades and the industries dependent upon them. It was for this reason that the home improvement plan has been devised and it is confidently hoped that during the next twelve months it will lead to a substantial volume of repair and modernization work which will transfer skilled craftsmen from relief rolls to pay-rolls, and at the same time serve to protect and increase the value of an important capital asset, the homes of our people.

As already indicated, the betterment and extension of industrial plant and equipment should also make a larger contribution to employment and business activity during the present year. Improvement should also occur in the field of housing construction, long retarded by uncertainty as to continuance of employment and particularly by high real estate taxation. It is obvious, however, that these difficulties are in part at least the result of a vicious circle. Real estate taxes are high, for instance, because relief costs are high; relief costs are high because unemployment is heavy; and unemployment is heavy, to an important extent, because the building industry is inactive. Conversely, the building industry is inactive because all these other things are true. We are now reaching the stage in the recovery movement when this vicious circle must be broken. In my opinion, therefore, it behooves every branch of the construction industry, including the lending institutions which finance the repair and erection of houses, to study the facilities now available through the government's housing programs and to use the utmost ingenuity in providing a sound product at a reasonable price and in selling that product to the ultimate consumer. Public works construction cannot be continued indefinitely on the scale of recent years without building up an intolerable burden for the future. If it must be kept up in the late stages of a recovery movement, what hope can there be that governments will be in a position to use public works requirements as a reserve against future depression?

If the construction industry makes the effort which I have indicated, and if it receives, as it should, the hearty cooperation of the general public, the results will go far to solve the next problem with which I wish to deal, that of unemployment and relief. The bureau of statistics publishes monthly an index of employment which is reasonably representative of all industries. It is based on returns submitted by about 10,000 firms employing approximately 1,000,000 persons. After adjustment for seasonal variations, this index stood at 111·1 for January of this year. Compared with January, 1935, this represented an improvement of about 5 per cent. In the field of manufacturing, employment moved up 6 per cent. In lumbering and mining, as mentioned previously, it showed substantial gains, while wholesale and retail trade employment in December was at the highest December figure on record. In the construction and maintenance industries, however, the index showed an actual decrease of employment which brought down the general average.

The disheartening aspect of these figures, however, is the obvious failure of employment to keep pace with the striking gains in business activity previously reported. Partial explanation of this is to be found in the substitution of full-time for part-time work and in the taking up of the "slack" which previously existed as a result of redundant staffs maintained by many employers who were reluctant to dismiss employees not really needed. For the rest, the explanation rests upon the progress of invention and the improvement in technical and managerial processes. To this extent it is a phenomenon

which is usually met with in the early stages of recovery from depression. As it indicates an increased efficiency in the productive mechanism, its results are not to be deplored. Its ill effects are temporary; in the long run it increases employment by cheapening production and expanding consumer purchasing power. As recovery gathers momentum, increases in employment will tend to conform more closely to expansion in business activity.

Still more disheartening to most observers is the failure of the numbers on relief to decline proportionately with the revival of business. The registration of relief recipients maintained by the national employment commission, the results of which are now available on a preliminary basis for last month, indicates that as compared with January, 1936, heads of families on relief rolls in January, 1937, had decreased by 8 per cent and the total number of individuals on relief by 5 per cent. Excluding those on relief in the drought area, the respective declines were 11 per cent and 7½ per cent. These decreases are of sufficient importance to confirm our belief that with expanding activity, industry will be able to re-absorb at least that portion of our relief recipients who are employable. However, to those observers who look for an early end to the relief problem the decline during the past year will appear discouragingly small. In addition to the factors mentioned above, the explanation for the slow rate of reabsorption is to be found in the fact that the new jobs opening up are being taken in large part by persons who were unemployed but not on relief, and by the new recruits who annually leave our schools and colleges to join the ranks of industrial workers.

It is probably true, Mr. Speaker, that a hard core of unemployment and relief will always remain. Doubtless there will be a number of those in the higher age brackets, who have been on relief for several years, who may be permanently "unemployable." Even in the best of times, we have always had unemployment, but the unemployed have not been "in the statistics" nor a charge upon public funds to the same extent as to-day. The depression will leave us with a new problem which will demand new methods of treatment from the appropriate authorities.

I am convinced, however, that in the policies now being followed and in the economic forces now working with increasing momentum, the present and major problem will rapidly be reduced to manageable proportions. The real solution must come, and is coming, through the expansion of private enterprise, based on conditions favourable to the more extensive development of our primary and other industries. The fostering of private construction along sound lines, as already indicated, will also make an important contribution. As real purchasing power thus created becomes more broadly diffused throughout our economy, we will find the problem of relief dwindling in its proportions. In the meanwhile, the situation also demands important supplementary activities such, for instance, as the national employment commission is sponsoring as part of its contribution to the solution of this national problem. I refer particularly to the farm placement scheme, the home improvement plan, the coordination of the efforts of various governmental bodies and private organizations with regard to youth, the organization of community cooperation, and measures designed to bring about a more efficient and economical administration of direct relief.

It may seem ironical for me to sound a warning about a problem of prosperity whilst we are still harassed by the problems of depression. Evidence is accumulating, however, of the prevalence of a state of mind which justifies a warning signal. If we may judge by the activity in brokerage offices, the rapid rise in stock market prices, and the ratio of stock prices, particularly in some sections of the market, to nearby earnings and dividend prospects, we are forced to recognize a revival of that get-rich-quick spirit which proved so disastrous in the pre-depression years. As business activity increases and especially if the commodity price level shows a rapid rise, this speculative fever is likely to become more widespread and more hectic, creating false standards of value and an unbalanced development with their inevitable aftermath. It is not too early, therefore, to call attention to these potential dangers and to express the hope that adequate measures may be taken with sufficient promptness to keep unsound developments in check. The Bank of Canada has the power to control the total volume of credit in circulation, but if the amount of credit flowing into the special channel of speculation is to be regulated there will be needed the effective cooperation of the stock exchanges and the banking institutions which will be called upon increasingly to finance speculative activity. We are, I hope, too close to 1929 to forget the necessity of ordered progress and well-balanced development.

Finally, a word as to the international situation. On the financial and economic side, the year has brought much of encouragement. Perhaps the most significant development in

this connection was the devaluation of the gold currencies of continental Europe. After years of resistance, during which continuing deflation in an important area constituted an important barrier to world recovery, most of these "gold bloc" countries finally took the inevitable step and adjusted their monetary units in order to correct the overvaluation of their exchanges. In this operation they were assisted by an international understanding that the United States, Great Britain and France would use all available means for keeping their currencies approximately stable in terms of each other. This cooperative agreement, which Holland and Switzerland have since joined, marks a notable advance in international collaboration in the field of monetary management. Not only has the devaluation thus effected with international support resulted in a greater degree of stability and certainty in exchange rates but it has placed the economic structure of the gold bloc countries in a position of better equilibrium with other countries, an essential condition for sound world recovery. It has also removed one of the major reasons for the exchange controls, quota arrangements and other restrictions which have been strangling international trade. Already some tentative steps have been taken in certain European countries to relax tariff barriers and trade restrictions. International trade has felt some impetus from this stimulus as well as from the greater stability in exchange markets and particularly from the rise in world prices for primary commodities.

World trade as a whole, however, has not made the progress which one might have hoped for, and in some areas there are still evidences of financial or economic strain. Nevertheless, in most countries, as in Canada, the signs point to continued progress if only peace can be preserved and political friction reduced. Looking back on 1936, however, one cannot pretend that political progress has kept pace with economic improvement. War and the fear of war appear to loom larger in men's eyes than at any time in recent years. Rival ideologies clash in the press and the chancellories of Europe; doubt appears to have been cast for the moment at least upon the value of cooperative undertakings and the sanctity of international commitments; and an increasing proportion of national income goes into expenditure for armaments. Regret it as we must, realism compels us to face the facts squarely and take these potential dangers into our reckoning when we look to the future. Perhaps the best hope for peace lies in the fact that the dangers are so clearly realized. Where all can see the danger it may not be too much to hope that sufficient wisdom will be found among the nations to avert catastrophe.

I propose on this occasion to defer the review of the growth in our foreign trade and also of our treaty negotiations with other countries until I have discussed the public accounts for the year.

GOVERNMENT ACCOUNTS, 1936-37

With reference to the government accounts, may I first point out that, because of the early date at which the budget is being brought down, the figures which I shall present for the current fiscal year ending March 31 next are estimates only. I trust that our estimates of revenue and expenditure will be very close to the actual results disclosed when the books for the year are closed, but it will be recognized that they are approximations only and, also, that it is especially difficult at this time to present our annual balance sheet.

Following the procedure of last year, I shall first, with the permission of the house, place on Hansard a number of tables giving a complete summary of revenues and expenditures under the various categories and of the total deficit or increase of net debt for the current year, together with comparative figures for the four preceding fiscal years. The tables follow:

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS

(000 omitted)

—	1932-33	1933-34	1934-35	1935-36	Estimated 1936-37
	$	$	$	$	$
Tax Revenues—					
Customs import duties	70,073	66,305	76,562	74,004	81,500
Excise duties	37,834	35,494	43,190	44,410	45,500
War tax revenues—					
Banks	1,328	1,336	1,369	1,281	1,255
Insurance companies	826	742	750	761	763
Income tax	62,067	61,399	66,808	82,710	102,000
Sales tax	56,814	61,392	72,447	77,552	115,500
Manufacturers', importations, stamps, transportation taxes, etc	25,377	45,184	39,745	35,181	38,100
Tax on gold	—	—	3,573	1,413	—
Total revenue from taxes	254,319	271,852	304,444	317,312	384,618
Non-Tax Revenues—					
Canada Grain Act	1,445	1,236	1,205	1,213	1,402
Canada Gazette	74	56	47	49	49
Canals	831	878	838	890	1,782
Casual	3,205	3,622	4,337	4,636	5,432
Chinese revenue	9	6	6	6	6
Dominion lands	459	419	516	458	475
Electricity	298	440	485	542	615
Fines and forfeitures	212	178	90	295	392
Fisheries	5	39	43	42	54
Gas inspection	84	76	96	91	90
Insurance inspection	160	149	139	147	152
Interest on investments	11,221	11,148	10,963	10,614	11,218
Marine	178	208	218	222	223
Mariners' fund	180	188	181	187	204
Military college	20	20	20	20	20
Militia pensions revenue	166	165	174	178	183
Ordnance lands	17	18	16	16	17
Patent and copyright fees	539	429	426	455	455
Penitentiaries	121	98	74	68	50
Post Office	30,928	30,893	31,248	32,508	34,310
Premium, discount and exchange	146	—	752	36	—
Public Works	213	250	254	251	221
Radio licenses	1,404	1,291	1,487	1,574	1,000
R.C.M.P. officers' pensions	12	12	9	11	14
Weights and measures	394	400	407	401	406
	52,321	52,219	54,031	54,910	58,770
Total ordinary revenues	306,640	324,071	358,475	372,222	443,388
Special Receipts—					
Sundry receipts	4,490	409	3,397	320	8,125*
Other Credits—					
Refunds on capital account	500	90	80	27	565
Credits to non-active accounts	105	91	21	27	45
Total Receipts and Credits	311,735	324,661	361,973	372,596	452,123

* Includes $8,000,000 from Canadian Wheat Board to be taken into the accounts as an offset, in part, to the disbursements in 1935-36 *re* losses on 1930 wheat pool and stabilization operations.

STATEMENT OF EXPENDITURES BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS

(000 omitted)

Ordinary expenditures	1932-33	1933-34	1934-35	1935-36	Estimated 1936-37
	$	$	$	$	$
Agriculture	8,066	6,996	7,107	9,399	8,929
Auditor General's Office	380	376	377	429	423
Civil Service Commission	244	221	221	259	308
External Affairs, including Office of Prime Minister	863	974	1,427	1,290	1,381
Finance—					
Interest on Public Debt	134,999	139,725	138,533	134,549	137,405
Cost of Loan Flotations	1,639	2,550	2,890	3,577	3,900
Premium, Discount and Exchange (net)	—	167	—	—	300
Subsidies to Provinces	13,677	13,728	13,769	13,769	13,769
Special Grants to Provinces	1,600	1,600	1,600	3,975	3,225
Other Grants and Contributions	499	396	467	736	643
Civil pensions and superannuation	1,098	1,032	943	854	797
Government contribution to Superannuation Fund	2,270	1,986	1,948	1,875	2,025
Old Age Pensions	11,513	12,314	14,942	16,764	22,500
General Expenditure	2,050	3,152	3,939	3,735	3,667
Fisheries	1,787	1,596	1,641	1,710	1,750
Governor General's Secretary's Office	136	136	133	138	144
Immigration and Colonization	1,689	1,374	1,269	1,322	1,333
Indian Affairs	4,499	4,380	4,362	4,869	4,921
Insurance	161	152	156	163	175
Interior	3,503	2,857	2,750	2,939	2,963
Justice	2,691	2,711	2,718	2,748	2,780
Penitentiaries	2,870	2,677	2,667	2,377	2,449
Labour	605	561	581	660	725
Technical Education	202	129	91	99	100
Government Annuities—Payments to maintain reserve	289	184	146	272	541
Legislation—					
House of Commons	2,210	986	1,796	1,486	1,749
Library of Parliament	65	69	71	76	77
Senate	747	286	491	491	599
General	81	62	95	55	75
Dominion Franchise Office	—	—	1,545	498	46
Chief Electoral Officer, including elections	56	32	146	1,089	80
Marine	5,802	5,439	5,742	5,857	5,723
Canadian Radio Broadcasting Commission	149	1,025	1,249	1,500	878
Mines and Geological Survey	1,049	909	965	1,040	1,180
Movement of Coal and Domestic Fuel Act	1,220	2,772	2,124	2,103	2,304
National Defence—					
Militia Service	8,719	8,773	8,853	10,141	11,416
Naval Service	2,167	2,171	2,222	2,380	4,851
Air Service	1,731	1,685	2,258	3,777	6,229
Sundry Services	1,133	847	847	879	1,001
National Revenue (including Income Tax)	10,846	10,360	10,166	10,963	11,272
Pensions and National Health—					
Treatment and after-care of returned soldiers	10,511	9,571	10,127	11,060	12,041
Pensions, War and Military	44,183	42,923	43,232	42,790	43,092
Health Division	924	802	809	993	880
Post Office	31,607	30,554	30,252	31,438	32,417
Privy Council	47	49	46	46	46
Public Archives	174	157	209	165	167
Public Printing and Stationery	231	172	368	169	175
Public Works	13,108	10,827	9,905	12,945	14,643
Railways and Canals	3,684	3,315	4,581	4,250	4,204
Maritime Freight Rates Act	1,922	1,989	2,529	2,348	2,420
Railway Grade Crossing Fund	318	310	275	128	104
Royal Canadian Mounted Police	5,820	5,528	5,970	6,165	5,910
Secretary of State	606	387	395	705	649
Soldier Settlement	819	810	746	762	858
Trade and Commerce	3,276	3,007	3,057	3,458	5,717
Canada Grain Act	2,026	1,759	1,679	1,848	1,827
Mail Subsidies and steamship subventions	2,082	2,221	2,274	2,426	2,077
Total ordinary expenditure	354,643	351,771	359,701	372,539	391,860

[Mr. Dunning.]

STATEMENT OF EXPENDITURES BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(000 omitted)

—	1932-33	1933-34	1934-35	1935-36	Estimated 1936-37
CAPITAL EXPENDITURE	$	$	$	$	$
Canals	3,156	1,986	338	458	52
Railways	1,659	754	526	287	217
Public Works	4,234	3,840	6,243	5,799	3,178
Total capital expenditures	9,049	6,580	7,107	6,544	3,447
SPECIAL EXPENDITURES					
Unemployment Relief Act, 1930	548	4	2	26	—
Unemployment Relief Act, 1931	17,048	564	52	26	—
Unemployment Relief Act, 1932	19,125	6,948	399	111	—
Unemployment Relief Act, 1933	—	28,382	2,420	494	—
Unemployment Relief Act, 1934	—	—	49,114	1,152	—
Unemployment Relief Act, 1935	—	—	—	48,027	—
Unemployment Relief and Assistance Act, 1936—					
Administration	—	—	—	—	225
Grants-in-aid to Provinces	—	—	—	—	28,930
Dominion share of joint Dominion-Provincial projects—					
Projects undertaken prior to March 31, 1936	—	—	—	—	3,700
New Projects	—	—	—	—	9,117
Transportation facilities into mining areas	—	—	—	—	1,342
Railway maintenance	—	—	—	—	2,750
	36,721	35,898	51,987	49,836	46,064
Special Drought Area Relief—					
Direct Relief	—	—	—	—	5,490
Feed and fodder and freight thereon	—	—	—	—	4,160
Freight charges on movement of cattle	—	—	—	—	91
					9,741
Dominion Projects (Special supplementary estimates)—					
Projects undertaken prior to March 31, 1936	—	—	—	—	17,360
New projects	—	—	—	—	7,014
Miscellaneous	—	—	—	—	250
Public Works Construction Acts	—	—	8,673	29,581	—
Wheat Bonus	1,811	—	—	—	—
1930 Wheat Crop Equalization Payments Act	—	—	—	6,600	—
Loss on 1930 Wheat Pool and stabilization operations—					
Payment to Canadian Wheat Board of net liability assumed as at Dec. 2, 1935	—	—	—	15,856	—
Loss on 1930 oats pool under guarantee of bank advances to Canadian Co-operative Wheat Producers Limited	—	—	—	174	—
Total special expenditures	38,532	35,898	60,660	102,047	80,429

STATEMENTS OF EXPENDITURES BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(000 omitted)

—	1932-33	1933-34	1934-35	1935-36	Estimated 1936-37
	$	$	$	$	$
GOVERNMENT OWNED ENTERPRISES—Conc.					
Losses charged to Consolidated Fund—					
Canadian National Railway System, ex-eastern lines	53,423	52,264	42,590	41,796	37,449
Eastern lines	8,717	6,692	5,818	5,625	5,854
Canadian National Steamships	—	—	—	270	—
National Harbours Board	—	—	—	1,126	250
Total charged to consolidated fund	62,140	58,956	48,408	48,817	43,553
Loans and advances non-active—					
Canadian National Steamships	*1,382	*14	487	*333	*1,500
Harbour Commissions	4,897	2,110	1,242	2,456	2,419
Accounts carried as active assets transferred to non-active assets	**62,938	—	—	—	—
Total non-active advances	66,453	2,096	1,729	2,123	919
Total government owned enterprises	128,593	61,052	50,137	50,940	44,472
OTHER CHARGES					
Write-down of assets chargeable to Consolidated Fund—					
Reduction in soldier and general land settlement loans	—	1,766	469	488	500
Yearly established losses in seed grain and relief accounts—Department of Interior	106	91	21	27	45
Non-Active Accounts—					
Canadian Pacific Railway advances (Relief Acts)	1,447	1,000	—	—	—
Active assets transferred to non-active	—	—	11	—	†18,765
Total other charges	1,553	2,857	501	515	19,310
Grand total expenditures	532,370	458,158	478,106	532,585	539,518

* Credit.

** Canadian National Railways—Loans for 1931-32 $41,121,000; Sundry harbour commissions—Advances prior to 1932-33 $21,817,000.

† Dominion contribution to Debt Adjustment Program being effected in Provinces of Manitoba and Saskatchewan respecting Drought Area Relief that was financed by the Dominion to Jan. 1, 1935—Manitoba $805,000, Saskatchewan $17,960,000.

SUMMARY OF REVENUES AND EXPENDITURES

(000 omitted)

—	1932-33	1933-34	1934-35	1935-36	Estimated 1936-37
	$	$	$	$	$
Ordinary expenditures	354,643	351,771	359,701	372,539	391,860
Ordinary revenues	306,640	324,071	358,475	372,222	443,388
Deficit (−) or surplus (+) on ordinary account	−48,003	− 27,700	− 1,226	− 317	+ 51,528
Special expenditures	38,532	35,898	60,660	102,047	80,429
Less special receipts	4,490	409	3,397	320	8,125
Balance	34,042	35,489	57,263	101,727	72,304
Add—Capital expenditures	9,049	6,580	7,107	6,544	3,447
" Government Owned Enterprises	128,593	61,052	50,137	50,940	44,472
" Other charges	1,553	2,857	501	515	19,310
	173,237	105,978	115,008	159,726	139,533
Less other credits	605	181	101	54	610
	172,632	105,797	114,907	159,672	138,923
Add deficit or deduct surplus as above	48,003	27,700	1,226	317	51,528
Total deficit or increase of direct net debt	220,635	133,497	116,133	159,989	87,395

REVENUES 1936-37

For the year as a whole, we estimate that total revenue from taxation and all other sources will aggregate $452,123,000. This total is almost $80,000,000 in excess of that for the preceding fiscal year and is exceeded by the revenues of only one other year in the history of the dominion, the fiscal year ended March 31, 1929, when total collections slightly exceeded $460,000,000. Looking at it from another point of view, it represents an increase of 45 per cent as compared with 1932-33, the low year of the depression. While taxpayers may greet this news with mixed feelings, I think it will be generally accepted as a striking tribute to the recuperative powers of the Canadian economy and a convincing confirmation of the reality of the economic recovery which I have outlined in the earlier part of this address. This increase of course is due to the increased taxes imposed last year, but essentially, expanding government revenues reflect and confirm the increase in national income.

The revenue from all tax sources will amount to $384,618,000, an increase of $67,306,000 over last year. To this increase, all our major forms of taxation contributed.

The sales tax is now the largest single source of government revenues. For the year we estimate a total yield from this tax of $115,500,000 an increase of $37,948,000 over the preceding year. As the rate of this tax was raised last year from 6 to 8 per cent, it may be estimated, assuming no retarding effect on business from the higher rate, that $28,875,000 of the increase was due to the increase in rate and the remainder to the improvement in business activity and to higher price levels.

The second largest producer of revenue was the income tax, which we estimate will yield during the current year $102,000,000. This is also a gratifying increase over the previous year—$19,290,000—and is attributable largely to the improvement in corporate and individual incomes, although the increase of 1½ per cent in the corporate income tax rate is estimated to be responsible for approximately $5,840,000 of the increase. Of the total receipts, $58,400,000 will come from corporations, $8,700,000 from the five per cent tax on interest and dividends, and $34,900,000 from the tax on individual incomes.

Excise duties, imposed chiefly on liquors and tobacco, are expected to yield $45,500,000, an increase of slightly over $1,000,000 as compared with last year.

Receipts from customs duties show an increase of almost $7,500,000. Last year you will recall that $74,004,000 was derived from this source as compared with $76,562,000 during the preceding year. We estimate a total yield this year of $81,500,000. While this is still less than half the customs revenue received during 1929 or even 1920, the increase

this year amounted to 10 per cent, and there is evidence of an increasing rate of gain during recent months.

Special excise taxes will show an increase from $35,181,000 to $38,100,000. This increase is accounted for chiefly by increased receipts from the 3 per cent special excise tax on importations and the tax on transfer of securities. There was a slight decrease in receipts from the tax on bank notes due to the statutory decrease in chartered bank note circulation.

Non-tax revenues, that is, the revenues derived from investments and various departmental services, are expected to aggregate $58,770,000, an increase of $3,860,000 over the previous year. The largest increase in this group will be attributable to post office revenues which are estimated at $34,310,000 as compared with $32,508,000 for the year 1935-36. The nominal surplus on post office operations is estimated at $1,893,000. In calculating this surplus we have included in expenditures of the department the cost of civil government. It has frequently been pointed out, however, that the post office accounts do not provide, on the expenditure side, for the rental value and other costs of premises occupied and equipment used, nor on the revenue side do they include any credit to the post office for services rendered to other departments through the free use of the mails.

During the current fiscal year, we estimate that special receipts and other credits will total $8,735,000, as compared with $374,000 the previous year. This is mainly accounted for by the fact that we expect to take into our revenues $8,000,000 received from the Canadian Wheat Board which will represent an offset in part to the disbursement of $15,856,000 which we provided for last year to recoup the Board for the net liability assumed when it acquired the wheat and wheat contracts held by Canadian Cooperative Wheat Producers Limited in connection with the 1930 wheat pool and stabilization account. It is a matter of congratulation that a liability to our national finances of menacing proportions has been removed. At the close of the last fiscal year the position was such that the government felt it essential not only to pay to the board the $15,856,000 referred to above, but the further substantial liability shown on the board's books on the basis of closing market prices on March 31, 1936, made it appear almost inevitable that an additional heavy loss would have to be provided for again this year. We were criticized for the provision then made. We were told that we should await the complete disposal of the board's holdings before providing for any losses. It seemed to me, then, and it seems to me now, that it was only the part of ordinary business prudence to make at least a partial provision for what appeared likely to be a heavy loss. No one is happier than I am to-day to be able to welcome back to the treasury, as a result of good luck and sound policy, a portion of the funds then disbursed.

EXPENDITURES—1936-37

In dealing with expenditures, I wish to emphasize again the importance of concentrating on the aggregate of our expenditures of all kinds and on our over-all deficit rather than on ordinary expenditures and the surplus or deficit on ordinary account. However, for the purpose of analyzing details and making comparisons with previous years, I shall first present the expenditures under the five main categories in which they are now classified in the public accounts.

ORDINARY EXPENDITURES

The ordinary expenditures for the year are estimated at a total of $391,860,000. This is $19,321,000 in excess of the expenditures for 1935-36. As ordinary revenues are estimated at $443,388,000, the so-called surplus on ordinary account would be $51,528,000, as compared with a deficit on ordinary account last year of $317,000. As I have indicated, however, this surplus on ordinary account has only slight significance under present conditions.

The largest increase in ordinary expenditures is in the cost of old age pensions, which are estimated for the current fiscal year at $22,500,000, as compared with $16,764,000 last year. Most of this increase of $5,736,000 is explained by the participation this year for the first time of the provinces of Quebec and New Brunswick in the old age pensions arrangement. Other important increases were $6,320,000 in the cost of national defence (including civil aviation); $2,856,000 in interest on the public debt; $1,698,000 in ordinary expenditures on public works; $1,889,000 in the expenditures of the Department of Trade and Commerce; and finally, an increase of $979,000 in the ordinary costs of post office operations.

CAPITAL EXPENDITURES

Total expenditures charged to capital account will amount to only $3,447,000, a decrease of $3,097,000 as compared with the year 1935-36. The chief item is $3,178,000 for public works construction.

SPECIAL EXPENDITURES

We come now to that important group of items which are classified as special expenditures, and which this year relate solely to disbursements made for unemployment relief purposes. During the year 1936-37 special

expenditures are expected to aggregate $80,429,000. The decrease of $21,618,000 as compared with the total for 1935-36 is wholly explained by the absence this year of any disbursements for grain marketing losses. Under the Unemployment Relief and Assistance Act, 1936, total expenditures are expected to reach $46,064,000. Of this total $28,930,000 will be accounted for by grants-in-aid to the provinces for direct relief; $14,159,000 by the dominion's share of joint dominion-provincial projects; and $2,750,000 by the cost of the special railway maintenance program which it will be recalled was designed to provide work for single homeless unemployed men formerly taken care of by the relief camps.

The serious drought which developed in the three Prairie provinces last summer necessitated relief on so extensive a scale that the government felt obligated to regard the condition as a national emergency and as one therefore which called for special dominion assistance. To meet this unforeseen and emergent problem, funds were appropriated by governor general's warrants to a total amount of $12,240,000 in order chiefly to pay for the cost involved in purchasing and distributing feed and fodder for live stock in the drought-stricken area and the cost of providing direct relief to families living in the area. Agreements were entered into with the three provinces under which the dominion agreed to bear 100 per cent of the cost of direct relief in the drought area as defined, 100 per cent of the cost of feed and fodder for live stock, and 50 per cent of the cost of moving live stock into other feeding areas and of the losses involved in shipping low grade cattle out of the drought area to packing companies for conversion into tankage and boneless beef. These agreements contained special provisions for the protection of the government through the assistance of representatives of the comptroller of the treasury's office located in the three provinces. It is now estimated that the expenditures under this program will not exceed $9,741,000 by the close of this fiscal year. Of this amount $5,490,000 will represent the cost of direct relief and $4,251,000 the dominion's share of the cost of feed, fodder and freight charges.

The cost of dominion projects carried on under authority of the special supplementary estimates for 1936-37 aggregated $24,624,000. Of this total $17,360,000 represented the cost of projects undertaken prior to March 31, 1936, and $7,264,000 the cost of new projects.

The following table, which I will place on Hansard, compares the expenditures made or to be made for direct relief and various unemployment relief projects during the present fiscal year, with similar expenditures incurred in the preceding fiscal year.

Unemployment Relief Expenditure

	1935-1936	Estimated 1936-37
Grants-in-aid to provinces	$26,274,875	$28,930,000
Dominion's share of joint dominion-provincial projects	10,700,526	14,159,000
Railway maintenance works	....	2,750,000
Dominion projects:		
Department of Public Works	17,895,218	10,314,000
Department of National Defence	10,201,468	4,322,000
National Harbours Board and Department of Marine	5,437,008	5,375,000
Department of Interior	2,294,291	1,879,000
Department of Agriculture	238,500	1,049,000
Department of Railways and Canals	942,689	539,000
Miscellaneous and sundry departments	1,431,681	1,371,000
Special drought area relief	4,000,000	9,741,000
	$79,416,256	$80,429,000

GOVERNMENT OWNED ENTERPRISES

The next main category of expenditures is that of government owned enterprises in which is grouped the losses of and non-active advances to government owned enterprises which are operated as separate corporations.

Canadian National Railway Company

Operating revenues of the Canadian National Railway Company increased about $13,400,000 in the calendar year 1936 over the corresponding figure for 1935, or 7·7 per cent. However, operating expenses increased by the same ratio and the net revenue after taxes, rentals, etc., available for interest on debt was $6,600,000 as against $6,800,000 in the previous year. The increased operating expenses were due in part to the costs absorbed by the Canadian National Railway Company under the various government unemployment relief programs and increased wage rates.

After applying the $6,600,000 available from earnings to interest charges of $49,900,000, there resulted a net income cash deficit of $43,300,000,

which amount has to be paid by the dominion and charged to dominion expenditure in the current fiscal year. This cash deficit compares with $47,400,000 for 1935, the improvement being entirely due to reduction in interest charges resulting from refunding of securities at lower rates of interest.

It should be borne in mind that there are certain non-cash charges in the railway accounts which should be taken into account in reconciling the above-mentioned figure of cash deficit with the net loss for the year as shown by the annual report of the railway company.

In addition to payment of the railway's deficit, the government will advance $9,916,000 by way of loan to the Canadian National Railways during the present fiscal year. This will be made up as follows: $7,053,000 on account of miscellaneous debt retirements under the 1936 budget, and $2,863,000 representing cost of equipment purchased under the special supplementary estimates. Repayment of $395,000 was received on account of loans made in the fiscal year 1936 for repairs to equipment under the Supplementary Public Works Construction Act.

During the fiscal year, the government made temporary loans aggregating $33,032,970 to the company to meet called or matured debt, the major item of which was $24,220,000 Grand Trunk 6 per cent dominion guaranteed bonds, which were redeemed on September 1, 1936. These temporary loans together with loans aggregating $2,043,725 carried over from last fiscal year, were repaid from a public issue of dominion guaranteed bonds dated February 1, 1937, in the amount of $35,500,000. This issue was sold in two maturities: $15,500,000 2¼ per cent seven-year bonds yielding 2·39 per cent and $20,000,000 3 per cent fifteen-year bonds yielding 3·04 per cent.

Canadian National Steamships

During the fiscal year, the Canadian National Steamships returned $1,500,000 to the government. This was due mainly to the winding-up of the Canadian Government Merchant Marine. The amount of working capital and insurance fund that had been advanced as a non-active loan in previous years has been returned, in addition to the surplus of $343,000 accruing from operations during 1936 prior to the sale of the fleet. The operations of the West Indies service in the calendar year 1936 showed an operating surplus, after payment of interest to the public, of $70,000. This is the first surplus recorded since the inauguration of the service and compares with a deficit of $270,000 in 1935.

[Mr. Dunning.]

Harbour Commissions

Assistance to harbour commissions appearing as expenditure in our accounts will total $2,669,000. This amount is composed of $250,000, representing the operating deficits of the harbour commissions at Halifax, Saint John, Quebec and Chicoutimi. The balance represents non-active advances of $443,000 for deficit on the Jacques Cartier Bridge, Montreal, and $1,996,000 for refunding of obligations of the harbour commissions at Three Rivers, Chicoutimi and Saint John, less refunds of $20,000 representing advances in previous years for capital expenditures at Halifax and Saint John.

The operations of the harbours are conducted on a calendar year basis and 1936 represents the first full year under which the management of the various ports previously administered by harbour commissions was centralized. While the National Harbours Board was not appointed until October last, centralized control has been effective since November, 1935. Net operating income of these harbours before interest on investment and depreciation showed an improvement in the calendar year 1936 of $1,128,000 over the corresponding figures for 1935.

To sum up, the total amount treated as expenditures in our accounts in connection with the operations of the railways and other government owned enterprises operated as separate corporations was $44,472,000 as compared with $50,940,000 for the previous year. This is exclusive of such amounts as are carried in our accounts as active assets, to which reference will be made later.

WRITE DOWN OF ASSETS

During the fiscal year it is estimated that assets will be written down in the amount of $19,310,000. Apart from the normal write-offs in connection with soldier and general land settlement loans and seed grain and relief accounts, which altogether total $545,000, this write-off item of $19,310,000 is explained by the contribution which we propose to recommend to parliament should be made by the dominion in connection with a cooperative program for the adjustment of indebtedness of farmers in the drought areas of Saskatchewan and Manitoba.

The proposal involves the writing off of provincial treasury bills held by the dominion as security for repayment of loans made to these two provinces to enable them to finance relief and seed grain expenditures in the drought areas during the period from May 1, 1931, to January 1, 1935, plus such accrued interest thereon as has been capitalized. The

amount involved will not exceed $805,000 in the case of Manitoba, and $17,960,000 in the case of Saskatchewan.

In the supplementary estimates for the current year authority will be sought to transfer these treasury bills in the government's books from "active assets" to "non-active assets" as at March 31, 1937. Final write-off and cancellation by the dominion government will be made on receipt of proof that the two provincial governments, the municipalities concerned and the mortgage lending institutions which have made loans to farmers in the drought areas have also made the required adjustments in debt or tax claims, as the case may be, in order to provide relief for farmers who have suffered from prolonged drought conditions.

SUMMARY OF EXPENDITURES

If we add together the capital and special expenditures, as well as losses of and non-active advances to government-owned enterprises, and the other charges representing write down of assets to which I have just referred, we find that the grand total of expenditures for which the government is responsible during the current fiscal year will aggregate $539,518,000. This is an increase of $6,933,000 over the grand total of expenditures for the fiscal year 1935-36. It should be remembered, however, that the total for 1936-37 includes the abnormal item of $18,765,000 representing the write down of loans made to Manitoba and Saskatchewan during the years 1930 to 1935. Had this item which relates to transactions of previous years not been included, our total expenditures for the current year would be $11,832,000 less than those for last year.

PERCENTAGE DISTRIBUTION OF REVENUES AND EXPENDITURES, 1936-37

In the following table an attempt is made to show the percentage distribution of revenues and expenditures for the current year. Receipts from various taxes and other sources of revenue are shown as percentages both of total revenues and of total expenditures. Similarly several of the main items of expenditure and groups of such items are shown as percentages both of total expenditures and of total revenues. The form of our estimates and appropriations, and the method of classifying accounts make it impossible to achieve precise accuracy in such calculations as those I am now placing on Hansard, and I hope that by another year we may be able to introduce such changes in our procedure regarding estimates and accounts as will make it possible to determine more accurately the real costs of the various important services of government. I think members of the house have long recognized the need for the change I suggest. However, the results shown in the table are sufficiently accurate to enable broad conclusions to be drawn as to the relative burdens imposed on the public treasury by several important services or obligations. I now place the table upon Hansard without further comment:

PERCENTAGE DISTRIBUTION OF REVENUES AND EXPENDITURES, 1936-37

(000 omitted)

Revenues	Amount (estimated)	Percentage of total Revenues	Percentage to total Expenditures
Ordinary Revenue—			
Income Tax	$102,000	22·56	18·91
Customs Duties	81,500	18·03	15·11
Excise Duties	45,500	10·06	8·43
Sales Tax	115,500	25·55	21·41
Manufacturers', importation, stamp taxes, etc	38,100	8·42	7·06
Other tax revenues	2,018	·45	·37
Total Revenue from taxes	$384,618	85·07	71·29
Non-tax Revenues	58,770	13·00	10·89
Total Ordinary Revenues	$443,388	98·07	82·18
Special Receipts and Credits	8,125	1·80	1·50
Other Receipts and Credits—			
Refunds of capital expenditures and receipts on non-active accounts	610	·13	·12
Grand Total Revenues	$452,123	100·00	83·80

PERCENTAGE DISTRIBUTION OF REVENUES AND EXPENDITURES, 1936-37—*Concluded*

(000 omitted)

Expenditures	Amount (estimated)	Percentage of total Expenditures	Percentage to total Revenues
Ordinary Expenditures—			
Interest on public debt	$137,405	25·47	30·39
Cost of loan flotations—			
Amortization of bond discount, etc	3,900	·72	·86
Charges of management	197	·04	·05
Total public debt charges	$141,502	26·23	31·30
Subsidies and special grants to Provinces	$ 16,994	3·15	3·76
Old Age Pensions	22,500	4·17	4·98
Civil Servants' Pensions and Superannuation charges	2,822	·52	·62
Pensions and after-care of soldiers—			
Pensions, War and military	$ 43,092	7·99	9·53
Treatment, and after-care of returned soldiers	12,041	2·23	2·66
Total	$ 55,133	10·22	12·19
Agriculture	$ 8,929	1·66	1·97
Fisheries	1,750	·32	·39
Legislation	2,626	·49	·58
Mines and Resources	12,701	2·35	2·81
National Defence (including Civil Aviation)	23,497	4·36	5·20
Post Office	32,417	6·00	7·17
Public Works	14,643	2·71	3·24
Transport	13,329	2·47	2·95
All other	43,017	7·98	9·51
Total Ordinary Expenditures	$391,860	72·63	86·67
Capital Expenditures—			
Canals	$ 52	·01	·01
Railways	217	·04	·05
Public Works	3,178	·59	·70
Total Capital Expenditures	$ 3,447	·64	·76
Special Expenditures—			
Unemployment Relief and Assistance Act, 1936—			
Grants-in-Aid to Provinces	$28,930	5·36	6·40
All other assistance	17,134	3·18	3·79
Total	$46,064	8·54	10·19
Drought area relief	$ 9,741	1·81	2·15
Dominion projects (special supplementary estimates)	24,624	4·56	5·45
Total Special Expenditures	$80,429	14·91	17·79
Government Owned Enterprises—			
Losses charged to Consolidated Fund—			
Canadian National Railways	$43,303	8·02	9·58
National Harbours Board	250	·05	·06
Loans and Advances Non-active—			
National Harbours Board and Canadian National Steamships	919	·17	·20
Total Government Owned Enterprises	$44,472	8·24	9·84
Other Charges—			
Write-down of assets to Consolidated Fund	$ 545	·10	·12
Write-down of Active assets to non-active assets	18,765	3·48	4·15
Total Other Charges	$ 19,310	3·58	4·27
Grand Total Expenditures	$539,518	100·00	119·33

OVER-ALL DEFICIT, 1936-37

Taking the total revenues for the year at $452,123,000 and the total expenditures at $539,518,000, it is apparent that there will be an over-all deficit for the fiscal year of $87,395,000.

This, of course, takes into account the railway deficit as well as other expenditures for which the government is responsible. It compares with a total deficit last year of $159,989,000. It is better than the figure of 100 millions deficit which I set as our goal in the budget last year. If we make allowance for the abnormal write-off of $18,765,000 which relates to the activities of previous years and also for the special receipt of $8,000,000 from the wheat board, it is indeed a very much better showing than we estimated a year ago.

But while we have succeeded in cutting last year's deficit nearly in half, and while we are able to show a substantially smaller deficit than in any year since 1930-31 when the deficit was approximately the same as for this year, I think it will be realized by all members of the house that the gap between our total income and our total outgo is still very broad and that it must be bridged at the earliest possible date.

LOANS AND INVESTMENTS
ACTIVE ASSETS

In addition to provision for the expenditures of the year as outlined, account should also be taken of loans and investments made which we regard as active assets in the public accounts. For the year such loans and investments are estimated at $36,785,000, excluding loans that may be made to provinces between February 15, 1937, and the close of the fiscal year on March 31.

Loans to Provinces

Loans made to the four western provinces which are the most important item in this category have shown a marked decrease during the present year. The Unemployment Relief and Assistance Act of 1936 restricted such assistance to a maximum amount measured by the provincial share of the cost of unemployment relief and undertakings during February and March, 1936, and under any agreements entered into pursuant to the act. Moreover, the act contemplated that any province desiring such assistance should establish the necessity therefor, and in practice we have required the submission of detailed statements of the financial position of the province.

Up to February 15, 1937, the net loans made under this authority have amounted to $10,892,235 as compared with $42,304,150 made during the preceding fiscal year. As of this date, loans made to the four western provinces under authority of the various relief acts were outstanding in the dominion's books to an aggregate amount of $127,419,400. The totals for the various provinces were as follows: Manitoba, $19,415,855; Saskatchewan, $51,898,717; Alberta, $25,759,748; and British Columbia, $30,345,080. It will be understood these figures relate to totals outstanding prior to the write-off referred to previously.

I desire to place on Hansard tables showing the net loans made to each province during each of the last six fiscal years, and a classification of such loans on the basis of the general purpose for which the loans were obtained.

NET LOANS TO PROVINCES UNDER RELIEF ACTS BY FISCAL YEARS

——	Manitoba	Saskatchewan	Alberta	British Columbia	Total
	$	$	$	$	$
1931-32	2,788,812	10,934,341	4,097,740	4,813,124	22,634,017
1932-33	5,171,904	7,578,556	1,902,041	912,636	15,565,137
1933-34	2,273,283	5,469,240	4,050,743	1,321,761	13,115,027
1934-35	2,874,631	10,141,014	1,926,476	7,966,714	22,908,835
1935-36	2,396,226	14,245,478	13,104,000	12,558,445	42,304,149
1936-37 (to Feb. 15, 1937)	3,911,000	3,530,088	678,748	2,772,399	10,892,235
Net Loans Outstanding	19,415,856	51,898,717	25,759,748	30,345,079	127,419,400

NET LOANS TO PROVINCES UNDER RELIEF ACTS CLASSIFIED AS TO PURPOSE

—	Loans specifically to meet maturing obligations and interest	Loans specifically for agricultural relief including purchase of seed grain	Loans for Provincial purposes generally including public works and direct relief	Total
	$	$	$	$
Manitoba	1,139,455	243,400	18,033,000	19,415,855
Saskatchewan	3,934,341	13,892,633	34,071,743	51,898,717
Alberta	8,577,000	3,152,748	14,030,000	25,759,748
British Columbia	11,190,509	—	19,154,571	30,345,080
	24,841,305	17,288,781	85,289,314	127,419,400

OTHER LOANS AND INVESTMENTS

Loans to Canadian National Railways for miscellaneous debt retirements, less repayments, already referred to, amounted to $4,614,000. Purchase of railway equipment for the Canadian National Railway amounted to $2,863,000 and for the Canadian Pacific Railway Company to $2,303,000. In addition, $555,000 was loaned to the latter company for railway betterment expenditures in connection with the government's unemployment relief program.

During the fiscal year the government's purchases of Canadian Farm Loan Board 3½ per cent bonds will amount to $11,100,000, and of the board's capital stock to $794,000. The total investment by the government of Canada in the farm loan board will reach approximately $28,684,000 at the close of the present fiscal year.

The amount paid out by the government on loans approved under the terms of the Dominion Housing Act is expected to total $1,218,000 during the current fiscal year. The dominion's share of such loans represents 20 per cent of the lending value of each property financed under the act, and is paid out from time to time as required after loans are approved.

During the year, $323,000 was advanced to the harbour commissions at Montreal and Vancouver. These loans are considered as active assets, as both commissions have paid a substantial part of the interest accrued on their obligations held by the government.

Under authority of the Bank of Canada Act Amendment Act, the government purchased 102,000 shares of class B stock of the Bank of Canada, representing an investment of $5,100,000.

Repayments of $2,977,000 were received during the year in reduction of soldier loans and loans to provinces for housing purposes.

The following is a statement of the amount of loans and investments made during the last fiscal year, which are regarded as active assets, and the comparable figures for the four preceding years:

LOANS AND INVESTMENTS, ACTIVE

(000 omitted)

—	1932-33	1933-34	1934-35	1935-36	(Estimated 1936-37)
	$	$	$	$	$
Canadian National Railways	14,677	2,628	16,579	3,689	4,614
Canadian Pacific Railway	—	—	—	1,270	555
Canadian Farm Loan Board	871	416	353	7,933	11,894
Dominion Housing Act, Loans disbursed	—	—	—	82	1,218
Harbour Commissioners	650	1,677	393	1,438	323
Provinces—under relief legislation	15,565	13,115	22,909	42,304	10,892
Provinces—housing	Cr. 139	Cr. 213	Cr. 397	Cr. 3,003	Cr. 2,038
Railway equipment purchased	—	—	—	7,244	5,166
Soldier and general land settlement	Cr. 92	Cr. 2,492	Cr. 571	Cr. 1,054	Cr. 939
Bank of Canada—Purchase of class "B" shares	—	—	—	—	5,100
Other	469	—	—	—	—
	32,001	15,131	39,266	59,903	36,785

LOAN FLOTATIONS

During the fiscal year under review dominion obligations were issued to the amount of $382,996,000. In the case of treasury bills which have a three months' maturity and are refunded as they mature each fortnight, only the increase in the total outstanding during the year is included in the above figure. These issues, to the extent of $311,000,000 were for the purpose of meeting maturities and the remainder was for the deficit and other current purposes.

This financing was done at a very satisfactory cost to the government. The rates of interest on new issues were lower than those prevaling on maturing issues, resulting in a considerable saving to the treasury in annual interest charges. At the close of the fiscal year, the average rate of interest on the fundel debt and treasury bills outstanding was 3·75 per cent as compared with 3·9 per cent a year ago.

Mr. BENNETT: Have you the figure without the treasury bills ?

Mr. DUNNING: That includes the treasury bills.

Mr. BENNETT: Have you the figure without the treasury bills?

Mr. DUNNING: I have not that figure in this statement, but I will get it.

Loans were floated in both the domestic market and in the United States. The issues in Canada, exclusive of treasury bills, amounted to $267,996,000. The first issue was made in June, 1936, to an amount of $134,703,000. This issue was essentially a conversion loan, only $20,000,000 being issued for cash, the balance being made up of conversions of 1½ per cent bonds due September 15, 1936, 2 per cent bonds due October 15, 1936, and 5 per cent bonds due November 15, 1936. The new issue was comprised of two maturities, 1½ per cent four year bonds yielding 1·63 per cent and 3¼ per cent thirty year bonds yielding 3·30 per cent. Cash subscriptions were accepted only in respect to the latter maturity.

The other major operation in the Canadian market was undertaken in September when a $100,000,000 issue was offered. This loan was also in two maturities; $45,000,000 1 per cent four and one-half year notes sold to yield 1·40 per cent and $55,000,000 3 per cent bonds (callable in thirty years) sold to yield 3·11 per cent. The issue of perpetual bonds in the Canadian market represented a new departure in dominion financing. It was intended as the initial step in a program which is designed to provide for the consolidation and simplification of our public debt structure. Another purpose which we had in mind was to facilitate the setting up, as soon as the condition of our national finances make it practicable, of a general sinking fund to provide for the gradual amortization of our long term debt on scientific lines. The response of the investing public to this experimental issue indicated that perpetual obligations might prove as popular in Canada as they have long been in the United Kingdom. In this connection, I believe that the house will approve the policy which we have been following of taking advantage of the present period of low interest rates to get as large a proportion of our debt as possible into the form of long term obligations.

The $33,293,000 5 per cent school lands debentures due July 1, 1936, and held by the provinces of Manitoba, Saskatchewan and Alberta were renewed for a further period of one year at an interest rate of 4 per cent.

The fortnightly offerings of our treasury bills at public tender have continued to meet a highly satisfactory response during the current year. The present cost of this short term money is around three-quarters of one per cent. The lowest rate realized by the government was ·643 per cent on September 15, 1936. The total amount of these treasury bills now outstanding is $150,000,000 as compared with $120,000,000 at the close of last fiscal year, and the average cost of funds obtained from this source during the year has been ·775 per cent. It will be realized, however, that our purpose in issuing treasury bills is not primarily to obtain the borrowed funds at such a very low rate but rather to provide an adequate supply of high grade, liquid credit instruments in order to make possible the organization of a more effective short term money market in Canada and to facilitate the essential operations of the Bank of Canada.

It is a matter of common knowledge that the last two tax-free issues of the dominion floated during the war period will mature during the present calendar year. The first of these issues is the $89,787,000 5 per cent war loan bonds which are payable in Canada and New York and which fall due on March 1st. As it was believed that the major portion of this issue is now held by United States investors, we entered the United States market in January to raise the funds necessary to pay off this issue at maturity. On January 21st we offered in that market an $85,000,000 issue in two maturities: $30,000,000 2¼ per cent seven year bonds sold to the public at 99½ to yield 2·39 per cent and $55,000,000 3 per cent thirty year bonds sold to the public at 98 to yield approximately 3·10 per cent. The remainder of the funds necessary to pay off the maturing issue will be provided directly from the dominion treasury.

The interest saving from this refunding operation will exceed $1,700,000 per year for the next seven years at least. The additional interest saving from the refunding of the last of our tax-free issues, the $236,299,800 5½ per cent victory loan bonds, which we expect to refund prior to their due date on December 1 next, should be substantial. To this interest saving on both issues should of course be added a substantial increase in income tax revenues following the elimination of these last tax-free bonds.

I now place on Hansard a statement summarizing the essential details of the new issues made during the year:

LOAN FLOTATIONS 1936-37

Issue Date	Maturity Date	Interest Rate	Where Payable	Price		Yield		Amount Issued
				To Public	To Government*	At Public Price	At Price to Government	
1936		%				%	%	
June 1....	June 1, 1940	1½	Canada	99.50	99.25	1·63	1·70	$ 50,000,000
June 1....	June 1, 1966	3¼	Canada	99.00	98.25	3·30	3·34	54,703,000
July 1....	July 1, 1937	4	Canada (School Lands)	.....	100.00	.....	4·00	33,293,471
Sept. 15....	Mar. 15, 1941	1	Canada	98.25	98.00	1·40	1·46	45,000,000
Sept. 15....	Perpetual.....	3	Canada	96.50	95.75	3·11	3·13	55,000,000
1937								
Jan. 15....	Jan. 15, 1944	2¼	New York	99.50	98.25	2·33	2·52	30,000,000
Jan. 15....	Jan. 15, 1967	3	New York	98.00	96.00	3·10	3·21	55,000,000
								$ 352,996,471
Increase in short term treasury bills outstanding March 31, 1937 over March 31, 1936.....								30,000,000
								$ 382,996,471

*Price to public, less commission to underwriters or dealers.

THE NATIONAL DEBT

As at March 31, 1937, the outstanding unmatured funded debt and treasury bills of the dominion, less sinking funds, will amount to $3,275,574,000. Adding to this amount $255,419,000 of other liabilities, consisting chiefly of annuity, insurance and superannuation funds, post office savings deposits and certain trust and contingent accounts, we arrive at gross liabilities of $3,530,993,00. Active assets, including cash on hand and investments, amounted to $437,498,000. After deducting the latter figure from the gross liabilities, we reach an estimated net debt of $3,093,495,000 as at the close of the fiscal year. The increase over last year of $87,395,000 represents, of course, the amount of the over-all deficit to which I have previously made reference.

I now place on Hansard a statement showing the assets and liabilities of the dominion as estimated as at March 31, 1937.

LIABILITIES MARCH 31, 1937

(estimated)

Bank Circulation Redemption Fund	$	$ 7,020,000
Insurance and superannuation funds—		
Government annuities	87,092,000	
Insurance fund, civil service	10,800,000	
Insurance fund, returned soldiers	15,770,000	
Retirement fund	8,782,000	
Superannuation funds	53,651,000	
		176,095,000
Trust funds—		
Indian funds	13,890,000	
Common school funds	2,676,000	
Contractors' securities deposits	1,250,000	
Other trust funds	5,595,000	
		23,411,000
Contingent and special funds		6,340,000
Post Office money orders, postal notes, etc., outstanding		2,814,000
Province accounts		9,624,000
Post Office savings bank deposits		21,800,000
Funded debt—		
Unmatured less sinking funds	3,275,574,000	
Matured but not presented for payment	6,565,000	
		3,282,139,000
Interest coupons matured but not presented for payment		1,750,000
		$ 3,530,993,000

ASSETS MARCH 31, 1937

(estimated)

Active assets—		
Cash, working capital advances and other current assets		$ 16,018,000
Bank of Canada, class "B" shares		5,100,000
Gold Bullion account		2,200,000
Loans to Provinces—		
Housing	$ 4,730,000	
Relief Acts	108,654,000	113,384,000
Loans to foreign governments—		
Greece	6,525,000	
Roumania	23,969,000	
		30,494,000
Loans to National Harbours Board—		
Montreal	59,446,000	
Vancouver	23,755,000	
		83,201,000
New Westminster Harbour Commissioners		275,000
Loans under Dominion Housing Act		1,300,000
Bond holding account		12,000

ASSETS MARCH 31, 1937—*Concluded*
(estimated)

Railway accounts—		
Advances under financing acts, Canadian National Railways	41,399,000	
Advances under vote 427, Canadian Pacific Railway	555,000	
Loans for betterment or repair of railway equipment—		
Canadian National Railways	789,000	
Canadian Pacific Railway	1,270,000	
Purchase of equipment leased to—		
Canadian National Railways	6,748,000	
Canadian Pacific Railway	5,662,000	
		56,423,000
Canadian Farm Loan Board		28,684,000
Soldier and general land settlement		42,656,000
Seed grain and relief advances		2,370,000
Canadian government railways open and stores accounts		15,749,000
Deferred debits—		
Unamortized discount and commission on loans		39,632,000
		$ 437,498,000
Net debt, March 31, 1937 (estimated)		$ 3,093,495,000
Net Debt represented by—		
A. Expenditure and non-active assets, March 31, 1937 (estimated).		
Capital expenditures—		
Public Works—		
Canals	242,727,000	
Railways	443,124,000	
Public buildings, harbour and river improvements	267,963,000	
Military property and stores	12,035,000	
Territorial accounts	9,896,000	
		$ 975,745,000
Loans non-active—		
Canadian National Railways		655,527,000
Railway accounts (old)		88,399,000
Canadian National Steamships		14,008,000
Loans to Provinces (Relief Acts)		18,765,000
National Harbours Board—		
Quebec	26,293,000	
Chicoutimi	3,796,000	
Halifax	9,503,000	
Saint John	15,467,000	
Three Rivers	3,447,000	
Montreal (Jacques Cartier Bridge)	2,947,000	
		61,453,000
Seed Grain and relief advances		491,000
Soldier and general land settlement		16,514,000
Miscellaneous advances		3,536,000
B. Consolidated fund—		
Balance, consolidated fund, brought forward from March 31, 1936	1,194,183,000	
Excess of expenditure over revenue, fiscal year ended March 31, 1937 (estimated)	64,874,000	
		1,259,057,000
		$ 3,093,495,000

NOTE.—The above Balance Sheet does not take into account any loans that may be made to provinces between February 15, 1937, and the close of the fiscal year. It does, however, take into account the proposed write-off of certain Treasury Bills of the provinces of Manitoba and Saskatchewan.

The following table which I also wish to place on Hansard gives a statement of the unmatured funded debt and treasury bills of the Dominion outstanding as at March 31, 1937, and the interest charges thereon:

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1937 AND ANNUAL INTEREST CHARGES

Date of Maturity	Rate Per Cent	Where Payable	Amount of Loan	Annual Interest Charges
			$ cts.	$ cts.
1937, July 1	4	Canada	33,293,470 85	1,331,738 83
Dec. 1	(a) 5½	Canada	236,299,800 00	12,996,489 00
1938, July 1	3	London	8,071,230 16	242,136 90
July 1	3	London	18,250,000 00	547,500 00
July 1	3	London	10,950,000 00	328,500 00
July 1	3½	London	15,056,006 66	526,960 23
Oct. 15	2	Canada	90,000,000 00	1,800,000 00
1939, Jan. 1	2	New York	40,000,000 00	800,000 00
Oct. 15	4	Canada	47,269,500 00	1,890,780 00
Oct. 15	2½	Canada	7,933,000 00	198,325 00
Nov. 15	2	Canada	20,000,000 00	400,000 00
1940, Mar. 1	3	Canada	115,013,636 82	3,450,409 10
June 1	1½	Canada	80,000,000 00	1,200,000 00
Sept. 1	4½	Canada	75,000,000 00	3,375,000 00
1941, Mar. 15	1	Canada	45,000,000 00	450,000 00
Nov. 15	5	Canada	141,663,000 00	7,083,150 00
1942, Oct. 15	3	Canada	40,409,000 00	1,212,270 00
1943, June 1	2½	Canada	20,000,000 00	500,000 00
Oct. 15	5	Canada	147,000,100 00	7,350,005 00
1944, Jan. 15	2¼	New York	30,000,000 00	675,000 00
Oct. 15	4½	Canada	50,000,000 00	2,250,000 00
1945, Aug. 15	2½	New York	76,000,000 00	1,900,000 00
Oct. 15	4	Canada	88,337,500 00	3,533,500 00
1946, Feb. 1	4½	Canada	45,000,000 00	2,025,000 00
1947, Oct. 1	2½	London	4,888,185 64	122,204 64
1949, Oct. 15	3½	Canada	138,322,000 00	4,841,270 00
1950, July 1	3½	London	137,058,841 00	4,797,059 43
1952, May 1	5	New York	100,000,000 00	5,000,000 00
Oct. 15	4	Canada	56,191,000 00	2,247,640 00
1955 May 1	3¼	London	48,666,666 67	1,581,666 67
June 1	3	Canada	40,000,000 00	1,200,000 00
June 1	3	Canada	55,000,000 00	1,650,000 00
1956, Nov. 1	4½	Canada	43,125,700 00	1,940,656 50
1957, Nov. 1	4½	Canada	37,523,200 00	1,688,544 00
1958, Sept. 1	4	London	73,000,000 00	2,920,000 00
Nov. 1	4½	Canada	276,687,600 00	12,450,942 00
1959, Nov. 1	4½	Canada	289,693,300 00	13,036,198 50
1960, Oct. 1	4	London	93,926,666 66	3,757,066 67
Oct. 1	4	New York	100,000,000 00	4,000,000 00
1961, Jan. 15	3¼	New York	48,000,000 00	1,560,000 00
1966, June 1	3¼	Canada	54,703,000 00	1,777,847 50
Perp. Sept. 15	3	Canada	55,000,000 00	1,650,000 00
1967, Jan. 15	3	New York	55,000,000 00	1,650,000 00
Treasury Bills due April 1, 1937	·745	Canada	25,000,000 00	186,250 00
Treasury Bills due April 15, 1937	·747	Canada	25,000,000 00	186,750 00
Treasury Bills due May 1, 1937	·758	Canada	30,000,000 00	227,400 00
Treasury Bills due May 15, 1937	·776	Canada	25,000,000 00	194,000 00
Treasury Bills due June 1, 1937	·776 (est.)	Canada	20,000,000 00	155,200 00
Treasury Bills due June 15, 1937	·776 (est.)	Canada	25,000,000 00	194.000 00
			3,337,332,404 46	125,081,459 97

Payable in Canada	2,478,464,807 67	74·27%
Payable in New York	449,000,000 00	13·45%
Payable in London	409,867,596 79	12·28%
	3,337,332,404 46	100 %
Less bonds and stocks of the above loans held as sinking funds (estimated)	61,758,481 68	
	3,275,573,922 78	

(a) Tax free in Canada

INDIRECT LIABILITIES

Bonds and debenture stocks bearing the guarantee of the dominion outstanding in the hands of the public at the close of the fiscal year will amount to $1,003,000,000, an increase of $9,000,000 over the same date a year ago. This increase is due mainly to the issue of dominion guaranteed securities to refund matured or called debt of the Canadian National Railways which had not been guaranteed.

In addition, there are other contingent liabilities arising out of guarantees given under relief and other acts. During the year the only new guarantee was that in connection with the home improvement plan under which the government guarantees approved lending institutions against loss up to 15 per cent of the aggregate amount of loans made by each lending institution. The limit of the aggregate loans to be made under this plan will be $50,000,000 and therefore the maximum contingent liability of the government will be $7,500,000. As at January 31, 1937, the amount of such loans subject to guarantee was $1,501,000. It is difficult to estimate what the total will be on March 31, 1937, as an acceleration of lending activity is expected with the approach of the spring building season.

I am glad to be able to report that as a result of the policy of orderly marketing and the rise in wheat prices to which I have already referred, bank loans which were made to the Canadian wheat board under our guarantee have been completely paid off, as well as the loans made from time to time directly to the board by the government. In a report made public on January 4, 1937, the Wheat Board stated that the total wheat and wheat contracts which had been taken over from Canadian Cooperative Wheat Producers Limited as of December 2, 1935, amounted to 205,186,980 bushels. As of that date the board also held 90,186,986 bushels of 1935 crop wheat making a total holding as of that date of 295,373,966 bushels. The wheat and contracts taken over from Canadian Cooperative Wheat Producers Limited plus the total receipts by the board of 1935 crop wheat to the end of the crop year on July 31, 1936, aggregated 355,927,206 bushels. By July 31, 1936, the board's total holdings of wheat and wheat contracts had been reduced by sales to 86,729,413 bushels. Even after giving effect, as of March 31 last, to the payment of $15,856,000 which we made to the board, the liability of the board on that date for guaranteed bank advances was still substantial. To-day the board has outstanding no loans from the chartered banks or the dominion government or from any other source.

There is still outstanding the dominion's guarantee to the Winnipeg Grain and Produce Clearing Association Limited given to assure the due payment of day to day margin moneys which may be payable by the wheat board to the association arising out of transactions and trades in grain made by the board as a member of the association. These margin deposits are made daily and no liability accrues from day to day. The government's guarantee of bank advances for the purchase of oats by Canadian Cooperative Wheat Producers Limited for account of the province of Saskatchewan is also still outstanding. As at February 1, 1937, the amount of bank loans outstanding subject to this guarantee was $384,760.

I now place on Hansard a table giving the principal amount of the bonds and debenture stocks and other indebtedness guaranteed by the dominion which it is estimated will be outstanding as at March 31, 1937:

BONDS AND DEBENTURES STOCKS GUARANTEED BY DOMINION GOVERNMENT AS AT MARCH 31, 1937

Date of Maturity	Issue	Interest Rate	Amount Outstanding
		%	$ cts.
May 1, 1938	Canadian National	2	13,400,000 00
Feb. 15, 1943	Canadian National	2	55,000,000 00
Feb. 1, 1944	Canadian National	2¼	15,500,000 00
May 1, 1944	Canadian National	3	35,000,000 00
July 1, 1946	Canadian Northern	6½	24,238,000 00
April 1, 1948	New Westminster Harbour Commissioners	4¾	700,000 00
Dec 15, 1950	Canadian National	3	20,500,000 00
Sept. 1, 1951	Canadian National	4½	50,000,000 00
Feb. 1, 1952	Canadian National	3	20,000,000 00
Aug. 1, 1952	Saint John Harbour Commissioners	5	667,953 04
Feb. 15, 1953	Canadian National	3	25,000,000 00
July 10, 1953	Canadian Northern	3	9,359,996 72
Feb. 1, 1954	Canadian National	5	50,000,000 00

BONDS AND DEBENTURES STOCKS GUARANTEED BY DOMINION GOVERNMENT AS AT MARCH 31, 1937—*Concluded*

Date of Maturity	Issue	Interest Rate	Amount Outstanding
		%	$
Mar. 1, 1955	Canadian National (West Indies) Steamships Limited	5	9,400,000 00
June 15, 1955	Canadian National	4¾	50,000,000 00
Feb. 1, 1956	Canadian National	4½	70,000,000 00
July 1, 1957	Canadian National	4½	65,000,000 00
July 20, 1958	Canadian Northern	3½	7,896,546 21
May 4, 1960	Canadian Northern Alberta	3½	3,149,998 66
May 19, 1961	Canadian Northern Ontario	3½	34,229,996 87
Jan. 1, 1962	Grand Trunk Pacific	3	34,992,000 00
Jan. 1, 1962	Grand Trunk Pacific	4	8,440,848 00
July 1, 1969	Canadian National	5	60,000,000 00
Oct. 1, 1969	Canadian National	5	60,000,000 00
Nov. 1, 1969	Harbour Commissioners of Montreal	5	19,000,000 00
Feb. 1, 1970	Canadian National	5	18,000,000 00
By drawings	Canadian National	2	24,205,685 53
Various dates, 1937-54	City of Saint John Debentures assumed by Saint John Harbour Commission	Various	1,197,641 72
Serial Feb. 1 and Aug. 1, 1937-38	Canadian National Equipment "G"	5	2,250,000 00
Perpetual	Grand Trunk Guaranteed Stk	4	60,833,333 33
"	Grand Trunk Debenture Stock	5	20,782,491 67
"	Great Western Debenture Stock	5	13,252,322 67
"	Grand Trunk Debenture Stock	4	119,839,014 33
"	Northern Railway of Canada Debenture Stock	4	1,499,979 67
			1,003,335,808 42

Other Indebtedness Guaranteed

	Estimated principal amount outstanding March 31, 1937	
Bank advances, re province of Manitoba Savings Office	$ 7,121,825	
Bank advances, re government of Newfoundland	625,000	
Bank advances, re Dominion Steel and Coal Corporation (order for rails)	144,282	(Feb. 20, 1937)
Province of British Columbia treasury bill	626,534	
Province of Manitoba treasury bill	5,894,127	
Bank advances, re Canadian Cooperative Wheat Producers Limited (Saskatchewan oats account)	386,988	(Feb. 13, 1937)
Reserve of chartered banks on deposit in Bank of Canada	192,946,716	(Feb. 17, 1937)
Guarantee of home improvement loans (15 per cent of aggregate loans made)	225,150	(Jan. 31, 1937)

I now come to the budget forecast for 1937-38:

BUDGET FORECAST—1937-38

I have already stated that the over-all deficit for the current fiscal year is estimated at $87,395,000. While it is the smallest deficit since 1930-31, nevertheless its magnitude is such as to indicate the necessity of unceasing effort to restore a balance between total income and total outgo at the earliest possible moment. In the budget of last year I discussed in some detail the dangers involved in the continuing series of large annual deficits and defined the government's policy as one which sought "an immediate, appreciable approach to a balanced budget as the first step in a definite, positive program which will assure the attaining of our final objective within a limited period." I then indicated the measures by which it was proposed to reduce the previous year's deficit by approximately $60,000,000 to a figure not in excess of $100,000,000 for the current year. At that time, while I did not expressly state my expectations in view of prevailing uncertainties, I hoped that it would be possible to reduce the deficit to $50,000,000 for 1937-38 and to wipe it out altogether the following year. It now seems probable that this objective will be within our powers of accomplishment.

The house will recall that the main estimates, which are intended to provide for the ordinary operations of government, call for appropriations of $410,467,000, and I expect the various departments, under the

consistent pressure which is being exerted to effect economies and hold down expenditures, to keep their actual expenditures below the aggregate appropriations by as much as five to ten million dollars. The special supplementary estimates which will be tabled shortly and are intended to make provision for those special or emergency needs arising out of the abnormal conditions now prevailing, indicate a maximum total expenditure of about $96,000,000. Later, the usual provision will be necessary by way of ordinary supplementary estimates for a moderate amount of further expenditures. In this connection, I wish to announce that the government has decided to recommend to the house the restoration of the 5 per cent deduction from civil servants' salaries, effective from the beginning of the new fiscal year, and the necessary provision will have to be made in the supplementary estimates. Making allowances for these additional expenditures, we may estimate the total expenditure for 1937-38 at about $520,000,000.

The house will realize that at this early date it is very difficult to estimate the revenues for next year with the same assurance as in previous budgets. However, judging by the way revenues have been running during the last few months, and based on the outlook for the next twelve months, I estimate that for the fiscal year 1937-38 our present tax structure will produce an aggregate revenue of $485,000,000 derived from the usual sources as follows:—

Taxation Revenue—	
Customs duties	$ 90,000,000
Excise duties	47,500,000
Income tax	113,000,000
Sales tax	131,000,000
Manufacturers', stamps, importations and other special taxes.	42,000,000
Banks and insurance companies	2,000,000
Total taxation revenue	$425,500,000
Non-tax Revenue—	
Post office receipts	36,000,000
Interest on investments	11,600,000
Other	11,900,000
Total non-tax revenue	$ 59,500,000
Grand total revenue	$485,000,000

This estimate takes no account of any special receipts and credits and represents a lower rate of increase than took place during the present year even after making allowance for that portion of this year's increase in receipts which was due to increased tax rates.

If this estimate of total revenue is realized and if aggregate expenditures are kept within the estimated figure of $520,000,000, the overall deficit for the coming year should not exceed $35,000,000. Stating my expectations in another way, I shall be greatly disappointed if we cannot keep our total deficit for 1937-38 within the limit represented by the net cash deficit of the Canadian National railway system. If we can attain this objective in 1937-38, I am confident that it should not be beyond our powers to wipe out the deficit altogether during the following year and begin the period when progress can be made in liquidating the accumulated deficits which have been funded during the depression. That is the goal which we must steadily keep in sight.

[Mr. Dunning.]

Last year the size of the gap between total income and total outgo made it essential to impose a substantial increase in taxation levies. The public accepted the imposition of these new burdens, not gladly it is true, but nevertheless with a sure sense that it was the right thing to do, that a serious problem existed and that it had to be faced squarely, though sacrifices might be involved. Fortunately the increase in the total income of the people has reduced the weight of the burden. In view of the progress that has already been made and the outlook for the immediate future, I am indeed happy to inform the house that it is not my intention to recommend any increases in taxation for the coming year.

Taxation Changes

The income tax will continue on the present basis. Furthermore, no alterations are to be made in rates of taxes either under the Special War Revenue Act or under the Excise Act. The only changes proposed are a few minor additions to the schedule of exemptions under the sales tax. Articles specially designed for use of the blind are to be given exemption. Art work and printing plates made therefrom for non-advertising purposes in periodical publications will also be exempted. Other items to be added to the list of exemptions are raw and salted hides, certain refractory materials, spinal braces and parts thereof, ingredients used in canning fish, and parts for grain and seed cleaning machines.

TRADE AND TARIFFS

I turn now, Mr. Speaker, to matters relating to trade and tariffs. The expansion of our foreign trade is undoubtedly the outstanding feature of the recovery movement in Canada during the past year. The acceleration of foreign demand for our products has probably been the most important single cause of the increase in our productive activity. It has provided expanding and profitable markets

for our great primary industries and as a result of this impulse new vigour has been infused into all our industries.

Foreign Trade

In the calendar year 1936 Canada's export trade passed the billion dollar mark, the higest level since 1929. Indeed, taking account of the lower level of prices, the physical volume of our exports was about equal to the 1929 level. The value of our exports, including commercial gold, reached a total of $1,027,901,000, a gain of $189,559,000, or 23 per cent over 1935. This increase is all the more significant in view of the fact that agricultural and vegetable products which accounted for 47 per cent of our total exports in 1928 were only 34 per cent of the total in 1936. Imports for the year amounted to $635,191,000, which exceeded the 1935 total by $84,876,000, an increase of 15 per cent. Our total foreign merchandise trade for the year amounted to $1,663,093,000. This was an improvement of $274,435,000 over the previous year, or an increase of 20 per cent. The latest available figures for exports show a percentage increase for January of this year, even greater than that for the whole year 1936. The increase in January, 1937, over January, 1936 was nearly 29 per cent. As a result of our gains in 1936 Canada has moved up from fifth to fourth place among the nations of the world in export trade, while retaining her position of fifth place in total trade.

This expansion of our foreign commerce of course reflects in part the improvement in world trade conditions, more stable currency relations in foreign exchange markets, and a general improvement in the demand for raw materials. But that is by no means the whole story. For while the total international trade of the world, as indicated by figures for 73 countries published by the League of Nations, is estimated to have improved by about 8 per cent in 1936, Canada's total trade showed an increase of 20 per cent. As our own trade gain is so much above the average of other countries I think it is not unreasonable to interpret this as clear evidence of the success of the government's trade policies.

A statement of total merchandise trade for the twelve months ended December 31, 1936, with comparative figures for 1935 follows:

Trade of Canada
(includes commercial gold but not monetary gold)

	Calendar Year 1935	1936	Increase
Imports	$ 550,314,551	$ 635,190,844	$ 84,876,293
Exports:			
Canadian produce	825,284,114	1,015,205,435	189,921,321
Foreign produce	13,058,945	12,696,519	—362,426
	$1,388,657,610	$1,663,092,798	$ 274,435,188

The figures just given show that Canada established on merchandise trade account a very substantial net credit balance. If to the export figures already given we add, as we should, the gold earmarked during the year and held by the Bank of Canada for clients abroad, that is, gold of our own production which would otherwise have gone abroad and is, in fact, owned abroad and paid for so far as we are concerned, then the excess of our exports over our imports would have amounted to the very impressive total of $452,000,000. The credit balance on commodity trade alone, excluding gold, was 326·9 million dollars, and was the largest recorded since 1925. Preliminary estimates of tourist trade show an increasing stream of visitors to our country, and an expenditure here last year of about $250,000,000, an increase of more than 24 per cent over 1935. After deducting estimated Canadian tourist expenditures abroad there still remains a net credit balance on tourist account of $165,000,000. Adding this to our merchandise credit just referred to gives a total credit balance of no less than $617,000,000 on account of merchandise and tourist trade combined.

This credit balance, Mr. Speaker, gave Canada an ample supply of foreign exchange funds with which to meet interest and dividend payments to foreign creditors as well as other invisible debit items in our balance of payments, and at the same time enabled us to effect a very substantial reduction in our net capital indebtedness abroad.

In examining the distribution of our trade among countries during the past year we find that the United Kingdom purchased from us just over $400,000,000 worth of goods, which was about 39 per cent of our total exports, a percentage slightly above that of the previous year. The British Empire, as a whole, took about $486,000,000 of our total sales abroad as compared with $382,000,000 in the previous year. While the greater part of this additional

volume sold within the empire went to the United Kingdom, nevertheless South Africa, Australia and New Zealand also purchased substantially more from us than in 1935.

Imports from the United Kingdom were slightly higher in volume, reaching a total of $123,000,000 as compared with $117,000,000 for the previous year. From the empire as a whole our purchases were up over $15,000,000 in 1936 as compared with 1935.

I desire now to place on Hansard figures showing trade with the United Kingdom and with the empire as a whole, for the calendar year 1936, with comparative figures for 1935:

Trade of Canada with Empire Countries
(includes commercial gold but not monetary gold)

	Calendar Year 1935	1936
Imports from the United Kingdom	$116,670,227	$122,971,264
Exports to the United Kingdom	307,714,364	400,749,376
Imports from the British Empire	173,888,810	189,319,021
Exports to the British Empire	382,222,952	485,619,218

I am sure it will be a matter of special interest to the house to observe the growth in our trade with the United States, as we now have a full year's experience under the operation of the agreement which established new schedules of rates on January 1, 1936. During the year our total trade with the United States, including commercial gold, amounted to $787,000,000 as compared with $683,000,000 for 1935, an increase of $104,000,000, or 15 per cent. If we exclude commercial gold entirely from the figures for the two years under comparison we find that the trade increase in 1936 was just over 22 per cent. Calculated on this same basis, exports to the United States were greater by 26 per cent, while imports from the United States were higher by 18 per cent. It will be noted that these percentage increases are appreciably above the corresponding increases in our trade with all countries. The increase in trade with our nearest neighbour is ample evidence of the benefits which follow a policy of seeking wider markets through trade agreements. I shall now review, in summary fashion, the steps which have been taken by the government in this direction during the past year.

TRADE AGREEMENTS

As a result of negotiations, Russia rescinded an order of April 20, 1931, which had prohibited all importing organizations and trade representatives of the Soviet Union from purchasing any goods of Canadian origin, as well as from chartering Canadian vessels. Canada, on her part, rescinded the Order-in-Council of February 27, 1931, prohibiting the importation from the Soviet Union of coal, woodpulp, pulpwood, lumber, asbestos and dressed furs.

A provisional trade agreement was concluded with Germany on October 22, 1936, whereby each country conceded to the other a guarantee of most-favoured-nation treatment in tariff matters. Associated with this was a "payments agreement," which provides that exchange accruing from German exports to Canada shall be made available for the purchase of Canadian goods. Definite percentages of this exchange are allotted for the purchase of commodities of such interest to Canada as wheat, apples, cheese, honey, fish, fox skins, asbestos and lumber.

The Canadian-Polish convention of commerce was brought into operation, providing for exchange of most favoured nation treatment between Canada and Poland, and for special concessions on both sides with respect to a limited list of articles.

A former arrangement with Brazil, whereby Canada conceded her intermediate tariff to Brazil in return for most favoured nation treatment, was terminated by Brazil on July 30, 1936, in pursuance of her policy of cancelling all old trade agreements. Following negotiations, Canada retained the benefit of the Brazilian minimum tariff (which is about one-quarter less than the maximum) on all goods, in return for granting to Brazil the Canadian intermediate tariff.

With another South American country, Uruguay, Canada signed an agreement on August 12, 1936, which provides for exchange of most-favoured-nation treatment as regards customs duties and related questions, including quotas and allocation of exchange for commercial transactions. Uruguay is to accord Canada her normal tariff, thus ensuring Canadian goods against a tariff one-half higher, which, under Uruguayan tariff regulations, may be applied to countries not offering reciprocity.

The trade agreement of 1932 between Canada and New Zealand, which was drawn for only one year, has been kept in operation by several renewals; on July 22, 1936, the agreement was extended until September 30, 1937, without further amendment.

Canada-United Kingdom Trade Agreement

These general observations regarding the expansion of our import and export trade constitute a fitting introduction to the presentation to parliament of the new trade agreement which has just been concluded with the United Kingdom. The speech from the throne intimated that agreement in principle had been reached between the two governments. As you now know, sir, the new trade agreement was signed on Tuesday of this week, and at the conclusion of these remarks I shall lay it upon the table of the house. At this point I should state that by arrangement with the government of the United Kingdom, which is as anxious as we are to put the tariff changes arising from the agreement into force at the earliest possible moment, it has been agreed that the provisions of article 9 and schedule "E" of the 1932 agreement shall cease to have effect from 12 o'clock to-night, when the provisions of articles 6, 7, and 8 and schedules IV and V of the new agreement will be in effect.

The extent and importance of Canada's trade with the United Kingdom would enable me to give a much more imposing statistical presentation than I used earlier in these remarks. But in this matter widely known and well understood facts make mere figures seem superfluous. We all realize that Canada's most prized market has been and continues to be the United Kingdom. Every Canadian minister of finance, in almost every budget speech, has had occasion to refer to that fact. In going last summer to London to initiate the negotiations which have resulted in the agreement to be tabled this afternoon, Canadian ministers realized that they were setting out upon a mission the objective of which was not to capture but to hold the most valuable market this dominion has ever known. As to how or when or by whom that great market was gained for Canada is not a matter about which we need dispute. Former Liberal administrations were pioneers in seeking it out and securing it, for they first conceived and put into operation the principle of giving to British goods a preferred position in our economy. But the good work initiated in 1897 has been carried on by all succeeding governments in Canada, however greatly the views of the major parties might differ as to the best means of attaining the objective. While those of us who sit now to your right, Mr. Speaker, may not adopt the same methods as our predecessors, believing our own to be better, we readily admit that they and we have been and are actuated by a keen desire for the best good of our country. Our objective, may I repeat, at London last summer was to retain for Canada a magnificent market; and I am certain that the opinion of this house and the country will be that the ground which has been won over many years has been held and consolidated at a minimum of cost.

Time will permit me to review only briefly the general principles underlying the agreement and to summarize its main provisions. Needless to say, all the articles in the agreement as well as the items comprising the schedules thereto, will be open to the fullest discussion when the House is in committee.

Careful examination of the provisions of the new agreement, which can only be made in committee, will I think, convince the house that a successful effort has been made to bring the policy of British preference, which successive Canadian governments have maintained for forty years, into closer alignment with the trade policy to which this government stands committed. The present agreement is in no sense a simple renewal of the trade agreement between Canada and the United Kingdom signed at Ottawa in 1932. The detailed differences between it and the one which it will supersede will be developed in committee. From the beginning, however, it should be clearly understood that throughout the negotiations which resulted in the present agreement, the Canadian government has insisted on broadening the opportunities of international trade, without impairing the practical effectiveness of the British preferential system, and has endeavoured to apply within that system the principles of commercial policy which it hopes to see realized in the economic relations of Canada with the rest of the world. The measure in which these objectives, which were in large part shared by the government of the United Kingdom, have been attained, can only be appreciated by a close examination of the text of the new agreement and its comparison with the corresponding provisions of the Ottawa agreement of 1932.

The goal of both the United Kingdom and the Canadian government in intra-imperial, as in international trade, is the lowering of tariff barriers and the freeing of trade from fettering restrictions; and the preamble to the agreement is evidence of a new emphasis on the importance of increasing the volume of international and intra-imperial trade, and a departure from some of the earlier forms of preferential policy, which were too much concerned with diverting a diminishing volume of trade into unfamiliar and uneconomic channels.

An examination of the changes in the structure of the Canadian tariff resulting from the application of the provisions of the new agreement will show that the emphasis on trade expansion in its preamble is not misplaced. Although actual margins of preference on 179 items enumerated in schedule IV will be increased, in each case this increase is a consequence of a reduction in the duty against the United Kingdom. No preferences have been enlarged or created by increasing rates of duty against third countries, and the concessions made to the United Kingdom have been by way of lowered duties. It should not be necessary to stress the fundamental difference between this approach to the problem of preferential treatment and that which resulted in the 1932 agreement, in which a large proportion of the preferences guaranteed to the United Kingdom were created by raising the intermediate and general tariffs, and coupled, in a number of cases, with higher duties against the United Kingdom itself than had formerly been in force.

It will be found, in comparing the tariff items in schedule IV on which the preferential rate is reduced, with those in schedule I of the Canada-United States trade agreement, in which special reductions below the intermediate tariff were accorded the United States, that there are very few items which occur in both schedules. The explanation of the fact that enumerated tariff concessions to the United Kingdom and to the United States are largely made on different commodities lies in the complementary rather than competitive character of the bulk of Canadian imports from our two chief customers and sources of supply.

The reduction in the number of tariff items on which margins of preference are bound against decrease, from 215 in the 1932 agreement to 91 in schedule V of the present agreement, is further evidence of the effort that has been made to reconcile the principle of preferences with the necessity of removing barriers that stood in the way of international trade. The new agreement achieves a radical and far-reaching revision of the restrictions which its predecessor put upon the freedom of Canada to negotiate for the reciprocal reduction of tariff rates with third countries. Many items on which the differential margin between the British preferential and intermediate tariffs had operated either to limit Canadian trade treaty negotiations with foreign countries, to maintain prices of imported or domestic goods at unduly high levels, or in which five years' experience had shown that United Kingdom industries had not made, or were not likely to make, full use of the preferences afforded them, have been dropped from the schedule, and, in twenty-one cases, the margins of preference on items remaining have been reduced.

In addition to the limited number of fixed margins of preference provided for in schedule V of article 8, there is provision in article 7 for a sliding margin of preference on United Kingdom goods, which are enumerated in schedule IV, dutiable under that schedule and "not of a class or kind made in Canada." I might point out that the obligation to maintain preferential margins on goods in this special category is terminable at any time by the reduction of the British preferential rate to free entry.

Further, either government is free at any time to modify or suspend any of the margins of preference set out in schedules III or V, if it is satisfied that a combine or monopoly of exporters is exploiting its domestic consumers by virtue of the preferential margins there provided for.

The gradual change and diversification of trade between Canada and the United Kingdom has given a very real point to the grievance frequently voiced by British industrialists who have been heard to complain that while competitive Canadian goods could enter the British market free of ordinary duty and free of dumping duty, and in some cases be sold there at prices below the fair market value for home consumption of the same goods in Canada, if the British manufacturer tried to meet dumping by dumping, his efforts were effectively blocked by ordinary duty plus special duty, which kept the Canadian market a closed and profitable preserve for our protected manufacturers. Such situations I know were not very frequent, but that they could occur is sufficient justification for the inclusion in the agreement of a special provision—article 12—under which the Canadian government agree that, in circumstances such as I have described, they will exempt particular classes of United Kingdom goods from dumping duty. This article is self-explanatory; it will, I think, be recognized as neither more nor less than an assurance of fair play both for the British manufacturer and the Canadian consumer. I hope that this evidence—afforded by the presence of this article in the agreement—of the government's determination to give no shelter or protection to unfair practice in export or internal trade, will in itself lead offenders to abandon the practice complained of, and make it unnecessary to apply the procedure provided in the agreement.

From this review of the aspects of the new agreement affecting the tariff treatment of British goods imported into Canada, it will,

I think, be recognized that the Canadian government has succeeded in translating into policy those principles by which, in opposition, its leaders measured and criticized the Ottawa agreement of 1932. It will be remembered that the principal counts on which that agreement was then judged and found wanting were, first, that preference had been increased by raising rates against third countries instead of lowering them in favour of Britain; second, that an inordinate number of tariff rates were bound against decreases; and, third, that the term of the agreement—it was fixed for five years as against three for the new agreement—was unduly long and restricted the independence of action of succeeding parliaments and governments. Under each of these heads, the new agreement meets the conditions which the present Prime Minister laid down when leader of the opposition, and, taken as a whole, I think it can be regarded as the complement within the commonwealth to the United States trade agreement in the international field.

Turning now to those provisions of the new agreement bearing on the tariff treatment of Canadian goods imported into the United Kingdom, I need not emphasize the vital importance to Canada of confirming, for a further period of years, the assurance of unrestricted free entry into the United Kingdom market, which perhaps more than any other single factor has assisted Canadian economic recovery. In these years of constricted international trade, when high tariffs, exchange regulations and quantitative restrictions of every type have limited Canadian export opportunities, free entry into the United Kingdom market has saved the Canadian economy from strains that it probably could not have withstood. The importance of external markets to a country geared into a world economy needs no expounding—and of external markets no other has continued all through Canadian history to offer to the Canadian lumberman, farmer and fisherman the freedom of access which he enjoys in the United Kingdom.

The assurance in article I of the new agreement of the continuance of free entry for Canadian products is undoubtedly the great advantage which we receive from it. In maintaining free entry into the United Kingdom for Canadian goods, including manufactured products, we have kept open for a further term of years a door that once seemed to be rapidly closing. It is a matter of common knowledge that British industrial interests, with appetites edged by their recent taste of tariffs, are anxious to round out their present protective system by the imposition of duties on manufactured goods imported from Canada—nor are British agriculturists by any means reconciled to the continuance of free entry for empire produce. The fact that, in spite of the influence of these powerful economic groups, the government of the United Kingdom were prepared to renew the assurance of free entry for Canadian produce is evidence of their appreciation of the magnitude and value of the reductions in duty on United Kingdom goods contained in schedule IV to the new agreement.

The trade figures that I am tabling in a separate document indicate much more clearly and vividly than any summary I could compress into this speech, the range of Canadian commodities, produce of factory, fisheries, forest, farms and mines, that are now being exported to the United Kingdom. It is this vast physical movement of goods that is in the last analysis the test of the value to Canada of the free entry into and preferential treatment in the world's greatest import market which the terms of this agreement assure us. We are all aware of the importance of the British market for lumber and salmon and apples and wheat—we are less likely to realize that it is also a market for iron and steel products—for motor cars and machinery, manufactured goods of many kinds. The exchange of goods between Canada and the United Kingdom is no longer merely an exchange of raw materials for finished goods.

I do not propose to enlarge on the items on which the United Kingdom has agreed to reduce or stabilize its tariffs. The reduction of duty and consequent increased margin of preference on natural silk stockings will be of value to an export industry that has, in recent years, been supplying an increasing share of the United Kingdom's import requirements, while the assurance that neither the duty on motor cars and their parts, nor their content qualification for preferential treatment, will be increased without the consent of the government of Canada will remove two sources of uncertainty which have caused a major export industry a great deal of anxiety. In passing, it might be noted that schedule II contains the first reduction of rates by the United Kingdom in a trade agreement with a commonwealth country; in most of the trade agreements concluded by the United Kingdom in recent years that country has refused to make any reductions in tariff, and confined its concessions to undertakings not to increase existing rates of duty.

As regards those commodities on which Canada is guaranteed the benefits of definite margins of preference, I might point out that there are no articles in schedule III on which

margins of preference were not bound in one or other of the agreements concluded by the United Kingdom with the dominions in 1932. There were a number of commodities on which the same margins were guaranteed to two or more dominions, and there were other commodities on which a margin was guaranteed to one dominion but of which some other dominion was actually the United Kingdom's largest supplier; for instance, the margin on honey was bound in the New Zealand agreement but Canada sent more honey to the United Kingdom than did New Zealand, while the margin on chilled and frozen salmon was bound in the Newfoundland agreement, although Canada was as large an exporter of this product as Newfoundland. In negotiating the present agreement, we not only consolidated the preferences shown in schedules B and C of the Canada-United Kingdom agreement, but added a number of preferences, which the United Kingdom was already bound to maintain and which are important to Canada.

Not only are no new commodities bound, but in no case have existing margins of preference been increased. It is as true to say for the United Kingdom as for Canada that no concessions incorporated in the new agreement have impaired the tariff treatment of third countries. In this connection, a point that is often overlooked by critics of the system of preferences might be emphasized. The preferences enjoyed by Canada in the United Kingdom market are really extremely moderate and are much lower in most cases than the measure of domestic protection enjoyed in home markets of foreign countries by competing producers of those commodities. The ad valorem preferences are as a rule ten per cent, and in no case exceed fifteen per cent; the preferences expressed as specific duties on foreign goods are approximately equivalent, at present prices, to this range of ad valorem rates.

Article 5 falls into two parts—the first part, relating to bacon and hams, corresponds to article IV of the 1932 agreement, which assured free entry of bacon and ham up to a maximum of 2,500,000 hundredweight or 280,000,000 pounds per annum. The new agreement continues the assurance of free entry and confirms the maximum of two and a half million hundredweight (almost double the largest actual shipments made by Canada in any year to date). It assures Canadian farmers an uninterrupted opportunity of expanding their export trade toward that maximum and precludes the United Kingdom from bringing imports from Canada within its general system of supply regulation, unless their rate of expansion becomes "abnormal and such as to endanger the effective working of the system of supply regulation"—and then only after consultation with the Canadian government, which, for its part, agrees to continue to furnish as close estimates as possible of the forward movements of bacon and ham to the United Kingdom market. The importance of the assurance of favourable entry into the profitable and protected British market for bacon—which is, incidentally, the only import market for bacon of any consequence in the world to-day—is clearly shown in the supplementary statistical material which I propose to have printed for the convenience of members of the house. At this time it is enough to say that in the last calendar year, out of total exports—that is Canadian exports—of bacon and ham of 158 million pounds, 98 per cent of the total, or more than 154 million pounds, valued in excess of $25,000,000, were shipped to the United Kingdom. The safeguarding of this market, and the maintenance of our opportunity to expand our sales in it, are in themselves major advantages of the new agreement.

The special provisions of the agreement relating to bacon and cattle represent an adjustment of differing types of economic organization. The general assurance of exemption from import duty had to be reinforced—for these commodities—by guarantees that the system of supply regulation which the government of the United Kingdom has adopted for the protection of its domestic agriculture would not frustrate the purpose of the preference which they were ready to accord to Canadian produce. It was, therefore, necessary in each case to work out in collaboration with the United Kingdom a method of securing for Canadian farmers the opportunity to develop their exports to the United Kingdom, without attempting to dictate to the United Kingdom government the form that its domestic policy should take. This method we think we have finally found in article 5 of the new agreement, which safeguards Canadian interests and at the same time enables the United Kingdom to proceed with a policy of marketing organization which they hope will result in stable and remunerative prices for bacon and beef, from which of course every Canadian producer of hogs and cattle will benefit.

The detailed arrangements affecting cattle and beef are complicated and I shall reserve their fuller discussion for committee. At this stage I shall only point out that our producers

are guaranteed absolute freedom from import duty, the value of which is enhanced by the preferential margin created by the imposition as from December 1, 1936, of a duty of a cent and a half a pound on foreign chilled beef, and a proportionate duty on foreign frozen beef. Within the framework of the general scheme for regulating the import of cattle and beef into the United Kingdom, Canadian exports of fat cattle and beef would be free from all quantitative control so long as the annual quantities shipped do not exceed what the agreement describes as "recent levels," that is, 1933 and 1934, when the number of fat cattle exported to the United Kingdom averaged 50,000 head as against 6,000 odd in 1935 and 33,000 in 1936. In passing I might point out that the irregular volume in which Canadian cattle move to the United Kingdom market, which in 1934 took 85 per cent of our exports as against only 7 per cent in the next year, illustrates the basic difficulty of adjusting our interest in reserving the right of access to what is now a secondary market for our cattlemen, with the United Kingdom's not unnatural interest in securing a stable and uninterrupted supply of meat from countries whose interest it would be to cooperate in its endeavours to stabilize supplies and prices at a remunerative level. In the light of this situation it should, I think, be agreed that the United Kingdom has gone a long way to recognize the special character of the Canadian cattle export trade and to make special allowances for its maintenance under the international meat scheme which it proposes to set up.

The fact that there is no counterpart in the present agreement to articles 5 and 18 of the 1932 agreement does not mean that the United Kingdom proposes to revert to the conditions which governed the importation of live cattle from Canada prior to 1932, or that Canada has any intention whatever of altering, to the disadvantage of the United Kingdom, the regulations for the importation of pedigreed stock from that country.

General considerations of the same order account for the disappearance of articles 10 to 17. Surely this country has sufficient interest in maintaining an efficient and law-abiding customs administration to make one-sided provisions, such as article 16 of the old agreement, entirely unnecessary. Questions of departmental procedure and organization, which are properly each country's domestic responsibility, have been returned to its jurisdiction. Formal changes of this character are of course subordinate to the main purposes of the agreement and will not involve any interruption of arrangements that have been working to the general satisfaction of both countries.

Concessions in the tariff treatment of United Kingdom goods which are to be made by Canada are chiefly those embodied in schedules IV and V to the agreement. Schedule IV enumerates the proposed reductions in duties, while schedule V sets forth such fixed margins of preference as the Canadian government undertakes to maintain in favour of certain specified commodities originating in the United Kingdom. For purposes of brevity and clarity, it is advisable to refer separately to these two schedules.

Schedule IV enumerates 425 tariff classifications of goods on which this country gives an undertaking not to increase duties of customs against Great Britain in excess of those therein set forth. Of the 425 items, 246 appear for the purpose of binding as a maximum the duty at present effective, and 179 for the purpose of reducing the existing rate on United Kingdom products. As an indication of the scope of the reductions in duty, it may be stated that, in the fiscal year ended March 31, 1936, imports from the United Kingdom of the goods covered by the group of 179 items which are to be reduced were valued at between 27 and 28 million dollars.

Mr. BENNETT: Are the 179 items to be bound at the reduced rate?

Mr. DUNNING: Yes, bound against increase.

Obviously, time at my disposal will not permit detailed reference to the great number of commodities affected by the reductions in rate under schedule IV. Beyond any doubt, however, these represent the most extensive downward revision of duties on United Kingdom products made at any one time since the inception of the British preference. These reductions cover an extremely wide range of semi-processed and fully manufactured goods of the kind which enter into the daily living of our people:—

In foodstuffs and other edible commodities, reduced rates will apply on meat extracts, chocolate and cocoa preparations, unsweetened biscuits, pickled and preserved vegetables, marmalades and preserves, canned herring, and confectionery of all kinds. Reductions are proposed also on cigarettes, as well as on ale and beer.

A wide field of paper products is affected, including greeting cards, camera films, electrical insulating board, wall-papers, wrapping paper of all kinds, and "all manufactures of paper n.o.p.," including envelopes and stationery.

Paints, varnishes and lacquers, as well as white lead, oxides and fillers, will bear lower imposts on importation from the United Kingdom, as will also certain clay products, notably firebrick, earthenware churns and crocks, tiles and blocks for flooring, sanitary earthenware of all kinds, and various types of English-made stoneware and earthenware.

The duties on glass tableware, cut glassware, and certain sizes and weights of plate glass are lowered, and rates on all unenumerated manufactured articles of glass are also reduced.

Reductions will apply on numerous primary and secondary products of iron and steel, including hot- or cold-worked bars and rods; rounds and squares of defined sizes; hot-rolled strip and hoop steel; poundage and other alloy steels in flat form; corrugated metal sheets and enamelled sheets; saw steel, tempered; fully finished structural steel; forgings of iron or steel; railway axles; cast iron and cast steel pipe; wire cloth and netting, including netting for fox-fencing; coal-cleaning machinery; ore and rock crushers, grinding mills, coal cutters and rotary coal drills; blowers and rotary kilns for metallurgical purposes; office machinery of all kinds; vacuum cleaners and sewing machines; lawn mowers and ball and roller bearings; nuts, bolts, butts and hinges; vitreous enamelled ware and other kitchen and dairy hollow-ware; sanitary ware of iron or steel, coated or not; steel wheels for railway rolling stock; trackless trolley buses; aircraft engines; dynamos, transformers, generators and electric motors; electrical precision instruments of various kinds; files and rasps; buckles, clasps, fasteners, needles and pins; and furniture of wood or metal.

In cotton goods, the reductions will affect printed, dyed or coloured fabrics; shadow-cloth, gabardines and certain cut-pile fabrics; cotton handkerchiefs; book-binders' cloth, and certain fine cotton fabrics.

Practically all the major items in the wool schedule figure in the list of proposed reductions. The following wool products are among those which will enter from the United Kingdom at lower duties than heretofore; woollen and worsted yarns, whether for manufacturing purposes or for counter-sale; pressed felt and wool filter cloth; blankets of all kinds; woollen and worsted fabrics "in the grey," imported for finishing in Canada; practically all lines and weights of woollen and worsted cloths, including suitings and overcoatings; woollen clothing of all kinds, and many unenumerated articles manufactured from or containing wool.

In silk and artificial silk goods there are many important reductions, including those on woven fabrics of all kinds, embroideries, laces, braids and cords; and clothing and wearing apparel wholly or in part of artificial silk.

The duties are reduced on knitted garments, knitted underwear and knitted goods of all kinds; as well as on hosiery, gloves and mitts, rugs and carpets, and linoleum.

Leather and leather products show reductions on belting; on gloves and clothing leather; and on all leather further finished than tanned, n.o.p. Similarly, duties are reduced on boots and shoes; on trunks, bags and valises; on fancy cases and boxes, and on clothing made from India rubber or from water-proofed cotton fabrics.

Miscellaneous articles upon which reduced rates are proposed includes braces, jewellery, brushes of all kinds, pens and pencils, tobacco pipes and all smokers' accessories, photographic dry plates, abrasives, medicinal and pharmaceutical preparations, toilet soaps, mucilage and adhesive pastes, surgical dressings and bandages, manufactured goods of celluloid, halibut liver oil, blackings and dressings for leather or metal, articles of sterling or other silverware, clock movements and parts thereof, children's carriages and sleds, picture and photograph frames, and woven dress linens.

An interesting feature is the provision for the free entry, from the United Kingdom, of goods, other than spirits or wines, more than 100 years old.

The undertaking to maintain certain fixed margins of preference applies only to the items enumerated in schedule V, which sets forth in each instance the measure or amount of the margin. This schedule contains 91 items as against 215 in schedule E of the agreement of 1932; moreover, in 21 of the 91 items comprising the schedule the amount of the margin to be maintained is materially lessened. Among the 125 items upon which Canada is no longer (as compared with 1932) bound to maintain fixed margins of preference, are many which will be of great value in trade negotiations likely to be entered into with other countries. There is this further important difference between Canada's commitments as to fixed margins in 1932 and the commitments being entered into to-day: that, except as regards certain primary iron and steel commodities, by far the greater part of the scheduled items enumerate commodities not produced or manufactured commercially at all in Canada, and, hence, entail no element of protection for domestic interests. The value of imports from the United Kingdom,

in the fiscal year 1936, under the 91 items on which fixed margins have been granted, was approximately 37 million dollars.

In the tariff resolutions which I shall table on concluding, it is provided that the various rates set upon United Kingdom products, under this agreement, shall become British preferential rates in the customs tariff. This is in accordance with the practice followed for many years by Canada of generalizing within the empire to the greatest possible extent concessions in tariff treatment granted to any one empire country. This principle is so desirable that, in this instance, the government is disposed to apply it without exception, in spite of the fact that there are involved one or two items in respect of which the chief beneficiary may be an empire country which affords no preference to Canada; in such instances, it lies within the power of the governor-general in council to withdraw from any such non-reciprocating empire country the preferential treatment now voluntarily extended to it.

We regard the agreement as a friendly arrangement for closer economic cooperation, from which both countries will benefit and by which no other country will suffer. A liberal and moderate preferential policy such as this agreement embodies will supplement and strengthen the growing movement for freer trade within the world as a whole.

Other tariff proposals, not directly associated with the United Kingdom agreement, while not great in number, are of importance to Canadian producing and consuming interests, and of considerable significance to countries whose trade with Canada has been a factor in the recovery to which I have previously referred. Revisions in duties which extend to intermediate tariff countries include reductions in the rates on cotton clothing of all kinds, as well as on a wide range of articles manufactured from cotton; on various gums and resins used in industrial processes; on well-casing of steel for oil and gas wells; on printing plates and paper used in the production of periodicals; on parts for aircraft engines; on a wide range of plastics and plastic materials; on plate glass, decorative marble, slipper cloth, parts of surgical instruments, and certain copper alloys. Provision is made for the entry free of duties from all countries of small "personal gifts," as well as for the free entry of stringed musical instruments certified to be more than 100 years old. Various liquorice fibres and products will enter at lower rates than heretofore, as will various fumigants and disinfectants, egg-cleaning machines, electric razors, forged steel rolls, silk yarns covered with metallic strip, certain motion-picture equipment, corset rivets, and cotton laces used in the garment industry.

TARIFF BOARD REPORTS

Reports which have been received from the tariff board and which find reflection in the tariff resolutions moved to-day include those on cherries in solution, motion-picture equipment, steel wool, hard rubber in sheets, and plastics, the last named providing for a completely new schedule to cover these products, now so widely used in industry. The board has reported also as regards chiffons and silica sand; and all reports received I shall table this day. The board will have ready in the near future reports on other matters referred to it, and it is expected that these will be received in time for consideration by the government while the house is still in committee of ways and means.

Conclusion

May I conclude, Mr. Speaker, on a note of cheer and of challenge: cheer, because the immediate outlook points to a continuation of the encouraging trends in economic activity which I have already reported; challenge, because the problems of depression we have still to solve and the new problems which will emerge with buoyant prosperity demand the best that we are capable of in wisdom, in forethought and in cooperative endeavour. We may rejoice that we have been among the leaders in the degree of our recovery from the depths of depression. But we have special problems inherited from the war or arising out of our economic and political structure with which we as a people and as a parliament will be confronted for some time to come. These problems are by no means insuperable; they merely forbid complacency, sectional dissension or relaxation of effort.

They can and will be solved as prosperity increases, if only we take care to see that such prosperity is soundly based and evenly distributed, and if we all put our shoulders to the wheel in a common national effort. I mention them here not to diminish the joy which we naturally feel in the record of expanding trade, increasing business activity, rising payrolls and improving revenues which I have been able to report, but rather as a challenge to continued endeavour, to individual, corporate and national integrity, to a keener sense of trusteeship in carrying out our everyday business and civic responsibilities. If this challenge be accepted by the Canadian people, I am confident, sir, that better days lie ahead—better indeed than we have yet known.

RESOLUTIONS

Mr. Speaker, I beg to give notice that when we are in committee of ways and means I shall move the following resolutions:—

SPECIAL WAR REVENUE ACT

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

1. That schedule III to the said act, being the list of articles exempted from the consumption or sales tax be amended as follows:

(a) by striking out the paragraph reading as follows:

"Fire brick, containing not less than ninety per cent of silica; magnesite fire brick or chrome fire brick; other fire brick when for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment, and articles and materials to be used exclusively in the manufacture of such fire brick; materials, not to include plant equipment, consumed in the manufacture or production, and which enter directly into the cost of the manufacture of such fire brick;"

and substituting therefor the following:

"Fire brick, plastic refractories, high temperature cement, fire clay and other refractory materials for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment, and materials to be used or consumed exclusively in the manufacture or production of such fire brick or refractory materials."

(b) by striking out the item reading as follows:

"grain or seed cleaning machines;"

and substituting therefor the following:

"grain or seed cleaning machines and complete parts therefor;"

(c) by adding to the said schedule the following:

"Raw and salted hides;

Photographs, paintings, pastels, drawings and other art work and illustrations of all kinds, whether originals, copies or proofs, and printing plates made to reproduce the same for use exclusively as non-advertising news pictures or for illustrating non-advertising articles or stories in periodical publications enjoying second-class mailing privileges, the pages of which are regularly bound, wire stitched or otherwise fastened together;

Materials used as ingredients in canned fish;

Goods enumerated in customs tariff items 236B and 698."

2. That any enactment founded on paragraph one of this resolution shall be deemed to have come into force on the twenty-sixth day of February, one thousand nine hundred and thirty-seven, and to have applied to all goods imported or taken out of warehouse for consumption on and after that day and to have applied to goods previously imported for which no entry for consumption was made before that date.

3. That subsection four of section eighty-six of the said act be amended by deleting the word "six" and substituting therefor the word "eight."

4. That any enactment founded on paragraph three of this resolution shall be deemed to have come into force on the second day of May, one thousand nine hundred and thirty-six.

EXCISE ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Act 1934 to give statutory authority to the validation fee of twenty cents per proof gallon upon spirits exported, which was imposed by regulation approved by order in council dated the second day of December, 1933; and that any enactment founded on this resolution shall be deemed to have come into force on the second day of December, one thousand nine hundred and thirty-three.

CUSTOMS TARIFF

1. Resolved, That the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended by chapter thirty-nine of the acts of 1929, chapter thirteen of the acts of 1930 (first session), chapter three of the acts of 1930 (second session), chapter thirty of the acts of 1931, chapters six and thirty-seven of the acts of 1932-33, chapters thirty-two and forty-nine of the acts of 1934, chapter twenty-eight of the acts of 1935, and chapter thirty-one of the acts of 1936, be further amended by striking thereout subsection 2A of section 6 thereof and substituting therefor the following:

(2A) The governor in council, whenever it is deemed expedient to do so, may order that import, excise or other duties and taxes, in whole or in part, shall be disregarded in estimating the market value for the purpose of special duty of goods of any kind imported into Canada from any specified country.

2. Resolved, That schedule A to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended by chapter seventeen of the acts of 1928, chapter thirty-nine of the acts of 1929, chapter thirteen of the acts of 1930 (first session), chapter three of the acts of 1930 (second session), chapter thirty of the acts of 1931, chapter forty-one of the acts of 1932, chapters six and thirty-seven of the acts of 1932-33, chapters thirty-two and forty-nine of the acts of 1934, chapter twenty-eight of the acts of 1935, and chapter thirty-one of the acts of 1936, be further amended by striking thereout tariff items 8, 105a, 105b, 120, 160(a), 190, 191, 200a, 219a, 219c, 219e, 232d, 235, 235a, 237, 238, 241, 242, 246b, 254, 287, 320, 321, 328a, 348a, 409e(ii), 410d, 431b, 445j, 446d, 447b, 449, 451d, 473a, 476, 511, 529a, 530, 532, 534, 556b, 577, 588a, 604, 607a, 612, 616, 618a, 624, 690a, 693, 709, 742, 754, 755, 806, the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
8	Canned meats, poultry or game	15 p.c.	30 p.c.	35 p.c.	15 p.c.	30 p.c.	35 p.c.
105a	Lemon, orange, grapefruit and citron rinds, sulphured or in brine	Free	Free	Free	Free 15 p.c.	Free 25 p.c.	Free 25 p.c.
105b	Olives and cherries, sulphured or in brine, not bottled	10 p.c.	17½ p.c.	30 p.c.	10 p.c.	17½ p.c.	30 p.c.
120	Anchovies, sardines, sprats or pilchards, packed in oil or otherwise, in sealed tin containers, the weight of the tin container to be included in the weight for duty:—						
	(a) When weighing over twenty ounces and not over thirty-six ounces each.....per box	3½ cts.	5 cts.	6 cts.	3½ cts.	5 cts.	6 cts.
	(b) When weighing over twelve ounces and not over twenty ounces each.....per box	2½ cts.	4 cts.	4½ cts.	2½ cts.	4 cts.	4½ cts.
	(c) When weighing over eight ounces and not over twelve ounces each.....per box	2 cts.	3 cts.	3½ cts.	2 cts.	3 cts.	3½ cts.
	(d) When weighing eight ounces each or less.....per box	1½ cts.	2 cts.	2½ cts.	1¼ cts.	2 cts.	2½ cts.
157c	Isopropyl alcohol.....per gallon	Free	50 cts.	$1.00	Free	25 p.c.	25 p.c.
160	Alcoholic perfumes and perfumed spirits, bay rum, cologne and lavender waters, lotions, hair, tooth and skin washes, and other toilet preparations containing spirits of any kind:—						
	(a) when in bottles or flasks containing not more than four ounces each	30 p.c.	90 p.c.	90 p.c.	60 p.c.	90 p.c.	90 p.c.
187b	Sensitized negative film, one and one-eighth inches in width or over, for exposure in motion picture cameras	Free	10 p.c.	15 p.c.	15 p.c.	25 p.c.	30 p.c.
219a	Non-alcoholic preparations or chemicals, such as are used for disinfecting, dipping, spraying or fumigating, n.o.p.:—						
	(i) When in packages not exceeding three pounds each, gross weight	5 p.c.	25 p.c.	25 p.c.	5 p.c.	25 p.c.	25 p.c.
	(ii) Otherwise	Free	15 p.c.	15 p.c.	Free	15 p.c.	15 p.c.
219e	Chloropicrin, ethylene oxide, methyl bromide, methyl formate, or cyanides, mixtures containing any of these, for use in combating destructive insects and pests	Free	Free	Free	Free	Free	Free
232d	Casein	17½ p.c.	25 p.c.	27½ p.c.	Free	15 p.c.	15 p.c.
	and, per pound	2 cts.	2½ cts.	3 cts.	17½ p.c. 2 cts.	25 p.c. 2½ cts.	27½ p.c. 3 cts.
235	Liquorice fibres, whether or not dried, cleaned, cut to size, ground or sifted	Free	10 p.c.	15 p.c.	Free	17½ p.c.	17½ p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
235a	Liquorice paste, not sweetened	Free	12½ p.c.	17½ p.c.	Free	15 p.c.	17½ p.c.
235b	Liquorice in rolls or sticks, not sweetened	Free	15 p.c.	22½ p.c.	Free	20 p.c.	22½ p.c.
236b	Spinal braces and parts thereof	Free	Free	Free	12½ p.c.	25 p.c.	35 p.c.
237	*(a)* Synthetic resin moulding compositions containing synthetic resin derived from phenol and formaldehyde or their homologues or mixtures thereof, in powder or granular form	10 p.c.	20 p.c.	20 p.c.	15 p.c.	25 p.c.	25 p.c.
	(b) Synthetic resin moulding compositions, n.o.p., in powder or granular form	Free	Free	Free	15 p.c.	25 p.c.	25 p.c.
	(c) Synthetic resins, n.o.p., in liquid, powder, granular, or lump form; or in tubes, cylinders, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, when for use in Canadian manufactures	Free	Free	Free	15 p.c. Free	25 p.c. Free	25 p.c. Free
	(d) Laminated products of which any synthetic resin or resin-like substance is the chief binding agent, in tubes, cylinders, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, n.o.p.:—						
	(i) with a base of paper or of fibreboard	15 p.c.	20 p.c.	25 p.c.	17½ p.c.	22½ p.c.	25 p.c.
	(ii) with a base of cotton fabric or other woven fabric	20 p.c.	25 p.c.	30 p.c.	25 p.c. and, per pound	30 p.c. 1½ cts.	35 p.c. 4 cts.
238b	Cellulose nitrate or pyroxylin plastics, in tubes, cylinders, balls, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, not further manufactured than moulded or pressed, when for use in Canadian manufactures	Free	Free	Free	Free Free Free	5 p.c. 7½ p.c. Free	5 p.c. 10 p.c. Free
238c	Moulding compositions of cellulose acetate or other derivatives of cellulose, in powder or granular form	Free	Free	Free	15 p.c.	25 p.c.	25 p.c.
238d	Cellulose acetate in sheets not less than five one-thousandths of an inch in thickness, and in rods, bars, tubes and other shapes or sections, not further manufactured than moulded or pressed, when for use in Canadian manufactures	Free	Free	Free	Free	Free	Free
238e	Regenerated cellulose, and cellulose acetate, transparent, in sheets, not printed, and manufactures of regenerated cellulose or of cellulose acetate, n.o.p.	20 p.c.	30 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.

238f	Interlined sheet stock, composed of sheets of cellulose plastics cemented to cotton fabric	10 p.c.	15 p.c.	17½ p.c.	10 p.c. 12½ p.c.	12½ p.c. 17½ p.c.	15 p.c. 20 p.c.
238g	Synthetic plastic materials with a basis of casein, soybean, gelatine or starch, in tubes, cylinders, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, when for use in Canadian manufactures	Free	Free	Free	15 p.c. Free	25 p.c. Free	25 p.c. Free
241	Litharge, which may contain up to two per cent of carbonaceous matter, and mixtures or combinations of such litharge with lead or other products of lead, litharge being the chief constituent by weight, when imported by manufacturers of electric storage batteries, for use exclusively in the manufacture of storage battery plates, in their own factories	Free	Free	Free	Free 15 p.c.	Free 25 p.c.	Free 25 p.c.
242	Dry red lead; orange mineral; antimony oxide, titanium oxide, and zinc oxide such as zinc white and lithopone; white pigments containing not less than 14 per cent by weight of titanium dioxide	Free	15 p.c.	15 p.c.	Free	15 p.c.	15 p.c.
246b	Stains and oxides, valued at not less than 20 cents per pound, for use exclusively as colouring constituents in the manufacture of vitreous enamels and pottery glazes; finely divided metals or compounds of metals, whether dry, or suspended or dissolved in a liquid, for use exclusively in the manufacture of tableware of china, porcelain or semi-porcelain	Free	20 p.c.	22½ p.c.	Free 20 p.c.	20 p.c. 27½ p.c.	22½ p.c. 30 p.c.
254	Gums, viz:—Australian, copal, damar, elemi, kaurie, mastic, sandarac, Senegal, tragacanth, gedda, and barberry; lac, crude, seed, button, stick and shell; ambergris; Pontianac; gums and blends of gums, n.o.p	Free	10 p.c.	15 p.c.	Free 15 p.c.	15 p.c. 25 p.c.	15 p.c. 25 p.c.
282b	Saggars, when for use in the manufacture of ceramic products	Free	Free	Free	12½ p.c.	20 p.c.	22½ p.c.
287	All tableware of china, porcelain, semi-porcelain, or white granite, but not to include tea-pots, jugs and similar articles of the type commonly known as earthenware	Free	35 p.c.	35 p.c.	Free	35 p.c.	35 p.c.
306d	Ornamental or decorative marble (not including chips), unicolour or variegated, of colours and/or texture not produced in Canada, rough, hammered, sawn, sand rubbed, chiselled or polished, with or without design thereon, when specially imported and used for interior work in churches and public buildings, not to include buildings operated for commercial purposes or for private gain or profit	Free	Free	35 p.c.	Free 30 p.c.	20 p.c. 35 p.c.	35 p.c. 40 p.c.
320	Plate glass, not bevelled, in sheets or panes not exceeding seven square feet each, n.o.p	Free	20 p.c.	25 p.c.	Free	25 p.c.	25 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
321	Plate glass, not bevelled, in sheets or panes, exceeding seven square feet each, and not exceeding twenty-five square feet each, n.o.p.	Free	20 p.c.	25 p.c.	Free	25 p.c.	25 p.c.
328a	Parts, unfinished, for the manufacture of spectacle and eyeglass frames	Free	5 p.c.	5 p.c.	Free 15 p.c.	5 p.c. 32½ p.c.	5 p.c. 40 p.c.
342a	Copper alloys containing boron, for use exclusively as a flux or a deoxidizer in melting non-ferrous metals	Free	Free	Free	15 p.c.	25 p.c.	25 p.c.
348a	Sculptures in any material, in round or in relief, cast or cut from models prepared in Canada and designed by sculptors domiciled therein, not to include more than two replicas or reproductions of the original model, under such regulations as the Minister may prescribe	Free	Free	Free	Free 20 p.c.	Free 27½ p.c.	Free 30 p.c.
398b	Tubing of iron or steel, not joined, not more than $\frac{5}{16}$ inch in diameter, with one end swaged, or swaged, split and spread, but not further manufactured, when imported for use in the manufacture of fishing rods	Free	7½ p.c.	15 p.c.	15 p.c.	27½ p.c.	30 p.c.
409e	(ii) Fruit and vegetable grading, washing and wiping machines and combination bagging and weighing machines, and complete parts thereof; machines for topping vegetables, and machines for bunching and/or tying cut flowers, vegetables and nursery stock, and complete parts thereof; egg-graders and egg-cleaners, and complete parts thereof, not including aluminum parts	Free	5 p.c.	10 p.c.	Free Free	5 p.c. 27½ p.c.	10 p.c. 35 p.c.
410d	Well-drilling machinery and apparatus, and complete parts thereof, for use exclusively in drilling for water, natural gas or oil, or in prospecting for minerals, not to include motive power; well-packers and complete parts thereof, for oil or gas wells; seamless iron or steel tubing of a class or kind not made in Canada, for use in casing water, natural gas or oil wells	Free	Free	Free	Free 15 p.c.	Free 27½ p.c.	Free 30 p.c.
431b	Adzes, anvils, vises, cleavers, hatchets, saws, augers, bits, drills, screw-drivers, planes, spokeshaves, chisels, mallets, metal wedges, wrenches, sledges, hammers, crowbars, cantdogs, and track tools, picks, mattocks, and eyes or polls for the same	10 p.c.	35 p.c.	35 p.c.	10 p.c.	35 p.c.	35 p.c.

445j	Electric dry shaving machines for use in removing human hair, and complete parts thereof	Free	Free	10 p.c.	Free	10 p.c.	10 p.c.
446d	Bottles or cylinders of steel for use as high-pressure containers for gas	Free	20 p.c.	25 p.c.	Free 15 p.c.	25 p.c. 20 p.c.	25 p.c. 20 p.c.
447b	Forged steel rolls, hardened and ground, for use exclusively in rolling ferrous or non-ferrous metals	Free	Free	Free	Free 10 p.c.	Free 27½ p.c.	Free 35 p.c.
449	Steel wool, including steel wool impregnated with soap or in retail packages containing a cake of soap	Free	15 p.c.	20 p.c.	Free 15 p.c.	7½ p.c. 25 p.c.	10 p.c. 27½ p.c.
451d	Papier mâché shoe buttons, shoe eyelets, corset eyelets and corset rivets, shoe eyelet hooks, shoe lace wire fasteners	Free	Free	Free	Free 20 p.c.	Free 27½ p.c.	Free 30 p.c.
462b	Cinematograph and motion picture cameras, 35 mm., for use by professional motion picture producers having studios in Canada equipped for motion picture production	Free	10 p.c.	15 p.c.	15 p.c.	25 p.c.	30 p.c.
473a	Printing plates of all kinds for periodical publications enjoying second-class mailing privileges, the pages of which are regularly bound, wire-stitched or otherwise fastened together, and matrices, metal bases and copper shells therefor, but not to include printing plates and other articles covered by tariff item 475	Free	Free	25 p.c.	Free	7½ p.c.	25 p.c.
476	(i) Surgical instruments of any material and complete parts thereof	Free	Free	Free	Free	10 p.c.	10 p.c.
	(ii) Dental instruments of any material; surgical needles; X-ray apparatus; microscopes valued at not less than 50 dollars each, retail; complete parts of all the foregoing	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
511	Walking sticks and walking canes, of all kinds; golf clubs and finished parts thereof; skis; racquets and racquet frames and baseball bats; balls of all kinds for use in sports, games or athletics, n.o.p.	20 p.c.	30 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.
529a	Lace and embroideries, wholly of cotton, not coloured, when imported for use exclusively by manufacturers in the manufacture of clothing, in their own factories	7½ p.c.	12½ p.c.	20 p.c.	7½ p.c.	12½ p.c.	20 p.c.
530	Lace and embroideries, wholly of cotton, coloured, when imported for use exclusively by manufacturers in the manufacture of clothing, in their own factories	7½ p.c.	17½ p.c.	30 p.c.	7½ p.c.	17½ p.c.	30 p.c.
	and, per pound			4 cts.			4 cts.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
532	Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly of cotton, n.o.p.; fabrics wholly of cotton, coated or impregnated, n.o.p.	25 p.c.	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
	and, per pound	.....	.....	4 cts.	.....	1½ cts.	4 cts.
534	Braided wick for candles or tapers, with or without core, processed or not:—						
	(a) Imported by manufacturers of wax candles or tapers for use in their own factories in the manufacture of wax candles or tapers	Free	Free	Free	Free	Free	Free
	(b) Imported, under such regulations as the minister may prescribe, for use exclusively in oil-burning sanctuary lamps	Free	Free	Free	15 p.c. 25 p.c.	22½ p.c. 32½ p.c.	25 p.c. 35 p.c.
556b	Slipper cloth, woven, napped on one or both sides, wholly or in part of wool, not to contain silk or artificial silk, weighing not less than 22 ounces per square yard, when imported by manufacturers of indoor footwear, to be used exclusively in the manufacture of such articles in their own factories	Free	35 p.c.	40 p.c.	Free	35 p.c.	40 p.c.
	and, per pound	.....	.....	35 cts.	.....	30 cts.	35 cts.
558c	(ii) Silk yarns wholly or partially covered with metallic strip, one pound of which shall contain not less than 10,000 yards	12½ p.c.	22½ p.c.	25 p.c.	25 p.c.	32½ p.c.	35 p.c.
577	Collars and cuffs manufactured from cellulose plastics with or without cotton interlining	Free	20 p.c.	25 p.c.	Free	20 p.c.	25 p.c.
588a	Gas for heating, cooking or illuminating, imported by pipe line.....per one thousand cubic feet	.....	6 cts.	6 cts.	.....	.....	6 cts.
604b	Sole leather	12½ p.c.	27½ p.c.	27½ p.c.	12½ p.c.	27½ p.c.	27½ p.c.
607a	Leather, not further finished than tanned, in whole hides, in grains, or splits, when imported by manufacturers of upholstering leathers, for use exclusively in the manufacture of upholstering leathers, in their own factories	Free	15 p.c.	15 p.c.	Free	15 p.c.	15 p.c.
612	Harness and saddlery, including horse boots, n.o.p.	17½ p.c.	27½ p.c.	30 p.c.	17½ p.c.	27½ p.c.	30 p.c.
616	Rubber, crude, caoutchouc or India-rubber, unmanufactured; powdered rubber and rubber or gutta percha waste or junk; and recovered rubber and rubber substitute	Free	Free	Free	Free	Free	Free
616d	Hard rubber, in strips or sheets, not less than one-sixteenth of an inch in thickness, or in rods or tubes, but not further manufactured	Free	15 p.c.	20 p.c.	Free 5 p.c.	Free 7½ p.c.	Free 10 p.c.

616e	Hard rubber, in strips or sheets less than one-sixteenth of an inch in thickness, but not further manufactured	Free	Free	Free	Free	Free	Free
618a	Comb blanks of hard rubber, not further manufactured than pressed and vulcanized, when imported by manufacturers of hard rubber combs, for use exclusively in the manufacture of hard rubber combs, in their own factories	Free	Free	Free	Free	7½ p.c.	10 p.c.
624	Bead ornaments, and ornaments of alabaster, spar, amber, terra cotta or composition; fans of all kinds; statues and statuettes of any material, n.o.p.	20 p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ pc..	30 p.c.
652	Toilet or dressing combs, n.o.p.; fancy combs, not being jewellery	10 p.c.	25 p.c.	27½ p.c.	15 p.c. 15 p.c. 15 p.c.	32½ p.c. 25 p.c. 25 p.c.	40 p.c. 27½ p.c. 25 p.c.
690a	Casual donations sent by persons abroad to friends in Canada, or brought into Canada personally by non-residents as gifts to friends, and not being advertising matter, tobacco or alcoholic beverages, when the value thereof does not exceed five dollars in any one case, under such regulations as may be prescribed by the minister	Free	Free	Free	Free	Free	Free
693	(i) Articles imported by or for public museums, public libraries, universities, colleges or schools, and which are to be placed in such institutions as exhibits, under regulations prescribed by the minister	Free	Free	Free	Free	Free	Free
	(ii) Violins, violas and violoncellos, manufactured more than 100 years prior to date of importation, under such regulations, including proof of antiquity, as may be prescribed by the minister	Free	Free	Free	20 p.c.	27½ p.c.	30 p.c.
	(iii) Antiquities (other than spirits or wines) produced more than 100 years prior to date of importation, under such regulations, including proof of antiquity, as may be prescribed by the minister	Free	.....	.....	Dutiable under various Items, according to material, form, use, etc.		
	Provided that, notwithstanding anything to the contrary in this Act or in any other law or regulation relating to Customs, antiquities as described in part (iii) of this item shall, for entry thereunder, be relieved from the requirement as to origin or British Empire content.						
709	(a) Goods, including containers or coverings as specified in part (b) of this item, the growth, produce or manufacture of Canada, after having been exported therefrom	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
	(b) Bags, barrels, bottles, boxes, carboys, cartons, casks, crates, cylinders, drums, tarpaulins and other usual containers or coverings, n.o.p., filled or empty, and impact registers or recorders for use in railway cars, upon which duty has once been paid..... All the foregoing under such regulations as the Minister may prescribe; Provided that the goods are returned to the exporter thereof within five years from the time of exportation, without having been advanced in value or improved in condition by any process of manufacture or other means, or combined with any other article abroad; Provided also that any goods described in this item, upon which an allowance of drawback has been made, shall not be admitted to entry thereunder except upon payment of duties equal to the drawback allowed; Provided further that any of such goods manufactured in bond or under Excise regulations in Canada and exported shall not be admitted to entry except upon payment of the Customs or Excise duties to which they would have been liable had they not been exported from Canada.	Free	Free	Free	{Free {Or dutiable at various rates.	Free	Free
809	Cocoa residues, containing not more than five per cent by weight of fat, when imported by manufacturers of chemicals for use in the manufacture of theobromine and caffeine, in their own factories....	Free	Free	Free	15 p.c.	25 p.c.	25 p.c.

3. Resolved, That schedule A to the Customs Tariff be further amended by striking thereout tariff items 23, 65, 90(b), 105d, 105e, 141, 143a, 147(a) and (b), 178, 178c, 180, 181a, 187, 192b, 193, 194, 195, 197b, 198, 199, 219(i), 220(a) and (b), 228, 234, 236, 238a, 243, 244, 246, 247, 247a, 248, 249, 250, 252, 284, 285, 286, 288, 289, 316a, 322, 323, 326, 326a, 357, 362, 368, 369, 378(b) and (c), 380(c), 382(a), (b) and (d), 383(d), (e), (f), and (g), 385, 386(h), 388d, 392, 392a, 394(a), 396, 396a, 397(d), 398a, 402a, 402b, 407a, 410b, 410l, 410u, 410z, 414c, 415, 415d, 422, 425, 427b, 430, 430a, 432, 432a, 432b, 432d, 433, 434a, 434b, 438a, 439f, 440m, 445f, 445g, 451, 451a(i) and (ii), 451b, 462, 465, 469, 512, 518, 519, 523b, 537a, 537e, 539, 542a, 542b, 548, 549c, 551, 551a, 552, 553, 554, 554b, 555, 557b, 558c, 560a, 561, 565, 568, 568a, 568b, 572, 573, 578, 597a, 607, 608, 610, 610a, 611a, 619a, 622, 623, 624a(i), 628, 647, 653, 655, 655a, 656, 659, 670, 710(b) and (bb), the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
8a	Extracts of meat and fluid beef, not medicated.....	**10 p.c.**	30 p.c.	35 p.c.	15 p.c.	30 p.c.	35 p.c.
23	Preparations of cocoa or chocolate, n.o.p., and confectionery, coated with or containing chocolate, the weight of the wrappings and cartons to be included in the weight for duty.....	**12½ p.c.**	27½ p.c.	35 p.c.	20 p.c.	27½ p.c.	35 p.c.
	and, per pound	**2½ cts.**	2½ cts.	2½ cts.	2½ cts.	2½ cts.	2½ cts.
65	Biscuits, not sweetened.....	**12½ p.c.**	22½ p.c.	25 p.c.	15 p.c.	22½ p.c.	25 p.c.
90	Vegetables, prepared or preserved:— (b) Pickled or preserved in salt, brine, oil or in any other manner, n.o.p.....	**15 p.c.**	32½ p.c.	35 p.c.	20 p.c.	32½ p.c.	35 p.c.
105d	Jellies, jams, marmalades, preserves, fruit butters and condensed mince meats.....per pound	**2 cts.**	3¾ cts.	5 cts.	2¾ cts.	3¾ cts.	5 cts.
105e	Fruits and peels, crystallized, glacé, candied or drained; cherries and other fruits of crème de menthe, maraschino or other flavour.....	**20 p.c.**	35 p.c.	35 p.c.	22½ p.c.	35 p.c.	35 p.c.
122	Herring (not including kippered herring in sealed containers) packed in oil or otherwise, in sealed containers.....	**20 p.c.**	30 p.c.	35 p.c.	1¼ cts. (per box)	2 cts.	2½ cts.
141	Sugar candy and confectionery, n.o.p., including sweetened gums, candied pop-corn, candied nuts, flavouring powders, custard powders, jelly powders, sweet-meats, sweetened breads, cakes, pies, puddings and all other confections containing sugar, the weight of the wrappings and cartons to be included in the weight for duty.....per pound	½ ct.	½ ct.	½ ct.	½ ct.	½ ct.	½ ct.
	and	**15 p.c.**	35 p.c.	35 p.c.	22½ p.c.	35 p.c.	35 p.c.
143a	Cigarettes, the weight of the paper covering to be included in the weight for duty.....per pound	**$3.50**	$4.10	$4.10	$3.50	$4.10	$4.10
	and	.....	25 p.c.	25 p.c.	25 p.c.	25 p.c.	25 p.c.
147	Ale, beer, porter and stout, when imported in bottles.....per gallon	**15 cts.**	50 cts.	50 cts.	30 cts. (ale and beer)	50 cts.	50 cts.
	Provided, that six quart bottles or twelve pint bottles shall be held to contain one gallon.						

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
178	Advertising and printed matter, viz:—Advertising pamphlets, advertising show cards, illustrated advertising periodicals; price books, catalogues and price lists; advertising almanacs and calendars; patent medicine or other advertising circulars, fly sheets or pamphlets; advertising chromos, chromotypes, oleographs or like work produced by any process other than hand painting or drawing, and having any advertisement or advertising matter printed, lithographed or stamped thereon, or attached thereto, including advertising bills, folders and posters, or other similar artistic work, lithographed, printed or stamped on paper or cardboard for business or advertisement purposes, n.o.p.:—						
	(i) when produced in countries entitled to the British preferential tariff and relating exclusively to products of such British countries, but not relating to Canadian products	**Free**	.....	.....	Free (or 5 cts.)	.....	.....
	(ii) n.o.p. per pound	5 cts.	12½ cts.	15 cts.	5 cts.	12½ cts.	15 cts.
	Provided, that on importations under the intermediate or the general tariff, the rate of duty shall be not less than	.....	27½ p.c.	35 p.c.	.....	27½ p.c.	35 p.c.
180	Photographs, chromos, chromotypes, artotypes, oleographs, paintings, drawings, pictures, decalcomania transfers of all kinds, n.o.p., engravings or prints or proofs therefrom, and similar works of art, n.o.p.; blue prints, building plans, maps, and charts, n.o.p.	**12½ p.c.**	22½ p.c.	22½ p.c.	15 p.c.	22½ p.c.	22½ p.c.
181a	Pictorial post-cards, greeting cards and similar artistic cards or folders	**20 p.c.**	32½ p.c.	35 p.c.	22½ p.c.	32½ p.c.	35 p.c.
187	Albumenized and other papers and films chemically prepared for photographers' use, n.o.p. and, per pound	..... **Free**	..... 25 p.c.	5 cts. 30 p.c.	..... 15 p.c.	..... 25 p.c.	5 cts. 30 p.c.
192b	Sandpaper, glass or flint paper, and emery paper or emery cloth	**12½ p.c.**	22½ p.c.	25 p.c.	15 p.c.	22½ p.c.	25 p.c.
192d	Electrical insulating pressboard, not less than ·040 inch in thickness	**Free**	25 p.c.	35 p.c.	15 p.c.	25 p.c.	35 p.c.
193	Paper sacks or bags of all kinds, printed or not	**15 p.c.**	30 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.

194	Playing cards, in packs or in sheet form, n.o.p.; cards and sheets partly lithographed or printed, for use in the manufacture of such playing cards..... per pack or equivalent	5 cts.	7 cts.	8 cts.	5 cts	7 cts.	8 cts.
	Provided, that in no case shall the duty under the British preferential tariff be in excess of.....	**15 p.c.**	.....	.....	.....	.....	.....
195	Paper hanging or wall papers, including borders or bordering.....	**17½ p.c.**	32½ p.c.	35 p.c.	22½ p.c.	32½ p.c.	35 p.c.
	and, per pound	.....	.....	2 cts.	.....	.....	2 cts.
197b	Wrapping paper of all kinds, not pasted, coated or embossed.....	**17½ p.c.**	30 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.
198	Ruled and border and coated papers, boxed papers, pads not printed, papier-mache ware, n.o.p.....	**20 p.c.**	32½ p.c.	35 p.c.	22½ p.c.	32½ p.c.	35 p.c.
199	Papeteries, envelopes, and all manufactures of paper, n.o.p.....	**20 p.c.**	32½ p.c.	35 p.c.	22½ p.c.	32½ p.c.	35 p.c.
199f	Hand made papers, not to include mould-made deckle-edge papers, valued at not less than 40 cents per pound wholesale.....	**10 p.c.**	22½ p.c.	35 p.c.	{15 p.c. {22½ p.c.	22½ p.c. 32½ p.c.	25 p.c. 35 p.c.
219	(i) Solutions of peroxides of hydrogen, n.o.p.....	**12½ p.c.**	22½ p.c.	25 p.c.	15 p.c.	22½ p.c.	25 p.c.
220	All medicinal, chemical and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:—						
	(a) When dry.....	**17½ p.c.**	25 p.c.	25 p.c.	20 p.c.	25 p.c.	25 p.c.
	(b) Liquid, when containing not more than two and one-half per centum of proof spirit.....	**20 p.c.**	40 p.c.	40 p.c.	25 p.c.	40 p.c.	40 p.c.
228	Soap powders, powdered soap, mineral soap, and soap, n.o.p.....	**20 p.c.**	32½ p.c.	32½ p.c.	22½ p.c.	32½ p.c.	32½ p.c.
232f	Mucilage and adhesive paste.....	**15 p.c.**	25 p.c.	27½ p.c.	17½ p.c.	25 p.c.	27½ p.c.
	and, per pound	**1½ cts.**	2½ cts.	3 cts.	2 cts.	2½ cts.	3 cts.
234	Perfumery, including toilet preparations, non-alcoholic, viz., hair oils, tooth and other powders and washes, pomatums, pastes and all other perfumed preparations, n.o.p., used for the hair, mouth or skin.....	**15 p.c.**	40 p.c.	40 p.c	20 p.c.	40 p.c	40 p.c.
236	Surgical dressings, antiseptic or aseptic, including absorbent cotton, lint, lamb's wool, tow, jute, oakum, woven fabric of cotton weighing not more than seven and one-half pounds per one hundred square yards, whether imported singly or in combination one with another, but not stitched or otherwise manufactured; surgical trusses and suspensory bandages of all kinds; sanitary napkins, and abdominal supports.....	**10 p.c.**	25 p.c.	35 p.c	12½ p.c.	25 p.c.	35 p.c.
238a	Manufactures of pyroxylin plastics, or of which pyroxylin plastic is the component of chief value, n.o.p..	**10 p.c.**	32½ p.c.	40 p.c	15 p.c.	32½ p.c.	40 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
243	Dry white lead	**15 p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
244	White lead ground in oil	**20 p.c.**	35 p.c.	37½ p.c.	30 p.c.	35 p.c.	37½ p.c.
246	Oxides, fireproofs, rough stuff, fillers, laundry blueing, and colours, dry, n.o.p.	**12½ p.c.**	20 p.c.	22½ p.c.	15 p.c.	20 p.c.	22½ p.c.
247	Liquid fillers, anti-corrosive and anti-fouling paints, and ground and liquid paints, n.o.p.	**17½ p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
247a	Artists' and school children's colours; fitted boxes containing the same; artists' brushes; pastels, of a value of one cent per stick, or over; artists' canvas, coated and prepared for oil painting	**Free**	27½ p.c.	30 p.c.	20 p.c. Free	27½ p.c. 27½ p.c.	30 p.c. 30 p.c.
248	Paints and colours, ground in spirits, and all spirit varnishes and lacquers ....per gallon	**75 cents**	$1.25	$1.25	$1.25	$1.25	$1.25
249	Varnishes, lacquers, japans, japan driers, liquid driers, and oil finish, n.o.p. ....per gallon	**15 cts.**	20 cts.	20 cts.	20 cts.	20 cts.	20 cts.
	and	**10 p.c.**	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
250	Paris green, dry	**Free**	7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
252	Shoe blacking; shoemakers' ink; shoe, harness and leather dressing, and knife or other polish or composition, n.o.p.	**12½ p.c.**	25 p.c.	27½ p.c.	15 p.c.	25 p.c.	27½ p.c.
265c	Halibut liver oil, crude or refined	**Free**	20 p.c.	22½ p.c.	12½ p.c.	20 p.c.	22½ p.c.
281b	Firebrick, n.o.p.	**7½ p.c.**	20 p.c.	22½ p.c.	12½ p.c.	20 p.c.	22½ p.c.
284	Drain pipes, sewer pipes and earthenware fittings therefor, chimney linings or vents, chimney tops and inverted blocks, glazed or unglazed, n.o.p.; earthenware tiles, n.o.p.	**20 p.c.**	32½ p.c.	35 p.c.	25 p.c.	32½ p.c.	35 p.c.
285	Tiles or blocks of earthenware or of stone prepared for mosaic flooring	**15 p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
286	Earthenware and stoneware, viz:—demijohns, churns or crocks, n.o.p.	**20 p.c.**	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
288	Stoneware and Rockingham ware and earthenware, n.o.p.	**20 p.c.**	35 p.c.	35 p.c.	25 p.c.	35 p.c.	35 p.c.
289	Baths, bathtubs, basins, closets, lavatories, urinals, sinks and laundry tubs of earthenware, stone, cement, clay or other material, n.o.p.	**15 p.c.**	35 p.c.	35 p.c.	20 p.c.	35 p.c.	35 p.c.
316a	Incandescent lamp bulbs and glass tubing for use in the manufacture of incandescent lamps, and mantle stocking for gas light	**Free**	7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
322	Plate glass, n.o.p.	**17½ p.c.**	30 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.
323	Silvered glass, bevelled or not and framed or not, n.o.p.	**20 p.c.**	30 p.c.	35 p.c.	22½ p.c.	30 p.c.	35 p.c.

326	(i) Demijohns or carboys, bottles, flasks, phials, jars and balls, of glass, not cut, n.o.p.; lamp chimneys of glass, n.o.p.; decanters and machine-made tumblers of glass, not cut nor decorated, n.o.p.	**15 p.c.**	30 p.c.	32½ p.c.	15 p.c.	30 p.c.	32½ p.c.
	(ii) Opal glassware, glass tableware, cut glassware and illuminating glassware, n.o.p.	**10 p.c.**	30 p.c.	32½ p.c.	15 p.c.	30 p.c.	32½ p.c.
326a	Manufactures of glass, n.o.p.	**10 p.c.**	20 p.c.	22½ p.c.	15 p.c.	20 p.c.	22½ p.c.
339b	Collapsible tubes of lead or tin or lead coated with tin	**10 p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
357	Britannia metal, nickel silver, Nevada and German silver, manufactures of, not plated, n.o.p.	**15 p.c.**	35 p.c.	40 p.c.	25 p.c.	35 p.c.	40 p.c.
362	Articles consisting wholly or in part of sterling or other silverware, n.o.p.; manufactures of gold or silver, n.o.p.	**20 p.c.**	37½ p.c.	45 p.c.	30 p.c.	37½ p.c.	45 p.c.
368	Clocks, time recorders, clock movements, clockwork mechanisms, and clock cases	**15 p.c.**	30 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.
	Provided, that when imported under the intermediate or the general tariff, the duty shall not be less than ..... each	.....	50 cts.	50 cts.	.....	50 cts.	50 cts.
369	Parts of clock movements or of clockwork mechanisms, finished or unfinished, not including plates	**10 p.c.**	25 p.c.	25 p.c.	15 p.c.	25 p.c.	25 p.c.
377e	Wrought iron in the form of billets, bars, rods, sheets, strips, plates or skelp	**Free**	20 p.c.	30 p.c.	$2.50 15 p.c.	$4.50 25 p.c.	$4.50 30 p.c.
377f	Bars or rods, of iron or steel, hot rolled, viz:—Rounds over 4⅞ inches in diameter and squares over 4 inches ..... per ton	**Free**	$7.00	$7.00	$4.25	$7.00	$7.00
378	Bars and rods, of iron or steel; billets, of iron or steel, weighing less than 60 pounds per lineal yard:—						
	(b) Not further processed than hammered or pressed, n.o.p.	**10 p.c.**	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
	(c) Cold rolled, drawn, reeled, turned or ground, n.o.p.	**10 p.c.**	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
380	Plates of iron or steel, hot or cold rolled:—						
	(c) Flanged, dished or curved, n.o.p.	**5 p.c.**	25 p.c.	30 p.c.	10 p.c.	25 p.c.	30 p.c.
382	Hoop, band or strip, of iron or steel:—						
	(a) Hot rolled ·080 inch or less in thickness, n.o.p.	**5 p.c.**	15 p.c.	15 p.c.	7½ p.c.	15 p.c.	15 p.c.
	(b) Hot rolled, more than ·080 inch in thickness, n.o.p. ..... per ton	**$3.00**	$8.00	$8.00	$4.00	$8.00	$8.00
	(d) Cold rolled or cold drawn, more than ·080 inch in thickness, n.o.p.	**12½ p.c.**	27½ p.c.	30 p.c.	15 p.c.	27½ p.c.	30 p.c.
383	Sheets, plates, hoop, band or strip, of iron or steel:—						
	(d) Coated with metal or metals, n.o.p.	**5 p.c.**	12½ p.c.	15 p.c.	7½ p.c.	12½ p.c.	15 p.c.
	(e) Coated with paint, tar, asphaltum or otherwise coated, n.o.p.	**5 p.c.**	12½ p.c.	15 p.c.	7½ p.c.	12½ p.c.	15 p.c.
	(f) Coated with vitreous enamel, n.o.p.	**10 p.c.**	20 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
	(g) Corrugated, coated or not	**10 p.c.**	20 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
385	Sheets, plates, hoop, band or strip, of iron or steel, hot rolled, valued at not less than five cents per pound, n.o.p.	**Free**	12½ p.c.	15 p.c.	5 p.c.	12½ p.c.	15 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
386	Sheets, plates, hoop, band or strip, of iron or steel, as hereunder defined, under regulations prescribed by Minister:— (h) Sheets, plates, hoop, band or strip, hardened, tempered or ground, not further manufactured than cut to shape, without indented edges, when imported by manufacturers of saws for use exclusively in the manufacture of saws, in their own factories	**Free**	10 p.c.	12½ p.c.	5 p.c.	10 p.c.	12½ p.c.
388d	Iron or steel angles, beams, channels, columns, girders, joists, piling, tees, zees and other shapes or sections, punched, drilled or further manufactured than hot rolled or cast, n.o.p.	**20 p.c.**	35 p.c.	40 p.c.	25 p.c.	35 p.c.	40 p.c.
392	Forgings, of iron or steel, in any degree of manufacture, n.o.p.	**17½ p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
392a	Forgings of iron or steel, in any degree of manufacture, hollow, machined or not, not less than 12 inches in internal diameter; and all other forgings, solid or otherwise, in any degree of manufacture, of a weight of 20 tons or over	**Free**	27½ p.c.	30 p.c.	20 p.c. Free	27½ p.c. 30 p.c.	30 p.c. 30 p.c.
394	Axles and axle bars, n.o.p., and axle blanks, and parts thereof, of iron or steel:— (a) For railway vehicles, including locomotives and tenders	**7½ p.c.**	27½ p.c.	30 p.c.	10 p.c.	27½ p.c.	30 p.c.
396	Pipe, cast, of iron or steel, valued at not more than five cents per pound per ton.	**$5.00**	$12.00	$14.00	$7.00	$12.00	$14.00
396a	Pipe, cast, of iron or steel, n.o.p.	**Free**	7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
397	Pipes and tubes, of wrought iron or steel, plain or coated:— (d) N.o.p.	**12½ p.c.**	27½ p.c.	30 p.c.	15 p.c.	27½ p.c.	30 p.c.
398a	Pipes and tubes of iron or steel, seamless, cold drawn, plain ends, polished, valued at not less than five cents per pound; steel tubes, welded or seamless, more than 10½ inches in diameter, with plain ends, when imported for use exclusively in the manufacture or repair of rolls for paper-making machinery	**Free**	20 p.c.	30 p.c.	10 p.c. Free	15 p.c. 20 p.c.	20 p.c. 30 p.c.
402a	Woven or welded wire fencing, of iron or steel, coated or not, n.o.p.; wire cloth or wire netting, of iron or steel, coated or not	**20 p.c.**	35 p.c.	35 p.c.	25 p.c.	35 p.c.	35 p.c.

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402b	Woven netting, of iron or steel, coated, made from wire of 17 gauge or heavier, with meshes not smaller than one inch and not larger than two inches, with specially strengthened joints, when for use exclusively on fur farms, under regulations prescribed by the minister	**12½ p.c.**	27½ p.c.	30 p.c.	15 p.c.	27½ p.c.	30 p.c.
407a	Chains, of iron or steel, n.o.p., and complete parts thereof	**15 p.c.**	30 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.
410b	Machinery and apparatus for use exclusively in washing or dry-cleaning coal at coal mines or coke plants; machinery and apparatus for use exclusively in producing coke and gas; machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas; and complete parts of all the foregoing, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameter	**Free**	10 p.c.	12½ p.c.	7½ p.c.	10 p.c.	12½ p.c.
410l	Ore crusher, rock crushers, stamp mills, grinding mills, rock drills, percussion coal cutters, coal augers, rotary coal drills, n.o.p., and complete parts of all the foregoing, for use exclusively in mining, metallurgical or quarrying operations	**5 p.c.**	20 p.c.	25 p.c.	7½ p.c.	20 p.c.	25 p.c.
410u	Blowers, of iron or steel, n.o.p., for use in the smelting of ores, or in reduction, separation or refining of metals, ores or minerals; rotary kilns, revolving roasters and furnaces of metal, n.o.p., for use in the roasting of ore, mineral, rock or clay; furnace slag trucks and slag pots, n.o.p.; and integral parts of all the foregoing	**12½ p.c.**	17½ p.c.	20 p.c.	15 p.c.	17½ p.c.	20 p.c.
410z	Machinery and apparatus, n.o.p., and complete parts thereof, for the recovery of solid or liquid particles from flue or other waste gases at metallurgical or industrial plants, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameter	**5 p.c.**	10 p.c.	12½ p.c.	7½ p.c.	10 p.c.	12½ p.c.
414c	Adding, bookkeeping, calculating and invoicing machines and complete parts thereof, n.o.p.	**Free**	20 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
415	Electric vacuum cleaners and attachments therefor; hand vacuum cleaners; and complete parts of all the foregoing, including suction hose, n.o.p.	**5 p.c.**	20 p.c.	25 p.c.	12½ p.c.	20 p.c.	25 p.c.
415d	Sewing machines, with or without motive power incorporated therein; complete parts of sewing machines	**5 p.c.**	15 p.c.	25 p.c.	10 p.c.	15 p.c.	25 p.c.
422	Street or road rollers and complete parts thereof	**Free**	30 p.c.	30 p.c.	10 p.c.	30 p.c.	30 p.c.
425	Lawn mowers	**10 p.c.**	30 p.c.	32½ p.c.	20 p.c.	30 p.c.	32½ p.c.
427b	Ball and roller bearings	**Free**	27½ p.c.	35 p.c.	5 p.c.	27½ p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
427h	Motion picture projectors, arc lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, motion picture screens, portable motion picture projectors complete with sound equipment; complete parts of all the foregoing, not to include electric light bulbs, tubes, or exciter lamps	**Free**	15 p.c.	35 p.c.	10 p.c.	27½ p.c.	35 p.c.
430	Nuts and bolts with or without threads, washers, rivets, of iron or steel, coated or not, n.o.p.; nut and bolt blanks, of iron or steel						
	per one hundred pounds	**25 cts.**	50 cts.	75 cts.	50 cts.	50 cts.	75 cts.
	and	**7½ p.c.**	20 p.c.	25 p.c.	10 p.c.	20 p.c.	25 p.c.
430a	Hinges and butts, of iron or steel, coated or not, n.o.p.; hinge and butt blanks, of iron or steel						
	per one hundred pounds	75 cts.	75 cts.	75 cts.	75 cts.	75 cts.	75 cts.
	and	**5 p.c.**	27½ p.c.	30 p.c.	10 p.c.	27½ p.c.	30 p.c.
431f	Files and rasps	**Free**	35 p.c.	35 p.c.	10 p.c.	35 p.c.	35 p.c.
431g	Fixed or stationary meters, of a size or capacity not made in Canada, for hydraulic engineering; gauges, indicators and recorders for water or other liquid levels, volume or flow, of a class or kind not made in Canada	**Free**	20 p.c.	35 p.c.	20 p.c. 10 p.c. Free 15 p.c.	27½ p.c. 27½ p.c. 27½ p.c. 25 p.c.	30 p.c. 35 p.c. 35 p.c. 30 p.c.
432	Hollow-ware, of iron or steel, coated or not, n.o.p.	**10 p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
432a	Kitchen and dairy hollow-ware of iron or steel, coated with tin, including cans for shipping milk or cream, not painted, japanned or decorated	**15 p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
432b	Hollow-ware, of iron or steel, coated with vitreous enamel	**17½ p.c.**	32½ p.c.	35 p.c.	22½ p.c.	32½ p.c.	35 p.c.
432d	Manufactures of tinplate, painted, japanned, decorated or not, and manufactures of tin, n.o.p.	**15 p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
433	Baths, bathtubs, basins, closets, lavatories, urinals, sinks, and laundry tubs of iron or steel, coated or not	**5 p.c.**	25 p.c.	35 p.c.	10 p.c.	25 p.c.	35 p.c.
434a	Motor rail cars or units for use on railways, and chassis for same; complete parts of the foregoing	**Free**	30 p.c.	35 p.c	15 p.c. Free	30 p.c. 30 p.c.	35 p.c. 35 p.c.
434b	Steel wheels for use on railway rolling stock	**7½ p.c.**	30 p.c.	35 p.c	7½ p.c. 15 p.c.	30 p.c. 27½ p.c.	35 p.c. 30 p.c.

438a	Automobiles and motor vehicles of all kinds, n.o.p.; electric trackless trolley buses; chassis for all the foregoing	**Free**	17½ p.c.	27½ p.c.	Free 15 p.c. 15 p.c.	17½ p.c. 27½ p.c. 25 p.c.	2 ½ p.c. 30 p.c 25 p.c.
	Provided, that machines or other articles mounted on the foregoing or attached thereto for purposes other than loading or unloading the vehicle shall be valued separately and duty assessed under the tariff items regularly applicable thereto.						
439f	Children's carriages, sleds and other vehicles; complete parts of all the foregoing	**15 p.c.**	30 p.c.	35 p.c	22½ p.c.	30 p.c.	35 p.c.
440m	Engines and complete parts thereof, when imported for use only in the equipment of aircraft	**Free**	25 p.c.	27½ p.c.	10 p.c.	25 p.c	27½ p.c.
445f	Electric dynamos or generators and transformers, and complete parts thereof, n.o.p.	**15 p.c.**	33⅓ p.c.	37½ p.c.	25 p.c.	33⅓ p.c.	37½ p.c.
445g	Electric motors, and complete parts thereof, n.o.p.	**15 p.c.**	33⅓ p.c.	37½ p.c.	25 p.c.	33⅓ p.c	37½ p.c.
445n	Electrical instruments and apparatus of precision of a class or kind not made in Canada, viz:—meters or gauges for indicating and/or recording altitude, amperes, comparisons, capacity, density, depth, distanc , electrolysis, flux, force, frequency, humidity, inductance, liquid levels, ohms, operation, power factor, pressure, space, speed, stress, synchronism, temperature, time, volts, volume, watts; complete parts thereof	**Free**	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
446f	Cellulose acetate film reinforced with wire mesh	**Free**	25 p.c.	35 p.c.	10 p.c.	27½ p.c.	35 p.c.
446g	Electric welding apparatus not including motors	**10 p.c.**	25 p.c.	30 p.c.	15 p.c. 10 p.c.	25 p.c. 27½ p.c	30 p.c. 35 p.c.
451	Buckles, clasps, eyelets, hooks and eyes, dome, snap or other fasteners of iron, steel, brass or other metal, coated or not, n.o.p. (not being jewellery)	**15 p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
451a	(i) Spring-beard needles and latch needles	**10 p.c.**	30 p.c.	35 p.c.	15 p.c.	30 p.c.	35 p.c.
	and, per thousand	.....	$1.50	$1.50	.....	$1.50	$1.50
	(ii) Needles, of any material or kind, n.o.p.	**10 p.c.**	30 p.c.	35 p.c.	15 p.c.	30 p.c.	35 p.c.
451b	Pins manufactured from wire of any metal, n.o.p.	**17½ p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
	and, per pound	.....	10 cts.	10 cts.	.....	10 cts.	10 cts.
462	Philosophical, photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; complete parts of all the foregoing	**7½ p.c.**	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
465	Signs of any material other than paper, framed or not; letters and numerals of any material other than paper	**10 p.c.**	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
469	Machine card clothing	**10 p.c.**	20 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
511b	Fishing rods	**Free**	30 p.c.	35 p.c.	20 p.c.	30 p.c	35 p.c.
512	Picture frames and photograph frames, of any material	**17½ p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
518	Billiard tables, with or without pockets, and bagatelle and other game tables or boards, cues, balls, cue-racks and cue-tips	**17½ p.c.**	30 p.c.	35 p.c.	22½ p.c.	30 p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
519	House, office, cabinet or store furniture of wood, iron or other material, in parts or finished	**15 p.c.**	30 p.c.	45 p.c.	20 p.c.	30 p.c.	45 p.c.
523b	Woven fabrics, wholly of cotton, printed, dyed or coloured, n.o.p.	**20 p.c.**	27½ p.c.	32½ p.c.	22½ p.c.	27½ p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
23j	Shadow cretonnes, wholly of cotton, with printed warp and plain weft	**12½ p.c.**	27½ p.c.	32½ p.c.	22½ p.c.	27½ p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
523k	Gabardines, wholly of cotton, with not less than 280 ends and picks of ply yarn per square inch	**12½ p.c.**	27½ p.c.	32½ p.c.	22½ p.c.	27½ p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
523l	Woven fabrics, wholly of cotton, composed of yarns of counts of not less than 80 and not more than 99, including all such fabrics in which the average count of the warp and weft yarns is not less than 80 and not more than 99	**12½ p.c.**	27½ p.c.	32½ p.c.	15 p.c. 20 p.c. 22½ p.c.	20 p.c. 22½ p.c. 27½ p.c.	25 p.c. 27½ p.c. 32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	and, in each instance, 3½ cts.	4 cts.
524a	Fabrics with cut weft pile, wholly of cotton or of cotton and artificial silk	**5 p.c.**	.....	.....	15 p.c. 30 p.c.	.....	.....
532a	Handkerchiefs, wholly of cotton	**15 p.c.**	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
	and, per pound	.....	1½ cts.	4 cts.	.....	1½ cts.	4 cts.
532b	Woven fabric, wholly of cotton, for covering books	**15 p.c.**	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
	and, per pound	.....	1½ cts.	4 cts.	.....	1½ cts.	4 cts.
537a	Rovings, yarns and warps wholly or in part of vegetable fibres, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p., not to contain silk, artificial silk nor wool	**17½ p.c.**	22½ p.c.	25 p.c.	20 p.c.	22½ p.c.	25 p.c.
537e	Rovings, yarns and warps wholly of jute, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p.	**25 p.c.**	30 p.c.	32½ p.c.	27½ p.c.	30 p.c.	32½ p.c.
539	Cordage, exceeding one inch in circumference, wholly of vegetable fibres, n.o.p.	**17½ p.c.**	22½ p.c.	25 p.c.	20 p.c.	22½ p.c.	25 p.c.
542a	Woven or braided fabrics not exceeding twelve inches in width, wholly or in part of vegetable fibres, n.o.p., not to contain silk, artificial silk nor wool	**22½ p.c.**	27½ p.c.	35 p.c.	25 p.c.	27½ p.c.	35 p.c.
542b	Linen fire-hose, lined or unlined	**15 p.c.**	32½ p.c.	35 p.c.	25 p.c.	32½ p.c.	35 p.c.
548	Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in						

	part of vegetable fibres but not containing wool, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, artificial silk nor wool, n.o.p.	**25 p.c.**	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
	and, per pound		1½ cts.	4 cts.	3 cts.	3½ cts.	4 cts.
548a	Woven dress linens containing not more than 15 p.c. by weight of cotton yarns for decorative effect	**Free**	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
	and, per pound		3½ cts.	4 cts.	3 cts.	3½ cts.	4 cts.
549c	Haircloth, composed of horse hair in combination with any vegetable fibre	**17½ p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
551	Yarns, composed wholly or in part of wool or hair but not containing silk or artificial silk, n.o.p.	15 p.c.	20 p.c.	22½ p.c.	15 p.c.	20 p.c.	22½ p.c.
	and, per pound	**6 cts.**	20 cts.	22½ cts.	11¼ cts.	20 cts.	22½ cts.
551a	Yarns and warps composed wholly of wool or in part of wool or hair, imported by manufacturers for use exclusively in their own factories, n.o.p.	10 p.c.	17½ p.c.	20 p.c.	10 p.c.	17½ p.c.	20 p.c.
	and, per pound	**5 cts.**	15 cts.	17½ cts.	7½ cts.	15 cts.	17½ cts.
552	Felt, pressed, of all kinds, in the web, not consisting of or in combination with any woven, knitted or other fabric or material	15 p.c.	22½ p.c.	25 p.c.	15 p.c.	22½ p.c.	25 p.c.
	and, per pound	**5 cts.**	17½ cts.	20 cts.	7½ cts.	17½ cts.	20 cts.
553	Blankets of any material, not to include automobile rugs, steamer rugs, or similar articles	**20 p.c.**	30 p.c.	35 p.c.	22½ p.c.	30 p.c.	35 p.c.
	and, per pound	**5 cts.**	25 cts.	30 cts.	10 cts.	25 cts.	30 cts.
554	Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight six ounces to the square yard, n.o.p., when imported in the gray or unfinished condition, for the purpose of being dyed or finished in Canada	**17½ p.c.**	25 p.c.	30 p.c.	20 p.c.	25 p.c.	30 p.c.
	and, per pound	**7½ cts.**	17½ cts.	20 cts.	9¼ cts.	17½ cts.	20 cts.
554b	Woven fabrics, composed wholly or in part of yarns of wool or hair, n.o.p.	**22½ p.c.**	35 p.c.	40 p.c.	27½ p.c.	35 p.c.	40 p.c.
	and, per pound	**12 cts.**	30 cts.	35 cts.	17 cts.	30 cts.	35 cts.
	Provided, however, that the sum of the specific and ad valorem duties imposed by this item on imports under the British preferential tariff shall not be in excess of 50 cents per pound.						
554e	Filter press cloth of wool	**20 p.c.**	35 p.c.	40 p.c.	27½ p.c.	35 p.c.	40 p.c.
	and, per pound		30 cts.	35 cts.	17 cts.	30 cts.	35 cts.
555	Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor artificial silk, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor artificial silk, n.o.p.	**30 p.c.**	40 p.c.	40 p.c.	30 p.c.	40 p.c.	40 p.c.
	and, per pound		32½ cts.	35 cts.	18¾ cts.	32½ cts.	35 cts.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
557b	Garnetted material wholly of silk, artificial silk or similar synthetic fibres, produced by chemical processes, obtained by disintegrating cocoons, yarns or fabrics, prepared for use; filaments or loose fibres wholly of silk, artificial silk or similar synthetic fibres produced by chemical processes, not more advanced than in the form of sliver; waste portions of unused fabrics, wholly of silk, artificial silk or similar synthetic fibres, n.o.p., not to include remnants nor mill ends	**Free**	7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
558c	(i) Rovings, yarns and warps, wholly or in part of silk, n.o.p., including threads, cords or twist for sewing, embroidering or other purposes	**15 p.c.**	22½ p.c.	25 p.c.	17½ p.c.	22½ p.c.	25 p.c.
560a	Woven fabrics wholly or in part of silk, not to contain wool, not including fabrics in chief part by weight of artificial silk, n.o.p	**22½ p.c.**	40 p.c.	45 p.c.	27½ p.c.	40 p.c.	45 p.c.
	and, per lineal yard		10 cts.	10 cts.		10 cts.	10 cts.
561	Woven fabrics wholly or in part of artificial silk or similar synthetic fibres, produced by chemical processes, not to contain wool, not including fabrics in chief part by weight of silk, n.o.p.	**27½ p.c.**	40 p.c.	45 p.c.	30 p.c.	40 p.c.	45 p.c.
	and, per pound		40 cts.	40 cts.		40 cts.	40 cts.
565	Embroideries, lace, braids, cords, chenille, gimp, fringes and tassels, whether containing tinsel or not, nets, nettings and bobinet, n.o.p.	**22½ p.c.**	32½ p.c.	35 p.c.	25 p.c.	32½ p.c.	35 p.c.
566	Plaited or braided lines and cords, non-elastic, whether of tubular or of solid construction, not exceeding one inch in circumference, wholly or in chief part by weight of vegetable fibres	**17½ p.c.**	32½ p.c.	35 p.c.	25 p.c.	32½ p.c.	35 p.c.
568	Knitted garments, knitted underwear and knitted goods, n.o.p.	**20 p.c.**	35 p.c.	45 p.c.	25 p.c.	35 p.c.	45 p.c.
	and, per pound		25 cts.	30 cts.		25 cts.	30 cts.
568a	Socks and stockings:—						
	(i) of wool	**20 p.c.**	32½ p.c.	35 p.c.	30 p.c.	32½ p.c.	35 p.c.
	and, per dozen pairs	**30 cts.**	$1.35	$1.50	75 cts.	$1.35	$1.50
	(ii) n.o.p.	**20 p.c.**	32½ p.c.	35 p.c.	30 p.c.	32½ p.c.	35 p.c.
	and, per dozen pairs		$1.35	$1.50	75 cts.	$1.35	$1.50
568b	Gloves and mitts of all kinds, n.o.p.	**20 p.c.**	25 p.c.	45 p.c.	25 p.c.	25 p.c.	45 p.c.
572	Oriental and imitation oriental rugs or carpets and carpeting, carpets and rugs, n.o.p.	**30 p.c.**	35 p.c.	40 p.c.	30 p.c. plus either 3 cts. or 5 cts.	35 p.c.	40 p.c.
	and, per square foot		15 cts.	20 cts.		15 cts.	20 cts.
573	Enamelled carriage, floor, shelf and table oilcloth, linoleum, and cork matting or carpets	**15 p.c.**	32½ p.c.	35 p.c	25 p.c.	32½ p.c.	35 p.c.
	and, per pound			4 cts.			4 cts.

578	Regalia, badges and belts of all kinds, n.o.p.	**22½ p.c.**	30 p.c.	45 p.c.	27½ p.c.	30 p.c.	45 p.c.
597a	Musical instruments of all kinds, n.o.p.; phonographs, graphophones, gramophones and finished parts thereof, including cylinders and records therefor; and mechanical piano and organ players	**15 p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
604	Belting leather in butts or bends; and all leather further finished than tanned, n.o.p.	**7½ p.c.**	27½ p.c.	27½ p.c.	12½ p.c.	27½ p.c.	27½ p.c.
604a	Crust oil leather, for use in manufacturing chamois leather	**Free**	27½ p.c.	27½ p.c.	12½ p.c.	27½ p.c.	27½ p.c.
607	Leather, when imported by manufacturers of gloves or leather clothing, for use exclusively in manufacturing gloves or leather clothing, in their own factories	**Free**	7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
608	Leather, not further finished than tanned, and skins, n.o.p.	**5 p.c.**	17½ p.c.	20 p.c.	10 p.c.	17½ p.c.	20 p.c.
610	Belting, n.o.p.	**15 p.c.**	25 p.c.	27½ p.c.	20 p.c.	25 p.c.	27½ p.c.
610a	Belting of camel's hair, for machinery	**7½ p.c.**	27½ p.c.	27½ p.c.	15 p.c.	27½ p.c.	27½ p.c.
611a	Boots, shoes, slippers and insoles of any material, n.o.p.	**22½ p.c.**	35 p.c.	40 p.c.	25 p.c.	35 p.c.	40 p.c.
612a	English type saddles	**10 p.c.**	27½ p.c.	30 p.c.	17½ p.c.	27½ p.c.	30 p.c.
619a	India-rubber clothing and clothing made from water-proofed cotton fabrics	**25 p.c.**	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
	And, in addition, on raincoats.....each	.....	50 cts.	50 cts.	50 cts.	50 cts.	50 cts.
622	Trunks, valises, hat boxes, carpet bags, tool bags, and baskets of all kinds, n.o.p.	**15 p.c.**	40 p.c.	40 p.c.	20 p.c.	40 p.c.	40 p.c.
623	Musical instrument cases and fancy cases or boxes of all kinds, portfolios and fancy writing desks, satchels, reticules, card cases, purses, pocket-books, fly books and parts thereof	**15 p.c.**	40 p.c.	40 p.c.	20 p.c.	40 p.c.	40 p.c.
624a	(i) Dolls; toys of all kinds, n.o.p.	**10 p.c.**	30 p.c.	40 p.c.	20 p.c.	30 p.c.	40 p.c.
624b	Statues and statuettes of porcelain or earthenware	**Free**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
628	Braces or suspenders, and finished parts thereof	**15 p.c.**	30 p.c.	35 p.c.	22½ p.c.	30 p.c.	35 p.c.
647	Jewellery of any material, for the adornment of the person, n.o.p.	**25 p.c.**	37½ p.c.	45 p.c.	30 p.c.	37½ p.c.	45 p.c.
653	Brushes of all kinds	**15 p.c.**	30 p.c.	40 p.c.	17½ p.c.	30 p.c.	40 p.c.
655	Pens, penholders and rulers, of all kinds	**12½ p.c.**	25 p.c.	27½ p.c.	15 p.c.	25 p.c.	27½ p.c.
655a	Lead pencils and crayons	**10 p.c.**	35 p.c.	35 p.c.	15 p.c.	35 p.c.	35 p.c.
656	Tobacco pipes of all kinds, pipe mounts, cigar and cigarette cases, cigar and cigarette holders, and cases for the same, smokers' sets and cases therefor, and tobacco pouches	**17½ p.c.**	32½ p.c.	35 p.c.	22½ p.c.	32½ p.c.	35 p.c.
658	Film of standard width (one and one-eighth of an inch and over) when imported for the sole purpose of having 16 millimetre reproductions made therefrom and provided that the original is re-exported within three months from date of importation.....per linear foot	**Free**	3 cts.	3 cts.	1½ cts.	3 cts.	3 cts.
659	Photographic dry plates	**15 p.c.**	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
663f	Iodised mineral salts, for use exclusively in the feeding of animals	**Free**	25 p.c.	25 p.c.	15 p.c.	25 p.c.	25 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
670	Grinding wheels, stones or blocks, manufactured by the bonding together of either natural or artificial abrasives; manufactures of emery or of artificial abrasives, n.o.p.	**10 p.c.**	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
710	Coverings, inside and outside, used in covering or holding goods imported therewith, shall be subject to the following provisions, viz:—						
	(b) Usual coverings containing goods, not machinery, subject to any ad valorem duty, when not included in the invoice value of the goods they contain	**10 p.c.**	20 p.c.	20 p.c.	15 p.c.	20 p.c.	20 p.c.
	(bb) Usual coverings containing machinery subject to any ad valorem duty, when not included in the invoice value of the goods they contain	**5 p.c.**	15 p.c.	20 p.c.	7½ p.c.	15 p.c.	20 p.c.

4. Resolved, That Schedule B to the Customs Tariff be amended by striking thereout tariff items 1060 and 1063, the enumerations of goods and the rates of drawback of customs duties set opposite to each of the said items, and by inserting the following items, enumerations and rates of drawback of customs duties in said schedule B:—

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1060	Paper of all kinds.....	When used by the publisher or printer in Canada in the production of periodical publications enjoying second-class mailing privileges, the pages of which are regularly bound, wire-stitched or otherwise fastened together.....	75 p.c.
1063	Materials, including all parts...	When used in the production of engines for use exclusively in the equipment of aircraft.....	60 p.c.

5. Resolved, That any enactment founded upon the foregoing resolutions to amend the Customs Tariff or schedules thereto shall be deemed to have come into force on the twenty-sixth day of February, one thousand nine hundred and thirty-seven, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, we have not seen copies of these agreements until to-day, and as they are somewhat complex I think it undesirable to endeavour to proceed with them at once. I would therefore move the adjournment of the debate until Tuesday next, following the practice set up by Colonel Ralston. An opportunity will thus be given to apprehend these agreements. Although copies have not yet been distributed, I assume they will be.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

CANADA-UNITED KINGDOM TRADE AGREEMENT—INSTRUCTION TO COMMITTEE OF WAYS AND MEANS TO CONSIDER AND REPORT

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

That it be an instruction to the committee of ways and means that they have power to consider the terms of the trade agreement entered into on the 23rd day of February, 1937, between the government of Canada and the government of the United Kingdom together with the modifications in the customs tariff therein mentioned and to report to this house on the whole agreement prior to the introduction of a bill respecting the said agreement.

Motion agreed to.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

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

POST OFFICE DEPARTMENT

Post Office—Outside Service

Salaries and allowances, $16,713,338.50.

Mail services, including mail services by air, $14,520,000.

Miscellaneous, including $5,000 to provide for payment of compassionate allowances to employees injured while in the performance of their duties or to other persons injured while performing duties in any way connected with the postal service or in protecting His Majesty's mails, or to the dependents of such employees or other persons who may be killed while so engaged, payments to be made only on the specific authority of the governor in council, $1,004,600.

Mr. BROOKS: On Friday, February 12, when this item was being considered, I asked the Postmaster General (Mr. Elliott) a question concerning the attitude of the department in connection with the dismissal of certain returned men and also the non-appointment of returned men to vacancies that had occurred, and I called particular attention to the case of the dismissal of the postmaster at Canterbury Station, New Brunswick. I pointed out to the minister at that time that a request had been made by the hon. member for York-Sunbury (Mr. Clark) for the dismissal of the postmaster on the ground that he had been engaged in partisan work during the previous election. I also pointed out that an affidavit had been sent to the department but that evidently it was not considered sufficient. The department had its inspector go to Canterbury Station from the

city of Saint John; an investigation was held, not of the charge of partisanship but in regard to the site of the post office, and the postmaster was dismissed on the ground that the site was not as good as another which was proposed. In this connection I wish to quote from certain letters that passed between officials of the Canadian Legion, British Empire Service League, and others, and the department. In reply to a letter from the hon. member for York-Sunbury complaining about partisanship, the Postmaster General, on April 1, 1936, wrote:

Dear Mr. Clark:

With reference to your communication of the 27th March in regard to the position of postmaster at Canterbury Station, N.B., I may say there is no vacancy in the postmastership at that point at the present time and no serious complaints have been received about the manner in which the post office is being conducted by the present incumbent, Thomas J. McMullin, who was appointed on the 12th January, 1931.

I note your remarks to the effect that charges of political partisanship can easily be sustained against the present postmaster.

Charges of partisanship were not investigated, but the postmaster was dismissed, as I have said, on the ground that the site was not satisfactory. I would point out to the Postmaster General that in the correspondence set out in sessional paper 118, it appears that as far as the site was concerned there is very little difference between the previous site and the proposed site, the latter being about one hundred yards farther away from the centre of the village. The village is a very small one, and the previous site is nearer the school. As we all know, in these small villages and country districts children go to the post offices and get most of the mail.

Communications were received by the department from returned soldiers' organizations. On page 13 of this sessional paper is a copy of a telegram sent to the Postmaster General from the Fredericton branch of the Canadian Legion. The telegram reads:

Hon. J. C. Elliott,
Postmaster General,
Ottawa, Ont.

Strongly protest removal of Thomas McMullin ex-service man from postmastership Canterbury.

W. A. Gibson,
President, Canterbury branch.

In the sessional paper is included another telegram from the Woodstock branch of the Canadian Legion, as follows:

Woodstock, N.B., June 9.

Hon. J. C. Elliott,
Postmaster General,
Ottawa, Ont.

Thomas J. McMullin postmaster Canterbury York county, N.B. to-day received notice of dismissal no reason given from post office inspector St. John said dismissal to take effect twelfth instant. This man is returned soldier receives small pension and is member this branch. Special meeting executive called this evening strongly protest this dismissal and ask new appointment held up pending investigation.

On June 12 the appointment was made. On page 9 of the sessional paper is a letter from J. C. G. Herwig, of the service bureau of the Canadian Legion at Ottawa, reading as follows:

The Hon. J. C. Elliott, K.C., M.P.,
Postmaster General,
Ottawa, Ontario.

Dear Mr. Elliott:

An urgent request has been received from our Woodstock (N.B.), branch to make representations to you with reference to the release of Thomas J. McMullin of Canterbury. I quote hereunder from their message.

The message is the same as the telegram I have just read.

This notice was given without much warning and no reason was given for the dismissal which is to take effect from the 12th instant.

It is pointed out that Mr. McMullin is a returned soldier receiving a small pension and the postmastership, therefore, is his livelihood because pension is insufficient for maintenance. I understand from officers of your department that the reason for this dismissal is that the present location of the office is unsatisfactory. If this is the case, then we feel that McMullin should be given an opportunity to change to a more suitable location before his dismissal is carried out.

When discussing the release of returned soldiers with you, you gave us assurance that they would not be removed from positions of this kind except for cause. In this case we are assured that the objection could be readily met by Mr. McMullin if he were given an opportunity to do so.

Hon. J. C. ELLIOTT (Postmaster General): Would my hon. friend give me the date of that letter?

Mr. BROOKS: The letter was written on June 10. It continues:

We think, therefore, that we are not unreasonable in asking that you delay drastic action in this case until Mr. McMullin has an opportunity of providing more suitable quarters.

This was not done. McMullin was dismissed on June 12.

I want to bring to the minister's attention another matter that has to do with the actions of certain commissions appointed to investigate partisanship in New Brunswick. The one case I refer to particularly is the dismissal of a postmaster at Mill Cove, New Brunswick, which is in my own constituency. This case is entirely different from the other. As I pointed out, in the first case the postmaster was accused of partisanship. He was dismissed on the ground that the site was not considered satisfactory. That was the excuse given. In the second case the ground on

which the complainant asked for the postmaster's dismissal was that the site was not satisfactory, but it was so obvious that the site proposed was unsatisfactory—not as satisfactory as the former site—that a charge of partisanship was brought against him and an investigation was held. The complaint was made by the defeated candidate in the constituency of Royal. He wrote to the department, who advised him how the investigation was to be carried out. Affidavits were made and a commissioner was appointed to hold the investigation. The commissioner was the law partner of the man who made the complaint, Mr. White, the defeated candidate in Royal. In order that the minister may understand this matter, I shall quote from some of the correspondence.

On June 3, a letter was written to the Postmaster General as follows:

June 3, 1936.

Hon. J. C. Elliott,
Postmaster General,
Ottawa, Ontario.

Re: Mill Cove Post Office

Dear Mr. Elliott:

I would request the removal of the above post office from C. W. Orchard's to James McLaughlin's, as location of the office on McLaughlin's premises would be a more practical site to enable it to better serve its patrons. The present site is not, I understand, as satisfactory as if the office were located on Mr McLaughlin's premises.

Yours very truly,
Donald V. White.

As a matter of fact the proposed location at Mr. McLaughlin's would require the patrons of that post office to walk about an extra mile for their mail, and when the matter was looked into it was found that the complaint that the site was unsatisfactory would not hold water; so then it was decided to bring a charge of partisanship against the holder of the office. An affidavit was procured from a gentleman named Robert M. Mott. I shall not read the whole of it, but his chief charge was:

In the last dominion election I saw the said C. W. Orchard drive up in his car with a Conservative voter to one of the polling booths in the said parish of Cambridge and in the afternoon I saw his wife drive to the polls with two Conservative women in her car.

The department wrote to Mr. Orchard asking him what he had to say about the charge, and he replied:

June 30, 1936.

Postmaster General,
Ottawa,
Canada.

Dear Sir:

In reply to your letter of the 22nd I will say as to my taking an active part in politics it is a complete falsehood. I did not canvass nor was I canvassed. True I took my wife's uncle along with me to the polling booth he came and asked my wife if he could get a chance with me—he has been a life long Liberal—he says I don't say how I'm going to vote, she said that is your own affair there is room if you want to go. On my way back my wife's cousin asked me if she and my wife's niece could go along with my wife, her cousin has always been Liberal don't know about her niece what she is. We did not ask any of them to go with either of us, they came back with other parties. On her way my wife took a man in whom afterward we heard refused to go in the Conservative cars. She asked him if he would have a drive he accepted. With the exception of asking this man to have a drive we can both swear that we only took these people because we were asked—and did no canvassing whatever. I want the name of the persons who sent in the sworn statement—how could anyone take an oath that these people were either Liberal or Conservative.

There have been a number of falsehoods about our office which we have proved out to the department and it is getting irksome. I hope I shall always keep broadminded enough that I can give a person a lift regardless of their politics in which I take no active part.

Please write me the name of the person who sent the statement.

Yours truly,
Charles W. Orchard.

A commission was appointed and an investigation held. I shall read the report. The investigation was held at Cambridge, New Brunswick, on September 24, 1936, and the evidence as reported reads:

The witnesses for the informant testified that during the provincial and dominion election campaigns of 1935 Charles W. Orchard, postmaster at Mill Cove, attended the conventions of one of the political parties, that during the federal campaign Mr. Orchard attended a political meeting of the same party on the evening when two of the parties held meetings in the district, and that during his term of office Mr. Orchard had attended other political conventions of the same party. They also testified that on dominion election day, October 14, 1935, Mr. Orchard had driven one voter to the polls at Cambridge, and that his wife had driven two women voters to the same poll.

The postmaster gave evidence on his own behalf, stating that he had not attended political conventions as a delegate, that voters driven to the polls were driven at their own request, and were taken by his wife and himself when they themselves went to vote. He admitted that he had never attended conventions of other than the one party, but stated that he had attended joint nomination some years ago and that during the 1935 dominion election campaign he had attended a political meeting of another party.

The evidence was to the effect that it was a Liberal meeting.

His wife, deputy postmistress, testified similarly regarding the voters driven to the polls, as well as voters themselves, two of whom claimed to belong to party other than the one the postmaster was believed to support. All the voters transported were relatives of Mrs. Orchard. The honorary chairman of the Conservative party for the district testified that postmaster Orchard had never attended committee meetings of that party.

The finding of the commission was:

In view of the evidence submitted, I feel that sufficient proof has been offered to find postmaster Orchard guilty of acts of political partisanship.

The convention which he was accused of attending was an open-air convention held on the shores of Grand lake in the county of Queens, New Brunswick. Hundreds of people were there and I saw among them the chairman of the Liberal party in the county of Queens, and dozens of other Liberals. Mr. Orchard lives only a few miles from this place, and practically everyone in the neighbourhood, no matter what might be his party affiliations, attended this convention. It was like a picnic, but only those who were delegates could vote. Mr. Orchard was dismissed on this very flimsy evidence which was brought before this commission. The facts proved were that he conveyed three voters to the polls; two of these voters were Liberals and they do not know how the third voted. I should like to read to the committee one or two letters indicating the attitude of the public. This may seem trivial to some, but it is important to the people who live in this district, and that is why I am bringing it to the attention of the Postmaster General. I am not going to worry the committee in regard to these commissions which have been investigating not only this case but others, but I know of other dismissals in my own constituency just as unfair and unreasonable as this one. I hope in future these matters will be more carefully considered by the authorities. I have in my hand many letters but I shall read just a few. This one is dated September 27, 1936:

Dear Sir:

As I am a resident of Mill Cove I am writing to you in regard to the post office. There are five families living here and the post office is one and a half miles away. I think it is far enough to have to walk after the mail without having to walk any further. If they shift the post office we will have to walk for our mail two miles and a half. So I don't know what we will do. Please let me know what is to be done.

Another letter, dated September 24, reads:

Just a few lines in regard to the office at Charlie Orchards. As I think it would be an unfair thing to move the post office any further than where it is for we have about one mile now and what will it be for us if you moved it any further so hope you will please decide to leave it at Charlie Orchard for the people in the settlement, and obliging.

Mrs. Clifford Thompson.

The point is that practically all the people who get their mail at this post office were compelled to walk a mile further for their mail just to satisfy a supporter of the party in power. I may also point out that the post office of which Mr. Orchard was postmaster was beside the school at Mill Cove and the children who come from the back districts would get their mail and take it home after school. After the post office was moved, they had to go half a mile up the road to McLaughlin's, get their mail, go back half a mile and then return home. Anyone who knows country districts in the winter will know that is a real hardship. I hope that in the matter of appointing commissions to investigate complaints of this kind there will be more careful investigation, and that the rights of the people will be the first consideration. It does not make so much difference that Orchard was dismissed, but the fact that dozens of people have to walk daily another mile through all kinds of weather to get their mail seems very unfair.

I should like to correct a statement I made the other day with reference to the postmastership in the town of Woodstock. I stated that a returned man had not been appointed to that vacancy. That is correct, but I have learned that the present incumbent is appointed only in a temporary capacity. But I object to that. Looking over some records not long ago, I noted that most of these temporary appointments are given to some party heeler, and then perhaps later a returned man is appointed. Why cannot the returned man be appointed as temporary postmaster in the first instance? It is sometimes months before the regular appointment is made. I ask the Postmaster General if it is the intention of his department to appoint a returned man to the Woodstock post office. If so, how soon will that appointment be made? It has been pending now for a considerable length of time and it seems to me the appointment should be made without further delay.

I also asked the Postmaster General last year with reference to the post office at Florenceville, New Brunswick. A widow was dismissed from that post office without very much reason, as is the case in a good many instances in my province. At that time I asked the Postmaster General: "If a change is contemplated, will an investigation be made before any such change takes place?" The Postmaster General answered: "Yes, an investigation will be made." But I am informed that no investigation was made, that the postmistress was dismissed without any investigation. The Postmaster General gave me his word that an investigation would be held, but there was no investigation.

Mr. ELLIOTT (Middlesex): Dealing first with the Canterbury office, since the hon. member started speaking I have been able to obtain the report upon which this change was made. This office is in the electoral district of York-Sunbury. The revenue was $1,834. A report was asked from the district director, and I have a copy of it in my hand. It is dated April 27, 1936, and reads:

A number of the patrons of the office were interviewed, and it would appear that public opinion was favourable to the proposed location. The proposed site is 180 yards west of the present location and is more central as shown by the sketch herewith enclosed, which also shows the location of the patrons.

I should be glad to elaborate on that if my hon. friend wishes me to do so.

Mr. BROOKS: I should like to ask a question. In the letter written by the Postmaster General to Mr. Herwig on June 10, a statement was made to the effect that a returned soldier in a position of this kind would not be dismissed without cause. I also understand that Mr. McMullin was not given an opportunity to change the site of his post office, so in my opinion the reason given was only an excuse. Be that as it may, however, I should like to ask the minister if Mr. McMullin was given an opportunity to change the site of the post office, if it was not satisfactory.

Mr. ELLIOTT (Middlesex): I can go only by the records I have before me. First, I might say a word with regard to the question of changing the site of a post office in charge of a returned soldier. If a change of site is considered desirable, the practice has been, quite consistently for a number of years, to have an examination made by the district director. If this report shows conclusively that some other site is much more desired by the people who are to be served, which site according to the map is much more central—and it was so in this instance—the change is made. It has not been the practice to consider the returned soldier as being dismissed if his site is not as suitable as the other one suggested. That is not in the nature of a dismissal for cause.

Mr. BROOKS: I should like to ask another question. Did the Postmaster General receive any complaints with regard to this site prior to the letter which was written by the hon. member for York-Sunbury? I have the correspondence under my hand, and it does not indicate any such complaint.

Mr. ELLIOTT (Middlesex): I am not aware of any such complaint, but this change was made at the request of the patrons who were being served, and with a view to securing a better site.

Now I might say a word with regard to the second matter to which my hon. friend referred, the post office at Mill Cove. I have before me the finding of the investigator, and I would say to my hon. friend that I think quite as much care has been taken in these cases as has been customary in regard to matters of this kind. A commissioner was appointed; he made a report, and the report indicates that the postmaster at that point has been guilty of political partisanship. I should like to refer my hon. friend to what is frequently the most important evidence one gets. It is the evidence of the postmaster himself as to whether or not he was guilty of political partisanship. This is what he says:

The postmaster gave evidence on his own behalf, stating that he had not attended political conventions as a delegate, that voters driven to the polls were driven at their own request, and were taken by his wife and himself when they themselves went to vote.

In all fairness I would suggest to my hon. friend that most people are taken to the polls by their friends when their friends go to vote.

He admitted that he had never attended conventions of other than the one party, but stated that he had attended joint nomination some years ago and that during the 1935 dominion election campaign he had attended a political meeting of another party. His wife, deputy postmistress, testified similarly regarding the voters driven to the polls, as well as voters themselves, two of whom claimed to belong to party other than the one the postmaster was believed to support.

I want to say to my hon. friend that, apart altogether from the evidence given by the postmaster, the finding of the commissioner is that on the whole evidence given before him the postmaster was guilty of political partisanship. I do not know how we can retry the finding of any commissioner as long as the record appears to show that there was evidence which, if believed by him, would support the charge. I am not going to argue the matter, but that has been the practice, and that is the course which was followed in this case.

Now I should like to say a word with regard to Woodstock, about which my hon. friend asked. The revenue of that post office is over $19,000. When the appointment is made it will undoubtedly have to be made by the civil service commission, and the returned soldier preference will apply. I am afraid I cannot say much more than my hon. friend can say with regard to what the civil service commission will do. I think that covers the three cases to which my hon. friend referred.

Mr. CHURCH: This is a public utility, Mr. Chairman, and in my opinion it should be operated in a different way. I do not intend to say very much about this firing business. I remember when the present Postmaster General (Mr. Elliott) was on my football team; I believe this is a little contrary to his own way of doing business, so I do not believe he has very much to do with it, though there were postmasters fired in the Niagara peninsula.

This utility is maintained by the public and should be conducted on a commercial basis if we are to have any efficiency. Years ago Sir William Mulock got efficiency and many reforms were introduced into the department in order to make it more businesslike. I must say, however, that this business of firing aged employees who are in the evening of life, without making any provision for them, is not creditable to the post office or any other public utility.

I come from a city which contributes some $7,000,000 yearly to the postal revenues of this country, and in my opinion Toronto is getting very poor service for the amount of money expended. In the residential districts the service is not what it should be. In addition to that, I believe Toronto, which contributes about $90,000,000 annually to the revenues of this country, should have some better post office terminal system. In that city we have no post office with the exception of the old building which was constructed shortly after confederation, at the head of Toronto street. It is true that we have the terminal in the union station, but I maintain that the Post Office Department of Canada is away behind the times. We are sending ministers over to England on almost every boat nowadays. The Minister of Agriculture (Mr. Gardiner) was in the house for only three months before he took a Cook's tour around Europe. If they would open their eyes and see what the British post office is doing in the way of efficiency, they would be doing something for the people of this country.

As a postal item is under discussion, I should like to know what the department is going to do about the postal service in my constituency, that of Broadview, which comprises a large district over the Don, and in which is one of the largest business retail streets in Canada, namely, Danforth. In that section of Toronto there is no adequate post office. Post office business is conducted in an old leased building. Other places, from which the department derives very little revenue, can have buildings valued at $100,000 erected. Only the other day we heard about one at Fort Erie, in the Niagara district, where the revenue is not nearly as large as it would be in Toronto. I do not object to Fort Erie getting something, but the commencement of that federal building with the laying of the corner stone was nothing but a Liberal rally in the district. With a golden trowel the member laid the corner stone, and there were the usual ceremonies. The revenues from that district are set out in the returns received by the Postmaster General.

In my opinion the Post Office Department should be operated from the commercial aspect, and the commercial aspect only. There should be some efficiency in the department. Toronto contributes $7,000,000 to the revenue. In that city we are entitled to one cent drop letters. The revenue from Toronto should not be used, to the detriment of increased service for Toronto at less cost, to bolster up post offices in other places throughout Canada, in the manner indicated.

All along the line the provinces of Quebec and Ontario, which contribute eighty per cent of the cash taxation to the federal treasury, have been discriminated against. The day is coming when the businessmen will insist upon business administration in the Post Office Department. We should have additional facilities in Toronto for handling the mail. Regarding the delivery of letters in the residential districts of Toronto may I refer to an editorial appearing in the North Toronto Herald, published in the constituency of the hon. member for Eglinton (Mr. Baker). I happen to live in that district. In the newspaper editorial there is a complaint about several postmen having been bitten by dogs when they go to deliver the mail. That should not be so. The minister ought to notify people that if they want to have mad dogs, and that kind of thing, about the property, they had better get their mail at the post office.

This is not the only public utility in Toronto which is suffering thus from vicious dogs attacking inspectors. The minister is not much of a dog fancier—at least he was not when I used to know him so well. May I repeat that other public utilities in Toronto are suffering in the same way from people who keep these mad or semi-mad dogs. When postmen come to deliver letters they are bitten, and they have no remedy for damages.

In addition to that, the time is not far distant when more humane methods should be used for the good of the rank and file of the men who do the work in the Post Office Department,—not for the brass hats to whom the hon. member for Témiscouata referred.

The rank and file of postmen are not receiving the consideration they should. Should one of these poor chaps steal a dollar or a dollar and a half out of the mail, he may be sent to prison for three years. I know of no other public utility which uses its employees in that way; when such utilities have revenues, they pay their employees proper living wages and rates. In my view the law concerning the three year sentence in connection with postal employees should be changed.

Some of these postmen are returned men. One of them may steal a dollar or two out of a letter, especially if his family is not receiving proper maintenance. With the increased revenues in the Post Office Department I say that law should be changed. It was introduced before confederation, and there should be some amendment of it, and the men affected given parole or some other consideration.

There is another point concerning the revenue of the department about which I should like to speak. The newspapers of Canada are receiving a cash subsidy of $8,000,000 from parliament. Why do they receive that? They get it through the carrying of second class mail at less than cost. The special freight rate they enjoy is greatly to their benefit, and it costs the department a loss of over $8,000,000 to carry the newspapers through the mail. The hon. member for Parkdale (Mr. Spence) is one who knows a great deal about the Post Office Department, and only a few days ago he referred to this matter. If these newspapers can afford to have a couple of pages of turf news, they can afford to pay a proper rate for the delivery of their newspapers, and to do it without cash subsidies from parliament. In my view the law in that regard should be changed.

The Postmaster General should take up the bill I introduced some years ago concerning the identity of the newspaper as to ownership. We should follow the law of Great Britain and that of the United States, whereby newspapers must disclose their identity as to ownership, stockholders, mortgagees, mergers and matters of that kind or be refused the right of the mails. The fourth estate is not what it used to be as a defender of public rights or of the liberty of the subject; this seems to be past and gone, forever. I say that the Postmaster General should consider this matter and bring in an amendment to the Post Office Act, whether hon. gentlemen in another chamber like it or not. There should be proper disclosures as to ownership of newspapers receiving these subsidies; otherwise they should be denied the right to use the mail, as is done in Washington, under the laws of the United States.

I believe the department should add new features. I hope the Postmaster General will go to England for the coronation ceremonies, because if he goes over there and keeps his eyes open—and he has pretty good eyes when he wants to see—he will notice the improvements they have in England. The minister sometimes did not see the referee and got ruled off when on my team, but he is very observant. I believe he should go to England and see what the Post Office Department over there is doing to add to the usefulness of the post office.

The Post Office Department has not in Toronto the modern facilities to do business. It is not equipped as are other public utilities, such as the Bell Telephone Company, the Consumers' Gas Gompany or the Hydro Electric. It has not the modern type of building, modern facilities or modern methods. The Post Office Department is a public utility, and as such it is away behind the times. We could learn a lot by going to Washington and finding out what they are doing in the larger cities of the United States.

I agree with the hon. member for Parkdale in connection with his observations about the Christmas mail. When hon. members on this side were in office they played the game. I never succeeded in placing a man in the Post Office Department at Christmas time. I never asked to, because I knew it would not be done. Last Christmas the returned soldiers got a raw deal from the Post Office Department. They were asked to file their applications, go down to Adelaide street and register. They spent hours and hours of time trying to get the work, but they were refused. Other men from all over Ontario were taken on. I do not blame the present Postmaster General or the Toronto postmaster, but I believe there should be in Toronto a system similar to that found in the municipalities. Municipalities try to run their business from a commercial standpoint, and not as Liberals or Conservatives. If the federal authorities did as the municipalities do, they would get greater efficiency in the Post Office Department, and would receive a fair day's work for a fair day's pay from the rank and file of the men who, dear knows, could stand a little increase in their pay. We should have more humane treatment of the men. Some day the people who pay for the Post Office Department will rise up and have something to say about the way in which it has been operated.

Mr. ELLIOTT (Middlesex): In answer to the hon. member may I say that no one appreciates more than I do the contribution made by the city of Toronto to post office revenue. The hon. member is correct in stating that we receive about $7,000,000. When he complains about the building accommodation in Toronto, I notice he looks at his friends on his side of the house. He will be one of the first to remember that the fine building they have there near the station for sorting purposes was erected as a result of estimates passed when I had the privilege of being Minister of Public Works. I think my hon. friend will admit that the service in Toronto has been improved as far as possible since the present administration has been in power. I agree with him that perhaps there was a good deal of room for improvement. As far as the dogs to which he has referred are concerned, he is a good lawyer and he knows that the control of dogs is a matter entirely within provincial jurisdiction. That is something over which the federal parliament has no control. I am bound to say that we have had no complaints from the couriers. I want to be fair to the people of Toronto and to the character of the canines in that city by saying that no complaints have been received. In view of what my hon. friend has said, perhaps representations should be made to his friends at Queen's park.

Mr. MacNICOL: Not his friends.

Mr. ELLIOTT (Middlesex): Then perhaps the hon. member for Davenport (Mr. MacNicol) will make the representations.

Mr. MacNICOL: They are not my friends either.

Mr. ELLIOTT (Middlesex): I have no doubt it will be given consideration.

I just wanted to return some of the compliments which the hon. member paid to me by saying that if the team which he captained a short time ago was the wonderful success it was, this was due to the management of my hon. friend.

With regard to the deficit which my hon. friend stated was due to the handling of a certain class of mail, I must say that the figure he gave is too high. There is no doubt there is a deficit, but the amount is much smaller than that mentioned by my hon. friend.

I find I neglected to answer one of the questions raised by the hon. member for Royal (Mr. Brooks) with regard to the Florenceville post office. The information which I have from other sources is that there was an inspection made of this post office. A shortage was discovered and as this was the second offence of that kind, the inspector asked for the resignation of the postmaster which was accepted.

Mr. SPENCE: Mr. Chairman, there is no one who can make excuses better than the Postmaster General. He is certainly clever and accomplished at that. I do not think anyone regrets more than he does the fact that he has to defend his department in connection with such matters as were referred to by the hon. member for Royal (Mr. Brooks). He knows that these charges were made by a certain individual and that these postmasters were going to be fired regardless of whether or not an investigation was held. I am sorry to say that the spoils system is carried on in the maritimes. After every election the same thing happens, and I do not want to go back too far. I regret that sometimes the Conservatives have done this, but they have not been as bad as the Liberals. The minister will not be able to blame the hon. member for Royal if he asks that these postmasters be changed should this government be defeated in the next election. Such practices should be stopped and men who are doing their duty should be protected.

In Ontario the spoils system has never been developed to this extent. When we came into power in 1930 there was not a man in the customs house, the public works department or the post office in Toronto who was fired. I am glad to say that that is still the fact, with the possible exception of the extra men taken on at Christmas. We could not get a look in at all. The hon. member for York North (Mr. Mulock) and the hon. member for Spadina (Mr. Factor) ran away with all the jobs and we got nothing. However, we shall get back at them, that is if we live long enough. I have always had great regard for the Postmaster General, but I do not think he is sincere when he defends the action of his department in laying off the two postmasters referred to by the hon. member for Royal.

Mrs. BLACK: Mr. Chairman, quite unlike the previous speakers, I have practically no complaint to make in connection with the carriage of mails in the Yukon territory. Times have changed since those early days when we had to pay a dollar to get a letter sent as far as Skagway. Times have changed since our mails were carried by dog team and when men had to stand in line and pay a dollar to get inside a post office. A good

looking woman could get in for nothing, but I always had to pay.

Mr. LAWSON: You were the first in.

Mrs. BLACK: When new contracts are being made, I should like the Postmaster General to consider the service between Dawson and Granville. Granville post office is being conducted by a man who is very much interested in that part of the country. He works for the people and with the people. Because of the increase in the use of labour by the Yukon Consolidated Gold Company in the summer months, there are between three and four hundred men located within three-quarters of a mile of this post office. The post office itself is about half the size of the Clerk's table, there being hardly enough room for two people to get in at the same time. There are no facilities for issuing money orders at this post office and a number of requests have been made that these facilities should be provided. Last summer when I was at Granville I was given about $700 loosely tied up in a bundle with which to purchase money orders in the town of Dawson. Money is tied up just with some paper and a piece of string and given to anyone going to Dawson to purchase money orders to be sent from there. This is most inconvenient and I think there should be facilities provided, at least in the summer time.

The people in this locality are anxious to have a biweekly mail service during the summer months. The roads are good and the mail comes in in large quantities. There is considerable parcel mail during the summer and it would be a great convenience to these people to have this biweekly service. I am sure everyone in the locality would appreciate it if the Postmaster General would consider this request.

Mr. ELLIOTT (Middlesex): I would say that any request made by the hon. member who has just spoken will receive every consideration. She has already spoken to me with regard to the service between Dawson and Granville and also with regard to the desire to have money order facilities at Granville. While the revenue is not very large, the post office receipts being only $194, I realize that a great service would be given. Since the hon. member formerly spoke to me about it I have discussed it, and while it is as well not to make any promises before something is actually done, her request will receive the most sympathetic consideration.

Mr. MALLETTE: Before I ask the minister the question I wish to put to him, may I draw to the attention of the committee the very fine French accent which has been acquired by the hon. member for Broadview (Mr. Church)? If there is one word well known politically in the federal division of Quebec, it is the word Témiscouata. The hon. member for Broadview referred to it a moment ago and called it "Temiscooter." I do not know whether he is seeking to reform our pronunciation or is trying to give a hint to the hon. member for Témiscouata to join the boy scouts. Probably the hon. member for Broadview can explain it.

I was not in this chamber the other day when this vote was first introduced, and I should like to know from the minister whether any decision has been arrived at with regard to the representations made by the postal employees about two weeks ago respecting Christmas and New Year deliveries. I know we are a long way from next Christmas or New Year, but I do not see why the service should be given on these two days. The rest of us sit at home and enjoy ourselves, and I think these humble employees of the Post Office Department should have the same privilege as their fellow citizens.

Mr. ELLIOTT (Middlesex): As far as these services are concerned, I cannot add anything to what I said when the matter was under discussion for a considerable length of time the other evening. The result of the present arrangement has been exceedingly favourable, particularly in the large cities. Communications we have received from various sources indicate how much the people in those places appreciate getting their Christmas mail either on Christmas day or within a day or two of Christmas. I repeat what I said the other evening that with regard to Christmas it is utterly impossible, particularly in the large cities, to keep anywhere in sight of the work if we allow the complete Christmas holiday to pass without the mail being sorted or any mail being served; it could not be finished at the end of the week. That has been the experience in the past. We in the department are most anxious to give the public the best possible service consistent with reasonable expenditure. Nobody desires less than I do to pay out money to give people service they do not want, but at the same time we owe something not only to the people to whom the letters are delivered but to those who have sent those letters; they are entitled to have them delivered within a reasonable length of time. With regard to smaller places it is much easier to make some arrangements which may not be so ex-

pensive but will give a reasonable service. We are surveying the whole situation, but I should not be fair to my hon. friend if I led him to believe I thought that, with a volume of mail such as we had this last year, it would be humanly possible, if we were to dispense with the Christmas mail delivery, to get the Christmas mail disposed of within the succeeding three or four days.

Mr. MALLETTE: As reference has been made to large cities, may I point out that I understand that in the city of Quebec, which is quite a large place, the people are opposed to these deliveries. As regards accumulation of mail for delivery on Christmas day, a little missionary work could be done by means of advertising so that people would be induced to mail their communications earlier. The department very thoughtfully sent us circulars early in December telling us that, if we wanted to have our mail delivered to the United Kingdom or elsewhere abroad, it should be posted by a certain date. The same procedure might be applied to deliveries within Canada. What I had in mind was the interests of the postmen. As I have said, all of us enjoy Christmas and New Year's day, and I believe these employees should be with their families on those occasions. Of course I bow to the inevitable; although I sit on this side I am not a member of the opposition.

Mr. LOCKHART: May I inquire if representations have been made through the postal services, particularly in cities of 25,000 to 40,000 population, asking that Saturday afternoons be allowed to the employees who work in those cities? Very many of these men are interested in sports. It seems to me that while the argument advanced by the Postmaster General (Mr. Elliott) may be quite in keeping with the situation as far as Christmas mail is concerned, it is difficult to appreciate the necessity of having mail delivered on Saturday afternoons in these smaller places, where half the places of business are closed. I understand that strong representations in this connection are being made.

Mr. ELLIOTT (Middlesex): Prior to the recent inauguration of service on Saturday afternoons, no mails which were received in a city like Montreal after about nine o'clock in the morning were delivered that day, and numerous complaints, verbal and written, were received. Those complaints were investigated very carefully, and I will say very frankly that I think I can convince the hon. member that, of all days except possibly Christmas and New Year, when the volume of mail is much heavier than it is at any other time of the year, the delivery which cannot be dispensed with is the one on Saturday afternoon. Perhaps I might give the result of an investigation that was made by an inspector sent down to Montreal, following complaints which were received. I recall particularly the case of one letter which was posted in Winnipeg by air mail on the 12th—

Mr. LOCKHART: Will the minister permit a question just at that point? Have investigations or inquiries been made in centres such as those to which I have referred? I am speaking not of Montreal and Toronto, but of cities with populations ranging from 25,000 up to 50,000. Has the matter been gone into thoroughly in connection with cities of that size? I was thinking particularly of St. Catharines. Was an investigation held there?

Mr. ELLIOTT (Middlesex): If my hon. friend had just borne with me a moment I do not think it would have been necessary for him to ask the last question, because what applies to the city of Montreal as regards mail that is sent part of the way by air applies also to these smaller cities. If this mail comes in on a Saturday morning after sortations are made for the mail carriers to get out on their rounds, it lies in the post office until the following Monday morning. The delaying of one letter of that kind will do more injury to the Post Office Department than can be cured by a lot of expenditure and much diligence. That is our trouble. Unless there is a sortation, a staff kept for sortation purposes on Saturday morning, and the mail that comes in on Saturday morning is sorted so as to get out on Saturday afternoon, all that mail remains over until the following Monday, and the result in some cases, particularly where important business messages are involved, is very serious. People do not send letters by air mail unless they are important. They pay a higher rate and we think they are entitled to the best possible service that can be given within a reasonable price.

Mr. LOCKHART: I quite appreciate all that the minister has said with regard to Montreal. Very little air mail ever reaches such an urban centre as that of which I have spoken. They do have a sorting staff in the morning and two deliveries in the uptown business section, and I cannot see the application of the minister's argument in cases such as I have mentioned. I insist that the minister cannot have made a thorough inquiry into conditions in places of that size when

he compares them with cities like Montreal where a large amount of air mail comes in. I would ask him again whether the matter was gone into carefully in connection with urban centres of the size I have referred to—not whether the air mail question was taken into consideration, but whether the matter was reviewed from the standpoint of having the mail all cleared out by Saturday noon and not on Saturday at nine o'clock.

Mr. ELLIOTT (Middlesex): In the first place it must be apparent to my hon. friend that it is impossible for him or anybody else to say that no air mail will come into St. Catharines or any other place. That depends upon whether the man at the other end sends his letter by air mail or not. That is the answer to the first part of his question. With regard to the question whether or not investigations have been made there, I will say frankly that there has not been the same degree of investigation in connection with places of that size that there has been with regard to cities like Montreal and Toronto and the larger centres from which the majority of the complaints came. The inspector was regarded as one of the most capable men in the service in this respect, and he reported that the great majority of the complaints were made in consequence of there not being a Saturday afternoon delivery.

Mr. LOCKHART: I wish to bring another matter to the minister's attention. The evidence submitted at the inquiry in connection with the post office at St. Ann's, Ontario, was given to the house, and I want to make a few observations in that connection. There were about 105 pages of evidence and correspondence. I notice in the evidence that the building which was abandoned was in much better condition than the one to which they went. The new premises were not as clean, nor was the accommodation in a general way as good. Moreover, something must be said about the calibre of the four or five witnesses who tried to substantiate the charge against the previous postmaster. I know a considerable number of the citizens including nine or ten of the most responsible men in that community who testified on behalf of the previous postmaster. Petitions were circulated to which nearly eighty-five per cent of the community subscribed one hundred per cent in favour of the former postmaster. I have read all this evidence carefully, and I wonder whether the Postmaster General has gone thoroughly into this case. Before I get through I am going to bring to his attention something which should convince him of the absolute injustice of the action that was taken in this particular case. I refer particularly to the calibre of the men who testified against the former postmaster. I wonder whether the minister carefully reviewed all the evidence that was brought down in the return asked for and whether, having reviewed it, he is of opinion that any charge had been made out against the man who previously held the office. Does he not think it was absolutely a case of discrimination?

Mr. ELLIOTT (Middlesex): As soon as my hon. friend mentioned this case I sent for the file. It has only just come in and I have not had an opportunity of looking it over, but I think I know the evidence probably as well as he does. I read it all and considered it carefully, and I did so because a special request was made to me by the postmaster's counsel, an eminent lawyer from Toronto. I went over the evidence with him and these are the circumstances as I recall them. In August, 1935, the man who had been postmaster there for a number of years—a gentleman named Snyder, who bore an excellent reputation in the community but who was certainly not as popular with the Liberal party as with the Conservatives, for he was a strong Conservative—became assistant postmaster, the post office being given to his son shortly before the election. For the father's actions in the post office, the son, who was the postmaster, was responsible. The investigation was held by a competent young man whom the hon. member for the riding will know—a Mr. Bench—and the evidence disclosed that a number of persons had stated that he had repeatedly spoken very strongly in favour of his particular political party, and that he did so in the store in which the post office was held, and in the presence of the son, who was the postmaster. The finding was that he was guilty of political partisanship. There was no question about it. My hon. friend after reading the evidence must admit that there was evidence of partisanship on which the commissioner who heard the witnesses could quite properly find that the man had been guilty of partisanship. That was the finding. I was asked to consider it very carefully; I went over all the evidence with counsel for the postmaster, and I would say to my hon. friend that after reading the evidence there was no course left for me but to accept the finding of the commissioner.

Mr. LOCKHART: Did the minister consider the calibre of the witnesses, several of them of foreign extraction who gave evidence against the previous postmaster, and does he not think that the men who gave evidence

in favour of the previous postmaster are of a different calibre and type altogether from those who gave evidence in favour of the new man?

Mr. ELLIOTT (Middlesex): I wonder whether my hon. friend thinks that I interviewed the people who gave evidence, or had an opportunity of judging them as the commissioner who heard the evidence had. The commissioner, a gentleman of repute, a barrister of high standing at the Ontario bar, heard these witnesses; he came to his own conclusion, and I am satisfied that the correct thing to do in view of his finding was what the department did. It is not a pleasant thing to dismiss a man who is getting up in years and who has served the office well in the past, with the exception that he was a bit partisan at election times. But when a change is made just prior to the election, the office handed from the father to the son, and the son is the postmaster and the father the assistant, then I do not think my hon. friend will claim that, when a complaint is made and the man who hears the evidence finds that the father was guilty of political partisanship in the office and to the knowledge of the son, and that under the law he should be dismissed, it would be fair that that postmaster should be retained. After all, this is a business. You cannot have the postmaster irritating and annoying people who are compelled to come into the store where the post office is situated to do business when an election is pending. There are, of course, certain ridings in which political feeling runs higher than in others—I am not saying my hon. friend's riding is one of those, but his party has been very fortunate in that riding for a long time. I think he is not being quite fair to the people who gave evidence there to the effect that almost every time they went into the store this assistant postmaster said something to them about the demerits of the Liberal party and the merits of the Conservative party, to contend that they should have to put up with that. In the past the practice has been to accept the finding of the commissioner, and I venture to say that in no case has more care been given to making sure that that finding was right than in this case.

Mr. LOCKHART: I know the commissioner very well and I know his calibre. I read his findings carefully, and I say that they do not bear out all that the minister has said. When you have a petition circulated in a community of several hundred constituents who are served by a post office of that kind and find eighty-five per cent of all the residents in that community, irrespective of party, signing the petition in the interests of a man who has served them for thirty-two years and who has a family, and then you have a commissioner finding a small measure of partisanship on the part of the assistant postmaster, the father, and on that the postmaster is dismissed, I can hardly see how discrimination could be more apparent.

Mr. ELLIOTT (Middlesex): Regarding the petition, my experience leads me to believe that a man who has served the people as mail courier or postmaster or in almost any capacity can get nearly everyone in the community to sign a petition. The law does not make any provision for the consideration of petitions in matters of this kind. It is true, as my hon. friend says, that there was a large petition, but I have before me a large number of letters from people who signed the petition, to the following effect:

> Please cancel our names to Snyder petition for post office at St. Ann's as I was wrongly informed.

Another:

> I shall be glad if you will remove my name from the petition sent you, as I signed it under a misapprehension.

Another:

> I shall be glad if you will remove my name from the petition and also my wife's, as we signed it under a misapprehension.

Mr. LOCKHART: May I ask the names of those who wrote these letters.

Mr. ELLIOTT (Middlesex): They are all in the return; if my hon. friend has read the return he will have seen them.

Mr. LOCKHART: Well the name is very important; I know the standing in the community of the men who signed some of these letters.

Mr. FINN: I have not any desire to enter into the merits or demerits of this case, but in fairness to the Postmaster General and the officers and the commissioner I would point out one thing. A commissioner is sworn; evidence is given on both sides, and given under oath. My hon. friend the member for Lincoln (Mr. Lockhart) takes the view that perhaps some of the witnesses were not of the same calibre as the people who gave evidence the other way. If that was so, I would point out that counsel who acted for this gentleman was at fault, on the basis as laid down by my hon. friend, in not proving or giving evidence of bad character. That not having been done, the com-

missioner was bound by the evidence, and no matter how many petitions came in they did not come before him, they were not signed under oath. If such factors as this should enter into an inquiry, why should they not apply to proceedings in the magistrates' courts, in the county courts, in the supreme court? You can get lots of people to sign petitions against people being hanged, but that does not prove that they were not guilty. If citizens of my hon. friend's riding knew that people of "questionable" character gave evidence, they should have given evidence of that "questionable" character, so that the commissioner, the Postmaster General and his officials could have taken that into consideration. But there is nothing of that sort on the record; therefore my hon. friend, in the parlance of the legal profession, is out of court.

Mr. TOLMIE: Had the Postmaster General requests from the west to make these changes concerning letter carriers? Were there complaints and requests from western postal officials?

Mr. ELLIOTT (Middlesex): I think when the matter was under consideration the other evening, I said that I could not speak so positively with regard to Victoria, but I know there were protests from Vancouver.

Mr. TOLMIE: Asking for the change?

Mr. ELLIOTT (Middlesex): Oh, no, protests after the change was made.

Mr. TOLMIE: What I wanted to know was whether there were any requests for the change from merchants or others interested at any of these western points.

Mr. ELLIOTT (Middlesex): I do not recall any from that section of the country.

Mr. TOLMIE: Has the proposal of the federated association for a five day week been considered by the department and, if so, what decision has been reached?

Mr. ELLIOTT (Middlesex): No decision has been reached. The deputation representing the amalgamated civil servants spent the forenoon with me the other day discussing the matter. They placed before me the proposition, which is not new by any means, of an eight hour day and a five day week. I heard everything they had to offer by way of argument, and no decision has been reached.

Mr. TOLMIE: Has this new plan been in operation sufficiently long for the minister to form an opinion as to its success?

Mr. ELLIOTT (Middlesex): That is the delivery on holidays and Saturday afternoons?

Mr. TOLMIE: Yes.

Mr. ELLIOTT (Middlesex): Well, I am absolutely satisfied that for the Christmas and New Year period and for Saturday afternoons it would be impossible to revert to the old system and give the public a reasonable service.

Mr. WOODSWORTH: In spite of what the minister has said I should like to protest against the change that was made last Christmas season. A few moments ago the minister suggested that the demand came from the larger centres, and he tells us now that it would be quite impossible to give the service if we reverted to the old arrangement. As a matter of fact, we had the old arrangement for a great many years. The postal employees in my city objected very decidedly to the change, in the first place because of the arbitrary way in which the announcement was made. They had no previous indication, I understand, that this change was being made. At times this department has considered the advisability of setting up some sort of joint councils. It seems to me that whether or not we have such councils, the least that might be done, where a large group of faithful employees such as the postmen are concerned, would be to give due notice of the intention of the department; in fact I think they might have been taken into consultation.

With regard to the deliveries at Christmas, in our childhood we had an old saying, "Christmas comes but once a year." I think everyone feels that the postmen, who are serving us very, very faithfully, ought to be allowed to have Christmas day off. Some of them regard Christmas as having a very distinct religious significance. The great majority of them look upon it as a home day, and I do not think, merely because they are government employees, the postmen ought to be deprived of enjoying that one day in the year. A great many of them have very heavy work prior to Christmas; many men have heavy work during Christmas week. I do not object so much to the delivery on New Year's day, which has neither the same religious significance nor the same home traditions and which, outside of perhaps the Scotch community—

Mr. MacNICOL: I am glad the hon. member made that exception.

Mr. WOODSWORTH: —has nothing like the same significance as Christmas day. I would plead that the men be given Christ-

mas day. I know that the interests of the general public must be considered. I think I touch a fair cross-section of the community, and among my own friends in various circles I found a good deal of regret expressed because of the action taken by the department. Business men do not want their mail delivered on Christmas day, except under very exceptional circumstances. The people who most enjoy Chirstmas day want other people also to have an opportunity to enjoy themselves. For many years past it has been the practice of the department, and a very good practice too, to send out a warning to the public to post their Christmas mail early. They have fair warning, and if they delay in getting out their Christmas mail I see no reason why the postmen should be penalized. If necessary, an extra force should be put on. I know extra men are put on, but, if necessary, that force could be doubled, in order that as much mail as is required may be delivered by the day before Christmas.

I should also like to say a word with regard to Saturday afternoon. Last year I protested in this house against the practice that had grown up of frequently having no delivery for two or three days. Often a holiday falls on a Monday, which would mean that there would be no delivery from Saturday morning until Tuesday. I think we made a mistake in allowing that practice to develop, because I knew of certain business men who had important mail delayed for two or three days. I suggested that some change should be made in order to remedy that state of affairs. Now the minister has gone altogether too far. He now wants to take away the Saturday half holiday in any case. It would seem to me reasonable that there might be a delivery in certain restricted business districts on Saturday afternoon. I recognize that important mail may have to be delivered at that time, but as far as the general public are concerned, many people now take Saturday afternoon off, and I do not see why the postmen, with the exception of those necessary for the delivery of mail in such restricted areas, should not have their Saturday afternoons free as well. I brought up this matter last year and pleaded that a change should be made so that we would not run through from Saturday until Tuesday without a mail delivery, and because of that fact I now ask the minister not to go quite as far as he has gone and, if possible, to give the great majority of the men their Saturday afternoons off.

Mr. ELLIOTT (Middlesex): I just want to say a word to my hon. friend, first with

[Mr. Woodsworth.]

regard to his suggestion that these regulations were put into effect without notice having been given. My hon. friend is in error there, quite unintentionally I am sure, because I do not think he was here the other evening when this matter was discussed.

Mr. WOODSWORTH: No, but I know the postmen say they did not get very much notice.

Mr. ELLIOTT (Middlesex): All their representatives had notice of the matter and discused it with me on, I think, the 27th of November. We intended to put it into effect the following Saturday, but at their request we allowed it to stand over for a week longer in order that they might be able to communicate with the people whom they represented. I am very greatly surprised to find my hon. friend taking the position he now takes, because I always thought he was a very easy man to satisfy. When these estimates were under consideration last year, I find that on April 24 my hon. friend made this statement:

> There are two criticisms of the service which have been given me by certain business people. One is in regard to delay in delivering letters owing to holidays. In many places now Saturday is a half holiday; there is no delivery on Sunday, of course, and it is becoming the practice on a number of occasions to give a holiday on Monday, which means that the mail is not delivered for two and a half and sometimes three days. In the case of urgent business or sickness or anything of that kind that is a very long delay. Personally I do not want to see the men deprived of their holidays, but I think it might be possible by a slight increase of staff to arrange that there would not be that long delay.

Mr. WOODSWORTH: Quite so; I referred to that to-night.

Mr. ELLIOTT (Middlesex): I take it now that the hon. member is entirely in accord with Saturday afternoon deliveries.

Mr. WOODSWORTH: No; I have always said, if I may say—

Mr. GRAY: Just like the defence estimates.

Mr. WOODSWORTH: I do not know why we have to have interruptions of this kind that are absolutely irrelevant even if they come from the chief whip.

Mr. LAPOINTE (Quebec East): An angry man.

Mr. WOODSWORTH: If you are going to permit the defence debate to be continued to-night, I am quite willing we should go into it.

Mr. JACOBS: No, no.

Mr. WOODSWORTH: We were told the other day we were wasting time when we

were considering an expenditure of $35,000,000, one which might involve this country in war—

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: We were told we were wasting time.

Mr. LAPOINTE (Quebec East): Keep smiling.

The CHAIRMAN: The hon. member for Winnipeg North Centre is out of order in referring to a past debate.

Mr. WOODSWORTH: Quite so.

Mr. LAPOINTE (Quebec East): Keep smiling.

Mr. WOODSWORTH: But the chief whip of the Liberal party referred to a past debate before I did.

Mr. MACKENZIE (Vancouver): He was out of order too.

The CHAIRMAN: Any hon. member of the committee who in this discussion refers to a past debate is out of order.

Mr. WOODSWORTH: Quite so; the chairman did not call him to order but he did call me to order.

The CHAIRMAN: I did not hear him.

Mr. WOODSWORTH: The chairman never hears, when it is on the Liberal side.

The CHAIRMAN: That is a reflection on the chair, and I want it withdrawn.

Mr. WOODSWORTH: I will recall it, Mr. Chairman.

The CHAIRMAN: Does the hon. member withdraw?

Mr. WOODSWORTH: I withdraw it. If you will permit me, Mr. Chairman, to come back to the question we are discussing—

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: —and protect me from interruption, and reference to other debates, I would like to say with regard to this matter that the Postmaster General was quite right when he read from the remark I made last year in the house. I said I had had complaints from certain business people to the effect that it was too long a time from a delivery on Saturday morning until Tuesday morning, and I thought arrangements could be made, when two holidays occurred in that way, whereby, through putting on extra men, there would not be that long delay. But I said it seemed to me to be going altogether too far to proceed to cut out the Saturday holiday for all the men. That had not been in my mind at all a year ago. I said I thought that in the swing back from what seemed to be a certain easy-going arrangement the Postmaster General had gone too far.

I do think that it might be possible for the majority of the men to be given a half holiday on Saturday, but that in certain restricted business districts a Saturday afternoon service might be given by putting on more men. That is all I said, I wish especially that the Postmaster General would reconsider the Christmas arrangements, so that the postmen would have their Christmas day.

Mr. ELLIOTT (Middlesex): I know how interested the hon. member is on behalf of the people who are engaged in this and other kinds of labour. I hope I am not entirely unsympathetic to those men. We are paying a very substantial sum for the Saturday afternoon service and it is treated as overtime. Formerly, when the Saturday afternoons were taken off, when Christmas was taken off and when New Year's day was taken off, there was no reduction in the pay of the men. When we give the extra service we give overtime to the men who serve. I do not see how there could be any possible objection, and I know that was the view of the people who represented them on the discussions. Of course it is only fair to say that they preferred to get the overtime pay, that they did not want to have the time worked off by somebody other than themselves. However, this time is being worked off, and we are paying a substantial amount for it. We thought we had given fair treatment to the people engaged in the service.

Mr. MUTCH: I should like to learn from the Postmaster General if he has had a number of protests from business people in Winnipeg with respect to deliveries on Saturday afternoon. That city is perhaps distinguished by the fact that the vast majority of business offices are closed that afternoon. I have had a great many communications from people in the postal service and even more from people in business offices protesting against having their mail fired through a slot in the door only to lie there from Saturday noon until Monday morning.

I was interested, too, in the fact that the minister based his decision in this matter upon investigations conducted in Montreal. It is not very often an hon. member rises to boast of the smaller size of his native city, but, after all, certain conditions which obtain in large centres are not found in the smaller ones, and the absence of those conditions accounts for many of us choosing to live in a smaller city where we believe

working conditions are more favourable and where we may live the type of life we desire.

Throughout my constituency I have not heard any approval of the Saturday afternoon delivery. If there are some in the constituency who like it, at least they have not been vocal. If the minister has heard from them, I should like to know about it. With respect to Christmas delivery may I say that I have lived in Winnipeg for a number of years, during which we did not have Christmas delivery. In Winnipeg I believe we have not experienced any grievous disrupting of the mail service on that account. Very few business offices do any serious business in the few days before Christmas—I have had enough experience to know that; no doubt much of the post office Christmas business is in Christmas cards.

Mr. HANSELL: Mr. Chairman, my question may sound peculiar, but I do not find any item, other than this one, under which it could be asked. Are there any rules and regulations governing the sending of anonymous literature through the mail? I refer particularly to literature which may be described as propaganda. I believe there are parcels of literature going through the mail which are really a menace to peace, order and good government. During an election campaign literature must have printed upon it the name of the printer and the name of the party under whose authority the literature is printed. But between elections the mails are used for purposes of propaganda, and on many occasions carry anonymous letters.

Mr. ELLIOTT (Middlesex): There is a section in the act forbidding the sending of any obscene, immoral or scurrilous communications. The difficulty in connection with anonymous matter is to find out who is sending it in order that he may be brought within the provisions of this section. In the great majority of cases it is practically impossible to find out who is sending this type of mail. The sender usually typewrites his letter; he uses a different type of envelope and paper from that which he is in the habit of using and he mails the letter at a different post office. If his letters reach the point of being scurrilous or obscene or immoral, then the act would apply, but there is no section referring to anonymous matter.

Mr. HANSELL: I recognize the difficulty in tracing the sending of such a letter, but oftentimes packages of literature come through the mail. However, the answer given will have to suffice. To what section of the act was the minister referring?

Mr. ELLIOTT (Middlesex): Section 7. We have had a case come up which is exactly in point. We find that occasionally this anonymous mail is posted by some official in the department. We are to-day recommending the dismissal of an official in the department for putting anonymous matter into circulation.

Mr. WEIR: I should like to say a word or two with reference to the delivery of mail by rural mail carriers. I am surprised to hear certain hon. members complaining about getting too much mail service. When a holiday comes on a Monday, as happens in many instances, mail on the rural routes is delivered on the previous Friday and then there is no more delivery until the following Wednesday. This is what happens in many of the rural parts of Manitoba due to train services and other conditions. Such a service is certainly not good, and if this holiday service is going to be considered a general policy, I think some consideration should be given to the people residing in the rural districts. Where the rural mail carrier is permitted to consider Saturday as a holiday, there is no delivery of mail between Friday afternoon and Wednesday when a holiday falls on Monday.

Mr. MacNICOL: Mr. Chairman, I do not want to go quite as far as some hon. members have gone in criticizing the minister, particularly certain hon. members on his own side of the house. I think the remarks of the hon. member for Winnipeg South Centre (Mr. Maybank) express the sentiments of most hon. members with relation to postal employees working on Saturday afternoons and on Christmas day. Why does the minister permit a different condition to exist in one province from that existing in other provinces? The Postmaster General admitted to the hon. member for Winnipeg South Centre that the postmen in the city of Quebec did not have to work on Christmas day. I should think that if the Postmaster General issued a regulation as to the working hours of posties, that regulation should be uniform in all the cities of Canada. The posties of one city should not be privileged over the posties in other cities.

When these estimates were last before the committee, the Postmaster General admitted that a number of young men had been brought in from Newmarket, Aurora and other points within twenty-five miles of Toronto to work as extra postal employees during the rush period. I notice the hon. member for York North (Mr. Mulock) is present, but I

am sorry the hon. member for York West (Mr. Streight) is not. They should be proud of having been able to get positions for so many men in Toronto to the exclusion of unemployed young men in that city. They certainly lowered my prestige. When I was home last Saturday a number of people told me that I did not seem to have any more influence. They had read the Postmaster General's remark and they realized why the young men in my riding were not able to get on at Christmas as extra postal employees. As a matter of fact, I did not try to get any on, but that is actually what happened.

When I was home, I met a postie who was dressed in a brown uniform. I asked him why he was not dressed like the other posties and he told me he was just on temporarily. I asked him if he had tried his examinations under the civil service, and he told me quite frankly that he had not, that he had come in from North York to go to work. I extend my congratulations to the hon. member for that district on the large number of young men he has been able to place in the city of Toronto. Shortly afterwards I met two other young men who had tried the postal examinations advertised for November 21. I ask the minister if this is the proper way to run a department? The newspapers carried a great story about the several hundred additional employees who were to be taken on in the postal service, and examinations were advertised for November 21. These young men went down and tried the examinations, but here we are well into the new year and those who passed are not yet in the service. When the estimates were last before the committee, the minister told us that the said extra employees would be on until perhaps March 1.

In conclusion, I want to say that I endorse every word of objection that has been said with reference to working on Saturday afternoons. This is a new thing as far as Toronto is concerned. I also endorse all the objections made to posties working on Christmas day. I hope the minister will turn over a new leaf. His estimates have been under a good deal of fire, more from his own side of the chamber than from this, and he should consider taking patronage out of his department and turning the appointments back to the civil service commission.

Mr. ELLIOTT (Middlesex): I was not going to interrupt the hon. member for Davenport if he was saying "carried," but as it was something else he had in mind I wish briefly to reply. We consulted the civil service commission as to what should be done in the way of temporary help to work out overtime. We were advised that they could not have examinations completed early enough for this period of Christmas help and temporary help for working off overtime. I have a letter from the chairman of the commission in which he made suggestions that he thought would meet satisfactorily this question of overtime, and we are following them to the letter.

Mr. MacINNIS: In reply to some remarks made a few moments ago by the hon. member for Winnipeg North Centre (Mr. Woodsworth), the Postmaster General (Mr. Elliott) replied that these new conditions were not put into effect without consultation with representatives of the organizations or assosiations of which the post office employees are members. I have before me a letter dated February 16 from the secretary of one of these bodies, and I find in the very first paragraph this sentence:

> We would like to point out that no employee organization was consulted prior to the government bringing the new policy into effect.

I do not think the Postmaster General is paying any attention. I wonder whether we can have his attention.

Mr. ELLIOTT (Middlesex): I beg pardon.

Mr. MacINNIS: He is holding up the estimates. I thank him. I was pointing out to the committee that the Postmaster General, in reply to the hon. member for Winnipeg North Centre, made the statement that before effect was given to this policy the employees' organizations had been consulted. I also pointed out that the correspondence I have had with the secretary of one of the organizations indicates definitely that they were not consulted prior to the new policy being put into effect.

Mr. ELLIOTT (Middlesex): Let me inform the hon. member that I have a list of the delegates. It includes Mr. Duncan, secretary of the Canadian postal employees; Mr. Moran, of the same organization, and a number of other gentlemen, including Mr. Draper, Mr. Reaves, and Mr. Fitchett, who consulted me on the 24th of November. At that time we intended to put the change into effect the following Saturday afternoon, November 28, but at their request, after consultation first of all as to whether they should be paid or somebody, at least, should be paid for the extra time, and they had worked out with Mr. Underwood the method in which that overtime should be worked off, it was arranged that the change would not be put into effect until Saturday, December 5, in order that they might have an opportunity of communicating with the people they represented. That is all I can say.

Mr. MacINNIS: The announcement of the new policy was made, was it not, on November 17?

Mr. ELLIOTT (Middlesex): I think so.

Mr. MacINNIS: Prior to that date had there been any consultation with the associations?

Mr. ELLIOTT (Middlesex): No.

Mr MacINNIS: Then the ordinary course was not followed, that is the usual procedure between an employer of labour and an accredited association of employees, of taking them into consultation before adopting a new policy in regard to the particular work. It is correct to say that that policy was adopted without consultation with the employees. However, I do not have to labour that point because, from the information I have, the employees' associations are not objecting to continuous service; if there is a difference of opinion it is as to which method should be adopted, a five-day week, or a six-day week with a lay-off for a certain time. In that regard has any definite policy yet been adopted?

Mr. ELLIOTT (Middlesex): No. The five-day week is another proposition, and I should prefer that my hon. friend would not mix the two matters, because they are not related. The position is this. I think there would be unanimity among all the employees if they, the present employees, got overtime in cash instead of somebody else being taken on to work out the overtime. That, I think, is about the main question between them. But I explained to them that this is being given to people who do not have jobs, and it was thought it was fairer to give this bit of work to someone who was not employed rather than to somebody who already had a job. The employee gets, as my hon. friend understands, a week off for every eleven afternoons that he puts in.

Mr. PELLETIER: Some time ago I read about a new and improved service between Edmonton and Athabaska. Would the minister explain what that new service is?

Mr. ELLIOTT (Middlesex): I think the hon. member is referring to the service between Edmonton and Lloydminster. We have recently changed from baggage car service to a railway post office between Edmonton and Lloydminster by way of Willingdon.

Mr. PELLETIER: That is not what I was referring to. I recently read an announcement in the Edmonton press that consideration had been given to a request or that a request had been made to increase the service between Edmonton and Athabaska. Is there anything in that?

Mr. ELLIOTT (Middlesex): No. That matter is under consideration, but no decision has been reached.

Mr. PELLETIER: Before the minister comes to any decision, I should like to tell him about the service that the Peace River country is now receiving. It is not my intention to make a speech this evening about the merits of the Peace River country—I shall do that later on—but I should like to point out that the present population is somewhere around 70,000 and that the only service we get there is two trains a week; that is, we get mail on Tuesdays and Fridays and the rest of the time we have to go without it. I understand that the United Air Transport planes operating out of Edmonton are carrying on a daily service between Edmonton and the town of Grande Prairie, and the department could very well utilize that line to give a more frequent mail service to the residents of the north country. Nowhere else in Canada, no matter how distant it is, are 70,000 people receiving so little attention as we in the Peace River country. This may be due, of course, to the poor efforts of the member for the constituency, but I shall try to remedy that in the near future. I should like the minister to consider seriously what I am saying, because I believe these people are entitled to better mail service than they are receiving. Two years ago the Lesser Slave lake rose to such a degree that at various points it washed out the railroad. There was a time when no mail was delivered for a period of seven or eight days, and even at that, motor boats had to be used to bridge the gaps over various portions of the railway which had been washed out. The service at that time was most unsatisfactory. I am sure the minister, knowing the beautiful climate of that part of the country, is aware that it would be possible to use aeroplanes to a greater extent than at the present time, especially in view of the fact that there is now an established passenger service between Edmonton and Grande Prairie. The people of that country would be grateful to him if he could find it in his heart to help them and to give them the consideration which is due them.

Mr. ELLIOTT (Middlesex): I can assure my hon. friend that that matter, and a great many other requests from people who think they are in almost as bad a position as that in which the people of the Peace River dis-

trict consider themselves to be, are receiving the best attention we can give them.

Mr. RICKARD: If the hon. member for York North (Mr. Mulock) has been successful through the medium of the civil service commission, he is to be complimented. I have been interested in this discussion on dismissals and I can tell the hon. member for Lincoln (Mr. Lockhart) that, as far as I know, the dismissals have not been one-sided, because I know there are cases in my constituency where dismissals have been made without any commission being appointed. It would be interesting to the hon. member for Lincoln and other hon. members to look up the records for the constituency I represent and see how dismissals have been made there. In one instance a man was dismissed merely on the word of a certain gentleman, notwithstanding that the reports all showed that everything had been O.K. throughout. There were no reports that were not perfectly in order; yet this man was dismissed without cause and the secretary of the Conservative association, a man who had held that position for some years, was appointed postmaster. The old postmaster had two girls working for him, one a Liberal and the other a Conservative. When the new postmaster was appointed he dismissed the Liberal girl and kept the Conservative. These dismissals are not by any means all one-sided, and, as I say, the hon. member for Lincoln would find it interesting to look up the record.

Mr. SPENCE: You have asked us to be fair to you, Mr. Chairman, and I suggest that you should be fair to the committee. You saw me on my feet half a dozen times and yet you allowed five other hon. gentlemen to speak. It is hardly fair of you when you expect civility not to show us some in return.

The CHAIRMAN: Order.

Mr. SPENCE: That is all I am going to say; I am not criticizing you too severely, but I do not want to be jumping up and down like a jack-in-the-box. The hon. member for Davenport (Mr. MacNicol) made some remarks with regard to the eligible list of persons to be appointed as letter carriers and postmen in Toronto. I believe that some two hundred are wanted. The minister says that he has a letter from the civil service commission to the effect that the examination papers have not yet been all read. I have been making inquiries and have been told that the examiners of the civil service commission are really breaking down in health, they are working so hard. Whoever heard of such a thing around here? Just imagine a man writing an examination last November and the papers not being checked up yet by the great staff they have in the Hunter building! It seems to me their system should be changed or they should be eliminated entirely if they cannot do better.

Speaking of Saturday afternoon deliveries and the delivery on Christmas day and New Year, I am not going to criticize them at all because every city has its own difficulties. In Toronto, if we did not get a Saturday afternoon delivery the service would be poor indeed, and until the Post Office Department decides to give us an up to date service and have the mail that goes out on the train from Montreal or Ottawa as well as the mail coming from the west, sorted and delivered to people resident two or three miles distant from the post office, it is no service at all. If I wrote a letter to my home on Friday and that letter arrived in Toronto at 7.30 Saturday morning, it would not be delivered at my house until Monday morning. We are entitled to better service.

I am not asking men to work on Saturday afternoon, but I submit that there should be some system whereby the morning mail would be sorted and got out before noon. Around King street, Colborne street and Church street there are three or four deliveries before twelve o'clock, though, as some hon. members have said, most of the places there are closed in the afternoon and people do not want deliveries there at that time of day. On the other hand, the outlying districts will get no service at all if they do not get an afternoon delivery on Saturday.

As regards delivery on Christmas day, I have spoken to only two or three of the postmen and they all tell me that they were delighted to deliver mail on Christmas day because the presents came in fast and they went home happy, whereas if they did not deliver mail on Christmas day they would not get as much out of the job. On New Year's day there is not the same demand for service, though the Scotchman from Davenport thinks it is as important. I have to differ with some of my best friends and with the Postmaster General himself at times.

At any rate, the laughing stock of the whole matter is the suggestion that the civil service commission have not been able to examine three or four hundred papers written early in November. It is now the twenty-fourth of February and the papers have not yet all been examined. I am told by the department that the health of the civil service commission examiners is breaking down because they are

working night and day. If you make any complaint to that department you get a long letter from the secretary, Mr. Foran, a letter of three or four pages cleverly written. I have been in this house since 1921 and I have never yet known a friend of mine who wrote an examination, whether he got 96, 98 or 100 per cent to get a job from the civil service commission. Is there not something wrong? I will go so far as to say that half of the jobs advertised are filled before the advertisement reaches us, and it is only a waste of paper because we simply throw these advertisements into the wastepaper basket.

The civil service has become a matter of personal patronage; it is not political patronage, though it might as well be political. I have never seen a service so badly looked after in my life. It is really a scandal, the way in which it is handled. We have many good friends there and we look sometimes for fair treatment, but it seems to me that no matter who it is you get the same treatment, because they say, "Oh, we are all sworn to do so and so." They are sworn to look after themselves and their own friends.

Mr. FAIR: I have been attempting for about an hour to get a word in and now that everyone else has spoken, perhaps I can ask one or two questions. I was wondering, in those cases where a commission is necessary, what procedure is followed in order to have a commissioner appointed.

Mr. ELLIOTT (Middlesex): The commissioner is appointed on recommendation of the Minister of Justice to council.

Mr. SPENCE: Does the civil service commission make a recommendation to the Minister of Justice?

Mr. FAIR: Is the commissioner sometimes a partisan or is he always independent? An hon. member here said that a partner of the party who laid the complaint was appointed as commissioner. That does not look good to me. I was wondering whether these commissioners are partisan or whether they are independent.

Mr. ELLIOTT (Middlesex): The department recommends obtaining the best man possible, to make the investigation, and I have great faith in the Minister of Justice appointing nobody who is not thought to be competent for that office. Then, of course, the commissioner who is appointed under the Inquiries Act is sworn to do his duty without fear, favour or affection.

Mr. FAIR: Do these commissioners get any remuneration in the way of travelling or living expenses or per diem allowance?

[Mr. Spence.]

Mr. ELLIOTT (Middlesex): They do; they get travelling expenses and send in a bill for their time, and that is taxed by the justice department also.

Mr. FAIR: I should like to know whether any new post offices were established during 1936, and if so, how many in each province.

Mr. ELLIOTT (Middlesex): Does my hon. friend refer to the calendar year?

Mr. FAIR: Calendar year or fiscal year.

Mr. ELLIOTT (Middlesex): My hon. friend will find in the Postmaster General's report for the year ended March 31, 1936, the new post offices established in that year. The report for this year of course is not yet made. But if he will look at page 6 of the report for 1935-36, he will see the total number of offices established from April 1, 1935, to March 31, 1936, was 148. The number closed in the same period was sixty-one. The number opened during the period November 1, 1935, to December 31, 1936, by provinces is as follows:

Nova Scotia	6
Prince Edward Island	0
New Brunswick	14
Quebec	79
Ontario	53
Manitoba	9
Saskatchewan	30
Alberta	17
British Columbia	16
	224

Mr. FAIR: Were any rural mail routes established in the same period?

Mr. ELLIOTT (Middlesex): I cannot at the moment give with the same definiteness the number of mail routes. There were some new routes established, some improvements to the services, that is in the frequency of mails in a number of post offices. I could not give that up to date, but I could get it for my hon. friend if he wishes.

Mr. GREEN: May I make a suggestion with regard to the extra help that will be required in the larger cities at the coming Christmas? Last year we provided for a veterans' assistance commission, whose duty was to help solve the problem of unemployed veterans in Canada. I believe that there are 33,000 unemployed veterans who have answered the questionnaire sent out by that commission, and over half of that number are employable. In addition to the commission, there are strong honorary local committees, in ten cities at least, perhaps more by this time. These men are doing their best to get work for these unemployed veterans, and my suggestion to the minister is that he adopt a

policy of giving this veterans' assistance commission and also these honorary local committees the first choice in the placing of men required for extra post office work at Christmas time. If he will do that, and particularly if he will announce such a policy shortly, it will give great encouragement to these local committees and also to the unemployed veterans, and might go a long way towards making the veterans' assistance commission a success.

Mr. ELLIOTT (Middlesex): There were 817 returned soldiers engaged for this work for the last Christmas rush in Toronto alone. That is 204 more than were engaged the year before. Every returned soldier who was on the eligible list and was available and suitable for the employment was taken. I might give a statement of how these employees are selected. Returned soldiers with dependents get the preference; next, civilians with dependents; next, returned soldiers without dependents, and, last, civilians without dependents.

Mr. GREEN: I realize that that has been the rule, and I am not complaining particularly about what happened last Christmas, because I do not know. But now this veterans' assistance commission has been set up, and they are dealing with the problem of the unemployed returned men—I emphasize the word "unemployed"—it would help a great deal if the department would make a new rule in regard to veterans, and would go first to the veterans' assistance commission, and to the honorary local committees which are serving under that commission, for a list of returned men who are to get the preference.

Mr. ELLIOTT (Middlesex): I think the veterans' organization is nearly always consulted by the postmaster in any district where there is any large number of soldiers being taken on. But I shall make further inquiries and give the matter my best consideration.

Mr. GREEN: The veterans' assistance commission has been appointed recently. It was not in a position to furnish names last Christmas, but I believe it will be this coming Christmas. I am sure the Minister of Pensions will endorse my suggestion.

Mr. POWER: I am wondering why my hon. friend is in such a hurry to get their reports, when he says they have only started to work. Not long ago he kept me here three hours to get an interim report.

Mr. GREEN: Well, they seem to be working very slowly; I am trying to help the minister out. I think he should be more grateful.

Mr CLARKE (Rosedale): May I ask the Postmaster General if he could give the total number of employees in the Toronto district, both returned men and general, during the Christmas rush? Also is it possible to get the names and addresses of these temporary employees to see whether they reside in Toronto? There seems to be a kind of inference that a considerable number came from outside Toronto, and if we could get the addresses that matter might be cleaned up

Mr. ELLIOTT (Middlesex): I do not think there will be any difficulty in getting the names at any rate.

Mr. CLARKE (Rosedale): And addresses; the addresses are very important.

Mr. ELLIOTT (Middlesex): If the postmaster has kept the addresses, I shall be glad to have them furnished to my hon. friend.

Mr. MARSHALL: I do not wish to hold up the vote unnecessarily, but I should like to come back to the very important matter of the balance sheet. On a previous occasion the minister said the surplus would be a little more than $3,000,000. In the course of his remarks on that occasion he stated that this year the cost of the franking privilege would amount to $1,001,000. I should like to know why the cost of the franking privilege during the first year in office of the Liberal party should increase from $750,000 to $1,001,000, or by approximately fifty per cent.

Mr. ELLIOTT (Middlesex): That is for both incoming and outgoing mail. Of course there has been a general increase in the business of the departments of the government, and I can only say that the members, who are largely responsible for the use of the franking privilege, decide how much mail they shall send. Of course there are also certain departmental documents that are sent out, and I suppose the departments decide that. I could get my hon. friend the particulars.

Mr. MARSHALL: Am I correct in assuming that $1,001,000 is the correct figure, while the amount of $750,000 stated in the annual report is an approximate figure?

Mr. ELLIOTT (Middlesex): The $750,000 is an accurate estimate made, as I understand it, by actual measurement of the mail going out from here. The $1,001,000 includes the mail coming in.

Mr. MARSHALL: My next question deals with the matter of the expense in connec-

tion with the savings bank branch of the post office. The amount stated in the return is $60,000, while the amount mentioned by the minister is $80,000, an increase of $20,000.

Mr. ELLIOTT (Middlesex): I am told that this increase is attributable to an increase in the number of accounts and the general overhead expenses.

Mr. MARSHALL: Can the minister inform the committee as to the amount of money that was actually paid to the postmasters in connection with their work in the savings bank branch?

Mr. ELLIOTT (Middlesex): I do not have it just at hand but I shall have it in a moment.

Mr. MARSHALL: I have another question. Is the amount charged for heating assumed by the Post Office Department or by some other department? What I should like to get is a correct balance sheet for the Post Office Department.

Mr. ELLIOTT (Middlesex): The estimate given was prepared, I understand with a great deal of labour and care, by the Public Works department.

Mr. MARSHALL: Is that expenditure assumed by the Public Works department?

Mr. ELLIOTT (Middlesex): Yes.

Mr. MARSHALL: I have just two more short questions. and then I am through. What rate of interest is allowed on deposits in the post office savings bank?

Mr. ELLIOTT (Middlesex): I understand it is two per cent.

Mr. MARSHALL: Could the minister give me the net profit derived from the operations of the post office savings bank last year?

Mr. ELLIOTT (Middlesex): The money all goes into the consolidated revenue fund. We pay the postmaster 27½ cents per $100 deposited, and the money that is deposited goes into the consolidated revenue fund.

Mr. MARSHALL: The point I am trying to make is that if the post office savings bank costs the government $80.000 and the profits are less than $80,000, I cannot understand why the government should maintain that branch. Why not leave the business to the chartered banks? I should like to get the information if it is available.

Mr. ELLIOTT (Middlesex): I think I can explain to my hon. friend just how this works out. This money is paid into the consolidated revenue fund. The finance department has the use of the money. Certain fees are paid to the postmasters for services rendered in taking in the deposits, but the Post Office Department receives no pay as a department. This policy was originated with a view to encouraging thrift by inducing people to deposit savings in this bank, which has the security of the dominion at its back. The offices are there; we have the facilities with which to give the service, and I say very frankly that I think the public should avail themselves of that privilege to a much greater extent than has been the case up to the present. A good rate has always been paid on deposits, and the dominion has had the use of the money at that rate.

Mr. MARSHALL: How many branches are there in the dominion?

Mr. ELLIOTT (Middlesex): If my hon. friend will look at page 11 of the last report, that is, the report for the year ended March 31, 1936, he will see all the details as the situation existed at that time. There have been some changes since then. At that time the number of post offices transacting business had increased from 1,272 to 1,282 and the amount on deposit was a little over $22,000,000. The number of depositors is given, together with the number of new accounts issued.

Mr. GRAYDON: Mr. Chairman—

Mr. LENNARD: Mr. Chairman—

The CHAIRMAN: The hon. member for Peel has the floor.

Mr. LENNARD: On a point of order, Mr. Chairman, the hon. member who was given the floor is not speaking from his proper seat in this house.

The CHAIRMAN: The point of order is not well taken in committee.

Mr. GRAYDON: Mr. Chairman, I came down to this seat from the back benches with the idea of finding out whether there was anything in the suggestion made by the hon. member for Parkdale (Mr. Spence) with respect to being noticed by the chair when one desires to ask a question. After sitting here a moment or so I have a suggestion to make. I believe money would be well spent to provide rear-vision mirrors for hon. members sitting in the front seats, so that they will have an opportunity of seeing those on the rear benches who have stood up and wish to speak. Seriously, I should like to learn from the minister whether or not the advertising done by the Post Office Depart-

ment to avoid a Christmas rush of mail has had the effect of equalizing the traffic. If not, at what time during the Christmas season does the peak load come?

Mr. ELLIOTT (Middlesex): My advice is that for years advertising has been carried on urging all persons sending extra mail to mail it as early as possible. Apparently in Canada we have not yet formed the habit of mailing early, as it is done in the old country. I am told the campaign over there has succeeded much better than has the one in Canada. I believe, however, that, in view of the large amount of mail handled, the advertising did some good last Christmas. I cannot express too strongly the wisdom of mailing as early as possible.

Mr. LENNARD: How many temporary employees were taken on in Hamilton during the Christmas and New Year rush?

Mr. ELLIOTT (Middlesex): I cannot answer directly, but I could get the information from the postmaster at Hamilton. Probably there will be returns in the office here in Ottawa.

Mr. LENNARD: And the number of returned men?

Mr. ELLIOTT (Middlesex): Yes; I should be glad to get the information and send it to the hon. member.

Mr. LENNARD: Would the minister tell me the number of postal notes or post office orders issued on Christmas day in Hamilton? I can furnish the information, if he does not have it.

Mr. ELLIOTT (Middlesex): Then I wonder why the hon. member asks me.

Mr. LENNARD: I was wondering whether the minister knew.

Mr. ELLIOTT (Middlesex): No.

Mr. LENNARD: As we are aware, Hamilton post office was open Christmas day. I would suppose the wicket at which the postal notes would be handed out would be attended by possibly two employees. The fact is that only one postal note was issued, and that about five o'clock on Christmas afternoon.

Mr. LOCKHART: I wish to correct a reference made by the hon. member for Halifax (Mr. Finn) in a discussion which took place earlier in the evening. It was a question as to general standing in the community; I do not wish the inference to go out that it was a question of character.

May I say to the minister that I appreciate the explanation he gave in connection with the evidence. Now that the dismissal has been made, from the explanation given by the minister I conclude that it was made because of the indiscretion of the father who was seventy-two years of age, and that there is nothing against the present holder of the post office. That was the impression I got. The indiscretion of the father, as I understand it, seemed to be the important point. Am I correct?

Mr. ELLIOTT (Middlesex): I would say that the postmaster is liable for the indiscretion of his assistant in a case like this.

Mr. LAWSON: That is a terrible principle.

Mr. ELLIOTT (Middlesex): The evidence went to show that these discussions took place on several occasions in the presence of the postmaster, in the post office or the store of which the post office formed a part, and without any objection from the postmaster.

Mr. LOCKHART: But the point I am raising is this: The charge of indiscretion was brought against the assistant postmaster. No charge of any kind whatever was brought against the postmaster himself.

Mr. ELLIOTT (Middlesex): Does the hon. member think it was very discreet for the postmaster to stand by and allow his father, who is his assistant, to talk politics to the people coming into the office? If that is being discreet, then he was guilty of no indiscretion.

Mr. LOCKHART: But the new postmaster appointed was not involved in any way, was he, with the exception of the indiscretion of allowing his father, a man of seventy-two years, to discuss matters?

Mr. ELLIOTT (Middlesex): I have the return before me; I do not recall anything else, other than attending meetings.

Mr. BARBER: I should like to inquire about the trans-Canada mail, from the east to Vancouver. Are the contracts held by both railways or by one of them? For instance, are the mails to Vancouver connecting with the boat service handled by both railways? I know the Canadian National Railways, which pass through a large section of my constituency, carry no mails. The result is that the mail goes to Vancouver and then back up through some other service, perhaps by way of an electric railway or some other means. If the contracts are held by one road, for how many years has that been the condition?

Mr. ELLIOTT (Middlesex): The rates are set by order in council. There is no definite term in the contract.

Mr. BARBER: No term in the contract?

Mr. ELLIOTT (Middlesex): No; each railway is utilized to the extent the department thinks it can best be utilized to the advantage of the service.

Mr. BARBER: I understand that for a number of years the mails have been carried over one road.

Mr. ELLIOTT (Middlesex): In some cases that is true.

Mr. BARBER: The other road, the junior one, has not had the opportunity to carry them.

Mr. ELLIOTT (Middlesex): That is true in regard to some of the services.

Mr. BARBER: And that will be continued, I suppose?

Mr. ELLIOTT (Middlesex): Well, it is hard to say what may happen.

Mr. WALSH: I do not wish unnecessarily to delay the passage of the item. I believe the district of Montreal has been fairly well treated by the Post Office Department. Outside the occasional instance of a dog biting a postman, and some other minor incidents, we have fairly good service. However, there is one point I should like to bring to the attention of the minister. I have before me a file almost a quarter of an inch thick detailing my effort to secure a post office box on the corner of Grey and Western avenues in Notre Dame de Grace in the district of Mount Royal. I believe delay is being caused through the inaction of the postal authorities in Montreal. I bring the matter to the attention of the Postmaster General so that he may stir them up to a little quicker action, and have the box placed in the location I have indicated for the convenience of the public living in the immediate vicinity. I hope the minister will give the matter some consideration, and ascertain where the delay has been occasioned. If instructions have been given for the placing of the box, so much the better.

Mr. ELLIOTT (Middlesex): I shall have the matter looked into. I cannot say I have given personal attention to it, but I am strongly of the impression that possibly something can be done.

Mr. RYAN: Is the department contemplating air mail service between Saint John and Halifax? I ask this because the present train service is inadequate and an opportunity is being offered to establish a service by air.

Mr. ELLIOTT (Middlesex): This matter would be considered in connection with the general air mail service, but no decision has been arrived at.

Mr. RYAN: I would like the Postmaster General to consider this matter apart from the general scheme as this is something which is very urgent. It is possible to have such a service established at no great cost and I would appreciate if the minister would give this matter special consideration. The ordinary service has been cut down and the merchants are suffering great hardships. I know the board of trade and other organizations have been pressing this matter, and I ask the minister to give it special consideration.

Mr. ELLIOTT (Middlesex): It has been discussed by the gentleman who is in charge of the air service down there and is receiving consideration.

Mr. SINCLAIR: Is it the intention to establish an air mail service between Charlottetown and points in New Brunswick?

Mr. ELLIOTT (Middlesex): I understand there is a service between Moncton and Charlottetown.

Mr. SINCLAIR: Will that be continued?

Mr. ELLIOTT (Middlesex): I hope so.

Mr. LENNARD: What number of postmasters in Canada receive less than $20 per month as commission on stamps?

Mr. ELLIOTT (Middlesex): I have not that information before me, but I can obtain it.

Mr. LENNARD: Is there any regulation covering the remuneration of sub-post offices in cities?

Mr. ELLIOTT (Middlesex): It runs to a maximum of $600 plus certain commissions according to the amount of business done.

Mr. LENNARD: Are there any sub-post offices on the outskirts of cities where the only remuneration received is the commission on stamps and postal orders?

Mr. ELLIOTT (Middlesex): The commission depends upon the amount of business done.

Mr. LENNARD: Is the rate of commission set by the department in Ottawa or by the postmaster of the city in which the sub-post office is located?

Mr. ELLIOTT (Middlesex): The rate is set by the department.

Mr. LENNARD: What would the rate of commission be for a sub-post office located on the outskirts of Hamilton?

Mr. ELLIOTT (Middlesex): If my hon. friend will look at page 21 of the last report of the Postmaster General, he will find the total revenue for Hamilton and the revenue of the various sub-post offices.

Mr. LENNARD: That does not quite answer my question. I want to know the usual rate of commission.

Mr. ELLIOTT (Middlesex): That is not shown here, but we can obtain it for my hon. friend.

Mr. LENNARD: Could the minister give the rate of commission on stamps paid to village post offices?

Mr. ELLIOTT (Middlesex): The minimum is $100. Then there is a commission of 70 per cent on the first $1,000. There is 50 per cent on that part of the money order commission collected from the public and included in the revenue from $1,000 to $10,000; there is 30 per cent on the postage stamp revenue from $1,000 to $10,000, and 20 per cent on anything over $10,000.

Mr. LENNARD: Would the commission for a post office on the outskirts of a city be as low as two per cent?

Mr. ELLIOTT (Middlesex): Is my hon. friend talking about stamp vendors or sub-postmasters?

Mr. LENNARD: A sub-post office.

Mr. ELLIOTT (Middlesex): I would not think it would be.

Mr. LENNARD: I do not want the minister to think I am trying to hold up his estimates. I shall be glad to take this matter up with him later on.

Item agreed to.

Progress reported.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.58 p.m.

Friday, February 26, 1937

The house met at three o'clock.

RAILWAY COMMITTEE

FIRST REPORT OF STANDING COMMITTEE CONCURRED IN

Mr. THOMAS VIEN (Outremont) presented the first report of the standing committee on railways, canals and telegraph lines, and moved that the report be concurred in.

Motion agreed to.

PRIVILEGE—Mr. POULIOT

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, the newspaper "Le Journal," of Quebec, in its edition of Feb. 23, published the following report in connection with the amendment of the hon. member for Selkirk (Mr. Thorson) to the national defence estimates:

> The same members who had voted for the motion of Mr. Gauthier voted for that of Mr. Thorson, excepting Mr. J. F. Pouliot, who was absent from the chamber at the time.

I was in the chamber at the time, and I did vote for the item and against the amendment, for the reasons recorded in Hansard.

PRAIRIE FARM REHABILITATION ACT

Hon. J. G. GARDINER (Minister of Agriculture) moved the third reading of Bill No. 18, to amend the Prarie Farm Rehabilitation Act.

Right Hon. R. B. BENNETT (Leader of the Opposition): In order that there may be no misapprehension I desire to place upon record my views with respect to this legislation, and as under our rules the mover of a third reading has no right of reply I shall endeavour to be scrupulously careful not to go beyond what was said during the discussion on the measure.

In the year 1935 the late governor introduced into parliament a bill which subsequently, on April 17 of that year, became chapter 23 of the statutes of Canada. It was intituled:

> An act to provide for the rehabilitation of drought and soil drifting areas in the provinces of Manitoba, Saskatchewan and Alberta.

It was cited as The Prairie Farm Rehabilitation Act. By section 3 of that act it is provided that:

> (1) The governor in council may establish a committee to be known as the prairie farm rehabilitation advisory committee, hereinafter called "the committee," the members of which shall hold office during pleasure.
>
> (2) One of the members of the committee shall be appointed chairman by the governor in council.
>
> (3) The committee shall consist of the following:
>
> (a) one representative of the Manitoba grain growing farmers from the drought and soil drifting areas;
>
> (b) one representative of the Saskatchewan grain growing farmers from the drought and soil drifting areas;
>
> (c) one representative of the Alberta grain growing farmers from the drought and soil drifting areas;

(d) one representative of Saskatchewan live stock farmers from the drought areas;
(e) one representative of Alberta range farmers from the drought areas;
(f) one representative of mortgage companies of Canada;
(g) one representative of the Canadian Bankers' Association;
(h) one representative each from the Canadian Pacific Railway Company and the Canadian National Railways;
(i) two representatives from the dominion Department of Agriculture; and
(j) one representative of the government in each of the provinces of Manitoba, Saskatchewan and Alberta.

The chairman, it will be observed, is to be appointed by the governor in council. Under the provision of that section of the act the following persons were appointed by the governor in council: Doctor E. S. Archibald, Ottawa, chairman; Dominion Department of Agriculture; James H. Girvin, Medora, Manitoba grain growing farmers; Olaf Nyland, Shaunavon, Sask., Saskatchewan grain growing farmers; P. C. Colquhoun, Maple Creek, Sask., Saskatchewan live stock farmers; Leonard Koole, Monarch, Alberta, Alberta grain growing farmers; R. P. Gilchrist, Wild Horse, Alberta, Alberta range farmers; Professor J. H. Ellis, Winnipeg, government of Manitoba; Dean A. M. Shaw, Saskatoon, government of Saskatchewan; O. S. Longman, Edmonton, government of Alberta, E. W. Jones, Calgary, Canadian Pacific Railway Company; Doctor W. J. Black, Montreal, Canadian National Railways; F. J. Freer, Winnipeg, mortgage companies of Canada; Doctor E. S. Hopkins, Ottawa, Dominion Department of Agriculture; B. P. Alley, Toronto, Canadian Bankers' Association.

These gentlemen were selected by the bodies whom they purport to represent, having been communicated with for that purpose by the then Minister of Agriculture. The bill now before the house for third reading repeals section 3 and dismisses from office without cause given the gentlemen I have named. The section in question reads as follows:

1. Section three of the Prairie Farm Rehabilitation Act, chapter 23 of the statutes of 1935, is repealed and the following substituted therefor:

3. (1) The governor in council may establish one or more committees to be known as prairie farm rehabilitation committees, the members of which shall hold office during pleasure.

2. One of the members of each committee shall be appointed chairman thereof by the minister.

My first objection therefore is that it is not fair to men who volunteer their services, who accept responsibility and serve without emolument, to dismiss them in this public fashion without cause and without opportunity to be heard. In other words reputable citizens of this country, giving public service, should not be subject to the humiliation of public dismissal by statute without at least some reasons being given why they are dismissed. To suggest that they may be reappointed is begging the question. They are dismissed by the repeal of the section of the statute under which they were appointed.

The second point to which I desire to direct attention is that the statute as amended —I have just read the new section 3—sets up one or more committees. I think it is axiomatic that advisory committees, dealing with a problem as vast as that to be considered in connection with the rehabilitation of the areas in Alberta, Saskatchewan and Manitoba, should act as a unit, and that the advice which may be given from time to time by committees having different views upon the same problem would not be conducive either to economy in the public service or to efficiency and effectiveness in what they propose to do. The fact is that Swift Current was selected as the point from which operations were to be directed, and a laboratory was built there some time ago, but the central operations have now been removed to Regina. It must not be forgotten that there are three provinces affected, and the likelihood of completely efficient administration from a point like Swift Current is far greater than it would be from a city such as Regina, where the effects of the pressure of the government of one particular province will be much greater than they would be if the representation were from all the provinces.

Lastly I desire to point out that it is a little difficult to understand why such surprise should be manifested at objection being taken to the appointment of a new official in the person of John Vallance to administer this very important act. It was suggested that the preceding government had been guilty of appointing members of parliament, and a very strong attack was made on one gentleman who was appointed from this house to the position he now holds. If we take the language of the Prime Minister (Mr. Mackenzie King) on a former occasion, if one can believe the reports that sometimes filter through with respect to caucuses, the hon. members for Saskatoon (Mr. Young) and Moose Jaw (Mr. Ross) were not uncertain in their expressions of disapproval of Mr. Campbell on one occasion at that very important gathering known as the caucus. These are reports and rumours which merely filter through, and to which too much importance must not attach. The fact that in the

appointment of Mr. Campbell it was provided that he could not be a candidate in an election apparently has been overlooked. But it is established beyond question that the gentleman appointed to administer this act resides within the area, and it has been rumoured—of course once more we must not attach too much importance to rumour—that he is not unwilling to be a candidate at a succeeding election. The manifest unfairness, therefore, if that should happen, of his being concerned in the administration of this act, must be painfully apparent to most of us.

I merely refer at this time to these objections to the measure in order that there may be no question as to the position we have taken, not out of ill will towards any individual but because it is a departure from what I conceive to be a sound principle. The possibility of an appointee again being a candidate in the area in which he is coming into such close contact with the people is something that was safeguarded in the Tariff Board Act by providing that members of that board who retired from office could not for a period of years be candidates in succeeding elections. The other point I have endeavoured to make is that it is detrimental to the public interest that those who serve without compensation or emolument should be humiliated by being publicly removed from office by statute. That is all that I desire to say, because I realize the desirability, on third reading of a measure, of being scrupulously careful not to go beyond the general statements that were made during the discussion of the measure in committee.

Mr. J. G. ROSS (Moose Jaw): Before the third reading of this bill finally carries, and in reply to my right hon. friend (Mr. Bennett) who so kindly mentioned me a moment ago in regard to remarks in caucus, I may say that he is entirely wrong in what he said, and not only that but I suggest that he try to keep up the fences of his own caucus without endeavouring to look after ours.

This committee that was set up was appointed not by statute but, as I understand it, by order in council. The committee which was to give such valuable advice to the government was called together once while the late government was in office, and I believe the members were appointed some three days before they were called together by wire. The soil laboratory work that my right hon. friend speaks of has been going on for years at the university in Saskatoon, and any change from Swift Current to Regina therefore will not affect that work at all.

In speaking of Mr. Vallance, who is in charge of the work out there, I would say that surely in a work of this kind it is much better to have in charge a man who has had actual experience, as Mr. Vallance has had, in Saskatchewan, rather than one even who has been in the government service on an experimental farm. Mr. Vallance came to Saskatchewan many years ago. He started in as a homesteader, went through all the trials and tribulations that every farmer in that country has had to face in recent years, and understands their situation from personal experience. Men who have been in government positions cannot see nearly as well as the ordinary farmer who has himself been through those experiences the troubles that the ordinary farmer has. Mr. Vallance is a practical man, a good grain farmer, a good live stock farmer, and a much better man to head such a committee or such work in that part of the country than any man who has been in a sheltered government position for many years and has never had to endure those hardships. As for Mr. Vallance coming back into public life, I hope some day he will do so. He was a great asset to this house and this country, and will be again if he ever chooses to run.

My right hon. friend accused Mr. Vallance of being that type of man who could not be in any town for more than an hour or two before getting mixed up in politics. I do not think that is a fair statement in regard to Mr. Vallance or any other man appointed to public office who, in his work, is supposed not to deal with politics but with the duties of the position to which he has been appointed. For instance, just prior to the election, my right hon. friend appointed to the bench in Saskatchewan perhaps one of the bitterest partisans we ever had in that province. I make no comments in that regard; I believe that gentleman has made an admirable judge. I think he forgot politics, as he should, the moment he was appointed to the bench, and I am satisfied that John Vallance is not talking or thinking politics any more than that man now on the bench is thinking politics. Because the one happens to be a lawyer and the other a poor rural rustic from Saskatchewan is no reason why these men should be put in different categories. It may be so in the minds of some people but certainly not in the minds of the people of western Canada.

Speaking of appointments made by those in office which should not be made, my mind harks back to the election of 1926. I believe at that time my right hon. friend was in charge of the Department of the Interior, and at that time there was appointed—

Mr. BENNETT: No, I was Minister of Finance.

Mr. ROSS (Moose Jaw): Did not my right hon. friend also have charge of the Department of the Interior at that time?

Mr. BENNETT: I can only say that I was Minister of Finance. My memory is not good enough to say whether or not I may have acted as Minister of the Interior on some occasions; I certainly acted in many capacities in those days.

Mr. ROSS (Moose Jaw): At that time, if my memory serves me aright, my right hon. friend was at least acting Minister of the Interior.

Mr. BENNETT: I may have been.

Mr. ROSS (Moose Jaw): I do not altogether blame my right hon. friend for what happened, because we do not expect quarter to be given in an election campaign, but at that time certain homestead inspectors in Saskatchewan were dismissed by wire, and a man was appointed, presumably to be a homestead inspector, who worked throughout the election campaign. When the election was over a check up was made and it was found that this gentleman had never made any inspections at all. He had a good deal of trouble getting his pay from the department, and at the time his statement was that he was not hired as a homestead inspector to do homestead inspecting; he was hired to assist Doctor Swanson in the election. But he got $250 for it, just the same.

Perhaps when some of us look over our past records we would be better advised not to make comments upon political appointments, even when elections are not in the offing. Mr. John Vallance is not a political appointee. He is a first-class man for the position, and I do not think you could find anyone in that part of western Canada, other than outright political partisans, who would have one word to say against the appointment of Mr. Vallance for the work he is doing. Not only that; I think it will be found that under his direction this act will be carried out in much better fashion than it would have been under a man who did not have the same experience that Mr. Vallance has had in Saskatchewan.

Mr. J. A. GLEN (Marquette): I should like to express the opinion of at least part of Manitoba with regard to this act, because it happens that in my riding there are three municipalities adjacent to the drought area under discussion. It seems to me that the right hon. leader of the opposition (Mr. Bennett) has done a great disservice to the proper functioning of this act in the future. As I understood his remarks to-day they were simply an attack upon the man who has been charged with the administration of the act.

Mr. BENNETT: That was a minor part of my remarks.

Mr. GLEN: The right hon. gentleman referred to the removal of the office from Swift Current to Regina and to the dismissal of these men without cause, and his third point was a direct attack upon Mr. John Vallance. I am not here to say very much with regard to Mr. Vallance except, as has been well said by my hon. friend from Moose Jaw (Mr. Ross), that I think he is probably as capable and competent as many of the men appointed by my right hon. friend. If the right hon. gentleman is no better judge of the calibre of Mr. Vallance than he was of the calibre of some of his own appointees, I think there is a great deal of hope that this act may be carried out in a proper way.

I recall that the right hon. gentleman enunciated the doctrine that those in high positions ought to be able to carry out their policies without interference. I remember that when my right hon. friend became Prime Minister in 1930 he looked around for an ambassador to London and chose Hon. Howard Ferguson. Well, we know that Mr. Ferguson started out with very high qualifications, but he added to those qualifications by characterizing himself as a crusader who was going to convert the old country people to his point of view. We know his record during these years, and I venture to say that the ambassador appointed by this government has done more in his first year in office than Mr. Ferguson did during all the time he was in England. I might say also that the slogan "Canada Calling" that has been adopted by the present ambassador has met with a response which I think does great credit to our high commissioner, and I believe it will bring added benefits to this country.

I remember also that before my right hon. friend became Prime Minister he criticized some appointments made by the Liberal government, and in particular he picked upon the tariff board of that day. I remember the violent attack that was made upon the chairman of that board, the present hon. member of this house for Ontario (Mr. Moore). The reins of office were no sooner in the hands of my right hon. friend than Mr. Moore, as he was then, was fired from that job and the appointees of the new government put in. My right hon. friend spoke of the rumours with regard to Mr. Campbell. Well, I made

it my business to look over Hansard to find out what the right hon. gentleman said at that time with regard to Mr. Campbell and his qualifications, and the only remark I could find was that Mr. Campbell was appointed because he was a western member. No other qualification was mentioned. Those of us who had some knowledge of Mr. Campbell were quite satisfied that he was no world renowned economist, and some of us did wonder why a Progressive, or a member of the Progressive body, should be appointed to an office which so directly affects people in western Canada.

What was the picture behind it? I am perfectly sure the right hon. the leader of the opposition did not approve that appointment, although he might have consented to it; for I am quite sure he does not suffer fools gladly. It might be interesting, however, to know just what services Mr. Campbell rendered the Conservative party which were sufficient to gain him an appointment from the then Conservative government. It must have been a most wonderful performance to be sufficient to gain him a statutory appointment at a salary of $10,000 a year. If he survives only two more years he will retire with a pension of $5,000. It is gall and wormwood to some of us to see anything done in that fashion. Further, it is serious for us to have to bear with it, but apparently the right hon. the leader of the opposition has made it as definite as the laws of the Medes and Persians, and it cannot be changed. The right hon. gentleman opposite spoke about rumours emanating from caucus. There was no need for rumours, because any hon. member on this side of the house would be willing to express here or on the platform exactly what was in his mind.

I can recall, too, that the right hon. gentleman, in his wisdom, appointed to the railway board a very distinguished judge, Mr. Fullerton. I have nothing to say against Mr. Fullerton, whom I know. I believe he has had a good record as a judge, but as head of the railway board in Canada surely a lawyer was not the man to appoint. As it happens, he has now retired from the office and a man who has some knowledge of his job has been placed in that position.

Mr. BENNETT: I think the hon. member is confusing two things. The head of the railway board has usually been a lawyer; the hon. member is referring to the head of the board of trustees.

Mr. GLEN: Yes, the head of the board of trustees. Whatever his denomination might be, the fact is that he had charge of the railways of Canada, and was responsible for the framing and formation of their policies.

As I said before, if the appointments the right hon, gentleman himself has made have shown such a lack of judgment, it ill behooves him to make an attack upon Mr. Vallance simply because he does not think Mr. Vallance is qualified for the position. My view is that the right hon. leader of the opposition has done a vast disservice to the Prairie Farm Rehabilitation Act in telling Canada that in his view the administration of the act by Mr. Vallance will not be a competent administration because he believes the head is not competent.

I am thoroughly convinced that as far as possible the act must be divested of any partisan affiliations on the part of those appointed. In looking over the constitution of the committee I can think of many people who should be represented on it but are not now represented. For instance, I find no members of boards of trade within the district affected. There are no members of the trustees associations in the district. They cannot serve because they are not named in the act. Many other organizations are not represented, and yet, Mr. Speaker, the act must be carried out by those who are directly affected. I know that there are many men of all political shades of opinion who would be willing to give of their services and their best wisdom in the carrying out of the measure. After all, the Minister of Agriculture (Mr. Gardiner) is no fool. He knows well enough that the successful carrying out of the act means something to his own prestige. Certainly a year hence if the act has not been carried out as it should have been, fault will be found, and under such circumstances I would say, the Lord help the Minister of Agriculture when the leader of the opposition gets his teeth into him in connection with any failures there may have been. The Minister of Agriculture has a perfect right to ask that those in charge of the administration of the act shall be men whom he knows, and in whom he has confidence, because he will be responsible, and should have some say in it.

The minister has stated he does not intend to change the committee. One can realize that that is a perfectly honest and frank expression of opinion.

Mr. BENNETT: The statute repeals it; they are dismissed.

Mr. GLEN: Oh, yes, so far as the act is concerned. But so far as the administration of the act is concerned, the minister has said

time and again, although the leader of the opposition will not accept the statement, that he does not propose to dismiss the men who are now connected with it.

Mr. BENNETT: He did not say that.

Mr. GLEN: Yes.

Mr. BENNETT: No, no.

Mr. GLEN: In any case, if he wishes the act to be successfully carried out, why would he immediately arouse antagonisms and hostilities throughout the whole district by discharging the men now acting? The minister is entitled to have some say as to who shall administer the act, because upon him rests the responsibility. As I understand his capabilities, he will see that the act is carried out properly. For Manitoba's sake I am interested in a proper administration. When the time comes for the formation of the committees I shall be pleased to suggest the names of men who, although they may be Tories in politics, would carry out their duties in a proper manner.

For these reasons I approve of the amendment, and I believe the minister is entitled to passage of the measure. In that I shall support him.

Mr. W. H. MOORE (Ontario): Mr. Speaker, I should like to correct a statement made by the hon. member for Marquette (Mr. Glen). Among the many failings of the previous administration was not that of dispensing with the services of the chairman of the former tariff board. I am in a position to say that the previous chairman resigned, and when the present administration came into being he was a member of the house. I am glad to come to the defence of the leader of the opposition in that regard.

Mr. GARDINER: Mr. Speaker, there is one correction I should like to make. So far the discussion would seem to take for granted that Mr. Vallance is at the head of the rehabilitation organization. May I explain that the head of the rehabilitation organization has never been changed; Doctor Archibald is still its head. Mr. Vallance is simply one of the employees who is in charge of the office at Regina.

Mr. BENNETT: I did not suggest that it was otherwise; I was careful not to. The hon. member for Marquette (Mr. Glen) did.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I do not rise to criticize the personnel of any of the committees, but I do know that under the new measure the companies and concerns represented on the previous committee are omitted. It does seem to me that if some of these concerns could be represented the work of the rehabilitation act would be greatly facilitated. Representations have been made from mortgage companies, the Canadian Bankers' Association and the Canadian Pacific Railway, all of which have an interest in the dried-out areas to protect.

I have no doubt those in charge of the administration of the act are conscious of the necessity for water conservation. The right hon. leader of the opposition (Mr. Bennett) stated that there was not a great deal of water to be conserved in some of these areas. I should like to point out that in southern Alberta there is considerable water which could be conserved in the spring. It would take a tremendous amount of money to build the huge dams necessary for this purpose, but I believe in the long run it would pay. There are several rivers in the southern part of the province which sometimes overflow in the spring. At times parts of the city of Calgary are under water, and there is no reason why some of this water could not be conserved.

The Bow river empties into the South Saskatchewan river, and then there is the Oldman river which has its source in the mountains and which also empties into the South Saskatchewan river. The Belly river has its source in the foothills and empties into Oldman river. Milk river runs along the southern boundary of Alberta and the United States. This river is fairly narrow, but is quite deep and sometimes overflows in the spring. Although some of these rivers are quite dry in the fall, I think much of this water could be conserved by the building of storage dams similar to the work being carried on by the president of the United States in some parts of that country. I trust this committee will do what is possible to be done along these lines; for I believe in years to come it would mean the salvation of this part of the country.

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

WEIGHTS AND MEASURES ACT

CONCURRENCE IN SENATE AMENDMENT

Hon. NORMAN McL. ROGERS (Acting Minister of Trade and Commerce) moved the second reading of and concurrence in the amendment made by the Senate to Bill No. 4, to amend the Weights and Measures Act.

Motion agreed to; amendment read the second time and concurred in.

CANADIAN RED CROSS SOCIETY ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. IAN MACKENZIE (Minister of National Defence) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 14, to amend the Canadian Red Cross Society Act.

He said: Two small amendments are suggested. The first is to correct a typographical error, and the second is, in accordance with the suggestion made by my right hon. friend when the bill was before this house, to substitute the word "granted" for the word "given."

Motion agreed to; amendments read the second time and concurred in.

COMBINES INVESTIGATION ACT

PROVISION FOR ADMINISTRATION BY COMMISSIONER UNDER MINISTER OF LABOUR

Hon. NORMAN McL. ROGERS (Minister of Labour) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to amend and consolidate the Combines Investigation Act and amending act of 1935, to provide for the administration of the act under the Minister of Labour by an officer to be known as the commissioner of the combines act, for the investigation of alleged combines by the commissioner, and for the appointment of such a commissioner, special commissioners and assistants; and to provide salaries, remuneration and expenses therefor.

Right Hon. R. B. BENNETT (Leader of the Opposition): Perhaps it would serve the interests of the house as a whole if, without prejudice to our position, the Speaker left the chair and we discussed this resolution under conditions which would enable the minister to answer any questions which may be asked.

Mr. ROGERS: That would be quite agreeable to me.

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

Mr. ROGERS: This resolution precedes the introduction of a bill designed to change the method of conducting investigations under the Combines Investigation Act and to strengthen the act in certain other particulars. It is proposed to have the act administered by a commissioner under the Minister of Labour instead of by the members of the tariff board in their additional capacities as members of the Dominion Trade and Industry Commission. The proposed bill differs in a number of respects from the Combines Investigation Act as passed in 1923. Under that act all extensive investigations, other than preliminary inquiries which were conducted by the registrar, were intended to be conducted by temporary commissioners specially appointed for the purpose. Provision will be made in the new legislation for the appointment of a permanent commissioner whose duty it shall be to carry through all investigations to completion. At the same time provision is being made for temporary special commissioners if circumstances should arise which make such assistance necessary.

Other proposed amendments include changes which have been found to be desirable at various times since the act was originally passed. For example, the definition of monopoly which was introduced in 1935, but which was considerably modified before it was enacted, is restated in terms designed to include those large scale enterprises which are able to control prices to their own advantage and to the disadvantage of the public. A more effective enforcement of the law is aimed at also through the removal of a provision which unduly limited the use of documents in court proceedings. This amendment was before the house last year.

Mr. BENNETT: It is proposed to do away with the director of public prosecutions?

Mr. ROGERS: This does not affect that section of the Dominion Trade and Industry Commission Act.

Mr. BENNETT: Is that proposed to be done?

Mr. ROGERS: That is not provided for in the present bill. Provision is also being made to increase the maximum penalties which may be imposed on combinations acting to the detriment of the public.

Mr. BENNETT: Mr. Chairman, one can only say that this does involve additional expense in the setting up of another organization. While the report of the price spreads commission did not provide for the appointment of a director of public prosecutions, this was provided for by parliament. It was to be a similar position to that established in Great Britain. Although this official would have no power to prosecute, he was to cooperate with the attorneys general to see that violations of federal statutes were properly dealt with. As the minister knows, one of our difficulties has been in the efficient and effective administration of our criminal laws, especially that phase of our statutory law which has to do with the enforcement of purely federal statutes. For instance, every session we legislate and then we provide that under certain circumstances a certain penalty

shall follow, and the Minister of Justice (Mr. Lapointe) knows that complaints are always being received as to the ability to enforce the law. It was thought in 1935 when the statute was amended and provision was made for a director of public prosecutions that the commissioner of combines should be attached to the tariff board, the members of which were named as commissioners to administer the federal statute and conduct investigations in connection with fair trade—I am using the term in a very non-technical sense—fair trade in the large sense. Just why it is found at this time necessary to amend and consolidate the combines act and to pass a new act, I do not know; because it will be recalled that the present act was decided to be intra vires by the privy council some considerable time after it was enacted.

There are great difficulties in connection with ex parte investigations, and it is not without justice that people complain that to have an ex parte investigation carried on by an official, without affording any opportunity for the other side of the case to be heard, is not the best way in which to lay the foundation for a prosecution. The most noted of all cases that we have had in this country, as the minister will perhaps recall, was the one in connection with the fruit combine, in which the commissioner made investigations in all parts of Canada. The attorneys general of the provinces afterwards took proceedings against the fruit company concerned, and it was fined very large sums of money. That was many years ago. Why it is necessary to amend this act does not at the moment appear to me clear, in view of what the minister has said, unless indeed it is to create another branch of the Department of Labour, which I should not think the minister would find essential for the purpose of supplying him with adequate material upon which to act from time to time. But it does add to his duties and obligations.

It is quite clear that until we see the bill it would be premature to express an opinion on the questions to which the minister has referred. At the moment I do not think any adequate explanation has been given why at this time we should modify the existing conditions with respect to the investigation of combines. The government, however, in its wisdom thinks it is desirable, and has asked the house to adopt that view. The government is able, of course, to see its view enforced, but until such time as more complete disclosure has been made in respect of the matters dealt with by the bill than what has been made by way of explanation to-day, I confess I find it difficult to see the necessity for the proposed amendment.

[Mr. Bennett.]

Mr. ROGERS: Mr. Chairman, in accordance with what I understand to be the established practice I had proposed to give on the second reading a much more extended statement in support of the objects of the bill. This, as the leader of the opposition understands, is merely a resolution preceding the introduction of the bill; it does not enter into specific details as to the legislation itself. I might say this, however. He has suggested that apparently this would only result in adding to the expenses of conducting investigations of this kind, but he will remember that the price spreads commission did propose the setting up of a separate board to deal with such matters. Parliament in its wisdom decided otherwise—

Mr. BENNETT: To save expense.

Mr. ROGERS: —and placed that responsibility upon the tariff board. I am quite sure the leader of the opposition will agree with me that the tariff board under the existing legislation, and particularly in view of the important duties that have been imposed upon it, has quite enough to do within its own functions as a tariff board without undertaking the additional responsibilities which pertains to the trade and industry commission.

Mr. BENNETT: The two things are very closely allied.

Mr. ROGERS: At the same time no investigations under the combines act have been carried out by the tariff board in its capacity as Dominion Trade and Industry Commission.

Mr. BENNETT: Because the statute was under review by the privy council.

Mr. ROGERS: That was in part the reason. I might add that a number of applications have been pending. I feel sure that the members of the tariff board would themselves readily acknowledge that their functions as a tariff board are sufficient to occupy their time very fully and very usefully. I shall be glad to give further reasons in support of the bill when it is before the house on second reading.

Mr. BENNETT: Mr. Chairman, I think it only fair to say that one of the reasons that induced the administration to introduce the legislation in the form in which it was, arose from the fact that many charges of monopoly were closely allied to charges in connection with excessive tariffs, and matters of that sort; and to save expense and at the same time provide for the appointment of a body well qualified to deal with these questions the

tariff board was selected as the instrumentality to give effect to the recommendations of the price spreads commission. On the other hand, it was realized that there should be some one person charged with the responsibility, and as Mr. McGregor had previously been attached to the Department of Labour, he was detached from that department when the change was made and attached to the tariff board, so that he would be able to make the investigations which I understand are contemplated by this resolution and report on them to the members of that board in their other capacity as, so to speak, fair trade supervisors. He would thereby furnish information that might be available bearing upon any questions which the administration might be concerned about with respect to tariff matters; for as the minister knows, many of these matters, in fact practically all of them, have an intimate relationship with allegations in connection with the tariff itself, and it was believed that a useful purpose would be served by placing the two under the supervision and control of one body, with the commissioner in the position that he occupied. I should have liked to see it worked out in practice, but since the legislation was under review by the privy council, the opportunity to see how well it would have worked out in practice has not been afforded, and if this bill passes it will be impossible to do that because it is proposed now to dissociate the two. I take it that the members of the tariff board will still be left in the positions which they occupy under the fair trade statute. You do not touch that, as I understand it, by this change?

Mr. ROGERS: There are certain sections of the Dominion Trade and Industry Commission Act which will be repealed by the legislation to be brought down.

Mr. BENNETT: That is the first time the minister has intimated that.

Mr. ROGERS: It will appear in the bill.

Mr. BENNETT: Then it should have been in the resolution. When you are amending a statute that has not to do with the statute that is being consolidated the resolution should indicate that it is so proposed.

Mr. ROGERS: Perhaps I might explain. I have said that certain clauses of the Dominion Trade and Industry Commission Act will be repealed by the legislation which will follow this resolution. One of those sections is the section which places the combines act under the administration of the Dominion Trade and Industry Commission. Another is section 14 of the Dominion Trade and Industry Commission Act, which has been declared ultra vires, and there is one other section which is touched upon.

Mr. BENNETT: I think the privy council said that section 14 was all right. The supreme court said it was bad; the privy council said it was good.

Mr. ROGERS: My impression is that the privy council in that respect upheld the decision of the Supreme Court of Canada.

Mr. BENNETT: I think that is wrong.

Mr. ROGERS: There is one other section of the combines act as proposed which will conceivably affect certain functions which were to have been discharged by the trade and industry commission, but I doubt, Mr. Chairman, whether it would be to the advantage of the house for me to give any details of these matters at this time. I simply rose at the moment to indicate the two material changes in the Dominion Trade and Industry Commission Act which will follow if the present legislation is approved by parliament.

Mr. COLDWELL: I do not know how wide this legislation is going to be. It is to provide for the administration of the act by an officer to be known as the commissioner of the combines act, for the investigation of alleged combines by the commissioner, and for the appointment of such a commissioner, special commissioners and assistants, and to provide salaries, remuneration and expenses therefor. I do not know whether the minister by regulation or statute or otherwise is going to consider the granting of increased powers under this legislation, and I suggest that some consideration be given that question and that when he brings down the legislation he inform the house in that regard.

A few weeks ago a group of merchants in western Canada had occasion to take up a matter which they believed was due to the operation of a combine, and the reply they had from the Minister of the Interior, as he was then, or rather from his secretary, was that there was no legislation bearing upon the matter, nor was it possible to effect a remedy by legislation. The situation is roughly this. Just before the war certain merchants in western Canada organized what was known as the Merchants' Consolidated, a company at that time owned entirely by the merchants themselves on a cooperative basis. Since then, by death, removal and other causes, the company has become more or less a limited concern with about fifty per cent of the stock

owned by these merchants. They deal in all kinds of goods, and the particular commodity they are interested in just now is something which is widely used in the west, gasoline equipment. There is only one company in Canada manufacturing a wide range of such equipment, and there are two wholesale houses that handle hardware largely in western Canada, and the organization that is owned by the merchants—Merchants' Consolidated of Winnipeg—is unable to get delivery on the regular wholesale basis through this particular company, which is an American concern with a Canadian subsidiary enjoying quite a high measure of tariff protection. These merchants believe that this operates as a restriction of trade or a combine. I do not know whether the statement made by the minister's secretary is correct, that there is no legislation that can deal with this matter at the present time. If so, I would suggest that if any amendments are to be made to the act or if any change is to be made in the regulations or in the general set-up of this particular department of government, the matter I have just brought to the minister's notice should be taken into consideration. Quite recently the radio business has been brought to our attention and there is a widespread belief in Canada that there is a combine operating in that field, because when we compare prices of similar articles on both sides of the international line we see that there is a considerable difference in prices.

Mr. ROGERS: Radio tubes?

Mr. COLDWELL: Yes, radio tubes, for one thing. I have taken this opportunity to bring the matter to the minister's attention because I think it should be looked into. Then, too, there are a number of agencies that operate in the sale of goods directly to the consumer and they appear to operate as a sort of combine, at any rate as far as the treatment of their salesmen is concerned. These are matters we do not often have an opportunity of bringing up in the house and I am taking advantage of the present discussion to ask the minister to consider, in connection with the legislation which he will bring down, matters of the sort I have just been discussing.

Mr. ROGERS: I am obliged to my hon. friend for the information he has given with respect to combines which, in his belief, exist in certain fields of industry. I am sure he will understand that the Minister of Labour cannot assume the functions of a commissioner under the combines act. If he will give me the information by letter I will see whether the facts are such as will justify an inquiry under the terms either of existing legislation or of the legislation which will follow the acceptance of this resolution.

Mr. COLDWELL: Apparently I sent the information to the wrong department. I communicated with the Department of Trade and Commerce, which I thought was the appropriate department.

Mr. ROGERS: The Dominion Trade and Industry Commission, which hitherto has had the administration of the combines act, was placed under the president of the privy council. As a matter of fact the combines act had been formerly under the administration of the Department of Labour, and what is now proposed is really a return to that former position.

If I may revert to the point raised by the leader of the opposition, I find in the explanatory note that section 14 of the Dominion Trade and Industry Commission Act was declared ultra vires by the Supreme Court of Canada.

Mr. BENNETT: But there was no appeal.

Mr. ROGERS: No, there was no appeal.

Resolution reported, read the second time and concurred in. Mr. Rogers thereupon moved for leave to introduce Bill No. 41, to amend and consolidate the Combines Investigation Act and amending act.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

European war pensions, naval, militia, and air forces after the war, $41,500,000.

Mr. MacNICOL: Does the reduction signify a general contraction in the number of pensions to be paid in Canada?

Hon. C. G. POWER (Minister of Pensions and National Health): No, I do not think so. It signifies that that is about all we spent last year and all that it is likely we shall spend this year.

Item agreed to.

Employers' liability compensation, $40,000.

Mr. MacNICOL: What does this item cover?

Mr. POWER: This is one which has been in these estimates since 1921, as a result of the recommendation of a committee of the

House of Commons which sat during that session. For a period of three years from September 1, 1921, the government of Canada assumed the workmen's compensation liability imposed upon employers of former members of the forces who received a war disability pension of twenty per cent or more. That has been continued from year to year ever since.

Mr. MacNICOL: That means former soldiers working in industries that have to provide for workmen's compensation?

Mr. POWER: It was alleged at that time that ex-members of the forces had difficulty in obtaining employment, since the workmen's compensation premiums in their case were higher because they were more likely to be injured in an industrial accident. At the present time, as my hon. friend knows, in I think every province there are workmen's compensation boards, and really all payments are made to those boards. It is a question whether or not this amount really serves the purpose for which it was originally provided, because I think in most provinces—I know in Ontario and Quebec—the premiums paid are based on the nature of the industry. For instance in the pulp and paper industry the amount paid to the board would be, let us say, 10 or 15 per cent; in some other industry, less or more hazardous, the rates would vary accordingly. However, the amount has been fully expended in former years and it is considered advisable to keep it in for fear some men might lose their jobs if the government withdrew the grant.

Mr. MacNICOL: It has been fully expended?

Mr. POWER: For the last three years the expenditures have been as follows:

1933-34	$36,419
1934-35	23,103
1935-36	27,138
1936 to November 30	9,060

Mr. MacNICOL: Can the minister give the number of workmen covered?

Mr. POWER: Yes. For the year 1936-37 to November 30, 1936 the number of claims and amounts paid were as follows:

	Number of claims	Total paid
Alberta	27	$ 715 67
British Columbia	2	772 60
Manitoba	25	936 84
Nova Scotia	6	365 21
Ontario	68	3,031 75
Saskatchewan	11	1,081 17
Quebec	7	2,157 12

Mr. NEILL: Is this system predicated on a claim being made in case of death or accident, and the department paying?

Mr. POWER: The department pays.

Mr. NEILL: But does the department pay only when a claim is made?

Mr. POWER: Yes, that is the basis of compensation.

Mr. NEILL: Would it not be more economical for the government to pay the rate per man, the same as the employer would? Then the department would get the advantage of the insurance principle.

Mr. POWER: I think I misinformed the committee. They pay the full compensation, not the premium. We guarantee the province against any loss because of the employment of these men.

Mr. NEILL: Yes, but I want to know whether the department pays the compensation board when a man has been killed or injured. Does it wait until a man has been injured, and then pay, which is equivalent to the department doing insuring, or does it simply pay the rate per man employed?

Mr. POWER: We do not pay the rate per man employed. We pay the claim.

Mr. NEILL: Would not the department be better off to pay the rate per man? They would then get the advantage of joint insurance covering a large number of cases.

Mr. POWER: As I have explained, this arises out of a situation which existed in 1921 in many of the provinces, if not all, where there were no workmen's compensation boards, and the employer was obliged to take out insurance against claims. Therefore he would not wish to take into his factory or industry a man who was more likely to be subject to industrial accident on account of his war disability. As a result of that situation, and in order to encourage employment of ex-soldiers, the department undertook to pay those claims.

Mr. MacINNIS: Is the department notified when a returned veteran is employed by any company, under the compensation act?

Mr. POWER: No.

Mr. MacINNIS: Or is the extra liability to accident by reason of his service as a soldier, or his disability, considered after the accident or death?

Mr. POWER: After the accident or death.

Item agreed to.

Care of patients, medical examination respecting pensions, hospital allowances, and sheltered employment, $2,900,000.

Mr. MacNICOL: Does the sheltered employment cover such things as the vetcraft shop at Christie street hospital?

Mr. POWER: Two factories, one in Montreal and one in Toronto, and one which is supported to a large extent by the department, the Red Cross shop in Victoria, B.C.

Mr. MacNICOL: I am convinced that money spent in that connection is well spent. I went through the vetcraft shop at Christie street hospital, and it was most interesting to see the men working there, many of whom if they were not in that shop would become mentally defective. I know quite a number myself. The department in providing this work is not only giving them an opportunity to supplement their pension; it is making their lives livable. I certainly am happy to support this vote.

Mr. QUELCH: Why the decrease of $100,000?

Mr. POWER: It is on the experience of last year. For the full year 1935-36 the vote was $3,250,000, of which we expended $2,892,531, leaving an amount of $357,468 unexpended. This year up to November 30 1936, we spent $1,595,932.96, and it is estimated that we shall be able to get through next year on $2,900,000.

Mr. ELLIOTT (Kindersley): What hospitals are engaged in this work, and in what provinces are they located?

Mr. POWER: We have eight hospitals, as follows:

Camp Hill, Halifax.
Lancaster, Saint John.
Sainte Anne de Bellevue, Montreal.
Christie Street, Toronto.
Westminster, London.
Deer Lodge, Winnipeg.
Colonel Belcher, Calgary.
Shaughnessy, Vancouver.

Mr. ELLIOTT (Kindersley): Could the minister give us the amount designated for each hospital?

Mr. POWER: Of course all the hospitals have not the same number of beds; some are very much larger than others. For instance, Westminster hospital has from 530 to 540 patients as a rule, while Sainte Anne de Bellevue hospital has in the neighbourhood of 500. As at March 31, 1936, the figures for these hospitals were as follows:

	Number of patients	Total patient days	Total expenditure
Sainte Anne de Bellevue	496	167,150	$379,687 54
Camp Hill	139	35,785	115,231 07
Christie Street	347	113,076	403,848 37
Westminster	522	177,454	346,061 32
Deer Lodge	189	67,082	131,955 72
Colonel Belcher	67	24,580	78,417 15
Shaughnessy Heights	142	50,199	164,108 52
Lancaster	68	19,128	47,535 13

Mr. MARSHALL: Is the Colonel Belcher hospital in Calgary owned by the department or rented?

Mr. POWER: No, it belongs to an estate called the Blow estate, and is on lease to the department. I think the lease expires on April 1, 1938.

Mr. MARSHALL: What is the cost to the government?

Mr. POWER: The rental is approximately $26,000 a year.

Mr. MARSHALL: Does the government anticipate any change in the location of that hospital? It is on one of the main thoroughfares of the city, which to me is not a very good location. Would the government consider changing the location?

Mr. POWER: When I was out in Calgary about this time last year, as a result of representations made by different soldier organizations I went into that question to some extent in the short time I was able to spend in

that city. I did not question each patient, but as far as I could ascertain the patients themselves seemed to prefer to remain in that location. I am quite aware of the fact that a large number of soldier organizations have protested and have continued to protest against having soldiers, especially those whose health is not very good, in a hospital which was once a factory, located in a congested district. But a large number of the patients there are walking cases, class 4, who prefer to be in the city where they can go down town at any time and go to the movies and so on. I can say to my hon. friend that I am still giving the matter some consideration. There will be complaints either way, and I am not quite sure whether it is to the advantage of the men themselves to maintain the hospital in that location or to provide accommodation elsewhere.

Mr. MARSHALL: Did I understand the minister to say that the lease expires in 1938?

Mr. POWER: Yes.

Mr. MARSHALL: How long has that lease been in existence?

Mr. POWER: I imagine it was a ten year lease.

Mr. BENNETT: Yes, a ten year lease.

Mr. NEEDHAM: Could the minister give the cost per patient per day in those institutions?

Mr. POWER: Yes. I perhaps forgot to say to the committee that apart from the hospitals I have mentioned, which are operated by the department itself, we have arrangements with a number of other hospitals, some belonging to the provinces and others privately operated, in which patients who come under the jurisdiction of the department may be treated.

The daily cost per patient is as follows:

Sainte Anne de Bellevue	$2 27
Camp Hill	3 22
Christie Street	3 57
Westminster	1 95
Deer Lodge	1 97
Colonel Belcher	3 19
Shaughnessy	3 27
Lancaster	2 49

The average rate for all the hospitals is $2.55. The cost at Christie Street hospital is higher because there we carry on surgical work, while in some of the other hospitals that is not done. At Westminster, for example, the cost is much lower, because to a considerable extent that is a hospital for mental cases, and there is not very much required in the way of surgery.

Mr. GREEN: Will the minister explain what probational training is being carried on by the department at the present time? As he will remember, the Hyndman commission made a recommendation in regard to probational training, which reads as follows:

That the regulations of the Department of Pensions and National Health regarding probational training be more widely utilized and be made applicable to non-pensioners.

Will the minister explain whether or not anything has been done to implement that recommendation?

Mr. POWER: At the present time probational training really comes down to this: If an ex-soldier comes to us and says that if he had the requisite training he would be able to find a position in a certain industry, and we are assured by the employer that that is so, we find means to give him the necessary training and to pay him while he is receiving it. Of late years, however, very little of that has been carried on. Last year we had only two or three who applied and were accepted.

Mr. GREEN: Is that only for pensioners or is that privilege available to non-pensioners?

Mr. POWER: I am quite sure it is only for pensioners. For instance, to indicate what we try to do, at the present time, we are training a man to be a bootmaker. He is the only one we happen to have on the strength at the present time.

Mr. GREEN: Would it not be possible to extend that privilege to the younger unemployed veterans who have registered with the veterans' assistance commission? There may be quite a number of them who could be put into positions if they had a certain amount of training.

Mr. POWER: If the veterans' assistance commission make a report to the minister along that line I shall be glad to go into it thoroughly. In fact, at the present time in Montreal the association known as Workshops Limited does intend to go in for something of the kind. As the hon. member is no doubt aware, it is a voluntary organization of ex-soldiers formed under the aegis of the voluntary committee in Montreal. On recommendation of the veterans' assistance commission the amount of $15,000 has been granted.

Mr. GREEN: The minister will be prepared to assist in training of that type?

Mr. POWER: Yes.

Mr. MacINNIS: Some time ago I had protests from some of the orderlies in Shaughnessy hospital as to the long hours of duty. Some of them work twelve or thirteen hours each day. I believe the same conditions prevail in some of the other hospitals. Have the hours of work been reduced, or is there any hope that they may be reduced shortly?

Mr. POWER: I think the matter will be settled within a short time. It is now the subject of conversation and discussions with the amalgamated civil servants, and others. Of course, under certain circumstances, it would involve increasing the staff, but not to a very great extent. I do not doubt that within a month or so arrangements satisfactory to the people interested will be made.

Mr. LOCKHART: I have in mind a pensioner recently changed from the regular pay staff, who is now occupying a bed in one of the hospitals. He has had many misgivings concerning the possible cures which may be effected by the experimental work now under way. The man may leave the hospital, under a nominal pension, to go out

into the world. If in three or four years he suffers a recurrence of some form of his old trouble is there any limitation as to the time within which he would become disqualified for further hospitalization?

Mr. POWER: I take it the person in question has a pension, although he claims it is not sufficiently large.

Mr. LOCKHART: Yes.

Mr. POWER: There is no doubt that he may return at any time, and his pension will be increased if it is found that the disabilities from which he is suffering have increased. That is probably one of the reasons why our pension expenditures are not decreasing very rapidly. Men pensioned for disability or disease get increased pensions as their disabilities increase. A man may receive a pension of ten per cent or twenty per cent for a heart or rheumatic condition, but as time goes on and he becomes older his disability increases, and with it his pension.

Mr. LOCKHART: This man is still in the hospital. He has observed cases which have left the hospital apparently cured, while others have had difficulty in getting back into the hospital on the basis they think should obtain. He has written me on several occasions, and I should like to be able to assure him that in the event of his leaving the hospital in the near future he will receive every consideration.

Mr. POWER: If the hon. member will be good enough to give me privately the name of the person in whom he is interested, I will get a full report and let him know definitely what the situation is.

Mr. LOCKHART: I shall be glad to do so.

Mr. GREEN: In connection with probational training, would it not be of some help if the minister were to write to the honorary local committees stating that the department would be willing to provide probational training for suitable unemployed veterans?

Mr. POWER: I do not know that it is my duty, nor would it be proper for me as minister of the department, to write the honorary local committees telling them what they should or should not do.

Mr. GREEN: No, but I suggest that the minister could tell them that there is that chance of obtaining help. They may not know about it.

Mr. POWER: I should be glad to draw it to the attention of the veterans' assistance commission, but I do not think it would be proper for me to indicate to the committees the line they should follow. They are appointed for that purpose, and are devoting a great deal of time and energy to the work. I believe if it is drawn to their attention in any way, even through the mention of it on this occasion by the hon. member, within a short time that field will be explored and there will be reports upon it.

Mr. GREEN: There is the point I mentioned earlier in the week with regard to getting some of the unemployed veterans work, on a day labour basis, on the new projects under the control of the Department of National Defence. Could the minister do something to help carry out the suggestion? It should be possible to place a great many unemployed veterans on that work, and it is particularly fitting that they should get it. Then there is the further question of extra help at Christmas time in the Post Office Department. Would the minister explore the possibilities of getting employment from that angle?

Mr. POWER: I shall be glad to do so.

Mr. STIRLING: Will the minister place on record the representations he has with respect to Shaughnessy hospital, the name of the doctor in charge, and the staff under him?

Mr POWER: I am not quite sure that I have the list, but I shall be pleased to get it for the hon. member.

Mr. STIRLING: Perhaps the minister would be good enough to do so. He mentioned just now that in addition to the hospitals he enumerated, on occasions others were used. Cases have been brought to my attention of pensioners in the interior of British Columbia who have suddenly become ill, and, at least in the opinions of people in the locality, it would have been desirable to have taken them direct to the local hospital. Will the minister explain what course of action is necessary before such a decision can be made? Would the doctor in charge at Shaughnessy hospital make the decision, or who would decide whether a case may or may not be taken to a local hospital?

Mr. POWER: It has to be referred to the district administrator.

Mr. STIRLING: In my case it would be Shaughnessy.

Mr. POWER: Yes, Mr. Derby. There are many hospitals; although I have not the exact number, I know there are three pages of them in my book. I shall be pleased to place them on Hansard.

Mr. STIRLING: I do not ask that.

Mr. POWER: There are about twenty-five or thirty of them in British Columbia, and I shall be only too glad to give the names.

Mr. STIRLING: No, that is not necessary. I merely wanted an answer to my question as to who would settle the point which might arise in connection with taking a pensioner to a local hospital.

Mr. POWER: It would be the district administrator.

Mr. GREEN: Is any medical care provided for veterans and the families of veterans on relief? I have received several complaints about unemployed veterans being unable to get satisfactory medical attention. Has the department any information as to the facilities available?

Mr. POWER: The department looks after the pensioners only. The non-pensioners are looked after by the civilian authorities.

Mr. GREEN: The minister will remember that in the pensions committee last year we dealt with the question of the Canadians who enlisted in the inland water transport section of the Royal Engineers. I understand that the men who enlisted in this unit and who are pensioners are asking for class 2 hospital treatment, which I believe is given only to men who are indigent and who suffer from disabilities not incurred on service. They are also asking for assistance from a Canadian soldier's advocate. Would it not be possible for the department to give some consideration to these matters? The expense should not be very great. After all, they are Canadians and they were more or less inveigled into the imperial service. Many of them believed that they were going to get the same treatment as the Canadian soldiers.

Mr. POWER: A considerable number of those who enlisted in the inland water transport section of the Royal Engineers were Canadian born or domiciled in Canada prior to the war and are now receiving the same treatment as that received by other imperial soldiers. We do not give them class 2 treatment because that is given only for certain diseases or disabling conditions which are not related to military service. The men to whom my hon. friend refers asked for treatment for disabilities which were not due to their war service. This treatment is given to men who served in the Canadian expeditionary force, but it is not given to those who served in any other force, except in cases where we receive authority from the British Ministry of Pensions. In such cases the costs are refunded to us.

Mr. GREEN: These men were Canadians before the war and I do not think it would cost very much to provide this class of treatment or to arrange that they have the assistance of a soldier's advocate in making their claims for pension.

Mr. POWER: I have no recollection that that particular point was considered in the committee last year. A very large number of Canadians enlisted in other forces. For instance, 34,071 enlisted in the Royal Air Force; 710 in the imperial motor transport; 3,971 in the inland water transport; 2,814 in the naval service; 42 in the Jewish Palestine draft, making a total of 41,608. To this total must be added reservists who left Canada at the time war broke out, making a total of 56,198. These men are in approximately the same position with respect to treatment as are the members of the inland water transport.

Mr. GREEN: Does the minister know how many of those men are pensioners? It would be only the pensioners who would be entitled to that class of treatment.

Mr. POWER: I have not that information.

Mr. GREEN: Could that be obtained from the British Ministry of Pensions?

Mr. POWER: Yes.

Mr. GREEN: Would the minister make inquiries along that line?

Mr. POWER: I shall be glad to do so. My hon. friend knows that this question was pretty thoroughly gone into in the committee of last year, and no recommendation was made to take these men under the care of the department.

Mr. NEILL: Were there not instances where men of the type referred to by the hon. member for Vancouver South (Mr. Green) thought they were enlisting as Canadians? Has that ever been investigated?

Mr. POWER: That claim has been made on two and perhaps more occasions, but I do not believe it has ever been substantiated. The hon. member for Vancouver South made a very strong case before the committee for this particular class of men, but I do not think the other members agreed fully with him. They did not feel that the men who enlisted in the inland water transport section should become the responsibility of this government.

Mr. GREEN: They are not asking that the government become responsible to the same degree as in connection with Canadian troops.

They are asking only for this hospitalization and the help of the veterans' bureau. Is there any reason why these men could not get some help in presenting their cases?

Mr. POWER: I am told the veterans' bureau will be only too glad to do whatever they can. If I am not mistaken, some of the imperial organizations are requesting the department to name a particular advocate for imperials only. Is that what my hon. friend had in mind?

Mr. GREEN: That might remove a great deal of the present dissatisfaction.

Mr. POWER: The matter came to my attention only within the last two or three weeks. It is being considered, but I do not know just what the decision will be. If this action were taken it would be equivalent to the Canadian government paying an advocate to press imperial ex-soldier claims against the imperial government.

Mr. GREEN: It might prove to be a great deal cheaper than keeping them on relief, should you succeed in getting any money out of the imperial government.

Mr. POWER: I am afraid they will not succeed in getting much money out of the imperial government. I endeavoured to make myself their advocate, without salary, and I must admit that I did not meet with very great success.

Mr. NEILL: Is there any record of an advocate or anyone else being successful in presenting a case to the imperial authorities in Canada?

Mr. POWER: The department has no direct contact with the Imperial Ministry of Pensions here which would indicate just what pensions they pay and why they refuse pensions, therefore it is impossible for me to say whether the representative in Canada of the British Ministry of Pensions is more difficult of approach than the Canadian pension commission.

Mr. NEILL: They are not more difficult of approach, but it is utterly impossible to get anything out of them.

Mr. MACDONALD (Brantford): The ex-imperials in Canada have been more or less at a disadvantage in presenting their claims, and have not had the benefits of the services of pensions advocates. It would be a splendid thing if we could select an advocate to act for these ex-imperials, not because it would be cheaper, as suggested by the hon. member for Vancouver South (Mr. Green), but more or less because it is the right of these men who have taken up residence in Canada. They served for the same cause, and because they happened to have left the mother country and come over here should be no obstacle when they desire to present their case to the imperial government. If it were possible I think it would be a splendid gesture on the part of this government to appoint an advocate to plead the case of the ex-imperials before the proper officials, and I would strongly support such a move.

Mr. BARBER: May I ask under what item provision is made for the purchase of medical supplies for the Department of Health generally?

Mr. POWER: Under this one.

Mr. BARBER: Are these supplies purchased by tender?

Mr. POWER: In every case.

Mr. BARBER: And the department supplies other departments of government, the Department of Indian Affairs, for instance?

Mr. POWER: Yes.

Mr. BARBER: How many years has the Department of Health been supplying the Department of Indian Affairs?

Mr. POWER: I am informed that it is from about 1928. It was a long time before I came into the department.

Mr. BARBER: Do the other departments submit their requisitions to this department, and are supplies then shipped by this department to different parts of Canada?

Mr. POWER: Yes. We do not buy the entire supply, but most of it. The staples that are necessary are purchased by us, but probably emergency supplies and such as are not in our general stores would be purchased directly by Indian Affairs.

Mr. BARBER: Yes, I understand that the supplies that are sent out are very complete. They are shipped to all parts of British Columbia, and the Department of Indian Affairs informed me that such an arrangement had been made. I was wondering how long it had been in effect. The minister says since 1928.

Mr. POWER: I am not sure about 1928, but for five or six years past, at all events, and probably more.

Mr. GREEN: Is it a fact that class 2 treatment for the Canadian pensioner is available only in centres where there is a military hospital? If a pensioner is suffering from

some disability for which he is not pensionable and resides in a small town, will the department give him hospitalization in that town?

Mr. POWER: Treatment under class 2 is confined to Canada only; that is to say, an ex-soldier in the United States is not admitted to class 2 treatment. It is available only in hospitals operated by the department or in hospitals with which the department has a contract, where treatment may be carried out under the care of a salaried medical officer of the department.

Mr. GREEN: Does not that really discriminate against pensioners who do not live in a city such as Vancouver or Toronto or Montreal? Does it not mean that a great majority of the pensioners cannot get class 2 treatment because they do not live where there is a military hospital or a military doctor?

Mr. POWER: They come in and get their treatment, and as a rule they are pretty well satisfied with it. I have no doubt that it would be more convenient, as my hon. friend suggests, but he will readily see that it would be impossible for us to establish hospitals in all the centres of all the provinces. He will, I believe, agree with me that it would be taking a bit of a risk to leave to the ordinary medical practitioner, much as I appreciate his high standing and character, the duty of looking after our pensioners in all cases and keeping them as long as he wished in a hospital under his own surveillance for a non-pensionable condition.

Mr. GREEN: After all, a doctor is a doctor, and sickness is sickness, regardless of whether it is a war disability or not. Surely doctors in these small towns would be quite capable of looking after the pensioner who has a non-pensionable disability. Why cannot the department make a contract with the different hospitals in our cities and towns across Canada? Could that not be done?

Mr. POWER: We have contracted with hospitals in a large number of towns; there are approximately twenty in British Columbia, and similarly throughout the country.

Mr. GREEN: Have you military doctors in each of these twenty towns?

Mr. POWER: No. We have them as a rule only in the larger centres, but it must not be forgotton that this is treatment for a non-pensionable disability. It is treatment for a disease which is not due to war service.

Mr. BENNETT: And he gets the treatment because he was a soldier.

Mr. POWER: Yes, and a pensioner, of course. He is pensioned for some other disability, and is being treated for a disease which is not due to his service. My hon. friend from Vancouver South (Mr. Green) will understand how difficult it would be for the department to allow anyone who could obtain a certificate from a medical man in any part of the country to be treated without some kind of check being imposed by the department. It is a matter of administration, and in the interests of good administration I do not think it would be well to relax that regulation.

Mr. GREEN: Of course it could not be done without proper checks, but the minister will see the unfairness of the present position.

Mr. POWER: They usually come in.

Mr. GREEN: A pensioner in Vancouver can get treatment, and a pensioner in a small town twenty miles away cannot.

Mr. POWER: They come in to Vancouver, just as they do to Christie street hospital.

Mr. GREEN: At their own expense, or does the department pay transportation?

Mr. POWER: They are helped a great deal by the Canadian Legion, and if it is found that they have such a disability as will entitle them to pay and allowances, we do give them their transportation.

Mr. GREEN: That is only available, after all, to indigent pensioners, is it not?

Mr. POWER: That is right.

Mr. GREEN: I would ask the minister to look into that question and see if there cannot be some extension of the present service.

Mr. POWER: The regulation automatically bars a single man whose income is in excess of $45 a month, and a married man with wife only whose income is in excess of $86 a month, but below $86 or $45 a month there is a pretty wide margin before you get to the absolutely indigent class.

Mr. MARSHALL: When these estimates were last before the committee it was stated that the South African veterans were on the same footing as to hospitalization as men who served in the great war. Is that correct?

Mr. POWER: That is not quite correct. There are cases of South African war veterans who, because they are really indigent, are by exception admitted to our hospitals, but they are not admitted as of right.

Mr. MARSHALL: Would a statement that a man was indigent and a South African veteran enable him to get hospitalization?

Mr. POWER: No, I think there would have to be a pretty fair case made out for compassionate treatment.

The right hon. leader of the opposition, when these estimates were under discussion on Tuesday last, asked for a statement with respect to the Patriotic Fund. I have a statement here. It is a lengthy one, and I will send it over to my right hon. friend; or I shall be only too glad to read it or put it on Hansard if he wishes.

Mr. BENNETT: The only question I desired to raise was whether that fund, which I think had roughly $100,000 to its credit in 1914—I am speaking from memory; I was an officer of the fund, and that figure may be excessive—

Mr. POWER: $75,972.

Mr. BENNETT: That fund, with the funds collected during the succeeding years, was administered by a committee. Quite a number of South African veterans from time to time received the benefits of the fund. Inasmuch as the fund is now depleted, and we have provided a very special body to give succour and assistance to those who are unable to care for themselves although they are not pensionable, it occurred to me that something might be done for the small number of South African veterans who are left, because we depleted the fund in caring not only for the South African veterans themselves, in a limited way, but also for those who had become charges on the fund by reason of the great war.

There are two or three cases that have come to my personal attention that make one feel a bit ashamed—if I might use so strong a term—of the treatment which we accord to them; and in view of the large measure in which the fund was used in caring for all kinds, and the fact that we have seen fit now to make special statutory provision for them, might we not find some method to take care of that very small number who are left in this country? I profess I do not know the exact number, but I do know that it is a reasonably small number who are in a position to make a claim on the fund.

Mr. POWER: A statement has been furnished me on the question. I cannot find it at the moment but I shall look it up. The number who sailed for South Africa in the first or second contingent was approximately 5,200; then a later contingent sailed of approximately 2,000. That contingent arrived in South Africa after the cessation of hostilities, after the peace had been signed, and they turned round and came right back. They never saw any active service whatever. On the basis of what occurs in cases of men about that age in the Canadian expeditionary force it is estimated—and of course it is only an estimate—that approximately 5,000 South African war veterans would still be living.

Mr. BENNETT: Is that so? The number is larger than I thought.

Mr. POWER: That is an estimate, but I will check it. Of that number—and this again is more or less an estimate—about 830 would be indigent. Of course, this is almost a pure guess. The amount payable, were these 800 to be placed on war veterans' allowance is something in the neighbourhood of $250,000 annually, taking into consideration those who are unmarried, married, widowers and so on.

The point raised by my right hon. friend would bring up the discussion of a principle which I think operates in a different way in the case of the South African veterans from that in which it operates in the case of those who served in the last war. The War Veterans' Allowance Act was passed in order to permit the country to look after men who could be presumed to be burnt out as a result of the hardships and the difficulties they had to undergo in modern warfare—not that I wish in any way to belittle the services rendered by those who served in the South African war or to minimize the hardships they endured. The presumption is, however, that the trials of climate, the life in the trenches, the strain on the nervous system, and so on and so forth, endured during a period of trench warfare, and the heavy bombardments which took place during the last war were such as to argue that men who served in the front line in that war would be pre-aged and that their mental and physical capacities would diminish more rapidly than those of the ordinary civilian. We are really establishing a presumption of disability due to the war, whereas those who served in the South African war, though they rendered patriotic service to the country, though they went a long way from home to discharge their duty to Canada and the empire, could not be said to have endured the same hardships as those who served in the great war.

Mr. BENNETT: Of course, there was no chemical warfare then.

Mr. POWER: No; nor was there any heavy bombardment, or living in trenches in water up to your knees for days on end, and the war did not last quite so long. In many ways the strain of service in the South African war cannot be said to have been as severe as the strain suffered by those who served in the last war.

If we granted war veterans' allowance to men who served in South Africa, it might be quite difficult to refuse, as we do under the legislation, to grant war veterans' allowance to those who served only in Canada or in England during the last war. It opens a wide field and I suggest to my right hon. friend that if he will think the matter over—I shall do the same myself—we may be able next year to bring down some recommendation to parliament with respect to this matter. I can only say that last year during the sittings of the parliamentary committee the question was considered and the committee did not deem it advisable to make a special recommendation to have the South African war veterans placed on war veterans' allowance.

Mr. BENNETT: With a great deal of what the minister has said I am wholly in accord. I realize the difficulty of establishing with respect to pensions a principle that cannot be supported on any broad grounds, but it is because of that very fact that I venture to put before the committee the suggestion I have offered, not that I am doing it for the first time, for the suggestion has been put before the minister by others. The truth is that a substantial fund with which we began at the time of the war became merged into the larger fund and was utilized for the common benefit of all—that is, including those of the great war and those who fought in South Africa. It is quite true that at this time of day to speak of the privations and sufferings of the men who were in South Africa, suggesting that they are in a burnt-out condition in 1937, would be rather to impose upon the credulity of those upon whom you press that argument. Realizing that, I was trying to see whether the claim could not be put on the other ground. For it is quite clear that if the fund had not been exhausted they would still be receiving—I am speaking of the extreme cases—some support from that fund. From time to time we did take care of outstanding cases, and it was with regret that we found the fund entirely depleted; it was because of the great claims upon it during the later years subsequent to the war that it was so rapidly depleted. It must be remembered, however, that the "burnt-out" allowance provided for by statute has taken the place of any claims which might be preferred against that fund. That is beyond question. I realize that the matter cannot be dealt with merely by the minister's saying so; it must be covered by statute. All I wish to do is to suggest that it is worthy of the most careful consideration in the light of the circumstances to which I have alluded. But I should like also to point out that there must be some error in the computation. There were 5,200 men who went to South Africa and subsequently 2,000 who turned round and came back. I believe they landed only for exercise and did not take part in hostilities. That left, therefore, 5,200, and it must be an error to say that 5,000 survive.

Mr. POWER: I am beginning to think that. I shall be only too glad to check and give the figures.

Mr. BENNETT: And the suggestion that 5,000 or 5,200 survived is, of course, entirely astray.

Mr. POWER: No, 7,000 all told.

Mr. BENNETT: But 2,000 did not figure in the matter at all.

Mr. POWER: In proportion there would be something like 3,000 surviving.

Mr. BENNETT: I think that is what must be meant. One speaks with great reserve, but I think that is too large a number, because it must not be forgotten that a substantial number of those who served in South Africa volunteered their services in the great war, and in the early stages there were great losses of that type of experienced soldier. In addition, a number have departed this life because they were of an age subject to mortality at a higher rate than would otherwise be expected. The guess that there are 843 survivors who would be in a position to make claims, could, I believe, be subject to a very exact check. My information, whatever it may be worth—and one must always remember that there is no accurate information available—is that something less than 500 are, under any circumstances, liable to make claims, and one could reduce that again to something less than 300 as the number throughout Canada who would be likely to do so. I think in the interim the minister might have a close study made, and while this would involve some time, the records are such that it is possible to do it. Those who, it is asserted, are not otherwise engaged might find in this ample scope for their activities during their very desirable leisure. Perhaps that would meet the situation as sometimes expressed by hon. members on the other side of the house.

Mr. POWER: I shall be very glad to have an inquiry made.

Mr. DUPUIS: In this connection I avail myself of the precedent which the right hon. leader of the opposition is trying to establish to go a little further into the past and ask for something for those who took part in the repression of the Northwest Rebellion in 1885.

Mr. POWER: They are looked after.

Mr. DUPUIS: Well, I have a case of one of my oldest electors, Médard Boulais, who is, I think, now eighty-six years of age. He was under General Laurie in the Northwest Rebellion. He used to be sent ahead of the army as a scout; he did that very dangerous duty for the whole period of the rebellion. He was also the scout for the Queen's Own of Toronto, and as a consequence of his service in 1885 he lost his right to his homestead. In those days these regiments used to take horses, and General Laurie asked him to take with him a team of horses for that purpose. He lost his horses and he lost his homestead. After the rebellion he decided to go to the Yukon where he engaged in prospecting. He is now sick and he has no means whatsoever. He is starving, if I may use the word, because he has to rely upon the charity of friends. I think the Department of Pensions and National Health should do something for a case like that. Mr. Boulais wrote to the department and was told that he had no right to a pension. The last letter he wrote to the department was on December 12, 1936, and on January 27, 1937, he received from the president of the pension bureau a letter stating that his request had been studied and the department regrets to inform him that there is no statute or bylaw by virtue of which he can obtain a pension for his services in that rebellion. If there is no statutory provision for pensions for Northwest Rebellion veterans, there must be something to allow this department to save this man from starving. He is eighty-five years of age and very sick. I have put the matter before the minister in the hope that he will find a way to do something for this citizen.

Mr. POWER: Pensions for Northwest Rebellion veterans are awarded on recommendation by the Department of National Defence, but to establish his right to pension a man must show that he was disabled during the rebellion. The matter to which reference was made in the discussion between the right hon. leader of the opposition (Mr. Bennett) and myself dealt with the statute which provides for war veterans' allowance, that is to men who are burnt out. It provides that such burnt-out men, whose disability is presumed to be due to service, shall obtain $20 per month if unmarried and $40 if married, if they are permanently incapacitated from carrying on their occupation or if they have reached the age of sixty.

In the case cited by my hon. friend the same result could easily be obtained if the man in question would apply for old age pension in Quebec. He would receive $20 per month under that.

[Mr. Dupuis.]

Mr. BENNETT: And in the one case he is eligible and in the other he is not.

Mr. POWER: Yes.

Mr. MARSHALL: I should like to add my voice to that of the leader of the opposition in regard to the plight of South African veterans. I appreciate very much the fact that the minister is interested and is going to give their problem serious consideration. I have had numerous letters from men who served in the South African war, and I know their plight is sad indeed. I would ask the minister to give this problem as early consideration as possible, because as far as I can find out the majority of these men are from sixty-five to sixty-eight years old and so are not eligible for an old age pension.

Mr. POWER: My difficulty is to find a broad principle which will permit the South African war veterans to come in under this act, and at the same time keep in force the restrictive provisions of the War Veterans' Allowance Act as now existing. It was instituted on the presumption that men who served overseas in the last war were in some cases prematurely aged, and if I can possibly find any such principle as that to apply to South African war veterans I shall be only too glad.

Mr. GREEN: In fairness to the South African war veterans it should be pointed out that the principle is not quite as clear as the minister suggests. The War Veterans' Allowance Act I understand applies to all men who served in France or other theatre of war. There are thousands of Canadian soldiers who were in France but were not in the front lines, and possibly not under as heavy shell fire as those in South Africa. Then there are Canadians who served in Great Britain, or only in Canada, who are eligible under the War Veterans' Allowance Act provided they are small pensioners. On the other hand the South African veterans were subject to disease to a far greater extent than were the Canadian troops in France.

Mr. BENNETT: There was no inoculation for typhoid then.

Mr. GREEN: Probably they had to undergo sufferings at least as great as those of a proportion of the Canadians who were in France. I do not think the principle is quite as clear-cut as the minister says, so I would add my word to that of my leader in asking that the question be given further consideration.

Mr MACDONALD (Brantford): Far be it from me to compare the sufferings of those who served in the South African war with

the sufferings of those who suffered in the recent great war. I am sure, however, that those who served in South Africa suffered much more from the effects of heat than did the soldiers in France. I am sure also that the former did not get as good food supplies that we received, nor could they possibly get as good water supplies that we obtained. Further, as has been pointed out, there was no inoculation for typhoid at that time, and I believe typhoid was rampant among the soldiers in the South African war while there was scarcely a case of it among those who served in the last war. Also, as has been said by the right hon. leader of the opposition, most of those who served in the South African war also enlisted in the last war. They had a great sense of loyalty, and I would think a very large percentage of those veterans enlisted under the colours as soon as the last war broke out. I certainly believe they should receive every consideration from this government.

But, Mr. Chairman, it seems to me that another class which should also receive consideration is composed of those who did not serve in France but who left Canada and got only as far as England. A great many of these men are not receiving a five per cent pension. The difference between a man who cannot get a five per cent pension and a man who does get it is very small, because a five per cent pension means a very minor disability indeed. But if a man receives a five per cent pension even though he served only in England, he is entitled to the war veterans' allowance. My point is that the man who does not happen to get a five per cent pension is in most cases, just as much entitled to the war veterans' allowance as the man who gets a pension of that percentage. When a man enlisted he had to give up his former mode of living. Many of those who got only to England had to devote long hours to the service of their country. They worked in offices and did other kinds of work to which they were not accustomed, but because they have no disability they are not entitled to the allowance.

While we are on this question I think something should be said about the widows of those veterans who, at the time of their death were receiving the war veterans' allowance. As I understand the law, at the present time the veteran who is entitled to this allowance gets $40 a month if he is married, but on his death the widow is notified that she will continue to get the allowance for one year only. If the man became pre-aged and incapable of working because he served in the war, surely when he dies his widow should not be cut off entirely. When this survey is being made in order to determine how many South African veterans are entitled to this allowance, I would ask the minister that it be extended to include also those who left the shores of Canada and served in England, who may claim this allowance. I would ask also that great consideration should be given to the claims of these widows. I do not suggest that they should receive $40, but I think the widow should receive a small amount of money not only for one year after her husband's death but during her lifetime. I would ask the minister to give that point very careful consideration.

Mr. POWER: I shall be very glad to do so.

Mr. DUPUIS: In connection with this question, Mr. Chairman, I have had brought to my attention many cases of discrimination of this kind, and really I find it difficult to answer satisfactorily these returned soldiers not only in regard to pensions but also in regard to work. Apparently it is the practice of every department of the government to give a preference, where jobs are concerned, to returned soldiers who receive pensions rather than to those soldiers who had the bad luck not to be wounded or to be sick during service. Those men receive nothing at all, though I submit that they should receive a preference over those soldiers who were wounded and who receive pensions. It appears to the common people—and I am in that class—that if a man receives $90 a month pension he should give priority to a soldier who was just as patriotic during the war, who went to the front line and served under fire, but who was not wounded and who did not suffer any disability which would entitle him to a pension. That is the way people of my type reason. It seems to me that the soldier who receives a pension should take second place to the man who has no pension but who has a family to care for. I think the latter should receive consideration at the hands of the civil service commission or any department of the government that may give work to returned soldiers. I would be indebted to the minister if he could give me an answer concerning those against whom there has been discrimination.

Mr. POWER: Among others, two points have been raised by the hon. member, the first of which deals with the preference given under the Civil Service Act to ex-soldiers. Speaking offhand, but I think fairly accurately, I believe I may have to correct the hon. member in some of his statements with respect to preference given to pensioners over non-pensioners who served overseas.

The preference to pensioners is a peculiar one, and is given them provided they have not as yet successfully reestablished themselves. There are one or two other conditions, but the important point is that if after his return from overseas a pensioner has been successfully reestablished, he does not enjoy the preference. I believe I could give an instance which may make the matter more clear. We will take the case of a man who, prior to his service in the war, was a railway conductor but who, when he returned from overseas, was able to follow his former occupation on the railway, and did so for a period of five or six years. It does not matter what period of time he serves, he is considered to have been successfully reestablished, and even though he be a pensioner the civil service commission will not give him a preference over the ex-soldier who is not in the enjoyment of a pension, but has seen service overseas.

Mr. BENNETT: He still has the ex-soldier's preference.

Mr. POWER: But not the pensioner's preference. Then, there are a number of other cases. Only recently there was an endeavour in my department to establish preference in a case something like this: The civil service commission called for applications for the position of nurse at one of the hospitals. A person who immediately after leaving the army had got married and had no experience in nursing for twenty years following the war endeavoured to set up a preference for herself on the ground that she had had service overseas and had not been successfully reestablished. I am not quite sure yet as to whether I shall not be obliged to reject this person's application, if she comes at the head of the list, on the obvious ground that not having been in nursing service or training for the profession of nursing for that period of time she would not be as competent to look after the rapidly aging ex-soldiers in our hospitals as would some other person who had been training or acting as a nurse in the past twenty years. I believe the illustration will cover one of the points brought up by the hon. member, namely preference within the preference accorded the pensioner.

The hon. member for Kindersley (Mr. Elliott) was about to discuss the second matter on Tuesday last, namely as to whether or not those who obtained pensions should be permitted to continue in the enjoyment of it and at the same time draw reasonably high salaries in the civil service. Concerning this point I have had a memorandum prepared. I do not wish to tire the committee by reading all of it, but the matter contained therein goes back to 1916. In a special committee formed in 1916, of which I believe the only member now present is the right hon. the leader of the opposition, a recommendation was made:

> That, to encourage industry and adaptability, no deduction be made from the amount awarded to such pensioner owing to his having undertaken work or perfected himself in some form of industry. The welfare of the state demands that so far as possible those who are at all able should endeavour to augment their pension allowance. If the pension granted were subject to reduction owing to the recipient having remunerative work, your committee are of the opinion that a premium would be put on shiftlessness and indifference.

The principle seemed to have been accepted by the house, without very much discussion, with the exception that Mr. W. F. Nickle, K.C., of Kingston, one of those who in 1919 framed the first pension legislation, said this:

> The committee took perhaps a radical step in another matter, but a step that seems to me to have been fair. They said that a man in receipt of a pension should be entitled to the fruits of his labour, that if a man who had lost his eyes adapted himself to circumstances and was able to earn the means of life, if he had lost his feet or his hands and had the pluck to again face life and through the advantage of vocational training or otherwise was able to secure employment in another sphere of activity, that man was entitled to keep what he earned. The committee took the stand that if those who had suffered greatly in this war had the courage when they returned to endeavour to earn a fresh place for themselves in civil life, they should be paid their pension in respect of the physical disability they had suffered, and should also be entitled to what earnings they made, and that the earnings should not be deducted from the pension.
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> To adopt any other scheme than this seemed to the committee to have as an inevitable result the encouragement of shiftlessness and laziness and the committee felt that in a country like this everything possible should be done to encourage the men to take on themselves fresh employment when they again returned to this country.

The same principle was carried on, all through the recommendations of the various parliamentary committees, down to to-day. I need not quote the findings of other committees. The Ralston commission, which thoroughly investigated every phase of soldier problems, reported in a similar manner.

In 1933 it was thought there was some intention on the part of the then Minister of Finance, the Hon. Mr. Rhodes, to change the principle or in some way take away from those who were in receipt of pension either such pension or some of the salary attached to the positions they held in the civil service.

Mr. BENNETT: But he modified that.

Mr. POWER: Yes, I am coming to that. On reconsideration the Hon. Mr. Rhodes said:

> The last thing in the world that we had in mind was any interference with the sanctity of a contract concerning pensions. Whatever merit there may be or may not be attached to the suggestions contained in the budget speech with respect to pensions, it was never intended to interfere with pensions as such.

The point is that when the men came back from overseas they were told, "You will receive pensions, but go ahead and get jobs wherever you can. Not only that, but we will give you preference in the civil service of Canada in order to permit you to augment your pension by working for the government." I submit it would be something almost equivalent to a breach of faith if at this late date, after a great many of them have successfully reestablished themselves and have succeeded in filling some of the highest positions in the civil service, and despite their physical handicaps have been able to overcome them and render good service to the state, we were to deprive them of their pensions or to decrease their salaries. Moreover, an example such as that to private firms or organizations would not be in the best interests of the state or of industry.

Mr. DUPUIS: I was anxious to obtain from the minister a statement concerning those against whom there has been discrimination. They do not want others to lose their pensions. However, they are told, when seeking a civil service position, that if they had pensions it would be easier for them to obtain that position. They are met with the statement, "although you have no pension, those who have are in a preferred position, when they apply for this work." There are a great many ex-soldiers living in my riding and many of them have become distinguished citizens. They did their share in the last war and are proud of having done it, but a certain number of them are handicapped in the way I mentioned. I think it is my duty to bring this matter before the minister.

By the way, I was invited to some of their meetings and they unanimously passed a resolution approving the government's policy of national defence. Many of them told me that while they hoped there would never be another war like the one in which they took part, they would still be ready to do their part should the need arise. It is for such citizens as these that something should be done to help them, not to receive pensions, because they were not wounded, but to obtain the work they want. It may be said that civilians are discriminated against in favour of ex-soldiers, but I think any reasonable citizen will agree that that is only right. The only point I want to make is that the returned soldier without a pension should be on the same level as the returned soldier who receives compensation for his services in the war.

Mr. CLARKE (Rosedale): When a man receives $6,000, $8,000 or $10,000 as salary, would his pension be discontinued? Is there a certain peak in earning when that action is taken?

Mr. POWER: That is not taken into consideration in any way. As I have indicated, the pension is based upon war services and has nothing whatever to do with civilian occupation.

Mr. BENNETT: Mr. Chairman, the minister referred to the report of the committee which sat during the recess in 1916 and 1917. Ever since we established pensions in this country we have kept two principles in mind. The first one is that the pension is in no sense wages or salary; it is compensation, inadequate in many cases, for injuries suffered by the recipient. The second principle is that in the computation of salary or wages which a man might receive, it is to be taken that that is based upon the service he renders and the service he renders can have no relation to the pension he receives for the injuries he suffered during the war.

Mr. POWER: May I interrupt my right hon. friend to call to his attention another principle. The scale of pension is based upon a man's capacity to earn in the common labour market and has no relation to the occupation which he followed prior to the war.

Mr. BENNETT: As the minister suggests, the pension which a man receives is in no sense predicated upon what he was receiving, but is based upon his then value in the labour market. The hon. gentleman wants to know what would be done in the case of a man receiving $8,000 or $10,000 as salary and being paid a pension of, let us say, $500. I remember having to meet that argument and I found it difficult to do so until I thought the matter out. The answer is that the services which the man is able to render in his then condition are worth $8,000 a year and presumably he would get that, if he renders the services adequately and efficiently, whether or not he had ever been to war. The fact that he went to war and suffered injuries which entitles him to $500 has no relation to the salary which he receives for the services he now renders, whether they be to the state or to someone else. That matter was discussed

by the committee in 1916. I sometimes regret that I was not a candidate in 1917 so that I could have followed up some of the work done by that committee during the recess.

There is another matter upon which the private member who is now Minister of Pensions and National Health (Mr. Power) had very strong views. This matter was raised this afternoon by the hon. member for Chambly-Rouville (Mr. Dupuis). There is a question whether the preference given to returned men might not be open to criticism in 1937. Conditions are to some extent different to-day from what they were in 1919 or 1920. A new generation of younger men has arisen and we now have the possibility of older men being given preference, say for a post office job, when a younger man might be more suitable for the position. I believe I am right in stating that no consideration is given to the matter of age.

Mr. POWER: Quite right.

Mr. BENNETT: The question arises as to whether or not that greater preference is fair to the public service. At this time I think much may be said in this regard. However, the statute is there and notwithstanding the views that may be taken with respect to the desirability of it when one is not in office, it is an entirely different matter to say whether or not one is prepared to suggest this repeal when one is responsible. May I say to my hon. friend, the member for Chambly-Rouville, that the act will likely remain. It will terminate its usefulness only by what is euphemistically spoken of as the effluxion of time. I notice in the report which the minister handed me a moment ago that there are only forty pensioners left from the South African war. These pensions were paid originally by the British government.

Mr. POWER: There are forty disabilities and three dependants.

Mr. BENNETT: That indicates that the number we were mentioning, 863, is probably an over statement.

Mr. POWER: There were only 219 deaths among Canadians who served in the South African war.

Mr. BENNETT: The hon. member for York West (Mr. Streight) was one of those who early went to South Africa, and during the last war he took with him quite a number of those who were in South Africa. Perhaps he would give the committee the benefit of his knowledge, which he has just communicated to me, and which I am sure will be helpful in the future with respect to the matter we have just discussed. The pensions paid to the men who went to the South African war were paid by the imperial government. In 1920, after the great war, we raised the pensions being paid to these men to what they would have received had they served in the great war. It seems to me that this fact offers an additional reason for looking into the matter from the angle I suggest.

Mr. STREIGHT: Mr. Chairman, I would ask the minister where he got his information regarding the hardships of the South African campaign as compared with the hardships in the late war. I also think his figure of 7,000 troops who went to South Africa from Canada, if he took the trouble to look it up, would be raised to about 10,000, and I think his figure of about 5,800 South African veterans being alive to-day would be reduced perhaps 3,000.

Mr. POWER: I believe that is correct, but I shall have the exact figures to-night.

Mr. STREIGHT: I would be surprised if there are 3,000 South African veterans alive in Canada to-day. Speaking of pensions for these veterans, it is quite true that the South African campaign was not comparable with the late war so far as slaughter was concerned. Nevertheless, the South African veterans did go through hardships and trials that we did not experience in the late war. For instance, in South Africa we had to contend with bad water, poor food, and severe climatic conditions. We had not only the heat but the cold. Anyone who knows what the South African climate is like, knows the nights are very cold, and the veterans had to sleep on the cold veldt sometimes with one blanket, and sometimes with a couple of inches of snow around them. I feel that any veteran who has served in any campaign—go back to the rebellion of 1885, or even back to the veterans of 1866—should come under the same heading as the South African veterans. I do not see why they should be discriminated against in any shape or form. Take the South African veterans at the beginning of the great war. Who formed the framework of every battalion in the first division? It was the South African veterans. They were at a premium. They were made sergeants and officers. I was one myself; I know. The framework of our first contingents and of some of the later ones was made up of those who had seen service in South Africa. I hope the minister will not forget to remember these veterans who served in Africa, and if he will look into the matter he will find that a great number of these veterans gave their lives in the great war. I had in my own

unit twenty who had served in South Africa, and they never came back from the great war. It was stated a few moments ago that the average age at present of the South African veteran was sixty-six or sixty-seven. I am only fifty-six myself.

Mr. POWER: Did the hon. member run away from school?

Mr. STREIGHT: Just about. I know there are in Canada a number around my own age who served in South Africa. I think not only the veterans of 1885 but even the 1866 veterans should be given a fair show with those who served in the late war.

Mr. LOCKHART: I want to add a word in support of what was said by the hon. member for Brantford City (Mr. Macdonald). There have come to my attention quite recently a number of sad cases of widows of pensioners, and I have referred to the war veterans' bureau two or three very distressing cases. These widows have reached the age of fifty to sixty. Probably during the lifetime of the pensioner the nominal pension that was allotted was received. Then the husband died. There was possibly a small mortgage on the home. In these cases the widow is in ill health; she is not able to carry on and the property has been lost. It is a very distressing outlook for the widow, whose husband served and gave of his best, to be faced with a situation like that, and I do want to support and urge upon the minister what the hon. member for Brantford City has said in that connection.

The other matter I would mention was raised by the hon. member for Vancouver South (Mr. Green). The minister intimated that there were certain hospitals other than military ones, being contacted by the department in connection with hospitalization. May I ask if that is correct?

Mr. POWER: Yes, civilian hospitals under contract with the department.

Mr. LOCKHART: How many of those hospitals are there?

Mr. POWER: Nearly four hundred throughout Canada.

Mr. LOCKHART: Are they all authorized hospitals?

Mr. POWER: Nearly all of them. In practice any well known public hospital has only to write in and we will put them on our list; then they get patients.

Mr. LOCKHART: I should like to support what the hon. member for Vancouver South has said. What is the great difficulty in extending that hospitalization service as he suggested. The minister has medical men in these districts. I am thinking now of the Niagara peninsula, of towns like Niagara Falls, Welland and St. Catharines. Who are the minister's representatives, and why would it be so difficult to carry on that hospitalization? That is what I fail to see.

Mr. POWER: I do not think there would be very much difficulty. Hamilton is not far away, and we have a salaried medical man there. There would not be any very great difficulty in arriving at hospitalization of any of the class mentioned, and having them checked over by our salaried medical man in Hamilton. Then in London we have a whole staff of medical men, and a staff in Toronto. So I do not think there will be any hardship suffered.

Mr. LOCKHART: Will the minister indicate that this service will be extended in the future? It has been restricted very much in the past.

Mr. POWER: I am afraid I cannot.

Item agreed to.

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

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 36, for the relief of Charles Marsh Doxsey.—Mr. Walsh.

Bill No. 37, for the relief of Phyllis Stanners Kitchin, otherwise known as Judith Stanners Kitchen.—Mr. Walsh.

Bill No. 38, for the relief of Ivy Jackson Beaulne.—Mr. Jacobs.

Bill No. 39, for the relief of Charlotte Opal Moore Norton.—Mr. Jacobs.

Bill No. 40, for the relief of Mildred Tannenbaum Sufrin.—Mr. Jacobs.

SUPPLY

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

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

Salaries—staff, $3,517,600.

Hon. C. G. POWER (Minister of Pensions and National Health): This item was discussed at considerable length on January 19 when the estimates were before the committee and I explained it, giving the reasons for the increase.

Mr. GREEN: How many pension commissioners are there at present and what increase has there been over the number of a year ago?

Mr. POWER: Mr. Reilly was appointed to the commission. Doctor Kee was appointed to the pension appeal board and one ad hoc commissioner, Colonel Cyrus Peck, was appointed. The estimates last year provided for the appointment of six additional ad hoc commissioners, but so far only one has been found to be necessary, and one commissioner to replace Doctor Kee who went to the federal appeal court. As my hon. friend knows, Brigadier-General McDonald, who was secretary to the executive of the Canadian pension commission, was appointed to succeed Judge Taylor. There have been only two new appointments.

Mr. GREEN: The present total is ten?

Mr. POWER: The members of the Canadian pension commission are: Chairman, H. F. McDonald, G.M.G., D.S.O.; members; J. F. Ellis, M.D.; D. W. Gray, M.D.; J. A. L. Robert, M.D.; H. A. L. Conn, M.C.; Sir R. E. W. Turner, V.C.; Stephen Jones; A. Chasse, M.C.; S. Mackenzie, M.D.; C. D. Crowe, M.C., appointed since last year; C. B. Reilly, K.C.; and ad hoc for a period of six months, which was later extended for another period of six months, C. W. Peck, V.C., D.S.O.

Mr. STIRLING: Does the ad hoc commissioner receive a salary?

Mr. POWER: Yes, $6.000.

Mr. GREEN: Is the pension commission catching up with the cases that were in arrears? The minister undertook last year to have quorums stay in the different cities —one in Vancouver, one in Toronto and so on. Has that been done?

Mr. POWER: The chairman of the commission advises me that by March 31 of this year all arrears will have been overtaken. He has not yet issued instructions definitely fixing any quorum in any particular province, but it is proposed to do so as soon as the arrears are overtaken. As a matter of fact, however, I believe the quorum in British Columbia has been there almost constantly since last year. There is some doubt whether it will be advisable to keep a quorum in permanent residence in the maritime provinces, because once the arrears have been overtaken the ordinary routine may not be sufficient to warrant a quorum in that section.

Mr. GREEN: How many appeals were heard by the appeal court during 1936, and what was the disposition of them?

[Mr. Power.]

Mr. POWER: Something in the neighbourhood of 1,800, I would say. This is a summary of the decisions of the pension appeal court, that is all the decisions to October 31, 1936, since the inception of the court:

Appeals by the crown	152
Appeals by commission counsel	2,947
Appeals by applicants	7,572
	10,671
Entitlement conceded	1,222
Not conceded	9,353
Dual decisions	96
	10,671

I have not at the moment the figures for the past fiscal year but I can get them. It seems to me, however, there was a return tabled in the house not long ago. I do not think the percentage of pensions granted has increased in the past year.

Mr. GREEN: Is it a fact that it will be only a question of time until we shall be able to do away with the appeal court?

Mr. POWER: I was under the impression that perhaps we could have done away with it last year, and introduced legislation to that effect, but as my hon. friend knows, the legislation was revised by the committee and the court remained as it was.

Mr. GREEN: Is the number of appeals decreasing at all?

Mr. POWER: I should not think so at the moment. Possibly when the full effect of last year's legislation with respect to first and second hearings and so on is felt, the applicants will not want to go to appeal so frequently. We hope they will feel that their cases have been thoroughly studied and all possibility of obtaining pension exhausted before going on to the appeal court in what appears to be in many cases rather a vain hope.

Mr. GREEN: I do not wish to reflect in any way on the appeal court, but we understood in the committee last year that probably its usefulness would be ended in a few years.

Mr. POWER: Well, the appeals taken now by the crown are practically nothing; I think there were eighty or thereabouts in the eighteen months prior to the report last year, and there have not been any more since the report was made public before the committee. So the appeals are entered by the applicants, and so long as an appeal court exists I have no doubt that persons who consider that they have a claim will continue to apply to that court.

Mr. POULIOT: It would seem evident to any member of the committee that if a soldier was fit at the time of his enlistment and was unfit at the time of his discharge, he became unfit during his service; but in numerous cases, although, according to the medical report, soldiers have been wounded or suffering from some illness during their service, on discharge they are considered as fit by the board and the appeal court.

At this point may I bring to the attention of the committee a very serious case. It is of one of the doctors of the pension department whose name I do not recall, who went to the war and had two or three years at the front or in the army counted as years in university. Afterwards some imagination was used in his case and he was received as a doctor without having the necessary knowledge. His experience in the hospital was very short; he is only a clerk, just the same as a municipal clerk or a man who writes or examines forms, but he is one of the examiners of the department. I do not care whether he is Liberal or Conservative; that does not interest me, but it does seem that doctors in charge of the examination of soldiers who ask for pensions should be well qualified. War service does not count in such qualification; it is the medical experience that matters. I draw the attention of the minister to that case, which he knows very well, in order that there may be some redress. At the present time, if a soldier suffers from some internal sickness like rheumatism contracted at the front, as may well be seen from his medical sheet, he does not receive much consideration from the board or from the appeal court. General Turner—I have forgotten his initials, I think it is R. W.—may be a great soldier but he is no doctor and his decisions are very poor ones. I say that with personal knowledge of the cases. I know soldiers who at times are hardly able to walk on account of their disability. I have in mind one case, regimental number 897, one of the first men to enlist, who has been most unfairly treated by the appeal board. I denounce the appeal board on account of that. We do not need a brilliant soldier; we need a good sound doctor on the appeal board. It is not a matter of considering the war record of any soldier; it is a matter of seeing whether this poor soldier has suffered any disability from the time he enlisted until the time of his discharge. That seems very simple and clear, but it is hard to make those people understand it. And it is the same thing with the other fellow who signs most of the reports. We have enough of that. It seems to me that a poor fellow who is anxious to receive fair treatment should have it not only from a good fellow but from a competent medical man. Therefore I ask the minister if he would kindly do a little spring-cleaning in his department. There is bureaucracy of every kind in every department. I do not blame the minister for that, but there is the curse of bureaucracy in the Department of Pensions as well as in others. Once I recommended a soldier for treatment at Ste. Anne de Bellevue hospital. He went there and they extracted all his teeth and sent him home. They said, You are all right; go home. I had to apply to Doctor MacLaren, who is now Lieutenant Governor of New Brunswick, in order that this man should be supplied with false teeth by a dentist in Rivière du Loup. This is not the treatment that should be given to a man who has risked his life for his country. The man had a very good record. For all these considerations I ask the minister to use his broom in his department and see that the cobwebs are swept away.

Mr. COLDWELL: I should like to support the hon. member for Témiscouata (Mr. Pouliot) in his plea for more consideration to some of the returned men who suffer from disease. I believe there are men whose records do not show very much or any disability during service, but who subsequently developed something that cost them a great deal of inconvenience or suffering for the balance of their lives. At the moment I have in mind the case of a young man named McEleese who served the guns in France for more than three years and who, in May, 1919, took his discharge, apparently quite well. Then, in November, 1919, he fell ill, and he has been paralysed ever since. The original diagnosis was sleeping sickness. This man is living in Regina. There is nothing on his sheet that would indicate any cause for his condition such as we sometimes find on soldiers' sheets, but it is believed that the condition from which this man is suffering is due in no small measure to nerve shock which he sustained during the war in the capacity in which he served. For a long time he was in Regina, cared for by friends, and then was transferred to an old folks' home. To-day he is back in the city which is maintaining him as an indigent, as it does for aged persons without means, paying I think it is a dollar a day for maintenance in a private home in that city.

Here we have a young man who has been paralysed for the last sixteen or seventeen years and who, during all that time, has been endeavouring to have his case reviewed. I

am hoping that the commission will consider such cases sympathetically. I believe they will. I may say I took up this matter with the minister some months ago and he referred me to the commission, but up to the present time I am afraid nothing has been done. That is a type case, and I take it that there are many other cases of that kind. I have been informed also that sleeping sickness is now believed to be of long incubation. I know very little about that phase of the matter, but that is what I am told, and if that is so it is entirely possible that the germ was present when this man was discharged in May, 1919. I am asking the department to look into cases such as these, and I am sure members of this house would be only too glad to see something done for men who served but who to-day are bedridden and without assistance because of a former or improper diagnosis.

Mr. MacLEAN (Prince): Before this item is passed, Mr. Chairman, I should like to remind you that some time ago I endeavoured to ask a question of the minister. We have a quorum that visits the different provinces. In some cases a man is granted a five per cent disability and is recommended for pension, but when his papers come to Ottawa, for some reason or another the pension board here refuses to pay that five per cent. Then the matter is referred to a quorum or to the appeal board, and I have had two or three cases where the award which was recommended by the quorum was not paid. Even if it is a small amount, only five per cent, it would be of great assistance to him, because once a man is in receipt of a pension, though it be ever so small, there are other benefits which accrue to him. He can get free transportation to Camp Hill hospital; he can get assistance from the board during the winter months. So if he is refused this small pension, a real injustice is done.

I have voiced my disapproval of the appeal board refusing pensions such as these after the quorum has recommended that they be paid. The quorum is right on the spot; it examines the man and takes the evidence of the doctor who treated him, and if the quorum is satisfied that it is a genuine case surely the pension should not be refused here in Ottawa. It does not seem to me that these men are fairly dealt with.

A little later I should like an explanation from the minister, if possible, of a case which I have in my own home town. I doubt whether there is another case in Canada; at the most there must be very few. This man enlisted in Newfoundland, with a Newfoundland regiment. He went overseas with that regiment and, being a seafaring man, when he was over there he requested permission to leave the regiment and join up with the navy. Permission was granted; he joined the navy and served during the whole war with great distinction. He won recognition for prize money, and he was awarded different medals. All in all he had a distinguished career. After the close of the war he came back and was demobilized in Canada. To-day that man is a complete cripple. I have taken up his case with the government of Newfoundland and with the British government. I have taken it up also with the Canadian Department of Pensions, but while this man gave such splendid service to the British Empire, not one of these three countries he served is willing to-day to own him in any shape or form. They say, "No, he is not our care, but we will try in every way to get consideration for him." He has been refused a pension time and time again. His application was refused for so long, and he had such a poor education, that he was not able to present his case for the prize money awarded him by the British navy, so he lost that. To-day he is in our town on relief, unable to do a day's work and he is a burden on the community there. I think it is absolutely unfair that a case of this kind should receive no consideration from any of the governments concerned. In the first place I would like to ask with regard to the five per cent not being awarded this veteran.

Mr. POWER: I might answer all these matters raised by the last speakers by referring to the Pension Act. Section 5 of that act states:

> Subject to the provisions of this act and of any regulations made thereunder, the commission—

That is, the Canadian pension commission:

> —shall have full and unrestricted power and authority and exclusive jurisdiction to deal with and adjudicate upon all matters and questions relating to the award, increase, decrease, suspension or cancellation of any pension under this act.

This would indicate that in its wisdom parliament has declared that the Canadian pension commission, within its sphere, is absolutely supreme. It never has been thought wise to give the minister or the government the right to adjudicate upon pensions or to adjust pensions. I know that in England under certain very restricted conditions the minister may award pensions. I fear that if such legislation had been in force in this country, however, the complaints which we hear now would be multiplied a hundred, yes a thousandfold.

Having regard to the twenty years in which I have been in the house, and in which I have been interested in matters concerning

returned soldiers, may I say that if there is one department of government which has kept free from political influence and which has allowed the duly appointed judges to carry on their work without interference, it is this department. There is no possibility in any way, shape or form of influencing any of those who were appointed under the statute to carry out the duties in connection with war pensions. As a matter of fact, I have been in the department now for nearly eighteen months and I think there are at least four members of the pension commission whom I do not even know by sight. I do not know them, unless I happened to know them before I came into the department. Otherwise I have taken no steps to meet them.

The members of the appeal court are Judge Hyndman, a distinguished jurist from Alberta; Mr. Sherwood of Ottawa, and Mr. Richard of New Brunswick. Last year, as a result of the legislation and as a result of complaints made that perhaps the court did not give due attention to medical questions which arose in a great many of these cases, Doctor Kee, who had probably from fifteen to twenty years of experience as a medical officer, and later as pension commissioner, was afterwards transferred to the court of appeal, thereby becoming a member of the appeal court.

The pension commissioners, of whom one is Sir Richard Turner, usually carry out their duties two at a time, in what is called a quorum. We endeavour—and I think we nearly always succeed—to have one member of the quorum a man familiar with medicine, one who is in fact a medical practitioner. The other is a civilian, sometimes a lawyer and sometimes, as in the case of Sir Richard Turner, a man who has had a long experience in business.

Of course I cannot discuss with the hon. member for Témiscouata the case he has in mind, or give my opinion as to whether or not in that particular case the claimant was entitled to a pension. These cases are fully considered. The evidence is taken down and is thoroughly weighed by the judges who, in these matters have as much authority as have any of the judges of the civil courts in the provinces. After they have given a decision, I am not in any way empowered, nor would I wish to have the authority to interfere.

Many people are of the opinion that all these judges should be medical men. I find that during the course of years these opinions seem to vary. At one time soldiers' organizations made representations that they did not want any lawyers or doctors to sit on any of the courts. At another time and in another period they have said, "We want doctors" and, at another time, "We want lawyers."

Mr. LAWSON: They were right the last time.

Mr. POWER: It depends upon the case in court, and what the decision of the quorum has been. In any event we have endeavoured to meet the wishes of all people by forming a quorum composed of one layman and one doctor.

Mr. REID: May I say a word to the minister and the committee regarding the appeal court, and its operation since a doctor was appointed last year. If hon. members will recall, when the matter came up before the special committee on pensions last year, the thought in the minds of members of the committee and particularly myself was that if there was a doctor on the appeal court, any doubt with respect to physical disability would be considered by a man competent to give a proper judgment. But as one who has attended the appeal court on a number of occasions, may I point out to the minister one case in which I took part only a few days ago. I shall endeavour to show that the returned man is not now getting the full advantage of having only one doctor on the appeal court. The case I have in mind is one of a man who had been too young when he enlisted; as a matter of fact, at time of enlistment he was only fourteen years of age. He had suffered an injury, but before that injury he had been taken out of the ranks and sent back as being under age. Eventually he developed a tubercular bone in the foot and at the age of thirty-six years is now incapacitated by tuberculosis.

A few days ago he appealed to the court, three judges of which were not of the medical profession. The whole case resolved itself into the question whether or not the tubercular bone might be the cause of tuberculosis for a man one hundred per cent disability. I could not help but think to myself—in fact I so stated to the judge—that it would be just as competent for me to go before the Supreme Court of Canada to argue some of the involved legal cases as it was for these three men to discuss as to whether or not the ailment was as serious as had been stated.

May I point out to the minister that a decision was rendered there and then, with no medical man present to give his views and opinion with respect to the physical disabilities of the applicant. I say to the minister and to the committee that it is high time the court of review itself was reviewed. Hope is raised in the breasts of all pensioners who

make application, after going through the pension commission, and from there to the quorum, that when their case comes before the appeal court there is yet some hope of a favourable decision being granted. I think the minister will agree that the percentage of cases going through the appeal court in which applicants are successful is very, very small, probably not half of one per cent. In the event of an appeal, however, the hopes of the applicant are raised, and if a decision is to be judged from or hinges on the physical disabilities of the applicant, a medical practitioner should be in attendance. I refer to the case in which I took part a few days ago to bring to the attention of the minister the fact that the appointment of only one doctor is not helping very much those cases which to a great extent depend upon medical evidence. If it is not thought advisable to appoint more doctors, then I say to the minister it is high time we reviewed the appeal court.

Mr. LAWSON: As one who has personally handled a great many pension cases, in view of the criticisms of the pension tribunal and the pension appeal court I feel it incumbent upon me to support the minister's statement. I would go still further. Probably because from 1928 to 1935 I represented a riding which had more people in it than had any other riding in Canada, one with an extraordinary percentage of returned soldiers, and because I have had occasion to handle a tremendous number of pension claims, my experience has been that the general administration of the act by the pension tribunal has been just and equitable, having regard to the limitations placed upon the commissioners by the statute. I have appeared before the appeal court as a lawyer only three times and the court ruled against me twice, so my opinion cannot be said to be biased by favourable results. I have had some experience in courts of law, and I want to say that I have never heard judgments more judicial and based upon sounder grounds than those delivered by the pension appeal court. When I appeared before the court, it had on it two members who are still there, Mr. Justice Hyndman and Colonel Sherwood. The other gentleman was not then a member.

I must disagree entirely with the reasoning of the hon. member for New Westminster (Mr. Reid). If he would like to have a demonstration of the considered unanimity of opinion to be got from a number of medical gentlemen, I should like to have him attend a meeting where a board of doctors is trying to decide some question of medical research with medical men appearing before the board who have different opinions.

Mr. REID: I did not advocate a medical board.

Mr. LAWSON: I do not suggest that the hon. member did, but he seemed to have an idea that the doctor appointed as medical adviser to the pension appeal court is not functioning.

Mr. POWER: He is not the medical adviser; he was the medical adviser, but it was thought well to appoint a doctor as a member of the appeal court. Doctor Kee is the member of the court, but as the quorum is only three, he does not sit all the time.

Mr. LAWSON: When he does not sit, the court have the advantage of the advice of a medical man who is removed from bias in the case. They have the advantage of his opinion in helping them to come to a judicial decision. I had a great deal of experience with Doctor Kee when he was acting in a previous capacity.

Mr. POWER: He was chief medical adviser to the board of pension commissioners in the old days and was afterwards appointed to the board.

Mr. LAWSON: I must say that I found Doctor Kee in both capacities to be a well balanced and considerate medical man, always desirous of giving the returned soldier every possible consideration. I want hon. members to believe me when I say that I did not know Doctor Kee until I came into contact with him in connection with pension cases.

I realize there are individual cases where there would seem to be great hardship, but for every case such as those cited by the hon. member for Témiscouata (Mr. Pouliot), by the hon. member for New Westminster (Mr. Reid), and by the hon. member for Rosetown-Biggar (Mr. Coldwell), I guarantee that there are ten in which the judgments are entirely fair. From some of the utterances I have heard to-night I am inclined to think that this parliament is trying to load on to the pension board and pension appeal court a responsibility that belongs to us alone. We must face this responsibility. This parliament in its wisdom originally determined that every man who served overseas should not have a pension. Let us get that clear. This parliament said that before a man could get a pension it must be determined that the condition from which he was suffering was attributable to his military service.

Mr. POWER: Or incurred on.

Mr. LAWSON: That was then divided into two classifications: was it because of or incurred on his military service or, in the alternative, was the condition from which he is now suffering one which existed prior to enlistment and had been aggravated by his service. We in this parliament laid down that test and the struggle of the pension commissioners and the pension appeal court has always been to ascertain that. Once that has been ascertained, the matter of assessment of disability is not nearly so difficult.

The minister has pointed out that the pension commissioners and the pension appeal court had very wide powers under section five, but he did not emphasize the fact that those powers must be exercised within the limits of the statute known as the Pension Act. That statute was passed and the limits prescribed by this parliament. As a result of laborious and painstaking inquiries by pension committees from time to time—these pension committees were in the main, if not entirely, composed of returned soldier members of this house—this parliament has in its wisdom continued the act in its present form. In every case where you find a man who cannot get a pension and who feels he is entitled to one, if you take the trouble to trace the matter down you will find that he has not been able to establish to the satisfaction of a quorum of the pension tribunal the fact that his present condition was incurred on or aggravated by his service. We prescribed that limitation, so why put the blame upon the pension tribunal or the pension appeal court? If I had any criticism to make of the administration—I want to point out that this is only my opinion and better lawyers with wider experience may disagree with me—it would be that the pension appeal court does not give sufficient weight to that section of the act which provides that a man shall have the benefit of the doubt.

In conclusion I want to join with the minister in one statement he made. I want to make it clear to every returned soldier in this country who is seeking a pension that there is not and has not been at any time any political influence or interference in connection with the work of the pension commissioners or the pension appeal court. Moreover, I have such a high opinion of the gentlemen who occupy these quasi judicial positions on the pension tribunal and the pension appeal court that I am confident they would not tolerate any such interference if it were attempted.

Mr. O'NEILL: I cannot agree with the hon. member who has just spoken (Mr. Lawson). I am more inclined to agree with the hon. member for New Westminster (Mr. Reid), the hon. member for Témiscouata (Mr. Pouliot) and the hon. member for Rosetown-Biggar (Mr. Coldwell). There is one matter I should like to mention, and that is the benefit of the doubt clause. When a man has been accepted by the army as one hundred per cent physically fit for service overseas, after he comes back from service in an active theatre of war and is discharged from the army and is not one hundred per cent physically fit, I do not think the onus should be placed on him to prove that his service overseas was the cause of his physical disability. The onus I think should be on the country to prove that that is not so. I have an outstanding case in mind. A man from British Columbia went overseas one hundred per cent physically fit. When he returned he was not physically fit, and he was discharged from the army as not physically fit. After doctoring for some time he eventually died. From the medical records of those days it would appear that there was no doubt at all that his death was directly attributable to service overseas, but unfortunately the doctors' records were consumed in a fire before his widow could establish claim for pension. The only record available at the present time is that of the doctor who attended him in his illness, and that doctor has taken an affidavit that the man's death was directly attributable to service overseas; yet the widow of that soldier has never received a pension.

I have another case. One of the finest specimens of physical manhood that I ever saw came from Kamloops, British Columbia. He was an old countryman, a Scotchman or an Englishman; he was not a Canadian. He enlisted, and to-day that man is living in Victoria, a physical wreck. I do not think there is very much doubt that he came back from overseas a wreck directly attributable to his service overseas. He does not receive a pension sufficient to keep him and his family of three children and his wife. He gets a forty per cent pension and he has a one hundred per cent disability. The onus is placed on him to prove that his present condition is attributable to his overseas service. I think it was the present minister—and I give him credit for it—who was responsible for that clause in the act, but it seems to me to give the benefit of the doubt to the government rather than to the returned man.

Another outstanding case I might mention is that of a man now lying in King Edward sanatorium at Kamloops, who may never be

discharged from that sanatorium as cured. He has been in it almost ever since he got out of the navy. About six months after he was discharged from the navy his case was diagnosed as tuberculosis. Since that man when he enlisted was accepted as one hundred per cent physically fit, and since he has served the empire in the day of need, I think that whether his present condition is directly attributable to his service overseas or not, we should try to pay our debt to him. He served us when we needed him, and we ought to serve him now that he needs us. We have plenty of money for defence purposes, plenty of money for anything and everything except for the returned men, and if there is one class of men in this country who are now entitled to something it is the returned men. That is the point I want to make, Mr. Chairman. I would like to see something done with a view to getting something more for the returned men when it becomes necessary to invoke the benefit of the doubt clause.

Mr. LAWSON: If I may not be accused of monopolizing too much time, I should like to take up right where the hon. member for Kamloops (Mr. O'Neill) left off. I said that the responsibility was on this parliament, and when I said that I meant it. It is all very well for the hon. member to rise in his place and say that we ought to do this and do that. If we were going to accept as a principle of our pension legislation the very point which he raises, namely, that where a man had a one hundred per cent certificate of health when he entered the army, and did not have a one hundred per cent certificate when he came out, he is therefore entitled to pension, all I have to say to the hon. gentleman is, let him introduce a bill into the house and I will support it. I do not know how much more support he will get, but there is no use simply criticizing the administration and doing nothing more about the matter. The point is, there is the law, and the pension tribunal and the appeal court are bound to enforce it. All I have to say is, let us be fair and honest about the thing. Do not let us be criticizing the administration unless it becomes a question of administration. Under our Penson Act, at the present time a man must prove that his disability is attributable to service, either incurred on or aggravated by service, and you cannot change that until you change the law. It is easy enough to give instances, but I shall not take up the time of the committee to do that. There is no question that there are returned men in this country who are entitled to pension and are not getting it; there is no question that there are returned men who have pensions in excess of their disability, but no administration and no law can bring perfect and equal justice to all people. I think the administration of our pension legislation brings a measure of justice equal to that of our courts of justice, which function in respect of property and civil rights

Mr. O'NEILL: If I may ask the hon. member a question, has he ever attempted to bring in any such legislation?

Mr. LAWSON: No.

Mr. O'NEILL: The hon. gentleman intimated that if I brought in such legislation he would support it.

Mr. LAWSON: Yes.

Mr. O'NEILL: Probably when I have been sitting in parliament as long as he has and know as much about law as he does, I shall bring in such a bill.

Mr. LAWSON: If I might be permitted one minute to reply, if the hon. gentleman sat here till doomsday he would never know as much law as I do, but as the length of his service in this parliament increases he will find that it is the part of wisdom and good judgment in pension matters to pay some heed to the recommendation of a parliamentary committee, itself consisting of returned men, which has spent hours and days investigating the problem and comes back to this house with a recommendation.

Mr. DONNELLY: I do not think there are any members in this house, and there are very few people throughout the country, who do not wish to see the returned soldier treated fairly and squarely by this government and by the people of Canada. In my experience as a medical man I have seen throughout the dominion returned men who I believe are deserving of pension and who are not receiving it. On the other hand, I agree with the hon. member for York South (Mr. Lawson) that there are very, very many returned soldiers who are to-day receiving more pension than they deserve. They are receiving the benefit of the doubt. The doctors are trying to treat the returned soldiers fairly. They are giving them the benefit of the doubt, and many returned soliders, I repeat, are receiving more pension than they absolutely deserve.

But there is one thing, Mr. Chairman, that is troubling not only the returned soldier but the private citizen in this country. There are a great many returned men who have been wounded and are now receiving a pension of seventy-five or a hundred per cent, and at the same time they are working for the government and getting one hundred per cent salary. People cannot understand how

a man can be one hundred per cent disabled and yet be one hundred per cent efficient; it is absolutely impossible. We know men who at present are drawing one hundred per cent salaries, running from eight to nine thousand dollars a year, and at the same time drawing one hundred per cent pensions running from two to three thousand dollars. One or the other is wrong. When a man is receiving a one hundred per cent salary, if he is getting from seventy-five to one hundred per cent pension his pension should be stopped until he is no longer able to do his work, and then his pension should start again. This is something that is worrying the returned soldiers, because many of them to-day are on relief, and they believe that these other men are in their way, taking positions that they could fill. Either of these things should stop. The minister should investigate the matter, and I urge him to consider the possibility of rectifying what I regard as an evil.

Mr. LEADER: Of all those who have spoken to-night I am inclined to agree more with the hon. member for Kamloops (Mr. O'Neill) than with anyone else. As a member of this house I accept the challenge of my good friend the hon. member for York South (Mr. Lawson), that the government should introduce legislation to give justice to the man who went overseas and fought our battles. If they will introduce such legislation I will support them.

The hon. member for Kamloops says that the fact that a man offered his services when the country was in dire need should be sufficient to entitle him to proper consideration and a decent livelihood for the rest of his life, and I agree with that. I have submitted to the minister the complaints and requests of a number of returned soldiers; I have also gone to the pension board, and I must say that in all cases the members of the board have shown me the utmost courtesy.

I believe the board has been serious in its desire to rectify any wrong that has been done these men, but there is one particular case I want to bring to the attention of the minister to-night. I am referring now to a soldier who to-day is only forty-two years of age and who enlisted as a very young man. I believe he was discharged as physically fit; at any rate he did not ask for a pension until six or seven years ago when he began to feel the effects of his war service and requested a medical examination. After six years of medical examinations, during which time he has appeared before different boards, they have now reached the stage where they admit that they cannot do anything for him, notwithstanding that he had a wonderful record of service overseas. He was wounded three or four times; he was gassed; he had tonsilitis and a broken ankle and was buried by a shell and extricated by two of his comrades. The authorities have been impressed by his war service; yet they find they cannot do anything for him as far as a pension is concerned.

This man wrote to me two weeks ago and I was struck with his case as one that deserves the most serious consideration the minister can possibly give it. I asked this man whether he would allow me to submit his letter to the House of Commons and he said, "use it in any way you see fit." I wish to read this letter because it shows how bitter some of these men are becoming at the way in which they have been used. I believe this is an isolated case, because on the whole the returned men have been used very well; but there are cases such as this that should have the attention of the minister. The letter reads:

Dear Sir:

I am writing in regard my claim for pension. I am sure there is a mistake about that quorum in April 1936. I was told at that quorum that they granted in my favour. I was also notified to that effect, but they sent it to Montreal for hearing. I do not know what for and neither do they unless it was to do me out of it, so I think they have told you wrong. Such stuff to tell anyone, they don't think my disability came from service. I just wish the fool that said no had the ailments I have, they would belly ache. I suppose wounded, gassed and the rest done me a lot of real good instead of injuring me and my health leave out long service in trenches in mud and water to my waist for this country only to have dirt handed me always. Sir, if I had not of got clothing this winter from two different parties in the city I do not know how my children would of got to school and still they are short of sweaters and bed clothes a great country and fairness Eh? I don't think: I am sending you a copy of my old tribunal case that was held at Winnipeg, read it and then you will know why I am just plain mad and bitter. Please see if you can find out why they went against that, enough for any man to get a pension on. Will you please return that paper to me, I want to keep it. I am appealing but what good will it do. I am sending forms to Mr. Masterman, would you please see that they bring my case up and not hold it six more years if I get a pension or not. I am told that an appeal is supposed to be taken up at once.

I forgot to state that any doubt in the case was supposed to be given in my favour, is it? Same old thing, is the like of this to be allowed?

The hon. member for Wood Mountain (Mr. Donnelly) said that some of these returned men had been retired on pensions of one hundred or seventy-five per cent and were now

in good positions enjoying reasonable salaries. Well, perhaps that could be objected to on reasonable grounds. But what about C. P. Fullerton, who, after serving the country for twenty years and receiving $250,000 from the taxpayers, has been granted a pension of $6,000 as an ex-judge? And he is not helpless; he has no disability that we know of. I say this because he has now started business in Toronto and will probably earn $30,000 or $40,000 a year in his law practice. There is no justice in this. The awarding of pensions in Canada is anything but equitable. However, this is by the way. What I am particularly concerned with at the moment is to make a plea for this man whose case I have brought to the attention of the minister, and I trust the minister will give it his most serious consideration.

Mr. SPENCE: I do not think there is any use in bringing up particular cases. I believe it can be said that every man in this house, no matter to which party he belongs, is behind the minister and wishes to see the returned man get a square deal. The minister is a big-hearted fellow; I have known him a good many years and I trust him. I have never yet seen a minister who did not want to give the returned man a square deal, and I think it is bad advertising to talk as we are doing in this house.

Mr. LENNARD: I do not know that I agree with a great deal that has been said this evening. I wonder whether we are sincerely behind the minister to see that the returned soldier gets a square deal. It has been said this evening that there are a good many chisellers among the returned men. My short parliamentary experience leads me to believe that the governments since the great war have been doing their best to chisel on the returned men, and this particular government is no exception.

Mr. STREIGHT: What about the last one?

Mr. LENNARD: I said every government since the great war, and I said that the government in power at the moment is most decidedly no exception.

Mr. POWER: I do not think I can let that go by. It was easy to let everyone have their word to say about the poor unfortunate commission and the appeal court, but may I say that, in my opinion, although there was only one member of the court with whose appointment I had anything to do, I believe the court is carrying on its duty as well as it can under the circumstances. As the hon. member for York South (Mr. Lawson) has said, it is interpreting the law placed on our statute books by the different parliaments of Canada which have succeeded one another since the war. This legislation is the result of the efforts of no one government and no one political party; this Pension Act, revised, amended, modified and changed, as it now stands, has been so modified on the recommendation of one parliamentary committee after another sitting almost every year since 1916. I suppose I am now the only member of this house who has been on every such committee since 1918, when I first came into the house. I should like to tell my hon. friend who is new to this house that in those committees there never was the least suspicion of any party politics—

Mr. LENNARD: I never said there was.

Mr. POWER: Time after time these committees came before the House of Commons and the house decided that it was in the best interests of the soldiers and of the country to accept, I think in almost every case unanimously, the reports of those committees. That happened last year; it happened in 1933, 1930, 1928, 1924, 1922, 1921, 1920, 1919, 1918, 1917 and 1916. In no instance within my recollection has there been any partisan discussion of the reports of those committees. Yet my hon. friend says that this government, like every government since the war, is chiselling on the returned soldier. I have heard that accusation made many times. We are discussing pensions now; the returned soldier who asks for a pension should at least show that the disability from which he is suffering was incurred during or was due to his military service. There is no association—there has not been prior to recent months at least—no organization of any standing in the community, looking after returned men which has ever suggested that pensions should be given on the basis of service alone. It has been an accepted principle that for a man to obtain war pension from this country he must show, first, that he is disabled and, second, that his disability is in some measure due to or was incurred during service. In 1930, when I was chairman of the pension committee, there was inserted in the act a clause which provided that in cases of this kind the applicant should be given the benefit of reasonable doubt. I do not propose to discuss here the question whether or not the judges appointed under the authority of this parliament do in every case give the benefit of the doubt. But I will say that it must be extremely difficult for any award of pension to be made at this late date unless there is a great deal of benefit of the doubt given.

There has been some discussion of the pension quorums and of the appeal court. Let me put this to the committee: When a pension application is first made, it goes to the Canadian pension commission. Without seeing the soldier, because the Canadian pension commission's head office is here in Ottawa, they examine the case on the basis of the documents on the file. A decision is arrived at as to whether or not the pension shall be awarded. The figures given last year before the committee indicated that at first hearing something like 30 per cent of the applications were granted—and it is now, mind you, twenty years after the war, so that without some benefit of the doubt being given it must be extremely difficult for the applicant to make any case. If the application is refused by the Canadian pension commission, it can go before a quorum of the commission, which, as hon. members know, sits as nearly as possible in the locality where the applicant resides, sees the applicant, hears his case presented through a veterans' bureau by advocates appointed by the government, and there again it is decided whether or not he is entitled to pension. In this court the percentage of claims granted last year, was, I think, 15 per cent; I speak subject to correction; it may have run to 18 per cent. If the applicant is turned down there in the second instance, he has the right to go to the appeal court. Naturally, before the appeal court is reached the good cases are nearly all sifted out; nearly every one who has any chance of obtaining pension has been eliminated before the appeal court is reached. Nevertheless this country, which my hon. friend accuses of chiselling the soldier, pays his lawyer, pays the doctors to look after him, sets up all this expensive machinery and gives him the right to apply to the appeal court for nothing, and because the man knows it will cost him nothing, it is a sweepstake so far as he is concerned; he might just as well go to appeal because he has a possible chance of getting his pension and it costs him nothing to try. The whole machinery is paid for by the country. He goes to the appeal court, and I think it is only reasonable to suppose that that court could not in the ordinary course be expected to grant pension in such a high percentage of cases as is the case in the lower courts. So what may be meant by chiselling on the soldier I do not know.

We cannot give pensions to everybody; at least no one has ever asked that we give pensions to everyone. We cannot give treatment to everyone. A great many of the returned soldiers who are at present suffering from disabilities have now reached an age, forty-nine, fifty, sixty, when normally in civilian life their health is not as good as when they were twenty-five, and naturally they may think it is due to their war service. But it is very difficult to assess the degree, if any, to which the disability from which they are suffering is due to their war service. For that reason a large number of them do not get pension. But I do not think it shows that the governments have been chiselling on the returned soldier when upwards of one billion dollars have been paid out to returned soldiers since the war, a sum equivalent to the whole amount collected in income tax from the people of Canada since income tax was instituted, and when we are paying an annual bill running from $41,000,000 to $45,000,000.

Before I close I should like to make this further point. I have said to my department; I have said outside; I have said at gatherings of soldiers and elsewhere, that it matters not one whit to me if the pension bill amounts to $45,000,000, to $50,000,000 or more. What I am interested in is seeing to it that every soldier who is entitled to a pension under the legislation which parliament has enacted shall get it and, as far as it lies within my power, I am making every possible effort to see that this is done. I am not trying to economize in pensions. I should not mind if the pension bill were very much higher, but I am opposed, in the interests of the soldiers as much as in the interests of the country, to any general distribution of funds for service only.

Mr. FINN: I do not want the committee or the Minister of Pensions and National Health to think I am offering any criticism of the administration of his department by himself or by his predecessors since the great war. I have listened to the remarks of some hon. gentlemen in this committee, and I do feel that the trouble with the Pension Act is that it is not sufficiently elastic; that there is no discretionary power vested in any person to take into consideration the rights of the individual in any particular case and to treat that case as it should be treated.

In my constituency in the city of Halifax I have two particular cases which I am going to bring to the attention of the minister and hon. members of this house. One case, Mr. Chairman, is that of a nurse who went overseas. She might have gone over on the Llandovery Castle; to-day she might have been in the watery deep. I would call your attention, sir, to the fact that it is impossible to make remarks in this house while conversations are going on to such an extent as to interfere with continuity of thought. That

remark has reference not to the minister but rather to those who perhaps do not realize that they are interfering with the proceedings of this committee.

This nurse reached the age of sixty-five a few months ago. If she had served for another year and two months she would have been entitled to a pension. Now, however, she has been cast out into the streets without one dollar, without a home, without any person to protect her, and under the act there seems to be no provision under which her case might be given consideration or under which her time might be built up by service. Those in authority at Camp Hill hospital at Halifax say she is still competent as a nurse but that she must retire, and notwithstanding her splendid services overseas and at the hospital since the war she is left without a pension. She is practically on the poor list in the city of Halifax. That, Mr. Chairman, is a case where there should be elasticity; there should be some discretionary power vested either in the minister or in some board so that this nurse might be cared for and put on a basis whereby for the rest of her years—which may be only five or ten—at least she might receive some recognition of her services to her country, particularly as a woman.

The other case is that of a man of about thirty-five years of age, living in the city of Halifax. From this family four brothers went overseas. Three of them are dead. This chap of whom I speak was gassed and wounded twice. He went into his last battle and was shot in the head. Now he receives the magnificent pension of $7.50 per month, and from the city of Halifax he receives $10 a month. That is a total of $17.50, all of which he has to pay for his room and board. He has very severe pains in his chest and some kind friends sent him to an outstanding specialist, and now he has found that his patient has developed tuberculosis. So to-day in the city of Halifax he is receiving $7.50 plus $10 per month, and he has no recourse. There is no elasticity in the act; he has no opportunity to have his case reviewed.

In my judgment, Mr. Chairman, I believe some provision should be made for cases of this kind. I do not believe there is anyone more sympathetic to the returned men than the present Minister of Pensions and National Health, who is also a returned man. One has had to be there to know and understand what men go through, both physically and mentally, in the awful battles that take place in any war such as that which lasted from 1914 to 1918. Sometimes committees of this house bring in reports, but they do not get down to the practical thought that while a case may be made out, while a man may have a bona fide claim and may be honest, sincere and deserving, it may not come within the four corners of the act as it exists to-day, and that the act should be so amended as to permit of cases of this kind being looked after, so that the returned man who has gone through what this chap went through may be cared for. This man of whom I speak is the last of four brothers. They all went overseas, and as a matter of fact his father served in the South African war. This man to whom I refer is now receiving $17.50 per month, though he is suffering with his head and from tuberculosis. It appears to me that this is a travesty on the act, and I say it is up to the parliament of this country, in which I have the honour to have a seat, to remedy cases of this kind by the necessary amendments to the act in order to give the technical officers of the department the right to deal with such cases. I suggest that they should be handled in this way, submitted for the consideration of the government or the appeal board, and then dealt with by order in council.

I had the privilege of attending before the appeal court in Ottawa, presided over by Judge Hyndman. I want to say that that court is as human and as ready and willing to go as far as possible as any court could be. When the case before it had been presented by Mr. Hogan, the returned soldiers' advocate Judge Hyndman turned to me and said, "Mr. Finn, do you desire to say anything to the court?" I said, "No. I came here because I believe this is a worthy case." He said, "I only wish there was a greater interest shown by members in their constituencies. I wish they would come and give that moral support which sometimes is so necessary to those who feel they have not received justice." In that particular case the decision was that the returned man was entitled to a substantial pension. The war ended in 1918 and this case was last year, and it is only a matter of addition to know the number of years which have passed since then—nineteen years. During all that time he was not in receipt of a pension which the appeal court, the final tribunal, awarded him in a judgment handed down.

I offer these suggestions to the Minister of Pensions and National Health and to hon. members of the committee, and at the same time suggest there should be an amendment to the act whereby in equitable cases the minister might have the case presented to him, in consultation with the appeal court. Finally, a recommendation might be made to the governor in council so that specially

deserving cases which have been unfairly considered—not intentionally, but by reason of the narrow scope of the act—might be given further favourable consideration.

I have given two concrete examples in order to show the necessity for elasticity. That can be brought about only by an amendment whereby discretion would be given to some person so that a returned soldier might have an opportunity of a rehearing and final decision. The two examples I have given are sufficient for me, as a member of the legal profession, and are outside any sympathetic interest I may have in returned soldiers. I had the misfortune of losing a young nephew, Lieutenant Clifford Finn, who served overseas. Just before the armistice three machine gun bullets passed through the back of his neck and at the age of eighteen years he was killed. The colonel of his regiment wrote saying that his last words were, "Get the boys under cover. I am going out." I asked my late brother, Doctor W. D. Finn, how it was possible the boy could speak, three bullets having gone through the back of his neck, and his reply was, "Well, Bob, that is possible. The spinal column was cut off, but for a few seconds the clarity of the brain was so great that it gave him an opportunity to think of others." At that moment he, himself, was ready to drop, and never again did he breathe the breath of life.

I want to pay tribute at this time to the hon. member for Argenteuil (Sir George Perley), and to thank him for the sincerity and the splendid sympathy he showed to all men who served overseas. He was the representative of Canada, looking after the interests of those men who were fighting the cause of democracy. I believe I would not be out of order in saying that I wondered if whether democracy had failed when last night, after going to bed, I read that the son-in-law of Haile Selassie had been shot within an hour after he had been captured, by order of Mussolini.

Some hon. MEMBERS: Order.

Mr. FINN: Yes, I know—but I have said it. If I am out of order I apologize—but it is on the record.

Mr. FAIR: Mr. Chairman, I do not wish to take up much time of the committee. A few minutes ago the hon. member for Parkdale (Mr. Spence) said there was no use in wasting time, and I agree with him. I believe we waste too much time, and we are not taking enough action. May I say here I did not take part in the great war. I feel, further, that many men did take part who, if an opportunity was presented to them to-day, would not do so again.

Mr. FINN: Were you there?

Mr. FAIR: I promise the hon. member for Kamloops (Mr. O'Neill) one hundred per cent support, if he proposes to do something worth while for the returned soldier. In the past, when we needed cannon fodder, our men have been provided for. We have given them uniforms; we have given them $1.10 a day, and we have made millionaires out of our munitions makers. I believe the Minister of Pensions (Mr. Power) said that since that time we have paid one billion dollars in payment of war pensions and in addition we have paid millions of dollars in interest on war debts. Yet to-day we have thousands of our returned men on the breadline, or very close to it. What are we doing to help them? We are spending a good deal of time talking, but what action are we taking? It is about time we realized our responsibilities. If I wished to take the time of the committee I could describe cases which have been brought to my attention, but on this occasion I shall not do so.

I do not wish to criticize the minister, nor do I criticize the commission looking after this part of the work. If their efforts are within the law, that is all they can do. But as members of the House of Commons and as representatives of the people, including large numbers of returned soldiers, it is our duty to do something worth while, and to do it at this session. Our returned soldiers have suffered long enough; let us now help them a little bit.

Mr. FINN: I do not wish unduly to detain the committee, but may I say that I agree with the hon. member who has just spoken.

The CHAIRMAN: The hon. member for Kootenay West (Mr. Esling) has the floor.

Mr. FINN: Mr. Chairman, I did not wish to interrupt the hon. member.

Mr. ESLING: Mr. Chairman, parliament has been most earnest in its desire to bring pension legislation to the greatest point of efficiency. The minister has spoken about the advantages received by ex-service men through an advocate. I now appeal to him to give a resident advocate to the interior of British Columbia. When one was originally appointed, his seat of activities was supposed to be at Nelson, but his duties at Vancouver have become so onerous that he seldom reaches the interior. Four-fifths of the ex-service men of British Columbia are located

at the coast, a factor which works distinctly to the disadvantage of the men in the interior as they do not have an opportunity to bring their complaints to his attention.

Something has been said about ex-service men discharged as physically fit. We know that when the war closed the great desire of the men was to get home. Sometimes they were discharged as physically fit, after only very short examinations. These are the men who to-day have the greatest difficulty in appealing for pensions. When quorums visit a community, applicants appear in person, and the members of those quorums are able to judge as to a man's physical condition. When the man's condition is supported by the word of a local physician, it seems unreasonable that an appeal court should take a view contrary to that expressed by the quorum. My observations are particularly applicable when the local physician is acting under the instructions of the department.

In this connection I urge, first of all, that the minister give thought to placing an advocate in the interior and, second, that the decision of the quorum be final without opportunity on the part of the government to appeal. I have appeared before the board of pension commissioners in a great many cases and my experience has been that they give a most sympathetic hearing to the cases which come before them. This is particularly so of Judge Taylor and General McDonald. I simply want to urge again that the minister give thought to appointing a soldiers' advocate in the interior of the province.

Mr. POWER: I shall be very glad to look into the question of the appointment of an advocate in the interior of British Columbia. I believe Mr. Markham was at Nelson but was transferred to Vancouver. Because of the great amount of work at Vancouver, two advocates are located there. Mr. Drinnan and Mr. Markham are located at Vancouver and Mr. Sedger is located at Victoria.

In connection with appeals to the pension appeal court, I am assuming that the hon. member for Kootenay West (Mr. Esling) is referring to appeals by the crown. From 1931-32 to May, 1933, there were 2,947 appeals taken by commission counsel, that is by the crown. On many of those appeals the decision of the old tribunals was reversed. Since 1933 there have been only 152 appeals by the crown, so surely it cannot be said that the crown has abused its power of appeal since that time. The ratio is 152 in approximately three years as compared with 2,947 in two years.

[Mr. Esling.]

Mr. ROBICHAUD: Mr. Chairman, the minister has referred to section five as conferring wide powers upon the appeal court. I can understand that this court should have wide powers and be free from political interference, but I cannot understand why they should be empowered to brush aside what would appear to be well known British legal procedure and jurisprudence. As I understood the hon. member for York South (Mr. Lawson), when a man has established his claim before a commission quorum he is reasonably assured of his pension, but many appeals from the quorum tribunals are reversed by the appeal court. I know that many men in my constituency have established their cases before the quorum tribunal, but when the government appealed to the appeal court, which did not have the advantage of hearing the witnesses—a procedure which to my mind is contrary to every rule of British jurisprudence—the appeal was allowed.

I know of one man who was in the trenches for three and a half years. He did not receive a scratch, but he is one of those burnt-out cases. He is a physical wreck and is absolutely unable to earn his own living. As you know, we have no relief in New Brunswick at the present time and the condition of this man and his family is absolutely pitiful. His claim was allowed by a quorum of the commission but it was disallowed by the appeal court. It seems to me that something should be done for cases like this. The minister has stated that where cases have been disallowed by the quorum, an appeal could be taken to the appeal court. But in this case the claim was allowed by the quorum and appealed by the government. I think the law should be changed as it is hard to convince the man on the street that it is being fairly administered. This is especially so, when they see men who are apparently in the pink of condition getting large pensions.

I know of other similar cases but I shall not cite them this evening. I know of cases where men were received into the army as physically fit, and yet were demobilized for medical unfitness. Surely if they were fit when they went into the army and unfit when they came out, their unfitness must be due to their service. If the doctors made a mistake in the first place, then the government should be estopped from claiming that the man's disabilities dated back prior to enlistment. If the doctors had not their eyes open and did not do their work properly, I think the government should suffer the consequences.

Mr. LAWSON: I hope the committee did not understand my statement to be as stated by the hon. gentleman who has just taken his seat (Mr. Robichaud). I never made any suggestion that the pension appeal court might not set aside the finding of a quorum of the pension tribunal for cause. While I realize that one cannot speak of a particular case without having heard all the circumstances, I am confident that where the pension tribunal has set aside a judgment of the quorum, this has been done not merely because the pension tribunal disagreed with the quorum on a matter of fact which depended upon the evidence of witnesses, but for some other reason.

While I am on my feet I should like to refer to another matter which has been brought to my attention by the hon. member for Kootenay West (Mr. Esling). I refer to that group of men who are concerned in the administration of this act and who are doing a great job for the returned soldiers of this country—the soldiers' advocates. I suggest to each hon. member of this committee that when a man comes to him stating that he has a pension claim, he can render that man no better service than to send him to the pensions' advocate in his district. I used to attempt to handle personally a great many pension cases which came to me prior to the appointment of these advocates, but I soon learned, from watching the work of these men before the quorums of the pension tribunals, that they were much more skilful in the job than I. They do their work particularly well and I believe this is one expenditure authorized by this parliament which has been amply justified.

Mr. LENNARD: I do not want to be misunderstood. I was casting absolutely no reflection on the officials of the department. I believe the officials of this department are among the most efficient in the government service. I did not infer that there had ever been any political partisanship displayed.

Mr. FINN: My hon. friend says that there are seventy or eighty lawyers in this house, and suggests that they might draft the necessary legislation to meet these cases. I am sure he does not desire that statement to go out to the country because, while I happen to belong to the legal profession and know the rules which govern parliament and the expenditure of public moneys, and while I might be competent with the other legal members of the house to draft an amendment to meet these extreme cases which have been mentioned here to-night, the fact remains that no member of this house, outside the members of the government, can introduce a bill and get it to its second reading if it involves the expenditure of public money. Such a bill must emanate from a member of the cabinet sitting on the treasury benches or meet with their approval.

My hon. friend spoke of the law of estoppel. It is perhaps one of the most intricate pieces of law to interpret and establish that come before our courts. While a person may be estopped, in the pension law as it stands upon the statute books to-day there is no provision dealing with the law of estoppel. That question can only be pleaded to courts of law. I do think, however, Mr. Chairman, that when a serious submission is made to the Minister of Pensions and to the government for an amendment that would make the law more elastic in order to deal with these cases, our efforts should not cease with the member who urges such an amendment trying to make himself au fait with his constituents—

Mr. LAWSON: Hear, hear.

Mr. FINN: My hon. friend says, "Hear, hear," and I say, "There, there." When I suggest a thing in this house, it is not to gain votes. I have had too many of them; otherwise I would not be here again. When I speak in this house I do so in order that action shall be taken and a remedy applied, and that the word "gratitude," so plain in the English language and yet so forgotten to-day, should again appear, not in a statute or an amendment, but in our dealing with the human equation. I would ask the minister if he would not consider with his colleagues the question of an amendment to the act in order to give it that elasticity of which I have spoken to-night, so that these very deserving cases, based upon truth and honesty and right, shall have an opportunity of a rehearing, and then we may hope that the applicants may spend the remainder of their days not in poverty but with perhaps a sufficient amount that they can look forward to the next day and feel they were not like the man President Roosevelt described as the "forgotten man." In that very description of his was the reason for his great victory of four years ago, and for his practical annihiliation of all parties in the United States last November, when only two states, and those the ones nearest to us, voted against him. I am not talking to get votes; I am not talking to hear myself talk. I am trying to draw the attention of the Minister of Pensions and of the government to these cases. I see the Minister of Justice in his seat. No more human man, no wiser legislator, no better draftsman, no man of keener intellect then he sits in this house, and I would appeal to him and to the

Minister of Pensions if it is not possible to submit this matter to the government in order that they may pass upon the question whether an amendment shall be made to the act to deal with these cases of a deserving nature, which are now without the law because the law does not provide for them.

Mr. ROBICHAUD: May I say to the hon. member for Halifax (Mr. Finn) that when I spoke of estoppel, I was thinking not of legal estoppel but of moral estoppel.

Mr. MASSEY: I should like to ask the Minister of Pensions a question based upon a communication which I have in my hand, and which does seem to me to present a very interesting question. It does not involve any large sum of money, nor does it involve any radical change of policy. I think the letter is worth reading:

> I am a returned man, nearly stone deaf through war disability. There is a bone conduction accousticon on the market that enables me to hear nearly as good as before I got this head injury. Christie hospital authorities have been trying to get one for me for a long time, but the Ottawa authorities state there is no money available to purchase these things with.
>
> I got a loan of one of these instruments once, and with it I heard my first talkie. My children's voices were a revelation to me, and they were tickled to think they could talk to me without raising the roof or letting the people in the next town hear what they had to say to me.
>
> The government supplies artificial limbs for amputation cases; why not aids to hearing? The retail price is $100, but I am unable to go that high. I am a widower with four healthy youngsters to feed, and being a one hundred per cent disability case I can't earn anything towards the purchase of this machine. Life would start all over for me if the government gave me one.

Then he gives his name and pension number. It seems to me, Mr. Chairman, that the man who writes that letter presents a very interesting point. After all, if a man has lost his arm or his leg, he is supplied with an artificial arm or leg, or if he loses an eye, he is given something to replace the eye for appearance's sake. But if a man is deaf, and cannot procure something with which to hear, he cannot hear at all. In this particular case the man is not able to buy this instrument because the cost of the acousticon is too high. I know from my personal experience with friends and relatives that the acousticon is efficient in many cases of deafness. Accordingly I would ask the minister if there is not some provision for such a case as this, and when I ask him that question I realize that this will not open many such cases.

Mr. POWER: I am informed that we have on various occasions tried a number of acoustical instruments, and sometimes they have given satisfaction to the patient. We are quite ready and willing to try any instrument which is submitted to us and has a fair chance of being successfully used by those who are afflicted. If the hon. gentleman will give the man's name and number, I shall be glad to ask the medical officers to go into the matter.

Mr. MASSEY: I gather from what the minister has said that if the instrument is satisfactory in this man's case, he will have a reasonable chance of having one supplied him?

Mr. POWER: Surely.

Item agreed to.

Grant to last post fund, $60,000.

Mr. GREEN: How much of last year's vote was used?

Mr. POWER: The whole amount.

Mr. GREEN: Is it used to pay for the burial of Canadians in foreign countries, and, if so, how much was used for that purpose last year?

Mr. POWER: It is used to a small extent to pay for funerals of Canadians in the United States and England.

Mr. MacNICOL: What is the average cost per burial?

Mr. POWER: The grant is a maximum of $50 for the funeral, $25 for the marker and $25 for the grave.

Mr. GREEN: There is some complaint that the words "last post fund" are put on the grave marker. I do not know whether that is so. If it is a fact, I suggest that the department have the practice changed.

Mr. POWER: I am informed that sometimes the relatives prefer it; I do not know why. In the province of Quebec that is always done. I shall be glad to look into the complaint and see whether anything can be done. This last post fund is not operated by the department; it is a grant.

Mr. GREEN: It is also complained that the words "poppy fund" are used. I ask that that be estopped too.

Mr. POTTIER: Is it necessary to have the approval of the officials of the fund?

Mr. POWER: Under the regulations, yes.

Mr. POTTIER: Does that not cause hardship at times?

Mr. POWER: I do not know any other way in which the fund can be properly managed. Complaints have been made in a number of cases particularly where the deceased

has been living in an outlying district, but I do not know any other way in which the last post fund could be controlled; otherwise it would be called upon to pay for almost every funeral. These people are volunteers who carry on the work without any assistance in the way of salaries from the department.

Mr. HAYHURST: Last year $60,000 was allotted to the fund and this year the same amount appears in the estimates. It is expected that the number of these burials will increase year by year. How many were taken care of last year?

Mr. POWER: In 1935-36 there were 643 burials:

Alberta	60
British Columbia	105
Manitoba	96
New Brunswick	13
Nova Scotia	11
Ontario	218
Prince Edward Island	3
Quebec	85
Saskatchewan	51
United States	1

Mr. GREEN: In the report of the department for last year, at page 107, there appear these words:

> In view of the number of Canadian ex-service men who are residing in Great Britain and the United States, it is considered that the activities of the last post fund should be extended so that it shall not be necessary for any Canadian ex-service man to be buried as a pauper, wherever he may reside at the time of his death.

What steps have been taken since 1935 to ensure that ex-service men shall be properly buried?

Mr. POWER: I am informed that a considerable number have been buried since the close of the last fiscal year, March 31, 1936. The matter has been given some publicity in the United States, and perhaps my hon. friend is aware that the Los Angeles branch of the legion made strong representations to both myself and the Canadian legion in convention assembled with respect to the burial of deceased Canadians in the United States. Steps have been taken to do whatever is possible in the United States, and certain sums of money have been sent to England to look after Canadian soldiers who may have died there.

Mr. MacNICOL: There is so much soliciting on the part of undertakers seeking the right to bury returned soldiers who die in our hospitals that I was wondering what supervision the government exercises to see that every returned soldier receives a thoroughly adequate casket, is properly embalmed, and so on. Judging by what seems to be almost a competition amongst undertakers, one would suppose there was considerable profit, but there cannot be much profit in the allowance made by the government.

Mr. POWER: We are speaking of the last post fund. That does not provide for the funerals of those who die in our hospitals. That is looked after by the department itself. Some years ago there was a good deal of complaint about the manner in which these funerals were conducted. It was the custom of the department to call for tenders from undertakers and a resolution was introduced into the house by General Ross of Kingston protesting vigorously against the practice. The result was that now we no longer call for tenders, but $75 is given for the funeral and $25 for the grave, and the relatives of the deceased soldier are allowed to nominate the undertaker. I agree that there is a good deal of such canvassing as my hon. friend has mentioned; I myself have received many letters.

Mr. MacNICOL: What supervision does the department exercise to ensure proper burials?

Mr. POWER: The officers of the district look after that, to see that there is a proper funeral, and even if the grave costs more we pay a little more.

Mr. MacNICOL: There is thorough inspection?

Mr. POWER: Yes.

Mr. HAYHURST: What is the salary of the dominion secretary treasurer of the last post fund?

Mr. POWER: We pay him $1,800.

Item agreed to.

Unemployment assistance, $2,600,000.

Mr. POWER: Would the hon. member for Vancouver South (Mr. Green) have any objection to taking the war veterans' allowances' item on the understanding that the unemployment asistance item stand, or which would he prefer to have stand?

Mr. GREEN: I should prefer to have them both stand.

Mr. POWER: The hon. member could discuss anything connected with the pensions administration and so forth under one item. It is not usually the custom to hold over two items.

Mr. GREEN: Very well.

Mr. POWER: Would my hon. friend prefer to hold over item 193? It has more reference to the work of the commission than the other.

Mr. GREEN: It does not matter.

Item stands.

War veterans' allowances, $4,200,000.

Sir GEORGE PERLEY: Perhaps the minister will give a brief statement of what this vote is used for, how it is distributed, and why it is increased.

Mr. POWER: The War Veterans' Allowance Act provides for allowances to ex-members of the Canadian forces and to ex-members of the allied forces who were domiciled in Canada at the time of their enlistment and who served in a theatre of actual war, or, not having so served, are in receipt of a pension or have commuted a pension by final payment. The allowance is payable to such veterans upon attaining the age of sixty years or, not having attained this age, who are in the opinion of the board permanently unemployable by reason of mental or physical disability. The maximum allowance is $40 per month if the man is married or a widower with dependent children, or $20 if he is unmarried. The allowance may be continued to a widow for a period of one year.

I think it is well known to the committee that the War Veterans' Allowance Act will continue to rise in cost; the operation will be more expensive as the years go on and more and more men reach the age of sixty or become permanently incapable of carrying on their occupation.

Under the amendments of last year another class was admitted to allowances. I have already stated that the allowances provided for carrying out this act, beginning in 1930 with something like $300,000 have now risen to $4,200,000 and will rise to $12,000,000 or $13,000,000 a year.

Sir GEORGE PERLEY: Who decides whether the applicant is a proper subject?

Mr. POWER: The war veterans' allowance board, the chairman of which is Mr. Walter Woods and the two members, Colonel Carmichael and Colonel Garneau.

Mr. MacNICOL: Does the act to-day not permit consideration of soldiers of age down as low as fifty-five years?

Mr. POWER: Yes, in cases of pre-aging so as to render them unfit to maintain themselves. That is in accordance with the amendment passed last year.

Mr. MARSHALL: Can the minister give the amount actually spent under this vote to the end of 1936?

Mr. POWER: I shall give the figures:

1933-34—	
Expended	$1,646,313 63
Unexpended	3,686 37
Vote	$1,650,000 00
1934-35—	
Expended	$2,017,074 80
Unexpended	2,925 20
Vote	$2,020,000 00
1935-36—	
Expended	$2,531,488 77
Unexpended	18,511 23
Vote	$2,550,000 00
1936-37—to Nov. 30, 1936—	
Expended	$2,015,831 55
Unexpended	1,384,168 45
Vote	$3,400,000 00

And this year's vote is increased by $800,000 which we expect to expend.

Mr. GREEN: How many applications have been granted under the new classification which was provided for last year covering men who are fifty-five to sixty years of age and incapable of maintaining themselves?

Mr. POWER: Since the act was passed last year, approximately 600 have been granted war veterans' allowances under the extended legislation.

Mr. GREEN: What will that class cost?

Mr. POWER: The number had reached 500 when this information was prepared; we estimated it would cost $150,000 extra annually. I think the average is about $30 a month for married and unmarried.

Mr. GREEN: Has that new classification caused any administrative difficulty?

Mr. POWER: Well, it brought a flood of applications.

Mr. GREEN: One would expect that, but has it caused any serious administrative difficulty? Has it weakened the act at all?

Mr. POWER: Naturally the members of the board were obliged to use their discretion more than before, but I think they have managed to give a fair degree of satisfaction. I have not heard any serious complaint, and I do not think my hon. friend has or he would have told me about it.

Mr. GREEN: The new arrangement then is really quite workable.

Mr. POWER: It seems to be.

Before we leave this item, while we were discussing this matter of war veterans' allowances this afternoon, I gave some information in reply to questions asked by my right hon. friend the leader of the opposition (Mr. Bennett) in regard to the South African war veterans. I was only quoting the figures from memory but they were substantially correct. From figures obtained from the Department

of National Defence we find that 5,325 veterans from Canada saw service in South Africa, and that a further number of 2,041 arrived there subsequent to the cessation of hostilities, making a total of 7,366. Here is where I had not remembered by what procedure we arrived at the figure of 5,000. The insurance department expressed the opinion that after the mortality was deducted, the survivals from these two groups would now be 3,920 in the case of those who actually served and 1,569 in the case of the others, a total of 5,489. But we neglected to take into consideration the fact, brought to the attention of the committee this afternoon by the right hon. leader of the opposition and the hon. member for York South (Mr. Lawson), that a large number of these men had returned to serve in the great war, who would, of course, if they had now reached the age of sixty, be qualified for an allowance under the War Veterans' Allowance Act. If we assume that the average age was twenty-five at the time of the South African war, the average age of South African veterans now would be approximately sixty. If 15 per cent of the total now living were found to be indigent—here is where the guess comes in—825 veterans would benefit the first year—

Mr. BENNETT: That would be including the 2,000?

Mr. POWER: That would include the 2,000. This would entail, at an annual average rate of $320, an expenditure of $264,000. If, on the other hand, provisions were made only for those who arrived in South Africa during hostilities, the cost would be $188,000 the first year. But we must always bear in mind that in preparing this memorandum they did not take into consideration the fact that a very large number saw service in the late war, some of whom were killed in the war, some probably disabled and receiving pension, and others of whom would be entitled, by reason of service in the late war, to war veterans' allowances.

Mr. STREIGHT: Does the number of 7,366 who served in South Africa include the 1,200 that Canada sent over to serve in the South African constabulary in the latter part of the war?

Mr. POWER: I have not those figures before me.

Mr. GREEN: Before the item is carried, I would remind the minister of this recommendation made by the pension committee last year:

> Your committee also recommends that the Veterans' Assistance Commission to be appointed under the provisions of Bill No. 28 make an investigation into the position of those veterans under the age of fifty-five years who are by reason of disability, pre-aging and general unfitness, incapable of maintaining themselves.

Will the minister require from this commission a report in accordance with that recommendation?

Mr. POWER: Very good; I shall be glad to do so.

Mr. GREEN: Forthwith?

Mr. POWER: Not forthwith. Let me get some of the others off my chest first.

Item agreed to.

Miscellaneous—

Grant to the Canadian Council on Child and Family Welfare, $13,100.

Mr. HAYHURST: Mr. Chairman, I was just wondering about the item on the preceding page under pensions and national health, "authorized by statute." How is it that the amount varies and there is an increase of $100,000 in the amount authorized by statute? What is the explanation for that?

Mr. POWER: We cannot touch that in any shape or form; it is authorized by statute. If it is larger, I assume that more people are receiving pensions under the Militia Pension Act; that is all.

Item agreed to.

Grant to the Canadian National Institute for the Blind, $18,000.

Mr. MacNICOL: Will the proposed act pertain to the proposed legislation in respect of the blind in any way?

Mr. POWER: The grant is being provided under these estimates. No one has asked me to withhold any portion of it, nor do I intend to do so.

Item agreed to.

Grant to the Victorian Order of Nurses, $13,100.

Mr. GRAYDON: Would the minister indicate whether this grant is being made to the headquarters of the Victorian Order of Nurses?

Mr. POWER: Yes, to the national organization.

Mr. GRAYDON: Is that grant made by reason of the fact that the Victorian Order of Nurses does a very great deal of good work with regard to returned soldiers?

Mr. POWER: No; I think it is general good work all round. This item really comes under the Department of Health rather than under the Department of Pensions.

Mr. GRAYDON: I have a great deal of personal knowledge in regard to the work of the Victorian Order of Nurses in my home town of Brampton, and I should like to say that the splendid work which is done throughout Ontario and the dominion by these nurses cannot be overemphasized. I do not think this item should be allowed to pass without someone making this statement, because there are few organizations in this country that do as good work in as quiet and effective a way as the work which is done by the Victorian Order of Nurses.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Mines and Geology—

For investigation of mineral resources and deposits; of the mining and metallurgical industries, and of mineral technology; wages, expenses of testing and research laboratories; for publications, English and French, for purchase of books and instruments; for miscellaneous assistance and contingencies; and for investigations by the dominion fuel board, including salaries and all other expenses, $273,000.

Mr. MacNICOL: I should like the minister to tell us, if he can, something about the development of the chromium mine at Collins, Ontario. When I was in the north last summer, I ascertained that about eighty men or more were working there and that the raw product was shipped to Sault Ste. Marie. At Sault Ste. Marie I went to see the smelting of the chromium. When I was there, the plant making the ferro-chromium for the Algoma Steel works was not running at full capacity, and the reason they gave was that the ore could not be brought out from Collins because of the condition of the roads. It appears that the mine is about twenty miles from the Canadian National railway, and as this is a new industry in northern Ontario which, if developed adequately, would give employment to a large number of men and would render very great assistance to steel plants both in Sault Ste. Marie and throughout the country, I should like to know what is being done. This is a new industry in that part of Ontario. The government sent a number of geologists throughout the country to try to find mines, but having found them they said, in effect, "Now, go to it and see what you can do." I think there should be some branch of the department to follow up these matters further. In this case apparently it is a question of roads, and I should like to see the department take whatever means may be available in order to induce the appropriate authority having charge of the construction of roads to get busy and see that the road is kept open so that the operation of the mine will not be interfered with. I should like to hear from the minister as to the prospects of the chromium mine of Collins, Ontario, becoming more completely developed for the benefit of the steel industry of Canada.

Hon. T. A. CRERAR (Minister of Mines and Resources): This chromium mine, which, as my hon. friend has stated, is located in the Port Arthur district is, as I recall it, some eighteen or twenty miles from the National Transcontinental railway. The ore is taken to the railway by motor transport and then shipped to Sault Ste. Marie, where it is smelted. Some assistance was given in the building or improvement of the road from the mine to the railway last summer.

Mr. MacNICOL: By this department?

Mr. CRERAR: Yes, out of the vote passed a year ago for aid to roads to mining areas. I am afraid I have not information as to the actual amount of money spent last year in this connection, but I would say for the information of the hon. member that expenditures were made in cooperation with the provinces. The federal Department of Mines put up two dollars for each dollar advanced by the provinces.

Mr. MacNICOL: Does the minister mean two dollars a ton?

Mr. CRERAR: No, not two dollars a ton. For each two dollars we put up, the province puts up one dollar for the improvements of the roads. The projects were agreed upon after consultation between the mines branch at Ottawa and the mines departments in each of the provinces. The latest information I have is that progress is being made by the company and that they are enlarging not only the capacity of their mine, so far as the production of ore is concerned, but also the capacity of the smelter at Sault Ste. Marie.

Mr. MacNICOL: Does one company operate both mine and smelter?

Mr. CRERAR: Yes.

Mr. MacNICOL: My information is that there is a great opportunity there at the present time. The Ford Motor Company, I am told, are considering taking the full output of the mine, which would involve the full output of the smelter at Sault Ste. Marie. However, the steel company at Sault Ste. Marie can utilize a quantity of the material, and anything that can be done to increase

the production of chromium in the area would be a great benefit not only to employment at that point but also to the motor industry in Canada. The plant at Sault Ste. Marie is not small; in fact it is very substantial. I talked with the heads of the company, and they struck me as being men who understood their business. Any assistance the department could give would be of great advantage to the country and an evidence of good work by the Department of Mines.

Mr. CRERAR: I agree with the observations of the hon. member. I find that last year $20,000 was spent on the road from the mine to the railway. As I said a minute ago, two-thirds of that amount was put up by the federal Department of Mines, and one-third by the provincial governments. May I say for the information of the committee that this development was commenced only a few years ago. From information we have there can be no doubt that there is a very considerable body of chrome ore in the area, and the value of chromium as a medium for the hardening of steel is recognized everywhere. I have not had an opportunity recently of talking to people engaged in the enterprise, but about a year ago I did have an interview with them. They called to see me in Ottawa and they were optimistic at that time as to the future prospects of their development, and asked for some assistance in fixing up their road. That assistance was given to them. So far as I am able to learn, they are expanding their operations.

Mr. MacNICOL: I believe it was either July or early August that I was there. Was the road fixed after that, because at that time I was informed it was not in good condition?

Mr. CRERAR: Yes, it was after that. As the hon. member will recall, last year we did not get the estimate through until about the end of June, and arrangements had to be made after that. I should think it would have been August or September when the expenditure was made.

Mr. MacNICOL: Does the department know if the process in use at Sault Ste. Marie is giving all the satisfaction that was hoped?

Mr. CRERAR: So far as we are aware, they are operating successfully and have developed a process which is working out successfully.

Mr. MacNICOL: I thank the minister for his information.

Mr. HARTIGAN: As a result of the treatment of coal in the last thirty years, in a great many of our Canadian fuels we have about one-half of one per cent sulphur content. So far as I can remember, the method of removing the sulphur has never been improved upon. When I was a boy the coal was washed, and as much as possible of the sulphur was taken out of it. However, there was always a trace left. Would the minister consider allocating to the fuel board an amount of money sufficient to ascertain whether, by combinations or by chemical affinity, the last trace of sulphur could not be neutralized. I have made diligent inquiry, and I have been unable to find where any effort has been made to improve upon the old washing method. I am not speaking critically, and am only offering suggestions, but it is my belief that after we have had a research department for a number of years, and after we have expended so much money, the time has arrived when the people of Canada are entitled to have definite research work carried out. I make these observations only as suggestions. Perhaps by the coal being treated with hydrogen, the sulphur could be made to combine with the other elements, and in that way the difficulty might be removed. It is incumbent upon the research department of the fuel board to take the matter into consideration, in an effort to give coal absolutely free of sulphur to the people of Canada. At the present time the sulphur content is only a small fraction, but even that amount has a deleterious effect.

Mr. CRERAR: The point raised by the hon. member is an important one. However, I think he is under a misapprehension when he says nothing has been done. I am informed that tests are being carried on at the fuel testing laboratory which operates in conjunction with the mines and geology branch of the department. The hon. member has referred to a matter of research. I may inform him, however, that experimental work is being carried on, and the matter to which he drew attention is being studied. Of necessity we must operate the laboratory within the limits of the vote given by parliament, but I can assure him the work is being carried on.

Mr. HARTIGAN: Has any progress been made?

Mr. CRERAR: I am informed progress has been made. Apparently there are two classes of sulphur—and I must confess I am not altogether familiar with the subject. Perhaps the Minister of National Defence (Mr. Mackenzie could give a better answer. I may say, however, that there are minerals containing sulphides, and on the other hand there are organic sulphurs. Experiments have been

carried on with greater success with the first than with the second kind. The difficulties to which the hon. member has referred are found in the latter, namely the organic sulphurs in coal. However, we are doing our best to eliminate the difficulty.

Mr. HARTIGAN: Is the fuel testing department supplied with money sufficient to enable it to go on with the experiments? If there is a lack of money, then I say a sufficient amount should be set aside to permit it to proceed with the work. A satisfactory solution of the difficulty would be worth millions of dollars to Canada.

Mr. CRERAR: I should not want the hon. member to get the impression that there is a shortage of funds in this connection. The matter is really a research problem and I have no doubt that some day the scientists will discover a method whereby that substance can be taken from the coal.

Mr. GRAYDON: Near Campbell's Cross, which is in my riding, is a bromine well which has attracted considerable attention. We have been informed that this is perhaps the only well capable of producing bromine in a particular chemical state. Could the minister advise whether or not there are other wells in eastern Canada with a sufficient commercial productive capacity to compete with this one?

Mr. CRERAR: I am afraid I cannot answer fully the question directed to me by my hon. friend. I believe he could get the information he desires by inquiring of the technical officers in the mines branch. I was unaware that there was a well of that type in his favoured district and I am at a loss to state at the moment whether there are other wells of a similar kind in eastern Canada. My deputy tells me that he is not aware of any. I shall be glad to get this information for my hon. friend or he can inquire of the technical officers who, I think, can satisfy him.

Mr. GRAYDON: I understand this is the only bromine producer in the eastern part of Canada and I thought the minister would have some information. I shall be very glad to inquire of the officials of the branch.

Mr. CRERAR: As far as our information goes, that is the only well in eastern Canada.

Mr. BENNETT: Could the minister give us the location and the equipment of the different research laboratories connected with this department?

Mr. CRERAR: There is only one associated with the mines branch, the one located on Booth street. Experimental work is carried on in connection with the properties of coal and also in connection with the metallurgical processes best adapated to the treatment of certain ores. This laboratory has done excellent and useful work. Last summer I had an opportunity of visiting a number of large mines in Canada and I was given the voluntary information by different mine managers that the service rendered by this department for many years past had been most valuable.

I do not know whether I mentioned this a year ago, but it is worth repeating; when the representatives from the empire countries were in Ottawa in 1932 to attend the imperial conference, the Premier of Rhodesia visited the laboratory here. They had had trouble in working out a treatment for a certain kind of ore and he arranged to ship several tons here to the mines branch. The technical officers were successful in working out the correct treatment for this ore and as a result of that this mine in Rhodesia has been put into operation. This is a striking illustration of the value of the work being done in these laboratories.

Mr. MacNICOL: A few days ago I referred to the development of the iron mines at Helen mountain in Algoma. Since that time the Ontario government has voted a subsidy of two cents per unit for the development of this mine. The minister referred a moment ago to the assistance being given to the chromium mine at Collins whereby this government was to pay two-thirds of the cost of a road.

Mr. CRERAR: Yes, by arrangement with the provincial government.

Mr. MacNICOL: I was wondering whether the same kind of arrangement could not be made in connection with these iron ore mines at Helen mountain. I believe this vote gives a great return to the country and perhaps the minister could give some aid by way of road assistance, to the development of this mine.

Mr. CRERAR: Any request to that effect would certainly receive careful consideration, but I would not want to commit myself or the government in connection with bounties, to which the hon. member referred the other night.

Sir GEORGE PERLEY (Argenteuil): Is this research laboratory at the service of companies and individuals interested in mining?

Mr. CRERAR: That is correct.

Mr. BENNETT: Could the minister give details of this vote and how the increase is accounted for?

Mr. CRERAR: The appropriation of the division of mineral resources is $22,000; for the division of ore dressing and metallurgy, $77,000. This is really the important division in this vote. Then there is $46,000 for fuels and fuel testings and $20,000 for ceramics and road materials. This is to cover a study of road materials, binding materials and so on. There is $5,000 for the chemical division and $43,000 for the mechanical section. There is $41,000 for general administration, printing, the purchase of books and contingencies, and $19,000 for expenses of the dominion fuel board?

Mr. BENNETT: Which item is increased over last year?

Mr. CRERAR: The increase of $26,700 is due to some reclassifications which have been made, statutory increases and promotions.

Mr. BENNETT: Not the whole of it?

Mr. CRERAR: It is due to promotions, reclassifications, statutory increases and a few new positions created in extending the service.

Mr. BENNETT: Is there any revenue to Canada from any of this?

Mr. CRERAR: The revenue does not amount to a great deal. There is some revenue from assays and from the sale of publications. As a matter of fact, I have under consideration at the present time making a charge for services in connection with ore-dressing processes. If a man comes in with an ore that he has had difficulty in working out a process for, and we take that in hand and work out a process for it, I think a charge could quite legitimately be made for that service. That is under consideration now.

Mr. BENNETT: The reason I asked is that the matter has been discussed for some time.

Item agreed to.

Progress reported.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.55 p.m.

Monday, March 1, 1937

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

HOUSING ACT AND HOME IMPROVEMENT ACT—LOANS TO FARMERS

Mr. HYNDMAN:

How many farmers in Canada, to date, have applied for a loan under: (a) the Housing Act; (b) the Home Improvement Act?

Mr. DUNNING: Information not available. Loan applications under the Dominion Housing Act and the Home Improvement plan which are rejected by the approved lending institutions are not forwarded to the Department of Finance. Therefore, the only records kept by the department are those of loans actually made.

CANADIAN BROADCASTING CORPORATION

Mr. LAPOINTE (Matapedia-Matane):

1. How much time does the Canadian Radio Corporation devote to French programs in the province of Quebec?
2. How much time is devoted by the said corporation to English programs in the said province?
3. How much time is devoted by the said corporation to English programs in each of the other provinces?
4. How much time is devoted by the said corporation to French programs in each of the provinces other than Quebec?

Mr. HOWE:

The following information has been supplied by the Canadian Broadcasting Corporation:

1. Thirteen hours, forty-five minutes, weekly.
2. Nine hours, forty-five minutes, weekly.
3. Eastern network: Five hours, forty-five minutes, weekly. Eastern and midwest network: Two hours, weekly. Western network: Thirteen hours, weekly. National network: Eleven hours, forty-five minutes, weekly.
4. One hour, fifteen minutes, weekly.

PORT OF MONTREAL—COAL DOCKS

Mr. FOURNIER (Maisonneuve-Rosemount):

1. Will coal dealers be permitted to unload, in the port of Montreal, at points between Boulevard Pie IX and the works of the Canadian Vickers, or further east?
2. If so, when?

Mr. HOWE:

1. If new docks are built in this area they may be used at least in part for the handling of coal.
2. Answered by No. 1.

BANK OF CANADA BUILDING

Mr. ISNOR:

1. Have plans and specifications been prepared for certain alterations, expansions and remodelling contemplated in connection with Bank of Canada building at Ottawa?
2. If so, who were the architects?

3. At what cities could these plans and specifications be seen?
4. Were they to be had at any point east of Montreal?
5. If not, why?
6. What was the first date on which the plans were available?
7. What was the date on which tenders were to be received?

Mr. DUNNING: As indicated by the honourable the Minister of Public Works in answer to a somewhat similar question on February 4th (Hansard, page 535), the new head office building of the Bank of Canada is being constructed by the bank for itself. If this inquiry were addressed directly to the Bank of Canada they, no doubt, would be glad to furnish the information desired.

CREDIT RIVER, ONT., LIGHTHOUSE

Mr. GRAYDON:

1. Was the lighthouse at the mouth of the Credit river in Peel county destroyed by fire?
2. If so, on what date did the fire occur?
3. Has the said lighthouse been replaced?
4. If not, does the government contemplate rebuilding same?

Mr. HOWE:

1. Light in question was discontinued in 1919. The tower was destroyed by fire in July, 1936.
2. Answered by No. 1.
3. No.
4. Matter under consideration.

EMIGRATION FROM CANADA

Mr. COLDWELL:

1. How many persons left Canada to take up permanent residence abroad in each of the following years: 1930, 1931, 1932, 1933, 1934, 1935, 1936?
2. How many of such persons left Canada for the British Isles in each of the above years, and how many for the United States?

Mr. CRERAR: The department has not the information to answer this question. We do not keep any record of emigrants leaving Canada, consequently the question cannot be answered.

Question dropped.

GRANTS TO FAIRS IN PRAIRIE PROVINCES

Mr. TUCKER:

1. Does the federal government make grants to fairs in the provinces of Manitoba, Saskatchewan, and Alberta?
2. If so, what fairs have received grants, and what was the amount of each of such grants during the year 1936?

Mr. GARDINER:

1. Yes.

[Mr. Isnor.]

2.

	Grants paid in 1936
Manitoba:	
Class "A" Fairs—	
Winnipeg	$3,740 81
Brandon	4,000 00
Class "B" Fairs—	
Carman	$2,311 45
Dauphin	1,933 00
Portage la Prairie	1,930 54
Winter Fair—	
Brandon	$2,500 00*
Saskatchewan:	
Class "A" Fairs—	
Saskatoon	$4,000 00
Regina	4,000 00
Class "B" Fairs—	
Moose Jaw	$1,945 48
Lloydminster	2,500 00
Melfort	2,200 00
North Battleford	2,087 26
Prince Albert	2,325 00
Weyburn	2,219 34
Yorkton	2,421 95
Estevan	1,898 83
Winter Fairs—	
Saskatoon	$6,000 00*
Regina	2,500 00*
Alberta:	
Class "A" Fairs—	
Calgary	$3,991 85
Edmonton	4,000 00
Class "B" Fairs—	
Lethbridge	$1,914 42
Red Deer	2,043 31
Vegreville	2,495 73
Vermilion	2,230 25
Camrose	1,905 08
Winter Fairs—	
Calgary	$2,500 00*
Edmonton	2,500 00*

* Incomplete.

UNEMPLOYMENT RELIEF ASSISTANCE ACT—ONTARIO AND QUEBEC

Mr. CHURCH:

1. What grants towards relief works have been made under the provisions of the Unemployment Relief Assistance Act by order in council and agreement with the province of Ontario?
2. What municipal works in Ontario were so aided, giving the name of the municipality, the nature of the work and the amount of federal aid in each case?
3. Of the total $2,750,000 under this act voted to Quebec municipalities by order in council dated February 22, 1937, tabled February 24, for relief works, how much has been paid?

Mr. ROGERS:

1. The relief works being carried out in the province of Ontario under the provisions of

the Unemployment Relief and Assistance Act, 1936, are all set forth in the agreement entered into between the dominion and the province under date of September 10, 1936. A copy of this agreement was tabled in the House of Commons on January 15, 1937.

2. Same as No. 1.

3. Claims have been received from the province amounting to $729,168.53. Of this amount $81,154.81 has been paid. The remaining accounts, which have been received within the past few days, are at the present time being audited and payment will be made in due course, if the accounts are found to be in order.

FEED AND SEED LOANS—SASKATCHEWAN

Mr. NEEDHAM:

1. What financial assistance has been agreed upon by the dominion government and the province of Saskatchewan respecting feed and fodder, and seed and spring supplies for 1937 in the area known as federal approved area?

2. For what share is the recipient responsible?

3. For what share is the province of Saskatchewan responsible?

4. For what share is the dominion government responsible?

Mr. GARDINER: Under consideration.

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNEMPLOYMENT RELIEF AND TRANS-CANADA HIGHWAY

Mr. VENIOT:

1. How much did the federal government contribute to each of the provinces, last year and in the current year, as direct grants-in-aid for unemployment relief?

2. How much did the federal government contribute to each of the provinces, last year and in the current year, in the form of co-operative public works and enterprises, to assist in the relief of unemployment?

3. What mileage of trans-Canada highway was constructed, last year and in the current year?

4. What was the gross mileage cost, last year and in the current year?

5. What mileage was constructed, last year and in the current year, in each of the provinces?

6. On what basis did the federal government cooperate in the trans-Canada highway construction in each of the provinces, last year and in the current year?

7. What was the cost to the federal government, last year and in the current year, for trans-Canada highway construction in each of the provinces?

LIFE INSURANCE COMPANIES

Mr. BLACKMORE:

1. What was the premium income for 1928 for the Sun Life Assurance Company of Canada, the Mutual Life Assurance Company of Canada, the Canada Life Assurance Company, the North American Life Assurance Company, the Great West Life Assurance Company?

2. What was the amount of death claims paid by each of the above assurance companies in 1928?

3. What was the interest income for each of the above assurance companies during 1928?

4. What were the subsidiary companies, if any, of the above assurance companies, during 1928?

Mr. DUNNING: Return tabled herewith.

CANADIAN FARM LOAN BOARD, REGINA

Mr. PERLEY (Qu'Appelle):

1. What are the names of the present staff of the Canadian Farm Loan Board at Regina office, and what is the salary of each?

2. What are the names of the permanent appraisers employed by the Regina branch of the Canadian Farm Loan Board, and the salary of each?

3. What are the names of the temporary appraisers employed during the season 1936 by the Canadian Farm Loan Board at Regina, and the salary of each?

4. Are there any temporary appraisers employed at the present time?

DEPARTMENT OF NATIONAL DEFENCE—OFFICERS AND MEN BORN OUTSIDE OF CANADA

Mr. POULIOT:

1. Referring to sessional paper No. 160 (reference No. 41 of February 10, 1937), how many of the: (a) 92 officers, and (b) 246 men of the National Defence department staff who were born outside of Canada, have served: (1) in an actual theatre of war; (2) 20 miles behind the lines; (3) in England; or (4) in Canada?

2. Same question for non-commissioned officers?

MOTIONS FOR PAPERS

DEPARTMENT OF TRANSPORT—DRUMMONDVILLE-VICTORIAVILLE BRANCH RAILWAY LINE

Mr. GIROUARD:

For a copy of all reports, papers, plans and other documents in the possession of the Department of Transport, concerning the proposed construction of a branch line between Drummondville and Victoriaville.

GLAUDE, N.B., POSTMASTERSHIP

Mr. BROOKS:

For a copy of all papers, affidavits, evidence, correspondents and other documents concerning the dismissal of Mr. Henri D. Cormier, former postmaster at Glaude post office, Westmorland county, New Brunswick, together with a statement of cost of investigation showing to whom money was paid.

NOTRE DAME DE LA SALETTE, QUE., POST OFFICE

Mr. MASSEY (for Mr. Wermenlinger):

For a copy of all correspondence and other documents relative to the post office of Notre-Dame de la Salette, Hull county, since November, 1935, to date. Also the report of the investigator concerning the said post office.

CANADIAN NATIONAL RAILWAYS—GRADE SEPARATION, TORONTO

Mr. HARRIS:

For a copy of all reports, papers, correspondence, plans and other documents in the possession of the Department of Transport, concerning the proposed construction of a grade separation at Victoria Park avenue, Canadian National Railways on the border line between the city of Toronto and the township of Scarborough.

TORONTO PUBLIC WORKS RELIEF PROGRAM

Mr. HARRIS:

For a copy of all correspondence, reports and other documents exchanged between the mayor of the city of Toronto, the board of control, Toronto harbour commission, city of Toronto works commissioner, and the Department of Labour, the Department of Transport, and the Department of Public Works, relating to a public works program for relief purposes in the city of Toronto.

FISHERIES RESEARCH BOARD

PROVISION FOR REFEAL OF BIOLOGICAL BOARD ACT AND SETTING UP OF NEW BODY

Hon. J. E. MICHAUD (Minister of Fisheries) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to repeal the Biological Board Act and to provide in its stead for the creation of a fisheries research board to have charge of the fisheries research work carried on by the dominion; and to provide for travelling and other expenses of the members of the board and any emolument that might be deemed necessary to pay the chairman and secretary of such board.

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

Motion agreed to.

FEEDING STUFFS

REGULATION OF IMPORTATION, EXPORTATION AND SALE

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

That it is expedient to introduce a measure to control and regulate the importation, exportation, sale and other dealing with feeding stuffs by registration and inspection; the imposition of registration fees; and to authorize the Minister of Agriculture to appoint officers for the effective execution of the act.

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

Motion agreed to.

SEEDS

REGULATION OF TESTING, INSPECTING, SALE AND IMPORTATION

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

That it is expedient to introduce a measure to regulate the testing, inspection, sale and importation of seeds; to provide for the appointment and definition of duties of an advisory board; the appointment of inspectors and analysts; the licensing of new varieties of seeds and the imposition of licence fees, and to provide for penalties in consequence of violations of the act.

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

Motion agreed to.

OLD AGE PENSIONS ACT

AMENDMENT TO INCLUDE CERTAIN CLASSES OF BLIND PERSONS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

Resolved, that it is expedient to extend the operations of the Old Age Pensions Act to include certain classes of blind persons not included in the act.

He said: Before you leave the chair, Mr. Speaker, I think the house in entitled to a little more information than is contained in the resolution itself. The proposal which will be contained in the bill to be founded upon the resolution is to extend the provisions of the Old Age Pensions Act to blind persons at the age of forty.

At this stage I need not review the discussions which have taken place in this house on former occasions with respect to this matter. The various conditions in connection with it can be dealt with best on the bill itself, and I respectfully suggest that discussion should take place at that stage. For the present I should inform the house that the estimated cost to the federal treasury of the proposed measure on the basis of present ascertained numbers is about half a million

dollars a year. As to the possible growth in future years I may be able to give some definite indication at a later stage of the bill.

As is well known, the Old Age Pensions Act is based upon agreements between the federal government and the governments of the various provinces, and of course in considering any amendment to the act it is therefore important to consider and make sure of the attitude of the various provinces with regard thereto. There are considerable differences of view among the provinces with respect to old age pension matters generally, but I am pleased to be able to inform the house that with respect to this matter there is complete unanimity, so that there will be no difficulty in so amending the agreements with the provinces as to make possible the carrying out of the legislation now proposed, to make blind persons eligible for old age pensions at the age of forty.

If the house would pass the resolution I should be very glad to have the bill distributed as soon as possible, so that detailed discussion as to its provisions may take place at a later stage.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the house has unanimously approved of the principle of this legislation on several occasions, in the days of the late administration as well as of the present government. Since the only reason effect was not given hitherto to the recommendations made in that regard has been our financial position, I do not think there is any reason why there should be any further discussion as far as we at least are concerned, so that at as early a date as possible legislation may be enacted based upon the resolution.

Mr. A. A. HEAPS (Winnipeg North): On many occasions, Mr. Speaker, I have found it necessary to criticize adversely certain of the measures which have been introduced by the government. On this occasion I am more than pleased to be able to congratulate the government, and I am very happy to have the privilege of doing so. In many respects this legislation will be far-reaching in its effects. Personally I think $20 per month may be a little low for persons of the age of forty, but I hope this may be just a beginning and that as the years go by we may be able to increase the amount.

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

Mr. CAHAN: I should like to ask the Minister of Finance whether his department, in association with the officials of the Department of Justice, have considered the full bearing of a recent opinion of the judicial committee of the privy council, with regard to a matter such as this. As I read that opinion the privy council have declared it illegal for this parliament to make any appropriation of funds derived from taxation for subject matters over which parliament has not legislative jurisdiction under section 91 of the British North America Act. That is a wide and sweeping declaration of the judicial committee of the privy council which I believe applies not only to pensions for old age but also to pensions for the blind, and a number of the other appropriations aggregating tens of millions of dollars which are annually voted by parliament. In view of that opinion I think the government should take into serious consideration the question whether in voting these tens of millions we are not committing illegal acts which are ultra vires of the parliament of Canada.

Mr. POULIOT: This resolution does not apply to political blindness.

Mr. DUNNING: Mr. Chairman, naturally the recent decisions of the judicial committee of the privy council are under examination by the Department of Justice, with special reference to their possible bearing upon all matters of legislation—upon that which is now on the statute books, and upon proposed legislation similar to that now before us. In the absence of the Minister of Justice (Mr. Lapointe) I can say only that this particular piece of legislation has been submitted to the Department of Justice and has remained on the order paper for some time in order that the bearing of matters to which the hon. member has referred might be fully examined by the Department of Justice. I now proceed with the full approval of the Minister of Justice. At a later stage I hope he may have an opportunity to deal with the phase of the matter to which the hon. member has just called attention. In fact I shall call the minister's attention to the hon. member's observations.

Mr. HEAPS: Is this merely an amendment to existing old age pension legislation?

Mr. DUNNING: Yes.

Mr. HEAPS: If, as is suggested by the hon. member for St. Lawrence-St. George (Mr. Cahan), it is contrary to the British North America Act to enact the amending legislation, then the whole of the Old Age Pensions Act is unconstitutional too.

Mr. DUNNING: I cannot offer legal opinions, but I gathered that was the legal opinion expressed by the hon. member for St. Lawrence-St. George.

Mr. CAHAN: No; I expressed no legal opinion whatsoever.

Mr. DUNNING: I am sorry.

Mr. CAHAN: I was referring to an opinion expressed by the judicial committee of the privy council.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 42, to amend the Old Age Pensions Act.

Motion agreed to and bill read the first time.

COMBINES INVESTIGATION ACT

PROVISION FOR ADMINISTRATION BY COMMISSIONER UNDER MINISTER OF LABOUR

Hon. NORMAN McL. ROGERS (Minister of Labour) moved the second reading of Bill No. 41, to amend and consolidate the Combines Investigation Act and amending act.

Right Hon. R. B. BENNETT (Leader of the Opposition: Mr. Speaker, the bill has not been printed and circulated for twenty-four hours. I received my copy only this morning, and this is an important measure.

Mr. ROGERS: I believe it was understood the bill would not be discussed until it had been distributed. I was under the impression this morning that it had been distributed.

Mr. BENNETT: It was on Saturday.

Mr. ROGERS: In that event I quite agree that we should not proceed until hon. members have the bill before them.

Mr. BENNETT: However, I shall not raise any difficulty on that score. The minister at any rate could make his speech on the motion for second reading and if necessary the debate might be adjourned in order that hon. members may study the matter. Perhaps it would expedite their study if an explanation were now given by the minister.

Mr. ROGERS: Mr. Speaker, the bill now before the house for second reading is designed to effect several much-needed alterations in the Combines Investigation Act, with the object of making that legislation a more efficient instrument for safeguarding the public interest against detrimental combinations and monopolies. For some years the Combines Investigation Act has not been utilized to the full extent of its appropriate functions. For this reason it has not been achieving the results which were in mind when it was enacted. In some degree this has been due to certain provisions in the legislation itself. Even before the amendments of 1935 were added I think it was the view of those who had its administration in charge that the act stood in need of improvement. Some of the amendments made in 1935 had the effect of weakening rather than strengthening the act. Those amendments, most of which were introduced in the senate, tended rather to restrict the scope of the act, or to add to the difficulties of its enforcement. It will be recalled that during the last session the government sought to remove one of the outstanding disabilities, but the amending bill was twice rejected by the senate.

It is now proposed to restore the vigour of the Combines Investigation Act and to make it more effective by the amendments set forth in the bill now before the house. Among the changes proposed are the following:

1. The administration of the act under the Minister of Labour by a single commissioner devoting his whole time to this work, instead of by a commission whose members have other important responsibilities, relating to tariff matters.

2. Provision for the appointment, if necessary, of temporary special commissioners to conduct single investigations.

3. The revision and extension of the definitions of merger, trust and monopoly.

4. The removal of the provision enacted in 1935 which prevents the use, in subsequent criminal proceedings against the person who produced them, of documents which a person is required to produce in an investigation.

5. An increase in the maximum penalties for the violation of the act.

6. The omission of the section added in 1935 which prevents the trial of a person upon the same evidence or at the same time under the Combines Investigation Act and section 498 of the criminal code.

These are the more important of the changes contemplated in the bill before the house. Other changes are proposed, including a revision of the provisions added to the act in 1935, at the instance of the senate, with regard to the returning of documents to persons producing them in an investigation under the act; the strengthening of the provisions relating to the liability of any director who acquiesces in an offence committed by his company; and new sections providing when fines are to be payable to the dominion, that rights to civil action are not intended to be affected, and that trials of persons charged with forming unlawful combines shall be by superior courts of criminal jurisdiction only.

I believe it would be the wish of the house if I were first to deal with the reasons which favour the transfer of the administration of the Combines Investigation Act from the

tariff board to a single commissioner. The right hon. the leader of the opposition (Mr. Bennett) expressed a particular interest in this feature of the bill when a few days ago the resolution was under discussion.

The Canadian legislation in connection with combines represents an orderly and propressive development over a period of almost fifty years. In reshaping the legislation, as we are seeking to do at this time, we have sought to incorporate the best features of the several acts which have preceded the present act. The type of administrative agency is naturally one of the most important considerations to be kept in view.

When we turn back to the earlier attempts to deal with combines in Canada we find that various types of administrative agencies have been employed from time to time. For example, the Restraint of Trade Act of 1889, which is now section 498 of the criminal code, made no special provision for the investigation of alleged offences. Several methods of administration were used in subsequent legislation. The Combines Investigation Act of 1910 provided for a preliminary inquiry by a supreme court judge and subsequent investigation by a board composed of three members, which board was appointed specifically for the purpose of investigating a particular complaint. In 1919, during the brief existence of the board of commerce, which was established to administer the Combines and Fair Prices Act, the agency employed was a board of three commissioners.

Mr. BENNETT: Was it not called the court of commerce?

Mr. ROGERS: My impression is that it was the board of commerce.

Mr. LAPOINTE (Quebec East): The board of commerce.

Mr. ROGERS: Under the Combines Investigation Act of 1923 it was planned to have all important investigations conducted by a commissioner especially appointed for the purpose, whose status and powers were much the same as those of a royal commissioner appointed under the inquiries act. At the same time provision was made for preliminary inquiry by the registrar. The office of registrar was created by the legislation of 1923 and his duties were in the nature of those belonging to an executive secretary in connection with the administration of the act. The registrar's powers in the matter of conducting inquiries were the same as those of the ad hoc commissioners and were sufficient to enable him, if called upon, to carry an investigation to its completion. In the years 1930 to 1935 the practice of conducting inquiries with special commissioners fell into disuse. The previous administration appointed only one commissioner; all the other investigations were conducted by the registrar.

One disadvantage of the latter method, that is, inquiry by the registrar, was that while the act required that the reports of commissioners should be made public, it did not contain the same requirement with respect to reports of the registrar. Consequently, few reports were made public during the period to which I refer. This had the effect of limiting the usefulness of an act which had been designed to attain its purpose, at least in some measure, through the full use of publicity.

There are certain inherent disadvantages in having all extensive inquiries made by special commissioners. If it is necessary to secure a suitable person to act on a temporary basis, there is a distinct possibility of inaction or undue delay occurring in dealing with matters that should be given prompt attention. The experience gained by such temporary investigators is ordinarily not available for use in subsequent inquiries. In the past recourse has been had to certain men in a number of investigations, and some members of the bar of Canada gained considerable experience in conducting inquiries of this kind, but the fact remains that when you do have these investigations conducted by special commissioners you are deprived in a large measure of the advantage which comes from continuity of experience in this particular field of inquiry.

In adopting the principle of utilizing a permanent investigating agency and in deciding upon the appropriate type of such agency, we believe that the advantages point definitely to the single commissioner as proposed in this bill, rather than to the type of commissioner established by the 1935 legislation. It is quite true, as was suggested in the debate on the resolution, that we have not really had an opportunity of testing the utility of the administration of the combines act under the trade and industry commission. In the year and half since the combines act was placed under the Dominion Trade and Industry Commission that commission has not been able to proceed with its work, largely because of the fact that the legislation was before the courts for the determination of its validity. At the same time the Combines Investigation Act has been handicapped in other directions, not merely in connection with its status under the act but

because of the disabilities already referred to which were imposed by certain of the 1935 amendments.

The objection I desire to make to the administration of the Combines Act by the tariff board in its capacity as the Dominion Trade and Industry Commission is not directed in any way to the personnel of the tariff board. It is directed rather to the fact that the tariff board has its own proper functions to discharge, and we do not feel that the Combines Act ought to be administered by a board which has other more immediate duties imposed upon it. We believe that the Combines Act should not be relegated to a position of secondary importance. Moreover, the work of the tariff board is such that on occasion it might very well find it embarrassing to have to act in its dual capacity and deal with business firms which have been dealt with in its capacity as a tariff board. There is likely to be an interference with the ordinary work of the tariff board as well as with the adequate enforcement of the Combines Act. For these reasons we are convinced that in the interests of efficiency, not only in the administration of this act but in the working of the tariff board, the combines act should be placed under a single commissioner who can devote his full time to the investigations which may be necessary under the terms of the legislation.

I concede at once that an organization different from that proposed by this bill would be necessary if the legislative program of the government were intended to provide for direct state regulation and control of trade and industry as a substitute for regulation by competition, or if it were to provide for agreements to fix prices and restrict trade with the responsibility placed upon the government to see that fair price levels were maintained. I should like to make it quite clear that it is not the policy of the present government to undertake what appears to us the unwise and impossible task of the direct control of prices, thereby accepting the ultimate responsibility of telling business the quantities and kinds of goods that must be produced and how they shall be distributed. It is its policy in this matter to do its utmost rather to clear the channels of domestic trade, and for this purpose to eliminate artificial price agreements, to restore competitive conditions wherever found necessary for the adequate safeguarding of the interests of the public. This policy with respect to the combines act can be carried out efficiently as well as economically by a single commissioner, with sympathetic government support, and with sufficient facilities to enable him to initiate and complete the necessary investigations, to make full reports of his findings, and concern himself with such further action as may be necessary to carry out the provisions of the act.

I come now to the provision which is made in the bill for the appointment of special commissioners where circumstances require such a course. It is recognized that there may be on occasion a number of applications which would require simultaneous investigation. It has been thought wise, therefore, to provide against undue delay in such case, by making provision whereby special commissioners may be appointed to carry out particular investigations. In the future, moreover, if it should be found desirable to increase the single permanent commissioner by two additional commissioners and to set up what might be termed a separate commission to deal with the Combines Investigation Act, that can be done. For the present, however, we feel it is wise rather to proceed with a single commissioner in order to determine whether or not the work can be done satisfactorily in that way.

A question was raised when the resolution was before the house as to the expense involved in this change, and I believe it was the view of the right hon. leader of the opposition that from the standpoint of expense this was possibly a retrograde step. I examined with some care the debate which took place in this house when the 1935 amendments were under discussion, and while it is quite true that the question of expense was brought forward at that time as one of the reasons for placing the administration of the combines act under the tariff board instead of under a separate commission, it was also pointed out by the then minister of trade and commerce, Mr. Hanson, that provision was made in the Dominion Trade and Industry Commission Act for an increase of personnel and staff if such should be found necessary to deal with the additional duties conferred upon the tariff board in its capacity as the Dominion Trade and Industry Commission. So I do not believe it follows of necessity that any unnecessary expense is involved by transferring the administration of the combines act from the tariff board to the Department of Labour and placing its administration under a single commissioner.

I should like to turn now to certain new definitions which are incorporated in the bill which is before the house. A change is made in the definitions of the words "merger" and "monopoly." In the 1935 legislation, as originally introduced, an improvement was made in giving to these words a definition which made it clear that the act applied to monopolistic concerns as well as to complete monopolies;

in other words, to large or dominating concerns which may not come within the category of either complete monopoly or combination. I am sure it will be within the knowledge of all members of this house that one of the characteristic features of recent industrial organization has been the growth of large scale enterprises of the character of monopolies, trusts and mergers. Obviously a concern of that kind may find it possible either to completely dominate a particular market or at any rate to exercise undue control over prices of a particular commodity; but at the same time there may be nothing of the character of a combination in the activities of such a trust or monopoly. It seemed desirable, therefore, again in the interests of the public, that the legislation should have clearly in view the possibility of a monopoly or of a trust seeking to control production and prices in a manner detrimental to the public interest. Prior to 1935 the act applied to monopolies as well as to combinations, but no definitions of monopoly were provided in the act. Consequently there was some uncertainty as to whether the word applied to anything other than a monopoly, meaning a concern having the exclusive power of dealing in some particular commodity. That is to say, under the previous provision, it seemed to be required of those who sought to bring actions against a monopoly under the act that they should prove that that particular monopoly had an exclusive power. As a matter of fact in our economic life one rarely finds what may be termed a perfect monopoly except in so far as that monopoly has been created by the issue of a patent or copyright or by the possession of some franchise.

The 1923 act had followed earlier legislation in attempting, by the use of the words "mergers, trusts and monopolies, so called," to prevent the word from being given too narrow an interpretation and being made applicable only to complete monopolies. Language more nearly exact was necessary, however, in a criminal statute, to indicate the meaning which was clearly intended. In the absence of a definition of monopoly the public might very well have drawn the conclusion that price control by a monopoly did not fall within the provisions of the act, and was entirely lawful. Such a corporation might very well be declared to be outside the scope of the act as being neither a monopoly nor a party to a combination. To meet this situation the price spreads commission of 1935 proposed that the combines act should be amended to include a more comprehensive definition of monopolistic practices and of monopolies themselves. The definition which the former government introduced in its bill to amend the Combines Investigation Act in 1935 would have implemented the recommendation of the price spreads commission. The definition, however, was not enacted as it was introduced. It was amended in another place, and it was incorporated in the act which finally received royal assent in a form which was quite different from that which was contemplated by the price spreads commission or by the government when the bill was introduced. In its final form it provided that the word "monopoly" should be made applicable to situations where one or more persons substantially or completely controlled a class or species of business in which he or they were engaged. But this definition, again, was made subject to the following proviso which was introduced by the senate:

> This subsection shall not be construed or applied so as to limit or impair any right or interest derived under the Patent Act, 1935, or under any other statute of Canada.

The senate also secured another amendment of the definition of "monopoly" which limited that definition to businesses which dealt in commodities. Thus certain monopolies or monopolistic organizations which had been subject to the provisions of the act when there was no definition of monopoly were given exemption from the act under this new provision. In other words, the definition of monopoly as it was finally incorporated in the act of 1935 appeared specifically to exclude what might be termed monopolies in relation to services as distinct from monopolies in relation to commodities.

Mr. CAHAN: Does this act propose an investigation of patent monopolies?

Mr. ROGERS: An investigation may be had wherever there is an allegation that a combine or a monopoly is operating to the detriment of the public.

Mr. CAHAN: Even under a patent grant?

Mr. ROGERS: I believe I am correct in that. I shall be glad to look it up before the bill is in committee. But my distinct impression is that patents are not excluded, because as a matter of fact there is a definite provision whereby a patent may be revoked if it is found that the concern which has the patent has been using its powers in a way contrary to the public interest.

Mr. CAHAN: I do not wish to discuss it now, but I think the minister should consider whether he is at liberty to do that, first, under the convention, and second, as to whether under the convention there is not an ample procedure for dealing under the convention with that sort of monopoly by the terms of the Patent Act itself.

Mr. ROGERS: There is of course a provision in the Patent Act for revocation. I shall be glad to take up that matter, and perhaps it can be brought forward and dealt with further when the bill is in committee.

This exemption to which I referred was authorized in spite of the fact that the price spreads commission had just condemned the unwarranted suppression of new patents as an abuse of a publicly-conferred privilege and had recommended that more effective use should be made of sections of the Combines Act when it appeared that these tariff duties and patents had facilitated the development of monopolies inimical to the public interest. That is the phrase used in the report of the price spreads commission. If any unreasonable advantage is obtained at the expense of the public by any monopoly or quasi-monopoly as a result of misuse of privileges accorded to it by the Patent Act or the Customs Tariff or any other statute of Canada, there would seem to be no sound reason why an investigation should not be made into its affairs under the combines act or why the penalties of the act should not apply if the interests of the public have suffered. That after all has been the standard which has prevailed constantly in the Canadian anti-combines legislation. When the anti-trust law known as the Sherman Act was passed in the United States the purpose was rather to condemn a monopoly qua monopoly, to condemn a trust by the mere fact that it was a trust and proved to be such upon evidence being adduced to that effect.

Mr. BENNETT: The contest was in the proof of it.

Mr. ROGERS: The contest was in the proof. But subsequently—I believe I am correct in this—the courts applied a less rigid rule, the rule of reason, so that in effect the anti-trust legislation in the United States tended more and more to conform to that established in Canada. In other words, it was required that there should be some proof that public interest was prejudiced by the existence of the trust or monopoly.

In the present bill the definition of monopoly is intended to cover all commercial monopolies. In other words, the exemptions which were added by the senate amendments of 1935 are excluded in the definition of monopoly which is found in this bill. It will include not only any one or more persons who "substantially control any class or species of business," but also those who "have such control over the supply or distribution of or the demand for products of any class or species of business as to enable such person or persons to maintain, enhance or substantially modify or control prices of such products." What I have just stated is in terms the definition of monopoly which will be found within the bill which is now before the house. The inclusion of such corporations within the definition of monopoly does not mean that they are thereby condemned under the act. It does mean that they can be subject to investigation under the act when circumstances warrant such investigation. Before they can be convicted of any offence against the act it must be proved that their activities as have been such as to be prejudicial to the public interest. They must be brought within the category of monopoly, and it must be proved that they have operated or are likely to operate against the interest of the community.

The word "trust" is used in the act as having the same meaning as the word "monopoly." Mergers are separately defined to include all amalgamations of businesses, but only mergers which use their powers to injure the public will be liable to investigation or prosecution under the act. It cannot be made too clear, Mr. Speaker, that the purpose of the present bill is not to prevent or discourage trade combinations, or to condemn large organizations of business merely because of their size. Expansion of business has been a part of the development of recent years in this and other countries. Large scale business enterprises of themselves need not operate to the public detriment. Unquestionably some of them may operate to the public advantage through the economies which are brought about through the large scale operations they conduct. There is nothing in the bill which condemns monoplies, trusts or mergers as such. The purpose rather is to bring this particular type of organization within the scope of the legislation in order that, if a monopoly, trust or merger should be controlling prices to the public detriment, investigations may proceed under the act and penalties may be applied if the offence has been committed. We are anxious rather to prevent abuses of powers than to pillory or to describe as unlawful a particular form of economic organization.

I come now to the question of penalties; and here too, on the basis of the experience of recent years, it is proposed to introduce a change. In the first place there is no intention at all to depart from the use of publicity as a main factor in accomplishing the purposes for which the Combines Investigation Act was designed. I am not sure that publicity should be described precisely as a penalty: it is more of the nature of a

remedy than a penalty. Publicity is not always enough. It has to be realized that there will always be some individuals who will not be prevented through fear of publicity from attempting to reap additional rewards in the way of price control which might come to them through a use of their extraordinary powers. These may be individuals who are not greatly deterred by publicity because of their personal viewpoint or the nature of their business, or corporations which owing to the anonymity which often clothes the operations of incorporated companies, or because the companies' responsibilities are shared amongst directors and officers, may be peculiarly insensitive to public opinion. For such companies and individuals penalties must be provided in the form of fines or imprisonment which will serve both as a deterrent and as a suitable punishment. It is felt, in view of the growth of modern business corporations, and particularly the growth of large scale operations, that if the act is to be efficiently enforced there should be an increase in the maximum penalties which may be imposed. It is evident that a penalty of $25,000 might be insufficient in many cases to deter a large corporation from violating the act when in a few weeks or months it might make well over this sum in additional profits by continued operation as a combine. By this bill the maximum penalties which may be imposed by the act are increased from $10,000 to $25,000 in the case of individuals and from $25,000 to $100,000 in the case of corporations. The maximum term of two years' imprisonment is retained, but under the act as amended a court may impose both fine and imprisonment.

I should like to make it clear at this point that these are maximum penalties. Fines may range from a merely nominal amount to $100,000. It will be the duty of the courts, not of the commissioner, to determine the extent of the guilt of each convicted member of any illegal combine, and to determine what penalties are appropriate as a punishment, and sufficient to deter others from operating along similar lines.

This brings me then to another group of amendments, which have to do with the use of evidence in prosecutions. I mentioned at the beginning that at the last session of parliament the government had introduced an amendment touching upon this point, which was rejected by the senate. This bill includes an amendment to a section which was before parliament a year ago. This section relates to the use in criminal proceedings of documents which have been previously received from witnesses during an investigation under the Combines Investigation Act.

Mr. CAHAN: Which section is that?

Mr. BENNETT: Is it No. 37?—I hardly think that is the one the senate dealt with.

Mr. ROGERS: The amendment we sought to make last year was to correct an amendment which had been introduced by the senate in the previous legislation of 1935. Under the senate amendment it was made impossible, as I recall, for a document which had been produced during an investigation under the Combines Investigation Act to be used thereafter in a criminal prosecution founded upon that inquiry. Last year in the amendment introduced by the government we sought to have that corrected, but the senate stood upon its ground, and by what is now proposed we seek once more to have that original defect corrected. In other words we do not believe that documents which are introduced during an inquiry should, as it were, find sanctuary during the period of inquiry and not be usable thereafter in a criminal prosecution which might be founded upon it.

Mr. CAHAN: I was inquiring where that is dealt with in this bill.

Mr. ROGERS: I wonder if that might be left until we are in committee?

Mr. BENNETT: Yes.

Mr. ROGERS: The section relates to the use in criminal proceedings of documents which have been previously received from witnesses during an investigation under the Combines Investigation Act. When the act was passed in 1923 it contained a provision that no oral evidence which a witness was ordered to give in an investigation could be used against that witness in a subsequent criminal proceeding, thus giving a much broader exemption than that contained in section 5 of the Canada Evidence Act with respect to the answers of witnesses. The act of 1923 contained no provision, and none is contained in the Canada Evidence Act, which would prevent documents which a person was required to produce at an investigation from being used against that person in a subsequent trial. The restrictive provision to that effect was inserted in the Combines Investigation Act by an amendment introduced by the senate in 1935.

Mr. BENNETT: What the minister has done is merely to allow the Canada Evidence Act to operate?

Mr. ROGERS: Yes, I think that is it. There is no specific reference to it here. At the session of 1936, as I have already men-

tioned, the government introduced a bill to restore this section to its former effect. The senate refused to accept the amendment, and persisted in its refusal. I think one can only assume that the refusal was due to a misunderstanding on the part of members of the other house as to the purpose and effect of the amendment; for it provides no special rule of law that is not applicable to documentary evidence required of witnesses under many other statutes which provide for investigations. It will still be necessary in any prosecution under the Combines Investigation Act to prove documents by the same means as are employed under other statutes, that is, without the obligatory assistance of the accused. The oral testimony which a witness gives in an investigation under this act cannot be used against him in the trial which follows the investigation. Exactly this procedure would be employed in criminal proceedings following an investigation under other statutes, such as the Inquiries Act, the Natural Products Marketing Act, the Tariff Board Act and the various security fraud prevention acts which operate in several provinces. If the legislation were to provide that such documents could not be used merely because they had formed part of the evidence in a previous investigation, counsel conducting a prosecution would find himself unduly and improperly hampered in his work.

Mr. BENNETT: I take it the effect of this legislation would be to leave it to the court to determine in each specific case whether or not evidence is admissible.

Mr. ROGERS: I believe so. The Canada Evidence Act would apply. In other words, documents brought forward under the Inquiries Act or this act would not find sanctuary thereby.

Mr. BENNETT: The fact that they had been produced would have no effect at all, as I read it.

Mr. ROGERS: Yes. The section dealing with this matter is now submitted in revised form, which makes oral evidence inadmissible in any subsequent criminal proceeding, instead of only such oral evidence as a witness may be required to give in obedience to an order. The new section does not give the present special protection to documents produced by witnesses.

These are the changes in the previous legislation contemplated in the bill now before the house. I doubt whether it is necessary to review in any extensive way the conditions in Canada which render it particularly advisable that legislative action should be taken at this time to improve and strengthen the various provisions of this act. There are indications in many directions that the internal trade of the country is, even more than when the present Prime Minister (Mr. Mackenzie King) so described it in 1933, enmeshed by secret understandings and by artificial price agreements and other methods of price control. That statement of conditions in 1933 was confirmed abundantly by evidence brought before the price spreads commission in 1935. It is notable that the price spreads commission, as one of its primary recommendations, proposed that the Dominion Trade and Industry Commission should carry out a rigorous administration of the Combines Investigation Act.

It is unfortunate that certain of the changes made in the act in 1935 had an effect opposite to that which was intended when the legislation was brought down in this house by the government of that day. In the circumstances of the past few years the combines act has not been applied to these conditions in the active way in which otherwise it could have been applied, and it would seem that some business organizations, quite naturally from their point of view, may have interpreted this inaction as a confirmation that their activities did not come within the scope of the Combines Investigation Act. The enactment of this measure and its enforcement will do much, we believe, to restore a healthy competitive condition and to eliminate in large measure price fixing methods which in some commercial fields have operated so decidedly against the public interest.

It follows that the administration of this act will not involve the sanctioning of any selected price fixing agreements either because the prices which may be fixed are likely to prove reasonable or for any similar reasons. As I mentioned a short time ago, it is not the intention of this government to set up machinery which will attempt the task of the regulation of industry or the control of prices. Price competition, it is certain, is a basic essential of a competitive system. No government can or should attempt, under the present industrial system in this part of the world, to decide what are likely to prove to be the reasonable prices for countless commodities and services. On the other hand, if artificial obstructions are removed so that competitive conditions may prevail, prices will tend much more readily to conform to their proper levels as determined by the market's appreciation of their utility.

To effect this needed clearing of the channels of trade it is not considered necessary or desirable to institute any wholesale series of

prosecutions of alleged combines. Perhaps at this point I ought to mention that the provision of the previous act which permitted a preliminary inquiry to be made is repeated in the legislation which is now before the house, and that opportunity which is afforded the commissioner to hold a preliminary inquiry is of itself a protection against frivolous or vexatious complaints. Through a preliminary inquiry very often the commissioner may find that there is no sound basis for any further proceeding, and in past experience I think this safeguard has been found most useful. But while there is no intention of carrying out a wholesale series of prosecutions of alleged combines of the nature of an inquisition under this act, as I have said, I should make it perfectly clear also that these amendments are designed to strengthen and fortify the act in order that it may accomplish the purpose for which it was originally designed. We are anxious that these new forms of industrial organizations which operate within the national community shall not be permitted to use the extraordinary powers which come from expansion in a way which will operate against the public interest. It is believed that the Combines Investigation Act, as set out in the amendments to previous legislation incorporated in this bill, will provide the government with an instrument suitable to carry out the purposes I have indicated.

To conclude, Mr. Speaker, it may be said that the purpose of the present bill is to widen the scope of the present act; to establish a full time administrative agency; to provide for more suitable and workable provisions with respect to the use of evidence; to facilitate the greater use of publicity as a remedial measure and to provide more suitable and more effective penalties for offences. Finally I would submit that there has been no more appropriate time than the past few years, with the very striking disparity between the loss of income suffered by many and the artificially maintained prices and restrictions imposed by others, to serve as a demonstration of the need for a vigilant application of the sound principles which lie at the foundation of this legislation.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, as I pointed out a few moments ago there has been very little time in which to carefully consider the provisions of this statute. However, in the main the statute follows the provisions of the existing law except in particulars to which reference has been made by the minister.

I think there are two or three instances in the bill in which there have been misprints or something has been omitted. For instance, the hon. gentleman referred to the question of patents. Section 32 of the new bill undertakes to deal with patents, and on the opposite page it is said that section 30 of the existing act is amended as underlined. Section 32 as printed leaves out subsections (a), (b), (c), (d) and (e) of old section 30, and it does occur to me that section 32 unfortunately has left out what I would regard as the most important part of the old section.

In that regard I should like to point out what was indicated in days past in this chamber, namely that with respect to patents we must proceed with extreme care. Patents involve the idea of monopoly. The very essence of the granting of a patent is that you grant a monopoly. That is stated over and over again as the basis of patent legislation. It will be found that in the provisions of the law as it now stands in section 32 the patentee may be liable to penalties if he unduly prevents or lessens competition in the production or manufacture of goods; obviously therefore the patentee can do neither the one nor the other. I think that section will have to be carefully studied, for I am satisfied that as it is now printed the section is senseless. It merely states that if the owner controls the patent so as to contravene the provisions of section 34 of the act such patent shall be liable to be revoked, but section 34 of this act deals with penalties and fines, not with matters which are as important as was indicated in old section 30. I think all that has happened is that in printing the bill half a dozen lines have been left out, and that difficulty can be remedied by the minister looking into the matter carefully.

There is another point I should like to mention, dealing with the question of the enforcement of the law, and I see the minister is seized of that difficulty. He undertakes to meet it in a given way, but in practice I think the method he has adopted will hardly be found satisfactory. The administration of the criminal law is in the hands of the provinces, and this bill suggests that if the provincial authorities are not anxious to enforce the law a complaint may be laid by someone, a citizen or some other person who is affected; the attorney general of the dominion may be advised with respect to it, and he may appoint someone to deal with the situation. It is quite obvious that there can be no such interference with the provincial powers through our legislation—at least, as indicated in the last judgments of the privy council. It is one of the matters with which I still think this or some other

parliament must deal. It is a matter to which on more than one occasion I have directed attention, and I have not been alone. One of the first speeches I heard in this chamber was delivered by the late W. F. Maclean, dealing with the necessity for making provision under our constitution for the enforcement of statutes by the federal power. It will be remembered that in the United States such provision exists. Of course they have federal judges, federal marshals and federal representatives of the Department of Justice who deal with the enforcement of the law of the nation itself, as distinct from those enforced by the representatives of the states.

In this legislation the question of definitions becomes one of major importance. The extent to which the minister may be able to support the view he takes, with respect to some of them, is I think subject to some doubt, having regard to what has been said recently as to the right of the dominion to interfere with purely provincial enterprises or provincial companies which may not combine but on the other hand may have understandings or agreements. I am not going to express an opinion at this time in the matter, but if the minister is prepared to proceed with second reading to-day and then leave it at that point, conceding to us the opportunity to study the bill in the meantime, we will go into details in committee and, I believe, he would serve his purpose. The bill could go to the committee stage, but the committee under the circumstances would not consider it until to-morrow or some following day.

Especially do I draw the minister's attention to the section to which I have just referred, and to those provisions of the statute which contemplate the enforcement of the legislation by the federal power. It is a consummation devoutly to be hoped for, but one the possibility of which under existing constitutional practice I doubt very much, particularly if the latest judgments of the privy council are to be relied upon.

Mr. ROGERS: I rise simply to say I am entirely agreeable to the procedure suggested by the right hon. gentleman, and I would also thank him for his courtesy in facilitating the progress of the bill in the way he has indicated.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, early in February I wrote the minister regarding the action of the Coleman Lamp and Stove Company in refusing to place the Merchants Consolidated Limited of Winnipeg on their wholesale list. I received a letter from him in reply stating that since it was suggested customs duties should be removed so as to permit similar goods to enter Canada free of duty, the question had been referred to the tariff board for consideration. The minister stated he understood the matter was then receiving the attention of the board, and that any representations on the subject should be made to it. While that reply deals with the question whether similar goods are to be allowed into Canada duty free, it does not deal with the question whether the Coleman Lamp and Stove Company Limited have the right to refuse to sell their goods to the Merchants Consolidated Limited, of Winnipeg. Would not that point come under the administration of the combines act? Upon investigation would it not be possible to compel the Coleman Lamp and Stove Company to sell their goods to the other company I have mentioned?

Mr. ROGERS: It seems to me the hon. member's question might be raised more properly when the bill is in committee. If there is any information I can give the hon. member on the point he has raised, I shall be glad to do so at that time. It is conceivable however that the facts as set forth in his letter should be brought to the attention of those in charge of the administration of the act, in order to determine whether or not they come within it.

Mr. BENNETT: One further point I intended to mention, and with the permission of the house I shall do it at this time. When the measure of 1923 was passed the international convention then existing was not the one which now exists. There have been modifications of it. If before the bill is considered in committee the minister would carefully look into the convention, to which we are a subscribing party, for the purpose of ascertaining just what limitations are imposed upon our legislative rights, I think it might be desirable.

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

On section 1—Short title.

Mr. ROGERS: I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

HOME IMPROVEMENT LOANS

CONCURRENCE IN SENATE AMENDMENT

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of and concurrence in amendment made by the

senate to Bill No. 11, to increase employment by encouraging the repair of rural and urban homes.

He said: The amendment made by the senate to the bill is found at page 3, and amends section 8 at line fourteen. The senate has inserted after the word "provide" the words "what terms shall be inserted in the guarantee," so that the paragraph would then read:

(c) Provide what terms shall be inserted in the guarantee for the determination of the amount of loss sustained by an approved lending institution, and the procedure to be followed in making claims in respect of any guarantee given under this act.

The government is prepared to accept the amendment, which, so far as I can discover, does not change the intent in the slightest degree.

Motion agreed to; amendment read the second time and concurred in.

SUPPLY

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

DEPARTMENT OF MINES AND RESOURCES

Mines and geology—

For explorations, surveys, mapping and investigations; for publication of English and French editions of reports, maps, illustrations, etc., relating thereto; and for salaries and wages of explorers, topographers and others, $366,000.

Mr. BARBER: Could the minister give particulars of the increase in this vote?

Hon. T. A. CRERAR (Minister of Mines and Resources): The amount of $366,000 is broken down into two parts, one covering explorations, surveys, mapping, investigations and salaries and wages of those engaged in the work, which totals $258,600, and the other covering the publication of English and French editions of reports, maps and illustrations which are put out once the field notes of the survey parties are coordinated and extended.

Mr. BARBER: Is the increase of $16,000 for the extension of this work?

Mr. CRERAR: I think that is made up mainly of statutory increases for those in the permanent service.

Mr. BARBER: What work was carried on in British Columbia last season?

Mr. CRERAR: There were nine geological and six topographical parties in British Columbia last year.

Mr. BARBER: There was some work being carried on in the vicinity of Vancouver and on the lower mainland; has that been completed?

Mr. CRERAR: This work is never really completed. A party will work in a certain area and the work for that area will be completed once the notes are extended and the maps and other information based on the data gathered in the field put together, but when work is completed in one area there is generally another area where it must be continued.

Mr. BARBER: That is just the point I was trying to make. This work was started in the district around Mission City and it will take at least another season to complete the work through to Hope. There was some doubt whether this work would be completed under the topographical survey vote. The district in question is very important in lumbering, logging and mining, and we are anxious to have this work completed.

Sir GEORGE PERLEY: A couple of years ago this parliament voted a million dollars for exploration work in the mining areas of Canada. Could the minister tell the committee how much of that was spent and for what purpose?

Mr. CRERAR: That was the vote passed in 1935?

Sir GEORGE PERLEY: Yes.

Mr. CRERAR: I have not the information at the moment as to how much of that was spent.

Sir GEORGE PERLEY: Was it not spent mostly in 1936?

Mr. CRERAR: I am advised that the greater part was spent in the summer and autumn of 1935. We had another vote last year for $350,000.

Sir GEORGE PERLEY: That was a revote to complete the work, was it not?

Mr. CRERAR: No, that was for new work. This is really an extension of the same work.

Sir GEORGE PERLEY: The $350,000?

Mr. CRERAR: I am unable to give my right hon. friend the information as to how much of that million dollar vote remained unexpended at the end of 1935.

Mr. BENNETT: At March 31, 1936.

Mr. CRERAR: At the end of the period.

Sir GEORGE PERLEY: How was this vote of $350,000 spent last year, and was it really a continuation of the work started in 1935?

Mr. CRERAR: There were nine geological and six topographical parties in British Columbia; there were two geological parties in the Northwest Territories; there were four geological parties in Alberta; there were five in Saskatchewan, one being engaged in Ottawa in compiling data obtained the previous year; there were five geological parties in Manitoba and five in Ontario; there were five geological and two topographical parties in Quebec; there were four geological parties in New Brunswick; there were three geological parties in Nova Scotia and one topographical party. In all, there were forty-five geological and nine topographical parties, one geological party being engaged in Ottawa.

Sir GEORGE PERLEY: Does the minister consider that the information obtained by these parties justified the expense?

Mr. CRERAR: I have no hesitation in saying that I think the expense is justified. By the terms under which Manitoba and British Columbia came into confederation we have to maintain a geological service for those two provinces. As far as Quebec and Ontario are concerned, both provinces send out parties under their own mines branches. This work is carried on in cooperation with the mines branch at Ottawa in order to avoid duplication.

Mr. BENNETT: What about the Northwest Territories?

Mr. CRERAR: We had two parties operating there last year. Of course, this work is entirely under federal government supervision.

Mr. BENNETT: Is there any topographical work being carried on there?

Mr. CRERAR: My deputy advises me that there will be no aerial work carried on under this vote. Some aerial photographic work was carried on under the old department of the interior.

Mr. BARBER: I asked a question a few moments ago as to whether this geological work would be continued.

Mr. HAYHURST: Where are the four geological surveys operating in Alberta?

Mr. CRERAR: I might mention as an illustration of the value of the work done by these parties the circumstances that led to the development of the radium industry in the Northwest Territories. In 1900 the first geological party that ever went into the Great Bear lake area prepared a report upon their explorations, and that report lay in the archives of the department at Ottawa for almost thirty years, until a prospector who was perusing the report was struck with a single sentence in it to the effect that there was evidence of cobalt blue on the shores of Great Bear lake. That led to his making an expedition to Great Bear lake, and carrying on an investigation into the extent of the cobalt mineral, and while doing so he discovered pitchblende ores which had escaped the observation of the geological party thirty years before. That was the beginning of the radium industry in Canada, developed as a result of these explorations of the Great Bear lake area. I mention that as an evidence of the value of gathering this field data, which is available to prospectors who wish to take advantage of it.

In reply to my hon. friend who asked as to parties operating in Alberta, one party was operating in the Edmonton and Peace Hills field, another in the Pekisko area, and two parties in southeastern Alberta, the latter two parties studying the geology more from the point of view of petroleum.

Mr. BARBER: I think last year there was a topographical survey party with headquarters at Mission City on the lower mainland of British Columbia. I understand that another season will complete their work. Can the minister give me any encouragement that the work will be continued?

Mr. CRERAR: That is now under consideration. The officials of the department are now mapping out the season's work, and I am advised that work will probably be continued in that area this year.

Mr. MacNICOL: Would the minister tell the committee just in what way and by what methods the personnel of these parties throughout the country is selected?

Mr. CRERAR: The parties are headed by experienced geologists, as many as possible from the department itself. We also secure for chiefs of the parties some help from outside, in some cases professors of geology or mining at some of the universities. Then we endeavour to secure university students who are taking courses in geology or mining engineering, preferably third or fourth year students, because they are interested in the work and it has a direct bearing on the calling which they have selected for themselves in life. The ordinary help is secured in the usual way in the localities where the parties are working.

Mr. MacNICOL: I hope the ordinary help is not selected in the same way that the ordinary help for the Post Office Department is selected. Can the minister assure us that

he uses a different and a fairer method than the Post Office Department follows in engaging temporary help for the Christmas rush?

Mr. CRERAR: I should have to consult my colleague the Postmaster General to discover the method by which he selects his help. But I assure my hon. friend that we endeavour to get the help locally as far as possible, and I do not think there can be much criticism of the department in that regard.

Mr. McIVOR: I should like to say for the information of the hon. member for Davenport (Mr. MacNicol) that I submitted twenty-six names and got only one appointment, and the appointee was in his final year at engineering.

Mr. SPENCE: I submitted many names and got no appointment.

Mr. PELLETIER: As money is going to be spent for exploration purposes, would the minister tell us if by any chance any money is going to be spent for work on roads leading to mines? Would that be under this item?

Mr. CRERAR: No.

Mr. PELLETIER: Under what item would it come?

Mr. CRERAR: Under an item in the special supplementary estimates when they are brought down.

Mr. McNIVEN: I understood the minister to say that four survey parties were operating in Saskatchewan. May I ask in what part of Saskatchewan?

Mr. CRERAR: There were four parties in Alberta and five in Saskatchewan.

Mr. McNIVEN: I understood the minister to say that four parties were operating in Saskatchewan and that one party was in Ottawa tabulating the material. Is that correct?

Mr. CRERAR: That is correct. There was one party operating in the Fort Pitt area; another at Forster lake in the northern part of the province; another party in southwestern Saskatchewan, studying underground water resources, and another party in southwestern Saskatchewan at Riverhurst, carrying on exploratory work in oil surveys. There was a large party at Goldfields to investigate gold occurrences in that district.

Mr. TOLMIE: Could the minister tell the committee what are the prospects of a profitable development of the magnetic iron ore of British Columbia at Texada island and other points in the province?

Mr. CRERAR: I am afraid I cannot give my hon. friend very much information on that point, having nothing about it at the moment. I understand that they are not producing, but that it is a fairly good grade of ore.

Mr. TOLMIE: Has any investigation been made of the deposits on Texada island? They are located at tidewater, with lime and everything else that is necessary, and with coal not far distant.

Mr. CRERAR: Reports have been published on these ores that my hon. friend speaks of, but I have not seen them myself and consequently I cannot speak with any knowledge.

Mr. McNIVEN: Are the reports of these survey parties immediately available, and, if so, where can they be had?

Mr. CRERAR: They can be secured from the director of mines and geology. Of course, it takes a little time to put all the data into the form of a report. The field parties make their observations, and after they return from the field the report is compiled. As soon as available it is printed and ready for distribution. If my hon. friend has in mind some particular reports and will make inquiry of the director of mines and geology he can readily ascertain whether or not they are available at the present time.

Mr. MacNICOL: Would the minister tell us something about the portion of the item that refers to forest products laboratories?

Mr. CRERAR: We shall come to that a little later. The item which we are now considering does not relate to that.

Mr. McNIVEN: On the border line between Saskatchewan and Manitoba is the extensive Flin Flon development, and on the western border between Saskatchewan and Alberta are the Goldfields deposits. It is estimated that there are some 8,000 square miles of the Cambrian shield in the northern part of Saskatchewan. That is a most interesting formation, and it occurs to me that if an extensive survey were made this year or in succeeding years there might be some important developments in that area. I should like to know what is the intention of the department as regards survey work in the northern part of Saskatchewan.

Mr. CRERAR: Tentatively the department has had under consideration the sending of another party into the Goldfields area, that is in the lake Athabaska region, and also in what is known as the Cree lake area, which is, I am told, south and east of lake Athabaska.

Whether it touches the particular area to which the hon member has alluded I do not know; I am informed that it does.

Item agreed to.

For maintenance of offices and museum; for purchase of instruments, chemicals, books of reference, museum equipment and specimens, and related supplies; for expenses of the Geographic Board of Canada; and for miscellaneous assistance and contingencies, $74,000.

Mr. ELLIOTT (Kindersley): Will the minister give us a breakdown of that item of expense for maintenance of offices and museum, purchase of instruments, et cetera?

Mr. CRERAR: It includes the maintenance of offices, the maintenance of the museum, the purchase of instruments, chemicals for the mineralogical work and the assaying and the like; books of reference; miscellaneous assistance and contingencies; and the expenses of the Geographic Board of Canada, which has to do with the designation of geographical names. That takes up practically the whole vote. Then there is a small item of $3,000 for museum equipment, and another small item of $1,000 for the purchase of specimens for the museum. That side of the museum work has been left somewhat in the background owing to the necessity of curtailing expenditures as much as possible.

Mr. ELLIOTT (Kindersley): The annual report of the Department of Mines, March 1936, states that the work of the national museum is retarded by overcrowding.

Mr. CRERAR: I think probably that is correct.

Mr. ELLIOTT (Kindersley): Are there any proposals for the remedying of this condition?

Mr. CRERAR: I am informed that there has been some rearrangement of the office space, and that the difficulty alluded to in the report has been thereby overcome. We are endeavouring to operate as economically as possible. I think that in some cases our staffs are working under overcrowded conditions, but we are doing the best we can.

Item agreed to.

Miscellaneous—
To provide for payments in connection with the movements of coal under conditions prescribed by the governor in council and for the cost of administration thereof, $2,250,000.

Mr. BENNETT: Would the minister be good enough to make a clear and comprehensive statement as to this expenditure, showing where the subventions last year went, the extent of them, and what subventions it is proposed to continue? I indicated the other day that I had a communication—in fact I have had several communications—in connection with the matter. There is grave anxiety in the west in connection with the subventions, and likewise there is anxiety regarding portions of the subventions in eastern Canada, particularly with respect to the movement of Nova Scotia coal and the difficulties that have been experienced in connection therewith. Perhaps the hon. gentleman would make the matter clear.

[Mr. Crerar.]

Mr. CRERAR: There has been some anxiety, I believe, about this question of coal subventions. It is not intended to make any change this year in the principle upon which subventions are based. That principle is that the subvention applies to put the Canadian producer in as good a position as the American producer, in certain areas and in certain markets. Obviously if the cost of producing American coal increases and the cost of producing Canadian coal remains stationary, under the operation of the order in council upon which the subventions are based the total amount paid would be reduced. Conversely, if the cost of Canadian coal advances and American coal costs remain stationary, the subventions would increase. Last year there was a slight reduction in certain cases in the actual cash per ton paid by way of subvention. That was due to the fact that American costs had increased, consequently it did not require the same amount to bring about the equalization upon which the order in council applying the subventions is based. When we come to the amount of subventions paid, we did not provide enough money last year. It appeared to be enough in the light of the experience of the previous year, but the expansion in business and the increased shipments of coal left us short in our provision.

Mr. BENNETT: Would the minister state the amount of subventions paid and to whom they were paid, commencing say in western Canada?

Mr. CRERAR: I find that in the calendar year 1936 the amounts in round numbers were as follows:

Nova Scotia	$1,573,000
New Brunswick	15,000
Alberta	307,000
Alberta-Ontario movement	163,000
Saskatchewan	38,000
British Columbia	113,000

It is paid partly to the railways. I have not the details here, if my right hon. friend means the actual recipients.

Mr. BENNETT: I know that the railways received some, of course, but I should like to have on Hansard a record of the persons or corporations to whom the subventions were paid, and the amounts for the calendar year. The minister can obviously see the reason. The auditor general's report for the year 1936 will not be available until next year, so that this is the only opportunity to secure the information. I can readily understand that the minister has not the information at the moment. We can either let the item stand, or he can give the information later. There are some further questions I desire to ask with respect to subventions, particularly with respect to some of the western subventions and the apprehension some have as to the possible curtailment of them. I was going to predicate my questions upon the answers given to the question I have just asked.

Mr. CRERAR: I think I can have the information available after the six o'clock recess. Meantime we might continue discussion of the item and then let it stand until after recess.

Mr. STEWART: I should like to know the quantities of coal moved as a result of these subventions.

Mr. CRERAR: Nova Scotia coal moved, 1,681,000 tons.

Mr. BENNETT: To Ontario?

Mr. CRERAR: It would be to Quebec and Ontario. For instance, a considerable quantity moved to Noranda, I think some 225,000 to 250,000 tons. Then a very considerable amount was moved to the International Nickel Company at Sudbury. In New Brunswick the total tonnage on which the subvention applied was 20,953 tons; in Alberta and British Columbia, the Crowsnest area, 298,000 tons; Alberta-Ontario movement, 65,229 tons.

Mr. BENNETT: Perhaps the minister would make clear how that Alberta-Ontario item is split up. Part of it moved to what I would call the Toronto urban area, and I think it moved as far east as Ignace. It will be remembered that there was provision for the movement as far east as Ignace. I should like to know to what extent it came east to Winnipeg on the main lines, so to speak, and the diversion down to the urban centres of Ontario.

Mr. CRERAR: The figure I have just given, 65,229 tons, is the domestic coal movement to Ontario. The other movement to which my right hon. friend refers is probably in connection with the railway requirements.

Mr. BENNETT: Steam coal.

Mr. CRERAR: Yes. I shall endeavour to get the information on both.

Mr. MacNICOL: A considerable volume of Nova Scotia coal is imported into Ontario. I use some myself in some of my buildings. The board of education in Toronto uses a lot of it. I wonder what will be the effect on Ontario importations of Nova Scotia coal of the proposed importation of Russian coal. If there is any effect from the proposed importation of 250,000 tons a year will the minister require the additional $300,000 that he asks for in the estimates? Because if Ontario and Quebec are to use 250,000 tons of Russian coal that will mean 250,000 tons less of Nova Scotia coal.

Mr. CRERAR: I do not think it will have the effect my hon. friend mentions.

Mr. MacNICOL: The Russian coal has to be sold somewhere, and the price would not permit of its being sold in Nova Scotia.

Mr. CRERAR: The Nova Scotia coal is steam coal. The Russian coal, if any, that will be imported under the arrangement, is anthracite. They do not compete with each other.

Mr. HEAPS: Can the minister give the amount of coal produced in Nova Scotia prior to the granting of the subsidies and the amount produced since the subsidies have been in effect? I should like to find out what effect the subsidies have had in increasing the production of coal in Nova Scotia.

Mr. CRERAR: I have not that information here. How far back does my hon. friend wish to go?

Mr. HEAPS: Not very far back; just prior to the time the subsidy was granted. What amount of coal has been produced in Nova Scotia since the subsidy has been in effect?

Mr. CRERAR: Subventions have been in effect, as I recall it, for some eleven or twelve years.

Mr. HEAPS: I was wondering whether the subventions have had any appreciable effect in increasing production in Nova Scotia. If they have not, I do not see the use of continuing them. If they have had some effect, their continuance might be worth while.

Mr. CRERAR: There is another angle to that question which perhaps my hon. friend has overlooked, and it is this. Of recent years, say within the last ten years, fuel oil has to a considerable extent displaced coal for the heating of dwellings and also to a certain

extent in providing power for driving ships and so on. So if my hon. friend were to base his judgment on a comparison of the coal production in Nova Scotia say twelve or fifteen years ago with the present coal production under the subventions, he would need to take into account several other factors as well.

Mr. HEAPS: That is true, but there was quite a bit of oil in use prior to the establishment of the subventions, and I should think that would be taken into consideration. What I wished to find out was whether these subventions have had the effect originally intended.

Mr. BENNETT: Inasmuch as at least a large portion of the subvention has been paid during the five years from 1930 to 1935 I think I should say to the hon. gentleman (Mr. Heaps) that but for the subventions the mines of Nova Scotia would have been practically shut up. The reason is obvious. It is not a question of fuel oil alone, as the minister has said. There was another question, that of the prices at which coal was being thrown upon Canadian markets from the United States, and other countries as well. It was impossible, even with the tariff increases that were put in effect, for the coal from Nova Scotia to compete with the fuel that came from Virginia, for instance. All hon. members who are familiar with the cost at which fuel from that locality was being offered for sale to upper Canadian factories will realize the situation, and the subventions barely made it possible under the conditions that then existed for those mines to supply the steam coal requirements of upper Canadian factories.

On Friday last I was talking to a manufacturer who had continued to use Nova Scotia coal. He told me that the pressure to utilize other fuels imported from outside Canada had been very great, but under the circumstances he felt that the action taken by the country was right; he was endeavouring to do what he could to assist, and he gave his reasons, which struck me as being eminently sound. I think I can say without fear of successful contradiction, however, that but for these subventions the island of Cape Breton would have been in a very serious condition indeed. Since it did not result in any political advantage to the particular government that happened to be in power during those years I can speak of it with much more certainty than perhaps I otherwise could. That this is a fact can be amply demonstrated by anyone who cares to take the trouble to look into the matter.

As far as the west is concerned I can only say that but for the subventions the coal would not have moved at all east of, we will say, Swift Current. In Winnipeg they have had a terrific struggle to establish any market for their coal as against coal coming there from the United States. The increase in duty that we imposed upon certain types of United States coal had some effect in decreasing the amount of coal that was imported. Last year substantial quantities of German coal came into this country, and in one or two instances I am afraid it came in under the name of Welsh coal. That, however, is not the type of coal with which we are now dealing, as the minister said a moment ago. We are dealing not with coal of the anthracite type but with bituminous coal. It will be remembered that the United States passed a statute by which they provided that there should be a duty against our lignite if under our tariff we imposed a duty against their lignite, and we did put them on the free list, as will be recalled. There was some very small movement of lignite from what you might call the southern Alberta fields into the states contiguous to Canada, directly south, and, as the hon. member for Comox-Alberni (Mr. Neill) is aware, there was some movement of coal from Great Britain and other quarters to Vancouver which seriously affected the position of the coal industry of Vancouver island, about which he used to speak so feelingly. I suppose now, under brighter skies and in different days, there is less necessity for the hon. member to direct attention to those hardships. The unwillingness of the hon. gentleman to participate in most debates that involve any reflection upon the present administration would indicate that the skies are much brighter even than I thought. Perhaps this may have the desired effect of getting the hon. member for Comox-Alberni to his feet so that we may hear from him.

Mr. McIVOR: Mr. Speaker, there is another side to this question, and it is a very tender point to the people at the head of the lakes. This coal subvention constitutes a protection to western coal and a duty on United States coal, and it has resulted in considerable unemployment at the head of the lakes. We have two large coal handling plants there; the machinery in one of those plants costs about three and a half million dollars. As the right hon. leader of the opposition has said, we are under brighter skies now, and I had hoped that these subventions would be very materially decreased and that the coal coming into Fort William might go a considerable distance further west, though perhaps not as far as Winnipeg. Our boats carry wheat east, and formerly they would bring back coal, so that these subventions

hit the shipping on the great lakes. We hope the day will come when there will be a considerable improvement in the amount of coal handled at the head of the lakes.

Mr. NEILL: Despite the unkind remarks of the right hon. leader of the opposition I will give him credit for having been at the head of the government which first started the bonusing of coal on Vancouver island. I recall very clearly that after the election of 1930 a delegation waited upon the right hon. gentleman, who was then prime minister. That delegation consisted of a man from Nanaimo, a man from Cumberland—who was my late opponent, by the way—and myself. The other two members of the delegation were pressing the prime minister to impose a duty on fuel oil. The right hon. gentleman asked my opinion and I said I did not think that would be effective. I thought the better and more practical way would be to bonus the production of coal on Vancouver island, and my right hon. friend was pleased to say that he agreed with me. That was the procedure finally adopted, and a bonus of only twenty-five cents per ton was provided. Later on it was increased, but it all occurred while his government was in power, and I think if the other parties to the deal had played the game the result would have been very marked. At any rate I am quite free to say that his was the first and only government that did give us a bonus, and the benefits which resulted certainly were substantial.

Mr. BENNETT: And look what happened to him.

Mr. NEILL: Possibly I was more concerned with what would happen to the hon. member for Comox-Alberni than with what might happen to the right hon. leader of the opposition.

I should like to ask the minister for certain information. Some of it he may be able to give me now, and if he has not the rest of it perhaps he will get it while he is getting the other information that has been requested. He has stated that the subvention to British Columbia for the calendar year 1936 amounted to $113,000. I should like to know how much of that amount was paid for coal produced on Vancouver island. I should like to know also how much of that was paid at the rate of fifty cents per ton and how much was paid at the other rate of a dollar a ton, because there are the two rates. Then I should like to ask the minister if there is any danger of an alteration, or any proposal to alter these rates of bonus during the ensuing year.

Mr. CRERAR: With regard to the amount mentioned by my hon. friend, that was all paid on Vancouver island.

Mr. NEILL: And how much was paid at the fifty cent rate?

Mr. CRERAR: At the moment I cannot answer that.

Mr. NEILL: The information could be obtained?

Mr. CRERAR: I dare say it could be secured.

Mr. NEILL: Is there any proposal to change that bonus during the coming year?

Mr. CRERAR: No; that has not been under consideration so far.

Mr. NEILL: And to whom was it paid?

Mr. CRERAR: We will secure that information also.

I might say a word in reply to what was said by the hon. member for Winnipeg North (Mr. Heaps) a moment ago. In the calendar year 1932 the total production of coal in Nova Scotia amounted to a little more than 4,000,000 tons, and the amount of subvention paid in that year was $710,000. Whether or not it was due to the subvention—and I assume it was an important factor—in 1936 there was an increase to over 6,500,000 tons. Unquestionably the payment of the subvention did have a definite bearing upon the total quantity of coal produced in Nova Scotia.

Mr. HEAPS: May we have similar figures for Alberta?

Mr. CRERAR: In 1931 the output in Alberta was 4,500,000 net tons, while in 1936 it exceeded 5,600,000 tons. In 1931 the total amount moved to Ontario was 23,400 tons and in 1936 it was slightly in excess of 65,000. In 1931 the subvention for the movement to Ontario was $127,000 and in 1936, $163,000.

Mr. HEAPS: It would be extremely difficult to get much information from the figures submitted, other than that between 1931 and 1936 there was an increase. There probably would have been an increase anyway, because 1936 was a better trading year than 1931.

Mr. CRERAR: Yes; quite true.

Mr. HEAPS: I do not know by what means we may estimate the beneficial effects of subventions to Alberta and Nova Scotia. Naturally I am anxious to see the coal mining industry in Canada in a prosperous condition. I know how bad it was back in 1930, and in years prior to that. I remember having been sent to Alberta about nineteen years ago to make an investigation in the coal mining industry, and at that time very little Alberta coal was being used in Manitoba. I remember that the Alberta coal pro-

ducers got busy in an effort to capture the Manitoba market, and they succeeded fairly well, without any subvention. As the minister must know, to-day the consumption of Alberta coal in Manitoba is very great; it has almost entirely supplanted the American anthracite formerly used in Manitoba for domestic purposes. I do not see why something along the same line could not be done without these large subventions. True, we have tried to bonus Alberta coal coming into Ontario, but I believe without much success. Had the effort been successful the amount of coal moved would no doubt have been considerably greater.

A few minutes ago the question was raised as to the comparative costs of coal in Canada and in the United States. I am always puzzled as to why the cost of production in the United States is so much less than it is in Canada. In these observations I am not referring to any particular mine or area, but am speaking in a general way. I know there are some mines in Nova Scotia which are expensive indeed to operate—I refer to the mines running under the sea, where costs of operation are extremely high—but there are other mines in that province and throughout Canada where the cost of production should not be any higher than it is in some of the United States mines. Yet one finds that the cost of coal at the mine mouth in Canada is probably fifty per cent higher than it is across the boundary line, and I cannot understand why the difference should be so great. Wages cannot be responsible for it, because the wage rate in the United States is just as high as it is in Canada. I wonder if the minister has any information he can give the committee showing comparative costs of producing coal in various mines of the United States and Canada, because after all if the subvention is based upon the difference in cost of production in the two countries, the first thing the department should find is the comparative cost. Only thus can we gain any intelligent idea as to why subventions must be granted to the coal mining industry in Canada.

Mr. CRERAR: I think the fuel board have in considerable detail the information to which the hon. member refers. In order to apply the subventions in accordance with the principle of law governing them, that information must be available. Of course the cost of production varies in different mines in Alberta, Saskatchewan and Nova Scotia. This is an exceedingly difficult piece of legislation to administer to the satisfaction of all. In the operation of the subvention we must be guided by the principle involved when subventions were originally granted, and apply it in the most intelligent manner. So far as my knowledge goes, and I am sure in this connection I speak correctly, it is applied without any discrimination.

Mr. BENNETT: Broadly I believe the rate is about one-seventh of a cent per ton per mile; am I correct?

Mr. ROSS (Moose Jaw): Is that the basis on Vancouver island?

Mr. BENNETT: No, that is an export basis.

Mr. CRERAR: I am informed that in Saskatchewan and Alberta it works out to a ten per cent reduction in the freight rate.

Mr. BENNETT: I thought the largest subvention, payable from the maritimes to Ontario, was one-seventh of a cent per ton per mile. I may be wrong, because I am speaking from memory.

Mr. CRERAR: I would not be certain of the amount, but I believe payment is based on that principle.

Mr. HEAPS: Arising out of what the minister has just stated to the committee, may I ask if it is the policy of the government to grant the same subvention to different mines in the same province?

Mr. CRERAR: I did not catch my hon. friend's question.

Mr. HEAPS: Would there be any difference in the subventions paid to the different mines in Nova Scotia?

Mr. BENNETT: Yes, there is.

Mr. CRERAR: Is the hon. member referring to Nova Scotia mines only?

Mr. HEAPS: I was taking them as an example.

Mr. CRERAR: The amount of the subvention paid will vary with the cost of getting the coal into a particular market. For instance, the subvention on New Brunswick coal will be less than it is on Nova Scotia coal because Nova Scotia coal is further from the market.

Mr. HEAPS: Let me give an illustration. There are two mines in New Brunswick; in one costs of production are low while in the other they are high. Both mines want to send coal into Montreal. Would the subventions paid to each mine be the same?

Mr. CRERAR: If they were shipping by water, yes; if they were both shipping by rail, the subventions would be the same.

Mr. HEAPS: It would appear that costs of production are not a factor.

Mr. CRERAR: It is not a case of cost of production in two mines which may be located alongside each other in the same province; it is cost of production in the province as against cost of United States coal that would apply.

Mr. HARTIGAN: Is it not more the fact that the coal is entering a competitive market? It is possible that coal could go into Montreal without being paid a subvention.

Mr. ROSS (Moose Jaw): I remember protesting some years ago against certain subventions which were being suggested at that time. They were referred to as experimental rates to enable Alberta coal to be brought into Ontario; the idea was to bring coal through provinces where the temperature goes to forty below to a province where it rarely goes below twenty above. I should like to know if in the payment of subventions we have reached the point where coal from one end of the country under subventions is meeting coal from the other end of the country under subventions, the two coals fighting for the same market. If we have not come to that point yet, I fear we shall reach it some day.

Mr. BENNETT: Not yet but soon.

Mr. ROSS (Moose Jaw): I should like to find out something about this British Columbia subvention. What is the idea of paying a subvention on coal on Vancouver island when the boats call in there for bunkers? What is the basis of that subvention and is there any sense to it at all?

Mr. BENNETT: In so far as it was initiated by the last government, it is without sense; in so far as it has been continued by the present government, it is highly commendable.

Mr. ROSS (Moose Jaw): I would not say that; I would say it is without sense in connection with both governments.

Mr. CRERAR: The real basis is the high cost of production on Vancouver island. Perhaps the hon. member for Comox-Alberni (Mr. Neill) could debate this matter better than I.

Mr. HAYHURST: Naturally we are anxious to get a Canadian market for Canadian coal. Alberta produces large quantities of coal and it would seem that the metal mining districts in northern Manitoba and Saskatchewan would be logical markets for Alberta coal. Has the minister any information as to where the Hudson Bay Mining and Smelting Company at Flinflon get their supplies of coal?

Mr. CRERAR: I understand they purchase their coal in Alberta, but I am not certain just where in the province.

Mr. JOHNSTON (Bow River): Do I understand the minister to say that there will be a reduction of about ten per cent, and that that will be based upon mileage as well as upon costs of production? How will that affect shipments of Alberta coal to the east?

Mr. CRERAR: I did not say that.

Mr. JOHNSTON (Bow River): Is it to be only on a production basis, with mileage not entering into the matter at all?

Mr. CRERAR: I am informed it amounts to ten per cent. Obviously, if you are hauling your coal a thousand miles, you will be paying more freight per ton than if you are hauling it only five hundred miles, but the ten per cent would apply in both cases.

Mr. MacNICOL: I should like to say a word in support of these subventions. I made a special trip to Sydney, Nova Scotia, to ascertain just what these subventions meant in the way of employment for the miners of that district. I was driven out to Glace Bay and Waterford. I asked one of the principal mining men how much coal was being shipped to Ontario and how much employment was being provided through these subventions. We happened to be standing near the railway tracks and just then a train pulled by consisting of thirty-seven cars holding approximately 2,000 tons of coal. On the side of the train was a big poster stating, "Nova Scotia coal for Ontario." It must have taken quite a number of men to mine thirty-seven cars of coal. I asked this gentleman if they were sending out many trains like that one, and he told me that they were. If that train was only one of many, then these subventions must be providing considerable employment for Nova Scotia miners. As I said a moment ago, I have used Nova Scotia coal and I am highly in favour of bringing that coal into Ontario. We ship a considerable quantity of manufactured material to the eastern provinces and in my opinion it is good business to encourage interprovincial trade. I am convinced from what I saw at Glace Bay that the money provided for in this vote is money well spent for Canada.

Mr. YOUNG: There is just one thing wrong with the payment of subventions on coal. The two central provinces benefit greatly from the protection about which the hon. member who just sat down always talks. When those two provinces want to buy coal, the hon. member becomes very solicitous for

the miner in Nova Scotia and he wants to have Nova Scotia coal brought into Ontario. He wants Ontario to buy Nova Scotia coal, and he wants somebody to pay part of the freight rate for bringing that coal into Ontario. It seems to me there is something wrong in trying to get it both ways. First, he wants protection on manufactured goods to help out his working men, and then he wants part of the freight paid on coal to help out the working men in the outermost provinces of the dominion. I would say this, that this thing of protection and this thing of subventions are the curse of this country, and the sooner we get rid of them and get relief in both ways, the better it will be for Canadians from coast to coast.

Mr. BLACKMORE: I should like to say a word on subventions. Those who come from Alberta or British Columbia or from the east realize fully that subventions are of great value. In the first place, to deal with what the hon. member for Saskatoon (Mr. Young) has just said, if this coal is not protected and these subventions are not given, the money which Ontario would spend for coal would go to the United States, and that would be exceedingly poor business for Canada.

Mr. ROSS (Moose Jaw): Why?

Mr. BLACKMORE: Moreover, the railroads of this country, which are already a serious anxiety to Canada, would lose that traffic. That again is a serious matter. In addition to this, we would be keeping in employment United States working men instead of Canadians in Alberta, British Columbia, Nova Scotia and New Brunswick. After all is said and done, the only thing that makes this country valuable is the number of people who are living here and who can continue to make a living here. If we once make conditions such that they can no longer make a living here, then they are no longer able to buy goods, and the railroads will lose the traffic from carrying the goods to them. So, in the last analysis, while I do not wish to advocate anything which will bring about an altogether artificial condition, we must grant the fact that it is a sound principle to protect up to a certain point at least.

I come from Alberta, and I know how we look at the matter out there. The subventions have meant a great deal to us.

An hon. MEMBER: Sure.

Mr. BLACKMORE: There are some who are inclined to say "sure," but let them remember that Alberta is one of the nine provinces of this dominion, and if we destroy the economic stability of any one province we seriously impair the economic condition of the whole country. Consequently, we must all be ready to give and take, to be open-minded in all these matters.

The coal subventions, let me tell the minister, have meant a great deal to Alberta, and I assume they have meant just as much to the other provinces. It is a matter of great satisfaction to us that these subventions have increased the amount of our trade, and I wish to commend them highly. I regret that the hon. member for Fort William (Mr. McIvor), I think it was, had to report that there was a lack of employment at the head of the lakes because coal was no longer being brought in there from across the line. That is bad, but it goes to show how we can hardly help anyone without hurting somebody else. At the same time we must remember that when United States coal is coming in here, United States miners are mining that coal and United States railways are hauling it. So, on the whole, I think these subventions are to the advantage of the dominion even if it means that the men at the head of the lakes are hurt, as my hon. friend says; but we could probably find some way of compensating them. I would say to the minister that he is following a strictly sound policy when he furthers the application of these subventions; in fact, I would rather be inclined to think that if he increased them to some extent it would still be sound, so that we would not be on a strictly competitive basis with producers outside. After all, it does seem most unsound, when we have such a tremendous amount of coal in Alberta, and when that coal is of so many different kinds, that we should buy coal from across the line. So I do not hesitate for one minute to commend the minister for his activity in this respect, and to urge that he follow this plan in the future to a greater extent even than he has in the past.

Mr. HARTIGAN: I cannot let this opportunity pass without taking exception to the remarks of the hon. member for Saskatoon (Mr. Young). He seems to be deeply concerned about the fact that subvention is paid for the benefit of our coal miners. You can call it a subvention or bonus or whatever you like, but if my hon. friend were to take the time to study the amount of bonuses and subventions that have been given to the wheat growers of Canada, he would find that the subvention on coal is very, very small in comparison. The eastern provinces, make no mistake, have paid their share, and paid through the nose for years, for the benefit of the farmers of the west. I do not like the

impression to go out through the country that we in the east are getting something that we do not deserve. The advantage which Canada derives from these subventions—and I say this fairly and honestly—cannot be gauged by the amount of the subvention paid, because it puts into the hands of the miners purchasing power which they otherwise would not have. Without the subvention we could not keep the markets we have. Competition has been so keen in the last number of years that our markets could not have been retained, let alone increased, without the subvention. I can speak for Nova Scotia, and for New Brunswick too, in this matter. They have furnished an excellent market for the wheat products of the western provinces and for their cattle in the shape of meats. There is no better market than our eastern provinces for the manufactured products of the central provinces, a statement which I am sure any manufacturer in Ontario or Quebec will corroborate. Our miners are doing arduous work, and they have to live on the very best food; their work demands it; otherwise they could not stand the strain of producing coal. When we take into consideration what our miners did in the war years, when their manpower was depleted, I think we should all resent a remark like that made by the hon. member for Saskatoon going on the Hansard of this dominion; and in saying that, I speak for the miners all over Canada.

Mr. YOUNG: I would say to my hon. friend that he can never embarrass me by talking about bonuses paid on wheat. I am not in favour of bonuses, no matter where they are applied, and I would like that to be very well understood. There was a wheat bonus during past years when the wheat industry was in danger perhaps of almost being wiped out, and the country came to its rescue under those circumstances. I take it that there will be no division of opinion as to the necessity for aid when such are the circumstances.

Mr. HARTIGAN: We supplied a board to sell your wheat too, and we bought your wheat.

Mr. YOUNG: Not very much. The hon. member for Davenport (Mr. MacNicol) takes this attitude. He is strong for protection on goods manufactured in Ontario, and he pleads the cause of the working man.

Mr. MacNICOL: I always will.

Mr. YOUNG: His desire to help the working man is no greater than that of any other hon. member. He wants to help the working man of Ontario. He also professes great concern about buying coal from Nova Scotia. He is not suggesting that there be about $5 a ton duty against United States coal, and that the people of Ontario be made to pay whatever that protected cost of coal might be.

Mr. MacNICOL: The duty is only 50 cents a ton.

Mr. YOUNG: That would be a different proposition altogether. The rest of the country would then have to pay the subventions, and that is not charged up to my friend when he burns his coal in Ontario.

Let me say to the hon. member for Cape Breton South (Mr. Hartigan) that if he will take the trouble to study the production of real wealth in the western provinces during the last twenty-five years, he will be amazed to learn the amount of real wealth that has come out of those provinces. Further, he might study the question of how much these same provinces paid the dominion as a result of burdensome tariffs, our own province alone being charged up with a bill of about $28,000,000 a year.

An hon. MEMBER: What about the rest of Canada?

Mr. YOUNG: The hon. member will then begin to realize what this burden means to those of us who live in that part of the country. We are not opposed to Nova Scotia miners selling all the coal they can. We have no objection to Alberta miners selling all the coal they can. But we ask that these things be done on a basis which does not require the rest of Canada to pay for it all the time. In Saskatchewan, which is an extremely cold province during the winter months, the only satisfaction we have had was an increase some time ago from $2.20 per ton to $2.80 per ton in freight rates out of the Alberta field. But there is no subvention for us; we have to pay the bill. I have paid so many coal bills that I know something about the subject of prices and freight rates. All we are suggesting is this, that this whole matter should be given full consideration and that unfair burdens should be lifted from the backs of those in western Canada who have been bearing these burdens for a very long time. The hon. member for Lethbridge (Mr. Blackmore) rises in his place in the house to ask for subventions, and makes a great plea for what I call protection.

Mr. MacNICOL: Protection for the Canadian worker.

Mr. YOUNG: The other day I read a speech in which the hon. member expressed himself as being very much in favour of the budget in that it represents a downward revision—not so much as some of us would like

but a revision in the right direction. Now, you cannot have it going and coming. There is a principle at stake here.

Mr. BLACKMORE: I am quite aware of that.

Mr. YOUNG: You must apply the same principle no matter whether it be for you or against you, if it is sound. We in Saskatchewan have no more desire to be unfair to our Alberta and Nova Scotia friends than, I am sure, they have any desire to be unfair to us. Let me point out that it is because of the most burdensome protection which has been imposed in the interests of eastern industries that both ends of Canada have suffered as greatly as they have for a long time.

Mr. BLACKMORE: May I ask the minister how much money by way of subventions on coal was granted to Saskatchewan last year?

Mr. CRERAR: I shall have the information in a few moments.

Mr. TUCKER: While the minister is getting the information, I should like to say that, like other western members who have spoken, I am in favour of as large a reduction as possible of a tariff which has worked in favour of the industrial part of central Canada. We in the west, like hon. members from the maritimes, have come to realize that we can go only a certain distance in the direction of free trade, that apparently we shall always have to submit to a certain measure of protection in this country. As I understand the matter, subventions on coal from Nova Scotia and Alberta are intended to make up in a small measure to those parts of Canada for what they are losing because of the tariff; in other words, it was recognized that those provinces gain practically nothing from the tariff, but lose a great deal, and these subventions are intended to provide some measure of compensation. My opinion is that so long as certain parts of Canada are to benefit at the expense of other parts through our fiscal tariff policy, until the benefits and injuries can be balanced to some extent by a substantial reduction of the tariff, anything that helps those parts which are penalized should have my support. So far as Saskatchewan is concerned, may I say that we shall have to recognize the fact that other parts of Canada will demand and receive in the years to come a certain degree of protection.

Mr. MacNICOL: On a point of order: We are not entitled to discuss the budget under this item. The tariff is not the subject before the committee at the moment; the subject is subventions on coal.

[Mr. Young.]

Mr. McLEAN (Melfort): Apparently the tariff is before the committee.

The CHAIRMAN: I do not think the point of order of the hon. member for Davenport is well taken. Hon. members have been allowed a wide latitude.

Mr. TUCKER: I am surprised that the hon. member for Davenport rose to that point of order—he of all members—

Mr. BARRY: Will the hon. member explain why every western member considers himself qualified to ask questions and express views as to the sentiments of members from the maritime provinces?

Mr. MacNICOL: Only Saskatchewan members.

Mr. TUCKER: I can answer that: because we suffer from the same fiscal policy that has almost ruined the west as well as the maritimes.

An hon. MEMBER: Let us speak for ourselves.

Mr. TUCKER: The only fiscal policy which will bring this country together is one that will deal fairly with all parts of the dominion. We have had a policy which has assisted the industrial part of central Canada at the expense of the maritimes and western Canada as well as at the expense of the agricultural part of central Canada; in other words, it has benefited only the industrial area of central Canada at the expense of other parts, and that to the tune of roughly $24,000,000 in one year, 1931, from the province of Saskatchewan alone. We are not here to indulge in quarrels between the different provinces. If some provinces are to receive substantial benefits from the fiscal policy of this country, benefits in equal measure should be conferred on other parts of the country. So far as I am concerned, I do not believe the maritimes and Alberta are getting through the fiscal policy of this dominion anything commensurate with what the central portion receives. What I rose to say was that, by means of the commission set up by this government, it is proposed I hope, so to speak, to equalize in various ways the benefits of the fiscal policy of Canada to its various provinces. We from Saskatchewan expect that our provincial government will present to that commission for consideration proposals calculated to give that province a greater measure of fairness of treatment somewhat similar to what has been granted here to the maritimes and Alberta in respect of coal. I hope that hon. members from other parts of Canada will

support us in asking for a fair deal for Saskatchewan, since we are no less willing that Alberta and other parts of Canada shall also receive a square deal.

Mr. MacNICOL: Oh, Saskatchewan! Always Saskatchewan.

Mr. CRERAR: The hon. member for Lethbridge asked a moment ago how much money had been spent in Saskatchewan by way of subventions on coal.

Mr. BLACKMORE: Just for last year.

Mr. CRERAR: For the calendar year 1936 the amount was slightly over $38,000. I suggest that as it is six o'clock we should let this item stand. I wish to get the information for which my right hon. friend has asked, and we can resume discussion of this item somewhat later.

Mr. BENNETT: In the meantime the minister will speak a kindly word to those who should be more amenable to discipline than they are.

Mr. ROSS (Moose Jaw): Will the minister get some information with regard to whether subventions clash?

Item stands.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock, Mr. Sanderson in the chair.

Lands, Parks and Forests Branch

Dominion lands, seed grain, mining lands, ordnance, admiralty and public lands, salaries and expenses, et cetera, $60,000.

Mr. MARSHALL: What is the reason for such a large decrease in this vote?

Mr. CRERAR: The fact that we are economizing, for one thing. In the second place, the amount of work is being steadily reduced year by year. That is the explanation given me; I asked the same question myself.

Mr. BENNETT: Would the minister explain what the present position is with respect to seed grain? I thought we were pretty well out of that.

Mr. CRERAR: There is quite a considerable amount in outstanding accounts which are being collected.

Mr. BENNETT: The former government made provision for wiping off a lot of them.

Mr. CRERAR: Not these. These go back to 1908 and indeed further. They are old balances of seed grain advances made by the dominion government in some instances over thirty-five years ago. These claims are being adjusted by commissions which have been set up in each of the provinces for that purpose. The federal government representatives come from the officers of the soldier settlement board. Alberta has one representative; so has Saskatchewan, and I think there is another from Manitoba. Slowly and steadily we are getting these adjustments made.

Then there is the handling of the ordnance lands. Practically all the lands owned by the federal government for federal government purposes, such as ordnance lands and lands used by other departments, revert to the Department of Mines and Resources, when not being used by the departments which originally secured them, and we administer these lands.

Mr. REID: Can the minister tell the committee whether in British Columbia the department is cooperating with the provincial government, for example in conservation and the planting of trees? The provincial government has on foot, extensive schemes, such as reforestation.

Mr. CRERAR: That comes under the next item. If my hon. friend will raise the question then, we shall deal with it.

Mr. SENN: Is there any revenue derived from ordnance lands, situated along the great lakes or in other places?

Mr. CRERAR: Yes, there is some. I recall one case particularly, I believe in Halifax, where some ordnance lands were leased to people who wished to use them for summer resort purposes. The basis is 6 per cent of the value of the land.

Mr. BENNETT: And any taxes which may be paid.

Mr. CRERAR: Yes, and in some cases the lands are sold, if they are no longer required, and the revenues of course revert to the crown.

Mr. MARSHALL: How much of last year's vote was used?

Mr. CRERAR: I cannot answer that question now. We have information covering only nine months of the fiscal year, which does not end until March 31. The expectation is that the vote will be practically exhausted.

Mr. MARSHALL: Has the minister the figures to the end of 1936?

Mr. CRERAR: No, not here.

Mr. SENN: The minister stated that some ordnance lands are sold if they are thought to be no longer needed by the department. Can he state what the general policy of the

department is in regard to the sale of ordnance lands? I know that in certain places along the great lakes considerable tracts of ordnance lands are held which, as far as my judgment goes, are of very little value from a military standpoint. Could the minister give a general statement as to the policy of the department in keeping or disposing of these lands?

Mr. CRERAR: The first thing the department has to be satisfied about is that the lands will not be required at any future date for military purposes. Once that is settled, I understand the practice is to get an appraisal of the lands, and if they are under lease the lessee is given the first opportunity to buy at the appraised price. If he does not want them, we try to sell or lease to whoever might be interested. Briefly, that is the policy.

Mr. SENN: I know certain areas along lake Erie. The shore of lake Erie is quite suitable for summer resort purposes. Along that shore there are considerable areas of land which from time to time would have been the subject of negotiation if the department had been ready to sell. I think a considerable revenue might have been derived from the sale of those lands but unfortunately, as far as I am aware, up to the present the department has not considered or approved such sales. I am not a military man and I do not know just what is necessary for defence, but these lands seem to be of very little value to the department. I would suggest to the minister that when reasonable offers are made in these cases, the department might very seriously consider selling some of this land.

Mr. CRERAR: The last six or seven years have not been particularly auspicious ones for selling land or anything else. I think the practice of having a fair appraisal made of these lands and endeavouring to get that value out of the sale is sound. I do not want to put myself into such a position that my hon. friend, for instance, might come along another year and say I had squandered the public patrimony by selling these lands for less than their value.

Mr. BENNETT: I must differ with my hon. friend; I think the minister should hesitate before selling these lands. My experience, in looking into these matters from time to time, was that frequently the crown required a piece of land for a particular purpose, only to find that the land was gone. Take quarantine stations, for instance; take lands that were set aside for one purpose and used for another. To lease them is one thing; to part with them is another. My view was and is that it is highly desirable not to part with the title to lands which have been set aside for the crown, for one never knows when the crown may require a piece of vacant land. If the crown has the title to that land, with the power of resumption on due notice being given, it is able to utilize the public domain without any substantial expense. I have in mind a very definite case in which I saw the crown part with a piece of land; then, some ten or fifteen years later, another piece of land had to be acquired by expropriation. I have in mind a case in which one of our great corporations sold a three-quarter section of land at a fair price and ultimately had to buy it back at three or four times that price, because of changed conditions.

My observation, Mr. Chairman, as well as my experience, is that many of these lands set aside as ordnance lands have become particularly useful to the crown for purposes not at all connected with military operations or necessities. In these days when land is required so frequently for the purposes of the Department of Agriculture and various other departments, I suggest that it might be desirable to establish by regulation a policy that land should be leased and not sold so that the power of resumption on the giving of due notice would be always with the crown. I offer these suggestions to the minister and the committee only as a result of my observations with respect to these lands, and if that is the case during the span of one man's life how important will it become over a period of many years. The retention of land, with the title vested in the crown, in the future will be found a sound policy, and those who desire to lease the land for a period of years under conditions that will protect the interests of the crown may be permitted to do so.

Mr. CRERAR: I may say that I very largely agree with the observations made by my right hon. friend. As a matter of fact, I am advised that the sales are very few indeed; the practice is to lease the land, which I think is the sounder practice. If the lands can be made available in that way to those who may have some use for them for a period of years, whether for summer resort or other purposes, there is a continuing revenue to the crown.

Item agreed to.

Advancement of forest conservation; national inventory of forest resources; investigation of forest conditions and rates of growth, and

development of scientific management methods; forest protection studies, technical and economic investigations of forest industries; the operation of forest experiment stations, demonstration forests, and forest products laboratories; cooperative undertakings in forestry and forest products, etc., $268,300.

Mr. REID: I wonder whether the minister would have time to answer my question now. I asked if the dominion is doing anything in British Columbia by way of scientific methods of conservation, in conjunction with the provincial government which, as the minister knows, is very much interested in this question and which is doing a great piece of work.

Mr. CRERAR: The federal department maintains a forest products laboratory in Vancouver, for the purpose of examining into the values and properties of the various types of timber. and their uses in a commercial way. I understand that my hon. friend inquired also if we were assisting in reforestation or afforestation in cooperation with the provincial government. That work is being left to the provincial government, and our activities in British Columbia are confined pretty much to the work done in the laboratory.

Mr. BENNETT: I desire to make a few observations, and I trust that the committee and the minister will pardon me for speaking so frequently, but I happen to be the only representative on my side of the house from the province of Alberta. Perhaps otherwise I would not speak about these matters.

During my absence I took occasion to look into the work of afforestation and reforestation in New Zealand and Australia. As to reforestation, I think this work may be fairly left to nature, for nature has been better at reforesting countries than man has been. For instance, in the areas which are contiguous to the Gatineau it has been found that over a period of half a century there has been a fair growth of spruce from natural causes, through the seedlings that have been distributed by the winds in the ordinary way. In other areas near these rivers spruce has come to a fair size in sixty and seventy years. Broadly speaking, it requires nearly a century to get the results that are aimed at. Practically every year we denude five million acres of pulpwood and ship the newsprint out of this country, and this is without taking into consideration what we utilize here. Five million acres constitute quite a large area. That is largely on the Atlantic side, though some of that work is done on the Pacific side as well. As I have said, this is a very substantial area, and probably it is increasing.

If we leave reforestation to nature, then the question of afforestation becomes more important. In New Zealand there are private enterprises which have organized companies with large capital for the purpose of carrying on afforestation operations, and they have spent millions of pounds to that end. I passed one plantation in which there were some seven or eight or ten million trees. I went into the forest for the purpose of seeing how they were growing, and I talked to a gentleman who had been in charge of those operations for many years. I brought back with me a board made from a tree that had grown from a seedling in thirty-four years. That was in New Zealand, where growth is very rapid; of course we have no such rapidity of growth in this country. I realize that the distinct difference between reforestation and afforestation is something that we in Canada must keep in mind. There are in this country vast areas of land that might be usefully planted with seedlings, but the division of responsibility between the dominion and the provinces becomes very acute when one comes to consider the matter from any angle one pleases. We have no timber lands now belonging to the dominion, except in the Northwest Territories, and other territories under federal administration. The lands that are being denuded of trees for the export of newsprint are lands belonging to the provinces, and not to the dominion. The question of reforestation is a matter which one would think would engage the serious attention of provincial authorities.

With respect to afforestation, in western Canada we have carried on an educational campaign during at least the last half century. When I first went to western Canada, now nearly forty years ago, seedlings were being distributed every year from the farm at Indian Head, and elsewhere, and the many farms which we now see on the prairies with clumps of poplars about them, forming wind breaks and shelters, were thus protected by the seedlings distributed from the farm at Indian Head. In addition to that farm, there are others from which these seedlings have been distributed.

It seems to me, under present conditions, that is the only work the dominion can properly carry on, for we have no areas to set aside for afforestation. We have no areas over which we may have control, except the ordnance land about which we were speaking a few minutes ago, lands in the Northwest Territories, the lands which are vested in us as part of our experimental farms, and other areas which have fallen into our hands. I certainly believe we should cooperate with the provinces to the extent of our ability, but to suggest that we can undertake a policy

of afforestation in the various provinces of the dominion is to suggest that we could interfere with them in the administration of their property, and undertake to direct policies of which they are so jealous, and have been all through the years.

Therefore when we came to the question of afforestation indicated in the item, I was curious to have the minister indicate what he had in mind, and what the break-up of the item might be. If, as is the case in Australia, we had only one central government, the problem could easily be dealt with, but accepting the situation as it now stands it seems to me perfectly clear that all we can do is to give such assistance as is within our powers, by reason of our ownership and operation of experimental farms, and the operation of our laboratories. We have one in Vancouver and one in the east seeking to determine how best we may be able to secure the continuance of what is indeed one of our most wasting assets, namely our timber.

No thoughtful man who has read the history of the United States of America for the last hundred years can fail to be profoundly affected by the situation which has developed in Canada. It is all right to look at those magnificent trees in British Columbia, but when one realizes that some of them were a fairly good size before Columbus discovered America he begins to realize that a policy of afforestation or reforestation will bring no results during lifetimes of many, many generations, so far as Douglas fir is concerned. With regard to spruce, the condition is somewhat different, and with regard to hardwood it is still more different. I suggest that the problem confronting the Canadian people in connection with their timber assets is one of profound importance. The wasting of this great asset, which cannot readily be made available again, is something which should engage the attention of those who reap revenue from it, namely the provincial authorities. We cannot impose our will upon them; much less should we endeavour to do so, but to the extent of our ability I think we should indicate to them, as has been done in the past, through the department which has knowledge of the experiments and knowledge which has come from information gained by representatives at various conventions throughout the world, how we can within a reasonable time secure a regrowth of timber which would be available for use. That has been done in Sweden and in other countries.

For instance, a certain type of poplar may be used for matches. With veneer knives they take many, many thousands of match ends off one particular tree. In Sweden they have done a great deal of work in connection with the reforestation of that particular type of tree, and in this country it seems to me we could do a great deal in the valley of the Ottawa, for instance, where that particular type of tree grows well. But just how one can adjust the federal government into the picture, so as to ensure something like a reasonable return for the effort, is a matter of great difficulty. Certainly I have seen but little evidence on the part of any of the provinces of a desire for the dominion even to suggest to them what they might do. That is the reason I should like the minister to indicate what he means by the item.

Mr. CRERAR: As my right hon. friend has said, it is quite true that the control of the forest areas is now within the provinces. I believe at the present time there is a growing appreciation of the importance of sound methods of conservation and harvesting. The work the federal government carries on under the vote is confined largely to the stations it has established. Perhaps the committee would be interested to know where they are located. There is one in New Brunswick, known as the Acadian forest experimental area, covering an area of thirty-eight square miles. Then at Valcartier in Quebec there is a small one of seven and a half square miles. In the Petawawa area of northern Ontario there is an area of one hundred square miles; in Manitoba there is the Duck mountain forest experimental station with an area of approximately thirty-six square miles, and in Alberta, west of Calgary, there is the Kananaskis station with an area of sixty-three square miles. As I said a few moments ago, experimental work is done at these stations. For instance, study is carried on as to how best the growth of trees may be promoted. Early last summer I had an opportunity of visiting the Petawawa station and observing the work done there. It is carried out along definite scientific lines. In fact, the work carried on by the various experimental stations is of the same kind as that done by the experimental farms of the various provinces.

The data gathered from the experimental work is made available to the provinces and to private owners of timber who are operating pulp-mills, sawmills or other timber processing plants. I agree with the right hon. gentleman that there is a need of impressing upon the people generally the wisdom of sound conservation policies with respect to our forest wealth. It is only within very recent years

that the importance of this asset has been realized. Several weeks ago I had an opportunity of attending the annual meeting of the Canadian Pulp and Paper Association, and in my discussions with the managers of companies connected with the operations I found them very much alive to the need of sound methods not only of harvesting the crop but of maintaining the supply.

What Sweden has done is, as was indicated by the right hon. gentleman, an illustration of what can be achieved by sound methods. Undoubtedly we have been slow in realizing the importance of our forests, but I do believe that in an increasing measure it is being realized to-day. I attribute much of the increased interest in sound conservation policies to the work being done by the dominion in the areas to which I referred.

Mr. BENNETT: And by the Canadian Forestry Association.

Mr. CRERAR: And by the Canadian Forestry Association. The work done by the Indian Head experimental farm in western Canada has been most valuable; it has been mostly along the lines of providing shelter belts and sheltered areas for homesteaders and farmers on what are sometimes described as the baldheaded prairies. This is very important work. Were the country in a more favourable position, I should like to see more money provided for this work. I should like to mention one interesting experiment which I saw being carried on in the laboratory at Montreal.

Mr. MacNICOL: Where is that laboratory?

Mr. CRERAR: In the university grounds at Montreal. I may say that this building was erected by the pulp and paper people. Experimental work is carried on in the grinding of woods and the various processes in the manufacturing of paper.

Mr. BENNETT: Is that not under the direction of McGill University?

Mr. CRERAR: Partly. The experiment in which I was so much interested had to do with the production of a beautiful grade of paper from a mixture of hardwood pulp and softwood pulp. I think such experiments are very valuable. In a general way, that is the work being carried on under this vote, and I have no hesitation whatever in saying that this is one of the most important phases of the work carried on by this branch of the department.

Mr. MacNICOL: Mr. Chairman, the minister has partly answered a question I intended to ask in connection with the laboratory, that is where it is located and what work it is doing. I am glad to hear that there is such an institution although I had not known there was. I made a special trip to Madison, Wisconsin, where perhaps the largest forest products laboratory in the world is located. This is a magnificent glass and concrete building costing in the neighbourhood of $14,000,000. The building was erected by the United States government for carrying on general forestry work. Everyone realizes that the manufacture of forest products creates employment for thousands of men, and I endorse whatever the minister has in mind with reference to the preservation of forests, laboratory work and other matters of that kind.

I noticed that at Madison they had seven different departments. The first department has to do with finding additional uses for wood and the elimination of waste in connection with the manufacture of wood products. As someone said a moment ago, there is an enormous waste in this dominion. It would seem as though our supplies of wood were thought to be inexhaustible, but they certainly are not, as one can see when he goes around the country. The second department deals with the strength of woods and the study of what wood could be best suited for particular purposes. I found this work very interesting. For instance, they studied the different types of wood to be used in the making of crates. In many instances a heavy wood is used where a lighter wood would provide better service. Reports are sent out all over the country to manufacturers and the results have been tremendous. I was told that they save the manufacturing industry in the United States an average of $4,000,000 per year.

The third department has to do with the processing of woods, a matter of great interest to the furniture manufacturers. Many improvements have been suggested to these people in regard to the type of dry kiln to use, and they claim a saving of about $10,000,000 per year. A study of construction problems is being made. To my mind this is very important. As anyone connected with the industry knows, steel is making rapid inroads into the realm of lumber. By increasing the use of wood they hope to provide more employment in sawmills and planing mills throughout the country. Another department has to do with the best methods of treating woods to make them more fire resisting. Another department has to do with the ingredients to be used in paints to increase the life of wood.

Does this laboratory in Montreal carry on similar investigations to the best of its ability? I realize that it could not compete with a $14,000,000 plant, but if it is doing any work along this line, it deserves the serious support of this committee.

Mr. CRERAR: I think most of the experiments referred to by my hon. friend are carried on at the Ottawa and Vancouver laboratories. The problems considered in Montreal are those more closely associated with the pulp and paper industry. They make analyses of pulps and consider the absorption of alcohol on pulps. They classify all pulps by selective screening and they conduct studies as to the best methods of grinding woods. They consider all things which enter into and vitally touch the pulp and paper industry. I am informed that, as a result of the work carried on in this laboratory, suggestions have been made which have materially reduced the cost of producing paper. This is a very important matter at the present time. As hon. members are aware, our large market for pulp and paper is in the United States, which country has vast areas of southern pine. We know that experimental work is being carried on in that country with the object of converting those pine woods into pulp and paper. It is, I think, vastly important that we in Canada should keep ourselves up to date in all the information which touches upon this subject; at the same time we should carry on our own experimental work for the benefit of our pulp and paper manufacturers, and that is the work which has been carried on mainly in the laboratory in Montreal.

Mr. DUNNING: Mr. Chairman, just a word on the point mentioned by the leader of the opposition (Mr. Bennett) and also by the minister (Mr. Crerar). I think this discussion is of vital importance to any man who loves a tree and who appreciates the relationship between tree life and human life. Although in this chamber we have not control over the forest resources of Canada except to the limited degree indicated by the leader of the opposition and the minister, we do represent the people of Canada; and if the history of the world teaches us anything it teaches us this, that if tree life goes, human life cannot long be sustained in the area thus denuded. That is borne out on the pages of history. While we cannot control these matters, we can by the words uttered here stimulate in the minds of Canadians a greater regard for the renewing of these resources which are being destroyed year by year and destroyed more, I believe, by fire and insect pests than by the extent to which we are using them commercially. To a very great degree I believe that is true. Nature will do a lot herself if she is given a chance.

I remember during my early life in the west that the tree line was a great deal further north than it is now, particularly in eastern Saskatchewan. The leader of the opposition I am sure will remember that the Canadian Pacific railway main line passing through by Broadview traversed practically bare country thirty years ago, but the trees have gradually crept southward. Why? Because the prairie fires which destroyed them formerly have been stopped by the cultivation of farms. Let us do all we can to stimulate in the minds of our people the need to cooperate with nature in replenishing these great stores which mean so much, not merely in the way of an asset in manufacturing something, but also in relation to the preservation of the means whereby human beings can live in this country. The great problems of erosion referred to by the leader of the opposition, which are so apparent in the United States but are not, as yet, so apparent here, are apparent, nevertheless, in some parts and will become increasingly so if forest growth disappears, and to the extent that we can stimulate public opinion to appreciate the importance of the problem—and it is very largely a matter of individual trees—to that extent we are doing a useful work for our country. I have no doubt that the expression of opinions given here to-night will find an echo across the dominion, and once public opinion is aroused then proper measures must be taken by the proper authorities to deal with the matter.

From the standpoint of this government and of this parliament we can continue to carry on the nursery work, the work in the parks, and the laboratory work to which the minister has referred, but so far as control is concerned that very definitely is in the hands of the provincial authorities, except in areas which are definitely owned outright by the dominion.

Mr. MacINNIS: Mr. Chairman, I should like to add my voice to what has been said by the leader of the opposition (Mr. Bennett), the Minister of Mines and Resources (Mr. Crerar) and the Minister of Finance (Mr. Dunning). I think this is one of the most important items in the estimates to come before the house this session. In the past we have not paid as much attention to protecting our forests as we ought to have done. The province of British Columbia had at one time the finest forest, I suppose, to be found anywhere in the world. We thought we had a forest which was inexhaustible, and we thought

that only a very few years ago. But from studies and investigations made within the last few years it is estimated, by what is considered to be competent authority, that within twenty-five years the accessible commercial forest in British Columbia will have disappeared. Not only will its commercial value have disappeared, but many evils will have taken the place of the asset we now have. It is largely a matter of protection. I have watched forests grow, and all they want is a chance to grow. I was greatly surprised a few years ago, when I went back to that part of the maritime provinces where I was brought up, to find that what was in those early days cultivated fields is now a forest of trees with some twenty-five to thirty feet of growth.

The leader of the opposition has referred to Sweden. I had an opportunity to visit Sweden and Norway this summer, and one of the things that surprised me, after seeing the desolation caused by forest fires in British Columbia, was to find no such areas at all in Sweden or Norway. If they have any such areas, I did not see them. I was told by people there that despite the extensive use they have made of their forests, cutting the timber for use at home and for export for over a hundred years, the forests of Sweden are greater to-day than they were a hundred years ago. To my mind that should be a lesson to us. Some way will have to be found for cooperation between the federal and provincial governments to preserve what forests we have and to give nature a chance to reproduce so that we may continue to have forests in the future.

I notice that the minister has begun to inform public opinion by radio addresses, and I hope these will continue. Let me repeat, some way will have to be found to get cooperation between the dominion and the provinces in this most essential work that is facing the people of Canada to-day.

Mr. McCANN: May I ask the minister what part of this appropriation is for Petawawa park, and what is the number of employees there? Does the reservation extend across the Ottawa river into the province of Quebec? Is fire prevention a part of the work of the employees?

Mr. CRERAR: The reservation does not extend into the province of Quebec. Fire prevention is one of the subjects under constant study in the forest reserve at Petawawa. It was interesting to me on the first visit I made to one of these stations last summer to observe the methods that are followed in determining the fire hazard; for example, the amount of moisture in the ground under the trees is measured, and as the amount of moisture decreases the fire hazard increases. There are five permanent employees in that station. I believe that during the summer months there is additional temporary help.

Mr. McLEAN (Melfort): How much is the appropriation?

Mr. CRERAR: I do not know that I can give precisely the amount which we have appropriated. A little over $21,000 is down for Petawawa this year.

Mr. POULIOT: The hon. member for Vancouver East (Mr. MacInnis) has said that it is for the most part a matter of protection of forests. I agree with him to a large extent, but on the other hand it must be also a matter of education. For instance, in the province of Quebec we have very rich forest reserves, and the government had for a time the idea of establishing settlers on lots which previously were very rich in trees, but the lumbermen used to cut all the wood before the settlers could reach those lots, and there was no proper division between farm lands and forest reserves. It was a great mistake, the result being that very often settlers were established on lots on which there was no timber; they could not find enough wood on their own lots to build their houses and do a little profitable trade in the wintertime. The most essential thing for sound settlement on new lots is that they should be covered with timber; then the timber can be cut by the settler and provide him with some income during the winter. At present the wood is cut mostly by lumber companies; nothing is left for the settlers and they have to rely upon direct relief for what is, at times, a very poor living. If there could be an arrangement of some kind between the dominion government and the provinces by virtue of which the settlers would be established on well-timbered lots, neither the federal government nor the provincial governments would have to pay anything for relief of settlers. At the present time the condition of the settlers is awful; most of them have been taken from the cities and placed on rocky soil in the forests, far away from civilization, and as a consequence both governments have to provide direct relief. It is an absurd situation, and I hope that some of the money included in this item will be applied to education, including education of the provincial governments, so that they may realize the value of the timber to settlers, and that our forest reserves shall not be destroyed by eager lumber merchants.

Mr. BARBER: I think it is recognized that fire is one of the most destructive elements in our forests, particularly in British Columbia. Will the minister inform us whether his department cooperates in any way with the provincial governments in fire protection? Does it make a grant or use any of this money for protective purposes? I suppose that when the lands were handed over to the provinces, the care of the timber became their sole obligation, but I should like to know whether there remains anything in the way of cooperation with the provinces for the prevention of fires.

Mr. CRERAR: No. Fire protection in British Columbia and other provinces is a matter for the provinces themselves. We place at their disposal all such data and information as we gather, for instance, in our forest experimental work at the stations to which I referred a few minutes ago.

Mr. BENNETT: And we make a small grant to the forestry association.

Mr. CRERAR: As the leader of the opposition has stated, we make a grant to the forestry association. The federal responsibility as discharged under this vote is confined to experimental work in these stations and in the laboratories and to the dissemination of information to the public in every reasonable way that we can reach them, concerning the importance of conservation, the need of guarding against fire, and similar matters. It is now fairly well ascertained that a great many forest fires originate through carelessness. Excepting those which are started by lightning, all other causes of fire can be prevented. It may mean a long journey to accomplish this, but we have steadily to work on public opinion to give our people a realization of the importance of exercising ordinary care to guard against fires in our forests.

Mr. TOLMIE: Is the department carrying on any experimental work in connection with selective logging? I understand that selective logging is the system followed in Europe, and that thereby they have succeeded to a very large extent in preserving their forests. I do not know of any such work being carried on in British Columbia. In Oregon, in the county of Malheur, east of the coast range, they are carrying on selective logging on very considerable tracts of land and handling the work successfully. By that system they take out what is ripe and ready to cut and preserve sufficient young trees to grow a new crop in a short time. With the high lead system of logging practised in the large timber areas of British Columbia, they break down the trees that are of no use to them, with the result that under the present system very few trees escape. Selective logging consists in taking trees that are old enough and fit to cut, and leaving the others in the forest to grow. Are any experiments along that line being carried out?

Mr. CRERAR: I am advised that the department is carrying on certain investigational work in connection with the matter raised by the hon. member for Victoria, B.C. (Mr. Tolmie). The information, which by practical illustration indicates the importance of such methods, is made available in as widespread a fashion as possible. I am certain that among many of the large companies operating in eastern Canada there is a fairly clear realization of the importance of the very point raised by the hon. member. After all, it is simply a sensible way of harvesting a crop so as not to destroy what will be the crop of the future. I can only reiterate that, after all, it is through the impact made on public opinion by the dissemination of knowledge and the application of that knowledge in a practical way on the widest possible scale, as is now being done, that the desired results will be produced.

Mr. TOLMIE: Does the minister not think the time is fast approaching when we should take up this matter in a large way and carry on a campaign of instruction in the areas where forests still remain, with a view of conserving our timber much better than it is being conserved at the present time?

Mr. CRERAR: The suggestion of my hon. friend is probably a very good one, but when I come to ask for an increased vote to spread this work even further we have to take into account various factors. There are many demands on the public treasury. All I can say is that I think we are getting very good value for the money expended under this vote. Personally I should like to see it larger, I hope that in a few years we may be in a position to increase it, and extend the useful work which can be done in that way. Meantime we shall do the best we can with the money at our disposal.

Mr. TAYLOR (Nanaimo): I want to add my voice to those of others who have urged the minister to do all he possibly can to encourage people to respect their forests, and if he can shout loud enough to be heard in British Columbia it will do a great deal of good to Canada. People say that public opinion will preserve our forests. I am afraid that when the lumberman comes to a tree one thousand years old, he thinks very little

about public opinion and a lot about his personal profit. They cut down these trees with high rigging and destroy whole forests as they move along, and nothing but a determined effort on the part of the dominion and the province together will set matters right in British Columbia, for that province is fast being denuded of its forests. Students of tree life tell us that the famous fir trees one thousand and more years old will not grow again in British Columbia. The abies amabilis nobilis, as I think it is called, is a tree that belongs to the past, and once cut down has no life to carry on. It is replaced by other and lighter growths, so that if we are to have some of these fine old trees preserved for those who come after us, we must educate now and educate definitely to protect our forest life. I sincerely hope the minister will do all he possibly can to see that British Columbia, of all provinces, knows more about this work.

Mr. BENNETT: I wish to say just a few words more, without intruding my views too much on the attention of the committee. I visited the forest of western Australia because I had heard that they were taking extreme care of that great and valuable resource. I found that foresters selected with great care the trees to be cut down and marked them, and then provision was made for planting new trees. That is the jarrah tree and the karri tree. It is true that the governments own the forests, and carry on the operation of or own the mills. In Queensland they own their forests as well, and instead of permitting them to be leased for long terms they provide that a sawmill is licensed to cut so many feet per annum, and that a competing sawmill is not placed there because no more may be cut than the quantity which they allot for that particular place. I suspect that it would be very difficult to get provincial administration in this country to look at matters in that way. One of the difficulties Canada suffers from to-day is that we have built too many pulp-mills for the purpose of meeting the market requirements of the great republic to the south; the result is that the governments of Ontario and Quebec have competed with one another in requiring the construction of pulp and paper mills as a condition attached to the leases of land, and the competition has become so fierce because of overproduction, owing to the number of mills and the limited consumption, that Canadians have been exchanging an old dollar for a new one without any corresponding return for the tremendous losses sustained by the denuding of the forest lands. I said a moment ago that five million acres of land were denuded of trees to provide for the export of newsprint from this country last year.

I think the minister has perhaps gone a little too far in connection with the laboratory. The laboratory at Montreal is operated in a building which was constructed by the pulp and paper association on the university lands, and the late Mrs. Eddy left $200,000 for the establishment of the E. B. Eddy chair in connection with that organization. Professor Hibbert, who came from Yale and organized that staff, is responsible for the experiments carried on. There is no difficulty about the utilization of our wood; that difficulty, I think, we have mastered; our trouble is the preservation of our wood. It is true we are able to improve the quality of our pulp and the production of our papers, but is it not an odd commentary—to anticipate something which may be discussed later—that we are actually paying a drawback on paper imported—

Mr. KINLEY: Of the duty.

Mr. BENNETT: Just so—on paper imported here for the purpose of printing Canadian magazines? The budget provides for a 75 per cent drawback of the duty to be paid on paper, probably made from Canadian products, imported from the United States for the publishing of papers in Canada. That is an illustration, the most outstanding evidence of our failure to measure up to the necessities of the situation as our competing friends to the south have done. I confess I have never been quite able to understand this.

That laboratory deals with utilization, not preservation. Conservation is admirable, but let me go a step further. At Canberra one of the first things they did when they established their capital was to set up a school of forestry. With Mr. Lane Poole I spent as interesting an hour as any I spent while away, looking over an exhibit of the woods of the world, and I found there as fine an exhibit of Canadian woods as could be found anywhere in Canada. But what struck me is the point referred to a moment ago by one hon. member, namely the question of destruction of wood by insects. I was amazed to find the extent to which that problem is being dealt with; the illustrations of it from every part of the world were striking. For instance, in one part of Australia wooden sleepers or railroad ties are impossible because they would be eaten at once by the white ants. In northern Rhodesia they use teak. As soon as the tie is cut is it immersed in a strong bath of insecticide; after it has been boiled in this arsenic solution it is put

into boiling tar, and in this way it is made impervious to either the action of the weather or insects. In other places they use steel ties entirely. But when one thinks of that magnificent teakwood being used for that purpose, one has some difficulty in believing that conservation is being carried to the extent it might be.

As to fire, I was astonished at the amount spent in protecting forests from being burnt, and the extent of the precautions taken. They have forest rangers everywhere, telephone communication linking them together; many of our people in Canada are doing much the same sort of work. The minister referred to fires started by lightning, but I am told that, taking the world over, the fires that owe their origin to lightning are probably very few.

Mr. CRERAR: Not very many, but some.

Mr. BENNETT: Careless men, and some- start fires. Measures are certainly taken to guard against sparks from railway engines and guard against sparks from railway engines and that sort of thing. Now could we not do something to take a more advanced position with respect to conservation as distinguished from utilization? In connection with insects and parasites and matters of that sort I think we could give assistance under the constitution, under our broad and general powers in connection with agriculture. But marking trees and carrying on propaganda in that regard would be extremely difficult to accomplish in this country, having regard to the fact, as mentioned by the hon. member for Nanaimo (Mr. Taylor), that unfortunately people having leases of our forest areas in British Columbia do not in many instances reside in this country; they are absentee lessees, who are now operating leased lands in Canada and shipping the resultant lumber not only to the United States but to various parts of the world. That is a factor which it is beyond our power to consider, except perhaps through an export duty, which we still would have power to impose if we so desired. I remember one gentleman who urged upon me at one time the desirability of considering whether or not the time had come for the regulation of exports from British Columbia in such a way as would prevent the exhaustion of those resources, which exhaustion he believed would occur within the lifetime of his grandchild. That may be an exaggerated view with respect to the matter.

That being so, Mr. Chairman, I agree with the minister that our only hope of accomplishing anything as a dominion must be through the creation of a sound public opinion. If a campaign such as was suggested by the hon. member for Victoria, B.C., were to be carried on, we would have to be sure beforehand that it would not be met with that negative attitude on the part of the province concerned which would make it absolutely useless to make the attempt. That is our real difficulty. For instance, there is the question of the cutting and exporting of pulpwood. Most of our crown leases in the provinces contain a provision that pulpwood cannot be exported, but one has only to read the newspapers to see that in some instances that provision has been relaxed, for many reasons. We had an inquiry into the matter, as I dare say the minister will remember; I have no doubt he was in the house at the time that commission reported. While there is a statute that permits a prohibition to be enforced by order in council, no action has ever been taken to prevent the export of pulpwood, because in practice this has been found to constitute a very desirable market for those who, if it were not for that power of export, would be paid less money than they think they should receive.

Mr. CRERAR: Somewhat less, at any rate.

Mr. BENNETT: The report of the commission was along that line, and the old government—I am not sure whether or not it was in the days of the union government—took power to pass an order in council prohibiting that export. Then there is, for instance, the movement of logs out of this country. I think it will be remembered that during the days of Sir Oliver Mowat certain action was taken in the province of Ontario to lessen that evil as they saw it. I believe some action was taken that lessened the possibility of the movement of these magnificent logs across the sound from British Columbia to the United States and to some, though not to a very great extent, we have endeavoured to limit the movement of logs not only to Japan but also to Australia, in order that in our own country we might have the work of producing the lumber from these logs.

All these are problems that indicate how we might cooperate, the dominion with the provinces, to bring about a result that I think is of the utmost importance. A moment ago the Minister of Finance had something to say about the tree, and I am sure hon. members of this committee have read a great deal about it. Mr. Barker—I think that is the name; it is either Barker or Baker—has written so beautifully about the tree man and the trees of Great Britain as almost to make one feel that they are living things. I know when I see a great tree fall to the ground

it always gives me a pang. A tree always seems to be something for which one has a sort of human feeling. Some of the old trees, such as those in the parks around Windsor and the tree beneath which old Lobengula used to sit when he administered justice, recall times so long past and events so important that one almost looks upon them as living things which have taken a vital part in the history of the country itself. Trees have played such a vital part that perhaps as a committee we can do nothing better by this brief discussion than help men and women in all parts of Canada to realize the debt we owe to nature and nature's God for giving us this rich heritage of trees as a trust, not to exhaust within our lifetime but so to utilize that the generations which come after us may have reason to look back with pride upon the fact that we had some sense of obligation and preserved something to them even as the past handed it to us.

Mr. BLACKMORE: If next year the minister will ask for a greater allotment of money for this purpose I shall gladly support him, because I feel keenly the need for conserving our forest growth. I know in my own province there are areas that once were covered with trees that are now completely denuded, and frequently those hills are of no value at all at the present time. It seems to me that in many cases we might, in some way or another, gain control of these hilly areas and have them replanted. If we did that, we would be better off both as a dominion and as a province.

There are several matters that have occurred to my mind, which perhaps it would be as well for me to tell the minister about now, because otherwise I might forget. Probably he has thought of all these matters also, but in travelling around the country this summer there were a few things that struck me forcibly. In the first place, in Alberta we suffered great loss because of forest fires which resulted from the extremely dry season. That came to my mind particularly when I saw beautiful areas around the Waterton lakes park and in other districts completely spoiled by fire. Those areas will not be the same again for perhaps one hundred and fifty years. It occurred to me that it might be wise in future for the dominion to take on what I might call an emergency force of wardens who could be transferred from one part of the country to another, so that they might be stationed in that part of the country where there happened to be a drought. I know in Alberta we could have saved great wooded areas of untold value if the fire fighting forces had been perhaps quadrupled just during the two or three weeks or so of extreme dryness. I noticed also, when I went across the line by way of Logan pass, that on the other side of the line they lost very heavily also, so evidently there was no comparative lack of care on our part. It was most pathetic to see these areas; it gave me a pang, as the right hon. leader of the opposition said, to see what had happened to those areas which had been so beautiful just the year before.

Then another matter came to my attention. I heard from one who was intimately connected with the logging business in British Columbia that there are logging concerns which are very destructive in the way they take out trees. One man to whom I was speaking on the subject was a student of forestry at one of the institutions in British Columbia. He told me of one concern that he saw which was destroying six trees for every tree it took out, and this was going on just as quickly as high-powered machinery and organized crews could go through the forest. This gentleman told me that the trees thus destroyed were really more of a loss than the trees cut down, because new trees would grow in place of those cut down but those that were destroyed would stand for many years, unsightly, in the way, simply wasted. I thought notice should be taken of this destruction; it seemed to me that stern measures should be applied, by strategy if need be, to put a stop to that sort of thing, and the words of the hon. member for Nanaimo brought the matter to my mind with even greater force. Something should be done now, before parliament meets again.

I believe the suggestion advanced by the right hon. leader of the opposition would be a good thing. If necessary we might adopt measures that will stop the export of these trees. If we cannot redeem the leases or force these men to sell them back to us in order to preserve these priceless treasures that have been left to us as a heritage which I think we should pass on, we might very well consider taking that step. When I was a university student in Edmonton there were many wooded areas close to that city. I had come from the plains, and I used to tell the farmers there that they would regret some day the wasteful cutting down of trees. I urged that at least they leave a belt eight feet wide along the fence lines, so that they would have wind breaks in time of need. They paid no attention in 1909 or 1910, but surely to-day those farmers are suffering from the very condition I told them about. They denuded the country. During the four years I attended the university there was only one

wind high enough to blow off a person's hat, but to-day if one goes to Edmonton he will find drifting snow and soil blown about almost as would happen in the south. They were unwise to cut down so many of the trees.

It used to occur to me that the government would have been well advised in those days to have preserved one-quarter out of every section, and to have refrained from throwing it open for settlement. That ground could have been kept as a kind of permanent reserve, would have served as a home for birds, helped to conserve the soil and to conserve animal life, and would have prevented the denudation of the country to a point where high winds are possible. If the minister has not already taken such precaution, I would suggest it would be well to cooperate with the other departments and see whether or not something like that could be done, so that the great areas which are being opened in some sections may have that protection.

Another point which has occurred to me is this: Areas which once were park lands are being returned to the government because, as we say, the people cannot make good. Perhaps frost or some other factor is preventing them. As the land goes back to the government for taxes, it seems to me that a sort of planned economy would lead the federal government in conjunction with the provincial governments to take steps to take over a quarter of every section, have it replanted and held for the future. Even where the land is not coming back to the government, it might be wise to buy a quarter. There are quarters which are not much good for farming. North of Edmonton I found areas where trees had been cut down, which areas have been shown to be entirely worthless for farming purposes. After cutting the trees down they found there was sand, much the same as is found in some parts of Quebec, with a thin layer of good soil over the top of it. The good soil was quickly exhausted, and all that remains is worthless. The lands could have been redeemed or reconditioned by the provincial or federal governments.

Last year I was invited to go to Shawinigan Falls, where I saw something which greatly impressed me. I am told that the Shawinigan power people are presenting the town each year with a piece of land which has been denuded of trees, but which has been replanted with young trees. It was one of the most pleasant sights I had ever seen to drive out from Shawinigan Falls to see slopes, which had been denuded and would have been unsightly, beautifully planted with trees growing for the delight and profit of the future. Probably we could encourage other companies to do likewise.

[Mr. Blackmore.]

One further point I believe has not been mentioned to the minister. I am wondering whether it would be a good thing for him to go into Banff national park and examine closely the situation with respect to beavers. I believe it is known to hon. members that in some parts of the west beavers have increased to such an extent that they are attacking fine trees and destroying them. We value the beaver, but I fancy a good colony of beaver would be worth less than the plot of trees they would destroy. The matter was brought to my attention quite forcibly by men whose names I should not mention. I thought it would be well to draw the situation to the attention of the minister.

Once again may I express my great satisfaction that the minister is making an effort to conserve our forests. May I state that I am in agreement with hon. members who have expressed enthusiasm for the conservation of our forests, and I would urge that the movement be pressed forward with the greatest of energy so that in future we may preserve and possibly increase our forest wealth.

Mr. McLEAN (Melfort): Mr. Chairman, for the last half hour the discussion this evening has been interesting, but I should like to advise the minister not to take too seriously much of what has been said. After all, trees are like any other crop. If they are not harvested when they are mature they go to waste, as will any other growth. Not only do they go to waste themselves, but after becoming rotten at the core some of them are blown down by the winds and, in falling, they take other trees with them. The result is that often fire may break out and destroy a whole forest. If trees are not used, except for scenic and beauty purposes, not only will they deteriorate but they will clutter up the land and prevent other trees from growing.

I believe we should encourage the growth of further supplies of trees when those which are now mature are harvested but there is a good deal of sentimentality when we talk about trees, and sometimes the question is not thoroughly understood. A little while ago an hon. member complained that pulpwood had been shipped out of the country. When pulpwood was being shipped out of Canada the men handling it were making a comfortable living. During the past five or six years, when there was no pulpwood going out of Canada and no sale for it, the men who were formerly handling it were taking out firewood and in some cases selling it as low as eighty cents a cord, in order to make a bare living. They were selling firewood at that price where formerly they had been able to get $5 or $8

a cord for pulpwood, depending upon where it was shipped. A Canadian mill would pay $5, whereas an American mill buying pulpwood from patented lands would pay $8 for the same quality.

I do not think this country has any moral right, as indeed it has no legal right, to the ownership of pulpwood. I suppose it has the legal right to restrict export, but I think it has no more moral right to restrict the export of pulpwood by those who own it than to prohibit the export of cattle or hogs or grain or any manufactured goods produced in Canada.

There is something which can be done under the vote, and I am satisfied the minister and his department are doing good work along this line. I believe it was the leader of the opposition who spoke about the laboratory at Montreal, and what it has done. But it seemed to me he appeared to be of opinion that the laboratory had pretty well served its purpose, and that we knew pretty well now how to utilize our forest wealth. There is one part of our forest wealth we do not understand adequately, and that is the question of jack pine in pulpwood, to be mixed with spruce. I know there is a constantly increasing percentage of jack pine, and I would not go so far as to say there are not other woods being added to spruce. If we can devise a formula, or if a scientist at the laboratory in Montreal or elsewhere can devise one whereby a constantly increasing percentage of jack pine, poplar and other woods could be used with spruce, it would be worth all the laboratory costs for maintenance. I appreciate the fact that the department and the minister are interested in this particular matter.

After all that has been said about the exhaustion of the spruce tree, we are finding that it is not correct. Ten years ago there was quite a campaign to secure the prohibition of export of pulpwood from Canada. We have more spruce to-day suitable for pulp-making than we had at that time, because we have not been using spruce much for a number of years. We are oversupplied. At the present time our exports of forest products have greatly increased and, if my memory serves me correctly, are above the previous high record. It is true prices are not as high as we would like to have them; nevertheless the forest is providing a living for a great many workers, and it is helping as much as any other branch of industry to bring Canada back to prosperity. Another reason why there is more spruce or pulpwood is that it has been growing very fast.

An hon. member on this side of the chamber said a little while ago that he did not like to listen to western members talking on behalf of the maritime provinces. I do not want to do that, but I think it is within the memory of many of us here that a noted timber conservationist from the maritime provinces was in the habit of advertising the fact that down there a spruce tree would grow about an inch or an inch and a half in width per year provided conditions were favourable. I know that trees do grow extremely fast down there, but it must not be forgotten that even in the interior, where the winters are longer and the summers shorter and rainfall less—these are the factors that govern the growth of trees—the growth is quite rapid provided fire is kept out of the forests. If we can do that, they will grow fast enough.

I think it was the hon. member for Lethbridge (Mr. Blackmore) who advocated the reforestation of lands which had come back into public ownership. That would be fine provided these lands had been covered with timber at one time, but if an attempt is made at the reforestation of prairie lands which were never meant to support timber, then the effort will be only a waste of time and money. An hon. member stated a little while ago that he was amazed at the destruction of trees in the district around Edmonton and he wondered why the farmers could not have left a strip of trees around their land. Apparently he was under a misapprehension or was not thoroughly familiar with the situation. These trees were probably matured and if they were not cut down or utilized in some other way, they would only blow down. Just as soon as you start in clearing the land, that is what is going to happen. Trees that grow in the middle of a forest have not the long tap roots to anchor them as have trees growing more thinly, and unless they are cut down, and marketed if a market is available, they are simply wasted.

There is another phase to this question. There are dirt highways in the rural parts of western Canada, and even in eastern Canada, alongside of which are many trees. These trees prevent the roads from drying up after a rain and in many cases automobiles and other vehicles are stuck in the mud. These trees serve no useful purpose. Someone else advocated a system of marking trees. I have never been a lumberman, but from my many years of observation I am sure that you will get nothing but grief if you suggest to the lumbermen that a young fellow just out of school should go in and mark the trees

which they should cut. He is going to tell such a man to learn his business. It is true that we must have regulations, and we must enforce them, but that is not the way to do it. The question of insect pests is very important. I hope the minister will be able to secure sufficient parasites to combat this menace which is endangering the spruce and other trees of this country.

Mr. BROOKS: Mr. Chairman, I was very much interested in the remarks of the hon. member for Melfort (Mr. McLean) and his statement that trees should be considered as a crop. My experience in New Brunswick has been that three or four crops will be harvested in a year if the lumbermen are not watched. I think the efforts made by this government and the provincial government to preserve our forests have been fairly successful. Our history in New Brunswick shows that at one time our great forests were completely depleted. If it were not for the efforts of the governments of the last few years, we would not have the great source of revenue we now have in our forests. It is not my intention to make a speech on forest conservation, but I should like to ask the minister how much of this vote is being set aside for the development of the area of twenty-eight square miles in New Brunswick to which he referred? I know this area was being developed a few years ago as a relief project but it was stopped last year. I was wondering whether the work is still being carried on by the department and I should like to know what stage the development has reached.

Mr. CRERAR: The experimental station buildings are completed. The total amount appropriated out of this vote for this station is $14,463.

Mr. BROOKS: Are the buildings completed which were to be erected in this area?

Mr. CRERAR: I am informed that the building necessary to carry on the work have been practically completed.

Mr. FAIR: Could the minister give us the damage by forest fires in 1936 as compared with 1935??

Mr. CRERAR: I am sorry, but I am unable to give my hon. friend that information. It is a pretty large order. We shall probably have it in time, but we do not have it at the moment.

Mr. BENNETT: It would be only an estimate.

Mr. KINLEY: Are the forests of Canada being depleted or is the natural growth equal to the cut made each year?

[Mr. M. McLean.]

Mr. CRERAR: That is an almost impossible question to answer, except by way of a very general estimate. I would hesitate even to pass any opinion upon it.

Mr. KINLEY: Does the minister not think we should know?

Mr. CRERAR: Probably we should know, but that would involve an extensive survey of the forest wealth of Canada. We do know that there are very large areas in which the trees are growing larger all the time and coming to a point where they will be of commercial value. In lumbering and woods operations the wood most readily accessible is the wood that is taken first. I have flown over much of British Columbia and I know there are great forests inland from the coast. It is doubtful whether on the present basis of prices this wood could be made available due to the cost of moving it out. We know that in the northern parts of Manitoba and Saskatchewan and in many parts of Alberta and Ontario there are areas where forests are being produced. This process is going on all the time. I am sure that my right hon. friend, the leader of the opposition (Mr. Bennett), will recall that thirty years ago in the area between Portage la Prairie and Brandon there could hardly be found one conifer tree of any kind. To-day there will be found little clumps of them here and there, and within a period of years that will again be a forest through the natural process of reforestation, if fires are kept out of it. The companies that are cutting timber, whether for saw logs or pulp, are realizing the value of leaving seed trees. One of the difficulties under the old methods of cutting was, as has been described by several hon. members in the discussion to-night, that a whole area would be denuded of trees; but now trees are being left to reforest the area. All this knowledge is being acquired; some of it comes through the various experimental stations which the dominion government carries on under this vote, and other information is obtained concerning the work done in other countries. The important thing is to drive home to the public of Canada the vast importance of sound conservation policies and sound protection in regard to our forest work. The ravages from forest fires, for instance, are being reduced I think each year. Why? Because our people are more careful than they were when they go into the woods. They have learned that lesson; we must teach it to all.

Ravages by insects and parasites are also being studied. Reference has been made to-night to the ravage of the spruce trees in New Brunswick by a parasite called the spruce

bud worm, and its ravages have been very considerable in the Gaspé district in Quebec. There has been discovered in Europe a parasite that destroys the spruce bud worm. These parasites have been introduced into Canada and are being propagated by the entomological branch of the Department of Agriculture in a laboratory at Belleville. As they are propagated they are turned loose in these infested forest areas, and they do their work of destroying the spruce bud worm. All these matters are constantly under review and study, and I believe we are making substantial progress, but the important thing, I repeat, is to bring home to public opinion in this country the part which the individual citizen can play in this great work of conservation.

Mr. KINLEY: I think the minister is quite right in what he says in regard to conservation, but I would not like this discussion to be based upon the hypothesis that we are denuding the forests of Canada, if we are not actually doing it. After all, this is a matter of local concern because the provinces have charge of the forests, and in Nova Scotia this has been a vital question for many years. We have found that fire was a great hazard, that careless logging was a great hazard; but cutting is not the greatest hazard in our part of the country.

I was glad to hear the leader of the opposition say that it was advisable for the farmer to have two markets for his pulpwood. For a time in Nova Scotia the export of pulpwood was prohibited by statute except under licence by the attorney general. But the statute was not proclaimed. The export market is the market that protects the farmer who has pulpwood to sell.

I have heard that in Ontario, for instance, the annual cut does not exceed the wastage. If that is true, we should approach this conservation argument along a little different line. If we are denuding the forests of this country, it is a serious matter. If we are denuding our forests, it might be advisable not to ship so much lumber out of this country, and at the present time we are increasing our shipments of lumber. I think the federal government should be able to say when we reach the danger point with regard to the exporting or cutting of timber in Canada, and until we can do that, we cannot talk intelligently about denuding the forests of Canada.

Mr. McCUAIG: I am particularly interested in the question of reforestation because the county of Simcoe from which I come was one of the first counties in Ontario, if not the first, which started reforestation. There we have a large area of land on which formerly grew very fine forest pine. Here the county of Simcoe started a reforestation system, and when Mr. Drury, who was a citizen of our county, became premier of Ontario, he added his weight to the policy of reforestation in our province. There was an example, as has been suggested to-night, of how once you create public opinion in favour of a thing, it spreads throughout the country. If each of the provinces makes an effort to do its part, it will not be necessary for the federal government to do anything except assist in stimulating that public opinion, and continue its work in forest protection studies, and the operation of forest experimental stations.

As I said, in our county we have a large reforestation area, and now there are several farmers throughout the county who have land that is not fit for cultivation who have gradually been getting small trees from this reforestation plant and planting them themselves, so that to-day as one goes through the county one will see here and there several acres of spruce or pine which has been planted in the last fifteen or twenty years. The planting has gradually grown, and if other counties would do the same and have their own reforestation plants, we would soon have a great development along that line. I wish to add my voice, Mr. Chairman, to what has been said in regard to the importance of stimulating public opinion in this matter.

Mr. TOLMIE: May I ask what is the cost per square mile of planting those trees?

Mr. McCUAIG: I could not say offhand, but I can obtain the information for the hon. gentleman.

Mr. TOLMIE: Thank you; I shall be very glad to have it.

Mr. McIVOR: I think the Minister of Lands and Forests in Ontario is to be commended for his policy. When a timber limit is let and the contractor starts his work, he is not allowed simply to take the valuable timber out, but he must take all the timber. I think the Minister of Lands and Forests is to be commended for removing the fire hazard by insisting on the cleaning up of the slash and the brush after a man has taken out valuable timber.

Item agreed to.

Grant to Canadian Forestry Association, $1,620.

Mr. MARSHALL: At the close of 1935 an advisory committee on forestry under the National Research Council was set up by the dominion government. Is there any connection between this advisory council and the Canadian Forestry Association?

Mr. CRERAR: No, there is not. This relates to the Canadian Forestry Association, which endeavours to disseminate information as to conservation policies, fire protection and the like, and it is simply a small grant to assist them in that work.

Mr. BARBER: Is the office in Ottawa?

Mr. CRERAR: In Montreal, I believe.

Item agreed to.

To provide for the expenses connected with the national parks of Canada, historic sites, care of indigents in the parks, the appointment of stipendiary magistrates in the parks and the payment of their remuneration, etc., $1,202,270.

Mr. MacNICOL: Part of the item refers to historic sites. Does that include military sites only?

Mr. CRERAR: No; it includes all historic sites.

Mr. MacNICOL: I have in mind what is unquestionably an historic site. Out at Watson's Corners, in the county of Lanark, Ontario, is a very old library site; if my memory serves me correctly, it is the second oldest library site in Ontario. After the settlement of Lanark county in 1820, Lord Dalhousie, who was a patron of the settlement, established at Watson's Corners a library and gave it a great many books. The original library building has disappeared, but many of the old books remain, in an old building within a quarter of a mile of the site of the original library. In my opinion that site should be marked in some way. The foundation remains, but there is nothing to identify it except a rude sign, which people living in the locality have placed there, stating that it is the site of the original library started about 1820 by Lord Dalhousie. If appropriations are made for marking sites, this is one which, on account of its historic connection with the inauguration of libraries and the dissemination of learning in this province, should be marked.

Mr. CRERAR: I might say that the historic sites which are marked are those selected by the historic sites and monuments board, and the department has nothing to do with the matter beyond providing the money to mark such sites as the board selects.

Mr. BENNETT: It may approve it.

Mr. CRERAR: The chairman, I know, is General E. A. Cruikshank of Ottawa, representing eastern Ontario and western Canada; the members are Mr. James H. Coyne, of St. Thomas, Ontario; Mr. Benjamin Sulte, of Ottawa, representing Quebec and western Canada; Archdeacon W. O. Raymond, Mr. W. C. Milner, of Halifax; and Judge Howay, that was the board some time ago; it has been reconstituted.

Mr. BENNETT: Some of those gentlemen are dead.

Mr. CRERAR: I regret I have inadvertently given some of the names of the original board.

Mr. MacNICOL: No wonder this site has not been marked.

Mr. CRERAR: The present board is composed of: General Cruikshank, chairman; Judge Howay, representing western Canada; Doctor Webster, representing New Brunswick and Prince Edward Island; Professor Harvey, representing Nova Scotia; Professor Landon, representing western Ontario and Quebec; the Hon. E. F. Surveyer, representing the province of Quebec. These gentlemen form the historic sites and monuments board. I suggest to the hon. member for Davenport that he could quite properly place before them the merits of the site to which he has referred.

Mr. MacNICOL: The late Senator Andrew Haydon, in his book, the Settlement of Bathurst, refers to it. Some of my own ancestral family settled around there about the year 1820, and some of them were on the library board shortly after that time. Does the department make a contribution to the marking of sites of that kind, and, if so, could it not write to the historic sites board suggesting that this site be so marked?

Mr. CRERAR: I have no objection to bringing to the notice of the board the remarks of the hon. member. But the selection of the site in each case rests with the board, and then the government provides the money to have the site properly marked.

Mr. MacNICOL: I shall send particulars to the minister.

Mr. DAMUDE: With reference to this board, is it necessary for historical associations throughout the country—I am thinking of the Niagara peninsula in particular—to make representations to the board in order to have money expended in their areas, or does the minister appropriate this money to different sections of, for instance, the province of Ontario?

Mr. CRERAR: The hon. member could have representations made direct to the board, or he could have them made to the department, which would pass them on to the board for their consideration and recommendation.

Mr. McCUAIG: Approximately what portion of the amount comprised in this item is set aside for the purpose of historic sites?

Mr. CRERAR: Thirty-five thousand dollars.

Mr. McCUAIG: Are any of these historic sites owned outright by the government, or is assistance just given in respect to them from year to year?

Mr. CRERAR: I should say they are all owned by the government. Sometimes the site is indicated by a cairn, sometimes by a monument; the memorial may take various forms, recommended by the board, but the ownership, so far as there is ownership, is vested in the crown. There may be exceptions where a plaque or plate may be put upon a building; I have observed some myself, but the ordinary monument marking historical sites is the common property of the people.

Mr. NEILL: Has the minister received, say within the last six months, any requests from British Columbia to take over any portions of ground as parks, and, if so, which or where?

Mr. CRERAR: I have no recollection of having received such a request from the province, nor have my officers.

Mr. STEWART: This item shows an increase of $114,982. Would the minister explain how this increase arises? Is it through the establishment of new parks, or more intensive development of existing parks, or partly one and partly the other? How does it arise?

Mr. CRERAR: Hon. members who were here a year ago will recall that in the special supplementary estimates we had an appropriation for the establishment of parks in Nova Scotia and Prince Edward Island. This increase is due to the vote being placed in the main estimates this year for those two parks.

Mr. BROOKS: Last year when parks were being discussed the minister in reply to the leader of the opposition (Mr. Bennett) said that it was the intention of the department to have a resurvey of the sites in New Brunswick this year. He went on to say: "I hope to be able to come to parliament at the next session and make a definite recommendation as to a site in New Brunswick, and ask parliament for a vote to initiate the creation of a park in that province." I would ask the minister if there is to be a resurvey of areas in New Brunswick, and what the situation is at the present time with reference to the establishment of a park there. The people of New Brunswick are, I think, getting tired of the delay. They hardly know where to place the blame, whether on the federal department or on the local government. Last year the premier of the province I think rather intimated that the delay was due to the federal department. These parks, I understand, are of great value for tourists. We are spending millions in the province for the construction of hard-surfaced roads, and the people of that province would like to see some start made on this national park, in order that we may be able to take advantage of the tourist traffic which is rapidly increasing, and I am sure will increase still more if a park is established somewhere in New Brunswick.

Mr. CRERAR: An examination was made by park officials of several sites in the province of New Brunswick during the past summer and autumn, and they gave a great deal of time and care to the matter. Those sites are at present under consideration by the provincial government. As my hon. friend is doubtless aware, the provincial government in each case has to supply the area which is finally settled upon as the park. Once the site is conveyed free of charge to the federal authorities, the responsibility is on the federal government to develop it. In connection with Cape Breton, for instance, I shall have some legislation before the house a little later making some changes in the boundary of that park. The provincial government found that it was going to cost a good deal to repossess some of the land which the Nova Scotia government had intended to convey to us. In the older settled provinces that is a problem. If the provincial governments of Nova Scotia and New Brunswick set aside a considerable area as a park, they have to give us a clear title to that area.

Mr. BENNETT: The boundaries were defined in the statute last year.

Mr. CRERAR: Yes; that is why I have to come back this session and ask for some changes in the definition of the boundaries. I have no doubt the New Brunswick government is examining the whole question carefully because the matter of cost is involved. There are several factors; there is cost and the suitability of the site for park purposes. As I said, the park officials have made a thorough survey of and an inquiry into the matter in New Brunswick. Half a dozen sites were suggested, but it really narrows down to three or four and they are now under consideration by the government of New Brunswick. Probably they will come back and say: We prefer you to take this site because we can secure title at less cost than for another site. Then it becomes a matter of negotiation between the two governments.

We cannot determine the site of the park, because the province has to deliver the area to us with a clear title.

Mr. BARRY: I should like the minister to tell us why the national park in New Brunswick should be in the seat of the hon. member for Royal, the only Tory seat in the maritime provinces.

Mr. BENNETT: I indicated to the minister last year how strong I thought the claims of New Brunswick were to a park. There is a park in Nova Scotia and one in Prince Edward Island, which is a very small area. As most tourists to get to Nova Scotia, that is, those who do not go there by sea, have to pass through New Brunswick, and having regard to the fact that I was born in New Brunswick, the minister would naturally desire to place a park there. There is the further consideration that we were so poor during the time we were in office that we could not afford to start a park in New Brunswick. Had we been able to do so we should have done it, to be perfectly frank—

Mr. KINLEY: Call it Bennett park.

Mr. BENNETT: I had not thought of that. If the hon. member for Huron North (Mr. Deachman) were here, he would say that I have done enough harm to this country without having a park named after me. But it seems to me the time has come when a park should be established in New Brunswick. In view of the establishment of a park in Cape Breton and one on Prince Edward Island, putting this off will only make the difficulty greater. I think the minister knows from experience that that is so. As I understand the matter, however, the government here must determine which of several sites they will accept, if several are offered by the provincial government, which may say: We are prepared to supply title for a park at either so-and-so or so-and-so, and then this government must say whether it will accept that site for a park. For instance, in Nova Scotia they offered a site in Cape Breton and the federal government accepted it. Prince Edward Island, not to be outdone by Nova Scotia, provided a small area, and the government accepted it. In New Brunswick there are three areas that I know were discussed; one is in one of the old counties—it is not a Tory county either, which is very much to be regretted in the interests of the nation as a whole and of my hon. friend in particular—there is one in the county of Charlotte and one in the county of Albert. Another area has also been suggested. If I have some prejudice in favour of the county in which I was born, the minister will understand my feelings. I urge the desirability of some action being taken at an early date, because the longer the matter is allowed to go on the more difficult it is going to be for the minister. Of course I should not be concerned about that, but on the other hand I am interested in the results, and I am sure the member of the cabinet from New Brunswick is also very anxious about that park. He knows it will not go to his constituency or any part related to it; therefore he can afford to see that it goes without delay to one of the other places which have been suggested. I do hope the minister will give the matter his most favourable consideration. I quite understand the point he makes; the cost of acquiring the property must be borne entirely by the province, but the province usually offers alternate sites and asks the dominion to determine which should be selected.

Mr. CRERAR: I may say that if the province is not in a position to do that within the next few weeks, I think I shall probably bring in legislation that the site may be determined by proclamation.

Mr. BENNETT: Not by order in council, surely.

Mr. CRERAR: Oh, yes; under the exceptional circumstances of the case, in order to give this park to the province of New Brunswick, and to meet the wishes of my right hon. friend, I am quite willing to recommend that the site may be selected by order in council. We also hope to have an appropriation to cover the cost of the survey work so that it may be commenced this year at any rate.

Mr. BROOKS: Will the appropriation be in the supplementary estimates this year?

Mr. CRERAR: I hope we shall be able to find some money for it. All I can say to my hon. friend is that I am going to do my best.

Mr. LEDUC: I note that in the province of Quebec we have not one national park. Could the minister tell me the reason for that?

Mr. CRERAR: Well, really I have no particular reason to give, except perhaps that the province of Quebec in many of its aspects is a great park all through.

Mr. BENNETT: Quebec has the plains of Abraham, which cost us an enormous amount every year.

Mr. CRERAR: Yes, there is the national park at the plains of Abraham on which a great deal of money has been spent, but I would ask my hon. friend not to press me for a park in Quebec this year.

Mr. LEDUC: I do not want to press the minister this year, but I should like to know

if it is the province of Quebec that has to make the request of the federal government or if it is the federal government that has to suggest to the province that a park should be established.

Mr. CRERAR: The province has to offer the site for the park and deliver it to the federal government free of charge. If the provincial authorities are in a position to do that, then we consider the question of developing the site.

Mr. LEDUC: I suppose during past years the federal government never suggested to any province that it should supply a site for a park?

Mr. CRERAR: No, not during the past year in any case.

Mr. CAMERON (Cape Breton): I should like to ask the minister if my understanding is correct, that the increase of $114,000 represents the additional amount that his department intends to expend on the park in Cape Breton this year.

Mr. CRERAR: No; as a matter of fact the amount that will be spent in Prince Edward Island and Cape Breton this year is more than the increase in the vote, as I told the hon. member for Leeds (Mr. Stewart) who inquired as to the reason for the increase. The vote for the Cape Breton and Prince Edward Island parks is in the main estimates this year, which was not the case last year. The amount to be spent on these two parks is in excess of the increase in the vote.

Mr. FAIR: Could the minister give us the amount allotted to each province under this vote?

Mr. CRERAR: That is rather difficult. I have not the vote segregated by provinces.

Mr. FAIR: Could I have it for each park, then?

Mr. CRERAR: In what parks is my hon. friend interested? Perhaps I can give him the information in that way.

Mr. FAIR: Wainwright buffalo park; Elk island; Jasper and Banff.

Mr. CRERAR: The amounts appropriated for these parks are as follows:

Banff	$243,000
Buffalo park, Wainwright	53,000
Elk island	20,100
Jasper	127,000

Mr. FAIR: Now could the minister give us the revenue from each of those parks last year?

Mr. CRERAR: The revenue from April 1, 1936, to December 31, 1937, was as follows:

Banff	$111,600
Buffalo park, Wainwright	10,288
Elk island	1,317
Jasper	30,925

Mr. McIVOR: Mr. Chairman, as we have fallen between the two stools, the wise east and the great west, and we have the coal subventions against us also, I was wondering whether the Fort William district should not receive some compensation. There we have a great waterfall with a 190 foot head. It is not as great as Niagara, but it comes next to it. We have petitioned for a park there; it is right on the highway, and we believe it would be a place of beauty and a joy forever for people from the great east to come out and stop at Kakabeka falls. I hope the minister will pause there some time and feel the thrill of its beauty. Kakabeka falls is one of the beauty spots of our country; it is well worthy of a national park, and seeing that the coal subventions are not helping us out I hope this suggestion will receive consideration.

Mr. BENNETT: I should like to ask the minister whether this item includes expenditures on roads in the parks?

Mr. CRERAR: That would more properly come under the vote for surveys and engineering, I should think, or under any of those items on the next page. The engineering costs come under the next vote.

Mr. BENNETT: As long as it is another vote, it is all right.

Mr. CRERAR: Yes.

Mr. BENNETT: I should like to ask the minister another question: I see there is provision for the appointment of stipendiary magistrates. At Banff there was a magistrate serving without pay, but he was replaced by a gentleman who is able to get a salary. Why is it necessary to do that?

Mr. ELLIOTT (Middlesex): Maybe he was worth more.

Mr. BENNETT: It can hardly be said that is so.

Mr. CRERAR: The present magistrate is also making special investigation into relief cases. He is endeavouring to tighten up a little bit on the relief administration in the parks. Those who are applying for relief work have to make good their case before a board on which the magistrate serves.

Mr. BENNETT: Who is the magistrate there now?

Mr. CRERAR: A gentleman named Mr. Hunter.

Mr. BENNETT: He would not serve without salary at one time, and was replaced by a gentleman who did serve without salary —Mr. Wilson I think was the name—but now Mr. Hunter is serving and getting a salary. How much is he being paid for tightening up relief?

Mr. CRERAR: He gets $75 a month, but tightening up on relief is only a part of his duties.

Mr. GREEN: Has the minister had any representations from British Columbia asking that Garibaldi park, a splendid mountain area in the coast range north of Vancouver, be taken over by the national parks system? It is my understanding that this matter has been placed before the department by many bodies, and I should like to know if it has been considered.

Mr. CRERAR: The suggestion that the federal government take over the administration of Garibaldi park has been made to the department, but so far no action has been taken. Possibly when we complete some of the rather expensive work in connection with the development of existing parks, we might consider Garibaldi, but I have a shrewd suspicion that a great deal of money would be required to complete the roads to the top of Garibaldi park, and it would be much easier to resist the pressure to spend money on a road when the park is not under the control of the dominion.

Mr. GREEN: It would be a great attraction to United States tourists who come up the Pacific highway by the thousands. It is just possible it might be a paying proposition —I think probably it would. Has the matter been considered by the department?

Mr. CRERAR: It has been considered only in a general way. I do not question what the hon. member has said. As a matter of fact last October I flew over Garibaldi park, and I must say that from the standpoint of scenic grandeur it certainly is magnificent. After all, however, we must carry on the work of the department according to the means we have at our disposal. I have no doubt that in due time Garibaldi park may be considered, but I would ask the hon. member not to press it too closely at the present time.

Mr. GREEN: I believe the parks branch is losing a great amount of revenue due to the fact that the Big Bend highway is not yet completed. I am quite sure that when it is completed American tourists will come up to Vancouver, and from there go through to Banff. I should like to know the present position with regard to the uncompleted portion of the Big Ben highway which, as the minister is aware, is the only uncompleted portion of the trans-Canada highway in western Canada, and for that reason also is very important.

Mr. CRERAR: That matter will be discussed under another vote. I may say, however, that there is an appropriation—I have forgotten just how much—to carry on the work on that section of the trans-Canada highway. It is scarcely necessary to remind the hon. member that the federal government is building that section of the highway to relieve the province of British Columbia of expenditures in connection with it. That was done because road building in British Columbia is a costly affair, owing to the rugged nature of the country. Possibly after that road is completed and we complete some other work, we might be in a position to consider claims with respect to Garibaldi park.

Mr. GREEN: When will the Big Bend link be completed?

Mr. CRERAR: 1939, I think.

Mr. GREEN: How many miles are there?

Mr. CRERAR: There is work to be done between Golden and Donald this year. The road from Donald to the Canoe river, including a bridge across the Canoe river, is practically completed. A substantial part of the road between the Canoe river and Revelstoke is completed, and balance of the work will be under way this year. There is some work to be done between Golden and Donald.

Mr. GREEN: Does the minister know how many miles?

Mr. CRERAR: I cannot give that information at the moment, but I shall have it when the vote is before the committee.

Mr. BARRY: Will the minister indicate how much of the vote is to be spent in each of the provinces?

Mr. CRERAR: I am sorry we have not the vote set up in a manner which will give that information readily. If I had a lightning calculator here, I could do it.

Mr. BARRY: Can the minister procure it?

Mr. CRERAR: Yes; we can procure almost anything.

Mr. BENNETT: That is a rather doubtful statement.

Mr. CRERAR: If the hon. gentleman will ask me the question when another estimate is before the committee, I shall have the information for him.

Mr. HILL: From information published in the press of New Brunswick last year it would appear that six sites in that province have been discovered, and of those six sites that at Lepreau in Charlotte county measured up about twenty-five per cent more effective for park purposes than did any other site. I have been over all the sites, and I believe I can speak with authority in stating that the one at Lepreau lends itself to the development of a national park to a greater extent than any other in New Brunswick. In view of the favourable report of the inspector, why was it not selected?

Mr. CRERAR: I have endeavoured to indicate that the matter of selection does not lie alone with this government. One condition in the establishment of a park is that the park area must be conveyed with a clear title by the provincial government, and when it comes to that question I can understand the difficulty with which they must contend. For instance, if much property has to be repossessed there is the matter of settling for it.

Mr. HILL: There is more crown land on this site than on any other in the province.

Mr. CRERAR: I am not familiar with the details, but I am simply pointing out some of the difficulties with which the provincial government will have to deal. That difficulty has arisen in connection with Cape Breton Island park.

Mr. BARRY: Under what vote should I ask the question I asked a little while ago?

Mr. CRERAR: If my hon. friend will ask his question on any of the votes for the surveys and engineering branch, I shall be able to give him the information he requires.

Mr. NEILL: Was the request in connection with Garibaldi park, referred to by the hon. member for Vancouver South (Mr. Green), made by the provincial government?

Mr. CRERAR: I believe it was made three years ago.

Mr. NEILL: With all due deference to the hon. member for Vancouver South, I agree with the minister when he says that he thinks the government should go slow in taking over this park because of the fact that it would cost so much money to develop it. The dominion government already have four mountain parks in British Columbia and this would make the fifth. While the officials of the department have not admitted it openly, I believe it is their opinion that they do not want any more mountain parks in British Columbia. What they do want is a seaside park which would provide a variety of entertainment for tourists coming to this country. It would also provide a low elevation resort where the people from the central prairies could come for a necessary holiday. They get upset and debilitated by the high altitude; the women become very nervous, and even the poorest of the tourists have Ford cars in which they could come to this district only four hours from Vancouver. At very small expense they could have a holiday for six weeks, a rest that would be of the utmost value. I do not know what the department has in the east, but it has no seaside park in British Columbia. The area to which I refer is on the Oyster river. This matter has been presented privately if not officially to the department.

To create a national park in this district would cost the department practically nothing. It would not be necessary to build expensive roads as there is already a paved road going right through the district. There are electric lights practically on the premises. There is a wonderful trout stream right at hand and there is something like three miles of the best possible beach. Last year they had a picnic at which 6,000 people attended and the beach was so large that they were hardly noticeable. Back of the beach is a beautiful park-like area where the underbrush has been cut away, leaving only the large trees. A wonderful park right at hand and the only cost to the government would be a couple of thousand dollars to put up tourist cabins and the like. Apart from that, the park would be self-sustaining.

I do not believe this matter has been presented by the provincial government, which shows that they have been lacking in their duty and in keeping their promises. I want this matter to go on record so that the minister will give it serious consideration when it is presented to him. Perhaps it was by certain members of the department who have been retired, but the fact is that the opinion has been expressed to me that the government did not want another mountain park in western Canada, that what they did want was a sea-level park. I do submit that the minister should take notice of this matter against the day when the British Columbia government wakes up and fulfils its promise of offering this park to the government.

Mr. CHURCH: Mr. Chairman, for the past few years I have been endeavouring to bring to the attention of the government the utter absence of national parks in the province of Ontario. With the exception of a few acres on Pelee island, and two or three other little places, there are no national parks in Ontario. This matter was brought to the attention of the government by the late member for Muskoka, Doctor McGibbon. The government, through its various departments, has very heavy investments in land and waterpower sites in the Trent valley, the St. Lawrence valley, the Ottawa valley and on the Muskoka lakes, Georgian bay and lake Simcoe. The late member for York North, Mr. Lennox, also brought this matter to the attention of the government. As I said before, there are a few acres on Pelee island, a few more on the St. Lawrence and in the Ottawa valley, and those are all the national parks we have in Ontario. Ontario has been overlooked absolutely although we pay 40 per cent of the cash taxes of Canada. Every time Ontario wants something, we are always told it comes under another department.

There are a number of beautiful summer resorts along the Trent valley canal which are federal property. If it was any country but Canada, this beautiful acreage of parks and scenery to be found through the Muskoka lakes, on Georgian bay, on lake Simcoe and along the St. Lawrence would be linked up in a general parks' scheme. The Trent canal belongs to the oxcart days. It is used only for a few pleasure boats which can get up as far as Bobcaygeon. All these points should be linked up in a general parks' system. Many of the members of the faculty of the Johns Hopkins university are Canadians and they have their summer homes in Muskoka and these other districts. I have been calling this to the attention of the present minister, as I did to the previous minister, but I cannot make any headway. I think the province of Ontario is entitled to some additional consideration.

In northern Ontario there is a provincial park, known as Algonquin park, and a few other small parks throughout the province, but that is not enough. These other wonderful districts are being allowed to lie wasting and in idleness. Apparently a beautiful countryside means nothing in this country. We could have a modern Switzerland in the Muskoka, Simcoe, Georgian bay and Lake of Bays districts, as can be seen from what has been done at Huntsville. The time has come for us to do something, as the tourist trade is just in its infancy. Two million people came into these Ontario districts last year and we could get four or five million with the winter added if something were done.

The government has a tremendous investment in property and lands in the province of Ontario and its canal systems. There are acres and acres of beautiful countryside; there are many beautiful inland rivers and streams, all of which could be linked up in a really national system of parks such as they have on the continent. All this would prove of great revenue to the government if something were done. Many Americans have beautiful homes in the Muskoka district, and this is just one district in the province.

A bill known as the Borden-Cochrane bill was brought up in 1911 to provide a system of good roads in Canada, but Ontario got little and this matter seems to have been overlooked altogether. These expenditures on good roads would link up our parks' system, as they do across the border. I do not say that the present minister should do it all, but the various departments should be gone over to bring about coordinated effort in that direction. The president of the United States has a large conservation scheme linked up with parks, playgrounds, good roads, and all that kind of thing, and it is providing a great deal of relief work. I am very much surprised to see that there are not in the estimates some votes for relief work in connection with parks in Ontario. The province of Quebec gets $2,750,000, while Ontario gets about nothing, and Ontario will continue to get nothing unless some members from Ontario rise up in their places when the estimates are before the house and ask for something for Ontario in the various departments. I do not ask for anything out of the way at this moment, but I do ask for equality of treatment. Ontario has been overlooked ever since confederation so far as national parks are concerned, while millions are being spent throughout the rest of the country on national parks; yet there is in Ontario land under five or six federal departments of this government lying idle and waste. It is said that the tourist traffic in Ontario next summer will be the greatest we have ever had, and I do ask the minister to be kind enough to look over his own department and have a survey made along the lines I suggest, and as was requested by the late member for Muskoka, Doctor McGibbon.

Mr. CRERAR: I have listened with interest to the observations made by the hon. member for Broadview (Mr. Church). There are now three national park areas in Ontario. There is Point Pelee park; then in Georgian bay

there are thirty islands reserved for a national park; then in the St. Lawrence river there are thirteen islands between Morrisburg and Kingston reserved for a national park. So there are those three national park areas in Ontario.

I appreciate the importance of the observations made by my hon. friend, but I would remind him that the province has to offer the area to the federal government for park purposes, and it must be up to standard requirements for park purposes. Possibly in a few years consideration could be given to his suggestion. I would ask him to bear in mind, however, that they have already in Ontario national park areas in the Georgian bay islands and the islands of the St. Lawrence, which are among the finest scenic spots in Canada, attracting a great many tourists every year.

Mr. CHURCH: I read a return I moved for, brought down in the house along the same line as the minister has now given the committee. I would not give Queen's park in Toronto for one hundred parks like the ones the minister mentions he has now in Ontario. They are worth nothing to the tourist trade and they attract hardly anybody. Here is the province of Ontario contributing 40 per cent of the revenue of Canada, and yet we cannot get a park along the line I have suggested. The minister says he has a few islands for us. Of course, he has a few islands; one is Pelee island, and the others are some small parks and submerged islands that nobody ever visits. The province of Ontario gets nothing. We have no national park system in Ontario at all; we are entitled to something, and I am going to continue to bring this up year after year as long as I am a member of parliament. Little short of an earthquake will wake up this department. It seems to be troubled from the head down with sleeping sickness, and I think a doctor ought to be called in. If a doctor were called in, he would cure this condition. We have in Ontario lake Muskoka, Georgian bay, like Simcoe, the Lake of Bays and other places which for public health are unrivalled, and I think something ought to be done towards creating a national park system in the province of Ontario coordinated with a provincial system and development.

Mr. McCANN: May I ask the hon. gentleman what advantage, if any, there would be in the province of Ontario turning over to the federal government the parks which it has already developed?

Mr. CHURCH: I want a park system like Banff, a national plan.

Mr. LOCKHART: May I inquire from the minister if the federal government makes any contribution whatever to such schemes as the Victoria Park Commission at Niagara Falls?

Mr. CRERAR: No.

Mr. LOCKHART: Is there anything in the estimates for historic sites in the Niagara peninsula, such as Fort Erie, Ridgeway and other historic spots all through the peninsula?

Mr. CRERAR: We have an amount in the estimates for historic sites, but whether any of the particular sites my hon. friend has in mind are covered by the item in the estimates, I cannot at the moment say. The commission on historic sites and monuments makes its recommendations to the department, where the historic sites should be marked, and how they should be marked, and we appropriate the money. Whether or not any recommendations are in from the commission covering any of the places my hon. friend has in mind, I cannot at the moment say.

Mr. LOCKHART: I raise the point because along the Niagara frontier the moment you cross the international boundary you are struck with the contrast in the way these historic sites are preserved on the American side. On the Canadian side, at Fort Mississauga and some of these other places, the historic sites are in a most dilapidated condition as compared with the sites on the American side.

The CHAIRMAN: I would point out to the hon. member that the item which includes provision for historic sites was under discussion this afternoon and it now stands. He will have an opportunity to raise his question when that vote comes up again. Historic sites do not come under this vote.

Mr. GREEN: Can the minister give us some idea of the number of tourists who visited the different national parks last year?

Mr. CRERAR: The total was more than 900,000 visitors, but how they were divided up among the different parks I cannot say. The largest number was at Point Pelee, which must be a centre of very considerable interest. We have not the information at hand as to the number visiting the individual parks.

Mr. GREEN: How does that compare with the year 1935?

Mr. CRERAR: It is up about fifteen per cent.

Mr. WALSH: Following up the question that was asked a short time ago by one of the hon. members from Quebec, may I ask whether I understood the minister correctly

that the province must initiate the transaction that would lead to the establishment of a national park within its boundaries?

Mr. CRERAR: That would be one way of getting the thing started.

Mr. WALSH: Has the minister had any correspondence during the past two years with the government of Quebec relative to a park within that province?

Mr. CRERAR: I have no recollection of it during the past fifteen or sixteen months. What happened prior to that I am not in a position to say.

Mr. WALSH: There is no scheme of that kind under consideration by the department at the present time?

Mr. CRERAR: I have no recollection of its having been brought to the notice of the department. There has been no official offer, though there has been an occasional discussion.

Mr. WALSH: I assume that the department would be in a receptive mood if the province took the initiative?

Mr. CRERAR: We should always consider suggestions that came from the province. How receptive the mood would be is a matter on which I can give the hon. member no assurance at this time.

Mr. BARRY: Will the minister inform the committee how much of this money is appropriated to each of the provinces?

Mr. CRERAR: I have under my hand an approximate estimate which was calculated by the director of parks since the hon. member brought up the point a few moments ago: Alberta, about $500,000; British Columbia, $73,000—I am giving round figures—Saskatchewan, $53,000; Manitoba, $55,000; Ontario, $18,000; Nova Scotia, $103,000; Prince Edward Island, $40,000. The larger parks and by far the greater number are in the province of Alberta. That is where the finest mountain scenery in the world is found, and that is where the parks are located.

Mr. CAMERON (Cape Breton): The province in each case must furnish the park. The province of Nova Scotia will have expended close to $1,000,000 to acquire the site of the park there, and I suggest that the department should make a much more generous provision than a little over $100,000 for the current year for the development of that park.

Item agreed to.

Progress reported.

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

Tuesday, March 2, 1937

The house met at three o'clock.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Thursday February 25, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I desire to congratulate the Minister of Finance (Mr. Dunning) upon the very complete statement he made a few days ago and for the clarity of his exposition of the position of the country with respect to its finances.

I derived some satisfaction from listening to him, for I recall that in his budget speech delivered on May 1, 1930, his only endeavour to make it into a budget speech was to estimate in May what the revenues and expenditures had been during the year ending the previous March 31. I suggested that it was desirable that in this house we should have a real budget speech in the true sense of the term, and on June 1, 1931, I suggested five factors that should be considered in the making of a budget speech. They were: first, that the financial operations of the dominion for the fiscal year should be shown; second, that the balance sheet of the dominion as of the preceding March 31 should be shown, together with assets active and non-active and liabilities direct and indirect; third, that reference should be made to trade and commerce; fourth, that there should be an estimate of the revenue and expenditure for the twelve months ending March 31 following; and fifth, the ways and means which would be adopted for the purpose of providing the necessary revenues to meet the proposed expenditures. It is a matter of some satisfaction, Mr. Speaker, to know that since that date every budget speech has followed that practice. So that I can congratulate the Minister of Finance the more readily in that he adopted suggestions made in 1931.

It does not occur to me that there is any very good reason why we should take any great length of time, considering all the circumstances, in discussing details of revenues and expenditures. There will be ample opportunity in connection with estimates and matters of that sort to discuss questions of expenditures; but presently I shall have some-

thing to say with respect to the revenues, and the effect that the raising of them has had upon the capacity of the people to pay.

So far as I can see, the minister was quite right the other day when he said that taxation had been imposed upon the Canadian people to raise a sum nearly as large as, if not larger, than at any time in their history. I can say only this, that it is my firm conviction that any effort to raise from the Canadian people by taxation any substantial sum in excess of $400,000,000 is to put upon them a strain which they cannot bear. I think that is not an unfair statement to make, having regard to our general economic conditions, and the views expressed by economists as to conditions in new countries such as this, and their ability to stand taxation.

In this regard however I should like to revert to just one observation made by the financial critic of the party now in office, when it sat in opposition, with regard to the general raising of taxes. On April 23, 1934, speaking for the then opposition, Mr. Ralston said:

> But if my right hon. friend the Prime Minister is looking for the privilege of having it said of him that he imposed taxation in this country surely his ambition is satisfied in the increase of the sales tax from one to six per cent, in the imposition of an excise tax which did not exist when he came into power but which has been put up to three per cent, in the imposition of a two cent tax on sugar, in taking away exemptions from the sales tax, in the reduction of exemptions in the income tax; in these and in every other field of taxation I think my hon. friends opposite will be given full marks and will be held fully responsible when they come to the people of Canada, for having invented and imposed many new and onerous forms of taxation.

I wonder what Mr. Ralston would have said if he had seen the sales tax raised to eight per cent? I wonder what he would have said had he known that this government, which has now brought down two budgets, still retains the same taxation? I wonder what he would have said had he known that hon. members who declared that a three per cent excise tax was another form of protection, as a government in its second budget would still retain that three per cent excise tax? I mention that because it is amazing, if nothing else, to find a government which in opposition so loudly declaimed against the tax on sugar, so loudly declaimed against the increase in the sales tax and the imposition of an excise tax of three per cent, now in its second budget making the declaration that it proposes to make no changes with respect to ways and means for raising the revenue of the country.

With respect to the income tax, charged as we were with increasing it, the minister was frank the other evening in saying that he had increased it slightly. And so all along the line we have the same position.

Now, I was apprehensive, remembering as I did the history of the matter, when the hon. gentleman said he proposed to make no changes with respect to taxation; for I recalled that on the first of May, 1930, standing in the place he now occupies, he reduced the sales tax from two per cent to one per cent, in the face of a deficit in this country, in the face of abnormal conditions, in the face of $24,000,000 less revenue than had been expected in the last six months of 1930, a condition which must have been known; in the face of dwindling trade in every country of the world. Why was it done? Does anyone suggest it was done to balance the budget, when a deficit was known to be inevitable? Was it for any purpose other than merely political, and was it not because of the knowledge that an election was not far off? When I hear that declaration made that we will make no concessions to the taxpayer I wonder if the same idea is in the mind of the minister and the government which pervaded their minds in 1930, and if in due season, when the occasion offers, they will make a great gesture to the people with respect to a reduction of taxation, even as they did in 1930? Those are the facts to which attention I believe might fairly be drawn.

All that may be said with respect to the balance sheet is that we have an increase in the national debt of something less than $100,000,000. If we left out the $8,000,000 to which reference was made as coming from the profits on grain sales, we would have a deficit of approximately $95,000,000. The minister budgeted for a deficit of $100,000,000, and this little windfall of $8,000,000 to which I shall presently refer means that the deficit is $87,000,000 instead of $95,000,000.

I do not propose therefore, Mr. Speaker, to deal at length with the balance sheet items, except to point out that we are increasing by leaps and bounds the responsibilities of the consolidated revenue fund in connection with many funds for which we are really trustees. The minister is not to blame for that. It has been the practice in this country for a generation, if not for more than that, to put into the consolidated revenue fund moneys received for superannuation funds, for annuities, for Indian lands and from the sale of school lands, and they provide working capital for the country, on the theory—

Mr. DUNNING: And the Post Office savings bank.

Mr. BENNETT: Yes; and they provide working capital for the country on the theory that whenever called upon we shall be able to repay them. In theory that is unsound. In practice it has been useful. Whether or not having regard to the magnitude of the fund the time has come when we should carefully consider our position I leave it for this house and the future to determine. But I think it only fair to direct attention to the fact, because the sum has assumed very large proportions. I can conceive of a position where it might be difficult to obtain the necessary moneys to meet the demands which might suddenly be made upon the treasury. For instance, with respect to the school fund bonds which we gave some years ago, when the resources were turned over to the provinces, it might have been difficult, if a province had the right to demand that the money be paid, to have paid it readily. It might be difficult, too, with respect to many other matters to which reference might be made.

As to the estimated revenues and expenditures I think it is fair to say that having regard to the forms of taxation to which resort has been had the revenues have shown a buoyancy that was to be anticipated and expected. With respect to the expenditures I shall have something to say presently. But that we had a satisfactory surplus on ordinary account is quite apparent, from looking at the figures, even as the predecessor of the minister had a surplus on ordinary account during his last year of office. The present minister has a much larger one, because he has resorted to other methods of taxation, although the expenditures, as I shall presently point out, are in my judgment out of keeping with the present conditions in Canada.

Then the other question arises, namely the ways and means to be resorted to for the purpose of making good the expenditures contemplated for the next year. I have already pointed out that the minister has declared he has no intention of departing from present taxation, except in some slight items, and that he proposes to maintain the present scale of taxation.

Mr. Speaker, it must be the opinion of most hon. members that the eight per cent sales tax has worked a great hardship upon many people in Canada and that, applied as it is by wholesalers and utilized as it is by the retailer, in the sum total of the price upon which he makes his mark-up, it amounts more nearly to twelve per cent when it reaches the consumer than the eight per cent as enacted by parliament. This is a stupendous tax. As I pointed out last year it is a strain that I do not believe the people of the country can long endure. And when I recall Mr. Ralston's vigorous denunciation of the raising of the sales tax to six per cent I can readily understand why so many complaints are heard from various parts of Canada with regard to the increase to an eight per cent rate. Under normal conditions an eight per cent rate should result in much larger revenues than we are now receiving. I recall Mr. Robb saying that he believed that in normal times in this country every one per cent of sales tax was equivalent to $20,000,000. He spoke of the remission of $20,000,000 of taxation when he reduced the sales tax by one per cent. Having regard to present price levels I do not think under existing conditions the sales tax can be said to be equal to $20,000,000 for every one per cent, but I do believe that under the normal conditions that now prevail in connection with price levels and matters of that kind it is not too much to say it is worth somewhere between $15,000,000 and $17,500,000 for every one per cent. In other words, for every one per cent of sales tax imposed upon the people of this country I think we can expect to realize at least $15,000,000, and perhaps a little more, depending upon the price of goods that are imported. That is a stupendous charge to make upon the Canadian people. I suggest it is a charge which cannot long be borne when, in the hands of the retailer, it is translated into a figure which more nearly approximates twelve per cent than eight per cent.

Closely associated with the raising of revenue is the question of trade and commerce, as has been pointed out by the minister in the speech which he made. Before one deals with that he must realize that the income tax is one of the large sources of our revenue. While the customs tax did not fall last year, it has fallen as being the principal source of Canadian revenue. At one time it was not thought possible that the income tax would yield any such sum as $100,000,000. This tax as imposed against corporations and individuals last year yielded more than that amount. It is difficult to discuss these matters in detail in view of the fact that our figures are for only ten months; however, the estimates of the minister must be taken to be reasonably accurate. I am not objecting to the budget having been brought down at an early date, having regard to the demands made upon the time of the government for other reasons, but it is difficult to discuss these matters as they should be discussed in view of the fact that as to two months we are dealing with estimates and not with realities. I

realize the minister had this fact in his mind in making the statements he did, but I am handicapped in what I really want to say with respect to some of these matters.

The income tax collected this year was collected on the incomes of last year. It came to me as somewhat of a surprise that this country had the measure of prosperity that it did have in 1935. Not that I was so greatly surprised in one sense, but I was surprised in view of the statements to which I used to listen from hon. gentlemen opposite. In view of the statements made by hon. gentlemen opposite when in opposition it seems almost impossible to imagine that this country could have been prosperous enough to produce $100,000,000 from income tax; nevertheless the fact is that the largest sum of money ever realized from the income tax was realized last year.

Mr. DUNNING: The current year.

Mr. BENNETT: The current year, but from the incomes of last year. It is true that there has been an increase in the tax on corporations, but there has been no change in the tax against individuals. The increase in the tax against corporations has not been very large. Corporations whose fiscal year was not the calendar year may have had higher earnings during the latter part of their year than they had in previous years, and this may have accounted for some of the large increase in the income tax. This is a striking illustration of the extent to which a tax which in the early days yielded but a small sum of money has been made to yield a very large amount. Last year I think this was the largest single item of revenue.

I am not unmindful of the fact that the provinces have complained that the income tax is an encroachment upon their jurisdiction. Those who recall the early days of the imposition of this tax will remember that Sir Thomas White in the early part of 1917 declared that he would not impose an income tax because it was something which really was within the powers of the provinces and should be left to them to impose. Later on in the year, before the close of the session, he found it necessary to introduce into this parliament the first income tax, the effect of which was to raise a very substantial sum of money. I can remember that a previous minister on the Liberal side was of the opinion that there might be a division between individual income taxes and corporate income taxes, the provinces to secure one and the dominion the other. I think the view was then expressed that it was desirable that the provinces should secure and collect the taxes on individual incomes, leaving to the federal power the right to recover taxes from corporations. No such division has been made and no such steps have been taken. It is only necessary to point out that the result has been the application of two income taxes in many of the provinces of this dominion. For instance, we have two income taxes in British Columbia, where such has been the case for many years; we now have two in Ontario and in most of the western provinces. But it goes further than that. In reality we have a third income tax because the tax now imposed operates to impose taxation upon the tax itself. The tax itself is included in the taxable income and the levy is made against the whole. Instead of its being double taxation, in reality it is treble taxation.

I suggest to the minister and to this house that the time has come when we must consider this matter. If we are to make this country attractive to new capital; if we are to induce people to invest their money in this country, we shall have to have regard to the fact that taxation is a very important item in the minds of those who are sending their capital to new countries. For instance, I was amazed at the number of people who have gone into Kenya and other districts of South Africa to settle there because the burden of taxation is less than in most other parts of the British Empire. In all new countries great effort is being made to lessen the burden of taxation, not for the benefit of those who are there already, but in order to induce additional people to make their homes there. I received a letter the other day consequent upon a casual observation made by the Minister of Mines and Resources (Mr. Crerar). He stated that $200,000,000 had been spent in wages in the mining districts of Canada and that about $71,000,000 was all that had been paid in dividends.

Mr. CRERAR: Wages and supplies.

Mr. BENNETT: This gentleman who had been in communication with a western citizen in connection with investments in this country then said, "I am not going to risk my money if it costs that much to make a dollar." It must be known that that factor is ever in the minds of those who are seeking new fields for attractive investments. While it is very unpopular with my hon. friends to my left to suggest that there should be any lessening of the burden of income taxation, you have to choose between two things: on the one hand, the attractiveness of the country for the investment of capital, and, on the other hand, the question of the raising of revenue, or, to use a euphonious term now so current in the

United States, soaking the rich. A happy medium is possible. I am certain the minister must have in mind the fact that if we are to develop the great latent resources of this country we can only do it by making Canada as attractive as possible for those who desire to risk their money in its development. Of that I am perfectly certain from my own observation and discussion with those who contemplate making such investments in this country.

I should like to say but a few words with respect to trade, because it is difficult to deal with it in detail in view of the fact that we have an estimate only for the last two months of the fiscal year. There is one point to which I should at once direct attention, and that is that Canada has during the last ten or twelve months marched to a new position in export trade. The League of Nations has supplied us with tentative figures, and from time to time has pointed out that in many instances the final figures are different from the tentative figures; but from the authoritative figures we have now Canada is fifth in export trade for this year, and has been fifth for many years. During the dark days of the depression we lost something of our position, and we were sixth on several occasions; in fact in 1931 we were seventh. This year the minister says we are again in the fifth position, which is the position we occupied last year. The minister says we are fourth. But in so far as official authoritative figures are concerned there has been no change from the position we occupied last year.

With respect to export trade, the answer is so simple that it hardly requires a statement to carry conviction to the minds of those who would know the reason why. From a preliminary statement it appears that France dropped from fourth to fifth place, and we took the fourth instead of the fifth place. The reason for France falling to that position was found in the fact that her gold standard was maintained up until recent months. During the time that she maintained that standard it was obvious that her export trade was falling off; she did lose her position during that period and Canada took her place. But as I pointed out to you, sir, the League of Nations is responsible for these tentative figures, and when the figures for the year are finally compiled we may again be in the position we occupied last year, namely, fifth, with respect to exports, in view of the fact that France's position has entirely changed by reason of the arrangements that have recently been made. I mention that only lest an erroneous impression be left upon the minds of the people of this country with respect to Canada's progress. The truth is there has been great improvement throughout the world.

I shall not refer to the records of the League of Nations with respect to the general improvement throughout the world, although I may read one or two extracts. I was surprised that my friend the Postmaster General (Mr. Elliott) in July last made a statement such as this:

> When the present government came into power last fall, steps were immediately taken to remedy the situation and already the dominion has climbed back into sixth position in world trade and the volume of business has advanced month by month.

To say that the dominion had climbed back into a new position in July, 1936, indicates that my hon. friend was not as careful on that occasion as he has been in the administration of his department. That affords me an opportunity to say that speaking of taxation I did venture to ask the Postmaster General if with his bountiful post office revenues he contemplated reducing the postage. That used to be a favorite suggestion from hon. gentlemen on the other side in days long since past, and I thought possibly that with his desire for consistency he might contemplate reducing the postage at the very earliest date, and once more cry "penny post." But I have not seen any signs of it.

With respect to our trade I think it might be well to place these figures upon the record. Since 1932 we have shown a steady increase in our exports to the United Kingdom. In 1932 we had an export trade with the United Kingdom of $178,171,680; in 1933, $258,000,000 odd; 1934, $297,000,000 odd; 1935, $306,000,000 odd; and in 1936, $399,000,000 odd, or nearly $400,000,000. There has been a steady increase therefore in the development of our export trade with the United Kingdom. But I want to point out what I conceive to be an important matter, namely, the steady expansion of our trade with our great sister dominions.

British South Africa in 1932 took from us $4,415,000 worth of goods; in 1933, $5,700,000; 1934, $11,570,000; in 1935, $12,498,000, and last year, 1936, $14,673,000. That is a very remarkable development. That our export business with British South Africa should increase from $4,400,000 in 1932 to $14,673,000 in 1936, is, I submit, a very remarkable record.

If you turn to Australia the figures are even more striking. In 1932 we sold to Australia $7,133,000 worth of goods. Next year it had climbed to $10,208,000 odd; in 1934 it had risen to $16,870,000 odd; in 1935, to some $22,799,000, and in 1936, last year, it had reached the large total of $26,210,712. In

other words, Australia had become our third best customer, Belgium being next I think with $23,000,000. That is a very striking and significant record—$26,000,000 worth of export trade to Australia, which has a population of only seven millions. It indicates the extent to which intra-empire trade has developed.

Turning to New Zealand, we sold in 1932 to New Zealand $3,405,667 worth of goods; in 1933, $3,832,688; in 1934, $6,820,707; in 1935, $8,493,347, and last year, 1936, $12,486,-314. I think it will be agreed by all that that is a remarkable expansion of intra-empire business between Canada and Australia, New Zealand and South Africa. I am not unaware of the fact that there is a clamour on the part of these dominions that we should buy more from them. But we could hardly buy from them the things we were ourselves exporting, and they bought from us the goods they did because they could not get goods of similar quality and price elsewhere. That I think is agreed to by all. That is on the export side.

On the import side our purchases from Great Britain have risen from some $93,000,-000 in 1932 to more than $97,000,000 in 1933, $113,000,000 in 1934, $116,000,000 in 1935, and $122,971,264 in 1936.

From British South Africa our imports have not risen to any great extent. In fact, last year we bought from them about only one-half of what we did in 1935. We bought from them in 1932 $4,000,000 worth of goods; in 1933, some $4,500,000; in 1934, $2,800,000; in 1935, $4,700,000 and in 1936 we bought from them only $2,083,101. To some extent that may be explained by the fact that there was almost a complete failure of the Indian corn crop in South Africa, and we having purchased from them in preceding years very large quantities, the result of the crop failure was necessarily reflected in our purchases because then we could not secure our requirements from them. In Australia our purchases were $5,845,000 in 1932, slightly more than $5,000,000 in 1933, $6,330,000 in 1934, $7,395,000 in 1935 and $8,871,119 in 1936. In New Zealand our purchases have certainly increased greatly since 1932. We bought less than a million dollars' worth of goods, namely $855,723 worth, in that year from New Zealand; in the next year $2,013,392; in 1934, $2,936,000; in 1935, $2,-786,000, and last year $4,574,078 worth.

So it may be said that our intra-empire trade has steadily increased, and so has our trade with the world at large because there has been a steady improvement in international trade throughout the world. That is true particularly with respect to the United States. We have increased our exports, we have increased our imports. Hon. members who are here for the first time, if they are interested in studying the development of our trade, will find it useful to look at the figures which indicate the slow and steady lessening of our purchases from Great Britain and the increasing of our purchases from the United States. During all the years since 1870 that process has been going on. Probably it is attributable, not to any desire on the part of Canadians that it should happen, but rather to the proximity of the United States market. Ability to get what is wanted by the use of telephone and telegraph service has made it possible to increase trade with the United States rather than with Great Britain. It is a fact to keep in mind in considering the problem of preferences in connection with British trade.

The summary given by the Minister of Trade and Commerce (Mr. Euler) in a review of the foreign trade of Canada with the United States in 1935 is, I think, a very complete and fair statement of the situation, in fact, it is so complete that I venture to place it upon the record:

> The total trade of Canada with the United States during the calendar year 1935 was valued at $589,926,000, compared with a similar trade in 1932 valued at $432,497,000, in 1933 at $392,545,000, and in 1934 at $521,818,000; the increase in the total trade with the United States in 1935 over 1932 amounting to $157,429,000 or 36·4 per cent, over 1933 to $197,381,000 or 50·3 per cent, and over 1934 to $68,108,000 or 13·1 per cent. Imports from, as well as exports to the United States in 1935 show increases over the years 1932, 1933 and 1934. The imports from the United States in 1935 amounted to $312,416,000, compared with $263,549,000 in 1932, with $217,291,000 in 1933, and with $293,780,000 in 1934; the increase in the imports in 1935 over 1932 amounting to $48,867,000 or 19·0 per cent, over 1933 to $95,125,000 or 43·8 per cent, and over 1934 to $18,636,000 or 6·3 per cent, while the total exports to the United States totalled $277,510,000 in 1935. . . . Domestic exports from Canada to the United States were valued at $265,975,000 in 1935, compared with $162,631,000 in 1932.

The figures given last Thursday by the Minister of Finance (Mr. Dunning) as to the expansion of trade during the calendar year 1936 with the United States indicate the improved world conditions. I cannot say how much of that may be attributable to the agreement which was made with the United States. I do know that broadly there has been such a development of international trade as has been responsible for improved conditions throughout the world. Perhaps hon. members are familiar with the review prepared by the League of Nations with respect to the general situation of the world at large. It attributes the improved world condition to the fillip given to business by the United States in 1935. If we take the sales to the United States we

have in 1936 an increase in exports over those of 1934 of 13·4 per cent—from $358,000,000 to $406,000,000.

Formerly the gold exported from this country was not included in our figures of commodity exports. It will be within the memory of every member of this house that this was not done because in those days gold was dealt with purely as money, whereas it is now dealt with as an export commodity and included in our exports, most of the world, including this country, being off the gold standard. The value of the gold that was shipped from this country in 1935 reached the large sum of $95,000,000. In 1936 the amount was some $70,000,000, but that does not represent the sales of gold in Canada because large quantities are held in trust or shown on deposit for foreign buyers who may utilize that supply as their necessities demand, to meet their requirements from time to time. So that the Bank of Canada and, I venture to say, probably also the Department of Finance, is holding gold that has been sold but does not appear in our figures because it has not been exported.

Mr. DUNNING: But it is paid for.

Mr. BENNETT: It is paid for, of course, but it does not show in the exports of the country because no licence for its export has been issued. Therefore reliance should not be placed on the figure of $71,000,000 as indicating the amount of gold which has been actually sold, as compared with $95,000,000 in 1935, because in point of fact, I believe, the amount sold by this country in 1936 was somewhat larger than in the previous year.

Mr. DUNNING: That is right.

Mr. BENNETT: I think it may be important to read a paragraph or two from The Review of World Trade prepared by the League of Nations, because it indicates what the basis of the improvement in world trade has been:

> The expansion of the foreign trade of the United States in 1935 was probably one of the most important single factors influencing the revival of world trade in that year. The gold value of the total trade of the United States in 1935 was by 14 per cent higher than in 1934, exports increasing by seven per cent in value and imports by as much as 24 per cent. The expansion of trade was particularly marked in the last quarter of 1935, when exports exceeded by 25 per cent and imports by 29 per cent the values recorded in the corresponding period of 1934. The export surplus (general trade) of $235,000,000 which was less than half of that in 1934, was the lowest recorded for the last twenty-five years, with the exception of 1933, when it amounted to $225,000,000.

[Mr. Bennett.]

He proceeds on another page.

> In the face of a rise of 5 per cent in the level of domestic wholesale prices, the price index for import goods remained unchanged, and the increase in the quantum of imports was in the same proportion as that in value. Prices of export goods in 1935 were on the average 3 per cent higher than in 1934, and the quantum of exports thus rose only by 4 per cent. The rise in the prices of export goods was confined to foodstuffs, mainly as a result of the drought in 1934. In consequence, exports of foodstuffs declined in quantum, whereas the quantum of manufactured articles exported rose by about 11 per cent, as shown in the diagram.

The importance of the unfortunate drought in the United States and Canada upon the fortunes of this country cannot be exaggerated. The fact is that the United States bought from us between forty and fifty million bushels of wheat—forty millions at least—and the effect of that upon our general trading position with the United States is, I think, recognized by all who have taken the trouble to look into the matter. The league documents also state:

> The trade agreements concluded with various countries under the reciprocal trade agreements act of June, 1934, did not appreciably influence the aggregate movement of trade in 1935, as most of these agreements (such as those with Brazil, Canada, Colombia, Honduras, the Netherlands, and Switzerland) though negotiated in 1935, did not come into effect before the early part of 1936. It may be of interest to show the trade of the United States with the countries with which such agreements came into force before or during 1935.

Then a short table follows with respect to Cuba, Belgium and Sweden, which I shall not trouble the house by reading.

We have a well defined improvement in general world trade, and it is reflected in the trade of this country as it is in the trade of all countries. It might be well, however, to look at one or two matters which are of some importance with respect to the goods imported into this country, whether dutiable or free. In 1936 we imported into this country from the United Kingdom:

	Value	Duty collected
Under general rates	$ 1,134,817	$ 332,371
Under preferential rates	54,178,146	14,485,614

For 1935 the figures show a very slight change. The total dutiable goods that came in from the United Kingdom in 1935 amounted to $58,836,033 on which we collected duty amounting to $15,389,785, and in 1936 we bought dutiable goods from the United Kingdom amounting to $55,967,230, collecting duty thereon of $14,966,060. Free goods from the United Kingdom in 1935 totalled $52,846,457 and in 1936 $61,907,592.

There was no substantial change in tariffs with Great Britain during those two years. The increased volume of free goods must be attributed to the general development of trade. In fact it will be recalled that during the session of 1935, in the last budget speech of Mr. Rhodes, substantial numbers of commodities were placed upon the free list. They did not seem to be important, yet in the aggregate they amounted to substantial figures. That, then, is the position with respect to dutiable and free goods from the United Kingdom.

From the United States the figures are different. The total dutiable goods in 1935 amounted to $181,157,642, representing $49,624,776 in duty, and in 1936 the figures were $189,838,436, on which duty collected was substantially the same, namely, $49,902,003. The free imports amounted to $129,641,158 in 1936 and $122,482,330 in 1935. The duty collected amounted in all to slightly over $49,000,000 in both years. The difference amounted to less than $300,000. I mention that because it is sometimes important to remember the extent to which free goods are coming into this country. Some of our friends, especially those from western Canada, have the idea that everything that comes into Canada pays a very heavy duty. These figures will help them to realize the extent to which this country is importing goods free. True, of course, the former government did impose a three per cent excise tax, which this government has seen fit to retain, applicable to all classes of goods, whether free or dutiable, except that in respect of Great Britain we took half off one year and half off another year, so that as far as British goods are concerned they are not subject to the excise tax as are goods from the United States and other countries.

This is important because it raises a question that I should like to mention to this house at once. I have frequently been interested in listening to the discussions which take place from time to time regarding what is said to be the payment made by western Canada to Canada as a whole because of tariffs. The figures I have given indicate the extent to which goods come into Canada free. But I should like to go a step further. Foreign trade is regarded by our friends of the government as of the utmost importance. They have from time to time said that without foreign trade this country would find itself in a very difficult position, and they have staked everything on the negotiation of trade agreements with various countries. Now, let us examine the position. The first thing to remember is that our ability to maintain foreign trade depends on our capacity to compete successfully with other countries in the markets of the purchasing countries. The second is that our capacity so to compete depends upon our capacity and ability to produce as cheaply as or cheaper than our competitors. While I am no prophet of evil I desire to point out that from the closest investigation I have been able to make we must face this situation, which confronts us even now. There are nations whose standard of living is entirely different from ours, whose standard of wages is entirely different from ours—not that their wages are low in their countries or that their standard of living is low in their countries, but it is entirely different from ours. Confronted with that fact, we must recognize that the competition Canadian producers must meet is that class and type of competition. We are meeting it now. Great Britain has met it for instance on the east coast of Africa, where she has lost her markets entirely. In other parts of the world that is also true. We must not forget, I submit with all earnestness, the fact that we cannot stake the future of this country upon its export trade alone. To do so means complete and absolute ruin, unless we are prepared to do one of two things, or both, namely, lower the standard of living, or lower the standard of wages. When I say we are confronted with that situation I am not speaking of something that may happen: I am speaking of something that is happening, that has happened, that exists, that has had the effect of driving Great Britain from markets that she controlled and owned as no other country did for years. I know whereof I speak, for I have seen the effect and example of it. You find it in India; you find it on the east coast of Africa, and in other parts of the world.

That raises the other question, and I put it to my friends from the west in particular: the extent to which this market is retained for Canadians by any method that may be devised within reason becomes a primary factor in the prosperity of Canada. That is one of the reasons I am so much interested in the immigration policies of our country. It follows that if we lose our export trade, as we are bound to lose it in part—I say that very seriously—under existing world economic conditions, unless we can increase the number of people whose wants we can supply ourselves, we certainly are confronted with an impossible situation. It is for that reason that I suggest to my friends who are so clamorous with respect to what they say are the tolls paid by the west to the east, that we must try to think in terms of the integrity of Canada. I can see no method by which we can maintain the integrity of Canada if we neglect to

realize that export trade is challenged and will be challenged more in the next few years than it ever has been before, because we shall have to meet an ever-increasing competition of wages and standards of living which do not prevail and I trust never will prevail in this country. That is the position which I put to the house at the moment, and it is one that I regard as of tremendous importance.

There are other matters that will come up during the progress of the discussion on the resolutions, and I shall not labour the point longer. But I should like to impress upon my fellow members, as far as it is possible for me to do so, the fact that we are confronted with an actuality and not with a visionary position. Some of us do not always approve of the fiscal policies or the economic set-up of other countries, but I know that in parts of the king's dominions they realize the truth of the statement I have just made. They are putting forth ever-increasing efforts to ensure to their people every possible security from the standpoint of labour by utilizing all the machinery of government to provide for themselves to the extent of their ability. That may be economic nationalism; it may be anything you are pleased to call it, but if we take it that governments are responsible for the welfare and happiness of the people I think it is clear that unless governments can supply the people with work there can be no happiness and no ultimate prosperity. The reason the hon. member for Davenport (Mr. MacNicol) has dwelt so much upon the question of work; the reason he has visited these factories and looked into the actual conditions that prevail in order to see at first hand the conditions that exist, has been to ascertain the extent to which work may have been added to or, by reason of the policies that have been followed, taken away.

This leads me to the discussion of the next matter I desire to mention, the trade agreement recently negotiated between Great Britain and Canada. Well, Mr. Speaker, if I were given to the use of violent language I think it would be justified as I look at hon. gentlemen opposite. I wonder if they have forgotten their record with respect to the trade agreement with Great Britain. I am not going to do more than merely recite the facts. An agreement was entered into between Great Britain and Canada, which agreement was presented to this house for ratification, and at pages 72 and 73 of the journals of this house for 1932-33 it will be noted that Mr. Coote, seconded by Mr. Mitchell, moved in amendment that the following words be added to the proposed resolution:

[Mr. Bennett.]

and subject also to establishment of parity of the Canadian dollar with the British pound.

In other words they wanted to tie the dollar to the pound. Among those who rose in their places and supported that amendment were the present Prime Minister (Mr. Mackenzie King); the hon. member who is now Minister of National Defence (Mr. Mackenzie) and every other member of the Liberal party then in the house. Then came the second reading of the bill embodying the agreements, and again members of the Liberal party voted against it. The division will be found at page 92 of the journals of the house for 1932-33. Among those who voted against second reading of the bill I find the present Minister of Justice (Mr. Lapointe), the hon. member for New Westminster (Mr. Reid), the Minister of National Defence (Mr. Mackenzie), the hon. member for Macdonald (Mr. Weir), the hon. member for Winnipeg North Centre (Mr. Woodsworth), the hon. member for Skeena (Mr. Hanson), and the hon. member for Swift Current (Mr. Bothwell). In fact it might be well to read their names, in order that they might become immortal:

Beaubien	Howard
Blair	Howden
Bothwell	Irvine
Bouchard	Jacobs
Boulanger	Jean
Bourassa	Lacroix
Bradette	Lapointe
Brasset	MacInnis
Brown	Mackenzie (Vancouver
Butcher	Centre)
Casgrain	MacLean
Cayley	Taylor
Chevrier	Macphail (Miss)
Coote	McPhee
Denis	Marcil
Deslauriers	Motherwell
Desrochers	Munn
Donnelly	Neill
Dubuc	Perras
Duff	Pouliot
Dumaine	Ralston
Elliott	Raymond
Fafard	Reid
Ferland	Roberge
Fournier	Séguin
Garland (Bow River)	Totzke
Goulet	Vallance
Hanson (Skeena)	Weir (Macdonald)
Heenan	Woodsworth

Then on the third reading a vote was once more recorded, which appears at pages 116 and 117 of the journals for that year. Hon. members opposite became a little confused with the different agreements. There was the agreement with the Free State. Then there was a little difficulty about the Rhodesian agreement; part of the Liberal party voted for that. Then came the agreement with South Africa and there were some little diffi-

culties about that as well. Then at page 119 I find the vote on the United Kingdom agreement, which was 84 to 42. It is just as well that the names of the immortal crew who manned the ship of state at that moment in opposition to the government should be preserved for history. They were as follows:

Bertrand	Howden
Blair	Hurtubise
Bothwell	King, Mackenzie
Boulanger	Macphail (Miss)
Bourassa	McIntosh
Brown	McKenzie (Assiniboia)
Butcher	Munn
Casgrain	Neill
Cayley	Perras
Denis	Ralston
Deslauriers	Reid
Desrochers	Rhéaume
Duff	St-Père
Elliott	Sanderson
Euler	Séguin
Factor	Stewart (Edmonton
Ferland	West)
Fiset, Sir Eugène	Thauvette
Fournier	Verville
Golding	Woodsworth
Hall	Young
Howard	

Those were the immortal forty-two. They voted against the United Kingdom agreement, an agreement which now in terms they ask this house to adopt. In order that there may be no question on that point I propose to put the deadly parallel upon Hansard; I propose to compare the paragraphs from the agreement of 1932 and the paragraphs from the agreement of to-day, to show that they are the same; the same in principle and almost identical in words. But in order to endeavour to save their faces they make some change in the relation of the words one to the other, though the principles have not changed and cannot change. I doubt whether, in the long history of our institutions, we have ever seen the spectacle of a government asking within the short period of less than five years the acquiescence and approval of members of the house to a document that was in terms similar in every principle to a document they had voted against just a few years before.

Mr. MACKENZIE KING: If there had been a different agreement in 1932 there would have been a different parallel now.

Mr. BENNETT: Ah, yes; if the fox had not been a fox it might have been a cat. It is hardly in keeping with general principles to say that if you had not done that and something else had been done we would not have what we have to-day. What a tribute to pay to those who negotiated the agreement of 1932!

Mr. MACKENZIE KING: We would have had something a great deal better.

Mr. BENNETT: Well, we will see whether or not it is better; it is identical.

Mr. MACKENZIE KING: I say we would have had something better.

Mr. BENNETT: Well, Mr. Speaker, I regard that as a great compliment. The right hon. Prime Minister says that if we had been able to do better he would have been able to do better. That is a very nice way to put it. Well, there is this distinction between us: the right hon. gentleman says he did his best and the Minister of Finance says he did his best, and I assume that each in his allotted sphere did his best. I will assume that; it must be so. But the general principles that governed them in their approach to the problem are somewhat different from those which governed us. We were charged with being bargainers and hagglers, and now the Prime Minister says, "If you had only done a little better before, I would have done better." If I had been able to bargain better before, he would have been able to do better now. But I will tell you what the trouble is: he had written a record across the pages of Hansard, for the country to read. He told the people of Great Britain he was opposed to the bargain made by the late government, because they were too hard upon dear old England. He told them he was prepared to give them far more latitude than we had given them—greater opportunities, greater freedom of opportunity than we gave them. Now he says, "Oh, if you had only done better, I would have been able to do better." That is amusing; but it does not end there. Let us look at it for a minute. I will lay the clauses of both agreements section by section upon Hansard so that we may look at them.

In 1919 the Liberal party had a convention, and one of their declarations was that the British preference be increased to fifty per cent of the general tariff. That was the declaration of the Liberal party made to the people of England. That was the declaration they made to the world. "Give us power and office and we will give you a fifty per cent preference over the general tariff for entry of your goods in Canada." And it did not end there. During the debates in the house, on October 17, 1932, as reported at page 264 the present Prime Minister said:

> May I go a step further and say in connection with that, so that there can be no mistake as to where we stand in the matter of British trade, and the British preference, that we would undertake to give to the trade of the United Kingdom, where goods are imported through Canadian ports, a British preference averaging fifty per cent of our general tariff. If there is anything in this particular

agreement that is comparable to that of advantage to ourselves and to British peoples in trade, I hope we will find it out before this discussion is over.

That is the declaration—not away back in the days of 1919, but one that was made when we were discussing the agreements themselves. That was made in 1932. Is it any wonder the British people realized that they had the promise of the Liberal party, and that they would have a fifty per cent reduction over the general tariff as a preference upon their goods? That was the promise given to them at that time. Far be it from me to suggest that the Prime Minister would not endeavour to keep his word in that behalf. I know how anxious he would be that it should be so, how anxious he would be that they should have at least a fifty per cent reduction.

Now I turn to the agreement tabled the other day. I can hear him say, in a moment of great mental perturbation, "I must keep this promise and see that they have a reduction of fifty per cent, so that the farmers in the west may feel that the promise I solemnly made in 1919, repeated in the house in 1932 and again in 1933, has been kept and honoured." And so I look at the document. I turn to item 160 and I find these words:

Alcoholic perfumes and perfumed spirits, bay rum, cologne and lavender waters, lotions, hair, tooth and skin washes, and other toilet preparations containing spirits of any kind (a) when in bottles or flasks containing not more than four ounces each, 30 per cent.

And the old rate was 60 per cent. There is a fifty per cent reduction. There has been no trouble about eyewash. "Alcoholic perfumes and perfumed spirits, bay rum, and cologne"—so the farmer can say the Prime Minister has kept his word and reduced the rate by fifty per cent.

Now for a moment let us consider the agreement. Article 1 states:

The government of the United Kingdom undertakes that goods grown, produced or manufactured in Canada and consigned from any part of the British Empire which are now free of duty, shall continue to enjoy entry free of customs duty into the United Kingdom, subject, however, to the reservations set forth in schedule I appended hereto.

The old agreement, Article 1.

His Majesty's government in the United Kingdom undertake that orders shall be made in accordance with the provisions of section 4 of the Import Duties Act, 1932, which will ensure the continuance after the 15th November, 1932, of entry free of duty into the United Kingdom of goods consigned from any part of the British Empire and grown, produced or manufactured in Canada which by virtue of that act are now free of duty subject, however, to the reservations set forth in schedule A appended hereto.

[Mr. Bennett.]

Schedule I, new agreement:

As regards eggs, poultry, butter, cheese and other milk products, the government of the United Kingdom reserve to themselves the right, if they consider it necessary in the interests of the United Kingdom producer to do so, to review at any time the basis of preference so far as relates to the articles above enumerated and after notifying the Canadian government either to impose a preferential duty on Canadian produce whilst maintaining preferential margins, or in consultation with the Canadian government to bring such produce within any system which may be put into operation for the quantitative regulation of supplies from all sources in the United Kingdom market.

The old agreement, schedule A:

As regards eggs, poultry, butter, cheese and other milk products, free entry for Canadian produce will be continued for three years certain. His Majesty's government in the United Kingdom, however, reserve to themselves the right, after the expiration of the three years, if they consider it necessary in the interests of the United Kingdom producer to do so, to review the basis of preference so far as relates to the articles above enumerated and, after notifying His Majesty's government in Canada either to impose a preferential duty on Canadian produce whilst maintaining preferential margins, or in consultation with the Canadian government to bring such produce within any system which may be put into operation for the quantitative regulation of supplies from all sources in the United Kingdom market.

Word for word, differently placed. Not one change in meaning; only a transposition of words. There you have the old agreement and the new agreement.

It is true that at page 270 of Hansard of 1932 the leader of the government, then in opposition, made an attack upon this schedule.

Listen to his words dealing with the schedule identical with schedule I in the new agreement which he signed the other day. Listen to this:

The right hon. Mr. Amery, who represented the agricultural interests of Britain at the imperial conference in Ottawa, has made the statement since his return to England that they ought to begin the work of protecting British agriculture immediately, and not wait for any conference in the matter. They have the principle of protection endorsed, and they ought to go ahead immediately with further protection for agriculture in Britain. What does this agreement say? It says that the British government will reserve to itself the right to impose increased duties with respect to all these dairy products. The only obligation with regard to Canada's possible benefit is that a certain margin will be preserved in the form of a preference; that is to say, the duties against Canada and other parts of the empire will not be as high as those imposed on European countries.

Is that right now? It was denounced in 1932, at page 270 of Hansard. It is now

submitted to the House of Commons for approval in 1937. His supporters were asked to vote against it, and, obediently responding, they voted against it. Now, asked to vote for it, immediately responsive they vote for it.

Then we turn—

Mr. MACKENZIE KING: My right hon. friend introduced an entirely new system.

Mr. BENNETT: I should think so, a new system—heads I win, tails you lose. That was the opposition against the government of the day. Then at page 270 of Hansard:

Mr. Mackenzie King: Notice is served in black and white in this agreement that it proposes to impose such duties at the end of three years.

We got free entry for three years certain. There is no certain term here. The Prime Minister of to-day says that that language means that that is the notice they are going to serve, and on which they will pay duties. At no previous time did the agitation with respect to protection of agricultural interests in England rise to the point it has now reached. In its infancy then, it has now developed into almost a tidal wave of sentiment in favour of it. We were told by the present Prime Minister, when leader of the opposition, that England had served notice that she proposed to impose these duties at the end of three years. Now it is the end of no time—any time she feels like it. If the Prime Minister meant what he said then—and surely he did—it means that to-day we have received notice that England intends to impose duties on these products. He went further than that when he said:

Let me answer the hon. gentleman who says they have that right now. What they have not at the present time is the endorsation of hon. gentlemen opposite of the imposition of a duty on agricultural products from this country. They will have that endorsation after hon. gentlemen opposite have given their support to this agreement, and any delegation of Canadian farmers that may go to Britain to protest against anything of the kind will be told, as quick as a flash, "Your own Conservative members in the House of Commons voted in approval of the reservation, indicative of an intention of the British government with respect to the imposition of extra duties on agricultural products."

Just change "Conservatives" to "Liberals" and you have it. Then he proceeds to close with these words, as reported on page 271 of Hansard:

This provision is simply prophetic of the intention of the British government to levy duties against our dairy products inside of three years. I wonder how the farmers of this country will view this agreement as they see the gates gradually closing against their dairy products as they go towards the British market;

With those prophetic words the right hon. gentleman closes his observations. Obviously if they were true then, they are much truer now. We go on to the next page of the agreement. Article 2 of the new agreement reads:

The government of the United Kingdom undertake that the goods the manufacture of Canada enumerated in schedule II appended hereto when consigned from any part of the British Empire shall not on importation into the United Kingdom be subjected to duties of customs higher than those specified in that schedule.

Schedule II covers motor cars, the rate of duty being 22½ per cent ad valorem, and stockings and socks of natural silk at 28½ per cent ad valorem, or eight shillings per pound, whichever is the greater. Reed organs, including harmoniums, are free. That is the new agreement; but did not the old agreement provide specifically the same? I shall not take the time to read it. I come now to article 3 of the new agreement, which reads:

The government of the United Kingdom undertake in respect of the goods the growth, produce or manufacture of Canada enumerated in schedule III appended hereto that the difference between the rate of the duties of customs on such goods on importation into the United Kingdom when consigned from any part of the British Empire and the rate upon similar goods the growth, produce or manufacture of any foreign country shall not be less than the rates set out in that schedule:

The margin of preference is then indicated in favour of Canada. Schedule III provides for wheat, in grain; butter; cheese; apples, raw; pears, raw; and canned apples. These items were all in the old agreement. Dried fruits was in the old agreement, but it is not in the new. Then there are eggs in shell and condensed milk, both of which were in the old agreement. Honey is a new item in the new agreement. A large quantity of honey comes from New Zealand and Australia. The new schedule contains an item, "fish, fresh, sea," which was in the old agreement. Then there is an item, chilled or frozen salmon, which is supposed to be new. The old item provided for fish, fresh, from the sea. I do not know whether you would say that frozen salmon came out of the sea. Then the new agreement provides for asbestos, zinc, lead, all of which were in the old agreement. A new item in the new agreement is patent leather. With the exception of the one or two new items, all the others will be found in the agreement of 1932. Schedule B of the old agreement provides for wheat, butter, cheese, raw apples, raw pears, canned

apples, dried fruits, eggs in shell, condensed milk and unwrought copper. Article 2 of the old agreement reads:

His Majesty's government in the United Kingdom will invite parliament to pass the legislation necessary to impose on the foreign goods specified in schedule B appended hereto, the duties of customs shown in that schedule in place of the duties (if any) now leviable.

Is there any difference between the two? I turn to Hansard to find what the right hon. gentleman said about it. Schedule C of the old agreement provides for fresh sea fish, canned salmon, asbestos, zinc and lead. I put it to this house if it is made any clearer when we say frozen salmon?

Mr. DUNNING: Distinctly so.

Mr. BENNETT: The minister says that that makes it clearer. Article 3 of the old agreement reads:

His Majesty's government in the United Kingdom undertake that the general ad valorem duty of 10 per cent imposed by section I of the Import Duties Act, 1932, on the foeign goods specified in schedule C shall not be reduced except with the consent of His Majesty's government in Canada.

Mark you, the new agreement puts the same thought in a different language. The old agreement provided that the ten per cent would not be dealt with except with the consent of the government of Canada, and there was incorporated in the old agreement a provision under which the two governments could mutually agree to change the agreement in any way which was thought desirable. Listen to what the Prime Minister, speaking then as leader of the opposition, said:

"We have fixed certain duties on timber, which has to do with all the work of construction, houses and the like, we have fixed certain duties on fish and other forms of food, and on copper and zinc, and we will not allow these duties to be changed except with the consent not of our own parliament but of the British government." How would we feel? Is there one member of this house who would support that? I venture to say there is not one hon. member in any of the parties who would support it. Then how can we ask the British government to support a measure which we in our own parliament would not be prepared to support if the situation were reversed?

What is the answer to-day on March 2, 1937? Is it any different from what it was in October, 1931? Have conditions changed? I admit that the transposition of words is complete, but the meaning is the same. The right hon. gentleman goes on to say:

But the point of greatest significance in this article is this, and remember in endorsing an agreement we are above everything else endorsing the principles that underly it. This duty of ten per cent shall not be reduced except with the consent of His Majesty's government—where, in Great Britain? No, in Canada. This duty of ten per cent which is being put upon some of the food and other necessaries of the British people cannot be reduced except with the consent of the government of Canada. Can anyone defend an action of that kind?

No wonder the Minister of Justice (Mr. Lapointe) smiles. Could anyone defend that action? These are not my words; they are the words of the present Prime Minister speaking in his place as leader of the opposition. I am certain there are a hundred and some old members who are going to defend it to the hilt. Then on page 273 the right hon. gentleman goes on to say:

I ask hon. members to note that article with great care. What is schedule C? Schedule C is timber, fish, salmon, and other fish canned, asbestos, zinc and lead. I have already pointed out that as far as zinc and lead are concerned they are in the same category as wheat, the duty only remains as long as Canada is willing and able to sell in the first instance her supply to Great Britain, and so long as she sells it at the world price, otherwise the duty goes off. Now, as to timber, there is a small duty at the present time and that is being continued. That is practically all schedule C signifies as regard timbers.

Those are the pearly words of wisdom which were spoken by the right hon. gentleman, but the hon. gentlemen who cheered so loudly then will not cheer so loudly now.

Mr. MACKENZIE KING: The application is not the same to-day.

Mr. BENNETT: There is a great change; the right hon. gentleman is prime minister and I am not. At least I am frank enough to admit that there has been that great change.

Mr. MACKENZIE KING: I was not referring to the agreement. I was referring to conditions as they were at that time.

Mr. BENNETT: Conditions are also different. In 1932 the depression was very great, while to-day it is not nearly so great.

Article 4 of the new agreement reads:

The government of the United Kingdom undertake that until the 19th August, 1942, tobacco grown, produced or manufactured in Canada and consigned from any part of the British Empire shall enjoy on importation into the United Kingdom the existing margin of preference over foreign tobacco, so long, however, as the duty on foreign unmanufactured tobacco does not fall below 2c. 0½d. per pound, in which event the margin of preference shall be equal to the full duty.

Then the old agreement, article 7, provided:

His Majesty's government in the United Kingdom will invite parliament to pass legislation which will secure for a period of ten years from the date hereof to tobacco, consigned from any part of the British Empire and grown produced or manufactured in Canada, the existing margin of preference over foreign tobacco, so long, however, as the duty on

foreign unmanufactured tobacco does not fall below 2/0½d. per lb., in which event the margin of preference shall be equal to the full duty.

Now the parliament of Great Britain passed the Finance Act, section 7 of which stabilized tobacco duties for ten years, and this new agreement maintains them until 1942, which is ten years from 1932. So there is no change there.

Then I find these words, and they are rather interesting. Even at that the right hon. gentleman did not accept the agreement; it was not satisfactory to him. Listen to this:

They have now an existing margin which the article says may go on for ten years, but only provided parliament does not change it which it apparently has the right to do. Change it? —in what way? "So long, however, as the duty on foreign unmanufactured tobacco does not fall below 2/0½d. per lb." The margin is kept only so long as the duty against foreign tobacco remains at a little over two shillings per pound. If the British parliament decides to reduce that duty the margin of preference becomes equivalent to the full duty, and if the full duty is brought down by shilling or pence, the margin disappears and the rate applicable to British Empire grown tobacco also. Of what benefit will that article be to the tobacco growers? Who will as a consequence of this agreement begin extending his tobacco plantation in Canada in order to supply the British market when at any time the British government, if it sees fit, may reduce the duty on tobacco, bring it down to any point, or wipe it out altogether?

The right hon. gentleman has given this immortality; it is embalmed in the agreement in exactly the words of 1932, and he asked the question: What good is it? I ask it now. Perhaps he will answer it now more clearly that he did then.

The new agreement, article 5—and this is a most interesting one—provides:

The government of Canada, recognizing that it is the present policy of the government of the United Kingdom to promote the orderly marketing of bacon and hams and of meat in the United Kingdom with due regard to the normal development of trade, declare their willingness so far as their power extends to continue to assist the government of the United Kingdom in carrying out this policy and, in particular, to furnish from time to time estimates of forthcoming shipments of bacon and hams and cattle and beef.

As regards bacon and hams, the government of the United Kingdom undertake:

(1) that any duty or levy which may be imposed on bacon and hams imported into the United Kingdom shall not apply to imports of Canadian bacon and hams when consigned from any part of the British Empire;

(2) that there will be no regulation by them of such imports unless the rate at which the trade from Canada progresses towards two and one-half million hundred-weight per annum should become abnormal and such as to endanger the effective working of the system of supply regulation;

(3) that no such regulation would be put into effect without prior consultation with the government of Canada.

As regards cattle and beef, the government of the United Kingdom undertake:

(1) that any duty or levy which may be imposed on cattle or beef imported into the United Kingdom shall not apply to imports of Canadian cattle or beef when consigned from any part of the British Empire;

(2) that, if so requested, they will make themselves responsible for Canadian interests in any International Conference that may be set up to arrange for regulating supplies imported into the United Kingdom and will use their best endeavours to ensure that Canada secures an equitable share in the trade in cattle and beef;

(3) that any agreement for the setting up of such a conference, to which they may become a party, will not provide for any reduction in imports of Canadian fat cattle and beef into the United Kingdom below recent levels;

(4) that any such agreement will recognize that special provision may become necessary for increased shipments of fat cattle and beef from Canada and will provide for specified reductions, if necessary, in shipments of chilled beef from foreign countries;

(5) that there will be no regulation of imports of cattle or beef from Canada unless, after consultation with the government of Canada, it appears to the Government of the United Kingdom that the effective working of a general scheme for the orderly marketing in the United Kindom of meat cannot otherwise be secured.

The old agreement, article 5, says:

His Majesty's government in the United Kingdom will invite parliament to pass the legislation necessary to modify the conditions at present governing the importation into the United Kingdom of live cattle from Canada on the lines already agreed upon in principle between themselves and His Majesty's government in Canada.

You will recall the letter from Sir John Gilmour to the Hon. Mr. Weir, then minister of agriculture, in which it was provided that when they had settled on the report that was to be made, the provisions incorporated in the new agreement would become effective, and they did become effective in this country.

Article 6 of the old agreement provides:

His Majesty's government in the United Kingdom declare that it is their intention to arrange as soon as possible after receiving the report of the commission now sitting on the reorganization of the pig industry in the United Kingdom, for the quantitative regulation of the supplies of bacon and hams coming on to the United Kingdom market and undertake that in any legislation which they may submit to parliament for regulating the supplies of bacon and hams from all sources into the United Kingdom, provision will be made for free entry of Canadian bacon and hams of good quality up to a maximum of 2,500,000 cwt. per annum.

Identically the same. But that is not all. Is it beyond the memory of hon. gentlemen

opposite who went throughout the country and said, when the farmers were beginning to raise pigs, that it was a mistake, that there was nothing in this agreement for them, that Mr. McLean of Canada Packers, one of their strong supporters, said that that provision in the agreement of 1932 meant over thirty million dollars to the Canadian farmers? That was the position taken by Mr. McLean of Canada Packers.

Let us go a step further. The new agreement, article 6, provides:

The government of Canada undertake that the goods the growth, produce or manufacture of the United Kingdom enumerated in schedule IV appended hereto, when conveyed without transhipment from any part of the British Empire enjoying the benefits of the British preferential tariff into a sea, lake or river port of Canada, shall not be subjected to duties of customs higher than those specified in that schedule.

We have bound ourselves in the new agreement with respect to that matter. Article 6 of the new agreement continues:

The government of Canada undertake as regards goods the growth, produce or manufacture of the United Kingdom other than those enumerated in schedule IV that, under the British preferential tariff, no new protective duty shall be imposed and no existing protective duty increased except after an inquiry at which United Kingdom producers shall enjoy full rights of audience.

The old agreement, article 13, provided:

His Majesty's government in Canada undertake that on the request of His Majesty's government in the United Kingdom they will cause a review to be made by the tariff board as soon as practicable of the duties charged on any commodities specified in such request in accordance with the principles laid down in Article 11 hereof and that after the receipt of the report of the tariff board thereon such report shall be laid before parliament and parliament shall be invited to vary wherever necessary the tariff on such commodities of United Kingdom origin in such manner as to give effect to such principles.

And article 14, of the old agreement:

His Majesty's government in Canada undertake that no existing duty shall be increased on United Kingdom goods except after an inquiry and the receipt of a report from the tariff board, and in accordance with the facts as found by that body.

And article 15 of the old agreement provided:

His Majesty's government in Canada undertake that United Kingdom producers shall be entitled to full rights of audience before the tariff board, when it has under consideration matters arising under Articles 13 and 14 hereof.

Again the provisions are identical in terms except as to this: a large number of items are not bound in the new agreement that were bound in the old. Why? Because they were articles that were dealt with by the provisions of other paragraphs of the agreement whereby, when no benefit accrued to the United Kingdom, they agreed to drop them. Article after article was so dealt with by the finance minister during the years, by asking Sir William Clark to communicate with his government to ascertain whether there was any reason why the article in question should continue to be bound when it served no useful purpose, and in every instance where no benefit accrued to the United Kingdom they agreed. Those are the circumstances in which these items have been taken out. They are taken out now instead of waiting for cases to arise from time to time. Do hon. gentlemen say that this affords them a wider opportunity for future negotiations? It may, but so far as my knowledge goes there was not a single article in the schedule with respect to which a request was made to the British government, and which we desired to deal with in some other manner, on which they were not ready to meet us if it had not been found beneficial to them, and they did so.

Why is the tariff board eliminated here? Why is there no provision with respect to it? Why is it wiped out when the agreement with the United States provided that the tariff board should prevail? Why is it eliminated when we placed on the statute books last year this section:

In the case of any value for duty which may be established under authority of section 43, other than those provided for in schedule I of the trade agreement signed to-day, opportunity will be afforded for appeal to the tariff board respecting any such value in order to ascertain and make public the finding whether, to what extent, and for what period, such value may be required to prevent the importation of the goods into Canada from prejudicially or injuriously affecting the interests of Canadian manufacturers and producers.

And in section 6 of chapter 19 of the statutes of last year these words appear:

In the case of any value for duty established under the provisions of this section after the first day of January, 1936, any interested person may apply to the tariff board by way of appeal therefrom.

"Any interested person may apply to the tariff board." The United States has the right to go to the tariff board—the United States or any interested person. But in the other instance, so far as England is concerned it does not state what tribunal, or any tribunal; it says, "except after an inquiry at which United Kingdom producers shall enjoy full rights of audience." Why was it left out? Has anyone suggested a reason?

Mr. DUNNING: Oh, yes—a good reason.

Mr. BENNETT: Why is that good for the United States and not for the United Kingdom?

Mr. DUNNING: It is not the same thing at all.

Mr. BENNETT: Well, it may not be the same thing, but it reads the same and sounds the same.

Mr. DUNNING: Oh, no.

Mr. BENNETT: I judge it is a good deal like the attitude of hon. gentlemen opposite towards the Ottawa agreements; it is a little different now from what it was in 1932. The fact of the matter is that this is to be an inquiry, but His Majesty's government in Canada have undertaken under the new agreement that they will not do certain things, that is impose new protective duties—

Mr. DUNNING: That is it.

Mr. BENNETT: —unless there has been an inquiry and the United Kingdom producers have enjoyed full rights of audience. In the old agreement it is provided that His Majesty's government in Canada undertake that "no existing duty shall be increased"—that is the same thing, if it means anything—

Mr. DUNNING: Yes.

Mr. BENNETT: —"on United Kingdom goods except after an inquiry and the receipt of a report from the tariff board, and in accordance with the facts as found by that body." Why have we wiped out the tariff board? Is it because this combination of tariff experts from three departments—trade and commerce, external affairs, and finance—have thought that they would be far better able to deal with this matter than the board would be? Is that the reason? Is that the reason that the expert draftsmen have so endeavoured to express the same meaning in different language? Here you have the same thing expressed in the old agreement, a provision that the matter shall go before the tariff board. Here you have a provision in the agreement with the United States for an appeal to the tariff board. But in this instance what have we?

Mr. DUNNING: The provision in the United States agreement is not the same.

Mr. BENNETT: Well, it says, the "value for duty," and if there is much difference between the value for duty and a tariff as operated by my hon. friend the Minister of National Revenue (Mr. Ilsley) on cabbage and lettuce and cucumbers and asparagus, I do not know what it is. Perhaps the minister will be able to elucidate that.

Let us read what the Prime Minister said in those days. I am not taking the utterances of anybody less than the Prime Minister, not even members of the government such as the Minister of National Defence, whose strong and vigorous denunciation will always be remembered. This is what the Prime Minister said:

> Well, Mr. Speaker, I need not draw attention again to the fact that here it is not the people of Canada that are thought of in this agreement. It is United Kingdom producers who are to have the right to appear before the tariff board. Why have not the producers of Canada and the consumers of Canada the right to appear before the board? May I remind the house in this connection of one important clause in the Tariff Board Act as it now stands, and that is that only those matters are to come before the tariff board which the Prime Minister wants to have placed before it. . .
>
> I venture to say that if my right hon. friend thinks he has met with success in that endeavour he is very much mistaken. I do not believe that any parliament of Canada—

Note, Mr. Speaker—"I do not believe that any parliament of Canada—"

> —will agree to surrender to any tariff board which is to be regarded as a judicial tribunal the say as to what the tariff in Canada is to be with respect to any commodity whatever.

Mr. DUNNING: That is the whole point.

Mr. BENNETT: Yes. Well then, the hon. gentleman might explain why he has agreed that an inquiry at which the United Kingdom producers are to enjoy full rights of audience is to determine these questions, rather than the tariff board.

Mr. DUNNING: Oh, no; the government of Canada.

Mr. BENNETT: The minister is a very intelligent gentleman, but at times he makes the fatal mistake of assuming a knowledge of the interpretation of statutes which he does not possess. The language is this:

> The government of Canada undertake as regards goods the growth, produce or manufacture of the United Kingdom other than those enumerated in schedule IV that, under the British preferential tariff, no new protective duty shall be imposed and no existing protective duty increased except after an inquiry at which United Kingdom producers shall enjoy full rights of audience.

Mr. DUNNING: That is it.

Mr. BENNETT: The old section was this:

> His Majesty's government in Canada undertake that no existing duty shall be increased on United Kingdom goods except after an inquiry and the receipt of a report from the tariff board, and in accordance with the facts as found by that body.

Mr. DUNNING: That is it.

Mr. BENNETT: There is the distinction without the difference.

Mr. DUNNING: A very important one.

Mr. BENNETT: Yes, but here is the amazing observation, in view of this paragraph; let the supporters of the right hon. gentleman (Mr. Mackenzie King) listen to this:

What does that mean, Mr. Speaker? It means that the tariff board of Canada is to be moved into action at the instance not of Canadians, not of consumers who are affected by our tariffs, not of any classes in this country, but at the instance of the British government. In other words we are to have a government of another part of the empire say when our tariff machinery is to be put into motion where it relates to matters pertaining to the tariff board. That comes back to the old question as to how far we want the affairs of this country interfered with by the governments of the other parts of the empire. I venture to say that if we are looking for trouble that is the best direction in which to seek it. If we are going to put upon the British government the onus of moving our tariff board into action, and put upon our own government the onus of having its board take up investigations whenever the British government wish to have an inquiry made, it seems to me we are going out of our way to make difficulties between the governments of the two countries and between the two countries themselves.

Mr. DUNNING: He was a true prophet.

Mr. BENNETT: We are to have another inquiry like the Turgeon commission, with Mr. McRuer, at $150 a day and expenses, reading free trade pamphlets. Is that the idea?

So that is the story up to that point. Then we come to article 7 of the new agreement:

The government of Canada undertake that goods the growth, produce or manufacture of the United Kingdom enumerated in schedule IV, when not of a class or kind made in Canada and when subject to duties of customs on importation into Canada, shall, when conveyed without transhipment from any part of the British Empire enjoying the benefits of the British preferential tariff into a sea, lake or river port of Canada, enjoy the benefit of preferential tariff margins which, in the case of any such goods, shall not be less than the difference between the rate of duty provided for in this agreement and the rate of duty now levied upon like goods the growth, produce or manufacture of any foreign country, provided however that, if the duty on foreign goods becomes less than such preferential tariff margin, no duty shall be levied on the like goods of United Kingdom origin.

Then, article 8:

The government of Canada undertake in respect of the goods the growth, produce or manufacture of the United Kingdom enumerated in schedule V appended hereto that the difference between the rates of duties of customs on such goods on importation into Canada, when conveyed without transhipment from any part of the British Empire enjoying the benefits of the British preferential tariff into a sea, lake or river port of Canada, and the rates upon similar goods the growth, produce or manufacture of any foreign country shall not be less than the margins set out in that schedule.

Under the old agreement, article 9, "His Majesty's government in Canada will invite parliament." You see, the late government were more respectful towards parliament. They did not know they had a certain, solid majority. The government of Canada's undertaking under this present article is without reference to parliament, but the old agreement recited:

His Majesty's government in Canada will invite parliament to pass the legislation necessary to substitute for the duties of customs now leviable on the goods specified in schedule E the duties shown in that schedule, provided that nothing in this article shall preclude His Majesty's government in Canada from reducing the duties specified in the said schedule so long as the margin of British preference shown in that schedule is preserved or from increasing the rates under the intermediate or general tariff set out in the said schedule.

I explained a moment ago that with respect to the articles that were bound the British government had accorded its consent without any difficulty, and I pointed out further that with respect to the items mentioned here we put them on the free list; and when the bill is in committee we will mention the articles that were placed on the free list between 1932 to 1935.

Let me refer now to the language of the present Prime Minister at page 281 of Hansard of 1932.

The feature that is all important for this parliament to consider is whether it is going to adopt the principle of allowing one government to say what the tariff of Canada must be for a given period of time irrespective of what the wishes of the electorate may be. Whether we are to be bound for a term of years to the high tariff rates which a government that may be in office one day and out of office shortly after, may fix. That is the most serious feature of all. When we consider that this is an effort to raise tariffs not only so far as Canada is concerned but so far as other parts of the British Empire are concerned against the rest of the world, this iron clad arrangement of high tariffs existing around the British Empire for a period of years becomes a rather serious international as well as national problem.

Is there any change? Changes in numbers of items, but not in principle. If you have five articles you have the number, and the right hon. gentleman said the thing to remember was the principle that underlies it. The principle is embedded in these documents; for here is the old agreement, article 9:

His Majesty's government in Canada will invite parliament to pass the legislation neces-

sary to substitute for the duties of customs now leviable on the goods specified in schedule E the duties shown in that schedule...

As I point out, this was, as we said at the time, an experiment, and as it became clear from time to time that certain items were not required, reductions were made or they let us deal with them as we pleased, on consent.

Mr. DUNNING: With respect to guaranteed margins?

Mr. BENNETT: Certainly, when England could not supply. Some articles for instance came up during those years which England could not supply at all.

Mr. DUNNING: One or two cases.

Mr. BENNETT: Well, one or two is sufficient for the principle involved. Whenever it was found necessary they always met our offers. And the right hon. gentleman pointed out that the essential question to consider is the principle involved.

Mr. MACKENZIE KING: The principle involved at the time was the question of duration. In other words my right hon. friend bound his successors; we bound ourselves but left our successors free.

Mr. BENNETT: The right hon. gentleman might not say with certainty that he bound even himself. A period of time of three years is not materially different from five years.

Mr. MACKENZIE KING: But it is.

Mr. BENNETT: The right hon. gentleman made some point about that. He approved of the tobacco item, which he had made, which was a ten year agreement, and which he did not desire to have changed. The fact that the term is three or five years I do not consider to be of great importance having regard to the fact that the government of which he was the head made a bargain with the West Indies for ten years and bound us so that we were not able to deal with the West Indies by reason of that agreement. And I pointed out others in which the same thing was done. So it is not a question of time; it is a question of the essential principle, and the principle is manifested as well by five or six items as by fifteen or twenty.

I have dealt with articles 7 and 8. Article 13 of the new agreement is one to which considerable importance has been attached. The two agreements are substantially the same in that regard. The mandated territories I will take as read—

...the government of Canada shall not be bound to continue to accord any preferences to any colony or protectorate...

Here is what the old agreement said, article 20:

Nothing in this agreement shall prejudice or diminish any of the benefits enjoyed by any of the parties thereto under the Canada-West Indies trade agreement dated July 6, 1925.

The new agreement and the old are identical in meaning, although there has been a change of words. It must have required all the genius that the government could import to be able to utilize these words in a different way by transposition so as to make them fit in differently from the way they were in the old agreement and still mean the same thing.

Mr. DUNNING: The other party to the agreement had something to say.

Mr. BENNETT: Quite, but not in the language used here. Now, let us see. It is not as though it ended there. One would have thought that the present Prime Minister would have denounced that, but he accepted it. Let us look at Hansard, page 277:

Let us consider the next article.

And then he deals with the colonies, and continues:

I have not time to go into that matter at the moment, but I invite the attention of the house to the fact that here is a new departure with respect to the whole matter of taxation of colonies and dependencies. Under this agreement the governments are making, so far as the countries of the rest of the world are concerned, a closed preserve of the dependencies and the colonies. Heretofore they have been free to trade with these colonies and dependencies. We on this continent as colonies, sought for years to get freedom of trade, and not to have the government of Britain impose duties for us. Under this agreement, however, we in this parliament who have fiscal freedom in these matters, are to sanction a course which states that whether they wish it or not, these dependencies and colonies in order to provide preferences to other parts of the empire must have certain duties against the rest of the world imposed upon them. There is another principle which I do not believe we in this parliament ought to support for one minute.

And already several days have passed.

I shall not touch the larger issues raised, but it raises further far-reaching questions when we consider what other countries of the world are likely to think, those countries which are not only being shut out of the markets of the British dominions and Great Britain herself, but shut out of the great colonial empire as well, in consequence of the agreements. Those are matters which may well be very carefully considered.

That was the attitude of the then leader of the opposition—that not for one minute should

parliament consider it; and now it is embodied in the new agreement which he asks his followers to accept and act upon!

Article 17 in the new agreement is important in connection with the question of time. I reserve my observations in answer to that until we come to the agreement itself. But article 17 reads:

> The agreement will come into force on a date to be mutually agreed between the two governments. On the coming into force of the present agreement, the agreement concluded between the two governments at Ottawa on August 20, 1932, shall cease to have effect. Pending the coming into force of the present agreement, the two governments will apply its provisions as far as may be possible and will consult together with regard to the dates on which particular provisions of the 1932 agreement shall be deemed to have been replaced by provisions of the present agreement. The agreement will remain in force until August 20, 1940. Unless six months before August 20, 1940, notice of termination shall have been given by either government to the other, the agreement will remain in force until the expiry of six months from the date on which a notice of termination is given.

What does the Prime Minister mean by suggesting that this is a three year agreement, if the agreement is in perpetuity unless notice of termination is given by either party? It is an agreement which continues, and the arrangement with respect to the old agreement and with respect to the new will be clearly seen when you contrast the two articles. Article 22 of the old agreement read:

> This agreement. . . is to be regarded as coming into effect as from the date hereof (subject to the necessary legislative or other action being taken as soon as may be practicable hereafter). It shall remain in force for a period of five years, and if not denounced six months before the end of that period shall continue in force thereafter until a date six months after notice of denunciation has been given by either party.

And it continued to be in force, just as the new one will, for a period of years in the absence of notice to the contrary—six months' notice before its termination. So that as far as this agreement is concerned it continued in effect until such time as notice was given for its termination.

There are other provisions of the agreement to which I might apply the deadly parallel, but I desire now only to make a few observations with respect to one or two matters which I consider of paramount importance before we discuss the matter in detail in committee. The agreement makes some reductions in duties. When we get into committee I shall point out that many of them are 2½ per cent. some 5 per cent, some 10 per cent, and of course one of them at least a 50 per cent reduction. But there are two or three outstanding items to which attention should be directed at once.

One affects steel. I shall not go into the details except to point out that this government has bound continuous strip steel. To my surprise I learned this fall when I was away from Canada that there is no strip steel for the manufacture of automobile bodies produced anywhere outside of the United States—I mean for the type of automobile body that we make on this continent. It is true that they will do it in Australia shortly. We cannot secure it except from the United States, and if the prices of automobiles are at a high level in this country it is only fair to say that they will be reduced if the dies are brought here and the bodies pressed into shape from steel entering our markets free. But we are denied that. This is an item in which it has been declared that although we cannot buy from Great Britain strip steel for the manufacture of automobile bodies, because they do not produce it—though they are building a mill—we in Canada cannot get strip steel from the United States because, notwithstanding the fact that they cannot supply it in England, we have agreed to maintain that level of duty.

I confess, Mr. Speaker, that when I found myself in Australia last fall it was news to me to learn that the only place in which that particular kind of strip steel was produced was the United States. I thought, of course, that it was obtainable in England, but I found that was not so, though in southern England, near Swansea, Wales, they are now erecting a mill in which strip steel of the type and kind and with the characteristics necessary for the manufacture of automobile bodies will be produced. I saw that steel imported into Australia, though shortly they will produce it there themselves. I saw the dies set up; I saw the presses operate. But we in Canada now will have to pay a duty on that continuous strip steel or bring in the bodies already pressed and shaped, thereby losing that much employment. I confess that I am quite unable to appreciate that point.

I shall reserve the right to discuss the steel items further in committee, because there are certain large principles involved, one of them being that to set up a duty and prevent the free importation of a commodity that is essential for the reduction of the price of the finished article, during the period necessary for the construction of a mill, is new as far as I know. Formerly we had a provision that the duty would apply when and so soon as the Canadian mill was able to supply the requirements of the people.

Let us come now to the question of woollens. The hon. member for Ontario (Mr. Moore) was once the chairman of the tariff board. He has written more than one book, and his books are always thought-provoking. In one of his books he indicated that twice the parliament of Canada had destroyed the woollen industry of this country, and he gave the years. I looked the matter up when I read this book, because it was of some importance to realize what was the situation when we had to deal with the matter in 1930. It will be recalled that in 1930 we imposed high duties on woollen goods, including a specific duty, in order that we might be able to rehabilitate the woollen industry of this country. At this moment I am not going to deal with the matter in detail; I am only going to point out that the woollen industry is scattered over Ontario and Quebec, in small towns and villages, and that substantial numbers of people are employed. The textile industry as a whole employs very large numbers of people, some sixty or seventy thousand or more. Indeed I believe the woollen industry employs about sixty-three thousand people, though I may be wrong in that figure.

What is the position with respect to the woollen industry? It is in this position, that if it can get a certain proportion of the business it can remain solvent; if it cannot get a certain proportion of the business it cannot remain solvent. Last year, under the old agreement, we gave England forty per cent of our woollen business and the Canadian producer had a little less than sixty per cent. There were some woollens that came from France, Czechoslovakia and other countries, but broadly speaking Canadians had between fifty-five and sixty per cent of the business while Great Britain had forty per cent. So our woollen industry continued to operate. It is in evidence that they did not make any large sums of money. Knitted goods stood in the same position, and hosiery as well. I recall that Sir Robert Borden once said that a woollen factory in Canada was as great an asset to the British Empire as a woollen mill in Yorkshire, and I have always thought that was a sound principle. Certainly it is a greater asset to the Dominion of Canada. If, as seems likely, the effect of these new arrangements will be to lessen substantially the percentage of business that Canadian mills will do in Canada, then they cannot continue to function. Of course that is almost axiomatic, having regard to existing economic conditions throughout the world. It is quite clear that you must have volume in order to be able to manufacture economically and efficiently, and a volume of sixty per cent of the available Canadian business enabled our woollen industry, to use the colloquial language of the street, to get by. If you reduce it substantially they cannot get by. Is that fair, or does England expects us to put ourselves in that position?

I am not one of those who are entirely ignorant of this matter, Mr. Speaker, for I had to do with the negotiation of the agreement of 1932. The position I took then, which I still think is a sound position, was that if an industry was operating in Canada efficiently and successfully I could not create competition that would destroy it. Rightly or wrongly that was the position we took. My right hon. friend has expressed deep concern over what he calls the world situation. I am concerned about the world situation also, but it seems to me that the world situation is secondary to the situation in my own country. That is the position, and that was why the provisions of the agreement of 1932 read as they did. Woollens, knitted goods and hosiery are items which I think it will be found in committee are seriously menaced by the provisions of the new agreement.

Many years ago in this house I placed upon Hansard my appreciation of what I regarded as the sheep industry. I never realized how great the sheep industry might become in a country until I was in Australia. In the twelve months preceding June 30 of last year Australia did an export business of £122,000,000 of which £61,000,000, or just half, came from sheep. They have 112,000,000 sheep in Australia, and they sell practically one-third of the world's merino. They have developed that business to the point where their wool, of course, is the standard of the world. In South Africa I found they had many millions of sheep, I think about thirty million, and in their laboratories they are developing the quality of their wool until it seems to me the time is not far distant when they will become severe competitors with Australia in the matter of quality. There for the first time I saw the artificial wool that has been developed by Italy, and I realized just how insignificant and inferior it was as compared with the real article, for the purposes for which wool is used.

In this country we are in a northern climate, and to me the development of a woollen industry would seem to be important. Twice we have destroyed that industry, as the hon. member for Ontario pointed out in his book, giving the dates when this happened. We have again placed that industry on its feet by securing to it sixty per cent of our domestic market while the other forty per cent, as I say, broadly speaking, has gone to Great

Britain. Our imports of textiles from Great Britain made up one-third of our entire imports from that country last year.

Mr. DUNNING: That was all textiles, not only woollens.

Mr. BENNETT: Quite so; that is what I said. Under those circumstances I do invite the attention of the house to a careful consideration of the items concerning woollens, knitted goods and hosiery.

There is one other article which I think is important, having to do with vegetable oils. I am not going to labour the matter at the moment, but in the agreement we made in 1932 we bound that article at ten per cent. Long before we left office, however, it became painfully apparent that changed world conditions had created a situation which required the closest examination and investigation; for we have been importing into this country tremendous quantities of vegetable oils, and the market we had to the south of us with respect to animal oils has gone. The United States have placed an excise tax against the importation of our animal fats, so that we are no longer able to utilize that market for the sale of our surplus products. The importation into Canada of vegetable oils has assumed a magnitude of which I had no idea until I looked it up a little while ago. The quantity coming into this country is amazing. We have surplus butter and other fats; we are increasing our pig production; we are selling bacon, and we have lard. We used to have a ready market for lard and still ship a large quantity of it to the United Kingdom. The evidence given before the price spreads commission indicated that the profits accruing to Canada Packers from vegetable oils was enormous. I think in one particular year it was nearly one-half of their profits. I mention this because it seems to me we should give this item very careful consideration. It affects our butter and fat production, and our ability to sell it.

There is one other item dealt with in the minister's speech to which I think we should pay some attention, namely that of furniture. I do not propose to do more than say that as there is a strike in the industry at this time, as indicated by newspaper dispatches, it would probably be undesirable to discuss the matter at this time. There are, however, phases of it which warrant the closest and most careful consideration by the government of a situation which now threatens the industry. I pointed this out last year when we dealt with the United States tariff, and I think if the minister gives it careful consideration and attention he will find there is—

[Mr. Bennett.]

Mr. DUNNING: It is still before the tariff board.

Mr. BENNETT: Yes, I know it is. I believe oils are also before the tariff board, judging from the dates on documents I have. I think probably it had been settled, so far as the ten per cent is concerned, before it reached the tariff board. But the minister has referred it to the board.

Mr. DUNNING: Yes.

Mr. BENNETT: I make these observations with respect to tariffs not in any censorious manner, but really in the hope that I may be able to suggest to the government the desirability of a more careful study than has yet been made. I cannot but point out that while in multiplicity of counsel there is wisdom, it also follows that too many tariff experts sometimes have the effect of emphasizing the truth of that other old proverb, that too many cooks spoil the broth. I merely mention that in passing.

For the moment, leaving the tariff, there is another matter to which I should like to refer, and that is the question of our financial relations with the provinces. The other day the minister dealt with the matter briefly. In amplification of the position I desired to present at that time I wish to say only this: the determination of a policy, I found by experience, is a matter of profound importance, because the implications of it sometimes are not foreseen. When the minister said to the province of Alberta that he would not help them out of their difficulty by advancing them, through loans or otherwise, sufficient money to enable them to pay their maturing obligations, his statement was regarded as a policy. Many people scattered throughout the province in which I have long lived, as well as people residing in other parts of Canada, found themselves in straitened and difficult circumstances because their investments had been wholly in those securities the market value of which fell to a very low figure, and the interest upon which was reduced to half of what the coupons carried. If that policy is reversed, if it is not applied to the provinces of Saskatchewan and Manitoba, obviously a situation is created in which the people of Alberta have just cause to say they have been discriminated against. Because if the minister will accept what I think he will, namely that the implication of his refusal to assist Alberta involved the thought that the same policy was to be applied to all the provinces—

Mr. DUNNING: And it was.

Mr. BENNETT: No, no.

Mr. DUNNING: I refused British Columbia and Saskatchewan at the same time and on the same grounds, in connection with the same class of matter.

Mr. BENNETT: Yes, but the provinces of Saskatchewan, Manitoba and British Columbia have not defaulted. The province of Alberta defaulted.

Mr. DUNNING: If the right hon. gentleman will permit, on the maturity which was the occasion of the default, both British Columbia and Saskatchewan had maturities at the same time and received precisely the same answer.

Mr. BENNETT: Yes, but I am pointing out that Alberta defaulted.

Mr. DUNNING: Yes.

Mr. BENNETT: And the others did not. Alberta defaulted because it was unable to secure money from the dominion government to prevent it from defaulting; that was regarded as an indication of a policy which I believe, rightly or wrongly, should not have been put in force at that particular time.

Before resuming my seat there is one other matter to which I must refer, and that is the windfall which the minister received from the wheat board. Mr. Speaker, I find it a little difficult to express myself in moderate terms with respect to this matter. Prior to this government's assuming office there was outstanding a guarantee in these words:

> The minister, in addition, recommends that such guarantee shall become operative and payment thereunder, out of the consolidated revenue fund, of the respective balances, if any, then due or accruing due, shall be made, after Wheat Producers have sold and realized upon all or practically all of such wheat and other grains in its possession or control, and have sold or disposed of all or practically all such contracts for future delivery of wheat and other grains, and application of the amounts realized, less expenses, has been made against such advances and interest, and thereupon the governor in council, on the recommendation of the Minister of Finance, shall determine the date at which payments are to be made in pursuance of this guarantee.

The wheat board act provided for the taking over by that board of the wheat held by the wheat producers. They took it over on a given day. Unfortunately under the negotiations they did not take it over as the statute provides. The provision is that it shall be taken over after negotiations, but they took it over in consequence of these words:

> The government herewith makes formal request that the Canadian Cooperative Wheat Producers Limited transfer forthwith to the Canadian wheat board "all wheats or contracts to purchase or take delivery of wheat in respect of which the government of Canada has given a guarantee" on the terms of my letter November 12, 1935, to you. Stop. A similar request has been sent to Mr. McFarland.

Ultimately the threat was made that if they did not do so, credit would be stopped. That was the threat. It was done under duress, and as a result the wheat was taken over at almost the lowest price at which wheat had sold. Then they came to parliament and asked for $15,000,000 to cover the loss. Parliament voted the money, against my protest. When I read the language of the Minister of Finance with respect to it I am amazed that such language should be used, because he points out that this was a loss which was irredeemable; there was no possible chance of retrieving it.

Mr. DUNNING: No, no.

Mr. BENNETT: Look at the language.

Mr. DUNNING: I think my right hon friend should quote it exactly. It is perfectly true I had little hope.

Mr. BENNETT: I thought I had the book before me, but apparently it has been misplaced.

Mr. DUNNING: The loss was greater by the end of the fiscal year.

Mr. BENNETT: He said the loss would be greater. In the middle of the year, without waiting for the end of the crop year, he got $8,000,000. How much more wheat is held? Is there or is there not to be a further profit? If so, how much? It is impossible to say—exactly.

Mr. DUNNING: But it is within more manageable proportions now.

Mr. BENNETT: Yes, of course it is within more manageable proportions, but the principle has not changed. That is the story, so far as I can see, with respect to it. I thought I had the volume of Hansard containing the minister's statement, but it is a matter which may be considered later.

I once heard a gentleman say it was difficult to understand any parliament doing what was done last year with respect to this matter. How can we justify having paid out $15,000,000 and getting only $8,000,000 back, with some more to go, the amount of which I do not know? Then we have the government, through the present Prime Minister, claiming at Brandon that they were the real framers of the wheat board act. Speaking at Brandon, the Prime Minister, then leader of the opposition, pointed out that the Liberal party must take the credit for the wheat board act.

Mr. MACKENZIE KING: Some features of it, not the whole act.

Mr. BENNETT: He pointed out that anything that might be of any value was the result of the efforts of the Liberal members of the committee.

Mr. DUNNING: I think that is fair.

Mr. BENNETT: If that is fair, then let me ask both the Prime Minister and the Minister of Finance why it was they made it impossible for the farmers to use it in 1936-37. The language of the statute provided the farmer with an opportunity to have a second market; he could sell to the wheat board and get participation certificates. Through the action of the government of Canada he was prevented from being able to sell his wheat to that board and receiving participation certificates. We now know that not thousands but millions of dollars have been made by speculators in that same wheat. One man told me that his profit was half a million dollars and I know he was stating the facts. Four large buyers took the wheat and instead of the participation certificates being in the hands of the farmers, they reaped the benefit of the rise in price from 90 cents to $1.30 per bushel. It was in the hands of the grain exchange. There is no denying the facts as they are there upon the record. I mention this in passing without going into it in detail, because another opportunity will be afforded to discuss the matter fully.

I am deeply concerned about the operations and the effect of the operations of the wheat board. When I was standing in the place now occupied by the right hon. gentleman opposite, I pointed out that that meant that there were two markets possible, the one being the board and the other the ordinary channels of the grain trade. The farmer had his choice of going to the market and getting participation certificates. If he had good fortune he could participate in the increased price that came about. If wheat went lower, the government guaranteed him the fixed price. He got that price. But he was not afforded that opportunity in 1936-37. Great fortunes have been made while the farmer has had to dispose of his wheat at a price which did not permit his utilizing the machinery of the wheat board.

There is another problem in connection with which I think the hon. gentleman should have given some indication of his views, the problem touching the railways of this country. I am not going to review again the history of these railways. There are two problems of transcendent importance facing this country and one is the railway problem. It was pointed out that the effect of the agreement would be to increase the business of the railways to such an extent that they would be able rapidly to overtake their difficulties. Of course that is not so and it could not be so in the very nature of things. The short hauls would not enure to their benefit to that extent, or to any other extent that would be perceptible. Of course improved conditions have improved the takings of the railways. Take our national railway, for example; there are still three questions which remain unanswered. The annual report of 1935 showed a cash deficit of $49,000,000; the balance sheet shows a loss of $83,000,000, while the bureau of statistics shows the loss of the railways to be $115,000,000. The reconciliation of these amounts has not taken place. The same thing may be said with respect to other matters connected with this one. There is no problem to which the Minister of Finance could give his attention comparable with the problem that arises from the railway situation. There is no problem which is so closely connected with the economic condition of this country.

Another related problem—and it is connected also with tariffs, with the development of our industrial life, with the lessening of the opportunity for men to find work—is the problem of unemployment. In connection with this I propose to say a few words. I have not forgotten the denunciations hurled across the floor of this house during the years that we held office. I have not forgotten the statements which were made during the general elections. I have not forgotten the fierceness of the attacks made upon myself and upon all those who had to deal with the problems then before us. On an occasion such as this I cannot help but refer to the language of the Prime Minister at the beginning of the elections of 1935, when he said:

> Since Mr. Bennett came into office, you have had even stronger reason for believing that unemployment is the most urgent of Canada's national problems. Each year you have seen its menacing shadow creep nearer and nearer your own doors; more and more you have felt its cruel privations in your homes. Everywhere to-day its terrors stalk abroad in our land. I doubt, however, if even this experience has been sufficient to cause you to realize to what proportions the problem has grown in the years of Mr. Bennett's administration. Let me give you the figures of the numbers of unemployed and of persons dependent upon relief, so far as it is possible to obtain them from government records.
>
> Taking the latest figures on employment supplied by the Bureau of Statistics, it can be shown that, on the most conservative basis, there are to-day over 400,000 wage earners out of work. If we go by the estimates of social workers, labour organizations and labour leaders, we shall not be far out if we place the number of unemployed at approximately half a million. To avoid the possibility of any exaggeration, I shall leave the total at over 400,000.

I have been speaking only of the unemployed. I have said nothing of the numbers on relief. You must be careful to distinguish between the two. Fortunately, it does not follow that, because men and women are unemployed, they go automatically upon relief. Similarly, it must not be supposed that, because men and women are employed for a part of the time, sooner or later, they may not find it necessary to accept relief for themselves and for those dependent upon them for support. Figures on direct relief are available from May, 1932, to May of this year. These figures, which include dependents and those receiving partial and part-time relief, reveal a startling increase, from year to year, of persons who have been compelled to receive state assistance. In May, 1932, there were 597,000 who, in this manner received direct relief. In May of this year there were 1,272,000.

They are, however, far from revealing the true picture. It is not with statistics, but with human lives, that we are concerned. You cannot measure fear, privation and want by any yardstick or adding machine. Who will venture to estimate what the enforced idleness of hundreds of thousands of human beings, and the enforced acceptance of relief from the state by a very much larger number, over a period of two, three, four and, for some, five years, has meant in the way of physical suffering, of mental anxiety, and of human anguish to lives and homes of which there is no record whatever? Who will venture to estimate what the effect of all this may be upon the health and morale of the nation? Is it any wonder that to-day there is widespread unrest and discontent throughout the land, and that, in the case of young and old alike, many are in a condition of despair?

Then followed a statement of the remedy proposed. There was to be the appointment of a commission and cooperation with the provinces which, with the exception of one, were governed by Liberal administrations. The Prime Minister continued:

The services of all departments of the federal government will be made available to the commission in any and all phases of its work. The Liberal party has no reason to doubt that the services of all departments of provincial governments will be made equally available. A guarantee of provincial cooperation is to be found in the fact that, save in one province, out of nine, Liberal governments are already in office.

The right hon. gentleman referred to the movement for a national government, and stated that in his opinion there could be no finer example of a national government than a Liberal government at Ottawa and Liberal governments in all the provinces. The right hon. gentleman then referred to the hon. member for Winnipeg North Centre (Mr. Woodsworth) and myself and concluded by stating that his program was to have a national commission which would be asked by the Liberal government to secure cooperation in dealing with this problem.

I shall now give a short statement of the results. The bureau of statistics defines an unemployed person as follows:

The unemployed person in the following estimate is the person who could tell a census enumerator that he had worked as a wage-earner or that he had a wage-earning occupation, but is at present out of work (not through illness, accident, strike or lock-out, etc.)

This definition excludes the boy or girl of working age who has never worked at a steady job, also the boys or girls on the farm who would be wage earners under better circumstances.

The leader of the government used the figure of 400,000 on which he based his statistics. Here are the figures of the bureau of statistics brought up to date:

1931	
May	440,000
June	437,000
July	431,000

The figures for the different months are given, and when we get to August, 1935, the bureau puts the figure at 492,000. The figures for the following months are:

1935	
September	455,000
October	435,000
November	479,000
December	546,000

Then coming down to January, 1937, the bureau gives the figure of 500,000. That is the figure that is now given.

Turning to relief, the leader of the government used the figure of 1,272,000, although the bureau's figure is different. Before I come to that, I will give the figures that the leader of the government gave in his speech on October 8, when, nearly overcome with emotion after listening to eight Liberal premiers in the Maple Leaf Gardens, Toronto, he referred to the unemployed as having reached figures for different months of 1,322,668; 1,197,657; 1,103,690, and so on. These figures may or may not be accurate.

At any rate the government came into office and appointed a national employment commission consisting of Arthur B. Purvis, as chairman; A. N. McLean, Alfred Marois, Tom Moore, Mrs. Mary M. Sutherland, W. A. Mackintosh and Mr. E. J. Young. Major Hugh Spencer Relph was secretary; Miss C. Whitton, co-ordination of aid, and Ray Brown, director of publicity. V. C. Phelan, former private secretary of Mr. Heenan when he was minister, was made director of registration. A youth employment committee was appointed, as follows: Alan Chambers, chairman; Robert F. Thompson, Joseph McCulley, W. C. Nickerson, Andre Montpetit.

Sessional paper 128A, filed on January 29, 1937, covers approximately thirty-five orders in council dealing with appointments. We have no record of the amounts that may have been expended for adding machines and the like. But I want this house to take note of what has been done by this government since it came into office to solve the unemployment problem, and when hon. members hear it I think they will have a better appreciation of just what is involved than they now have. First is the order in council appointing the National Employment Commission. Next is an order in council of June 6, 1936, appointing Major Relph secretary of the commission at a salary of $400 a month to be paid from moneys provided by parliament. Then on July 9, 1936, another order in council was passed, and listen to this:

The committee of the privy council, on the recommendation of the Minister of Labour, advise that, under the provisions of the National Employment Commission Act 1936, the following persons be appointed to the staff of the National Employment Commission:

Mr. Oscar F. Martin, clerk messenger, grade 2, at a salary of $1,080 per annum;

Miss Betty Brice, stenographer, grade 2, at a salary of $1,080 per annum;

Mr. H. P. Gardiner, head filing clerk, grade 4, at a salary of $1,680 per annum;

Mr. Harry Baldwin, superintendent in charge of relief division, at a salary of $4,500 per annum;

Next is an order in council dated July 17, 1936, appointing Mrs. Hazel C. Binks to the staff of the commission as a stenographer, grade 2, at a salary of $90 per month, effective from and including July 14, 1936. Next is an order in council dated August 1, 1936, recommending that—

—authority be granted for payment of the sum of $113.66, being expenses incurred in connection with a conference of members of the Canadian Welfare Council, on the question of national registration and classification of persons on relief—the amount in question to be paid from vote No. 332.

Next is an order in council of August 7, 1936, appointing a bilingual assistant secretary to the National Employment Commission and recommending that—

—Edward Fournier be appointed at a salary of three hundred dollars per month, less statutory deductions, chargeable to vote 332 of the special supplementary estimates, effective upon assumption of duties.

Next is an order in council of August 7, 1936, appointing Mr. John A. Bethune clerk on the staff of the commission at a salary of $1,500 per annum.

The next order in council is dated August 21, 1936, appointing Mr. T. W. O'Neill secretary to executive at $145 per month, and Mary Alberta Veniot, stenographer grade 2, at $90 per month.

The next is an order in council of August 21, 1936, appointing Mr. Phelan as director of registration at a salary of $3,960 per annum —and he is already a civil servant.

Mr. ROGERS: A number of these employees are transferred from other branches.

Mr. BENNETT: Quite. The salaries were not, though. Next is an order in council dated August 21, 1936, recommending that authority be granted—

—to pay to the National Employment Commission the sum of $1,000 out of vote No. 332, as an advance to the commission to cover expenses of individuals or groups whose services may be required by the commission.

Then on August 21, 1936, this order in council was passed, and this is a jewel:

The undersigned has before him recommendation from the National Employment Commission that it is considered that the tabulations of relief scales, etc., first prepared by the Canadian Welfare Council, in 1935, provide information which the commission should have.

That to obtain this information through the commission's own offices would involve not only considerable expense but also loss of time, and that its revision up to date and the incorporation of similar information respecting a number of smaller relief authorities, not dealt with in the tabulations already prepared, can most efficiently and cheaply be secured from the Canadian Welfare Council. The commission considers that a fair estimate of the cost of this revision would be approximately $750 but recommend that $500 be paid to the welfare council therefor.

And where did the information come from? From the bureau of statistics.

Then on August 20, 1936, an order in council was passed appointing Mr. David Shepherd as a special adviser to the National Employment Commission at a salary of $625 a month, to date from September 1, 1936. On September 2, 1936, an order in council was passed recommending the appointment of a youth employment committee, consisting of the following: Alan Chambers, R. F. Thompson, Joseph McCulley, Andre Montpetit, W. Clifford Nickerson, and they are to receive a living allowance of $15 per diem and travelling expenses while engaged on the work of the committee, such allowances and expenses to be in effect from the date of appointment, and to be chargeable to vote 332, special supplementary estimates, 1936-37.

On September 10, 1936, an order in council was passed approving of the appointments which had been recommended of T. W. O'Neill and Mary Alberta Veniot. On September 11, 1936, an order in council was

passed authorizing Mr. Thomas Moore to act as vice-chairman of the commission when Mr. Purvis is away. On September 17, 1936, an order in council was passed appointing Miss B. Campbell, stenographer grade 2, at $90 per month, and J. M. Wyatt, supervisor of statistics, registration branch, at $175 per month. On September 17, 1936, an order in council was passed appointing Adelaide Guylist, stenographer grade 2, at $90 per month; Helen Mary Ross, typist grade 1, at $65 per month, and Grace Daniels, stenographer grade 2, at $90 per month.

On September 30, 1936, the board recommended the following appointments:

1. J. F. Fitzpatrick, supervisor, machine section, at a salary of $175 per month, from September 4, 1936.
2. Clerk, grade 4, at a salary of $135 per month: P. Stuchen, from September 1, 1936.
3. Clerks, grade 3, at a salary of $115 per month: K. Marsh, and J. W. Valiquette, from September 1, 1936; Misses L. Corbett and M. Weston, from September 4, 1936.
4. Clerks, grade 2, at a salary of $90 per month: A. J. R. Ash, Miss L. Bonnell, I. Bodie, S. Charet, J. E. Jolin, M. A. Keating, H. C. Manning, E. Richer and E. C. Roquet, from September 4, 1936; C. B. Costello, Mrs. I. Legault, R. W. Scott and R. C. Woolam from September 9, 1936; W. J. Blake, Mrs. A. M. Craik, H. Dunne, Miss M. Ewart, E. R. Jackson, J. Leslie and F. Pain, from September 10, 1936; T. G. Bailey, Miss B. Quilty and C. J. Sly, from September 11, 1936; A. J. Saunders, from September 12, 1936; R. H. Borehan and S. Karam, from September 15, 1936; R. H. Braman, N. C. Donoghue, J. E. Drinkwater, A. G. McLeod, D. Moorman and C. de Salaberry, from September 17, 1936; H. G. Latham, H. L. Osborne and C. G. Parmelee, from September 21, 1936; S. L. Morrissey from September 23, 1936; and E. F. Lyons, from September 25, 1936.

Mr. ROGERS: These are all connected with registration.

Mr. BENNETT: The order in council continues:

5. Office appliance operators, grade II, at a salary of $85 per month: Miss A. Devine, W. W. Lester, G. Chene and Misses H. Calladine, H. Doyle, G. Lanthier, M. McCarthy, M. Martin and Mrs. G. Giroux; Miss S. Donohue, Miss B. Huard and Mrs. H. M. Cairns; Misses J. Andrews, F. Ellard, L. Gouin, M. Noonan, M. Macdonald; Mrs. A. Gagnon, Mrs. V. M. Gorman, Mrs. B. O'Malley; Misses G. Cosgrove and D. Macdonald.

And the following between the dates mentioned: Garneau, Byrnes and Lipman, at $85 per month, as appliance operators.

Then we come to the next order, September 30, 1936, chargeable to the same vote: clerks, grade II, at $90 per month, Black, Ferguson, Fraser, Grainger, Ketchum, Morrisette, Coghill, Coghlan, James, Marselis, Richard, Tank, Lett, Prestly, Richard. Office appliance operators, grade II, salary $85 per month, Dennis, Gallant and McCadden. On October 7, 1936, special supplementary estimate, office appliance operators, grade II, salary $85 per month, McLaughlin, Aubry, and Dumoulin. On October 8, 1936, salaries to be charged as follows: Raoul Landriault, $80 per month, Florence Morris, and Marie Miller, $90 per month.

The minister further recommends that Miss Charlotte Whitton, executive director of the Canadian Welfare Council, be appointed in connection with specialist work on the relief sections of the act, such appointment to be effective from November 15, 1936, to March 31, 1937, at a remuneration of $25 per diem plus actual travelling expenses, same to be chargeable to vote No. 332. Ray Austin Brown becomes a director of publicity for the department at a salary of $4,500 per annum, to be paid out of the same vote subject to the provisions of the Salary Deduction Act, the appointment to date from October 14, 1936.

On November 3, 1936, Mrs. Ferguson of Westville, N.S., Madame Cormier of Montreal, Miss Ruth Low, of Kitchener, Mrs. Walter Lindal of Winnipeg and Mrs. A. J. Currie of Govan, receive appointments from that date. An order of the same date appoints Mr. Arthur Hemming as clerk, grade 2. Then we have Paul Masse, "who has been attached to the staff of the Employment and Social Insurance Commission since April 1, 1936" to be appointed to the staff of the National Employment Commission at a salary of $115 per month; this order is dated November 3. On November 12, 1936, it is stated that a youth employment committee has been formed, and that the members of that committee are eligible to receive, in lieu of a detailed accounting, a living allowance of $15 per day, and that when travelling outside of Ottawa the living expenses of the chairman, Mr. Alan Chambers, may be larger than those incurred by the ordinary members; that his work will involve travelling to various points, and therefore it is recommended that he be paid an increase of $5 per diem more than the other members, to be charged against the vote. On December 17, 1936, the board recommend the appointment of one Wyatt as supervisor of the coding section, whatever that may be.

Mr. ROGERS: It is all connected with registration as provided in the statute.

Mr. BENNETT: It gives as clerks, grade 4, at $135 per month, Stuchen, and Roquet; clerks grade 3, $115 per month, Marsh, Valiquette, Corbett and Weston and Pain; stenographer, $90 per month, Campbell, and a number of clerks, grade 2, and office appliance operators. By an order in council of January

8, 1937, McKinnon and Latremouille are appointed stenographers at $90 per month. On January 8, 1937, the salary of O'Neill, $145, is increased to $200 per month; Gardiner, at $140, is increased to $150. On the same date Maysie Roger is temporarily appointed as supervisor of social statistics at a salary of $115 per month. Then follow, on January 15, Bethune and Landriault, at $160 and $90 per month respectively.

These are the contents of the orders in council brought down to January 15. My purpose in directing attention to these is to show that, instead of utilizing the existing machinery of the bureau of statistics, what has been done is to endeavour to build up another bureau of statistics, with adding machines, with machines for computation and various other equipment, so taking the place of the bureau of statistics. What is more—

Mr. ROGERS: That was looked into most carefully.

Mr. BENNETT: And the information which is utilized by the department itself comes from the bureau of statistics and is handed out by officials who are connected with it. A long distance telephone call comes from Montreal to the bureau of statistics for the purpose of getting information, and it is given as though it were new information by the department over which the minister presides. The bureau of statistics is the place to which one would expect to look for the purpose of getting the information which we require. We have not been permitted, heretofore at least, to have any doubt about the fact that that was the place to which figures were sent from all parts of the dominion for the purpose of enabling information to be obtained. Why build up this second institution? Why establish a second organization? What has this organization done since it came into office?

An hon. MEMBER: Nothing.

Mr. BENNETT: What has this commission done? It has employed all these people I have mentioned, from a director of publicity at $4,500 to a vice president, down in Montreal, at $625 per month, and other officials beyond number. I wonder what the right hon. gentleman would have said, had he been in opposition, in face of a record such as this, the supplanting of the bureau which was created for the purpose of providing the very statistics which are utilized to enable this new body to function, and which statistics, I repeat, have been collected and collated by that bureau and not by the organization which has now been set up

The Prime Minister said at the opening and frequently during the course of the last election campaign that this unemployment problem is the most serious of all the problems that engage the attention of the Canadian people.

Mr. LAPOINTE (Quebec East): Hear, hear.

Mr. BENNETT: That was his view, and the Minister of Justice (Mr. Lapointe) very properly says, "hear, hear." Yet in the face of that statement, and in spite of what was to result from the cooperative effort of eight Liberal governments in the provinces with this dominion Liberal government, we have thus far only the appointment of this commission, and the record of the long months during which it has laboured, at a cost to the country which I cannot yet indicate because I do not know—in this return we have only a portion of the cost. And the Minister of Finance the other day, in the estimates which he gave for the succeeding year, in reviewing the problems with which we had to deal, left that problem to be dealt with by itself.

I therefore move, seconded by Mr. Casselman;

That all the words after the word "that" in the said motion be struck out and the following substituted therefor:

"This house regrets that the government has failed to take effective measures to deal with the problem of unemployment.

In so doing I realize that it is the amendment with which the present government in opposition met us when we were struggling with that problem in 1931, 1932 and 1933. It was then that the Minister of National Defence used to wax so eloquent and become so violent in his denunciation of the government of the day. But the amendment embodies the hopes and aspirations of the people of this country who looked to this government, and have looked in vain, for a solution—not an academic principle, by the gathering of figures that already exist, the accumulation of machines which can be worked by paid operators at large expense when we already have the machines and the men working on these matters in other branches of the public service; not the duplication of existing facilities; not the reckless expenditure of public moneys. With confidence therefore I submit that the problem of unemployment, named by the Prime Minister as the most important of all the problems that confront this country—a sentiment greeted with "hear, hear" from the Minister of Justice himself—should be given

the freest possible discussion in this house and the policy of the government disapproved or vindicated.

Before I take my seat may I now give the quotation respecting the wheat estimate which I was unable to find. At page 4147 of Hansard of June 23, 1936, the Minister of Finance, in answer to a question I asked him as to why he was putting in a vote fixing the loss at $15,000,000 without knowing what it was going to be, said: "Because the money is going to be lost." That is what I wished to say about the $15,000,000.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

EMPLOYMENT AND SOCIAL INSURANCE ACT

Mr. JEAN-FRANCOIS POULIOT (Témiscouata) moved the second reading of Bill No. 30, to repeal the Employment and Social Insurance Act.

He said: Mr. Speaker, we have with us tonight a gentleman who has given his life to the study of labour problems and who is considered wherever he is known as an international expert on the matter. I have before me a book which was kindly given me some years ago, from which I should like to make the following quotation, which appears at page 345:

> Social insurance, which in reality is health insurance in one form or another, is a means employed in most industrial countries to bring about a wider measure of social justice, without, on the one hand, disturbing the institution of private property and its advantages to the community, or, on the other, imperilling the thrift and industry of individuals. Social insurance looks upon industry as in the nature of social service. It regards the owner of land or capital as a capitalist, but also as a public trustee. It looks upon the worker in industry as a wage earner, but equally as a necessary member of the community. It places the emphasis on personality rather than on property, and on life rather than on wealth.

I could proceed further and read more from that book, but I refer every hon. member of this house to pages 335, 345 and 347 of Industry and Humanity, the book written nineteen years ago by the leader of the government (Mr. Mackenzie King). I said the right hon. gentleman was known as an international expert on labour problems. I wonder if in 1935, when he introduced his social legislation, the then prime minister sought any advice from the right hon. gentleman to whom I have referred. I do not think so. Who was the honorary precursor to the big broadcast of 1935, with regard to social insurance in particular? On the first page of the Montreal Gazette of September 20, 1934, several months before the big broadcast of January, 1935, there appeared a great scoop. It was entitled:

> Insurance for Jobless Plan Waits Bennett.
> Premier to Launch Scheme on Return, Pitfield Announces.

That is the very same Pitfield who sold a picture to the Tory government for $45,000.

> Combat Unemployment.
> Success Depends on Provincial Agreement, New Conservative Head Declares.

I wonder who was the Conservative head. I have never seen one. Now let us come to the big broadcast of 1935, and I should like to quote from our esteemed contemporary, the Ottawa Journal. I am not speaking now; this is the big broadcast. Listen to it. The old order was gone; we were seeing the dawn of the new order. This is how the big broadcast put it:

> We are going to do away, as quickly as possible, with emergency relief measures and put in a permanent system of sound and scientific insurance against unemployment.

On February 23 of this year the hon. member for St. Lawrence-St. George (Mr. Cahan) said, according to Hansard at page 1137:

> . . . the remarkable thing about this proceeding is that the leadership of this house has evidently passed to the hon. member for Témiscouata.

That statement is so ridiculous that it does not need to be contradicted. In labour matters in particular the leader of the Liberal party is my leader and I am proud to be his disciple. What struck me, however, was that the hon. member for St. Lawrence-St. George was adopting the line of the hon. member for Winnipeg North Centre (Mr. Woodsworth), who on March 4 of last year blamed the member for Temiscouata for submitting to this house legislation to repeal the non-existent economic council.

In view of what has been said by these hon. gentlemen, Mr. Speaker, I should like to quote as briefly as possible what the member for Temiscouata has said about the social insurance scheme which was advertised in January, 1935, by the leader of the Tory party, the hon. member for Calgary West (Mr. Bennett). Before that, however, no one should forget that at the time the social insurance bill was introduced into this house the then prime minister stated that it was not a relief measure. Now I should like to give some quotations

from what was said by the member who has the honour to address the house at the present time:

This parliament is supreme within the bounds of its jurisdiction, as the provincial legislatures are also supreme within the bounds of their own jurisdiction. There is a supremacy in each domain. There are certain things that this parliament alone can do and there are other things that the provinces alone can do. . . . I am not going to repeat what has been said by the hon. member for Quebec East (Mr. Lapointe) and the hon. member for Shelburne-Yarmouth (Mr. Ralston), but the point that is to be made in this regard is that it is not because a convention has been signed by Canada that the provinces are necessarily bound by it. We have the proof of this in the fact that the previous government did not take and would not have taken action on that, as was said by our leader, without consulting the provinces.

After having made a careful study of the constitution of this country and of the jurisprudence which interprets it, I have come to the conclusion that no tribunal will declare that the legislation which is now submitted to us is intra vires. Any judge, free from political affiliation, with a free mind, will hold that this legislation is ultra vires of this parliament. . . . This legislation will surely be brought before the courts and there is no court that will declare it intra vires. But in the meantime we shall have elections and the prime minister—

I meant the then prime minister, not the present one—

—his colleagues, his supporters and his ambassadors—

At the time I said "his canvassers"—

—will say: This is what we have done for the unemployed; we have given you unemployment insurance. Forty weeks! In the meantime we shall have elections. For the time this legislation will be approved by the Governor General until the election day, canvassing will have been done throughout the country. After the legislation is declared ultra vires by the courts, the Prime Minister, who will then be leader of the opposition..

The prediction was right.

—if he succeeds in being elected in his constituency—

And he was, because he was not opposed by the Social Credit group.

—will say: This is not my fault; the judiciary have given a wrong interpretation to my legislation—

Was it not said? The quotation is from Hansard of February 18, 1935. I knew the leader of the Tory party well enough to predict two years ahead what he would say when the legislation was declared ultra vires by the privy council.

An hon. MEMBER: Wonderful.

Mr. POULIOT: I know the hon. member for Lanark, and I would make the prediction that he will surely be defeated at the next election.

[Mr. Pouliot.]

Mr. THOMPSON: Thank you.

Mr. POULIOT: I continued:

But I did my best;—

The leader of the Tory party would have said—

—I submitted it to the House of Commons; it was passed by the house and by the senate and was approved by the governor general; I can do no more; it is not my fault. In the meantime it will be used as an argument for canvassing people who are in distress.

That was true, because I have in my hand a sample of the canvassing that was done. The gentleman in the upper part of the picture is the present Prime Minister. He is represented as sitting with his feet on his desk. Lower down is Mr. Bennett, the businessman of 1935, with a sheet of paper in his hand. It must have been a speech prepared by Herridge, Finlayson or Brooks of the Bank of Canada. Here we see social insurance, as a means of canvassing people in distress, and showing them a bait which had no value.

An hon. MEMBER: Hear, hear.

Mr. POULIOT: The hon. member says "hear, hear," but they have to admit it. They should be ashamed of themselves for having used such silly propaganda in Quebec. It is in red, white and blue—three-coloured propaganda. It was used not only against me but against other candidates.

But that is not all. The member for Témiscouata, on this eventful day of February 18, 1935, proceeded as follows:

What I would ask of the Prime Minister and his colleagues is to submit this legislation to the Supreme Court of Canada in order to have the opinion of the highest tribunal in this country on it. I will make no motion in that regard, but in view of the decisions which have been quoted by the hon. members for Quebec East and for Shelburne-Yarmouth I want to have the opinion of the judiciary upon this legislation.

Some figures of employment were quoted by the leader of the Tory party showing the numbers employed when the previous Liberal government was in office. If he had agreed to give them, the same figures would have applied to the unemployed while he was in office. Then, poetry was quoted by the leader of the Tory party, and very amusing and interesting rhymes were published in the Citizen. I am sure every hon. member has those rhymes in his scrap book, and I shall not read them. The matter is too pressing.

Then, on March 7, three weeks after the question was first put to the leader of the Tory party, the very same question was put to the then acting leader, as follows:

Mr. Pouliot: May I ask the acting leader of the government if he does not entertain a

different view from that expressed by his leader, and if he is ready in the absence of his leader to submit this legislation to the Supreme Court of Canada?

Sir George Perley answered most graciously as follows:

Certainly not. If this legislation is objected to afterwards possibly someone will take it to the supreme court, but we are not going to do it at the present time.

Then, sir, the member for Témiscouata concluded as follows:

How long will it be before this insurance comes into force? This is only election propaganda, and that is why I denounce it. I was the only one to express myself against it, but if it were to come to a vote again I would do the same thing. I am strongly opposed to it, because it is all humbug, deceit and cant. That is all there is to it. I am afraid of the road to Damascus; I am afraid of those people who have Tory souls and Tory minds, and who are bold enough to call themselves Liberals. Liberalism is a mentality, a doctrine, and to be a Liberal one should be in touch with the people; one should know the sufferings of the people; one should not be a despot, with flatterers all about telling anything but the truth. This legislation is a great joke but it is a sad joke; it is too bad to take advantage of the troubles, the misery and the misfortunes of the people for political capital. It is shameful. If there are some people credulous enough to think this legislation will be of any assistance to the poor and humble people of this country who have suffered so much because of the policies of the government, I have the greatest compassion for them. They will get nothing out of this legislation. I am sorry the Prime Minister is not here; I regret very much that his ill health keeps him away, but on the treasury benches we have several of his cabinet ministers who have not the courage to tell him that this legislation, which was imposed on him by his election managers, is of no use and will serve no purpose to the common good of this country. That is why I am so sorry about what is happening now.

The charge that this so-called social legislation was pure political propaganda was never denied. It was that very thing, and that is why every member of the Liberal party, from our leader to its most humble disciple, both in and out of the house, has denounced that vague legislation so bitterly. Sometimes there are compensations in life, and the recent judgments of the privy council would seem to come under that heading. They furnish justification for what was said by the members of the Liberal party when they were denouncing the fake Bennett legislation of 1935.

I should like to draw the attention of every hon. member of this house to Votes and Proceedings of February 10, 1937. I wonder if hon. members have read the judgments of the privy council which appear in these Votes and Proceedings with the care that they deserve? The contentions of the dominion and of the provinces are summarized at page 109. I direct attention to section 9 of article 405 of the treaty of Versailles which is to be found at the bottom of page 110. In that treaty a distinction is made between draft and proper conventions. I quote from page 111 as follows:

In 1925 the governor general in council referred to the Supreme Court questions as to the obligations of Canada under the provisions of part XIII of the treaty of Versailles and as to whether the legislatures of the provinces were the authorities within whose competence the subject matter of the conventions lay. The answers to the reference, which are to be found in 1925 S.C.R. 505, were that the legislatures of the provinces were the competent authorities to deal with the subject matter, save in respect of dominion servants, and the parts of Canada not within the boundaries of any province: and that the obligation of Canada was to bring the convention before the lieutenant governor of each province to enable him to bring the appropriate subject matter before the legislature of his province, and to bring the matter before the dominion parliament in respect of so much of the convention as was within their competence. This advice appears to have been accepted, and no further steps were taken until those which took place as stated above in 1935.

I quote from page 112:

The obligations imposed by treaty may have to be performed, if at all, by several legislatures: and the executive have the task of obtaining the legislative assent not of the one parliament to whom they may be responsible; but possibly of several parliaments to whom they stand in no direct relation. The question is not how is the obligation formed, that is the function of the executive: but how is the obligation to be performed and that depends upon the authority of the competent legislature or legislatures.

And then on page 113:

It appears that all the members of the Supreme Court rejected the contention based on section 132 and their Lordships are in full agreement with them.

I am sure that hon. members are familiar with these judgments, but I should like to quote further from page 114 as follows:

It would be remarkable that while the dominion could not initiate legislation however desirable which affected civil rights in the provinces, yet its government not responsible to the provinces nor controlled by provincial parliaments need only agree with a foreign country to enact such legislation: and its parliament would be forthwith clothed with authority to affect provincial rights to the full extent of such agreement. Such a result would appear to undermine the constitutional safeguards of provincial constitutional autonomy.

It follows from what has been said that no further legislative competence is obtained by the dominion from its accession to international status, and the consequent increase in the scope of its executive functions.

And from page 115:

In other words, the dominion cannot merely by making promises to foreign countries clothe itself with legislative authority inconsistent with the constitution which gave it birth.

I draw the attention of the house to the following very excellent comparison:

While the ship of state now sails on larger ventures and into foreign waters she still retains the water-tight compartments which are an essential part of her original structure.

That ruling is the preamble or the prefatory notice to the other rulings given by the privy council. I should like to quote some extracts from the decision of their lordships with regard to the social insurance act, as follows:

In the present case their lordships agree with the majority of the supreme court in holding that in pith and substance this act is an insurance act affecting the civil rights of employers and employed in each province, and as such is invalid. The other parts of the act are so inextricably mixed up with the insurance provisions of part III that it is impossible to sever them. It seems obvious also that in its truncated form, apart from part III, the act would never have come into existence. It follows that the whole act must be pronounced ultra vires, and in accordance with the view of the majority of the supreme court their lordships will humbly advise His Majesty that this appeal be dismissed.

It was after reading those judgments that I gave notice of these bills to repeal these enactments. The other day the Minister of Justice (Mr. Lapointe) strongly supported my argument when, as reported on pages 1235 and 1236 of Hansard of February 23, he stated that this so-called social legislation was a dead letter and would never be incorporated in the new revision of the dominion statutes.

In order that a piece of legislation may serve its purpose it must be declared valid by the courts. Theoretically I am in favour of social insurance, but social insurance must be established in times of great prosperity in order to secure a larger number of contributors to the insurance fund. But, sir, enactments in this regard must be passed by the proper authority, and when the privy council formally decided that this parliament had no authority to pass legislation of the kind, it meant that exclusive jurisdiction lay within the provinces.

We must be honest with the representatives of labour who come to Ottawa to communicate their grievances to the government. Some of them are advocating social insurance. Let us be frank with them and tell them that they are knocking at the wrong door, that if they want to have proper legislation, legislation that will mean something and that will be upheld by the courts of the land should there come before the courts the case of a contributor refusing to make his contribution, the legislation must be passed by the provincial legislatures. That is clear. Why receive their representations in the matter if we can do nothing for them? Would it not be rendering a service to labour to tell them that if they have any wrongs to be redressed they must go to Quebec or Toronto or Halifax or Edmonton or Victoria, to the capitals of every province, and ask the premiers of the provinces and the members of their governments to consider, and pass if they wish, the legislation that labour asks for? Honesty is the best policy, and members of parliament will be honest with themselves and honest also with the representatives of labour if they pass the bill which is now before the house for its second reading.

I shall not say anything about the commission which has been appointed in virtue of the act which is about to be repealed. When the dried and sterile fig tree is cut, the dead branches fall, and therefore it is unnecessary at the moment to speak of the commission which was supposed to administer that act, but which had nothing to do.

In conclusion, Mr. Speaker, I ask every member to take the trouble to read the rulings of the privy council which will be found in Votes and Proceedings No. 20, of February 10 last, and I am sure that all of them will come to the conclusion that the bill which is now before the house for second reading is timely, is necessary, and should be passed.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, now that my hon. friend (Mr. Pouliot) has given to the house the benefit of his views and also his argument with respect to the legislation, each of which presentations has disclosed much erudition and great industry, I hope he will not deem me discourteous if I move the adjournment of the debate.

Mr. POULIOT: Not at all.

Motion agreed to and debate adjourned.

WEEKLY REST IN INDUSTRIAL UNDERTAKINGS ACT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved the second reading of Bill No. 31, to repeal the Weekly Rest in Industrial Undertakings Act.

He said: My remarks on this bill, Mr. Speaker, will be very brief. I would just refer every member of the house to the Sunday legislation and to the judgments of the privy council already referred to.

On motion of Mr. Mackenzie King the debate was adjourned.

MINIMUM WAGES ACT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved the second reading of Bill No. 32, to repeal the Minimum Wages Act.

He said: Mr. Speaker, I am delighted that I have time to say a few words on the second reading of this bill. The labour members of the house know very well that the member for Témiscouata was very much interested in the minimum wage legislation for men as well as for women. The other day I saw in a Quebec paper that the provincial government was about to introduce legislation of the kind. That is good news, provided the legislation is well drafted.

May I refer you, sir, to Hansard of March 19, 1935? We have our vindication here now. It is a feast day to-day, thanks to the privy council. First of all, there is something that I do not understand very well. It is that some pillars of light who have discussed this legislation have spoken of conventions. There were no conventions respecting the matter. They were just draft conventions which were quoted to the House of Commons and the Senate as treaties, but actually they were not conventions or treaties, just draft conventions, and they were accepted by the late government after the limitation of time provided in each of these draft conventions had expired.

I refer you, sir, to Hansard of March 19, 1935, and of April 12, 1935, which contain quotations of the communications forwarded by the Liberal government before 1930 to the League of Nations respecting the matter of minimum wages. The member for Témiscouata was fortunate enough to discover those forms in a small book that was in the library. By referring to Hansard one will see that the previous Liberal government had sent to the League of Nations, not their own answer, but the answers of the provinces themselves, thus respecting the decision rendered by the supreme court in 1925 in similar matters. When the Secretary of State for External Affairs (Mr. Mackenzie King) was communicating with the League of Nations he was sending, not orders in council passed by the dominion government, but answers given by the following provinces: British Columbia, Manitoba, Ontario and Quebec. The ex-minister of Justice, Mr. Guthrie, could never answer that point, which showed that the late government's legislation with respect to minimum wages was as much a fake as that relating to social insurance. The Liberal government before 1930 was logical, as I hope it is now, and acted in conformity with the views expressed in public by the Prime Minister and his colleagues in the cabinet. What is the use of passing legislation in the House of Commons and the Senate if it is not enforced by the courts? And how can a tribunal of first instance decide that such legislation is valid when the highest tribunal has decided that it is ultra vires and void? In such matters the decision of the last tribunal serves as a rule of guidance for the lower courts.

On June 28, 1935, the present Prime Minister spoke as follows: On the item—

Administration of hours of labour, weekly rest and minimum wages acts, $100,000.

Mr. Mackenzie King: The government seems now to be showing some concern about the constitutionality of its measures and in view of that attitude I should like to know if the minister does not think it might be wise to consider testing the validity of one, two or three of these acts before entering upon their administration on too vast a scale?

Mr. Rhodes: There is nothing I can add to what the Prime Minister (Mr. Bennett) has said on one or two different occasions when similar questions were put to him by the right hon. leader of the opposition (Mr. Mackenzie King). I shall direct the Prime Minister's attention to this question in the event of his desiring to enlarge upon what he has said previously.

Mr. Mackenzie King: The trouble is that in the early part of the session the Prime Minister did not seem to care much about the matter of constitutionality but during the latter part he has seemed to be greatly concerned. We should like to know just where the government stands now.

Mr. Rhodes: If I possessed the necessary legal background—

And curiously enough he was a lawyer.

—I might attempt to answer the question myself, but not having that I prefer to leave it to the Prime Minister.

Look how meek they were all the time! No spirit of initiative; all under the whip.

Mr. Mackenzie King: I can quite appreciate the fact that no member of the government feels himself able to give an answer.

That was the experience of every Liberal member while the party was in opposition. A very efficient cabinet; everyone should have received an efficiency medal.

Mr. Pouliot: This so-called social legislation was the main issue in the provincial campaign in New Brunswick which ended yesterday and I think the answer was loud enough.

For the benefit of the new members may I mention that once, when the minister of labour in the former government was introducing an amendment to one of his bills, and was asked what it was about, he could not tell. Though he was moving the amendment he did not know what it meant. Many old members can verify my statement. The dunderheadedness of these ministers was something out of the ordinary, yet these are

the people who afterwards went around telling labour that they were going to save them. How could they save them if they did not know what they were going to do to save them? I should be scandalized, Mr. Speaker, to read any further.

On motion of Mr. Mackenzie King the debate was adjourned.

LIMITATION OF HOURS OF WORK ACT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved the second reading of Bill No. 33, to repeal the Limitation of Hours of Work Act.

He said: The incident that I have just referred to, the fact that the minister could not give any details about the amendment that he was moving, happened while we were discussing the bill that I desire should be repealed. This also is a fake and a humbug; it never came into effect. I cannot see why it should not be repealed at once.

Mr. T. L. CHURCH (Broadview): I rise to a point of order. I wish to direct the attention of the chair to the rules. The Prime Minister (Mr. Mackenzie King) has prevented the opposition, members of a free parliament, from entering into discussion of the merits of three bills introduced to-night by moving the adjournment of the debate. If practices such as this are to be tolerated, hon. members might as well go home. We should know whether this is to be a free parliament or not. One of the first principles of liberalism is a free parliament and freedom of debate, yet members of the opposition have been prevented by two hon. members on the government side from debating these matters. I wish, as representing the constituency of Broadview, to protest against the action of the Prime Minister in rising in his seat and moving the adjournment, evidently after having consulted the hon. member who moved the bill—

Some hon. MEMBERS: Oh, oh.

Mr. CHURCH: And preventing His Majesty's loyal opposition from discussing this repeal legislation.

Mr. POULIOT: Mr. Speaker, speaking to the point of order—

Mr. LAPOINTE (Quebec East): There is no point of order.

Mr. SPEAKER: Any hon. member has the right to move that the debate on a bill be adjourned. The point of order raised by the hon. member is not well taken.

Mr. MACKENZIE KING: May I say that it is the privilege of any hon. member in a free parliament to move the adjournment of a debate. If the hon. member who has just protested had been in his seat at the time that his leader, or rather the hon. member for St. Lawrence-St. George (Mr. Cahan), who sits near by, was protesting against the taking up of this legislation, he might not have felt that there was any need to make the protest that he did. The legislation has been before the house previously and will be again; there will be an opportunity for the hon. member to discuss it later; but in the absence of the leader of the opposition (Mr. Bennett), and of the hon. member for St. Lawrence-St. George, each of whom is much interested in this particular legislation, I think I was acting very much on behalf of the opposition as well as of the government in moving the adjournment of the debate.

On motion of Mr. Mackenzie King the debate was adjourned.

NATURAL PRODUCTS MARKETING ACT

Mr. JEAN FRANCOIS POULIOT (Témiscouata) moved the second reading of Bill No. 34, to repeal the Natural Products Marketing Act, 1934, and the Natural Products Marketing Act Amendment Act, 1935.

He said: I hope the hon. member for Northumberland, Ont., (Mr. Fraser) will not complain if I move the second reading of this bill to repeal the Natural Products Marketing Act and the Natural Products Marketing Act Amendment Act. That legislation was silly. Its purpose was to erect a kind of tariff wall between the provinces. The tariff wall around this country was not high enough, so there was to be a new Chinese wall between each province. It was a great invention. I wonder from what country the model of this stupid legislation came. May I draw to your attention, sir, the fact that our legislation is drafted in an abominable way. I have cited the instance of a minister who could not give any explanation of one of his pet amendments and bills; he could not explain anything. How could a judge understand anything when the sponsor does not know anything himself? It is a most absurd situation. As a lawyer who has had much experience before the courts, you, sir, know very well that very often the judges are handicapped in giving their decisions by the obscurity of the law. We do not want legislation of that kind.

I take this opportunity to congratulate the Minister of Agriculture (Mr. Gardiner) on his very bright idea of advertising Canadian products. The farmers should do the same as any merchant or storekeeper, advertise their merchandise and then deliver the goods, sell

the very merchandise that they advertise. And any money which is spent for advertising Canadian products will serve a very useful purpose. But, sir, I could tell the house of many incidents which occurred during that discussion, some very picturesque, especially a discussion one night between the hon. member for Northumberland, Ont., and the present provincial leader of the Tory party in Ontario. It was most exciting But I shall not insist any more, sir, I hope every hon. member will accept the views already expressed, and by reading the judgment given by the privy council will be convinced that the only thing to do is to repeal this bad legislation.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Unless the hon. member for Broadview (Mr. Church) wishes to speak, I shall move the adjournment of the debate. If he wishes to speak, I shall give him the chance.

Motion agreed to and debate adjourned.

DOMINION TRADE AND INDUSTRY COMMISSION ACT

Mr. JEAN FRANCOIS POULIOT (Témiscouata) moved the second reading of Bill No. 35, to amend the Dominion Trade and Industry Commission Act, 1935.

He said: The other bills are for the repeal of the whole enactment in each case, but this one is to repeal the part of the act which has been declared ultra vires by the privy council. By declaring that section ultra vires the privy council gave a judgment of the utmost importance. It means that without the section which has been declared ultra vires this act is of no use at all. It is like a human being without a heart. That happens often, but a human body should have a heart in it to be normal.

This is going fine. Every bill has made a little progress to-night, and I hope that hon. members if there are any, who have not read the judgments of the privy council will take this last opportunity to do so, before the bill passes the committee stage and third reading and goes to the senate.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Unless the hon. member for Broadview (Mr. Church) wishes to speak on the second reading of this bill, I move the adjournment of the debate.

Motion agreed to and debate adjourned.

THE BUDGET

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

The house resumed consideration of the motion of Mr. Dunning that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Bennett.

Mr. J. H. BLACKMORE (Lethbridge): It was my intention, Mr. Speaker, to speak to the main motion. Accordingly if I may have the assurance of the Prime Minister (Mr. Mackenzie King) that my position will not be altered in respect to the main motion, and that my privilege of speaking to that motion will not be lost, I now ask you to allow me to withdraw from the debate on the amendment, with the stipulation that I speak first immediately after the vote on the amendment.

Mr. MACKENZIE KING: Certainly; if my hon. friend does not wish to speak on the amendment but wishes to speak on the main motion, he will have a perfect right to speak on the main motion when the amendment is disposed of. It is quite agreeable to the government that he should speak then.

Mr. CHURCH: This is all part of the Liberal platform of 1919.

Hon. NORMAN McL. ROGERS (Minister of Labour): I am speaking to the amendment moved by the leader of the opposition (Mr. Bennett) at the conclusion of his speech this afternoon. In doing so I propose to speak in more temperate language than was used by him, with a greater sense of responsibility than was evident in his concluding remarks, and with a more scrupulous regard for the realities of the situation which confronts our country.

Why was this amendment introduced in the form in which it has been presented to this house? Was it because the leader of the opposition was convinced in his own heart and mind that there has not been a marked improvement in the employment situation in this country during the past year? To that question the only answer can be an emphatic negative. The evidence of economic improvement in Canada does not need to be adduced in the form of elaborate statistics. That improvement is evidenced in practically every statement issued by the bureau of statistics within the past year, by the statements which have been issued and circulated throughout this country by bank presidents, by heads of mortgage corporations, and by those who by reason of their

interests and their particular knowledge of different phases of industrial life in this country are competent to speak with authority. There can be no question whatsoever that the employment situation in Canada at this time is substantially better than it was a year ago, and very much better indeed than it was at any time during the period when hon. gentlemen opposite were charged with the administration of this country.

Was this amendment introduced, sir, because the leader of the opposition had some constructive suggestion to offer after five years of extravagant futility, in attempting to deal with a problem which he said he would solve or perish in the attempt? I leave it to the judgment of the house whether in anything that was said by the right hon. gentleman this afternoon there was the slightest suggestion of any constructive effort which might assist in dealing with this grave national problem. The one compelling reason for the amendment, as given to this house in the concluding remarks of the leader of the opposition, was briefly this, that he had proposed this amendment because it was the same sort of amendment the Liberal opposition had proposed when his own administration was in power. In other words the leader of the opposition has decided first to misrepresent the unemployment situation in this country and then to use it for the purpose of political reprisal.

I doubt if the records of this house will disclose a more inappropriate amendment to a budget speech or one based upon a more flagrant distortion or misunderstanding of the facts. The leader of the opposition based his amendment chiefly upon a recital of the appointments made to the staff of the National Employment Commission. I shall deal with that aspect of the matter in a few moments, but I have too keen an interest in the problem of unemployment and too high a regard for the appreciation of that problem by the members of this house to subordinate the larger considerations of unemployment policy to a discussion of an aspect of the matter which after all does not go to the root of the question. This administration has been in office since October, 1935. When the late administration came into office it did so on the basis of the most emphatic pledges given by the leader of the Conservative party that he would end unemployment; that he would provide work and not doles; that he would blast his way into the markets of the world. When he came into power on his own statement the number of unemployed in this country was 117,000. When the present administration assumed office and the right hon. gentleman left it, in October of 1935, according to the bureau of statistics the number of unemployed had risen to 435,000. In case there should be any misapprehension as to the improvement that has taken place during the past year at this point I should like to say—and I propose to deal with it more fully later—that the figures of the bureau of statistics for October, 1936, are not 435,000 but 393,000, which I submit is a very substantial reduction in that period of time.

What was the situation when this government came into power? What was the situation as between the dominion government and the provincial governments? Were those relations based upon harmony or were they not shot through with friction from one end of this dominion to the other? What was the attitude of the younger people? What was the attitude that was engendered in the relief camps which were established by the late administration, more or less, I suggest, as a counsel of despair, and which provided as it were a chain of hostels for the unemployed from Nova Scotia to British Columbia? I do not think I need remind hon. members that those relief camps, which at that time had been in existence for a number of years, harboured men of ages varying from eighteen to sixty; men who had not found the work that had been promised them by the leader of the opposition in 1930; men who found in those camps nothing more than a shelter against the storm. Those who entered the relief camps at that time assuredly carried nothing in with them, and with equal assurance it can be said that those who left the relief camps carried nothing out. The camps were organized on the basis of a payment of twenty cents a day to those in them. I suggest, Mr. Speaker, that the relief camps we found when we came into office were nothing more or less than a blind alley for the unemployed. For the government they were an extravagant luxury. In the final year of their operation the total cost was over $9,000,000. If in the succeeding year they had been continued on the existing basis the cost would have risen to $12,000,000; that is, on the basis of the increased wage allowance which was put into effect by this administration.

First of all I want to say, to make it clear beyond peradventure, that when this government came into office and I first went to the Department of Labour there was no problem that gave me keener concern than the plight of those single unemployed men in the relief camps of this country. I had a strong feeling.

based upon my knowledge of conditions in those relief camps and my knowledge of the sense of frustration and despair which was developed by them, that the best way to deal with the relief camps was to close them as quickly as possible. On the other hand, in this case not following the policy which on occasion, I suggest, was followed by the leader of the opposition, it seemed to me that we should not make our judgment blindly; that we should get some collective thought upon this problem and, through collective thought, find some definite objective, some determined road. So we appointed a committee to investigate relief camps in Canada, and that committee, I suggest, was composed of men who had not only a keen appreciation of all the problems involved in the administration of relief camps but who also had an equally keen appreciation of the human elements involved. On that commission we had the head of the employment service of Canada; we had Mr. Humphrey Mitchell, a former member of this house, and we had a man who had not been closely connected with government in other years but for whom I have a very high regard, Doctor Bradwin, president of the Frontier college. These men made their investigation and in due course presented their report. The report confirmed the view which I suggested a moment ago I had formed in my own mind as to the disposition that should be made of the camps. They proposed that these camps should be closed as soon as possible. They stated in the most emphatic terms that unless they were closed they would tend to become institutionalized, and that in their opinion the relief camps in their structure, and particularly in the attitude of mind which they developed in the youth of this country, were alien to the spirit of this young dominion.

So, upon the basis of that report, we determined to close the relief camps, and we set a date as an objective. Almost a year ago we declared that we believed it would be possible to close the relief camps by July 1 of last year. I do not hesitate to tell the house that there were those who said it could not be done, that it would lead to riots, to disturbances and to a serious dislocation of business. Despite those forebodings we felt that our objective was correct, and because we believed that we believed also that the way would be found to realize it. It was so arranged that through the provision of employment upon special maintenance work on the railways, about 10,000 of the men in the relief camps were given an opportunity for employment in the summer months at the prevailing rates of wages for the type of work it was proposed they should do. Almost 1,000 others were absorbed into farm employment. Many others, through the assistance of the employment service, found employment in other directions. As I have said, the camps were closed, and about 10,000 of the men in them were transferred to remunerative employment. To this time the camps have not been reopened.

Naturally at the conclusion of the work upon the railways during the past summer the government was confronted with the issue of what next should be done to deal with the single unemployed. In our decision as to what should be done I should like to make it clear that the government had the advice and the very useful assistance of the National Employment Commission, which this afternoon was condemned by the leader of the opposition. We believed it would create a much more wholesome atmosphere for the single unemployed and transients in various parts of the country if we could direct them into employment connected with the great primary industries of the dominion. In conjunction with the provinces we worked out the details of the farm employment scheme. I should like to make it very clear that in the conception and execution of the farm employment plan the National Employment Commission was of the utmost assistance to the government.

I have before me figures covering farm placements in the last few months. Some 46,000 placements have been made under the farm employment plan in the various provinces where it is in use. I have it on good authority that in Saskatchewan there is not a single unemployed man now available for farm employment service. I also have—

Mr. STEWART: Would the minister permit a question? When was this farm placement scheme begun, and how many were placed in each year since the beginning?

Mr. ROGERS: The estimates of the Department of Labour are not now before the house; when they are I shall be very glad indeed to give all that information, for the enlightenment of the hon. member. If I had it now, I would give it with equal readiness. I should say however that the present scheme is a development of a previous scheme, and in my own mind that is one of the merits of it. After all, we have sought to learn by experience in dealing with unemployment. Unfortunately there was not as much record of the experience of hon. members opposite as one could have wished, but so far as the

scheme was in operation and had proved to have merit, we built upon it. I think we can say we have improved upon some features of it.

Mr. STEWART: You have not changed very much, though.

Mr. ROGERS: As I have said, under the farm employment plan,—and the supplementary plans, under which some 5,000 additional men were employed, particularly in forestry work in British Columbia and Manitoba—during the last few months there have been placements of some 50,000 men. Previously there was an aimless, drifting group of single unemployed men in various parts of the country, and more particularly in the western provinces.

I am not speaking about something of which I am ignorant. Fortunately some months ago I had the opportunity of travelling through western Canada. I have seen the single unemployed at their work on the railways. I have talked with them; I have seen them gathered in queues at soup kitchens in Winnipeg and Edmonton. I know something of what years of insecurity and idleness have done to their morale, and I suggest the leader of the opposition would have been far more sensible of his responsibility at this time if, instead of holding up to this house the record of staff appointments to the National Employment Commission, thereby suggesting that the government had not dealt with the great national problem, he had at least touched upon some of the details, some of the broad principles lying at the base of the policies we have put into effect.

Another problem which confronted the government when it came into office was the relationship between the dominion and the provinces and municipalities, particularly with respect to the exact apportionment of costs of unemployment relief. I shall not go into the historical background of that aspect of the unemployment problem. However I do want to make it as clear as possible to the house that, by reason of the very structure of our government under the federal constitution, there is, as it were, inherent antagonism always capable of being brought to a head, because of the apportionment of financial responsibilities in relation not only to unemployment relief but to social services generally.

When we took office we found the provinces and municipalities believed they were facing a very serious crisis if the dominion government at that time did not give them further assistance—and remember that at that time sentiment and economic conditions in Canada were quite different from what they are to-day—

Mr. DUNNING: And only sixteen months ago.

Mr. ROGERS: Sometimes I wonder if we realize the extraordinary change that has taken place within the last few months, particularly in respect to the sentiment of the people. At that time many provinces and municipalities harboured the well-grounded fear that if they did not receive a greater degree of assistance from the dominion government in connection with unemployment relief they would be forced into bankruptcy. Again we did not make our judgment blindly; rather we called the provinces into conference and discussed the matter with them. Upon the basis of what they told us, and of what came to us from the mayors' conference which met in Montreal at about the same time, we decided it was in the interests of a proper administration of unemployment relief, and in the interests of maintaining a proper relationship between the dominion and the provinces, that at least during the critical period the dominion should assume a larger proportion of the costs for unemployment relief. We acted accordingly.

As a result of that action I believe pressure upon many municipalities was lifted. As a result of it the serious pressure on some of the western provinces, which had been felt through years of drought, was relieved. Through that action we established a basis for a much more satisfactory handling of some of the broader aspects of unemployment and relief. Subsequently when we believed the greatest pressure had been relieved we determined that there should be a downward adjustment of relief grants from the dominion to the provinces, and we have followed that policy carefully. In getting the problem into a clearer perspective we are at this time receiving the assistance of the National Employment Commission. It has been announced that by reason of the marked economic recovery in the past year the dominion government is now entitled to accept a lesser degree of financial responsibility for unemployment relief. Here again I would emphasize that we are proceeding along the lines of making these readjustments upon some rational basis and in such a way as to ensure for us the continued cooperation of the provinces and the municipalities.

I would not suggest for one moment to this house that the problem of unemployment and relief, either in its human or its financial aspect, can be liquidated within a few months. I know something, as I think all members of this house do, of what might be termed the residual problems of the economic shock through which this country has been passing since 1930. There are great and grave problems of readjustment. There is not merely the restoration of morale among the single unemployed—that in itself is a most serious and important matter—but there is also the providing of the means by which these young men who have perforce lived a life of idleness in recent years can gradually be brought back into the economic life of this country in a manner to enable them to recover their independence and their self-respect. That is our objective; that is our determined road.

When we came into office we found that the government of the day had made a practice of cooperating with the provinces in works programs designed as a measure of relief for unemployment. In making our arrangements with the provinces during the past year we inserted in the agreements for the first time a clause requiring that a specific proportion of the number employed upon these works should be taken from the relief rolls. We worked on the principle, which I believe is a sound one, that relief works should reduce relief rolls. If relief works do not reduce relief rolls, they are misnamed and I doubt the wisdom of continuing them.

I do not suggest that hon. gentlemen opposite were oblivious to this aspect of the question. I would not suggest for one moment that they were not equally anxious to deal with it. There is no such thing as a monopoly of human sympathy and compassion. We may differ in our policies, but I doubt whether any of us in this house differ greatly in our desire to deal in the most satisfactory way with this matter of unemployment and relief. At the same time, the previous agreements with the provinces did not stipulate that a fixed percentage of those employed on these works should be taken from relief rolls. We made that stipulation. Forty thousand men were employed upon these works during the past year and at least 20,000 were taken from the relief rolls, thus reducing the burden on municipalities from one end of the dominion to the other.

I come now to the issue, if we can call it such, raised by the leader of the opposition this afternoon. I wonder if the right hon. gentleman appreciated fully the example in dialectic he gave the younger members of this house, myself included. The right hon. gentleman was introducing an amendment regretting that this government had failed to deal adequately with the unemployment problem, and three-quarters of his discussion of the unemployment problem was a recital of staff appointments to the National Employment Commission. I am going to deal with that question here and now, having first discussed the broad considerations of policy which to my mind should have been dealt with by the leader of the opposition.

The National Employment Commission was set up last year under legislation passed by this parliament. That legislation provided for a commission of seven members and for two advisory committees, one known as the youth employment committee and the other as the women's employment committee. I do not think anyone who has given any study to the problem of unemployment relief can fail to realize that these two committees were called upon to deal with what might very properly be termed special and all-important aspects of the question. Provision was made in the act for the payment of such fees and travelling expenses as might be decided upon by the governor in council. Two members of the employment commission have served without remuneration, and one of these was only reimbursed for his travelling expenses. Only three members of the commission may be said to have given nearly all of their time to the work of the commission in recent months. The youth employment committee has been making a study of its particular problem only in quite recent months, and the same may be said of the women's employment committee. This commission did not differ actually in structure from other commissions which frequently have been appointed in this country to deal with problems less grave.

I have here a complete statement of the total expenses of the National Employment Commission to date. I propose to place these before the house in order that there may be no misunderstanding as to what this commission has cost this country up to the present time. In doing this I should like again to object to the method employed by the leader of the opposition to create an impression contrary to the facts. I am not suggesting that he knew the information he gave was contrary to the facts, but there was no doubt as to the impression he sought to convey. He read lists of names which were repeated time and again.

Mr. DUNNING: The same names.

Mr. ROGERS: The same men were reemployed, because they were employed only temporarily. In some cases their employment

had to be renewed after a period of two months. The right hon. gentleman neglected to state that a number of the officials attached to the National Employment Commission were seconded from the civil service of Canada. He neglected to say that two special advisers were employed only for a very limited period. The employment of one of these advisers ceased on March 1, but I do not find fault with the right hon. gentleman for not having that knowledge. I simply want to have the record clear on this point. Every commission called upon to deal with a problem as complex as that of unemployment and relief is obliged to have a personnel which will enable it to deal quickly with vast and difficult questions. The correspondence coming into the National Employment Commission has been such as to require the continuous services of a staff of seven stenographers. I doubt if anyone listening to the leader of the opposition this afternoon would have concluded that there were only seven stenographers. I am sure that the impression he left was that there was an almost endless procession of stenographers passing into the National Employment Commission. That is not the truth.

The total expenditure to January 31, 1937 for the members of the National Employment Commission is $18,066. I ask the house, Mr. Speaker, if the impression left by the leader of the opposition this afternoon is in accord with that statement.

I come now to the youth employment committee, a committee consisting of five persons, dealing as I have said with a most important problem, a problem of considerably more importance to this country, I would suggest, than the royal commission set up by the leader of the opposition to deal with the Chignecto canal. This commission for a long time failed to make a report, and some of its members, I submit, did not know that the Chignecto canal was a physical possibility before they were appointed to that commission. The total expenditure for the youth employment committee is $8,951.51. That includes travelling expenses, and in the nature of things, if one wants to understand something of the problem of the single unemployed, one cannot do it by sitting in an office here in Ottawa. Does anyone seriously suggest he could?

As to the women's employment committee, the total cost has been $2,916.

Coming now to the complete personnel of the commission, including as I have said not a few officials, and including those higher officials who were seconded from other departments of government, a number from the Department of Labour, the total cost of the personnel is $16,888.89. Does anyone seriously suggest that such an amount is out of line with the functions imposed upon a commission which is charged with the responsibility of dealing with a problem which all of us recognize as the most urgent national problem?

Then, with regard to the question of registration, the leader of the opposition read through the names of many who are employed on registration. He suggested that that work of registration could be done by the bureau of statistics, and ought to have been done by the bureau of statistics. I should have liked to assure him, if he were here, that he can be quite certain that the members of this administration, including the Minister of Labour, are as anxious as he is to avoid duplication and to bring about economy in governmental expense. This question of registration was so pressing, following the setting up of the commission, that I asked if this work could not be undertaken by the bureau of statistics. It was discussed with the bureau of statistics, and the information was that the bureau was dealing, as the house will be aware, with the results of the census of the western provinces, and that it would have been impossible for the bureau of statistics to undertake the work of registration without themselves having to employ additional assistance to do it. There was further the question of the use of machines for sortation purposes.

I wish I could impress upon the members of the house, and I am particularly sorry that the leader of the opposition is not here, that what is designed through a registration of the unemployed on relief is not the tabulation of figures received from the bureau of statistics; it is rather a reregistration of the unemployed on relief throughout this country, and we have it upon the evidence of the provinces and municipalities across this dominion that that very registration of itself had the effect of considerably reducing the numbers on relief. The very fact, in other words, that people were compelled to give complete data with respect to their application for relief operated as a deterrent upon the few—because I suggest they have never been in the majority—who have been on relief rolls without entitlement in recent years. I myself would not doubt for one moment that the full cost of reregistration, amounting to $40,596.32 up to January 31, 1937, has been more than compensated by what has been saved through the process of reregistration.

We took the ground, Mr. Speaker, before we came into office, and we take the ground now, that if anyone is going to deal with this many-sided, complex question upon the basis of long-term policies, it is essential that the dominion government shall have before it at

all times the means of measuring the magnitude of the problem, the means of securing those elements in the problem which will permit its division, as it were, into separate and distinct problems, each of which can in due course be attacked by its own technique, and by its own appropriate governmental or private agency. It was with that in view that this registration was undertaken, and as I have said, that duty was imposed by the statute upon the National Employment Commission.

The leader of the opposition has suggested that the National Employment Commission had done nothing but employ this list of persons whose names he placed upon Hansard this afternoon. Was there ever a more unfair statement made in this house? It is within the knowledge of all members of this house that only a few weeks ago the home improvement plan was introduced and received the approval I think of all sides of the house as a measure not only of home improvement but of increasing private employment in this country in the building trades. That plan was submitted to the government by the National Employment Commission. I am not going to suggest that the plan itself sprang full-born from the mind or minds of the members of the commission. It was modelled in some measure upon legislation successfully followed in the United States for similar purposes. But I do suggest to the house that the success of that measure, as it has achieved a success today, and the increasing measure of success which we believe will come through this year, will be due in very large measure to the kind of organization which has been set up across this country upon an entirely non-political basis.

I would also mention that a very large program of publicity in connection with home improvements throughout the country is being financed without a single cent of expense to the Dominion of Canada. The National Employment Commission has raised a fund amounting to nearly half a million dollars, which is being used for promotional work in order to bring about the success of the home improvement plan in all parts of Canada. Not only that, but in all of the large cities of this country and in many small cities and towns there have been established, through the efforts of the National Employment Commission, voluntary committees who are throwing their whole effort into this task of stimulating employment in the building trades. Again, I think one can say that that kind of nation-wide cooperative effort was rendered possible only by the National Employment Commission. I feel certain that it could not have been put into effective operation by any department of the dominion government. May I say also that in dealing with all matters pertaining to unemployment and relief during the past year I have had the counsel and advice of the members of the National Employment Commission. The country has had the benefit of that kind of continuous collective thought upon this problem which must be given to it if we are to make successful headway in overcoming the dislocation of the past few years.

In what I have said I have not intended to deal with this subject upon a narrow partisan basis. I think members of the house will agree that when the National Employment Commission bill was before this chamber a year ago no word of mine was responsible for raising this question in political terms. We have approached the question with a keen sense of our obligation to deal with it. If you ask me whether I am satisfied with the results, my answer is no, I am not satisfied. I am encouraged, I am confident, but not satisfied. No government in these days can become satisfied with what it has done in relation to unemployment and relief. I have, I think, as keen an appreciation as anyone can have of our responsibility in trying to meet that problem upon terms which will enable this country to realize its highest destiny. I would ask the house to believe that it is my conviction as Minister of Labour—and it is only as such I have the right to speak—that the National Employment Commission has already served a very useful purpose in dealing with that question, and that, regardless of whether its work should be brought to an end in two months or six, it still has much to do in order to give us that guidance which is necessary to develop both short and long term measures to deal with this problem with a complete sense of national responsibility.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, I am ill prepared at the moment to deal effectively with the important issue brought to the fore in this debate by the amendment and by the remarks of the Minister of Labour (Mr. Rogers). Nevertheless as I listened to the minister's remarks I felt that certain claims advanced by him should not pass unchallenged. I consider it my duty on this occasion at least to give the evidence that has come into my possession with regard to the circumstances of single unemployed men in this country, and particularly in British Columbia—evidence which has been gained through close and intimate

contact with these men during the latter part of last summer and during the autumn of 1936. I consider it not only a privilege but a duty to advance a plea on behalf of these single homeless young men and women, and to direct the attention of the house to the fact that the statistics do not tell the whole story. It is most unfortunate that on this occasion the minister should have been compelled merely to defend the work of the employment commission on the basis of the statistics which have been secured. I propose to deal with this matter from the standpoint of human values rather than that of statistics.

I was present in the house when, last session, the minister dealt with the problem of the young men then in relief camps across the dominion. He announced that on July 1, 1936; it would be possible to close the relief camps, and that he had a solution in view. He proposed to solve the unemployment problem of these young men with the plans he was then about to table; he said they were on the road to success, that he was going to place them on a work and wages basis during the summer months, and he tabled the agreements entered into with the Canadian Pacific Railway Company and the Canadian National Railway Company. I regard it as most unfortunate that during last session we had not sufficient time properly to analyze the terms of these agreements. Even the terminology employed was most unfortunate. It recites that His Majesty's government proposed then to "deliver" approximately ten thousand young men, able and willing to work, to the railway companies, these young men to be subject to dismissal for cause and required to accept the discipline imposed upon all the other extra gang labourers. The phrasing was most unfortunate, reminding one of the old indentures of bondage; and a form of bondage it proved to be, for these men were actually "delivered," ushered out of the relief camps and delivered to the railway companies, and when any of them attempted to escape the servitude imposed upon them by the terms of these agreements they were almost branded as criminals.

At the same time the minister gave solemn assurance that the railway companies would undertake extra maintenance of way and betterment work; that they would not attempt to replace the regular maintenance crews with the men from the relief camps. From personal observation I must say that this assurance was violated at many points by the railway companies. Men taken from the relief camps were placed on regular maintenance work; they displaced the regular maintenance crews in many districts across this country, and were required to do heavy maintenance work for which they were poorly prepared.

Mr. ROGERS: If the hon. member will permit me, I do not feel that I should allow that statement to pass without some correction. We obtained definite assurances that the work done by the men who came from the relief camps was in excess of the normal maintenance work being undertaken by the railways during the past summer. Subsequently we received assurance that not only was that true, but that the additional maintenance program which was inaugurated with these men from the relief camps made possible the employment of about two thousand railway men who theretofore had been unemployed.

An hon. MEMBER: That is correct.

Mr. MacNEIL: I am well aware that the minister received that assurance from the railway companies. I am also aware that at the time those agreements were to be carried out, the minister, in the performance of his duties, was absent from the country. But I may tell hon. members that in visiting the small towns in the interior of British Columbia, and even on the prairies, many men told me that for the first time they were compelled to go on relief because they had been released from the regular maintenance work on the railways, work upon which they had depended season after season for their livelihood, to make way for the men from the relief camps. I submit that the evidence is that only too many men on regular maintenance crews were displaced by men from the relief camps. May I also point out that many of these men, when I questioned them, swore that they left the relief camps prior to the date of these agreements to which I have referred, hoping to secure employment on the regular maintenance crews; that they did secure such employment and while engaged in that work were discharged when the men from the relief camps appeared on the scene. They were unable subsequently to get employment with the extra gangs. The evidence through the prairie towns and the towns in the interior of British Columbia pointed conclusively to the fact that the railway companies violated the terms of the agreement in that respect.

The minister stated at the time that the men would be placed upon a work and wages basis. Upon investigation it was found that work and wages meant working ten hours a day for twenty-five cents an hour, in spite of the terms of the agreement.

Mr ROGERS: I am sorry to interrupt, but if my hon. friend will permit me, I have here a report of the work, and I think this ought to be corrected, for it is important. Our information is that in addition to those actually employed on the maintenance of way work the total number of those employed under the terms of the agreement in supervision, operating steam shovels and work trains, and paid directly by the railways was, for the Canadian Pacific Railway, 1,132, and for the Canadian National Railways, 1,000, a total of 2,132.

Mr. MacNEIL: I cannot see that those figures upset the argument I am advancing. I repeat that my information was gleaned from the men themselves who testified that they were actually doing regular maintenance work, from men who were actually released from employment on regular maintenance crews, and those who were in charge of relief and welfare activities in the various towns to which I have referred.

I stress the point of work and wages. The agreements were worded in such a way as to offer loopholes which under the conditions which prevailed were taken full advantage of by the railway companies. In only too many instances the men worked day after day for ten hours a day at the rate of twenty-five cents an hour, doing heavy arduous work for which they were poorly prepared, and in many gangs men were dropping right and left through exhaustion. Only too many men who were casualties were compelled to leave the gangs before the termination of the period of employment, and subsequently were discriminated against in the provinces in which they applied for relief. This work and wages basis of twenty-five cents an hour was in direct violation of the laws regulating working conditions and wages in some provinces.

Under the terms of the agreement the railway companies were to receive reimbursement for wages so paid up to a sum not exceeding $3,000,000. According to the statistics tabled by the minister this session, approximately $2,600,000 was paid under these conditions. In addition the railway companies were to receive a loan of approximately a million dollars to sweeten the bargain. I cannot refrain from bringing to the attention of the government and hon. members the effects of this agreement, chiefly because the minister at that time emphasized the importance of relying upon private enterprise for a solution of this problem. What happened as a result of this reliance on private enterprise? It certainly was a grand deal for someone, but not for the men. The railways got a straight gift of approximately $3,000,000 worth of work performed; the men got increased hardships and faced destitution at the opening of last winter. In addition the railways received reimbursement for transportation in moving gangs back and forth. It was arranged that they should receive reimbursement for medical aid, and deductions were made from that pitiful pay of twenty-five cents an hour for board, lodging, blankets, and medical aid. The maximum term of employment was something like 1,248 hours, and I defy any hon. member, taking the maximum wages that might be received by any individual and deducting therefrom the amounts charged by the railways for board and lodging, blankets, medical aid, et cetera, to arrive at a sum that would keep body and soul together for the succeeding winter. In fact I found on personal investigation that many men left the gangs with sums not in excess of $30 or $40, and those who were able to work the full time left with very little in excess of $100. Out of this they were required to pay their own transportation back to the points from which they came. So that it was not in any sense a solution of the unemployment problem as affecting these young men.

Towards the end of the summer I happened to be in the interior of British Columbia, and everywhere I saw these young men on the freight trains passing through the divisional points with their meagre belongings in small packs on their backs, working their way along, endeavouring to secure employment in the harvest fields, or a little later in the apple orchards of the Okanagan, or the tomato fields, and then moving on towards the coast in the hope of securing employment in the woods of British Columbia. They were making an earnest endeavour to gain whatever benefits were possible from casual employment on the prairies and in the interior of British Columbia as opportunities arose, following this casual employment from district to district. Everywhere they were establishing little jungle camps as bases of operations, following, shall I say, the lure of propaganda appearing in the newspapers at that time to the effect that at many points in British Columbia unemployment no longer existed. They had every inducement to move in that direction because of the advertising carried in the daily press with regard to the prosperity of various sections of British Columbia.

Subsequently a large number of these young men gathered in Vancouver. They were unable to secure employment, unable to get relief, because in moving from relief camps to the work on extra gangs, and subsequently in search of casual employment, under the regulations they were deprived of all rights

of domicile. It was estimated at one time that something like 3,000 young men were footloose in Vancouver. In an effort to present their claims to the authorities they organized. Being without work and unable to obtain relief they were facing destitution. It has been alleged that these activities were fostered by subversive organizations. My investigation of the matter led me to a different conclusion. I found these young men organizing in a very efficient and democratic way, meeting almost daily, electing their own leaders by the usual democratic procedure, and determining their own policy. From my knowledge of the calibre of these young men I say that they were not of the type that might easily be led by persons actuated by ulterior motives. Mainly they were recruited from the cities of eastern Canada, boys from seventeen to twenty-five years of age, who had not formed any very definite opinions with regard to political policies and were simply seeking some opportunity of solving their own acute problem. They organized and attempted to make representations to the authorities. The civic authorities were unable to accept any responsibility. For that I cannot blame them, because they were faced with a large number of men for whom they could not provide. The provincial government likewise denied any responsibility, and representations were made day after day to the federal government asking that some action be taken to deal effectively with this problem. No effective answer could be secured. The men were desperate. They attempted to organize an appeal to the public of Vancouver, and on one occasion they marched to Hamilton hall, where single men received their relief. There an unfortunate riot occurred. I cannot with propriety comment on the circumstances of that riot, which have been dealt with by the courts of the land, but of this I am convinced: in planning to present their claims in Hamilton hall the men originally did not intend to engage in or incite a riot. Unfortunately two young men were sentenced to spend two years in the penitentiary as a result of that disturbance.

The organized group proceeded to place their case before the public in Vancouver. They appeared on street corners soliciting alms, holding out tin cans with signs stating that they were homeless, without work and without relief. The public of Vancouver responded very generously, but for reasons best known to themselves the civic authorities decided that this was a breach of the law, and the men were arrested in large groups. Day after day, thirty, forty or fifty men would be picked up, taken to the police station and charged in the Vancouver police court. They may have been guilty of a technical breach of the law; usually they were charged with vagrancy under section (d) of the vagrancy section of the criminal code, but actually their only crime was that they were without food and shelter and without opportunity for employment, and that they had the courage to state their needs in a public place. Up to that time no response had been received from the federal government; no escape from their predicament had been offered. They had no recourse, actually, but to take the course that was taken, to appeal publicly and in an organized way for funds. The funds so secured were handled in a businesslike and efficient way; they were distributed among the men in such a manner as to provide each man with two meals a day and a bed.

Subsequently I was invited by the men themselves to appear on their behalf in the Vancouver police court. In attempting to carry on this work I interrogated the men individually and gained a close knowledge of the circumstances and life history of each man. I have these records under my hand, the lists of the Vancouver police court and my notes taken in each individual case. I mention that to show that I have definite knowledge of their circumstances. Of the large number of young men I interviewed approximately seventy per cent were Canadians, from good Canadian homes, and the majority of these were from eastern Canada. A small percentage of the men had come from the United Kingdom, encouraged to do so under various immigration schemes. They were denied the right of domicile in British Columbia. An attempt was being made to compel them to accept transportation to other points in Canada, but at that time no assurance was given to any man that if he accepted that transportation he would fare any better at his destination. For the majority of them to accept such transportation would have been suicide. They had no clothes except those in which they stood, usually consisting merely of a pair of pants, a shirt and a sweater. It would have been suicidal for them to face the severity of winter in eastern Canada in such garb.

Mr. FINN: No boots or socks?

Mr. MacNEIL: The hon. member for Halifax inquires as to their boots and socks. Very few of these men had socks, and after they had tramped through the Okanagan in search of work the condition of their boots beggared description.

Approximately 140 men were sentenced in the Vancouver police court to varying terms of imprisonment ranging from two months to six months. That was before I appeared in court on their behalf. When I interviewed the police magistrate, the chief of police and others concerned, all of whom offered me their very courteous cooperation, they stated very clearly not once but several times, publicly from the bench, that this was not a crime problem. They did not desire to deal with it as a crime problem; it was a problem of unemployment which never should have been referred to the police authorities. They were looking anxiously for some solution, and at that time they stated that they were making the most emphatic representations to the federal government asking that definite action should be taken. Day after day the men were arrested and charged in police court. Through the cooperation of the social welfare agencies temporary maintenance was secured. When I could assure the police magistrate that temporary maintenance would be provided the men were released on their own recognizance pending action by the federal government. Those who had arrived in the city of Vancouver only a few weeks previously were sentenced; an additional sixty men were sent to Oakalla prison farm.

The ironical and tragic part of it was that when these men were questioned in court it was represented that they had the opportunity of taking advantage of the farm placement scheme. The magistrate would say, "Are you willing to accept work on a farm at $5 a month and your board? If you stay long enough you will probably get $7.50 and your board." At that time no provision had been made in the province of British Columbia for the employment under the farm placement scheme of men whose domicile in that province had not been established under the regulations, nor was any assurance given those men that if they accepted transportation to any point elsewhere in Canada they would be given employment under that scheme elsewhere. Furthermore, as subsequently disclosed, at that time no definite agreement had been arrived at with the province of British Columbia in respect to a farm placement scheme. As a matter of fact a survey of the farmers in that province had been made, and only approximately fifty-five farmers stated that they could possibly employ men under the terms indicated in the proposed agreement.

So, through the cooperation of the social welfare agencies in the city of Vancouver, and to some extent with the provincial government, temporary maintenance was provided. Several hundred men at that time were rescued from going to gaol. Later, when the minister returned from Europe and visited the city of Vancouver, I must say as very much to his credit that he received the men with courtesy and sympathy, and within twenty-four hours announced to them that he had entered into a special agreement with the provincial government relating to forestry projects. The men accepted the agreement. They were somewhat discouraged by its terms, but nevertheless they accepted it; they immediately registered, received temporary relief and thousands were placed in employment on the forestry projects. But something like 160 young men continued to serve their terms of imprisonment in Oakalla. The delay of the federal government resulted in that tragedy. They were compelled to associate and fraternize with hardened criminals from the underworld. Not once but several times I had definite evidence that young men from good Canadian homes in the east were approached by hardened criminals and asked to engage in the easier life of crime. I consider that a great tragedy.

I mention this to-night because in a way it dramatizes that which has been happening to the young men for whom the minister claims adequate provision has been made. They are now engaged in the forestry projects of British Columbia, and are not securing the advantages of training. I think it may reasonably be suggested that men engaged in forestry work should be given the advantage of technical training in the science of forestation. Adequate facilities exist for such training. Nevertheless they are engaged under distressing conditions merely in the arduous work of clearing trails, most of which lead to valuable mining properties and various timber limits now operated by large interests in British Columbia. The men are not yet on a work and wages basis. It is true that for each day they work they receive a larger wage than they formerly did in the relief camps under the Conservative administration, but when we consider the wages paid and the period for which these wages must provide we find that they are working for a sum actually no greater than the amount they would receive if, in the province of British Columbia, they were granted the relief to which a single man is entitled.

The relief camps are not closed; many of the camps in British Columbia have been reopened. In the constituency I represent the camps which were operating prior to

July 1, 1936, are again operating under practically the same conditions, and the men are engaged in exactly the same work as before. Slightly different arrangements exist as to the payment of wages, but they still work at relief rates without any hope for the future and without any solution of their problems. My information is that those who have accepted placement under the farm placement scheme are in an equally hopeless position. Even as before, they are suffering frustration and hopelessness with regard to the future.

It would be grossly unfair if I did not mention the single homeless women. It has been forcibly brought to my attention that the plight of single homeless women is even more serious. Upon investigation I have found there had been a similar migration of young women to the coast, particularly from the burnt-out areas in the prairie provinces. Upon application to the various social welfare agencies some secured meals and shelter for a couple of days, but after that time they were cast out. They were denied relief by the provincial authorities. Although so far as the men were concerned the minister accepted responsibility for waiving the regulations as regards domicile in British Columbia, enabling all those in the province prior to November 15, 1936, to receive the advantages of forestry work, no equivalent provision was made for the young women who took part in the same migration. Their plight was pitiful in the extreme. Incident after incident was brought to my attention of young women from good homes and of excellent character who had to spend night after night in railway depots, who had to wander here and there begging for employment and living under most tragic circumstances. No provision could be secured for them, because they could not establish domicile in any particular province. They fell between two stools because of the dispute as to responsibility which was carried on between federal and provincial authorities. They were left as outcasts.

While I would not suggest that the character of the majority of these young women could be questioned—in fact I have reason to believe the great majority were of excellent character—it is nevertheless true that failure to deal adequately with the problem has contributed seriously to other problems. My conclusions on that score are corroborated by people holding official positions. The problem of the unmarried mothers is becoming more acute; the problem of illicit alliances is more acute, as all social welfare workers know. Young girls compelled to leave their homes in eastern Canada and in the prairie provinces are panhandling, as we say, on the skid-road for a meal, and the price of a bed. It is a most pitiful situation. Furthermore, the problem of venereal disease is becoming more acute, as many are unable to obtain treatment. No doubt this economic situation is a contributing factor to the serious aggravation of social problems. The fact that disturbs me is that young women on every hand are being exploited in the most vicious fashion by unscrupulous employers. It is well known that there is a chain of protected bawdy houses throughout the interior of British Columbia, and that the recruiting of inmates for these houses is being conducted in certain sections of Vancouver city from among this class of women.

I should be remiss in my duty if I did not make a most earnest appeal to the federal authorities to accept responsibility for the protection of young women who find themselves in these unfortunate circumstances. I have said that the relief camps are not closed, and that the plight of the young homeless men is as serious as it was on July 1 of last year. I believe the minister was not quite fair to himself or to the work in hand when he claimed so substantial a measure of improvement. When we delve beneath the surface, when we contact human beings in circumstances with which they must contend and when we actually interrogate men and women we realize their plight is as serious as it was before, and that never was it so imperative that definite action be taken.

In many sections of British Columbia the relief camps are operating on exactly the same basis as before. Young men are without hope. The work is not even as well organized as it was before. No assurance has been given that upon the conclusion of work on these projects they will be cared for. Worst of all, the measure of recovery which is claimed by the minister has not provided any large measure of additional employment opportunities for these young men. They are without training; they are eager; they are keen, and they are of a good type, generally speaking, but they have not had the advantage of equipping themselves mentally or physically for employment opportunities, if such opportunities should be offered by employers of labour. This is particularly true of the young women. Under the minister's present policy and the plans which have been sketched for the benefit of the house they are largely the victims of unscrupulous exploitation by employers of labour. They are being used, as cheap labour, to the disadvantage of other workers and, worst of all, they are being denied the opportunities they have a right to expect from this nation.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, now that the subject matter of the debate seems to have switched to the matter of unemployment, and the Minister of Labour (Mr. Rogers) is, with one assistant, holding the fort for the government, perhaps I may be excused if I defer my remarks with regard to the annual statement of Canada's affairs until the main motion is presented.

I was interested to hear the Minister of Labour say a little while ago that great progress was being made in connection with the unemployment problem, that some 435,000 unemployed had been reduced to 393,000, and that this extraordinary change had taken place in the last six months or so. But, learned man that he is, the Minister of Labour realizes that this extraordinary change happened not only in Canada but the world over. You know and I know that in every part of the civilized world to-day we are seeing a recovery—yes, a recovery stimulated to a great degree by artificial means. In Canada, as in other parts of the world, there has been a certain impetus to employment from that very source. When you compare the present figure of 393,000 unemployed with that of 435,000, the minister will realize that he has fallen short on the job entrusted to him.

Large works expenditures have been made in the country to the south of us. Tremendous damage has been done by floods in the Ohio and Mississippi basins; the destruction of hundreds of millions of dollars' worth of property has occurred, and all these things create employment. I hesitate to mention the subject matter of a previous debate—I shall not do it in that sense—but no one knows better than the minister's colleague the Minister of National Defence (Mr. Mackenzie), who is holding the fort for the government, that billions are being spent in the little isles overseas on armaments. Over a five year period Great Britain has budgeted for an expenditure of $7,500,000,000. The first white paper brought down provides for an expenditure of $2,000,000,000. What does all this mean? It means employment, not only in Great Britain but throughout the colonies. We will benefit by that. One commodity which sold on a basis of £25 10s. per ton last year jumped to £29 on November 15, £32 on December 15, £39 in January, and recently the price rose to £45. This gives an idea of the shortage in raw materials of all kinds and indicates the extent to which Europe is scrambling to acquire both raw materials and finished products. All of this creates more work.

I hope the minister realizes the extraordinary changes which have taken place. Is this the child which owes its parentage to him? Throughout the whole world there is a great rush on the part of all countries to get into a position where they can take care of themselves. The minister must realize we are sitting on a volcano. We are going to have an eruption one of these days and then there may be a world catastrophe. I hope the minister does not assume that his government is responsible for this extraordinary change which has occurred in the armament situation.

The minister objected very strongly to the methods used by the right hon. leader of the opposition (Mr. Bennett) in arriving at his deductions. I rather enjoyed that. It was just about on a line with the crocodile tears the minister was shedding a little while ago when he spoke of the broken down morale of all these people and how we must save them. Hon. gentlemen opposite have no monopoly of sympathy for our fellow men; it belongs likewise to the rest of us. When the minister was shedding his crocodile tears, they were not for him alone; they were for all of us, because we all claim to have feelings of sympathy for our fellow men. I do not think it becomes my learned and academic friend to take to himself all of that sort of sentiment. Some of us who employ a few men know something about this matter. I hesitate to interject a personal reference, but I give employment to 150 men. I have not discharged one man in twelve years; I know them all and they all know me. "Vote for Joe, the man you know."

The government has established a National Employment Commission. I have been hearing of government by commission for most of the sixteen years I have been here. I am sorry the Prime Minister (Mr. Mackenzie King) is not in his seat this evening. This commission is a little different. It finds its own funds for its own propaganda. The minister referred to the fact that it has found half a million dollars. Being in business, I very often set a sprat to catch a mackerel, or throw a little bread on the waters knowing it will come back tenfold. I am not in the paint or roofing business; if I were I would subscribe to the fund. I am not in the kind of business that has to do with the rebuilding and improving of homes. I am not trying to be critical of the methods used; I am simply trying to give the house an idea of what is being done.

I rather appreciated the comments of the Minister of Finance (Mr. Dunning) when he

pointed out a few of the danger signals which should be observed. I shall defer my remarks on this matter until the main motion is being discussed, but I should like to suggest that as these danger signals have something to do with unemployment they should receive consideration. They are all around us. They are present on the stock market. There is a fixed price for gold; the costs of production are rising day by day and there is bound to be a collapse in that direction if we are not careful. The production of armaments cannot go on indefinitely, and when it slows down, look out for trouble. Perhaps the minister was wise in reducing his works program, but he had better get ready for another works program. He had better continue the policy of taking relief workers off the relief roll. Of that I shall say something a little later.

I come now to the main subject. We were supposed to find something within the confines of this budget to help the unemployment situation. Not finding it in any degree, but rather finding something which retarded employment, we moved an amendment to the main motion. There are a number of reasons why I propose to vote for the amendment, some of which I shall try to enumerate.

The budget shows the sales tax to be the greatest revenue producer. It is estimated that it will produce $115,500,000, and that, plus stamp and manufacturers' taxes of $38,000,000, gives a total of $153,500,000 or 33·97 per cent. I ask the Minister of Labour in the absence of the finance minister: does the sales tax help the unemployment problem? When the sales tax and the manufacturers' tax in 1929 brought a revenue of $81,500,000, or only 18 per cent, just a little more than half of what it is bringing to-day, the present leader of this government, who I am sorry is not in his seat at the moment, rose in his place and said, as reported at page 2706 of Hansard of June 16, 1931, with respect to sales taxes—and I say, Mr. Speaker, that the sales tax does not help solve the unemployment problem:

> What do they disclose? They disclose that the burden of taxation is being placed upon the backs of the people least able to bear additional taxation. . . . What there is in the way of loss of revenue from such exemption will have to be made up by taxes raised in another way. Where does my right hon. friend expect to get most of his taxation?

The present Prime Minister was addressing his remarks to the present leader of the opposition.

> Where does my right hon. friend expect to get most of his taxation? He expects to get it out of the sales tax and from the excise tax of one per cent on everything that comes into this country. What does that mean? The sales tax, as we all know, bears most heavily on the great mass of the people—

He repeated that twice, yea like Peter he repeated it thrice; so if I do the same I shall be forgiven. He said:

> The sales tax, as we all know, bears most heavily on the great mass of the people. . . . and that additional burden is placed on the great body of the people through the sales tax and the excise tax of one per cent on everything imported.

The sales tax in those days was 4 per cent, and it produced $85,000,000. To-day it is 8 per cent, and it produces $153,000,000. It is just double to-day what it was then. Therefore if these words of the present Prime Minister were true then, they are doubly true to-day. Further down on the same page he said:

> Talk about the "death knell of protection"!

He was referring to 4 per cent sales tax

> This is the death knell of everything in the shape of freedom of trade.

If that was true then, it is doubly so to-day. The point I want to make is that this tax does not help solve the unemployment problem.

In like manner, Mr. Speaker, there is another tax that does not help solve the unemployment problem, namely, the income tax, and on that I should like to say a few words. Demagogues like to speak of the income tax in derogatory terms. I have seen them standing on a chair on a street corner and heard them shout: "Soak the rich!—Make them pay!"

An hon. MEMBER: Hear, hear.

Mr. HARRIS: Somebody says "hear, hear," and I say hear, hear, in respect to that group of coupon-clippers and non-producing income receivers who do not do their fair share in promoting our national economy. But as to the group of industrialists, whether the industry be agriculture, mining, fishing or manufacturing, when they want to put their funds back into their own industry for purposes of expansion they have to pay a 15 per cent corporation tax, which was increased 1½ per cent last year by this government, while that great body of our citizens, the non-producing income receivers were subjected to no such increased tax upon their incomes. I say, Mr. Speaker, that in this regard the present government did not contribute to the solution of the unemployment problem.

Let me explain that a little. You go into your banker with a statement which is just on the dead line, not red, not black. You tell him that you did a million dollars' worth of business last year, and that you want to

spend $100,000 on extensions and improvements. Remember that the Minister of Finance said in his budget speech, not once but five times: Let us have betterments and improvements. You go into your banker just before you have paid income tax on any interest you earned, even though you may have lost that income when your total balance sheet for the year is made up. What does the banker say? He says: I am sorry, but you cannot borrow any money on capital account.

Suppose you had earned $50,000, and had paid income tax. Still he would say to you: Be careful that you spend none of our borrowed money on capital investments of any kind, or, as the Minister of Finance said, on betterments and extensions of industrial plant and equipment. The bank will tell you: Do not spend any of your money on extensions of that kind. Why? It is bad banking practice, first of all, of course. Why, in the second place? Because you have income tax and corporation tax to pay, and you have to pay cash, right on the nose. If you want to do something for the relief of unemployment, we do not do in this country as I am told they do in Sweden and some other parts of the world, where, when a man does spend money on betterments and extension of plant, as the Minister of Finance urges, some exemption is given on that portion of his earnings which is reinvested in his own business. Five times during his speech the Minister of Finance urged that money be spent for these purposes. Let us encourage the industrialists, I say, Mr. Speaker, to reinvest their money in improvements and extensions of plant by affording them some relief on that portion of their income that is reinvested in industry, and tack the tax on to the non-producing section if you wish.

I say again, Mr. Speaker, that the increase of industrial income tax does not help the unemployment relief problem. The collection of industrial income tax has a tendency to make for more unemployment. We find that since 1929 to date there has been a substantial increase in the income tax collection, running from $58,500,000 in 1929 to $102,000,000 to-day.

There is a group of revenue taxes which is collected by the Dominion of Canada which to my mind does make for more employment, but we find that the collection from that group of taxes has remained at the same figure for the last four or five years, and is now only half what it was in 1928 and 1929. I refer to customs import duties, and I want my free trader friends to mark this particularly. I make the statement that the imposition of customs import duties tends to make for more employment at home for our own people, producing their own goods. I know it is an old argument, but let me give you the figures. What is happening to our economic position to-day? Our customs import duties for 1929 amounted to $185,000,000, and excise taxes $63,000,000, a total of $248,000,000, or $55.25 out of every $100 of taxation that was collected. But to-day we are collecting only $81,500,000 in customs import duties and $45,000,000 in excise taxes, a total of about $127,000,000, or 28·09 per cent of the total taxation collected. In 1929 $55 out of every $100 came out of a tax which relieved unemployment; to-day only $28 of every $100 comes from a tax which helps unemployment. The balance of the national taxation, $71.91, comes from the class of revenue taxes which does not help to reduce unemployment but rather increases it. Take one per cent off the sales tax and let those of us who are in industry be given a chance to spend our earnings on plant improvement and plant extensions and see if we cannot help take up the slack in employment. These are some ways, Mr. Speaker, by which unemployment could be relieved, but if care is not taken to mend a system under which 70 per cent of the taxes comes from the group of revenue producers which do not aid employment, and if within the next two or three years the artificial stimulus which to-day is being applied the world over begins to collapse, it will be necessary to revert to a system of taxation which makes for more employment.

A few minutes ago the minister stated that 46,000 boys had returned to the farms. To do what? To go to work. And where is the work? It is on the dairy farms. I am sorry that the Minister of Finance (Mr. Dunning) is not here. I have his permission to go ahead and say whatever I wish. That is the privilege which is enjoyed by those of us who take part in the budget debate, so I hope hon. members will understand that I am not taking advantage of the minister's absence in making the observations I wish to make during the next fifteen minutes. To use his own expression, he said "go to it"; we understand one another. These 46,000 boys have gone to the farms. They will milk cows and do chores, as we all used to do, or at any rate, like to say we did. They will bring in the milk and turn it into butter, and they will sell that butter. They will fatten for sale steers and hogs. But what will they do with the fats? On June 20, 1936, our good friends in the United States placed a tax on all fats going into that country of three cents per pound, in addition to the then existing duty of half a cent, making a total of 3½ cents per pound. For the last sixty or seventy years the markets

for these products have been Chicago and New York, which set the prices for this continent. Even while the government was negotiating its treaty with the United States the agricultural bloc at Washington were framing the Bailey amendment to the 1936 United States revenue bill, imposing a duty of 3 cents per pound against produce of Canada which had been going into that market for the last sixty years, and thereby cutting it off over-night. What can be done about it? Nothing? While that was going on in the United States our fellow citizens in the empire have been busily producing, in Nigeria, the Straits Settlements and Ceylon, millions and millions of pounds of vegetable oils and shipping them into this country free of any duty and any tax. In 1933 the amount was 119,000,000 pounds; by 1936 it had risen to 224,000,000 pounds. The United States has imposed taxation of five cents per pound on cocoanut oil, four cents per pound on palm kernel oil, and three cents per pound on palm oil. Their action, which was taken in June of last year, tended to back up into the world's markets a billion pounds of vegetable oils. England is terribly worried about it. The Minister of Finance when he was in England was worried about it, and the world at large is concerned about it from this general angle, that the vegetable kingdom is fast replacing the animal kingdom. If the situation has caused anxiety in the world generally, we in Canada, which is an animal producing country dependent more on animal than on vegetable products, have cause to be doubly concerned and promptly to bestir ourselves. What is happening is that the product of these vegetable oils is replacing the production that these 46,000 boys and many more of whom the minister has spoken are trying to dispose of, and it is doing so by leaps and bounds. Today we have a record surplus of butter; 25,000,000 pounds of butter in Canada requires a market. I am pleased to see that the Prime Minister has come in, because I want him to get the full significance of this.

Mr. MACKENZIE KING: I could hear the hon. member when I was outside.

Mr. HARRIS: The Prime Minister says he can hear me outside. Mr. Speaker, I wish you would open these windows so that the whole of Canada would hear. I was just saying that the Minister of Labour has placed 46,000 boys on the farms of Canada. At the same time, as I pointed out, we in this country have a surplus of butter of record proportions; and since the United States, applying their so-called reciprocal methods of conducting affairs with Canada, and exhibiting their usual generosity, have seen fit to place a duty of three cents per pound against our animal fats, and from 3½ to five cents per pound against the vegetable products of all the British colonies—because Britain owns most of the countries producing vegetable oils—we in Canada are suffering greatly from the inroads of vegetable oils into our Canadian market. In the next two years our butter producers will find themselves in a very difficult position if the Minister of Finance does not carry out the suggestion which is indicated in his budget speech, where he says:

> The tariff board will have ready in the near future reports on other matters referred to it, and it is expected that these will be received in time for consideration by the government while the house is still in committee of ways and means.

I hope that this committee sits long enough to receive the reports on these questions from the tariff board. The evidence runs to 500 pages; there are forty items. The dairy farmers in the house number over one hundred, and if you multiply one hundred by forty speeches by five hundred pages perhaps we shall miss the coronation ceremonies but we may be able to receive the report, in the terms suggested in the budget speech, and be able to give considration to it in the committee of ways and means.

Now, as to the merits of the case itself, a tank steamer from Nigeria called the Swartzemmer, landed at Sorel in September of last year with 7,800,000 pounds of vegetable oil. It was entered on the records as vegetable oil "not for food," in like manner as 195,000,000 pounds is entered on the records of the bureau of statistics as not for food. But immediately we find it made into food. That is something which ought to be checked up. Only 8,000,000 pounds entered for food, and last year we produced 103,000,000 pounds of edible shortening, sold to the housewives and bakers of Canada. The 195,000,000 pounds entered "not for food" was refined and sold, at least 70 per cent of it, for edible purposes.

Getting back to this tank steamer at Sorel, 7,800,000 pounds was discharged in a few hours through a large pipe line into a tank on the docks. What does that mean? My Saskatchewan friends, how much butter do you produce? Twenty-three million pounds a year. In the seven winter months you produce 34 per cent of 23,000,000 pounds, and 34 per cent of 23,000,000 pounds is 7,800,000 pounds. The same weight of fat was on that steamer at Sorel as the 40,000 dairy farmers in Saskatchewan produce in seven

months. Do you get the significance of that? If you do not, let me give you the full measure of this traffic. Imagine thirty tank steamers. If you cannot imagine that, you know what a tank car looks like; imagine forty-five trains of fifty cars each of 100,000 pounds capacity entering Canada—each and every year—one hundred and three million pounds of that production replacing the natural wholesome industry of this country, the butter fat industry, which makes work for your 46,000 boys who were put out on the farm replacement scheme.

It was requested that consideration be given to some amendment. The hearing before the tariff board closed on December 11, so that there has been plenty of time for a report. It should have been within the competence of the board to bring that report down. This parliament should sit here long enough to get that report and take some action on it, not only because of the situation between ourselves and Nigeria and other countries, but more particularly on account of the action taken by our reciprocating friends of the United States in placing an excise duty of three cents per pound against our product going into that country. If I had another hour I could tell the house how in the Nigerian climate they only have to shake down palm nuts from a tree, throw them into a pit and let them rot, press out the oil and then carry the oil to a tank steamer on the border of Nigeria. The tree does not need feeding as your cow in Saskatchewan does. They do not have to house the palm tree in Nigeria as you house your cattle in Saskatchewan. The native climbing the tree does not tear his trousers getting down, whereas our farmer friends in Saskatchewan must be clothed in the winter time. I could enlarge on all these differences between their civilization and ours, but that would perhaps be wasting time. They are empire colleagues of ours and they take this trade and our empire friends take this trade. But let me finish that other story. When he gets these nuts down out of the tree the meat on the outside gives 60 pounds of fat and the inside kernel yields 40 per cent, while the poor man who strips the cow only gets 3½ per cent of fat out of his milk. This is a matter that should be given consideration.

Some will say: That is all bound up in the empire trade agreement; why was not something done about it before? In 1933 the traffic was only 91,000,000 pounds, but in four short years it has grown to 224,000,000. The act of the United States in this regard has brought the matter forcibly to the attention of the National Dairy Council of Canada and they are greatly alarmed about it. The opportunity to do something about it should be seized. The Britishers who received these cargoes of nuts on the west coast of England to the amount last year of 1,762,000 long tons do not mind what tax or duty you put against that product as long as you give them the preference. A preference of ten per cent a few short years ago diverted all that trade of pressing to the United Kingdom. The presser there is content,—it is on the records somewhere—provided he gets his margin of preference.

It may be argued: But you will raise the cost of living, the cost of these shortening and other products by the amount of duty you put on. That condition does not obtain in the United States to-day. I have under my hand five copies of invoices of which I took photographs in New York two weeks ago, of the Ward Baking Company, sold to their bakers, and I found the price to be 11¾ cents, whereas Proctor and Gamble of Hamilton sold it the same week in Kitchener at 13 cents. In Columbus, Ohio, another firm sold a half-carload at 12 cents a pound, while at the same time, to another firm in Canada, a similar product, 100 per cent vegetable, was sold at 11¼ cents a pound. It was sold in Chicago at 11¾ cents and in Hamilton at 13 cents. And mark this carefully; let our baker and consumer friends get this idea clearly in their minds. Right on the body of this invoice, which shows the price to be 11¾ cents per pound, is a clause which says:

> If the Bailey amendment is found to be unconstitutional and if this processing tax or excise tax or duty is collected back from the government, then we will reduce the price of this invoice accordingly and return to you the collection we made from the government less the incidental cost of collection.

What does that mean? That means that the manufacturer there gets 7¼ cents for his product that he sells to the Ward Baking Company in Chicago and in Columbus, Ohio, while our baker here is paying the full 11¼ cents or 13 cents as the case may be. So that argument falls to the ground. True, to an extent it would add a little to the cost. But there is another observation that I should like to make. The revenue resulting to this country if the government saw fit to do just seventy-five per cent of what the United States did on June 20 of last year—it became law on August 20, 1936—would amount to $9,449,000, according to the rebuttal evidence put in at the tariff board hearing a few weeks ago.

But it may be said, the material would not come in then. It would still come in, but not to so large an amount. I remember in

this house twelve or fourteen years ago hearing the representations made with regard to oleomargarine. In those days we were worrying about a production of 5,500,000 pounds. To-day we are faced with a production of 103,000,000 pounds, which will increase to 120,000,000 pounds this year. In those days we were not worried about a surplus of butter and finding a market for it. To-day we have a surplus of 25,000,000 pounds.

Mr. LAPOINTE (Quebec East): Time.

Mr. HARRIS: The Minister of Justice (Mr. Lapointe) says "time." I will take my remaining five minutes to-morrow.

BUSINESS OF THE HOUSE

THE BUDGET—SUSPENSION OF STANDING ORDER 28 FOR SITTINGS OF MARCH 4 AND 5

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, perhaps the house would allow me to put a motion that will ensure the debate continuing on Thursday and Friday if necessary. I move:

That standing order 28 respecting the committee of ways and means be suspended for the sittings of Thursday, 4th March, and Friday, 5th March, 1937.

If this motion were not adopted the Speaker would leave the chair on those days and the debate could not proceed.

Motion agreed to.

On motion of Mr. Mackenzie King the house adjourned at 11.03 p.m.

Wednesday, March 3, 1937

The house met at three o'clock.

SUPPLEMENTARY ESTIMATES, 1937-38

A message from His Excellency the Governor General transmitting estimates for the fiscal year ending March 31, 1938, was presented by Hon. Charles A. Dunning (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

SUPPLEMENTARY ESTIMATES, 1936-37

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, may I inquire of the Minister of Finance (Mr. Dunning) when the supplementary estimates for the year ending March 31, 1937, will be laid on the table?

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I cannot answer definitely. Of course the departments concerned are attempting to get their figures together in sufficient time before the end of the fiscal year to cover everything. I expect to get along with the work as fast as possible, and will bring down the estimates as soon as I can.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

EXPENDITURES IN THE YUKON

Mr. McCULLOCH:

1. What was the total amount provided by the estimates for 1935-1936 for expenditure for all purposes including salaries for the Yukon?
2. What was the total amount expended from said estimates in the Yukon in the said fiscal year?
3. What is the population of the Yukon?

Mr. RINFRET:

1. $568,081.54.
2. $541,619.65.
3. The population of the Yukon on June 1, 1931, was 4,230.

NATIONAL EMPLOYMENT COMMISSION—SALARIES AND LIVING ALLOWANCES

Mr. ROSS (Moose Jaw):

On page 344 of Hansard, members of the National Employment Commission are shown as having received certain sums of money as salaries, and on page 833 of Hansard, the same members are shown as having received identical sums as living allowances.

1. Were these sums paid to members of the commission twice?
2. What was the total paid to each member of the commission, for all purposes, during the period in question?

Mr. ROGERS:

1. No.
2. Total received for all purposes, A. B. Purvis, nil; A. N. McLean, $1,141.07; Alfred Marois, $2,446.75; *Tom Moore, $228.95; Mrs. M. M. Sutherland, $5,590.93; W. A. Mackintosh, $2,196.98; E. J. Young, $4,559.05.

* No salary paid to commissioner Tom Moore as a member of the National Employment Commission as he is in receipt of a salary of $9,000 per annum, less the 5 per cent deduction, as a member of the employment and social insurance commission.

Mr. DOUGLAS:

1. What was the date of appointment of each member of the National Employment Commission?
2. What was the amount of travelling expenses and living allowance paid to each member?
3. Does the $20 per day salary paid to certain members of the commission include Sundays and holidays?

Mr. ROGERS: I desire to file a corrected answer to this question which appeared in Votes and Proceedings of February 5, 1937.

1. May 15, 1936.

2.

Name	Travelling and actual expenses	Living allowance
A. B. Purvis	Nil	
A. N. McLean	$1,141 07	
Alfred Marois	603 75	
Tom Moore	228 95	
Mrs. M. Sutherland	2,151 93	Nil*
W. A. Mackintosh	771 00	
E. J. Young	1.538 25	

3. The $20 a day is subject to the Salary Deduction Act. They are paid only for days on which they have actually worked.

* No provision for living allowance under the act.

NATIONAL EMPLOYMENT COMMISSION—YOUTH COMMITTEE

Mr. CHURCH:

1. Who are the members of the National Employment Commission's youth committee, when were they appointed, and for what purpose?

2. What remuneration do they receive, and allowances or travelling expenses?

3. What has been the result of their work, and to whom do they report?

Mr. ROGERS:

1. The youth employment committee is a special committee of five (5) members of the national advisory committee, appointed by P.C. 2242 of the 2nd September, 1936, under Section 9, Subsection 2 of the National Employment Commission Act, 1936, as follows:

Date of appointment:

Allan Chambers, of Victoria, B.C., Chairman, July 4, 1936.

Joseph McCulley, of Newmarket, Ontario, August 11, 1936.

Rev. R. F. Thompson, of Toronto, Ontario, August 11, 1936.

Andre Montpetit, of Montreal, Quebec, September 2, 1936.

W. Clifford Nickerson, of Halifax, N.S., September 2, 1936.

2. No remuneration. A living allowance of Fifteen dollars ($15) per diem, payable when away from home on the business of the committee, which covers all travelling and living expenses except transportation.

3. The committee reports to the national employment commission and, to date, has made two (2) main and three (3) supplementary reports.

GOLD IN THE TREASURY, PURCHASED, AND EXPORTED

Mr. BERTRAND (Laurier):

1. How many ounces of gold are now held by the Canadian government, (a) on behalf of the treasury; (b) on behalf of the Bank of Canada; (c) on behalf of foreign governments; (d) in the dominion mint; (e) is there any gold still being held by the chartered banks of Canada either in bullion or in currency?

2. How many ounces of gold did the dominion government purchase during the twelve months ending on January 31, 1937?

3. What was the average weekly purchase by the Canadian government of mined gold during the three months ending January 31, 1937?

4. How many ounces of gold were exported by the Canadian government to, (a) the United States of America; (b) the United Kingdom; (c) all other foreign countries?

5. What is the amount of gold being held by the United States of America and the United Kingdom and foreign countries to the credit of the Canadian government?

Mr. DUNNING:

1. (a) January 31, 1937—105,458 ounces, of which 103,432 ounces were held as reserve against Post Office Savings Bank deposits; (b) nil; (c) nil; (d) January 31, 1937—176,218 ounces; (e) yes, $41,094 held in Canada and $955,459 held elsewhere as at December 31, 1936.

2. 3,637,143 ounces.

3. 74,566 ounces.

4. 12 months ended January 31, 1937: (a) 1,776,385 ounces; (b) 225,522 ounces; (c) nil.

In addition, gold sold by the government in the twelve months ended January 31, 1937, and held by the Bank of Canada for clients abroad, amounted to 1,466,249 ounces.

5. Nil.

CANADIAN PACIFIC RAILWAY COMPANY—SUBSIDIES

Mr. TUCKER:

1. What subsidies or other assistance by way of land grants, cash grants, exemptions from taxation and otherwise have been given by the federal government of Canada to the Canadian Pacific Railway Company since its incorporation?

2. What is the estimated total value of such subsidies and assistance in cash to date?

Mr. HOWE:

1.

Dominion cash aid, including subsidies to main project and to acquired lines and leased lines	$ 53,417,889 00
Book value of lines constructed by government and transferred to C.P.R.	37,791,435 00
Cash consideration for lands given up by Canadian Pacific Railway	10,189,521 00
Total	$101,398,845 00

Assistance Under Unemployment Relief Acts

(a) 1930-33 Act of 1930, interest on construction	$ 863,550 00
(b) 1931-32 Act of 1931, rail relaying (labour)	209,196 98
(c) 1932-33 Act of 1931, shop work	1,447,222 71
(d) 1933-34 Act of 1932, shop work	1,000,000 00
S.P.W.C.A., 1935	
(e) 1935-36 Repairs to equipment	1,270,000 00
(f) 1935-37 Purchase of equipment	5,662,103 60
(g) 1936-37 Supplementary estimates provide grant to C.P.R. for employment of extra labour to maximum of 5,000 men	1,323,426 17
(h) For C.P.R. costs in connection with above, as loan	554,700 00
Total paid	$ 12,330,199 46

2.

Total cash subsidies and financial assistance	$113,629,044 46

Of the unemployment assistance, items (a), (b) and (g) are grants while the other items are subject to repayment as follows:

(c) Repayable on demand (without interest) as soon as more than 5 per cent paid in dividends.

(d) Repayable on demand (without interest) before any more dividends are paid on common stock.

(e) Repayable $100,000 per annum commencing 1938, with interest semi-annually at 4 per cent.

(f) Repayable after two years in 13 instalments. No interest for two years. Then 3 per cent on balances outstanding.

(h) Loans repayable in five annual instalments to 1942, with interest at 2½ per cent.

Dominion land grants, Canadian Pacific Railway—all lines, 26,108,988 acres.

The Canadian Pacific Railway Act (44 Vic., Cap. 1, 1881) and the contract of October 21, 1881, for the construction of the railway provided for the admission, duty free, of materials entering into construction, for certain restrictions as to competing lines for a limited period, for certain exceptions from taxation of the property of the railway, and for the taking of materials from public lands for construction purposes. Particulars of these provisions will be found set out in sections 10, 15, 16 and 19 of the contract, which is of parliamentary record.

[Mr. Howe.]

*BROADCASTING OF HOUSE OF COMMONS DEBATES

Mr. TUCKER:

1. What would be the annual cost of broadcasting the debates of the House of Commons from the short wave station situated in Ottawa?

2. Has the government given consideration to the desirability of broadcasting such debates in this way or otherwise?

Mr. MACKENZIE KING: I might say that the government does not think it would be advisable to broadcast the debates of the house.

CORONATION OATH

Mr. CHURCH:

1. What changes, if any, have been made in the coronation oath to be taken on May 12 next?

2. Was Canada consulted, and what reply was given?

3. Did the government ask for any changes? If so, what are they?

4. Will any correspondence with His Majesty's government of Great Britain and Canada on the subject be laid on the table of the house?

Mr. MACKENZIE KING:

1. The coronation oath taken by His Majesty King George V on June 22, 1911, was as follows:

"Archbishop. Will you solemnly promise and swear to govern the people of this United Kingdom of Great Britain and Ireland, and the dominions thereto belonging, according to the statutes in parliament agreed on, and the respective laws and customs of the same?

King. I solemnly promise so to do.

Archbishop. Will you to your power cause law and justice, in mercy, to be executed in all your judgments?

King. I will.

Archbishop. Will you to the utmost of your power maintain the laws of God, the true profession of the gospel, and the Protestant reformed religion established by law? And will you maintain and preserve inviolably the settlement of the Church of England, and the doctrine, worship, discipline, and government thereof, as by law established in England? And will you preserve unto the bishops and clergy of England, and to the churches there committed to their charge, all such rights and privileges, as by law do or shall appertain to them, or any of them?

King. All this I promise to do."

The coronation oath to be taken by His Majesty King George VI on May 12, 1937, is as follows:

Q. Will you solemnly promise and swear to govern the peoples of Great Britain, Ireland, Canada, Australia, New Zealand and the Union of South Africa, of your possessions and the other territories to any of them

belonging or pertaining, and of your empire of India, according to their respective laws and customs?

A. I solemnly promise so to do.

Q. Will you to your power cause law and justice, in mercy, to be executed in all your judgments?

A. I will.

Q. Will you to the utmost of your power maintain the laws of God and the true profession of the gospel? Will you to the utmost of your power maintain in the United Kingdom the Protestant reformed religion established by law? And will you maintain and preserve inviolably the settlement of the Church of England, and the doctrine, worship, discipline, and government thereof, as by law established in England? And will you preserve unto the bishops and clergy of England, and to the churches there committed to their charge, all such rights and privileges as by law do or shall appertain to them, or any of them?

A. All this I promise to do.

In view of press reports, it may be added that the King's Title, which was settled by proclamation issued under the Royal and Parliamentary Titles Act of 1927, does not appear in the form of coronation service, and has not been changed in any way.

2. The Canadian government was consulted and concurred in the changes applicable to Canada.

3. The Canadian government did not initiate the question but expressed the view that the phrasing of the first section of the oath as formerly administered was not in accordance with the existing constitutional relations, and that it would be appropriate that each of the members of the commonwealth should be enumerated.

4. It would not be in accordance with established practice to table the correspondence, which indicates the views of other governments.

CALGARY BARRACKS—SAND AND GRAVEL

Mr. LANDERYOU:

1. How many cubic yards of unwashed pit run gravel have been used on the roadways of the government barracks at Calgary, Alberta, and what is the price per cubic yard for same?

2. How many cubic yards of washed sand and gravel have been used in surfacing the roadways at the government barracks at Calgary, Alberta, in concrete work, and what is the price per cubic yard for same?

Mr. MACKENZIE (Vancouver):

1. 1,165 cubic yards at 90 cents per cubic yard.

2. 1,227 cubic yards of washed sand at $2.50 per cubic yard. 3,057½ cubic yards of washed gravel at $1.50 per cubic yard.

SOCKEYE SALMON TREATY

Mr. NEILL:

1. Has the Fraser river treaty been ratified by the United States government? If so, on what date?

2. If ratified, was it subject to any reservations, and, if so, what?

3. Will the suggested reservations, if any, be submitted for consideration by this house?

Mr. MACKENZIE KING:

1. No. On June 16th, 1936, the Senate of the United States gave its advice and consent to the ratification by the United States of the convention between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries in the Fraser river system, signed at Washington, May 26th, 1930.

2. This resolution of the United States Senate was passed subject to the following understandings to be made a part of such ratification:

"(1) That the International Pacific Salmon Fisheries Commission shall have no power to authorize any type of fishing gear contrary to the laws of the State of Washington or the Dominion of Canada;

"(2) That the commission shall not promulgate or enforce regulations until the scientific investigations provided for in the convention have been made, covering two cycles of sockeye salmon runs, or eight years; and

"(3) That the commission shall set up an advisory committee composed of five persons from each country who shall be representatives of the various branches of the industry (purse seine, gill net, troll, sport fishing, and one other), which advisory committee shall be invited to all non-executive meetings of the commission and shall be given full opportunity to examine and to be heard on all proposed orders, regulations, or recommendations."

3. These understandings, which under existing practice and precedents constitute clarifications or interpretations upon administrative aspects, appear to be not inconsistent with the principles and purpose of the convention; accordingly the question of their submission to parliament, which confirmed the convention in 1930, does not arise.

HON. C. P. FULLERTON

Mr. POULIOT:

Referring to the third paragraph of the last question on the second column of page 1052 of Hansard of February 17, 1937, was the remunerative payment of $30,000 given to Honourable C. P. Fullerton, K.C., paid by the Canadian National Railways or by the dominion government?

Mr. HOWE: By Canadian National Railways.

QUESTIONS PASSED AS ORDERS FOR RETURNS

HALIFAX, N.S., GOVERNMENT OWNED WHARVES

Mr. ISNOR:

1. How many government owned wharves are in the county of Halifax, Nova Scotia?
2. How many of these come under control of the Department of Transport?
3. At what places are they located?
4. How many of the above wharves have regularly appointed wharfingers?
5. (a) What are the names of wharfingers; (b) what was the revenue receipts by each wharfinger for the fiscal year 1935-36?

Mr. RINFRET: Return tabled herewith.

EMPLOYEES OF CANADIAN RAILWAYS

Mr. LECLERC:

1. What is the number of employees on the railways of Canada, according to the following categories: locomotive engineers and firemen, conductors, conductors of parlour-cars, conductors of sleeping-cars, employees of dining-cars, trainmen, maintenance of way employees, and others?
2. (a) What is the hourly rate of pay, and the average number of hours that the above classes are employed monthly; (b) how many hours daily are these employees paid at the regular rate; (c) how many are paid time-and-a-half, and how many double-time?
3. What are the average monthly salaries of the above-mentioned classes?
4. How many railway employees are out of work at the present time?

Mr. RINFRET: Return tabled herewith.

HALIFAX, N.S., COAL IMPORTATIONS

Mr. BROOKS:

What quantity of coal, other than Canadian, was imported by water through the port of Halifax, Nova Scotia, from October 1, 1935, to December 31, 1936, information to be tabulated under the following headings: (a) date of arrival; (b) name of vessel; (c) consignee; (d) number of tons of coal; (e) grade; (f) value for duty; (g) duty paid, including sales tax and excise; (h) country in which coal produced?

[Mr. Mackenzie King.]

Mr. ILSLEY: Certain of the information asked for would, if given, disclose the private business of certain importers. That would be contrary to established practice. There is no objection to giving the remainder of the information, and, subject to the qualification I have indicated, I would ask that the question stand as an order for return.

VANDERHOOF-MANSON CREEK, B.C., ROAD CONTRACT

Mr. PELLETIER:

1. Did the federal government approve of a project to build or improve the road between Vanderhoof, and Manson Creek or Finlay Forks, British Columbia, in conjunction with the provincial government of British Columbia?
2. What work was done on this project last year?
3. What funds has the federal government indicated as its share to be spent on this project?
4. What sum has already been spent?
5. What sum is still available to be spent?
6. Through what channels has the government contributed to this project?
7. Who recommended that this project should be approved?
8. How much work has been provided for, for this coming summer on this project?

Mr. CRERAR: Return tabled herewith.

MANSON CREEK, B.C., MINING PROPERTIES

Mr. PELLETIER:

1. Are there any mining properties in the vicinity of Manson Creek, British Columbia, within a hundred mile radius?
2. If so, (a) what are the names of the companies; (b) the names of the directors and managers?
3. What mines are in operation?
4. What claims have been filed?
5. By whom have claims been filed?
6. Has the Consolidated Mining and Smelting Company any property of any nature in that district?

Mr. CRERAR: Return tabled herewith.

PREFERENCE TO CANADIANS IN CIVIL SERVICE OF ALLIED COUNTRIES

Mr. POULIOT:

1. Referring to sessional paper No. 120A (reference No. 43), tabled February 15, did the Department of the Secretary of State ask the Department of the Secretary of State for External Affairs "whether the dominion government ever tried to know if any allied countries of His Majesty during the great war had accorded a preference to Canadian candidates in their civil service, and, if so, when"?
2. If so, when?
3. Did the Department of the Secretary of State for External Affairs answer that question?
4. If so, what was the answer, and why was not such answer included in the above-mentioned return?
5. If not, why?

Mr. RINFRET: Return tabled herewith.

LIEUT.-COLONEL W. ARTHUR STEEL

Mr. POULIOT:

Referring to the statement of the government at page 758 of Revised Hansard of March 4, 1936, that Lieutenant-Colonel W. Arthur Steel's pension would have been $1,975.38 per annum as of 1st April, 1936, if he were sent back to the Department of National Defence before being retired, or $3,520 per annum as of 1st April, 1936, if retired while still seconded by the Department of National Defence to the radio broadcasting commission, although there was no statutory provision for the superannuation of members of said commission,—

1. Was he retired as radio commissioner?

2. If so, when, and was he still seconded at that time?

3. If so, what total amount did he pay for his superannuation from the date of his appointment as radio commissioner, October 1, 1931, until his retirement?

4. How much does he receive per annum from the date of his superannuation?

5. Is he the same Lieutenant-Colonel Steel as the one of which the government has said at page 1052 of Unrevised Hansard of February 17 of this year, that he had not been granted a bonus, an extension of salary payment, or any kind of gratuity?

6. If so, what is his age?

7. If not, what service did each of both Lieutenant-Colonels Steel render to the Dominion of Canada, and in what capacity?

8. In case of the death of the former, how much will his family receive per annum?

MAJOR GENERAL A. G. L. MCNAUGHTON

Mr. POULIOT:

Referring to the statement of the government at page 759 of revised Hansard of March 4, 1936, that Major General A. G. L. McNaughton's, C.B., C.M.G., D.S.O., M.Sc., LL.D., pension as ex-chief of the general staff would have been $4,800 per annum, as of July 4, 1936, if he were sent back to the Department of National Defence before being retired, or $9,000 per annum, as of July 4, 1942, if retired while still seconded by the Department of National Defence to the National Research Council as president of such council, although there was no statutory provision for a pension to be paid to the president of the National Research Council,—

1. Is he still seconded by the Department of National Defence to the National Research Council?

2. If not, was he sent back to the Department of National Defence, and when, and in what capacity?

3. If so, why, and what is his present salary?

4. What total amount will he have to pay for his superannuation from the date of his appointment to the National Research Council, June 1, 1935, until the date of his superannuation, July 4, 1942?

5. What will be the total of his salary as president of the National Research Council during that period of seven years, one month and three days?

6. What is his age?

7. If he is not sent back to the Department of National Defence before July 4, 1942, what will be the total amount of his superannuation per annum?

8. In case of his death on or after that date, how much will his family receive per annum?

PREMIUM ON CANADIAN DOLLAR IN RESPECT OF PAYMENTS IN UNITED STATES

Mr. POULIOT:

What premiums were paid yearly to United States from 1930 to 1935 inclusive, when Canada's dollar was at a discount and her debts had to be met in gold in New York?

CIVIL SERVICE SALARIES

Mr. BERTRAND (Prescott):

1. How many civil servants receive a salary of less than $1,000: (a) in the inside service; (b) in the outside service?

2. What number of civil servants receive a salary of between $1,000 and $2,000: (a) in the inside service; (b) in the outside service?

3. What number of civil servants receive a salary over $2,000, grouping them by grades of $1,000 until the maximum salary is reached: (a) in the inside service; (b) in the outside service?

Mr. RINFRET: I suggest that this question be passed as an order for return, with a reservation as to the possibility of supplying in its entirety the information asked for.

MOTIONS FOR PAPERS

BRITISH FAMILY SETTLEMENT SCHEME

Mr. MacMILLAN:

For a copy of: (a) correspondence exchanged between the provincial government of Saskatchewan and the Prime Minister of Canada regarding a resolution passed by the Saskatchewan legislature on February 27, 1936, in favour of a resumption of British family settlement in Canada: (b) correspondence exchanged between the Premier of Saskatchewan, or the provincial government of Saskatchewan, and the Prime Minister of Canada regarding resolutions in favour of an early resumption of British family settlement in Saskatchewan, passed by the Saskatchewan immigration and settlement convention, held at Saskatoon, Saskatchewan, on September 23 and 24, 1936.

VETERANS' ASSISTANCE COMMISSION

On the orders of the day:

Hon. S. F. TOLMIE (Victoria, B.C.): I should like to inquire of the government when the report of the veterans' assistance commission will be laid on the table?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The minister is not in his seat at the moment, but I shall direct his attention to my hon. friend's question.

THE BUDGET

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

The house resumed from Tuesday, March 2, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Bennett.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, the amendment moved by the leader of the opposition (Mr. Bennett) reads as follows:

This house regrets that the government has failed to take effective measures to deal with the problem of unemployment.

We in this corner of the chamber will support that resolution. In fact, had the leader of the opposition not moved his amendment, we would have moved one along those lines.

It would seem that the attitude of hon. members toward this great question of unemployment is to no small extent determined by the place in which they sit in this house. It was not so very long ago that the Minister of National Defence (Mr. Mackenzie) moved a similar amendment. In 1935 he moved the following amendment to the motion to go into supply:

This house regrets that, notwithstanding the specific promises made prior to the election of 1930, and many times since reiterated, and despite the fact that extraordinary powers to deal with unemployment have been repeatedly secured from parliament, the present administration, after nearly five years of office, has not yet submitted to parliament any definite or effective policy to deal with widespread actual unemployment or distress which continues to be Canada's most urgent national problem.

At that time we supported the amendment, and if the Minister of National Defence moved a similar amendment to-day we would give it similar support. But he has not moved it, and so far as we can learn, the government, of which he is a member, has taken no action to deal effectively with this great problem, which he then stated—with which statement I agree—was Canada's most urgent national problem.

Not only did the present Minister of National Defence take that position, but I find that the present Prime Minister (Mr. Mackenzie King) was also very anxious to have this problem dealt with promptly. On February 5, 1935, he moved:

That this house is of the opinion that when it is moved into committee of supply priority should be given consideration of the estimates of the Department of Labour in order that opportunity may be afforded for an immediate discussion and consideration of conditions of unemployment and distress at present existing in all parts of Canada, and of the measures required to cope therewith.

The present government has been in office for well on to two years—

Some hon. MEMBERS: No.

Mr. WOODSWORTH: A year and a half.

Mr. DUNNING: Sixteen months.

Mr. WOODSWORTH: The present government has been in office for sixteen months; we are now in the second session, and nothing has been done to cope effectively with the problem of unemployment. The Prime Minister is reported in Hansard on February 12, 1935, as follows:

In the House of Commons on April 29, 1931, at page 1113 of Hansard I am reported as follows:

"As unemployment is incidental to industry as it is carried on to-day, I believe some system of insurance against unemployment is absolutely necessary and should be provided."

That was in 1931. Then on the next page: "—having regard to the problem of unemployment before us at the moment, a problem that we know is going to recur from time to time, the government should immediately consider how a system of unemployment insurance can be made applicable to meet such a situation."

That was not sixteen months ago; it was in 1935, and the right hon. gentleman was referring to the attitude of the Liberal party in 1931. Proceeding to discuss certain constitutional difficulties, he said:

There is an opportunity for an immediate step to be taken by the federal government to provide a measure of unemployment insurance. No question of constitutionality can be raised with respect to it.

If there is an immediate step that can be taken without incurring any constitutional objections, I wonder why the Prime Minister has not taken it, or has not indicated in any way that his government proposes to take it. Thus we see, Mr. Speaker, that when the Liberals were in power before, we had to join with the Conservatives in urging that something be done about the then increasing problem of unemployment. The Conservatives were put in power pledged to deal with this very problem, and then we in this corner found ourselves allied with the Liberals and gladly supporting any motion they brought forward urging action with regard to it. Again the government has changed, and to-day we find ourselves backing a Conservative motion.

The fact is, Mr. Speaker, that throughout all these years the situation has not changed

fundamentally. Only a few months ago the Canadian Welfare Council issued a statement on the relief outlook in Canada. I suppose most hon. members were supplied with this pamphlet, and I wish to read a few significant paragraphs. It is a document which was prepared by a non-partisan organization and one that cannot, I think, be said to be in opposition to government policies. After reviewing the situation province by province, this statement is made in connection with the drought situation in the west:

The western tragedy has affected relief loads in all the western cities sending them high again, though Winnipeg, because of the transfer of heads of families from direct relief to relief works, has not moved sharply upward as might otherwise have been anticipated.

I would ask the house to note this statement:

As it is, quite apart from drought relief, the loads look as if they would stand (as at the first of December) at a figure representing 6 per cent to 8 per cent increase over comparable 1935 totals. As dependency grows in the western drought areas an even heavier increase may be expected. In fact, were all those now aided through special works projects, farm placement, etc., included, the number of persons receiving assistance, directly or indirectly, may even rise to a figure as high as 12 per cent above last year's totals at this time.

Mr. ROGERS: Unofficially estimated.

Mr. WOODSWORTH: An unofficial estimate; quite so.

Mr. ROGERS: And incorrect.

Mr. WOODSWORTH: Then it is very strange, if this estimate is so incorrect, that one who I believe was very largely responsible for making the statement should be borrowed by the government to help carry on the work of the unemployment commission. Here is another statement made by the one guilty of such great inaccuracy:

Though relief scales in numerous municipalities in Canada bear no relationship to minimum subsistence needs, others, especially in the larger centres, while admittedly conforming with minimum standards only, exceed, for the man with more than three or four children, full time or average earnings when employed at prevailing rates in unskilled and semi-skilled pursuits.

That is just a little sidelight on the low wages and low standard of living prevailing in Canada. Apparently official bodies fear to give a decent dole, fear to give adequate relief, because the relief granted, small as it is, might approximate the wages that are paid semi-skilled and unskilled workers in their ordinary vocations.

One more passage, in which reference is made to special problems:

The homeless man who is not absorbed in farm placement or in heavy manual work projects because of unsuitability, age or handicap; the aimless, restless youth who has never known employment or sees no hope in temporary occupation or "made" work; the increasing number of displaced, older single women; the growing problem of the non-resident individual or family shoved from municipal pillar to provincial post and back to emergency relief or private charity; and the mounting percentage of burned out war veterans seeking something to eke out the veterans allowance.

I quote one more paragraph:

Relief costs not only are not decreasing but increasing as persons long without income, whether on relief or idle, face complete depletion of their resources and seek the meeting of their needs from social assistance. Also, as economic dislocation continues, families of younger workers and therefore smaller in numbers come on the relief lists, and this smaller average number in each household tends to raise both the average and per capita costs. An upward movement in the costs of some foods is directly affecting relief costs, while the need for medical and health care for thousands on relief is forcing municipality after municipality to some experiment in providing such services at public cost. State medicine looms on the horizon as a problem that is no longer academic.

These extracts—and they come from an impartial source and one that has been quite close to the problem across the country—give some indication that fundamentally the problem as we face it to-day does not differ from the problem as it has presented itself in past months and past years.

Take my own city of Winnipeg, in which of course I have a very special interest. A series of articles on the relief situation appeared in the Winnipeg Free Press in the latter part of November. The articles were based on interviews with those in charge of the giving of relief. I quote:

According to Alderman Paul Bardal, chairman of the civic unemployment relief committee, there have been exactly 24,511 families in receipt of relief from the city since the dawn of the depression.

Again:

Forty per cent of the people of Winnipeg have been on relief at one time or another during the past seven years.

Still further:

The largest body are the common labourers, of which there are 1,636 on family relief. There are 883 office and mercantile workers, 865 skilled construction workers, 711 formerly engaged in transportation and communications, 523 from manufacturing industries, 221 domestic and related services, 74 professional men, 57 from farms and dairies, 25 from mining, logging and fishing, 8 policemen, 2 firemen, and 89 who have never worked at any regular job.

Such a great variety of occupations are represented by those on relief as to suggest the diversity as well as the extent of the problem. I would suggest that the schemes which have been outlined to us this year or which were undertaken last year by the government simply do not touch the major number of the classes to which I have just referred.

In these family cases a very serious situation is developing. I can remember the time in my own city when it was considered almost necessary for each family to have a little house of its own, but to-day we find large numbers of houses of six or eight rooms converted into apartment houses to house from five to six or eight families. It has become almost the rule that families are placed in one or at most two rooms. I think any hon. member will recognize that we are thereby building up slums of a very serious kind. The relief departments say that they cannot help this, that they must keep down the rents and can afford only so much for the relief budget, but that does not prevent the development of a very bad state of things in houses which are so overcrowded as these. One has but to step into a police court, or, perhaps better, into juvenile court, to observe the results of the long continued unemployment which the country has experienced,—fathers discouraged, loafing around the streets; mothers dragged out, not knowing what next to do; boys and girls with no regular work, though they are out of school. Utter demoralization is coming to the homes of many of our people. It is a condition which we must face, and I think it is not taking advantage in any way of our position in the opposition to hold the government responsible for dealing with this problem.

I was disappointed in one statement made by the Minister of Finance (Mr. Dunning) in one of his earlier speeches. Speaking on January 21, he said:

> Moreover, sir, I still believe in the virtue of thrift, I still believe that a man in the full flush of his manhood has not merely the right but the duty to himself and to those who depend upon him to set aside in any manner which seems good to him a portion of the proceeds of his labour to-day in order that he and those dependent upon him may not later be dependent upon the state.

Of course we would all agree with a general sentiment of that kind, but the fact is that for years past tens of thousands of heads of families have not been able to provide even for the current expenditures which their families require, and when the depression came they found themselves, as we put it, right up against it. Thrift? It is fine to talk about thrift when there are opportunities of exercising it, but the fact is that a great many to-day have no such opportunity; they are dependent upon others for jobs, and if the others are not providing jobs they are helpless. I would commend to the notice of the Minister of Finance some observations by Oscar Wilde:

> Sometimes the poor are praised for being thrifty. But to recommend thrift to the poor is both grotesque and insulting. It is like advising a man who is starving to eat less. For a town or country labourer to practice thrift would be absolutely immoral. Man should not be ready to show that he can live like a badly-fed animal. He should decline to live like that, and should either steal, or go on the rates, which is considered by many to be a form of stealing. As for begging, it is safer to beg than to take, but it is finer to take than to beg. No, a poor man who is ungrateful, unthrifty, discontented and rebellious is probably a real personality, and has much in him. He is at any rate a healthy protest.

I think we have to remember—

Mr. DUNNING: Surely my hon. friend will do me the justice to admit that on that occasion I was not speaking of the poor or of those on relief, but was advocating that those who had saved should not be deprived of their savings.

Mr. WOODSWORTH: I do not know whether it is worth while to quote the preceding remarks of the hon. gentleman.

Mr. LAPOINTE (Quebec East): I wonder!

Mr. WOODSWORTH: I shall do so if it is desired.

Mr. JACOBS: In the interests of truth.

Mr. WOODSWORTH: This is the preceding paragraph:

> I have little more to say, Mr. Speaker. All history teaches us the appeal which proposals of this kind have to the ears of men and women who are experiencing great hardship. There never has been in any modern country a time of hardship which did not have as a part of its phenomena a development of so-called monetary reform which always received for a time in all countries very wide support. In some countries the effort was made, with results that are written large on the pages of history, results which drove the common people of those countries further into the mire than they were ever driven by any depression. In other countries, notably the great republic to the south, the agitation for monetary inflation lasted in various forms for a long period of years. It was never successful. I would not use the term "monetary reform" because I do not regard inflation as monetary reform. I regard uncontrolled inflation as the worst kind of monetary reaction. It is destructive.

Then came the paragraph to which I alluded.

Mr. DUNNING: That is quite right.

Mr. WOODSWORTH: But that paragraph does show acceptance of things as they are. It suggests that those who have succeeded in making money should be able to hold on to it, quite regardless of the conditions round about, and it entirely ignores the fact that for the last seven years large numbers of people have not been able to lay up anything for the future, in fact have not been able to meet their present obligations. I have often thought of the words of Edwin Markham, "the long, long patience of the plundered poor." To-day those who are described and treated as near-criminals are essentially "the plundered poor." The various and arbitrary arrangements of society deprive a great many of them of the chance to earn a decent livelihood.

Last Christmas season the front pages of our newspapers were filled with stories of the destitution which prevailed in nearly all our cities. The Red Cross and relief agencies of all kinds were making appeals; there were stories of dire need. On the other hand, within a week or two afterwards the press was filled with stories of greatly improved business. The bankers' association and individual banks issued statements along these lines. Hidden profits of the textile industry were disclosed. Talk about stealing! The man who steals a loaf of bread, even the man who makes relief a racket in order to get a little more for his family which is inadequately clothed or fed, is in my judgment nothing like so great a thief as he who evades taxation and puts away profits out of which he should have contributed more largely to government revenues. The other day the leader of the opposition (Mr. Bennett) deprecated the use of the slogan, "soak the rich." I do not know that it is a very good slogan, but I would point out that the present practice is to "soak the poor." It has been done very effectively over a long period of years. Surely the time has come when we should adopt a different attitude. I invite the attention of the house to the principles of a program that was placed a few weeks ago before congress by the President of the United States. They are contained in a front page editorial in the Halifax Herald, and it seems to me highly significant that a newspaper of that stamp should emphasize declarations of this kind:

1. We must find practical controls over blind economic forces and blindly selfish men.

2. As intricacies of human relationships increase, so power to govern them also must increase—power to stop evil; power to do good.

3. We have always known that heedless self-interest was bad morals; we now know that it is bad economics.

(4) We are beginning to abandon our tolerance of the abuse of power by those who betray for profit the elementary decencies of life.

(5) The lowest standard of living can be raised far above the level of mere subsistence.

(6) The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.

That latter clause I should like especially to urge upon the house. The Prime Minister will probably rise and point to the constitutional difficulties, but surely we have gone far enough and long enough with the employment question to recognize that essentially it is a matter of national emergency. If we had a few thousand people left destitute by a great flood there is no doubt whatever that the spectacular character of the appeal would lead to millions being poured forth in order to succour those people. The trouble is that we have had this problem of unemployment with us so long that we have forgotten its seriousness.

How have these constitutional difficulties worked out? The dominion says that under the British North America Act this is primarily a provincial problem; and the provinces take the position that since they themselves are in a bad way financially the matter becomes primarily one for the municipalities. The municipalities in the west are almost bankrupt and therefore cannot cope with the problem. It has been recognized, in the announcement that a commission to study the financial relationship between the dominion and the provinces, that the present set-up is not satisfactory. It seems to me that the announcement of the appointment of that commission is in itself sufficient proof that the provinces are not financially in a position to deal with the situation. That being so, it does seem to me that while commissions are investigating and reporting—and until such time as we can get some modification of the British North America Act—the poor people of Canada, who after all are citizens of Canada, ought not to be allowed to suffer.

Surely I should not have to refer to the position of the Liberal party on this question of unemployment, but in order to refresh their memories I would call attention to a leaflet which was circulated before the last election in which the policies of the Liberal party of Canada in relation to some immediate outstanding problems were set forth. Speeches by the present Prime Minister (Mr. Mackenzie King) in the House of Commons on February 27, 1935, were quoted as follows:

Unemployment of First Concern

The Liberal party believes unemployment is Canada's most urgent national problem. It would deal with the present emergency conditions through a representative national commission, which would cooperate with the provinces and municipalities in the administration of unemployment relief and in an endeavour to provide work for the unemployed.

That is the first section. I ask: Can the Liberal party claim that the present commission is in any real sense a representative national commission? The personnel of that commission was indicated to the house yesterday by the leader of the opposition. Can we say that it is a thoroughgoing representative national commission? I think not. We find, therefore, that that commission is not a body which is devoting all its time to this matter; rather it is simply an advisory commission that reports to the minister. I doubt whether we shall have an opportunity to discuss in detail what that commission is doing. In fact, I do not know whether we shall even have an opportunity to hear a report as to what the commission really proposes. The commission is simply a departmental adjunct. Can this be said to be carrying out the announced policy of the Liberal party? Let me read again:

As permanent measures the Liberal party is pledged to introduce policies which will serve to provide employment by reviving industry and trade;—

They may say that they have done that, but let me quote further:

—and to introduce a national system of unemployment insurance.

"A national system of unemployment insurance." It may be that the Prime Minister or the Minister of Justice will immediately take the ground that in view of the report of the judicial committee of the privy council the government have not the power to set up a national system of unemployment insurance. They might have known what the result might be of any appeal to the privy council in this regard, but the fact is that prior to making the appeal they decided upon this as one of the fundamental Liberal policies. I know that in the United States this question of state versus federal jurisdiction has been a problem, and we have always considered that residual power was with the individual states. But notwithstanding that, they seem to have been able to put through a large measure of social security. That could be done in Canada; for as I have said again and again in this house, I believe the old saw is true, that where there is a will there is a way. But the present government has not only scrapped, or taken such action as led to the scrapping, of the unemployment insurance measures which were introduced by the previous government, but in addition to that it has failed to indicate in any way whatever that it is about to introduce any system of unemployment insurance which might avoid the constitutional difficulties, or to provide any substitute.

It would not be so bad if we had an adequate system of relief, but such does not exist. We are faced with a very serious difficulty in having a Liberal government in power at the present time. In the first place the Prime Minister always resorts to the constitutional difficulties, and if they do not serve then he has recourse to the old laissez faire policy: we must not interfere with private industry, and so on. Between these two it is extremely difficult to get action—and action is what we need in Canada to-day, especially in dealing with unemployment. I want to give one other clause from the Liberal party's statement of its position prior to the last election:

The Liberal party recognizes that the problem of distribution has become more important than that of production, and believes that personality is more sacred than property. It will devote itself to finding ways and means of effecting a fair and just distribution of wealth, with increasing regard to human need, to the furtherance of social justice, and to the promotion of the common good.

These are lofty sentiments, and it is no doubt the enunciation of these lofty sentiments, coupled with the failure of the previous government to solve the problem of unemployment and other outstanding problems that face our country, that led to the election of the present Liberal government. They may sit back in their seats happy in the thought that they will not be disturbed for several years yet, but I submit that they cannot be relieved of the responsibility of making some effort to carry out the definite pledges which they made to the electorate only two years ago.

In respect to a matter of this kind, since all hon. members individually are anxious to do something to relieve the distress of their fellow citizens, and finding ourselves continually bombarded with pleas for help from people living in the various communities from which we come, surely the time has arrived when we can sink our party differences and get together in a real effort to solve this grave problem. I have said before that from the standpoint of the Co-operative Commonwealth Federation we do not think unemployment can be fully cured short of fundamental changes in our economic system. Hon. members opposite believe that it can. They say they have no mandate

to bring in socialism. Very well, but surely we can at least all unite in an effort to bring relief to those in distress. As long as many incomes are large, and profits increasing, and there are those in our midst able to live lives of luxury, we have no right to permit any government to claim that there is no money to provide the necessities of life for those in distress.

I cannot close without reminding the house that it is these considerations among others that made us protest the other day against increasing military expenditures. Since the Minister of Finance finds it possible to raise money for matters of that kind, he ought to find it possible to raise enough to provide adequate food and clothing and shelter and some little hope in life for those who for the past four or five or six years have been suffering the hardships consequent upon unemployment and who do not know what to do next. I urge upon the government that even now it is not too late to make adequate provision for the needs of these people.

Mr. T. A. THOMPSON (Lanark): As I listened to the Minister of Finance (Mr. Dunning) deliver his budget speech in this house I was pleased to know that this country has emerged so far out of the depression. But when he had finished I was thoroughly convinced that any improvement in our economic condition was not due to the policies of the present administration, but rather had taken place in spite of them.

It is greatly to be regretted that at a time, when the country is emerging from a depression, a budget should be presented which strikes such a serious blow at industry and does nothing at all for the agriculturist. The alterations that have been made in the trade agreement with the United Kingdom will to a great degree hurt the manufacturers of this country, and there is no provision in the budget to relieve the dairy farmers of the ever increasing importations of vegetable oils. In 1936, 158,000,000 pounds of these oils were imported into Canada from countries such as Egypt, China and Manchuria, where labour is very cheap. These oils cost about 2½ cents a pound in the country of origin. They are refined in Canada by a chemical process which costs very little, and tremendous profits are being made from their sale. From these imported oils 81,000,000 pounds of domestic shortening was made and sold last year, and the remainder of the oil was disposed of to the soap factories, thus coming into competition with our butter, lard, and other animal fats.

The Canadian market could quite easily absorb all the butter, lard and tallow produced in Canada. Last year we had an exportable surplus of 10,000,000 pounds of butter, and we exported 20,000,000 pounds of lard. But we made a market in our own country for 81,000,000 pounds of domestic shortening manufactured from cheap oils imported from foreign countries. This domestic shortening is a greater menace to the dairy farmer than was the sale of oleomargarine which the government saw fit to prohibit. The United States have placed a duty of 4½ cents a pound on imported vegetable oils, in order to protect their farmers, but the markets of Canada are left as a dumping ground by the present administration. The sale of domestic shortening is depressing the price of butter and lard and thus has a tendency to lower the value of hogs and cattle.

In discussing the budget and the proposed amendment it is well that we should review the results of tariff changes in the past in order that we may be better able to make wise provision for the future. In the final analysis tariffs are nothing more or less than instruments in the hands of governments whereby they may regulate international trade, so that countries with different climatic conditions, higher standards of living and higher rates of wages may be able to compete successfully in their home markets with manufactured goods from countries where climatic conditions are better or where the scale of wages and standard of living are much lower.

Let us go back to 1913. In that year the United States permitted agricultural products from Canada to enter free of duty, thereby giving Canada a much better trade agreement than that contained in the reciprocity pact of 1911, which the people of Canada so definitely rejected at the general election of that year. From 1913 to 1921 Canadian agricultural products entered the United States free of duty. But between 1921 and 1930 the markets of the United States were closed to the Canadian exporter, and during those years a Liberal government was almost constantly in office in Canada. The result of the closing of those markets is readily seen from examination of the trade figures. In 1921 Canada exported to the United States $74,000,000 worth of agricultural products. In 1930 that export trade had fallen to $4,000,000. That was a result of nine years of Liberal administration and this was the condition that existed when the Conservative government came to office in

1930; the markets of the world were closed to the Canadian exporter and there was an adverse balance of $100,000,000. The government which came into power in 1930 immediately set to work to secure markets for the Canadian exporter. Treaties were signed with several countries; the empire trade agreement signed in Ottawa in 1932 gave Canada for the first time in her history a preference in the British market. Ever since confederation successive governments have endeavoured to secure a preference in the British market for the Canadian exporter, but they failed, despite the fact that for many years Canada had given the mother country a preference in this market for certain commodities. The trade agreement signed at Ottawa in 1932 will go down in history as one of the great achievements of the Canadian people; it will rank with confederation and the building of the Canadian Pacific railway.

Every major development in Canada has been engineered by the Conservative party. Whatever little assistance the Liberal party gave Sir John A. Macdonald at confederation, we know the bitterness with which they opposed the construction of the Canadian Pacific railway. We know that members of that party stated on the floor of the house that it would never pay for the grease on the wheels, yet it has developed into the greatest transportation system in the civilized world. Hon. members who were in the house in 1932 will recall how bitterly the present Prime Minister (Mr. Mackenzie King) opposed the empire trade agreements and he stated many times that if he were returned to power he would repeal them. True, to some extent he has weakened them, but he dare not repeal them.

Reduction of tariffs does not necessarily mean cheaper goods for the consumer, but it does mean lower wages to the worker and very often higher costs to the consumer. In 1897 a Liberal administration placed binder twine upon the free list with the result that about twenty small factories in Canada which were manufacturing binder twine were forced to close down. Up went the price of binder twine. Last year this administration drastically reduced the tariffs on farm implements and furniture. Up went the price of farm implements, and to-day furniture is selling in Canada at a price higher than it was a year ago. Higher prices are the logical result of curtailed volume of business; there must always be a greater profit on a smaller turnover. The former government made an agreement with the implement manufacturers that prices were not to be raised to the farmers, on the condition that the manufacturers were to be protected in their home market. To that agreement the manufacturers adhered.

When a man buys an article in a foreign country he is sending his money to pay foreign labourers and to build the foreign institutions. When he buys an article manufactured in Canada he spends his money to pay Canadian labour and to build up Canadian homes. I think hon. members will agree it is the duty of the head of every household to see that those dependent upon him are properly housed, fed and clothed. I believe this government is making an honest endeavour to better housing conditions in Canada. We are producing a surplus of every kind of food which can be grown profitably in Canada, but what about clothing ourselves? Half of our people are walking about to-day clothed in garments imported from foreign countries. If we had succeeded in clothing ourselves to the extent we have succeeded in feeding ourselves there would not be an idle man or woman in Canada. Moreover we could give employment to thousands of men and women who would be pleased to make Canada the land of their adoption.

Industry must take up the slack in employment, and in doing so it will be creating markets for agriculturists. It has frequently been argued that goods should be manufactured in countries which either possess or have easy access to the raw material, but I suggest that is not so. For instance, let us consider the silk and tin industries of the United States. Not a pound of raw silk or a pound of tin is produced in any state of the union, yet in the manufacture of these commodities they have built up some of the largest industries in the world. That has been done by placing heavy duties upon manufactured articles and permitting the raw material to enter free of duty.

To talk about lower tariffs and free trade at this time is just as foolish as to talk about disarmament when the whole world is an armed camp. Even Great Britain, which until a few years ago made the proud boast that her ports were open to the commerce of the world, was forced to protect her industries and throw to the winds the moth-eaten garment of free trade which could no longer protect her citizens.

I regret very much that the government has seen fit to reduce the tariffs on textiles. There are about five hundred textile mills in Canada distributed over 275 municipalities. These mills employ 63,000 workers, almost fifty per cent of whom are women. They have an annual pay-roll of $84,000,000. The

factories which are manufacturing primary textiles are situated in our smaller towns and villages. In addition we have about 2,500 manufacturing establishments known as the secondary textile industry, or the industry engaged in needlecraft. That part of the textile industry employs 116,000 workers and has an annual pay-roll of $90,000,000. The textile industry does not pay as high wages as many of the heavier industries, but the work is steady and during the depression the towns fortunate enough to have textile mills suffered less from unemployment and paid less for relief than was paid in towns and cities where heavier industries were located. This is a cold country, and the woollen industry should be protected against importations from countries with more favourable climatic conditions, and where the standard of living and scale of wages is lower than it is in Canada. Until such time as the Canadian people learn to clothe themselves to the same degree as they have learned to feed themselves, conditions will not greatly improve.

I have before me figures showing average wages paid in textile factories of Great Britain and Canada. They are as follows:

	Great Britain	Canada
Girls ..	8·90 cents per hour	20 cents per hour
Women.	14·83 " "	24·42 " "
Boys ..	10·38 " "	20·23 " "
Men ..	28·23 " "	37 " "

The average wage in Great Britain, apart from wages paid to office and sales staffs, stood at 16·90 cents per hour and 30·19 cents per hour in Canada. In many European countries where textiles are manufactured the rates of wages are as far below those of Great Britain as those of Great Britain are below those of Canada. It is the duty of every government to encourage its people to feed and clothe themselves, not only in their own economic interests but also in order that in time of war they may not be cut off from their supplies.

In 1930 the tariff rate on textiles was materially increased, and in the years that followed there was a marked reduction in the price of textiles to the consumer. During the depression the textile industry proved to be the salvation of eastern Canada. At a time when many of the heavier industries were closing down or reducing their staffs, between 1930 and 1935, the textile industry increased the number of employees by twenty per cent. Had this industry not received the increased protection given in 1930, many of the mills could not have survived the depression and thousands of their employees would have been forced on relief.

The textile industry of Canada uses annually $8,000,000 worth of chemicals, dyes, oils and soaps, most of which are produced in Canada. The industry spends $1,500,000 for the manufacture of packing boxes and $3,000,000 for the purchase of electric power and it is estimated that for every ton of manufactured goods shipped out of a textile mill, thirteen tons of coal, raw materials, supplies of one kind and another and machinery go into the mill. This means a double haul for our railroads. When we buy imported goods, the railroads haul only the finished product, which is just one ton in every thirteen.

Eighty-five per cent of the capital invested in the woollen and knit goods industry in Canada is Canadian, the other fifteen per cent being divided between Great Britain, France and the United States. The textile industry is one of the oldest in Canada and deserves well of the Canadian government because it has played an important part in the development of this country. The economic and social life in many of our towns and villages is dependent upon the local textile mill. Not only do these mills give employment to many heads of families, but they employ large numbers of girls from the time they leave school until they are married. If these girls were not employed they would be charges upon their respective families.

I am at a loss to understand the attitude of many of our western members toward the tariff protection afforded the industries of eastern Canada. The western provinces are constantly coming to the federal government asking for assistance, which assistance must be paid for largely by the industries they seek to destroy. I am sure every one sympathizes with the western provinces in their present distress, and it is only right and proper that the federal government should come to their aid. Their present state has been brought about by circumstances over which they have had no control, the successive failure of their crops. However more new wealth has been produced by these western provinces in the last fifty years than by any other part of Canada. If that wealth had been properly handled it would have been sufficient to tide them over any ordinary difficulty.

Ontario and Quebec, where the great majority of these protected industries are located, pay seventy-five per cent of the taxes collected in Canada. I ask this house: How long are Ontario and Quebec going to remain a pair of placid milch cows to be stripped dry to pay the bills of provincial governments over whose expenditure they have no control? I have always been opposed to one government taxing the people and then passing the money over to another government or to some other body to spend. The govern-

ment that taxes the people should be responsible to the people for the expenditure of the money. In all fairness I say it is high time that these western provinces were told quite frankly that they must put their own houses in order to balance their budgets and live within their means.

The farmer and the manufacturer should not be flying at each other's throats. They are partners in the development of this country. The prosperity of the farmer and the prosperity of the industrialist are inseparably bound together. The farmers best market is the men and women employed in industry. After all, the textile industry is a creation of the Canadian government. There would have been no textile industry in Canada had it not been for the encouragement and the protection given by successive governments. Surely this is an inopportune time to curtail the activities of this industry in any degree when all classes of our people should be earnestly united in an honest effort to cure our economic ills, of which unemployment is the chief.

Investigations into the textile industry have shown certain unethical practices on the part of the silk and cotton industries, but nothing has been laid to the charge of the woollen industry. We find in the budget that the silk and cotton industries have received the minimum reduction, while the woollen industry is practically crippled. Can this be because the silk and cotton industries have behind them the money barons of this country, while the woollen industry is mostly privately owned, the mills being scattered throughout the small towns and villages? Whatever may be the cause, the budget has not treated the woollen industry with common British justice.

Under the old tariff Great Britain had forty per cent of the textile market in Canada. The manufacturers in Great Britain are jubilant because they have prospects of dominating the Canadian market under the provisions of this new agreement. Many of our textile men are discouraged. A manager of a large textile mill told me this week that when protection was given in 1930 he thought that Canada wanted her textiles manufactured in Canada. He came over from England and made large investments. They employed a large number of Canadians and spent considerable money, but he told me that if they could get nearly the amount they had invested, they would go back to England. He seemed to think that Canada had decided that she wanted her textiles manufactured in Great Britain. That is the spirit dominating our textile business to-day. It is a great pity, because it is one of the finest and oldest industries in Canada.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, I shall confine my remarks at this time to the subject matter of the amendment. This question of unemployment has been threshed out for years on the floor of this house and we are no closer to-day to a solution than we were seven or eight years ago. I believe the reason for that is that the problem has constantly been regarded as a temporary one. I am convinced that the problem of unemployment is a permanent one, and that unemployment will gradually increase as the years go by. If it had not been for the dictators of forced labour creating another war scare, unemployment in Canada to-day would be just as bad as, if not worse than, it ever was. I believe the reason why we are not making any progress in solving this problem of unemployment is chiefly because we cannot agree, to begin with, on fundamentals. We start off on false premises. The first thing we have to settle is this: What is the object of the economic system? Is it to provide goods and services, or is it to provide jobs? Judging by the remarks of those who support the orthodox point of view, the purpose of an economic system is to provide jobs. But speaking from the point of view of the new economics, I maintain that the purpose of an economic system is not to provide jobs but to provide a maximum amount of goods and services with a minimum amount of work and trouble. Because of the increasing use of solar energy on such a vast scale as we see to-day, human energy is almost unnecessary.

The remarks of a goodly number of the members of this house would lead one to believe that the machine has practically nothing to do with the unemployment situation. They would lead us to believe that unemployment is due to some maladjustment of trade or to tariffs and so forth. I should like to put on Hansard a few facts to show that the reason why our people have not jobs to-day is because the machine has taken their place. There have already been placed on Hansard a considerable number of statistics to illustrate this fact, but I think hon. members are inclined to forget them; therefore I want to place on the record a few figures to show that it is a physical impossibility to employ our people in industry to-day to such an extent that they will be able to earn enough income to buy the products of industry.

I quote from a pamphlet entitled "For All Things Are Yours," by Clive Kenrick. These are the statements he makes as to the

extent to which machines have taken away the jobs of men and women, along with their pay envelopes:

In the Chevrolet foundry, Saginaw, United States of America, output advanced 290 per cent in ten years, but they eliminated 13,872 men and increased the output 5½ times per square foot of floor area.

The London Brick Company have an excavator controlled by one man electrically, excavating 30,000 tons of clay per week.

At Corby, Messrs. Stewarts and Lloyds are moving ten tons per minute with a super Hercules excavator 100 feet. . . .

The core-blowing machine using compressed air has made 200 cores an hour with unskilled labour instead of 80 per day by a skilled man. . . .

In the steel and iron trade we are now doing with one ton of coal what a few years ago took three tons.

President Roosevelt's N.I.R.A. committee on the automobile trades reports, among many other marvellous increases of efficiency, that in 1930, 250 men finished 100 motor blocks in unit time. Now in 1935, 19 men finish 250 blocks in the same time. Six years ago, 3 skilled machinists could do a job, requiring accuracy with ·0005 of an inch; now one unskilled man does it.

Welding machines now enable three men to do what 18 did six years ago. . . .

The first automatic factory appeared in the United States of America in 1915, and since 1920 they became more common. At Baton Rouge an oil refinery plant was modernized, displacing 1,000 men, and the whole control brought into the office for a few men to control by push buttons.

Continuing, he says:

To-day we have the totally automatic in traffic regulation; the telephone; gas manufacture; pumping controlled by the pressure in the mains; gas lighting; electric lighting by clockwork; thermostatic control of all heating, whether hot-water, gas or electric. The electric eye can be used for a thousand and one different objects and do practically anything that a man can do: keeping the feed water level in a boiler; start and stop machinery; sort articles at 90 a minute; automatically control the size of articles on a grinding machine; soften water to the correct degree; count the number of microbes in a culture; select colours; see through smoke; and with remote electric control, aeroplanes, submarines, etc., can be directed; and if we liked we could plough, cultivate and harvest our wheat by the same methods.

That applies not only to the industrial plants of nations, for the same thing is true of agriculture. With reference to agriculture the same writer says:

Now we have motor ploughs and combine harvesters. The ploughing and harvesting of wheat is carried on with only one man to more than a thousand acres. On a 907-acre farm in Norfolk, now it is fully mechanized, four men are employed instead of forty. In the Vale of Evesham in market gardening where ten men were employed on 20 acres, since the Rototiller was used only six are required.

Also he has something to say with respect to the poultry industry of to-day. Twenty-five years ago hens laid seventy-two eggs a year; now they lay one hundred or over, a forty per cent increase, and the good poultryman expects two hundred eggs per bird. To-day there are cows, British Friesians, giving ten gallons of milk per day. A young bullock of eighteen months is now ready for market; it does not take three years. Rothansted's experimental station states that in 1852 sixty-five men were required to complete the harvesting of an eleven-acre field of wheat in one day; now only four men are required. In 1934 England had more acres cultivated than in 1933 and raised more produce, but employed 27,000 less men. Reports upon the mechanization of agriculture show to what extent the machine has displaced man, making it increasingly difficult for labour to find work on the farms. We know that about 225 bushels of maize can be and have been raised per acre. The highest yields obtained by the Indiana corn growers' association have risen between 1914 and 1933 from 100 bushels to 165 bushels per acre. This yield is increasing at the rate of 2½ bushels a year. If all the progressive farmers in Indiana continue as at present until they get a yield of 200 bushels, the 180,000 farmers who in 1930 farmed four and a half million acres will shrink to 23,400 farmers farming just over half a million acres, or a deflation of 86 per cent.

A few more facts with regard to agriculture. In cane sugar production on the Kilauea plantation in Hawaii the sugar crop was increased between 1922 and 1932 by 116 per cent with 12 per cent less labour. Now, after eighty years' striving, a cotton-picking machine has been perfected. This machine is simplicity itself and does in 7½ hours the work that a labourer does in eleven weeks. It will liberate ninety-five per cent or more of the negro labourers. One last fact with regard to agriculture. From the evidence of what has already been done, we know that a balanced diet for the seven million inhabitants of New York city can be grown on 309 square miles, that is on an area equal to that of the city itself, and that this can be done by 6,500 labourers, or less than one man per one thousand inhabitants. It is easy to see, then, that we are on the verge of a revolution in agricultural technique. It depends upon how we behave whether we have in the agro-biological and the power machine age a pair of devils to curse or a pair of fairy godmothers to bless mankind.

In the face of these facts, I should like to ask hon. members how can any government, any commission or any individual ever hope

to employ all the unemployed in industry? It is just hoping against hope; it is a physical and a mathematical impossibility. Not only is it physically impossible, but it is also undesirable. Last evening the hon. member for Danforth (Mr. Harris) suggested that there was reason to be alarmed over the fact that the vegetable kingdom would displace the animal kingdom in the near future. I should like to place on Hansard a little more information on that point, not to indicate that the fact referred to by the hon. member is anything to be alarmed about, but to show the immense strides that are being made in technological work in this country and the world at large. It will not be long before manual labour in the production of the articles necessary to keep the bodies and souls of our people together will be almost entirely unnecessary. I have here an article which describes the experiments which a California university professor has carried out in the attempt to farm without soil. The hon. member for Danforth suggested the possibility that farmers would not need to raise cows because of the substitution of vegetable fats for animal fats. According to this article, farmers will be able likewise in the future to farm without soil. It is only because I believe that this advance in the realm of agriculture is of such vital importance and will play a very important part in agriculture in the future that I put this article on Hansard. It reveals the enormous possibilities of the immediate future. It is an article which appeared in the Sunday Mirror magazine on September 20, 1936, and is entitled: "Farming without soil. Monster plants, huge harvests, no crop failures or pests. It's all the work of a California wizard who is showing farmers how to get along without farms and bringing cityfolk a new era of abundance." The article reads as follows:

If you've never seen a tomato plant twenty-five feet high, loaded with great crimson tomatoes, and bearing a seasonal yield of fourteen pounds per square foot of ground—

Or a tobacco plant as large as a tree; a tobacco plant 22 feet high, with giant leaves which would make several cigars apiece—

Or corn so tall that you would need a step-ladder to get up to where the ears grow and almost need a derrick to lower those ears to the ground—

Or giant roses half a foot across, but each bloom fragile and perfect; dahlias as big as your head, if your head's that big; potatoes of perfect size and shape running 2,500 bushels per acre—

Why, if you haven't seen any of these things, and aren't inclined to believe in their existence, hop the next plane to California and inform yourself on the strangest thing in technological improvement that has ever been developed in the whole history of farming—namely, soil-less agriculture.

[Mr. Kuhl.]

Soil-less agriculture is the invention. And the revolution is here. What it will do, how far it will go, in its effect not only upon plant growing and farming, but upon human life and the whole economic set-up of tomorrow's world, it staggers the imagination to guess.

When first heard of a couple of years ago, soil-less agriculture was only an experimental stunt. This summer it has arrived. Nurserymen in California are using it to grow young plants for commercial sale, and already it has revolutionized the nursery branch of the farming and floral industries.

Far-sighted economists well may tremble at the prospect. Soil-less agriculture can end scarcity forever. It can turn the cities into farms. It can also compel almost every farm in the United States to be abandoned as an outdated, old-fashioned, inefficient thing.

Soil-less agriculture is the invention of a genial, retiring, rather elderly college professor at the University of California in Berkeley, California: Doctor W. F. Gericke of the Department of Agriculture. Doctor Gericke's amazing invention makes land unnecessary.

Doctor Gericke doesn't even like to talk about the terrific thing he has worked out. He does say anybody can do it if its done right, and he issues a word of warning not to ask him questions about it at this time, by mail or otherwise, because his early experiments are in the final testing stage. When his formulae are fully complete and fool-proof, he intends to release them to the world for general use. If this scientist didn't feel humanitarian about it, he could probably become food king of the world!

But what he does tell you and show you is suprisingly simple. Soil, when you come to think of it, is good for only three things. It holds a plant erect and keeps it warm; and it supplies the needed chemicals to its roots. Those chemicals, as most people know are mainly forms of nitrogen, potash, phosphorus, calcium, magnesium, and small amounts of iron, copper, aluminum, etc.

If a man thrives on scientific diet, why can't a plant? That was Doctor Gericke's starting point.

So he has a simple arrangement of trays which are shallow tanks. They are eight inches deep, thirty inches wide and around twenty feet long. They are mounted on hurdles so you don't have to stoop. They are either in greenhouses or outdoors; those in greenhouses, naturally, can be more fully controlled as to temperature, pests, pollenation and lighting.

Water is in those tanks, filling them, and in the water is a bottle containing a mixture of soil chemicals. The different mixes for different plants are, so far, the secret of Doctor Gericke and the nurserymen who are working with him. The bottle is uncorked and the stuff dissolves gradually.

The tanks are covered with chicken wire, right at the surface of the water. On the chicken wire is piled several inches of packed straw, sawdust, shavings, excelsior. Moisture creeps up into it from below as into the wick of a lamp. Seeds are planted in that fibrous pack, germinate there, the roots reach down into the water and drink their fill. The plant grows—and how!—and the sawdust holds it upright and keeps the roots warm. The water, too, may be warmed by electric heaters, if necessary; and artificial sunlight may beat down day or night.

In regular soil, a plant has to do a lot of work hunting for its nourishment and the whole process is chancy. This work and those chances being eliminated, along with such little items as the "damping off" fungus, drought, frost, insects, blights, summer and winter, and even night and day!

Doctor Gericke has raised potatoes, beets, carrots, lettuce, and all other ground crops. His potato yield ran 2,560 bushels per acre. A normal yield is 116 bushels.

His colossal tomato vines, three stories high, have yielded 352 pounds of ripe, superior fruit per 25 square feet of tank space. That is 236 tons to the acre; a normal yield is five tons!

Doctor Gericke's tobacco crop would make the South look sick; his corn crop is a joke on the Middle West. His Gladiolus plants grow nearly five feet high. And everything else is in proportion. One wonders—why conserve soil? And will rural America ultimately be of value only for bridle trails and golf courses?

I have placed these facts on Hansard to show that what we have to become reconciled to is that the technological advancement of our age has eliminated the necessity for manual labour. Manual labour is almost no longer necessary in industry to-day, and since men are unable to find jobs, since there are no opportunities for work because of the presence of the machine, there is only one way in which men can obtain the wherewithal to purchase the product of the machine and that is through the creation of purchasing power, claims upon wealth, by the government, issued to those who have been eliminated by the machine. I know of no other way in which the problem of unemployment can be solved.

As I have already said, the object of our industrial system is not to provide jobs; it is to provide goods and services. It is therefore the duty of this government to see that there is brought into existence a system of distribution which will equitably distribute the product of the machine amongst the people of the country. There is also a philosophical side to this question, and that, I believe, is what causes more difficulty than anything else in settling the question of unemployment. I cannot understand how hon. members can fail to see that so long as we use the machine it is absolutely impossible physically to find jobs for men in industry.

The problem narrows down philosophically to this question: Is a man who does not work entitled to eat? On first thought a great number would say, no doubt, certainly he is not. What I asked was not, is a man who does not wish to work entitled to eat, but, is the man who does not work entitled to eat? All are agreed, I think, that a man who refuses to work is not entitled to have protection and provision. But to-day our position is such that for many men it is no longer possible to obtain jobs, no matter how anxious and desirous they may be to do so. Because the machine is the product of ideas which have come down to us through the ages, and all men have inherited these ideas alike, they are all entitled to the product of the machine. And because the machine has taken away their job and their pay envelope they are entitled to the product of the machine even though they do not work. Unless we become reconciled to that fact this house will never solve the problem of unemployment.

There is a great deal to be said about this subject of work and unemployment, and I do not wish to prolong the debate unduly, but it is such an all-important subject that it deserves to be discussed from every point of view. The problem we face in this country to-day is that of educating the people in how to use leisure. When we talk about work we must remember that there are two kinds of work, voluntary labour and involuntary labour. Because of the machine it is no longer necessary for men to be engaged in forced labour, as was the case before the advent of the machine and the power age. Forced labour is at a minimum to-day as far as the production of the necessities and luxuries of life is concerned. To-day the machine has become the slave of man. And because the machine has freed man from forced labour he has spare time on his hands. But the evil of spare time to-day is that it is time for which there is no pay. If the benefits of the machine were equitably distributed it would be possible for all people, poor as well as rich, to have a good proportion of leisure time each day. In fact it has been estimated that if we used the machine to the fullest possible extent and capacity there need be forced labour only for those between the ages of twenty-five and forty-five, and they would need to work only four hours a week. That time would be sufficient for them to produce all necessities as well as luxuries, not only for themselves but for everyone else.

That is the extent to which the machine has taken the place of manual labour to-day. Consequently if the benefits of the machine were equitably distributed everyone should be able to enjoy leisure and a good deal of it. Contrary to the opinion even of many members of parliament, an age of leisure is not a loafer's paradise. Leisure is not synonymous with idleness. Maurice Colborne says that idleness is the opposite of overwork. Leisure is the opportunity of opportunities for voluntary work. Why do men apply themselves most diligently to their work in the earlier years of their careers? Simply in

order that they may be free from forced activity in their declining years and be able to indulge in voluntary activity such as travel, study, sport, et cetera. The lazy man has never been the problem in history; it has always been the extremely ambitious man, the man who having made his first million wants the next one, the man who wept because there were no more worlds to conquer; these are the men who have been dangerous to society, not the lazy men. Man is born with the creative urge, and is constantly desirious of expressing that instinct in various ways. The sand castle of the child, the boat whittled by the boy, are expressions of the desire to create. Men and women find happiness in making home, a garden, or in some other hobby. It is not only an economic law that our present financial system violates, but a law of human nature. Our present financial system deliberately destroys the creative urge in man, the God-given power that stamps man with the image of his creator. The incentive which causes men to work to-day is the lowest possible. It is based on money, not on achievement. Man with his high ideals should be ashamed of such an incentive. Why do the ancient civilizations of Babylon, Egypt, Crete, Greece and Rome stand out so prominently in the history of mankind? Simply because, having been freed from all menial tasks by slaves, men had the opportunity of giving full expression to their creative instinct.

Mr. DEPUTY SPEAKER: Order. I regret to have to interrupt the hon. member, but his time has expired.

Mr. KUHL: If I may conclude in one sentence—

Mr. DEPUTY SPEAKER: With the unanimous consent of the house.

Mr. KUHL: I should like to have been able to develop the idea of leisure and the enormous possibilities for our people in an age of leisure. I trust I shall have that opportunity later.

So far as the question of unemployment is concerned, I do not believe that the present government has taken any adequate steps to deal with it as it should be dealt with. I believe that so long as the present government or any government in the world insists that the object of an economic system is to find jobs, we shall never solve the unemployment problem. And because I believe that I intend to vote for the amendment.

Mr. DENTON MASSEY (Greenwood): Mr. Speaker, rising to speak to the amendment introduced yesterday by the right hon. the leader of the opposition (Mr. Bennett), I realize that we are discussing a question which, of itself, confronts the people in divers and, at times, insidious ways—the question of unemployment. The amendment itself deals with the question of unemployment, not with that of employment. May I read it?

That all the words after the word "that" in the said motion be struck out and the following substituted therefor:

"This house regrets that the government has failed to take effective measures to deal with the problem of unemployment."

Mr. Speaker, I postulate right here that there is not a member of the house, regardless of whether he be a member of the government or not, but who can vote for this amendment. Measures may have been tried by the government, and steps may have been taken, but there is not a man in the house who, if he looks squarely at the figures and faces the facts of unemployment, can say that these measures have been effective. No effective measures have been taken to deal with the problem of unemployment.

Let us look at the record. The figures I shall use are compiled by the bureau of statistics. In May, 1931, there were 440,000 unemployed in Canada; in February, 1933, there were 713,000; in February, 1934, there were 584,000; in February, 1935, there were 552,000, and in October of 1935, when those who were propounding the "great principles of Liberalism" were sounding their clarion call from coast to coast, and referring in no uncertain terms to conditions in Canada as they saw them, there were 435,000 unemployed. Then, in December, 1936, there were 502,000 unemployed and in January, 1937, 500,000.

Mr. ROGERS: Has the hon. member the figures for January, 1936?

Mr. MASSEY: I have the figure for January, 1936; it is 556,000. In the course of my remarks I purpose dealing with that slight reduction of ten per cent from the preceding January.

I have, too, a voluminous table which lays out in exact detail the summary by months of numbers reported by provinces as having been afforded relief from May, 1932, to January 31, 1937. The figures are given per month and are divided mainly into two parts dealing with direct relief, and other relief projects. Under direct relief there are the subdivisions "not including dried out areas" and "dried out areas." Then, each of these two subdivisions is further subdivided into heads of families, dependents, individual cases and total. Under "other relief projects" the subdivisions are as follows: Single homeless; provincial works; trans-Canada highway; municipal works; farm placement; federal works; movement and

assistance of settlers, and relief settlement. Then there is a column showing the grand total of all the categories I have listed.

Picking the figures at random, let us look at February, 1933. In that month there were 1,533,842 on relief; in February, 1934, there were 1,491,059; in February, 1935, 1,433,891; in September, 1935, 965,286; in September, 1936, 1,029,156 and in January, 1937, 1,301,530.

In view of these figures it is difficult to understand how any hon. member who faces the facts therein disclosed can vote against the amendment as it is worded. The test of any effort is to be found in its results, not in the theory that motivates it or in the neatness of the applied pedantry. After all, if there is a job of work to be done, the effectiveness of the attempted work is to be found in the results. That fact hon. members must admit. The amendment states that the government has failed to take "effective measures to deal with the problem of unemployment," and in the face of the figures I have just placed on Hansard I am sure the feeling is widespread throughout the house that no matter what the measures may have been, no matter how sincere may have been their motivation, and no matter anything else, in the result they have failed.

Last evening the Minister of Labour (Mr. Rogers) in a speech to which I listened with great care, spoke as he always speaks—well. I have read his speech to-day; I have read it carefully, and it seems to me that he dealt with the problem of employment rather than with that of unemployment. The amendment deals with unemployment. The theories of employment are perhaps better known to the minister than to many hon. members, but the fact of unemployment, increasing as it has since September of last year, is one known to every hon. member.

Mr. ROGERS: It does that every year, from September.

Mr. MASSEY: Yes, there is the seasonal change. But on the other hand, when the minister asked for it a few moments ago, I placed upon Hansard the figure for January, 1936, which indicated a decrease of ten per cent, with which, as I said at the time, I expect to deal as I proceed.

During the course of his budget speech, referring to employment, the Minister of Finance made these observations as reported at page 1216 of Hansard:

> The disheartening aspect of these figures, however, is the obvious failure of employment to keep pace with the striking gains in business activity previously reported. Partial explanation of this is to be found in the substitution of full-time for part-time work and in the taking up of the "slack" which previously existed as a result of redundant staffs maintained by many employers who were reluctant to dismiss employees not really needed. For the rest, the explanation rests upon the progress of invention and the improvement in technical and managerial processes. To this extent it is a phenomenon which is usually met with in the early stages of recovery from depression. As it indicates an increased efficiency in the productive mechanism, its results are not to be deplored. Its ill effects are temporary; in the long run it increases employment by cheapening production and expanding consumer purchasing power. As recovery gathers momentum, increases in employment will tend to conform more closely to expansion in business activity.

It is well understood that employment or reemployment lags behind a rise in business activity. It is just as though unemployment were a large block to which was attached an elastic band in the hand of returning prosperity. If that hand is moved quickly, the block remains comparatively still until suddenly it jumps forward to the hand and meets it. Employment lags behind a rise in business activity. If there be a rise in business activity and if there be unemployment, then some artificial stimulation must be given to unemployment as a whole in order to maintain an even basis between the increased business activity and employment. During the course of his remarks, the Minister of Finance stated, as reported on page 1213 of Hansard:

> An obvious indicator of the general state of our economic health is the volume of dividend distributions by corporations. It is gratifying to report, therefore, that reliable estimates of profits for the past year were the highest since 1930, and reveal an increase of more than 13 per cent over the 1935 total.

With that I do not agree. During the last few years I think we have come to a greater realization of the intrinsic value of human values and human feelings. In these days we should not consider alone figures which may be introduced in a budget speech. We must not consider alone figures relative to unemployment; we must try to see what is behind those figures. Therefore, it seems to me that the real indicator of economic progress in Canada is not to be found on paper but in the number of the unemployed and the living conditions under which those men and their families are compelled to live. The only test of economic progress in Canada is to be found in our standard of living.

The Minister of Labour stated last night that while he was not satisfied with the progress that had been made, he was encouraged by it. I think there are many hon. members of this house who will agree with the first part of that statement, that they are not satisfied, but there are many who are,

to phrase it mildly, discouraged by the continuing ghastly figures of unemployment. During the course of his remarks we listened to many statements with reference to the "broad aspects of the unemployment problem" and the "broad principles" that were to motivate the National Employment Commission. What are those broad aspects? What are those broad principles? If we spread ourselves out so broadly and so thinly, as we seem to be doing, the aspects and the principles may be broad, but they are not such as will cure unemployment. We are not interested in theory; we are interested in practice. The government is charged with a direct responsibility. We are not challenged as a parliament to study the wide application of broad aspects and broad principles. This parliament should seek, as this country does demand, direct results. It is results that count.

The minister placed upon Hansard the cost of operating the National Employment Commission to date. He stated that the members of the commission have received to date as salaries and travelling expenses a total of $18,066. The total expenditure for the youth employment committee have amounted to $8,951.51, and for the women's employment committee, $2,916. The total cost of personnel so far is $16,888.89, while the full cost of registration is $40,596.32. The complete total cost is $87,418. No statement was made by the minister as to the cost of calculating machines, office rentals and the like.

Mr. ROGERS: That was all included in the cost of registration.

Mr. MASSEY: I am relieved to hear that. A total of $87,418 has been spent so far by this National Employment Commission. For what? The minister listed some alleged accomplishments of the commission. We listened with a great deal of interest to what he recited as the returns for this $87,418. With a flush of pride the minister announced that 46,000 men had been placed under the farm placement scheme. That was started by whom?

Mr. BENNETT: A continuance of the old plan.

Mr. ROGERS: Developed from it.

Mr. MASSEY: Developed from what? From the old plan set up by the late government.

Mr. ROGERS: I made that quite plain.

Mr. MASSEY: Did this recent development really require $87,418? I compliment the minister to the degree that he could have done the job himself just as well. It did not need an expenditure of $87,418 to improve that plan.

Then the minister referred to the fact that approximately 5,000 men had been placed in the forests of British Columbia. The National Employment Commission was no doubt responsible for the Ottawa agreements and the United States trade agreement! There is a natural absorption of labour in the coming of good times. British Columbia received many benefits under the empire trade agreements of 1932. It has been stated by hon. gentlemen opposite over and over again with triumph that the lumber industry of British Columbia received extraordinary benefits under the United States agreement. Looking through a pamphlet issued by the bureau of statistics giving a number of items affected by the Canada-United States trade agreement, as far as exportation from Canada is concerned, I find certain figures concerning in part at least British Columbia forests and dealing with Canadian exports to the United States. A comparison of the 1935 and 1936 figures is as follows:

	1935	1936
Piling	$ 19,900	$ 36,500
Plank and board softwood	7,555,800	11,284,100
Shingles	7,271,800	6,027,600
Wood pulp	22,290,300	26,504,500
Newsprint	70,957,500	83,545,900
Total	$108,095,300	$127,398,600

The increase amounted to $19,303,300, or 18 per cent. Is it not possible that a very substantial proportion of these five thousand young men went to work in the forests of British Columbia as a result of that increase as well as the substantial increases consequent upon the Ottawa 1932 agreements? Did it take the combined efforts of $87,418 worth of national employment commission to place these five thousand men?

During the course of his remarks the minister also referred, with no small degree of emphasis, to the removal of a great blot that had besmirched the escutcheon of Canada. He did not use that language, but he no doubt had it in his mind when he referred to the relief camps. He told us how these relief camps had been closed. He was speaking of the National Employment Commission at the time—

Mr. ROGERS: I was not speaking of the commission at that time.

Mr. MASSEY: Not at that particular time? I thought the commission was in his mind all through his speech. You could see that he was haunted by it. I recall very clearly in this chamber last session, prior to the

setting up of the National Employment Commission the minister telling the story of the closing of the relief camps. He referred yesterday to the men who had worked on the railways last summer, and he was followed by the member for Vancouver North (Mr. MacNeil) who gave the house facts and figures from his own experience as to the results. I am forced from my own experience, Mr. Speaker, to agree with my hon. friend from Vancouver North that the results have been far from satisfactory, and the results this summer were unsatisfactory so far as the young men were concerned. The railways benefited very much by what was done, but the young men did not benefit at all so far as I have been able to see. Where have these men gone since the railway work was finished? The member for Vancouver North told us last night where some of them had gone. When I was in Calgary and Edmonton in November, 1936, responsible persons informed me of their worries in regard to these young men who were floating into their cities. Vancouver tells the same story. The same story can be told in the east. The city of Toronto could tell the same story. Is this an achievement of the National Employment Commission? Is this what we received for $87,418?

Then the minister referred to the home improvement plan. I have already spoken of the home improvement plan in this chamber, and I see no reason why I should recall any remarks that I have made concerning it. It is a step, but it is a small step, in the creation of work. The results to date, in spite of the high pressure that has been put on the home improvement plan, as a result of the efforts of $87,418 worth of commission, have been about $1,500,000, I believe. Am I not correct in that?

Mr. ROGERS: Close to $2,000,000, I think.

Mr. MASSEY: Getting close to $2,000,000, and that after a half million dollar advertising campaign, every dollar of which was subscribed for the good of the cause.

The right hon. leader of the opposition yesterday afternoon placed upon Hansard what he called a "deadly parallel" between the 1932 agreements and the present agreement with the United Kingdom. If time permitted this afternoon I could place upon Hansard a deadly parallel between the United States home improvement plan and the Canadian plan. Our home improvement plan was lifted bodily from the United States—with a few changes, I admit—and brought to Canada. Did it require $87,418 worth of commission to lift that plan from the United States? Again I compliment the minister to the extent of saying that he himself could have prepared the Canadian plan.

Mr. ROGERS: But not the organization across the country.

Mr. MASSEY: Not perhaps the organization across the country, but certainly if the plan is as worthy as he thinks it is, the provinces, which are so "emphatically Liberal," as we have heard over and over again, and the municipalities, would have rejoiced to cooperate with him.

In the course of his remarks the minister made a statement which rather interested me. He said:

> Again, I think one can say that that kind of nation-wide cooperative effort was rendered possible only by the National Employment Commission. I feel certain that it could not have been put into effective operation by any department of the dominion government.

That I think is a reflection on the minister's own department and on the Department of Finance. I am sure hon. members on both sides of this house have a higher opinion of those two departments than that. I do not see that it requires in any way, shape or form $87,418 worth of commission to copy and set up and operate the home improvement plan.

And what was all the minister was able to place before this house as having been accomplished by the commission so far? I have referred to the 46,000 placed on farms under the farm placement plan which was inaugurated by the former government, and to the 5,000 who have gone into the forests of British Columbia as a result of improved conditions. I have referred to the fiasco of the railway labour plan of last summer, and to the so far inept home improvement plan, inept so far as creating work is concerned. That is all we have to show for our $87,418 worth of commission.

The minister also referred to the fact that registration throughout the municipalities had been carried forward with great effectiveness, so much so that many of those who were on relief were found to be unworthy of relief, or were found not to be in a position of necessity to continue on relief. The minister put it this way, that when they were called to census they did not have the courage to respond. But that registration was not done by the commission, Mr. Speaker; it was done by the municipalities and paid for by the municipalities, and the registration of those on relief, if the minister had required the total figures, could have been completed in the bureau of statistics. Surely the figures could have been sent in to the bureau from

the municipalities, totalled, and handed to the minister. Then the statement I read at the introduction of my remarks in regard to those on relief, going back to 1931, is a clear statement of fact relative to relief rolls. Surely the minister will admit that it is a fairly efficient statement; and what further information was necessary to the minister in regard to his great plan to cure unemployment? The minister has before him constantly figures as a result of the activities of his own department, and there is a basis upon which he could work and plan. The registration, I repeat, was carried forward by the municipalities and not by the commission; the Labour department's own figures are adequate; why then the need of $87,418 worth of commission to supply him with duplicate figures and statistics?

Let us examine another aspect of the situation. We listened with a good deal of interest to the Minister of Finance (Mr. Dunning) as he introduced his budget, and may I say, as I have risen in my place to speak on the amendment rather than on the budget, that I have not yet congratulated the Minister of Finance upon his excellent presentation. After he presented his budget we saw headlines in the daily press about this "cheerful budget." I have not seen any references to the cheerfulnes of the minister, which might have been more apt. But the cheerfulness, if any, of the budget was unquestionably based on the trade figures. Exports, the minister reported, were up twenty-three per cent; imports were up fifteen per cent, and hon. members pounded their desks to express their approbation. Let us examine the figures for just a moment.

In 1935 our exports to the United Kingdom amounted to 37·2 of our total exports, and our exports to the empire amounted to 43 per cent of our total exports. Then 43·4 per cent of our exports went to the United States. The year 1936 presents an interesting contrast. Our exports to the United Kingdom had increased by 2·2 per cent, to 39·4 per cent of the total, and our exports to the empire had gone up by two-tenths of one per cent, to bring the figure to 43·2 per cent. Exports to the United States had dropped by 3·3 per cent to 40·1 per cent. We have been told that our trade with the United States has increased—which it has—and looking through the figures supplied to me by the bureau of statistics relative to trade I note that the increased total of the 1936 trade as compared with 1935 trade to the United States represents 13·3 per cent. As one looks through the United Kingdom trade figures one notices there an increase of 34 per cent under the old Ottawa agreements. Thus, under the new agreement with the United States there was an increase of 13·3 per cent and under the old Ottawa agreement with the United Kingdom there was an increase of 34 per cent. Now, Mr. Speaker, times are getting better as far as trade is concerned, but who am I or who is the Minister of Finance or who is any hon. member of this house to face an unemployment situation wherein there are, in round figures, 1,300,000 people on relief and 500,000 unemployed; to stand up and say "times are getting better in terms of trade" and not go further and present a program for the amelioration of unemployment? I submit that the general betterment of Canadian conditions to date has been not because of government action but chiefly in spite of government inaction.

What tools have been used to decrease unemployment? What tools, outside of the United States agreement, have been used to increase employment?

An hon. MEMBER: Quack remedies.

Mr. MASSEY: There have been the Ottawa agreements. There has been the general rise in world conditions. With neither of these things has the present government had anything to do; the former, as the leader of the opposition so ably pointed out yesterday, was bitterly opposed by those who constitute the present government. Of course Canadian conditions are better, but unemployment continues at the ghastly high pitch at which it now is. And why? The reason, it seems to me, is obvious—the result of Liberal policy to attempt to develop Canada outside of Canada. The defects of that policy have never been more ably demonstrated than they are to-day, when trade outside of Canada is increasing yet unemployment refuses of itself to decrease.

On page 1426 of Hansard the Minister of Labour (Mr. Rogers) is reported as having said, last evening.

> It has been announced that by reason of the marked economic recovery in the past year the dominion government is now entitled to accept a lesser degree of financial responsibility for unemployment relief.

Those words frightened me when I heard them. What does the minister mean by "accept a lesser degree of responsibility" for the burden of relief? He refers, I assume, to direct relief paid out in dollars. The unemployment situation, Mr. Speaker, is not going to be cured by the continual paying out of dollars. A return of good times—within itself seemingly an act of God as far as this present government is concerned—may fall into the lap of this government and permit

them, when an election comes, to go to the people and say "see what we have done," though actually they have done nothing at all. But no possible increase in good times can substantially or fully reduce unemployment automatically. Therefore, if the government feel that they are getting to the point where they can accept lesser responsibility as far as the burden of relief is concerned, that indeed is bad news for the people of Canada. I listened carefully to the minister's statement, and heard him say, as reported at page 1428 of Hansard:

> We took the ground, Mr. Speaker, before we came into office, and we take the ground now, that if anyone is going to deal with this many-sided, complex question upon the basis of long-term policies, it is essential that the dominion government shall have before it at all times the means of measuring the magnitude of the problem, the means of securing those elements in the problem which will permit its division, as it were, into separate and distinct problems, each of which can in due course be attacked by its own technique, and by its own appropriate governmental or private agency.

I have said in this house before, and I repeat, that surely the problem of unemployment is stark and obvious. Surely it is not necessary to delve down deep into figures and splash about in a bath of statistics and have machines running in Montreal and Ottawa and this, that and the other kind of mechanical appliance pouring out figures, figures, figures, in the face of so stark and obvious a reality. Even when this $87,418 worth of commission brings in its report, what happens?

Mr. MacNICOL: Nothing.

Mr. MASSEY: The Votes and Proceedings of January 29, 1937, contain the following among other questions and answers in connection with the employment commission, asked by the hon. member for Vancouver South (Mr. Green):

> How many reports upon measures and means in respect to the employment of youth have been made by this committee?

Referring to the youth employment committee of the National Employment Commission. The answer is:

> Five reports have been made to the National Employment Commission.

The next question is:

> When were such reports made?

And the answer:

> August 6, August 25, October 9, 1936, January 6, 1937 (two).

Five reports on youth have been made so far to the $87,418 worth of commission. Now where is the legislation? What is the value of the reports? What is going to be done? Some of us who are privileged to have personal acquaintance or friendship with the members of the committee know that they—many of them—have not been idle, that they—many of them—have done their work to the best of their ability. These reports have been sent in to the minister, but what has been done? We listened with a great deal of interest to the speech from the throne, and in it the youth legislation forecast for this session. Where, oh where is that legislation? Wherein is the value of this youth committee of the National Employment Commission? Reports? Yes, but nothing is done. And there is so much to be done. No one can deny that much can be done. Why was something not done long ago, during these past months, these seventeen months all blank, bleached and barren of legislation to cure unemployment?

The one who is now the Prime Minister (Mr. Mackenzie King), speaking during the course of the campaign, on August 6, 1935, as reported in the Evening Citizen, laid out a program to cure unemployment. He said:

> The program to which a national commission would be asked, by a Liberal government, especially to direct its attention, with a view to ensuring co-operative effort, would include necessary projects already commenced or previously undertaken, such as: public works, buildings, and municipal improvements; the extension and improvement of highways, and the elimination of level crossings; the provision of airway facilities and ground services; large-scale schemes of afforestation, aimed, amongst other things, at preventing those conditions of drought and soil drifting which follow upon the absence or wholesale destruction of tree life.

Where is any of these things, seventeen months after? The one who made those remarks was given the responsibility of government by the people of Canada, and was given it upon the basis of statements such as these. What has been done? Surely afforestation is a crying need. It does not require $87,418 worth of commission to tell the minister that that should be done. He knows, he must know that at the rate of cutting in Canada as of 1928 and 1929 the available forests of this country will be done away with in forty years. These are careful estimates, not haphazard figures. Surely the minister can look to Sweden and see there the effect of what has been done there in the way of reforestation: that Sweden to-day, after eighty-six or eighty-seven years of serious and concentrated cutting, has available sixty per cent more timber than it had eighty-six years ago. The minister knows the value of reforestation. He has already admitted it in this chamber. Does he have to wait for this

$87,418 worth of commission to report? Perhaps the commission did report. What has been done? Where is the legislation? Why the delay?

I spoke in this house about a fortnight ago in connection with housing. The resolution was introduced and duly debated; it was talked out, and it now rests, comfortably or otherwise, in the boneyard. Surely the project of housing is one which must have the full attention of the minister. It should not require $87,418 worth of commission to tell him what has been done in other countries, or to assist him in gathering together those eight outstanding gentlemen who, as Liberal premiers of provinces throughout Canada, were to be assembled in glorious concatenation, and out of which delicious and harmonious gathering there was to be born that which was to be delectable to the nation as a whole. Where is this Liberal prodigy? What is being done to-day? Where is all this cooperation? Nothing is done!

One may travel through the cities of the country and along our highways and find menacing grade crossings. What is being done towards the elimination of the grade crossings menace? Within my own riding there are grade crossings at Jones, Greenwood and Woodbine avenues; also in my political neighbour's riding at Victoria Park avenue, all a distinct menace to the city. This year the estimates contain an item of $19,000 for Toronto to provide, as the hon. member for Broadview (Mr. Church) says, "revolving doors for the post office." What of those projects that could be carried forward to give employment and at the same time bring about an improvement in our cities? Let me refer to page 445 of Hansard.

Mr. SPEAKER: I regret to inform the hon. member that he has spoken forty minutes.

Mr. MASSEY: I appreciate the tolerance of the house, Mr. Speaker, and will say in conclusion that I was about to quote the Minister of Labour, who in a debate in this house, said that it would be necessary to gain the full cooperation of the provinces before much can be done. That is the pronouncement, as far as this session goes, of the Minister of Labour with respect to the unemployment situation. We can do nothing until the provinces are ready to cooperate. What a hopeless state of affairs for the industrial worker to contemplate! How long before the British North America Act will be amended?

Mr. E. J. POOLE (Red Deer): I wish to say a few words on the amendment, and in the first place to point out one or two things to the Minister of Labour (Mr. Rogers). A year ago, as I remember clearly, the Minister of Labour, discussing Canada's greatest problem, said that it was to be attacked on all fronts. This group has endeavoured from time to time to indicate the direction in which we must go and to point out to this house that there can be no solution of the problem that faces the people of Canada until such time as there is definite monetary reform. It seems strange that to-day the Minister of Labour has not all the facts before him, and I have wondered since this debate began whether he has taken the trouble to go through the soup kitchens of western Canada, whether he has been in the city of Winnipeg for instance, or Edmonton, or Calgary or Lethbridge, and seen the price we are paying in Canada for the so-called depression.

In the last few days we have heard from the Minister of Finance (Mr. Dunning), who has spoken in glowing terms of Canada's recovery; he has told us that those old happy days of prosperity are coming back. May I suggest to the Minister of Finance that the prosperity has not been felt by the great mass of people whom we refer to as the unemployed. In the last six years we have spent more than one billion dollars for no other purpose than to give relief. In my opinion it has been a wanton waste, nothing more or less; and I say that neither this government nor the previous government has contributed to the solution of Canada's greatest national problem, unemployment. I say that because we have the physical evidence before us of human waste and moral degeneration. I wonder how many members of the Liberal party have ever gone into the mission relief camp in Ottawa, not more than half a mile from here, and seen the wanton waste of human life. Have they ever watched the eyes of men, human beings, and thought that after all, questions of dollars and cents should be submerged and human values be allowed to predominate and be uppermost in our consideration?

I suppose I can speak with greater confidence—I am sure I can speak with at least as much authority as any member of this house—on the question of unemployment. What happened in 1930 when the Conservative party was elected? At that time we were promised that unemployment would vanish if they were elected and so for five years we waited patiently. I do not believe there is any section of Canadian society that is more docile, more patient, than the unemployed, and I am going to use a word now

which may shake the feelings of some here or impinge upon their dignity; I have wondered, as I have looked into the eyes of the people in the soup kitchens of Canada, whether revolution after all was such a great wrong. We are in the process of one now, and I recognize the necessity of a transitional period. But I say to the government that they have contributed nothing yet to the solution of Canada's greatest problem, not the question of unemployment but the demoralization, the lost hopes of a lost generation. That is what we have lost.

The Liberal government still fails to realize that it is not a question of work; it is a question of the Canadian people coming into the inheritance which is theirs, and rightly so. You cannot measure the price of the depression in terms of dollars and cents. On many occasions in this house members have risen on the government side and said, or at any rate implied, that the good old days would return, that prosperity would come again by the age-old route of the expansion of external trade. The Minister of Finance, last year as well as this year, told us so. In very jubilant tones he says that prosperity has returned to Canada. The question I ask is: Prosperity to whom? To the under dog, to the mass of the Canadian people, to those who are down and out, to the people who have left our schools and colleges and universities? No, not to them. Canada is losing more to-day than it ever lost—not in dollars and cents, but in talent, in culture, in all the things that go to make a nation.

Last year the Minister of Labour proposed to this house that a commission be set up, and it was set up, and registration of the unemployed was carried out. But to what effect? Did it tell us the number of unemployed in Canada? Did it tell us the number of people who no longer have the right to live?, Of course not. All it did was tell us the number who are on relief. But if we are to get to the bottom of this problem we must divide the unemployed into many categories. There are people who are married and have families dependent on them and who are compelled to go to relief officers, skilful men who have contributed and will in the future contribute to the development of Canada. There are the single unemployed. There are those who are coming out of colleges and universities, and, greatest number of all, those not registered; I refer to the farmers' sons who to-day are living on the farms but if conditions were normal would be in industry.

What was done in Great Britain? While there may be many shortcomings in their legislation to provide for the unemployed, this government could learn a great deal from Great Britain. What would happen in this country if there was a demand for skilled labour to-morrow in the same volume as in the years 1926-27-28? It could not be found. In 1925 or thereabouts they set up in Great Britain trade schools throughout the country and taught trades to the unemployed. Then when the building boom came along they were absorbed into industry. I am not saying that is a solution, but I am suggesting to the Minister of Labour that this could have been done by the Canadian government, who have spent a billion dollars and have received nothing for it.

The unemployed of this country are a liability. The Minister of Finance has told us of our increase in volume of trade; according to him our trade has increased by more than twenty per cent. I am not encouraged by that, because there is a story behind it, and I want to take a few minutes to tell the Canadian public what that story is. If the price of wheat and of agricultural products in Canada had increased because there was a natural demand for those things, we might well say that the Liberal government had accomplished at least something. But that is not the fact. The reason the people of Canada to-day are enjoying a higher price level for their products is the demand by other countries for the products of Canada. That demand has arisen not because the purchasing countries have increased their ability to consume goods, but because there is the fear of war; other nations are storing up goods, preparing for the inevitable day when war will come and every nation in the world will be affected by the conflagration. Any hon. member who has given ten minutes' serious study to these things must know that.

As I conceive the duty of government it is to have a long range view of these matters, and, recognizing that this is a transitional period, to see the things which they must do during the period of transition and of inflation —so unwelcome to the Minister of Finance, although he is a party to it—with a view to preparing and constructing for the future. I say that four years from to-day Canada will enter its greatest depression, and not only Canada but every nation in the world. I say that for this reason, that unemployment is not and never was a problem. Unemployment is a sign of progress. Every unemployed man in Canada has a right, just as surely as the man who holds shares in an industry, to share in the benefits that accrue from increased production and the application of science to production. The little group in this corner may receive the sympathy of some hon. members on the government

benches because of the difficulties that confront us, but I know the day will come—not because it is desired by the Liberal government, but because it will be thrust upon them—when monetary reform will be seen to be the logical answer and the only answer to the problems which confront the Dominion of Canada.

I wish to commend the remarks of my colleague the hon. member for Jasper-Edson (Mr. Kuhl). He placed before this house facts, something which is not always done. He endeavoured to show the house that production was increasing, but the Minister of Finance also told the house this year and last that in spite of the increased volume of production unemployment is not decreasing as we might expect it should if we were living in the happy days of twenty years ago. I am convinced as a member of the Social Credit party of Canada that in the not far distant future the government side of the house will be lined with monetary reformists. We appeal to the Minister of Finance, the Minister of Labour, the Prime Minister, when we know that certain things must be done in the way of social services, and the question arises, "Where is the money to come from"?

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

Thursday, March 4, 1937

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CIVIL SERVICE COMMISSION—INSPECTOR OF WEIGHTS AND MEASURES, QUEBEC

Mr. POULIOT:

1. How many applications did the Civil Service Commission receive for the position of inspector of weights and measures which was advertised in the province of Quebec in 1936 (examination No. 25111)?
2. Were those who made application called upon to pass an examination?
3. If so, what was the number of eligible candidates?
4. Has an appointment been made?
5. If so, upon what date, who was appointed, and what is his address?

Mr. RINFRET:

1. 104.
2. Yes.
3. Fifty-eight took part in the examination. Ten were successful, and six names were placed on the eligible list.
4. Yes.
5. February 1, 1937—Mr. Lucien Brousseau, 213 de la Reine St., Quebec, P.Q.

[Mr. Poole.]

CENTRE BURLINGTON, N.S., WHARF

Mr. PURDY:

1. What was the total amount of expenditure in connection with the repairs to wharf at Centre Burlington, Hants county, during the year 1935?
2. Who was the foreman in charge of the work?
3. To whom, and what amounts were paid for the following: (a) wages; (b) materials; (c) supplies?
4. What was the original estimate of the cost of the work?

Mr. CARDIN:

1. $1,184.66.
2. Ernest Sanford.
3. (a) Ernest Sanford, foreman, $99; Percy Mann, $24; John Mann, $16.80; Harold McLeod, $30; Sydney Walker, $27.60; Henry Blackburn, $26.40; Clyde Sanford, $31.20; George Salter, $28.80; Clarence Sanford, $18.80; Ross Barkhouse, $31.20; Silas Sanford, $19.20; Layton Reynolds, $26.40; Harry Reynolds, $26.40; Ralph Blackburn, $16.80; Curtis Sanford, $19.20; Lloyd Sanford, $21.60; Coles Greene, $19.20; Hollis Rhodes, $19.20; Henry Smith, $14.40; Herbert Salter, $15.60; Clifford Burgess, $7.20; Robert Shaw, $9.60; Walter Salter, $4.80; Herbert Salter and team, $28.60; Prescott Sanford, $9.60; Curry Sanford, $7.20; total, $598.80.

(b) and (c) Clarence Sanford, timber, $16.02; James D. Sanford, timber, $75.69; Dan Young, timber, $80.64; Elbert Sanford, timber, $60.57; Murray Salter, timber, $43.20; Donald Carde, timber, $66.15; Murray Sanford, timber, $43.74; Walter Salter, timber, $27; John McKenzie, timber, $39.15; Robie C. Sanford, timber, $71.19; Wilcox Bros., hardware, $62.51; total $585.86.

Grand total, $1,184.66.

4. $1,180.

HUDSON BAY ROUTE—INSURANCE RATES ON WHEAT

Mr. TUCKER:

1. What was the average amount of insurance payable in respect of a full cargo of wheat being shipped to Liverpool in a ship of 5,000 tons gross using the Hudson Bay route (such as referred to in (2) of the answer to question No. 4 on the orders of the day, February 22, 1937), in each of the years 1932 to 1936, inclusive?
2. What was the average amount of insurance payable on a similar ship and cargo using the St. Lawrence route carrying a full cargo of wheat to Liverpool during each of the years 1932 to 1936, inclusive?

Mr. HOWE: The insurance on the hull of a ship of 5,000 gross tons, valued at $250,000, capable of carrying about 300,000 bushels of wheat was about as follows, the English pound being taken as worth five dollars, Canadian, in all cases:

	Churchill Aug. 10th to Sept. 30th	Churchill Oct. 1st to Oct. 7th	Churchill Oct. 8th to Oct. 15th	Montreal May 15th to Nov. 15th
1932	$8,750.00	$9,625.00	$10,937.50	$1,250.00
1933	8,750.00	8,750.00	10,937.50	1,250.00
1934	7,500.00	7,500.00	9,375.00	1,250.00
1935	5,625.00	5,625.00	7,031.25	1,250.00
	Aug. 5th to Oct. 10th		Oct. 10th to 15th	
1936	5,625.00		7,031.25	1,250.00

The above figures for Churchill are for ships not equipped with gyro compasses for each trip made into the Bay. For ships equipped with gyro compasses the comparison would be about as follows for each trip of the ship:

	Churchill Aug. 10th to Sept. 30th	Churchill Oct. 1st to Oct. 7th	Churchill Oct. 8th to Oct. 15th	Montreal May 15th to Nov. 15th
1932	$7,500.00	$8,250.00	$9,375.00	$1,250.00
1933	7,500.00	7,500.00	9,375.00	1,250.00
1934	6,250.00	6,250.00	7,812.00	1,250.00
1935	4,687.50	4,687.50	5,859.35	1,250.00
	Aug. 5th to Oct. 10th			
1936	4,062.50	.....	.....	1,250.00

Ships are charged about $500 for the rental of a gyro compass for a trip to Churchill.

The insurance on hulls is fixed by a committee of the Imperial Shipping Committee, and the above figures cover all usual losses, including total loss of the ship.

The insurance on cargoes is free to competition among underwriters, and while the Department of Transport has no definite information about the charges, they are understood to have been about as follows:

	Churchill %	Montreal %
1932	1¼	¼
1933	1¼	¼
1934	1	¼
1935	1	¼
1936	¾	¼

With wheat valued at $1 per bushel, these rates would mean that the following insurance premiums were charged on grain:

	Churchill	Montreal
1932	$3,750 00	$750 00
1933	3,750 00	750 00
1934	3,000 00	750 00
1935	3,000 00	750 00
1936	2,200 00	750 00

The above rates mean that the insurance on the hull of a vessel out of Churchill in 1936 amounted to about 1.87 cents per bushel, and out of Montreal to about .42 cents per bushel. The insurance on the cargo out of Churchill in 1936 amounted to ¾ of 1 cent, and out of Montreal to about ¼ of 1 cent per bushel.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MINISTERS OF THE CROWN—TRAVELLING EXPENSES AND PRIVATE CARS

Mr. DOUGLAS:

1. What was the total amount of living and travelling expenses paid to each of the ministers of the crown during the calendar year 1936?
2. Which of the ministers had the use of private railway cars during the year?
3. On what basis were these private cars used, by whom, and between what points?
4. What was the total cost involved in the use of private cars by ministers of the government and officials, during the year 1936?

MINISTERS OF THE CROWN—ALLOWANCES FOR CARS AND CHAUFFEURS

Mr. DOUGLAS:

1. What allowance is made to the ministers of the crown in lieu of car and chauffeurs?
2. What was the total amount paid to each minister of the crown for this purpose for 1936?

ROYAL COMMISSIONS

Mr. COLDWELL:

What was the cost of all royal commissions during the periods 1922-1927; 1927-1931; 1931-1935; 1935, 1936, and those at present sitting,

as follows: (a) salaries or honoraria paid to individuals; (b) per diem living allowances paid to individuals; (c) clerical assistance and per diem living allowance; (d) all other expenses?

GRADE SEPARATION FUND, ONTARIO

Mr. CHURCH:

Of the commitments made for the grade separation fund in Ontario given on page 1052 of Hansard, to the amount of $656,910, what crossings were included, and where?

Mr. HOWE: Return tabled herewith.

TRANS-CANADA AIR LINES

ARRANGEMENT WITH CORPORATION RESPECTING LINES AND SERVICES FOR TRANSPORT OF PASSENGERS, GOODS AND MAILS

Hon. C. D. HOWE (Minister of Transport) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to incorporate a corporation to be known as trans-Canada air lines with authority to establish and operate air lines and services across Canada and matters incidental thereto, also to authorize the government to enter into a contract with the corporation providing for the organization and operation of such lines and services including the transport of passengers, goods and mails, and for the payment of a subsidy to the corporation and for the operation and maintenance by the government of emergency landing fields and other specified services, and also to authorize the government at its discretion to acquire and pay for all of the shares of the capital stock of the corporation, and further to authorize the Board of Railway Commissioners to fix the rates to be paid to the corporation for its services.

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

Motion agreed to.

VETERANS' ASSISTANCE COMMISSION

On the orders of the day:

Hon. C. G. POWER (Minister of Pensions and National Health): Mr. Speaker, yesterday the hon. member for Victoria, B.C., (Mr. Tolmie) asked a question of the government, as follows:

I should like to inquire of the government when the report of the veterans' assistance commission will be laid on the table?

[Mr. Coldwell.]

This matter was discussed in the house on February 23. It will be seen on page 1181 of the debates that in reply to a question put to me by the hon. member for Vancouver South (Mr. Green) I stated that a number of interim reports, I believe four in number, had been tabled already. Another report had been submitted to me which was at that time and still is the subject of correspondence between the commission and myself. Further on in the debate I stated that I would see that the report was tabled in ample time for the fullest discussion.

LABOUR DISPUTE

HOLMES FOUNDRY COMPANY, SARNIA, ONTARIO

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I should like to direct the attention of the Minister of Labour (Mr. Rogers) to a very grave situation which exists in Sarnia. The Holmes Foundry Company, which is controlled by Port Huron, Michigan interests, is located in Sarnia. It seems that the workers in this foundry have gone on strike demanding what workers in the United States have already received. These men were attacked, the union organizer in particular, by a mob, the attack being carried into the homes of the men. I should like to ask whether the Minister of Labour proposes to make an independent inquiry concerning this matter.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, this matter was brought to my attention yesterday by the hon. member for Lambton West (Mr. Gray). I assured him that if the Department of Labour could be of service in the matter it would be pleased indeed to send a conciliation officer to Sarnia. I believe the matter is now under consideration by the mayor of Sarnia, in so far as it still calls for intervention or conciliation. My latest information, however, is that the dispute as such has been settled. So far as any property damage is concerned, I take it that this will be a matter for the provincial authorities.

Mr. WOODSWORTH: Is it not a matter which concerns the whole country? It seems to me that this is a matter about which the department might well be asked to do something.

Some hon. MEMBERS: Order.

THE BUDGET

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

The house resumed from Wednesday, March 3, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Bennett.

Mr. E. J. POOLE (Red Deer): Mr. Speaker, when the house adjourned yesterday I was endeavouring to point out that both this year and last year this group had at least endeavoured to indicate the direction in which we had to go to bring about economic security and to banish from our midst not so much unemployment as destitution. I have wondered many times whether ministers of the crown have ever taken the trouble or have been sufficiently interested to go to some of the relief camps of western Canada or to the soup kitchens throughout the country to see for themselves the terrible price we are paying because of our apathy in respect to this question.

I believe the first duty of a government is to look after its people, and all other things must take a secondary place. That is the responsibility of the present Liberal government. Both this and the last government failed miserably to bring about a happy life for Canadian people who are unemployed. We speak of everything in terms of dollars and cents. We always measure cost in money, and many statements made in the house have been contradictory. For instance, we have been told that prosperity is returning. I would suggest to the government that the unemployed in Canada are not sharing in that prosperity. If there is any section of Canadian society which has paid the price of the deflationary period through which we have passed, it is the unemployed. To-day I want to make a plea for those whose hopes have been frustrated and who, through the years, have been waiting for a generous government to do something for them. I should like to ask the government to state its long range view on the question. Are we waiting for increasing external trade? Is that the only hope for Canadian youth? Are we waiting until such time as we may have a greater volume of trade before these people can be absorbed into industry and can obtain economic security? If we are, then I say now to the government that for these people there is no hope.

As I said last night, in the last six years we have spent over a billion dollars on relief, and the position of the unemployed in Canada is no better to-day than it was four or five years ago. I see no hope in expanding trade. I do not believe it is natural, even,—and while there have been some expressions in the house regarding increases in prices of farm products and increases in volume of production, we must remember that we are now entering an inflationary period. The demand for Canadian products in the markets of the world does not arise because the people of Europe are consuming more; it is not a natural demand. So far as Canada is concerned, our greatest market is the Canadian market, and if we are to bring economic security to these people, if we are to give them a greater measure of hope and an opportunity for creative life, then I say to the government there is only one way it can be done.

This little group has endeavoured to point out time and time again—and through the years we will still hammer at this one thing, something the government absolutely refuses to touch—that there must be monetary reform. The wage system has broken down. It is unscientific; it is unsound; it does not give the great masses of the people that opportunity and that security which our production and our scientific knowledge have made available to us. After all, what is the purpose of an economic system? How do we measure prosperity? Do we measure it by the increased profits of great industries? I do not think so. The standard of living of the Canadian people should be measured in one way, and in one only, and that is the making of their lives secure to a point commensurate with the ability of the Canadian people to produce goods.

A few days ago the Minister of Finance (Mr. Dunning) made a statement to the effect that purchasing power comes from production. I challenge that statement. Purchasing power does not come from production. Production is one thing; the monetary system is another. In Canada we have the ability to produce great volumes of wealth. We have the machinery; we are a generation better equipped than any which has preceded us, and still we find unfortunate people passing through the years without a break. I make a plea for the unemployed in Canada: for God's sake let us get down to business! Let us get these people through the present transitional period, through this time of great change, and give them a break. Give them an opportunity to live; give them something—some measure of hope. We must not be content

with fooling around, dilly-dallying, doing nothing, waiting for expanding trade, or hoping for something to fall from heaven which will help us out.

I said last night, and I now repeat, that the volume of international trade will be less, not more, in years to come. Every nation is becoming self-sufficient. The foundation and basis of the system under which we are living to-day is the ability of nations to export greater volume of goods. As each nation becomes self-sufficient there will be a lesser demand for Canadian products. In terms of the capitalistic system, under which we live, it will mean that there will be less wages paid. As each nation becomes self-sufficient, irrespective of our great wealth, our natural resources and our production through machine and scientific skill, the lots of the great masses of the people will become more miserable and the debts of nations will rise.

I am sure many hon. members do not understand what it means to go on drifting through the years. Men who are married and with families, but without jobs, know none of the natural pleasures or luxuries of life; in many cases, they have not even the necessities. We have set up a commission; there have been suggestions here and suggestions there, but we have not yet got to the root of this problem, and there has not been a suggestion in this house as to what is the real cause of destitution. Let us at this session do something definite to help the unemployed people of Canada—not with charitable doles, but, until such time as this government has monetary reform thrust upon it, let it be recognized that wages is the only medium whereby these men can receive the necessities of life; so for God's sake let us give them wages. We need roads, we need houses; there is in this country fifty years' work to be done. We have great production and on the other hand great poverty. I ask the government now to get down to the root of this matter, not to leave it until next year or the year afterwards as material for another election promise. Let us construct a better Canada, recognizing that our most valuable asset is the youth of the country, now better equipped than youth has ever been before; let us not be always measuring this problem by considerations of dollars and cents. After all, money is only a ticket; it is an expedient by which we distribute goods and services. We have the goods, the services, the machines, the natural resources. Let us give the young people of Canada happiness, security, a future, and a more creative life than they have known in the last six years.

[Mr. Poole.]

This is the greatest responsibility before the government to-day; in comparison with it all other things fall into insignificance, because by continuing as we are doing we destroy the souls of human beings and condemn them to live without hope, without objective, without a future. That is the penalty we pay for measuring this problem in terms of dollars and cents. The greatest cost of the depression can never be computed in that way; for it is a moral loss, a tragedy of lost hopes and lost opportunities. That is the history of the generation to which I belong. To that generation this government it responsible; to that generation it will have to answer some day. The question cannot be thrust lightly aside; it will remain with us even though the government tries to forget about it. What we sow to-day we shall reap to-morrow. If therefore as Canadians we are interested in building up this country, let us remember that our greatest asset is the youth of Canada, and that we are responsible for giving them opportunities to live creative lives.

Mr. T. L. CHURCH (Broadview): I regret that the Minister of Finance (Mr. Dunning) is not in his seat this afternoon. I regret also to hear that illness keeps him away, for he is one who commands the respect and admiration of every hon. member of this house and of the country at large. A short time ago I lived around the corner from him in Rosedale. At that time he was not a member of this house, from 1930 to 1935, but I well remember the tribute which he, as a private citizen of this country, paid to my leader, who was then bearing great burdens as the prime minister of this country. The Minister of Finance may not thereby have won applause from his own party or from the political machine of his party, but he won the admiration and respect of all right-thinking citizens, including a great newspaperman, the late Harry Anderson, chief editor of the Toronto Globe. The minister (Mr. Dunning) referred at that time to the absolute necessity of every good citizen coming to the support of the government of the day in the great crisis—the greatest depression the world has even seen—that then confronted the country. I am glad to pay him this tribute as a great Canadian then, and as a patriot. I am thankful that the leader of the opposition (Mr. Bennett), who was then shouldering greater burdens than even the late Sir Wilfrid Laurier or Sir John A. Macdonald had to face, has regained his health, and I

believe he will rank very high in the history of this country, as he does with all the members of this house.

In this connection I might refer to the remarks of another member of the government, the Minister of Labour (Mr. Rogers), who is either not in his seat this afternoon or has gone out: I would rather have said in his presence what I have to say. I have nothing against him personally. A month ago, and again on Tuesday evening, he alluded to the leader of the opposition, who has been giving the government of the day the best of support, in accordance with a good British principle; because he realizes that, while we are in opposition to hon. gentlemen opposite, they are a government of Canadians and will do what they no doubt believe to be the best not only for their own party but for the general good of the country. I myself am not a very strong or bigoted party man; neither is the leader of the opposition, because he is a great empire statesman on the British model. In this budget the Minister of Finance is simply carrying out, with some reductions, modifications and some extensions and deductions, the great British Empire agreement that was made in 1932, by my hon. leader and but for which the depression and unemployment would have been ten times worse than they are to-day. I was glad to notice that Mr. Joseph Atkinson of the Toronto Star has in an article in the Star by Observer paid tribute to Mr. Bennett. The bouquets which my right hon. leader received from the Minister of Labour are gratefully accepted, both those of a month ago and those on Tuesday evening, and acknowledged on this side. But the minister delivered a moral lecture to the unemployed and to private members and to the opposition, and I may remind him that, although he is a professor, we do not need any lectures from him on unemployment. In the olden days it used to be said that "an apple a day keeps the doctor away." Now, with the Minister of Labour, it seems that a professor a day keeps the bailiff away. Last Tuesday night the Minister of Labour referred to the right hon. leader of the opposition and used the words:

> In spite of flagrant distortion and misunderstanding with regard to the attitude of the Labour department.

There appeared on February 11 of this year in the Toronto Star, a Liberal organ, an idea too great for mere party politics: in a whole double header column "The Observer" pays tribute to the right hon. the leader of the opposition and says he is assured of a distinguished place in Canadian history. I quote:

> No single act in his long and notable political career will be so long and so gratefully remembered by posterity as his proposal in the House of Commons last Monday evening that the dominion government should go into the business of gold mining.

The writer goes on to refer to all he has done in his many years of public service and the principles for which he stood during the five years that he was Prime Minister. He mentions the resources of the country.

> Riches, once remarked the prince of American preachers, are like manure. Heaped in one small spot it is a noisome and unwholesome mass; distributed over the whole field it means fertility and beauty and plenty.

This tribute, paid to my leader by a Liberal paper, is well deserved, because he has in this parliament again proved himself a statesman. He has given the government independent support when he believed it to be justified, and he deserves all credit for the empire trade agreements of 1932, which saved this country from bankruptcy, notwithstanding the opinions of the Minister of Labour, who at that time was not a member of this house. In so doing, the former prime minister and the present Minister of Finance have revived the policies of the late Joseph Chamberlain on tariff reform and preferential trade with the dominions and our best customer the mother land. Our leader started it, and what we have now is a vest pocket edition of it with a few cuts here and there. As Canadians let us not forget the lessons of history. For every dollar we put into the pockets of John Bull he pays us back ten times over. I do not know where our industries and the prairies would be without the British market; it is the most steadfast market we have and not one here to-day and gone to-morrow. As regards the great questions of trade, defence and immigration, let us learn from Australia and New Zealand and keep Canada a white man's country.

Last July, in the great city of Birmingham, which for two generations has led all the cities in the empire as a well-governed city, they celebrated the anniversary of the birth of Joseph Chamberlain. Where is the man anywhere who did for his city what Chamberlain did while mayor of Birmingham? Although he was born in London, he gave away for the benefit of his city the fortune he made. He was without doubt one of the greatest Englishmen, if not the greatest, of the nineteenth century.

Chamberlain's vision was one of the glories of the Victorian and Edwardian eras, both at home and abroad. Britain took thirty years to find out that he was right on the tariff, at great cost to her people and to the working classes, and to the welfare of her dominions. Kipling's tribute to him was written in 1904, two years before his great policy was rejected, in which the poet says:

Thrones, powers, dominions block the view
With episodes and underlings,
The meek historian deems them true,
Nor heeds the song that Clio sings—
The simple, central truth that stings
The mob to boo, the priest to ban.
(Things never yet created things).
Once on a time there was a man.

And under that man British statecraft and diplomacy reached their greatest heights of all time. He was too big for the smallness of the House of Commons which under our so-called democracy is fast becoming a mock parliament. If the tariff policy proposed by Chamberlain in 1906 had been adopted I doubt whether there would have been a world war.

And now I wish to say a few words with regard to the policies of the Minister of Labour. About a year ago he delivered a series of lectures in this house, all purely theoretical —because if ever there was a theorist he is one. He is not a practical administrator of public affairs. As I say, about a year ago he delivered certain lectures in which he quoted copiously from the pages of Carlyle. May day was approaching, and if he had handed the unemployed a bound copy of Carlyle it would have been just as effective as anything practical that he did. There were as many out of work. Well, I have a copy of a work dealing with the du Pont dynasty written by John K. Winkler of New York, and reference is made to the head of the commission. This gentleman is the head of the du Pont dynasty in this country—gentlemen who made hundreds of millions of dollars out of the war and got away with it, subject to no regulation. The senate of the United States has been showing what this particular concern has been doing.

I want to say something with regard to the minister's policy, because a year ago I took strong ground against a commission being appointed on behalf of the unemployed. But a commission was appointed, and the large staff whom Mr. Purvis engaged to work on that commission, if they stood two deep, would extend from here to the Chateau Laurier. These are the people who are appointed to work on this useless commission. Mr. Purvis said that he wanted to get the facts. The municipalities already had all

[Mr. Church.]

the facts; for we know to-day, just as we knew then, how many registered unemployed there are in the various cities of Canada. The city relief departments could all have given him the information he wanted, but he adopted a system of registration of his own for Canada that was not accurate. This commission does not know half the unemployed in the riding I represent. I say that because there are a number of the unemployed who are not on relief. Many of them are near the point of starvation, but these men, good honest industrial workers, are too proud to take relief and consequently are suffering untold hardship.

I have always thought that one of the cardinal principles of Liberalism was the right to deputize, but the minister has denied that right, because a deputation of the corporation from Toronto was refused a hearing by the Minister of Labour. They saw a courtly gentleman, the Minister of Justice (Mr. Lapointe), who was acting prime minister last fall, and he received quite courteously the mayor and board of control of that city. He listened attentively to them and replied that when the Prime Minister came back he would lay before him the representations that had been submitted by this deputation. But what did the Minister of Labour do, this new disciple of Liberalism? He simply told the mayor and board of control that he would not receive them, advising them instead to go and see Mr. Purvis, the representative in Canada of the du Pont dynasty, president of the Dunlop company, and director of the Bell Telephone company, the Bank of Montreal, the Sun Life, Chemical Industries and General Motors of New York. The deputation was informed that it might be allowed to see this citizen, and this in face of the fact that outside labour had been brought into the country in contravention of the alien labour act. In some of our industries—there was one in my riding—Americans were put to work, having been brought in in violation of that act. What about the right to deputize? I remember the time long ago—it is one of my earliest memories—when as a member of the city council I came down with a deputation as president of the Union of Canadian Municipalities representing the municipalities to interview Sir Wilfrid Laurier. We were received most courteously by Sir Wilfrid. He waited patiently until every member of the delegation was seated before he would allow us to proceed with the business that had brought us to Ottawa, and he gave us a patient hearing.

I asked a question the other day in this house but I got no answer. The Minister of Labour has compelled the municipalities to go hat in hand to this useless national employment commission which came into being on the first of April last—an appropriate day for such an event. But the unemployed got nothing out of it; there were no jobs to be had. This commission has ignored entirely the industrial workers of Canada, constituting fifty per cent of the population. I have here a return laid on the table by the Minister of Labour on February 15, 1937, showing how the municipalities of Quebec have been treated. I am not objecting to any benefits extended to that province, which contributes largely to the revenues of the country, but I find that in Quebec city provision has been made for parks, public baths, fences, public toilets, paving alleys in park, drains, water services and correlated works including material, the total estimated cost of all such construction being $100,000. In Three Rivers provision is made for the court house which is to be enlarged and improved; there are expenditures in L'Islet, Sherbrooke and Wolfe; in Three Rivers there are to be various repairs and additions to St. Maurice river bridges, amounting to $160,000, and many other public works of a similar kind. There is a whole list here amounting to $2,750,000. When you come to Ontario what was done? This is a report tabled by the Minister of Labour on January 15, under the Unemployment Relief and Assistance Act, 1936. I pleaded with the minister last session to amend the act to give direct relief to the municipalities and enable him to enter into relief agreements with them, especially the larger municipalities, such as Toronto, Winnipeg, Montreal, Quebec, Vancouver and Hamilton. How much was the province of Ontario given? Not one red cent. The city of Toronto brought down a $4,000,000 relief works program; the revenue collected from there was $91,000,000, but Toronto never got a cent. When on September 16 last the government made an agreement with Ontario and gave them a large sum of money, how was it spent? On roads in new Ontario, roads in almost every Liberal constituency in that province. I have a list here; it is too long to read, but any hon. member can get this return, No. 115. Many of these roads are purely municipal undertakings, but the province was given all this money over the heads of the municipalities, which got nothing. All Toronto city got was $15,000 for some improvements in the post office, including two revolving doors, and one revolving door in the riding of the hon. member for Danforth (Mr. Harris). Toronto had to contribute $125,000 for the island breakwater. It is the first time since confederation that the city of Toronto has been asked to contribute anything to it, and in my opinion it was very unwise to do so, because it is contrary to the British North America Act. The island is the breakwater for Toronto harbour and in other places the federal government pays all the cost.

I asked the Minister of Labour the question: what grants towards this relief to municipalities were made in Ontario by order in council? There has not been one order in council passed for those works, notwithstanding the money has been appropriated. I asked him in the house last Monday:

> What municipal works in Ontario were so aided, giving the name of the municipality in Ontario in each case.

And his reply was, "Same as No. 1." That refers to an agreement with Ontario tabled January 15. It was not set out at all in that return; not one municipality or town got a dollar. That is the way the minister has treated the municipalities of this province, I very much regret that the municipalities of Ontario have been treated in the manner indicated. The report of the assessment commissioner of Toronto shows how home owners have been reduced under the depression. In 1929 home ownership in Toronto, according to the report of the assessment department, amounted to 63,417 out of 105,112 occupied dwellings, or sixty per cent. In 1936 the number had decreased to 59,093 out of a total of 108,065, less than fifty-five per cent. The assessment reports for 1935-36 indicate the extent to which the depression has made renters out of families which previously held an equity in the premises. The depression has forced two or three families into one house or apartment. This number was 3,407 in 1932 and in 1936 it is reduced to 2,129.

The Minister of Labour and the government have made a further raid on the municipalities. I am sorry the Minister of National Revenue (Mr. Ilsley) is not here. They passed an act in 1936, chapter 38, amending the Income War Tax Act, adding section 76A, under which the Minister of National Revenue collects income tax for the provincial governments. I thought the government were better politicians than to send out tax collectors and bailiffs to collect a duplicate income tax from the starved municipalities and force them to put it on real estate. The income tax was exclusively a prerogative of the municipalities from 1867 to 1918, when it was taken away by a duplicate income tax by the dominion for

war purposes. Now along comes the province and collects an income tax. The Minister of National Revenue has been making speeches in Ontario. If he had told them that he is the man who is collecting duplicate income tax and putting the bailiff in on them, he might have been telling something practical. That statute should be repealed; the municipalities should get their tax back. In the case of Toronto, $2,600,000 has been taken away; they have been given some back but the city is still out $862,000, as a result of the new system and will have to add that loss to real estate.

I should like to find out from the Minister of Labour what plan the government has from now to the first of May to provide useful employment this spring for the great number of unemployed. Nothing is being done. The commission has no suburban policy. Half the people of this country are industrial workers. I have pleaded for them in this house before, asking some measure of protection to save their equity. What has the commission done for these poor workmen? Absolutely nothing. In Toronto and York west, north and east there is a population of workmen who have been driven to the wall by the hard times, many of them on relief, and have lost their equity in that property. A great many are not on relief, because they are too independent, but they have lost their equity in their homes. What has the commission done for these men? Not a thing. In England they have done something, by balanced budgets, by tariffs, by sane and sensible housing and reconstruction policies, a safe suburban policy for the workers; and by state assistance to the industrial worker. They have had to tide them over bad times, as this parliament has the fishermen and the farmers. But this commission of figureheads has done nothing but make reports, and have forgotten all about the suburban and industrial worker. They have a youth committee now, and all they do is travel on the trains. They have made reports, and what are these reports? Mr. Burton of Simpson's wanted to have a regimentation of youth, a regular standing army. The Minister of Labour seems to have a small standing army in his department. In the United States one man, Mr. Hopkins, can handle all that work of relief for a population of 129,000,000, but this country's labour department is the most useless department of the government. It should be called the department of capital, not of labour. It is the most useless organization of any department in the government and I know something about labour conditions.

[Mr. Church.]

I see my hon. friend from Parkdale (Mr. Spence) here. The government have not been altogether kind to him; they have amalgamated his Irish regiment with the Toronto Scottish. He is very popular with the industrial workers in his constituency, and he can see as a military man that an ordinary militia regiment is not to be compared with the Minister of Labour's unemployed commission regiment. Mr. Purvis is not a military man. He was born in England, and a short time before the war started he went to the United States and then went down to South America. After the war he came to Montreal and became a millionaire as the representative of the du Pont and other interests. He has a small standing army of an unemployment commission all making reports. It consists of privates making reports under this act to the lance-corporal, the lance-corporal making reports to the corporal, the corporal to the lieutenant, the lieutenant to the captain, the captain to the major, the major to the colonel, and so on to the major-general, Mr. Purvis—a long retinue making reports before they reach the minister under the act. And while this is going on the industrial workers in my own and many other ridings have been driven out of their homes and have lost their equity, while waiting for this useless commission to do something. Is it any wonder that the right hon. leader of the opposition—notwithstanding the great assistance that he has given this government, supporting things which he deemed it to be the duty of the opposition to support—used the language he did in this house? I am prepared to use language ten times stronger, if necessary, for I know and have seen something about these conditions.

In my riding there are families whose great grandfathers, whose grandfathers and whose fathers owned property. Now many of the sons are industrial workers, many of their children are out of work and some of them are on relief. What has happened? The oldest boys do not like to hang around the house when they are not able to earn anything, so they take to the rods and wander looking for work as far as British Columbia. I saw some of these young fellows last summer; I found nearly sixty-five of them riding the box cars. The train was halted and I got out of my automobile and started talking to some of them. Several were wearing high school sweaters, and I found that I knew half a dozen of them. I asked them where they were going, and they said they were going to the coast, or to new Ontario. When they got up to the mines in Ontario and the west they found the work being done by foreigners, and they could not get jobs. As a result

they were locked up, all because of the policy followed by this parliament of divesting itself of responsibility. We might just as well go home and let the house of Purvis and the du Pont dynasty run the affairs of the country. We might as well close up here if we are going to allow Mr. Purvis to lord it over the municipal representatives and members of parliament from the province of Ontario. I know something about the mishandling of this employment question, and when I see these men being driven out of their homes while this parliament does nothing for them I think the time has come to say something in this house, whether the Minister of Labour likes it or not.

Last year I made some constructive suggestions to the minister in this regard. I told him he should do as was done by the government in 1919; he should add a clause in the act by which these agreements could be made directly with the municipalities. The previous minister, a very able man, Hon. Mr. Gordon, who was Minister of Labour and Mines, did ten times the work that is being done by the present minister; he tided us over the worst five years of the depression. You could telephone to him and any municipal officer could get relief at once, but the situation is different to-day. You have to run around after this Purvis commission, this travelling minstrel show which is touring the country. At one time I was in a minstrel show myself; I know something about how such shows are run, and I can tell you that the amateur minstrel show at the old Grand opera house with which I was connected could not be compared with Mr. Purvis and his minstrels, who are travelling from Vancouver to Halifax. In the United States one man can handle all that work, and something has been done over there. It is true that they have made mistakes, but conditions are not the same.

Let me tell my hon. friend that I sat in this house from 1921 to 1930, when the Liberal party was in power. What did they do? Every session a speech from the throne was delivered, but the subject of unemployment was never mentioned during the nine years they were in office. On December 14, 1926, I said:

> I very much regret that in the speech from the throne the government have given no indication that they are going to take any active steps to solve the economic ills of this country. There is the problem, for instance, of unemployment. Unemployment to-day in the larger centres of population is very acute. I might refer to the unemployment in the large manufacturing city from which I come. I know the conditions there, and I know that in the past few days very rapid preparations have been made by the social and charitable institutions and public bodies of various kinds in the city to try and cope with the unemployment situation with which we shall be faced this coming winter. I regret, I say, that the government in the speech from the throne has announced no definite policy for taking care of the economic ills in the larger centres of population in this country.

I asked the then minister of labour, Mr. Heenan, who is now in another house, whether the government had made any plans for providing work for the unemployed, and whether or not the government were prepared to contribute one-third of the cost of relief. Mr. Heenan in reply to me said the government would do nothing, that it would be contrary to the British North America Act, and that this was a matter for the provinces. Then I asked if the government would appoint a royal commission, as was done in 1927, in the United States senate, about a month later on the motion of the late mayor of Detroit, Senator Couzens. When the depression came on they were ready, but the government here said there was no unemployment, and that if there was it was a matter for the provinces. So nothing was done right down to 1930. The government refused to have a count of the unemployed taken, with the result that when the late government came into office they had nothing before them. During the five years hon. gentlemen opposite were in opposition they did not treat the government as the present government is being treated by the right hon. leader of the opposition. Oh, no; they threw cold water on the social legislation and unemployment insurance and put all kinds of stumbling blocks in the way, with the result that we have the present condition of affairs.

The judgments that have been rendered by the privy council after all are only opinions having to do with abstract and not with concrete questions and are only dicta and opinions. Sickness and unemployment insurance was part of the Liberal platform of 1919, but this Liberal government was in power from 1921 to 1930 without making an attempt to bring in that insurance. That scheme has been in operation in England since 1910, and as a result England was better prepared for the depression than any other country. The supreme court divided three to two on the question of unemployment insurance; the two strongest judges said we could grant money under the first part of section 91, having to do with "public debt and property." What is the use of the Minister of Labour talking about the provinces

doing it? Nearly all the provinces are bankrupt except Ontario. The three prairie provinces have had to get largely increased subsidies, and last session the government even proposed to give the provinces the right of indirect taxation. Dear knows, if the provinces had that right we would have a duplicate income tax, a duplicate sales tax and another tax on real estate. We may thank the leader of the opposition in this house and the senate for having that bill thrown out. No one knows how far the provinces would have gone in their raids on the municipalities. If they had been allowed to impose an additional indirect tax on real estate, property owners might as well have turned their real estate over to the bailiff right away.

The city of Toronto is one of the most solvent cities in the dominion, regardless of what may be said in this house by the member for Brant (Mr. Wood), Toronto has $30,000,000 set aside as a sinking fund. All the utilities are publicly owned self-sustaining and have a surplus, and in that city there is the lowest net debt that exists in any municipality in the dominion and they get little federal aid and have carried a lot of outside debts for roads. But with these continuous raids on the revenues of the municipalities I fear for the fate of municipal institutions in this country. This year the city of Toronto has had to spend $2,417,000 for the care of indigent patients in hospitals, old age pensions; mother's allowances, children's aid societies, and so on, but Toronto gets no help from this parliament or from the Minister of Labour, who has consistently refused to give any direct aid to the municipalities.

Is it any wonder, Mr. Speaker, that the opposition have moved an amendment? It is our duty as members here to do something for the unemployed, for the municipalities, and for the country. During the election campaign many of the hon. gentlemen opposite were in my riding. What did they say? Most members of the cabinet came there, including the Prime Minister (Mr. Mackenzie King), the Minister of National Defence (Mr. Mackenzie), Mr. Ralston and others. They did not hand out to the unemployed copies of Thomas Carlyle, I will admit, but in October they had this advertisement on the billboards:

Action, Not Promises
End Unemployment
Vote Liberal
Beat Bennett and Bad Times

In black and yellow, at the Dominion bridge on Queen street east, the colours of a well known racing stable in Hamilton, they had a poster which said, "End Unemployment; Vote Liberal, Vote Snelgrove." Well, Mr. Speaker, some of the unemployed are still carrying the black flag. In my judgment the Minister of Labour should have been in the patent medicine business, in view of all the quack remedies and palliatives he and his commission have been handing out, while the unemployed are on relief and starving.

But let me say that it is not only those on relief who are suffering; it is the farmers also. In the olden days in this country the farmer and the industrial worker owned something. A man might own a small mill or a shack, a cow or a horse or a small store. The ownership of property has been destroyed in this country, but in the United States the farmers are again going to own the soil they till. The president of the United States has a policy under which he will spend $500,000,000 to wipe out farm tenancy in the United States. He revolts at the thought of American farmers being reduced to the status of European peasants and demands that those who till the soil shall own it. That is the policy of the government of the United States, and it is being carried out by one man, not by a commission such as the commission of hon. gentlemen opposite.

As I said ten years ago, the main problem of Canada is unemployment. No scheme of pensions or unemployment insurance will take the place of work and wages and the desire of people to work. Employment is the only real agency by which the nation's wealth can be distributed. Without consumption, production is a mere waste, and work and wages for all is the main agency of distribution. This party was the founder of protection, and it should dedicate itself to solving the problem of distributism and of getting people off the dole and back to work. Agriculture has always been traditionally associated with the Conservative party. As a party we stand for the further development and preservation of the home market for agriculture. Our own markets for our own products and our own work for our own workmen is our policy. Agriculture is the oldest of our industries from the point of view of employment. It has been content to choose order instead of anarchy, and industry can be made amenable to similar treatment.

A year ago the hon. member for St. Mary (Mr. Deslauriers) moved a resolution in connection with the condition of industrial workers in Canada. The minister said he would study the situation, and that is all that has been done. It seems that the more he studies, the more he forgets to deal fairly with the municipalities. The heavy sales tax

and the income tax over-government and over-taxation—duplicate taxation—are artificial burdens upon business and bring about additional unemployment. What we need is a proper reconstruction and housing policy and the complete reform of our parliamentary, constitutional and legal procedure and machinery. Not all the hungry are on relief. I had a letter from a man living in East York at Milliken's, who is not on relief but who is existing he says on little food, on bread and water. He has a little farm but he cannot make a living off it. If I had the time I should like to read what he has to say. Men like him are just as worthy of assistance as are the farmers in Saskatchewan, for whom $10,000,000 has been voted. I am not opposing that, I pity their plight, but I think the other provinces should receive similar treatment.

I should like to read a statement with reference to the children's bureau of the Department of Labour in the United States. This reads:

> The sufferings of the unemployed during these last six years of widespread unemployment and want constitute the most tragic chapter in the history of the nation. But not all the hungry children are in the families of the jobless. Not all the men and women who need a helping hand are on relief.
>
> The millions of Americans who still have jobs have been compelled to tighten their belts while witnessing the sufferings of their loved ones has been disclosed in startling fashion by the children's bureau of the department of labour.
>
> In a study of conditions among "typical" workers' families in several representative cities, investigators of the bureau discovered that not a single family had a dollar except the meagre wages of a bread winner between them and destitution. Savings and insurance funds are gone, and over three-fourths of the families are in debt for food, rent and medical care.
>
> Very few of the families are able to provide essential diets, and many of them are surviving on bread, beans and potatoes.
>
> Home life has been broken up. Relatives and friends are crowded into cramped quarters, not because misery loves company, but because many families had been evicted for non-payment of rent and lost their furniture.
>
> Last winter 66 per cent of the families were unable to buy coal and 60 per cent owned only the "ragged clothes upon their backs."
>
> Children had been compelled to quit school and their parents were unable to go to church because of their nakedness.
>
> This, remember, is the fate of Americans who are still drawing pay cheques, or what passes for them, in this land of abundance.

Child labour and sweatshop conditions are being tolerated in this country. The Department of Labour does nothing about it. Companies are bringing in alien labour. I have referred to one company in Toronto in which Mr. Purvis, the president of this commission, is interested. This company brought in a few American workers to take jobs which could have been handled by Canadians. This government has done nothing for the youth of the land.

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman, but he has spoken for forty minutes.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, if I may I would like to read a telegram which I received this morning from Leduc, Alberta. It reads:

> Due to the fact that the importation of vegetable oils to be used as shortening in the place of butter and lard is seriously damaging the markets for these products in Canada we respectfully urge you to support the national Dairy Council in its application for a special duty on such oils.
>
> Gus Lingert,
> W. L. Perley,
> H. Hamilton,
> R. Hetsler,
> John I. Wanicka,
> Algot Pearson,
> O. Bostrom,
> E. O. Weedman,
> E. W. Roth,
> Arthur Pearson,
> E. S. Anderson,
> E. A. Westlund.

It is said that unemployment is the greatest problem we have to face in Canada. I believe that to be true. It has been said in this house that the only way to preserve our democracy is to put everyone to work. I do not believe that is so; in fact I believe the very reverse to be true. What are the facts? Everybody has been put to work in Russia, in Germany and in Italy, and in every one of these countries democracy has ceased to exist. Everybody has not been put to work in the British Empire or in the United States, and in these countries democracy still exists. I think we must accept the idea of permanent unemployment and must make provision for it.

I do not wish to take up any time in discussing ways and means of curing or providing for unemployment, but I should like to suggest one very simple and obvious thing to do, and that is to lower the age at which old age pensions are paid. What is the sense of making men of seventy work when there are hundreds of thousands of young men idle? I do not know to what age this limit should be reduced, but to start with I would suggest sixty years. I know I shall be told that this is not a wise thing to do, and I shall be asked, where is the money to come from? That is the invariable question. If I may make a further suggestion it would be this. I would say to

those who control the finances of the country: "Gentlemen, we have received a mandate from the people of Canada to end poverty and unemployment. We believe that it is mainly a question of finance. You claim a monopoly of the knowledge of money, and certainly you enjoy a monopoly of creating it. We are going to give you the job of financing the provision for unemployment which, by your very policies, you have mainly brought about. We will give you reasonable time to do this, and meantime we will sharpen your wits. We propose to license financial institutions, all branches and branch managers, accepting at first a nominal licence fee. But if at the end of, say, a year you have not arrived at a solution we shall multiply that fee one thousand times, and will use the money to take care of the unemployed."

The Minister of Finance (Mr. Dunning) told us of the increased business prosperity of Canada, which I believe to be more apparent than real, and claimed the credit was due to the tariff policies of the government. I do not agree with him. I believe any improvement in business there may be is due to a policy of easy money, behind a smoke screen of trade agreements. Since I have been in Canada I have heard questions of tariff and free trade debated, and all I want to say is that if you quote the opinions of fifty of the most eminent business men who are in favour of free trade I will quote the words of fifty equally eminent men who are in favour of protection. I have the advantage over some members of having lived part of my life in a totally free trade country, and another part in protected Canada. When I lived in England, which of course was then under free trade, I enjoyed financial independence; and certainly for people in that position free trade is a fine thing. One's money goes a long way. But there is another side to the picture: there is the horrible and disgusting poverty behind the scenes; and whatever hon. members opposite may say about free trade, this much is certain, that during a policy of free trade the slums of England, Scotland and Wales were developed. I do not say the free trade policy was the only cause of slums, but certainly it did not prevent them. When as a young man I came to Canada I soon learned that my money did not go so far as it did in England. I found that a shilling was equal to about seventy-five cents. In spite of that fact, I do not think anyone will question that at the beginning of the century the masses of the people were better off in protected Canada than they were in free trade England. I believe there is no doubt about that, and the fact that Canada attracted hundreds of thousands of British people is proof of it.

However, I would hesitate to say the same thing to-day. I believe that particularly at the present time as a place in which to live, England is more attractive than Canada.

Mr. SPENCE: But they have not free trade now.

Mr. JAQUES: That is true. The fact that England has adopted a policy of protection may or may not be the cause of it.

May I say a few words about inflation? Whenever any monetary reform is suggested, at once we are told about inflation. That is the bogey to frighten the naughty children. But we never hear anything about the evils of deflation. I believe the obvious reason is that those who enjoy financial independence, those who have good salaries and who control finance, do very well during times of deflation. Their money goes farther, and prices are lower, but at the expense of those who produce the wealth of Canada. I represent thousands of people who in the last seven years, through a policy of deflation, have been utterly ruined. The work of a lifetime has been swept away, and from a position of economic independence, hundreds of thousands of people in western Canada have been brought to ruin simply because deflation has made it impossible except at a loss to produce the wealth of the country. What we need is a system which will avoid the evils of inflation and those of deflation, but certainly that is not possible under a system of orthodox finance.

Then we have the good old velocity of circulation. Of course, that is a smoke screen to hide a shortage of money. When we say there is a shortage of money we are told that there is enough of it, but that it does not circulate quickly enough. May I be permitted to read the definition of velocity of circulation as stated by Professor D. B. Copland, doctor of science, and an eminent economist:

> A given unit of money will circulate many times in a unit of time. It will make many payments because it has what economists call velocity of circulation.

May I illustrate the point with a story? It seems that two Irishmen, Pat and Mike, invested in a keg of beer which they were going to retail at the local race meet. As they had only ten cents left after buying the beer they found they had to carry it to the track. It was a hot day with a bright sun overhead. Pat, who had the ten cents, said to Mike, "Sell me a drink of beer," and paid

over to Mike the ten cents for the drink. Of course that made Mike thirsty, and he said to Pat, "Sell me a glass of beer," and passed the ten cents back to Pat. And since it was a hot day, it was not long before the ten cents had passed a good many times and the keg was empty. I think hon. members will agree with me that, given two Irishmen and a keg of beer and a hot day, you would have a very satisfactory and satisfying velocity of circulation. That is a perfectly good illustration of the velocity of circulation theory, but what I should like to be told is this: How does ten cents recoup Pat and Mike for their beer, and how does it replace the beer? It will replace ten cents' worth of beer and no more.

We are also given the illustration of the baker who takes in, say fifty dollars; he runs across to the butcher and spends the fifty dollars. The butcher, we are told, goes to the hardware merchant and spends the fifty dollars there; the hardware merchant goes to the grocer, and so on, so that according to this argument the same fifty dollars will do hundreds of dollars' worth of business. But it will do nothing of the sort. One dollar will liquidate one dollar's worth of debt and no more. And it is easy to see the reason. The money issues from a bank as a debt through production, and it is paid out in wages and salaries to the public. There is no other source of purchasing power than wages, salaries and dividends. The public take their wages and salaries and dividends to the local storekeeper or to the theatre and buy what they need with it. As soon as it crosses the counter it is on its way back to where it started from, and a cancellation results. So, as Major Douglas says, it is a complete fallacy to suppose that one dollar of purchasing power can liquidate more than one dollar's worth of debts.

There is another subject about which I have heard a great deal in this house, and that is the subject of thrift, hard work, "tightening your belt" and working harder. But it seems to me that we have forgotten the meaning of the word "thrift." Thrift, I think, means to thrive. If we travel about Canada we see little evidence of any real thrift. I have travelled a great deal this last year, and, looking out of the windows, what have I seen? Thousands of miles of forest destroyed by the axe or by fire, hundreds of thousands of acres of wind-blown and weed-infested land, thousands of buildings rotting from lack of paint, idle plants, idle machinery, and idle men. Yet we pride ourselves on being a thrifty people! As a matter of fact we are not thrifty; we are thriftless. Thrift in the modern sense means saving money. I suggest that that is not thrift; it is avarice, and I believe that avarice, or the hoarding of money, has caused more human misery than all the forces of nature combined. A man saves money, that is he refrains from consuming, and to that extent goods cannot be sold. We are told, of course, that to-day money which is saved is invested, so that if one person does not spend it somebody else will. That is not quite true. When money is invested it is paid out in wages and salaries in respect of a fresh cycle of production, and on its way to the consumer's pockets again it lays a fresh trail of costs. The same lot of money cannot liquidate two lots of costs; in other words, you have two lots of goods and only one lot of money.

Of course saving is the only individual remedy for financial insecurity, but at the same time it is, I believe, a social evil of the worst kind. It is all right for the individual to save for a rainy day, but when the individual saves for a rainy day and numbers of individuals do likewise they are bringing about a continuous wet spell for increasing numbers of people. The same reasoning applies to insurance of all kinds. I am perfectly well aware that the only security which the individual can command is his insurance. At the same time he does so to a very large extent at the expense of the community. And so with unemployment insurance: that, it seems to me, if it were adopted would lead to an increase of unemployment; it would represent poverty, and surely we do not want to represent poverty, we want to abolish it.

And what is the workman to save? I am not speaking of men who are lucky enough to have so much money that they simply cannot spend it; of course they must save and invest it. Neither do I advocate taking that excess money from those people. There is no need of that; we are glad that there are at least some people who have enough. But consider the average wage earner, receiving about seventy dollars per month, who is told that he should put aside part of his wages to insure himself against unemployment or against old age. What I want to know is, what is he going to save? From a national standpoint there is no need to save money, considering money to-day—in spite of the denials—as simply figures in a book. As there is no need to save that, is he to save his food and his clothes? When he is in the heyday of his strength is he to save for his old age, his overalls, some clothes and some

food which will either be mouldy or rotten when he needs them? Where is the point in saving? How can he save without bringing about a shortage of purchasing power?

Consider a community on an island. We will say that they have been shipwrecked. For a considerable time those people will be put to it to supply themselves with the necessities of life. It will take the efforts of all to keep themselves alive. But if they have any intelligence, sooner or later somebody will say, for instance, "If we had a boat and a net one of us could catch all the fish that we need and the rest of us could devote ourselves to something else." That would be a case of real saving. In order to build the boat and make the net, the community would have to put aside some other work until the boat was built; but when the boat was finished, of course, they would have the advantage of it and more time to devote to other things. But meantime they must save on their production in order to build the boat. That was true so long as the world was in an age of real scarcity. But suppose we want to build a boat to-day: where is the point in saving money for it? If we do we are going to cause a certain amount of unemployment in the meantime, because goods to that extent cannot be sold. And what do we need to save labour for when there is labour and machinery to spare? There is no need to lay anyone off to build the boat because there are hundreds of thousands, not to say millions, of men looking for the job. We could build hundreds of boats, we could make practically everything we need without saving a cent. I suggest that the mere fact of saving is one of the causes of unemployment and poverty. I do not mean to suggest that we should prohibit or attempt to prohibit saving and insurance, but I do suggest that care must be taken to see that those who must save and want to save can do so without penalizing the rest of the community.

When the Prime Minister (Mr. Mackenzie King) spoke some days ago he quoted certain well-known lines of Shakespeare. I will read only three:

> Neither a borrower nor a lender be;
> For loan oft loses both itself and friend,
> And borrowing dulls the edge of husbandry.

And the right hon. gentleman spoke these words of his own:

> I say to those who hesitate to realize the stature to which Canada has thus far advanced, and what is expected of her as a nation, they will do well to heed and to apply to our country the words of profound wisdom addressed by Polonius to his son Laertes, as Laertes set out upon his own.

[Mr. Jaques.]

Having been the victim of borrowing for purposes of production, I know full well the truth that borrowing dulls the edge of husbandry. People are encouraged to borrow money when money is plentiful; in fact, that is the only time they can borrow; and if they are enterprising they want of course to branch out and enlarge their operations. Things look good, times are promising, money is easy and they borrow. But when they come to pay back they find that money has become tight, scarce, and their prices have fallen, so that they cannot pay and their security is lost. That has been the story of the farming people whom I represent here.

The blame for the poverty in the west is put entirely on one thing, the drought. That is not true of my riding. The riding which I represent has never suffered from drought; the farmers have had fairly good crops right along. But they have had to market their crops at about twenty-five per cent of what it cost to produce them. I myself have delivered perfectly good barley at seven cents a bushel, and it cost me six cents to thresh it. That is why the farmers of northern Alberta and northern Saskatchewan are in the condition they are in to-day. The policy of deflation, sound money, has made it impossible for them to pay their debts; and then, to add insult to injury, they are called dishonest. If we are to bring about and maintain any kind of permanent prosperity, one of the most obvious things to do is this. When people borrow money the money must be available with which to pay back. And I would add, in closing, words of even more profound wisdom than Shakespeare's—the love of money is the root of all evil.

Mr. A. J. LAPOINTE (Matapedia-Matane): In rising to take part in this debate, I wish at the outset to congratulate the Minister of Finance (Mr. Dunning) on his budget. I shall not attempt to discuss it in detail. I shall leave that task to hon. members who are better informed and more experienced than I am.

I wish also to congratulate the Prime Minister (Mr. Mackenzie King) and all the members of his government on the unceasing and strenuous efforts they have made to improve the situation of the country. Their efforts have not been in vain, for, ever since the Liberal party came into power, a new confidence has arisen among the people of Canada and conditions have improved to a remarkable extent. Our trade has increased, our industrial production has expanded as a result of the opening of new markets, and our railway traffic has felt the initial effects

of the policies now in force. But in spite of these general improvements it must be admitted that we are still far from the prosperity at which we all aim. Indeed our agricultural and labouring classes, for whom the depression has been most severe, are still suffering keenly.

The wages paid to certain classes of workers, especially in the rural districts, are entirely out of proportion to the cost of living. For instance I cannot conceive of a family with eight children living on an income of $1.50 a day. It is hardly enough to provide decent food; what then is left for clothing, shelter, taxes, and other necessities? Real prosperity cannot be expected so long as the purchasing power of the masses is not increased, and it cannot increase so long as our working classes are not paid better wages. I do not pretend to be an economist, but I believe I have acquired during my lifetime a certain experience that has been denied to some. I have known the poverty of the masses through having shared it myself, and if I feel so deeply for our humble workers who put in many hours of arduous toil for a wage of $1.50 it is because of the understanding I have of their lamentable situation. How often have I been profoundly moved at the sad stories of poor workingmen who complained to me of their sufferings and hardships, and whose complaints I found to be fully justified. Our labouring classes have long been demanding reasonable wages, wages which would allow them to improve their situation and to look to the future with greater hope, but they are tired of waiting for reforms that are essential but are so long in coming. In an age when colossal fortunes are being built up so rapidly, it is only right that our poor workingmen should be paid wages sufficient to provide their families with at least a minimum of the comforts of life.

One of the most pressing duties of any government anxious to maintain our internal peace is to take drastic measures to end such shocking abuses as those which have been revealed in the past few years. In passing I wish to congratulate once more the Prime Minister upon having ordered the investigation, which has been conducted with such firmness, of the textile industry. The present century has been called a century of progress, but to me it seems a century of slavery and crying social injustice such as the world has perhaps never seen before. At the rate we are now going, if governments do not bring about extensive reforms to end the present abuses the most frightful disaster will inevitably overtake us.

I wish to take the opportunity of my participation in this debate to call the attention of the Minister of Agriculture (Mr. Gardiner) to the lamentable situation in which a large number of farmers and agricultural workers in my constituency find themselves as a result of the bad weather conditions of last summer, followed by early frosts which prevented their crops from ripening. In some parishes at least seventy-five per cent of our farmers will not have any seed this spring, and unless something is done to assist them a large number will be ruined.

I shall now conclude my remarks in the French language, and I trust that the right hon. leader of the opposition will not consider that as a concession.

(Translation): Mr. Speaker, I now wish to revert to a subject which I mentioned during the last session and which is most important for the future welfare of eastern Quebec. I am referring to the development of natural resources in the hinterland of Gaspé peninsula, which offer great posibilities. I am absolutely convinced that if we were to study thoroughly this plan and give it due consideration, we would find in it a solution to our unemployment problem in a good many counties.

Gaspé peninsula, known to thousands of Canadian and American tourists who visit it each year is a really delightful country, covers all that part of the province of Quebec which is bounded on the north and northeast by the St. Lawrence gulf, on the south by Chaleur bay, and on the west by the Matapedia valley. It includes the large constituencies of Gaspé, Bonaventure, and Matapedia-Matane. From Pointe à Père to the mouth of the Metis river it is 190 miles long; its width is about 85 miles, and its area, more than 12,000 miles.

In so far as its climate is concerned, one must not base his opinion on the remarks I made a few moments ago, for the weather last year, was quite exceptional. Gaspé's climate cold as it may be reputed to be, has a favouring influence on plant life. In winter it is dry and healthy, and in summer, sufficiently favourable to ensure the ripening of the crops. Excessive heat is unknown in that district. Gaspé's climate might be compared to that of Sault Ste Marie, in Ontario, or that of Edmonton, in Alberta.

The south shore of the peninsula is served by three railway sections which are now part of the Canadian National Railways and which are as follows: from Mont Joli to Matapedia, the old Intercolonial; from Matapedia to New-Carlisle, the Quebec Western; and from New Carlisle to Gaspé, the Quebec Oriental and Atlantic.

The north shore has no railways, except its western end which is served for a distance of 36 miles, namely from Mont Joli to Matane, by the Canada & Gulf Terminal Railway. As to the hinterland, there are no transportation facilities. It remained in a wild state just as it was when Jacques Cartier discovered Canada, 400 years ago. However, it is not for lack of natural wealth, and it is this natural wealth which I would now like to dwell upon.

The lofty Shickshocks range, with peaks reaching up to 4,000 feet, runs across the peninsula on the greatest part of its length. On this high Shickshocks range, at about two thirds of its width from Chaleur bay, there are two plateaus spreading one towards the north, the other towards the south. The headwaters which are draining that part of the country bear the following names: Nouvelle, Cascapedia, Bonaventure, Pabos, St. John and York.

It is estimated that 85 to 90 per cent of the district is wooded country. These forests of the Gaspé peninsula might contain approximately 40 million cords of soft wood, balsam and spruce, or 20 billion feet b.m. of lumber, and about one billion feet of hard wood and pine. These forests constitute the greatest timber wealth of eastern Quebec, but they have now attained their full growth, and moreover they are now subject to attacks from pests and other foes of the tree. Therefore, if they are not developed in the very near future, it will be an incalculable loss for our province and the country at large.

Forest fires also caused considerable damage in the Gaspé peninsula. It is worth noting that most of the big fires which broke out did most damage in the centre part of the peninsula where development after a fire was practically impossible, which meant a total loss. Since 1916, it is estimated that about 5,000,000 cords of pulwood were thus destroyed. If you only value a cord at $5, you will realize what enormous amount that represents. If you add the loss brought about by pests which are causing considerable damage, as well as the rapidly increasing depreciation of the trees after they are fully grown, you will realize what immense wealth we are thus wasting through our inaction. I maintain that our governments have no right to forsake and waste such plentiful resources which Providence has placed at our disposal, particularly at a time when thousands of unemployed are damanding work.

Having considered Gaspé's timber resources I shall now turn to its mineral possibilities. Around 1854, Sir William Logan was sent there in quest of coal. It was in the course of that survey that oil was spotted out, first around Gaspé, from the York river district down near cape St. Pierre. According to more recent surveys, the oil fields would seem to spread from Gaspé bay to the Matapedia valley. As regards mineral ores, they have been found in large quantities all over the peninsula. Gold and silver bearing ores were found along the York river, at Marsouins, Cross Point, but they did not carry their search any further. During the last few years, the investigations have rather had to do with lead and zinc along Berry brook, a tributary to the Cascapedia. Numerous veins with a satisfactory content were found since 1909. They found in Deslandes and Lesseps townships chrome iron pyrites bearing some splendid iron. Although the investigations were not carried on very far, asbestos was found at St. Moise, at Matapedia, and also in the townships of Blanchet, Courcelette and Weir. Almost everywhere there is plenty of granite for building purposes. Some blocks have been known to measure 8 feet in diameter and to reach up to 350 feet in length. Moreover, there is marble, limestone and sandstone of the best quality. Notwithstanding the investigations that were carried on more for examination than development purposes, geologists are in agreement as to the zinc, lead and copper resources of the Gaspé peninsula. One of them, Alcock, noted some copper bearing fields in Tessier and St. Denis townships, in Matane county and in the York river district. Others suggested in their reports to undertake more extensive surveys and prospection on a large scale in those districts.

It will thus be seen that Gaspé's resources are real. But we lack the necessary means for their development. At the present time, prospection and development cannot be actively carried on, owing to the many difficulties to be overcome in reaching the centre of the peninsula. There are no transportation facilities and prospectors must carry on their backs their equipment and food over narrow trails that are blocked up most of the time. If communications were easier, it would be possible to undertake more exhaustive investigations, to work the mines already discovered and to find new ones. The results that have been achieved so far, were obtained with the greatest difficulty. The gold mines of Ontario and northern Quebec offered no greater opportunities than those of the Gaspé district, but transportation facilities made their development possible.

So, Gaspé peninsula where, so far, only incomplete investigations have been made, where only a bird's eye view, as it were, has been

taken, shows every indication of a mineral wealth which only awaits human intervention to reveal itself and become a valuable economic asset for Canada as a whole. Gaspé peninsula could become the most important mining centre of eastern Quebec, which would increase our national welfare.

Besides the wealth which I have just mentioned, the Gaspé district has great possibilities from the standpoint of agriculture and colonization. According to the geologist Alcock, the Gaspé district has a most fertile soil. It would appear that the peninsula has enough land for 40 or 60 new parishes. It would be the most suitable place for carrying into effect a comprehensive colonization scheme, which would relieve our population in our older parishes and afford room for our farmers' sons, who would find there the necessary land and the proper conditions for the development of their energy and ability.

The Gaspé district has many other resources, but let me mention only its long famed fisheries, its splendid rivers, its wonderful seaports through which the goods produced inland could be shipped. It is one of those few regions which lack almost nothing and are practically self-sufficient.

Since we still have acute unemployment, since all those remedies which have been used so far have proved to be mere palliatives, and have not given the expected results, since this unemployment calamity threatens more and more to disorganize our economic system, why not consider a scheme for the development of our resources on a large scale? How many countries would like to own the wonderful heritage with which Providence has blessed us, in order to make it productive.

Industry will never be able to absorb all our working men. Yet, it is imperative that we should give up that baneful policy of relief, initiated by the former government, which has spoiled our people in teaching them to rely upon the nation for their upkeep.

Therefore, Mr. Speaker, work is what we need. Work for our honest unemployed who are courageous and find it humiliating to appeal unceasingly for help. Work for our young people who are losing their spirit through idleness. At a time when there is so much unrest, when so many false prophets are propagating their nefarious doctrines throughout the world, we must necessarily draw our young people from the harmful environment in which they now live. Otherwise, we would be turning this rising generation into a communistic and revolutionary class. To all those who are courageous and proud, to all those who are industrious and wish to get on in the world, we should hold out new prospects. To all these people, the great Gaspé district opens a wide field of activity, provided the governments will make it accessible for them.

And here is what I suggest: a five-year plan through which the federal and provincial governments would each spend, in cooperation, $500,000 a year, first to provide transportation facilities consisting at first in a highway along the centre of the whole peninsula, its starting points being, from the St. Lawrence river, Matane, and from the Matapédia valley either Sayabec, Val-Brillant, Amqui or Lac au Saumon. Then, mineral prospection on a large scale, the opening up of regions suitable for settlement and the development of accessible forests, and after that, the building of a railroad which would then be, I am quite sure, considered as absolutely necessary.

Mr. Speaker, in the past, the province of Quebec has not been pampered like some other provinces as regards railways. To-day, she would need hundreds of millions to make up for the lost time. And in order to see whether our claim is justified, it is only necessary to look over our railway maps and to compare them to those of other provinces. Eastern Quebec was never treated fairly in that respect, and Gaspé has been especially overlooked. That district has been lamentably disregarded by all the successive governments in this country.

That is the reason why, in spite of the countless wealth which is to be found in Gaspé, that region, which is as vast as some kingdoms, has not developed at the same rate as the rest of the country. At various times, its people have been compelled to go into exile, because they could not make a living or find enough room on that land which, however, they loved so much.

Will our governments decide at last to hear the claims of Gaspé, that land full of promise which for so many years has been overlooked and forgotten? I am confident that the present government which, I know, is quite favourably disposed, will give its best attention to the suggestions I have just made and find it possible to carry out the plan which I have just outlined in this house. Then our old land of Gaspé will awake from her slumber of the past four centuries. And for our younger generation, dispirited by those six years of depression, this will mean the dawn of a new and better day, and for our thousands of unemployed, who live in poverty, it will bring the prospect of more prosperous times to which they have been looking forward for so long.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, it would be impossible for me to review in detail in forty minutes the many important questions raised by the Minister of Finance (Mr. Dunning) in his budget speech. Therefore, I shall endeavour to confine myself to those problems which pertain particularly to western Canada. The minister expressed hopes for a bright fiscal year in 1937-38. If things are to improve as he thinks they are, why did he not endeavour to give some encouragement to the consumers of Canada by reducing some of the forms of taxation? I refer particularly to the sales tax which, as the minister stated, represents about thirty per cent of the total income of the government. A one per cent reduction would have meant $15,000,000 which the consumer would not have to pay, and a two per cent reduction would have meant something worth while to the consumer.

The minister stated that the financial picture was much better and he was particularly pleased to announce that the wheat board had repaid all government and bank advances and other obligations and were returning $8,000,000 to the dominion treasury. I am sure it will be interesting for the farmers of western Canada to note that, as $3,000,000 of it will be used to return the five per cent cut to the civil servants.

I should like to draw the attention of this house to the importance of the agricultural industry. Unless the farmers of Canada, and the farmers of western Canada in particular, are prosperous, Canada cannot be prosperous. The three prairie provinces have produced as much as one billion dollars worth of new wealth in a year. The average annual production of new wealth during the past ten years has been $700,000,000. Hon. members can readily appreciate what that means to industry in eastern Canada and to the railways through the carriage of freight.

In the few remarks I have to make I intend to deal more particularly with wheat. Our difficulties of marketing this and other grains began in 1929-30. Because of the depression, the wheat importing countries of the world took less wheat and we in Canada found ourselves in difficulties. Some of the leading wheat companies, particularly the pool, found themselves in difficulty in 1930. I shall not review all that the previous government did in dealing with this problem, nor do I think it is necessary for me to cover all that occurred prior to the passing of the wheat board act in 1935 because I think all this is well within the memory of nearly every hon. member. Suffice it to say that Mr. McFarland was in charge from 1930 to 1935 when the wheat board act came into force. During that period he not only handled the surplus which he took over in 1930, but he added considerably to that surplus because of the stabilization operations which he conducted. The government was asked to allow him to conduct these operations by boards of trade, municipal organizations, banks, wheat pools, the grain exchange and other organizations in western Canada. I shall state only this fact, that Mr. McIvor appearing before the committee investigating the Canadian Wheat Board Act, passed in 1935, gave evidence, in answer to a question I put to him, to the effect that the McFarland operations had meant at least 15 cents a bushel on all the wheat which had been grown in a four-year period in western Canada, over and above what the farmer would have received if he had not carried on those operations.

In the month of October, 1935, there was a change of government, and a change in the wheat board. Mr. Murray was put in charge, as chairman. I make this statement: From the first day he took over he pursued a fire sale policy with respect to the surplus and the selling of wheat. We knew Mr. Murray quite well; we know that he was the man who had informed Mr. Ralston, when Mr. Ralston made the charges. It was he who supplied Mr. Ralston with the information he used, and in making the charges Mr. Ralston often used the expresion "if I am correctly informed" or "if information given me is correct," and we knew from where that information came.

I shall deal with three things that Mr. Murray did when he first took over, and as matters went along, to show conclusively that he pursued a fire sale policy. He took office on December 5, and the first sale is recorded on December 9. One of the first things he did in taking office was to make an agreement with the members of the Winnipeg Grain Exchange, or a committee of it. The agreement is to be found at page 259 of the evidence taken last year. I would ask hon. members to pay attention to the second paragraph of the agreement, which reads as follows:—

> No. 2. The board are willing to agree to the second suggestion made by the exporters committee; namely, that the board will make wheat available to exporters in sufficient quantity to cover their overnight acceptances during the first ten minutes after the opening of the market, at not more than ¼ cent over the previous day's close.

The wording suggests that they accepted the suggestion made by the committee of the

grain exchange, and the basis of the agreement was production of offers and acceptances.

I wish further to draw this to the attention of the house. At page 508 of Hansard for this session hon. members will see that the agreement was made without the knowledge of the government, and that the agreement which was cancelled ten days later was cancelled without the knowledge of the government. That was the reply to the question I had asked.

Following the agreement being made, sales were made on the 9th, 10th, 11th, 12th and so on. On December 13 he sold 22,025,000 bushels of wheat, 8,500,000 or more of which was delivered under the terms of the agreement. That was the morning that word was received in Winnipeg that the Argentine market had increased 19 cents, and Liverpool was up 7. It is interesting to note that that agreement was cancelled, however, on the 20th, and the sales following the cancellation of the agreement dropped from millions to thousands. On December 23, there were 333,000 bushels of wheat sold; on December 24, 371,000; and on February 28 it dropped to 51,000. I claim that that is evidence that he was playing into the hands of the members of the exchange.

Owing to that sale on December 13, the leader of the opposition made a charge on the floor of the House of Commons after the house met last year. On February 13 I made a statement that when the committee was investigating we would demand the production of these offers and acceptances as proof of sale. I may say we never received them before the committee. If hon. members will look at page 307 of the evidence they will find that in reply to my question the chairman stated that those documents had never been in the hands of the government or the wheat board, and that Mr. Murray also stated he was unable to produce them. In their place they produced an auditors' report, which is a most interesting document. It was tabled before the committee, is dated March 6, and states the cause of the delay was that they had to communicate with the principals of certain companies in the old country in order to get the offers and acceptances, and documents necessary to offer as proof of sale. That is two and a half months after.

There is a second matter I should like to draw to the attention of the house, and it is this: On December 12, a day or two after he took over, he dispatched Mr. Cecil Lamont to the old country. Mr. Lamont had a letter of some importance to British millers and importers, to one or two parts of which I shall refer. The letter is to be found at page 145 of the evidence. As it is long I shall not attempt to read it all, but one paragraph states he may inform the British millers that the fixed minimum price paid producers by the board does not necessarily bear any relation to the board's selling price. Another paragraph states that he may inform the British millers what the board considers a fair value or premium for Canadian wheat as compared with other wheats, and that the board does not agree that the premium at which our wheat had been held in the past two years was a fair premium. I say that shows clearly they were anxious to sell our wheat at almost any price.

That letter, which I call the Lamont letter, cost the farmers of western Canada at least $20,000,000. Here is my reason for making the statement: I have myself, personally—not second hand—been in conversation with representatives of British millers. In conversation with a representative of a subsidiary company of Joseph Ranke and Company within the last three months I asked about the Lamont letter. The person to whom I spoke knew it almost word for word. I asked him what he considered it meant. He said they interpreted it as an invitation to bid for the wheat at anything less than the fixed minimum price. I asked him how much he considered it had lowered the purchase price, and he replied that it was at least ten cents, and possibly nearer fifteen cents. He indicated to me that they had purchased the wheat at from ten to fifteen cents a bushel less, from the date they saw that letter until July 31 last year. That is a serious matter, and I give the circumstances from first-hand information.

Mr. McLEAN (Melfort): Second-hand.

Mr. PERLEY (Qu'Appelle): It is second-hand to you, but it came first-hand to me. May I say here and now that if hon. members review the evidence they will find that last year there was produced before the committee a statement from a certain Rotterdam firm as to the low price at which the Canadian government was selling its wheat. The Australian government had protested. There were many evidences that the board was underselling the market.

A committee was set up last year, and may I point out an interesting fact in connection with its work. When the committee met and organized on March 24 they sent for Mr. Murray, but Mr. Murray wrote a letter, dated March 26, to the secretary of the Winnipeg Grain Exchange, a copy of which I have in my hand. In that letter he states:

The Canadian wheat board will continue, as far as they are able to do so, cooperating with the trade in spreading as well as other marketing operations. . . . The next spread will be July-October, and we wish to suggest to the trade that they should consider if it is desirable for them to continue depending blindly on the board for all or any particular part of this spread.

That was a nice invitation to the members of the grain exchange, just before he departed for Ottawa to appear before the committee. In my opinion it was an absolutely improper statement on his part. In effect he was saying to the trade, "You need not worry; we are going to take care of you. It does not matter about the investigation or anything else."

The report of the committee which investigated this subject last year is an interesting document. It recites, first, that a full examination of Mr. Murray was conducted, and that in selling wheat he was complying with the policy the government had in view when it set up the wheat board. The second paragraph is as follows:

While there was a short interest in the Winnipeg wheat market in December of 1935, no evidence was produced that would warrant the conclusion that speculative short interests were protected by the board in that month. As the committee finds it impracticable to obtain conclusive evidence on this point, we recommend that this matter be referred for further investigation to the Royal Commission, the appointment of which is recommended in this report.

There is the reason for the Turgeon commission, the commission which has been inquiring for several months into the grain trade, yet I have not seen in the published reports of the evidence they have been taking any reference to this important matter, the first thing they were asked to consider. It is not necessary for me to say anything about the cost of the inquiry. Mr. Ralston, who from his seat on the opposition benches repeatedly rose to oppose the passing of this act,—than whom no man was more bitter in opposition to it—is to-day employed at the handsome figure of $200 per day and $20 expenses to make these inquiries. It will cost this country more to pay his salary for one month than the farmers of Saskatchewan will pay in income tax in a year.

Mr. Murray's report of his operations to January 1 of this year is very interesting, not for what it contains but for what it omits. He first refers to the dismissal of the old board and of the advisory committee, but he does not in that report tell the public that upon the dismissal of the advisory committee its place was taken by a committee of four members of this cabinet. On the third page he asserts that there will be no fire sale policy pursued by the board. The fact that they sold in one day 22,000,000 bushels of wheat, and the further fact that in about ten days they sold over 40,000,000 bushels of wheat, gives some evidence of fire sale methods. In two months, December, 1935 and July, 1936, they sold 113,000,000 bushels. I wish to draw attention to the fact that in July of last year the board sold in the neighbourhood of 63,000,000 bushels of wheat, when there was every evidence that there would be a very substantial increase in price and practically a crop failure all over the western states and the southern part of the prairie provinces. I hold in my hand a copy of a daily report issued by the crop reporters who go through the west during the growing season and report on the crop situation. Here are some extracts:

July 1—Hot, dry weather over western Canada will make a general and serious reduction in the crop in the prairie provinces.

July 3—For the third time in the last six years, drought is destroying the spring wheat crops in the United States.

July 4—The increased alarm in the United States over the drought situation has a deep interest in western Canada.

July 6—A week-end of unrelenting dry heat in western Canada and the spring grain areas of the United States saw wheat prices on the Winnipeg grain exchange pushed forward to the five cent limit.

July 8—Tom Moody, North Dakota, W.P.A. administrator, stood to-day in the tower of the state capital at Bismark and said that the drought was worse than the one in 1934, and was causing more damage than anything in the memory of the oldest pioneer.

It goes on through the whole month.

Mr. McLEAN (Melfort): Would the hon. member read to the house the report that Mr. McFarland gave out in the middle of June, when he said the crop would amount to over 400,000,000 bushels?

Mr. PERLEY (Qu'Appelle): When I went home from this parliament last year a splendid crop was growing on my own farm, but it did not amount to anything. When the hot weather struck it in the early part of July, it practically petered out. We know that there was a splendid prospect in June.

Mr. McLEAN (Melfort): Could the hon. member give us Mr. McFarland's prophecy along with the others?

Mr. PERLEY (Qu'Appelle): Yes, and there were a lot of others who made prophecies of a good crop. In 1935 we had a splendid crop of grain almost until the binder was ready to go into the field, and then rust took it. From that it will be seen how soon a crop in western Canada can peter out.

July 9—Western Canadian farmers should rise up and arrange an injunction against the Canadian wheat board and prevent the board selling any more wheat under $1.25 a bushel, as a result of present crop prospects.

Each day there is a similar report.

July 18—All the information that is obtainable at this trading centre suggests that the government board will sell its last bushel of carry-over at the market. . . . But, in the very midst of the scorching heat wave, with every surface indication of a reduced crop in Canada and utter destruction over a wide area in the central States, the Winnipeg market declined four cents! Why? Government wheat board selling.

Later, this report states that during the month the wheat board had thrown into the Winnipeg pit 60,000,000 bushels of wheat.

But even the market itself, under that flood of wheat, did its level best to show that throwing that immense bushelage into speculators' hands between July 1 and July 31, 1936, was not a sales policy at all, but was a crime against the producers.

Four of the large firms in the Winnipeg exchange participated, no doubt more than they should have, in the profits that were made through the government board selling as they did. In face of the evidence that there would be a poor crop that action, I say, was a crime against the producer, and I think an investigation should be held into the operations of those firms. I was in Winnipeg in November, and talking with different members of the exchange I was informed that indications of an increase in price were so apparent in July that three or four of the large firms were allowed to buy their wheat without hedging, and that one firm in particular operated and had a twenty cent profit before it started to hedge its wheat. I was informed that James Richardson and company in January had practically 75 per cent of the wheat west of the lakes. Mr. Murray has stated in the report I have here that he set out to sell before the end of the year all the wheat remaining from the 1935 crop. He accomplished that purpose, and it will be noted that he states, on page 5 of the report, that they took a final loss of $11,858,000. Therefore the wheat on which they made this splendid profit lately, as a result of which the Minister of Finance (Mr. Dunning) states $8,000,000 was returned to the treasury, must have been wheat accumulated by Mr. McFarland and not sold before that date.

As regards the 1936 crop, the government's failure to continue the fixed price unless the wheat depreciated below ninety cents really meant the repeal of the Canadian Wheat Board Act, and to substantiate that statement I need only refer the house to the fact that the hon. member for Melville (Mr. Motherwell)—I am sorry he is not in his place and I trust that he is in better health—in the town of Cupar, and in the presence of three or four hundred farmers, stated that the order in council P.C. 2202 really meant the repeal of that act, and he declared that he was very much disappointed at that action. I have the order in council here and I will read the last paragraph, which is interesting:

The minister therefore recommends that the recommendation of the Canadian Wheat Board be not approved unconditionally but that approval be given only in the event of the closing market price for wheat dropping below ninety cents per bushel.

The wheat board must have made some recommendations, because according to that paragraph of the order in council their recommendation was not to be approved except in the event stated. As I say, that really meant the repeal of the act and it cost the farmers a great deal. I calculate that on the 1935 crop, 150,000,000 bushels and more, they lost ten cents a bushel. At any rate, Mr. Murray says they lost $11,000,000. On the 1936 crop the farmers, not having an opportunity to market through the board, lost twenty cents a bushel, or $25,000,000; and as regards the McFarland wheat, while there was a profit on the late sales the early sales showed a loss of ten cents a bushel, which meant another $20,000,000.

And what about barley and coarse grain? What happened in connection with durum wheat last year was a crime against the producers, because, not being able to put the wheat through the board, they sold it at from eight to ten cents under the price of No. 1 northern in Fort William, and in December it was twenty-five cents a bushel over No. 1 northern. There is a serious loss there. The racket put over in western Canada this year in the marketing of barley is one the whole story of which will never be told. Unquestionably it is the greatest racket ever put over the farmer. There were 20,000,000 bushels of barley, a great deal of it malting barley, that went on the market and the farmer lost at least twenty cents a bushel. The barley was cornered by certain interests in Winnipeg and the price advanced, but the farmer did not get the benefit of it because he had sold it. I have figured a loss to the farmer of between fifty and sixty million dollars altogether in the operations of the board, and its failure to operate for 1936 crop.

The Turgeon commission has been sitting, and there are one or two interesting things I want to refer to in this regard. Let me quote from a report that appeared in a Winnipeg newspaper on January 20:

Turgeon probe hears report of barley mark[illegible] "corner."

Counsel bares alleged "squeeze" of "short interests" during December.

Reports of a "squeeze" of "short interests" in barley on the Winnipeg grain exchange in December last were bared to the Turgeon royal grain commission to-day by M. M. Porter, K.C., Calgary, counsel for the Alberta wheat pool. Examining Henry Gauer, vice-president of the Winnipeg grain exchange, Mr. Porter said he understood the barley market had been cornered in Winnipeg. . . .

The December barley future on the Winnipeg grain exchange advanced 29 cents in December. . . . Mr. Porter said he understood the "squeeze" resulted from the barley market being cornered and the shorts being forced to make a settlement. "Wasn't one of your subsidiaries interested because of its 'long' position in the barley market?" Mr. Porter asked Mr. Gauer, western manager for James Richardson and Sons, Limited. Mr. Gauer said a subsidiary might have been interested through owning barley.

He said that possibly the subsidiaries had barley and figured in the corner. The fact that there was a corner in barley is, I submit, a major offence, and it is so regarded in the laws of Canada. It is therefore something that should be investigated. Any government or parliament that would permit such an operation as was carried on last fall in connection with the marketing of barley and durum wheat should be censured, and an inquiry should be started. There should be a thorough investigation to find out where the money went and also to look into the operations of four firms in particular in the Winnipeg grain exchange.

The order in council to which I have referred meant, as I say, the repeal of the act, and against this action on the part of the government many meetings in protest were held throughout western Canada. The farmers and the different municipal organizations met and passed resolutions censuring the government for not continuing the board. To these resolutions the government evidently paid no attention but took the advice of their chief commissioner. I say, therefore, that the welfare of the farmers of western Canada has never been more completely disregarded; never have they been so betrayed or exploited, never have they been so double-crossed and sacrificed as during the last four or five months through the action of the present government in not allowing the wheat board to function so as to try to obtain a fair price for the producer, but turning the flow of grain into the grain exchange. And this is the government whose leader, when he went west in the campaign of 1935, made the statement that his party had been responsible for the Canadian Wheat Board Act. It was he who made that statement in Brandon, and the next day all the western newspapers, the Leader-Post in particular, came out with large headlines to the effect that the Liberals had been responsible for the act. The claim was made that it was the Liberals who were responsible for the clause giving the board the power to take the farmers' wheat at a fixed minimum price. In fact, the right hon. gentleman claimed credit for practically the whole of the act. I submit that no greater misrepresentation of facts was ever indulged in by any public man in Canada, and in my opinion it was most unfortunate that even the farmers fell for it.

As I said a moment ago, there was widespread protest against the failure of the government to carry on the board. I have here several resolutions passed at the meetings I have referred to. Several meetings were held and the resolutions—a whole stack of them—would take you a day to read. There was one passed recently in the city of Moose Jaw. I read the headline:

Unanimous request for grain board. Want minimum price to cover cost of production.

This resolution was passed at a meeting of the Saskatchewan Association of Rural Municipalities, and the report is to the effect that when the resolution was proposed at least half of the six hundred delegates present rose to their feet wishing to second it. Here is another headline:

Anger voiced as Gardiner not present.

This meeting was held in Saskatoon and I understand that the Minister of Agriculture (Mr. Gardiner) was in that city that day. The hon. member for Saskatoon (Mr. Young) called at the meeting, but he would not stay because he had to meet the minister. Here is another headline:

Gardiner plea on wheat said to be evasion.

The Minister of Agriculture spoke to the young Liberals in the city of Regina the following night, and then we find him speaking in the city of Winnipeg to the junior members of the board of trade. I have it on good authority—because I was talking with a man who sat within ten feet of him—that the minister, speaking to these young men, a number of them members of the Winnipeg grain exchange, made the statement that to all intents and purposes we now have an open market. Within the last three or four weeks the minister declared that the wheat had been going on the market in greater volume than previously and, oddly enough in view of the pessimistic statements made, someone had been found to take the hedges. I understand that Mr. Richardson and others were permitted by the bankers to carry their wheat without hedging, the market had been so good. He congratulated the grain ex-

change for the successful way they had carried on the business of marketing western wheat from the beginning of the season.

Now the gem of all these resolutions, and we have many of them, comes from the constituency of Prince Albert. I have here a few that have been tabled, resolutions and protests sent to the Prime Minister. I understand that he has received many hundreds of these, and I think no better evidence could be produced to show that the farmers of western Canada lack confidence in this government and its leader than to have the Prime Minister stand up himself and read from the hundred or more resolutions that he has received from farmers of western Canada in meetings of that sort. I have here one passed at Watrous by the Watrous business men at a meeting on September 18, going on record as demanding that the federal government implement the following, and then they set out that they want the wheat board to continue, a minimum price set, and so on.

Then we have one from Shellbrook, dated September 9, 1936, which reads:

> Therefore we the farmers of the Shellbrook district, which includes Holbein, Sturgeon Valley, Foxdale, Brightholm and Cameo, wish to express our resentment and to register our bitter protest against the actions of the government in failing to comply with our request. . . .

They go on to say that they want a wheat board and a fixed minimum price of $1.15 per bushel. Then the second paragraph says:

> Whereas our representative at Ottawa, the Hon. Mackenzie King, is not in sympathy with nor interested in the welfare of the western farmer; therefore be it resolved that we the farmers of Holbein, Sturgeon Valley, Brightholm, Foxdale and Cameo assembled at Shellbrook call on him to resign as our representative.
>
> And further that in future elections we elect a western man to represent us.

Mr. BOTHWELL: If I may ask the hon. member a question, did he ever attend any of those protest meetings that were held in western Canada?

Mr. PERLEY (Qu'Appelle): Not one, and I had invitations to hundreds.

Mr. BOTHWELL: Has the hon. member knowledge of the manner in which those resolutions were prepared, and does he know that the resolutions were brought to these meetings already typewritten and with the mover and seconder's name set out?

Mr. PERLEY (Qu'Appelle): I have not attended one. I had invitations to attend hundreds and I kept away for the reason that I knew someone would say I had agitated, and there is not one word that can be found which I suggested.

Mr. GARDINER: I would like to ask the hon. gentleman why he objects to my objecting to attend one of those meetings when he objected to attending any of them.

Mr. PERLEY (Qu'Appelle: That is easily answered. The hon. gentleman is a minister of the crown, a member of the wheat committee which advises the government; he is the man responsible for the order in council. I have no responsibility at all and it was right that I should not attend because I have no authority, but if the Minister of Agriculture had attended he could have assured the farmers of his policy and given them some encouragement.

As I say, there are many other resolutions, I have not time to read them, but to all these resolutions received by the Prime Minister there was one answer, written by his secretary, the last clause of which is:

> Mr. King has noted the representations contained in your communication, and has instructed me to bring them to the attention of the Honourable W. D. Euler, Minister of Trade and Commerce.

That is about as far as they ever got.

Now my time is short. I say that as the commission which is now investigating evidently will not report before this session concludes, probably not before next session, the government in face of these resolutions demanding that they take action before the 1937 crop is seeded, should declare their policy with respect to the Canadian Wheat Board Act. The farmer means to stick by that act. No matter what the Turgeon committee reports, that act is here to stay. The farmers of western Canada will not long stand this sculduggery which took place last fall with respect to the marketing of their wheat and barley and coarse grain.

Mr. DEPUTY SPEAKER: Order.

Mr. PERLEY (Qu'Appelle): When the matter is in committee I may have an opportunity to say a little more on this subject.

Mr. HYNDMAN: Mr. Speaker, it is getting close to six o'clock and I expect to take the full forty minutes. Will you call it six o'clock?

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. A. B. HYNDMAN (Carleton): Mr. Speaker, before continuing the debate on the budget I should like to express my apprecia-

tion to you and to the acting leader of the government (Mr. Lapointe) for permitting me to call it six o'clock when the preceding speaker had concluded. I still consider myself one of the junior members of the house, and I venture to say that some of the older members, from their own experience, realize that it is rather difficult for a new member to make his first speech here. I should like also to express my regrets at the illness of the Minister of Finance (Mr. Dunning). During the past year the hon. gentleman became a resident of my riding, and I can assure the house that we in Carleton county deem it a distinct honour to have such an outstanding Canadian in our midst.

When the budget was delivered in this house I think every hon. member was ready and willing to congratulate the minister on the manner in which he presented it. A statement was made in the very first paragraph, however, with which I can hardly agree. The minister said that if he could not bring brevity, at least he could bring good cheer. As far as financial conditions and trade are concerned perhaps he did bring us some measure of good cheer, but that was not the case in regard to the vital interests of this country.

On this occasion, Mr. Speaker, I should like to address the house on behalf of three groups in this country; that is, the farmers, the unemployed and the taxpayers. After listening very attentively to the budget, and having read it very carefully; having read also the splendid speech delivered a short time ago by the Minister of Agriculture (Mr. Gardiner), I have been unable to find anything promising any advantage to the farmers of eastern Canada. When I speak of eastern Canada I mean the farmers from the great lakes down to the maritimes, and in particular the farmers of Carleton county. Right here I should like to state that last summer the farmers of my county had a very, very favourable year. They had good crops; there was no drought, and no difficulties at all as far as the farming situation was concerned. Fortunately the price of barley was high, but that was not due to this government; we must thank providence for that, in a way. That was not the result of the trade agreement between this country and the United States, but it was wholly due to the failure of the corn crop across the border. If the price of barley had not been high last summer the farmers in my own county at least would have suffered very materially.

I should have liked also to direct the attention of the Minister of Finance, if he had been here, to the fact that on the day he delivered his budget he could have stepped out of his back door and looked into the faces of 215 families who are on relief. He could have seen also a township belonging to my county which is on the point of bankruptcy.

This evening, Mr. Speaker, I want to divorce myself from any party. For the next forty minutes I am not a Tory, a Liberal, a member of the C.C.F. or of the Social Credit group.

An hon. MEMBER: And then you will go back?

Mr. HYNDMAN: I may go back afterwards, but I want to speak about the people among whom I have lived and practised my profession for the past eighteen years. I do not think anyone in this house knows better than I the conditions under which those people live. I should like to make it clear that any figures I quote have been secured from either the bureau of statistics, the Labour Gazette or Hansard, so I assume that they are accurate. First I should like to say a word as to the importance of agriculture. No doubt hon. members have read the last annual statement made by the president of the Imperial Bank of Canada, in which he said that the dollar value of primary production of Canada for 1936 was approximately as follows:

Agriculture, $800,000,000.
Forestry, $250,000,000.
Fisheries, $40,000,000.
Trapping, $8,500,000.
Mining, $370,000,000.
Electric power, $175,000,000.

Those items total $1,643,500,000 and these figures, especially with regard to agriculture, are by no means complete. I should like to point out also that the value in dollars of the agricultural production of Canada in 1936 was far higher than the value of any other production. Therefore I am speaking of an important industry. According to the census of 1931 there were 1,128,154 farmers in Canada, and of these 651,648 were farm owners. The total government revenue from income tax last year amounted to $82,710,000, but the amount paid by farmers was only $46,609.35. In other words, more than a million persons employed in agriculture were able to pay only some $46,000 in income tax.

Last year in this house I brought up the question of the revenue derived from different types of farms, and I may say that this revenue has not increased very much during the past year. I am going to be very brief. One farmer with a 200 acre farm, valued at $9,000, with a herd of 30 cows and shipping milk to the dairy, received an income of $2,151.50, with expenses of $1,640, leaving a net total of $511.50 with which to keep himself and his family. The price of cheese advanced slightly last year, as was prophesied by the

Minister of Finance (Mr. Dunning). This having happened, the government cut off the bonus on cheese. Another farmer, shipping his milk to a cheese factory, received $710 from a herd of fourteen cattle. His expenses were $506, which left him $204 for the year. I was pleased to hear the hon. member for Matapedia (Mr. Lapointe) say a word this afternoon for the farmers of eastern Canada. This summer the United Farmers of Ontario held a meeting, and I should like to quote a report of the remarks of the president and past president, as follows:

"Prospects, therefore, are that in many sections of Ontario the farmer's net proceeds on the year's operations will be far from satisfactory," was Mr. Nicholson's conclusion.

"We are pleased to note during the past year, activities on the part of a number of countries leading toward an increase in international trade," he went on. "This is a step in the right direction, but increased trade alone will not solve the problem of the farmer."

The past president, Mr. Amos, is reported as follows:

How can any industry like ours be prosperous and carry on under a debt load up to the total value of the whole agrarian assets of the farmer, whose buildings are deteriorating, his fences falling down and his machinery in disrepair? How can he carry on under these conditions, and how can the morale of the farmer grow in strength? I am sorry to say I cannot see much light ahead.

I feel also that we are not paying enough attention to our home markets. I realize the importance of external markets, but we should not neglect our home markets. I should like to give some figures showing the percentage of consumption in the Canadian market of different commodities. These figures, taken from the Canada Year Book, for 1933-34, are as follows:

	Per cent
Cattle and beef	97·3
Hogs and pork	95·4
Sheep and lambs	99·4
Butter	98·9
Poultry	98·3
Eggs	99·8
Potatoes	96·9
Oats	94·1
Barley	88·2

I think these figures show the importance of our home market. The prices received by the farmer of eastern Canada have not increased materially in the past year. In 1935 he received for beef cattle only five cents a pound; in 1936 he received 4½ cents a pound, and at the present time he is receiving six cents a pound. These are the prices paid for choice beef. The prices received for pork were eight cents in 1935, eight cents in 1936 and eight cents in 1937. I shall refer again to pork later on. Lamb, seven cents in 1935, ten cents in 1936 and nine cents at the present time, mutton, four cents in 1935, five cents in 1936 and four cents in 1937. Veal, five cents in 1935, five cents in 1936 and seven cents in 1937. For cheese he received 9½ cents per pound in 1936 while last year the price had risen to 13 cents per pound. For cream shipped to the dairies he is receiving forty cents per gallon.

Last fall the price of pork kept dropping until it reached a level of 7½ cents per pound. The lowest point was reached just at tax time. Why? I submit that this drop in price can be laid at the doors of the Canadian packers. The packers of this country control the price of farm products. The packers knew that the farmers had their hogs ready for market, that they must dispose of them or they would go overweight, and the price was forced down to 7½ cents per pound at which the farmer was forced to sell in order to pay his taxes. After the farmer had sold his pork at that figure, up went the price. The packers of this country have a monopoly of the products of the farm. Forty per cent of the products of the packers are made from vegetable oils, which provide unfair competition to the farmers of this country.

This afternoon the hon. member for Qu'Appelle (Mr. Perley) gave a very outstanding address on behalf of the farmers of western Canada. I hardly think I need say anything on behalf of the farmers of that part of the country. Federal governments—I am referring both to the present and the previous administration—have not helped the eastern farmer to the extent they have the western farmer. Outside of the small bonus on cheese granted by the previous administration, farmers of eastern Canada have received very little assistance. The western wheat grower has received large sums from previous federal governments, and it is proposed to spend a large amount this year for their benefit. Last year $25,181,697.87 was spent on agriculture, of which $17,247,449.38 was spent in western Canada. The Minister of Agriculture (Mr. Gardiner) threw some light upon the money being spent in Saskatchewan, and he is reported on pages 774, 775 and 780 of Hansard of February 11, 1937, as follows:

This brings me down to the period from 1931 to 1936. During the first year, 1931, the government, in its best judgment, and I think the government had the support of all sides of the house in so doing, paid a bonus of five cents a bushel on the wheat grown in the northern part of the three western provinces. That bonus amounted ultimately to somewhere between $12,000,000 and $13,000,000.

And again:

But eventually the notes taken from the farmers were cancelled and the dominion of

Canada to-day is carrying the entire cost of the $10,000,000 that was spent in the south-western part of Saskatchewan—

And then he continues on another page:

That, added to the other total of $8,715,000 which I mentioned a few moments ago, gives a total of $58,715,000 which has been advanced by the people of Canada towards the maintenance of people in the area of which I have spoken.

And again:

We believe the time has arrived when the Dominion of Canada, looking back at an expenditure of $50,000,000, should at least be prepared to face an expenditure of at least $10,000,000 over a period in order to avoid similar expenditures in the future.

One would almost think it was a game of poker. They had put the $50,000,000 into the pot, and had lost it, and now they are going to spend another $10,000,000 to get the $50,000,000 back. I believe that too much money has been spent in the west. In the past it has been favoured. Years ago they clamoured for railways and were successful in having two railways pass through the western provinces. Branch lines were built all through the country. Elevators were built at Nelson in connection with which millions of dollars were spent. Then the elevator service was changed to Churchill. More money was spent, and railroads were built to connect with those elevators. Now they come here asking for more money.

In the past we heard of the golden west, and I think that is coming true. If we keep on pouring gold into the western provinces we will surely have a golden west. May I add that I have every sympathy with the farmers of western Canada—

An hon. MEMBER: You said it that time.

Mr. HYNDMAN: May I say to the group who come from western Canada that last summer when the appeal from the west reached my county we sent ten carloads of fruits, vegetables, clothing and one thing and another to the western provinces. I divided the potatoes and other vegetables raised in my own little garden, at home, put them into cars, and sent them out to the west. But I feel they have been getting too much help, and the eastern part of Canada is unable to stand it.

What must be done?—that is a fair question. What will have to be done for the farmers? I maintain Canada will never be prosperous again until the farmer is in a more prosperous condition. He certainly must get some relief from taxation; there is no question about that. He must receive a higher price for his products. He must have a market for his products, both abroad and at home. He must have cheaper rates of interest, and I am going to repeat what I said last year: I feel the time is coming when there will have to be a moratorium on farm mortgages. At the present time farmers cannot possibly pay off their mortgages at the rates of interest they are paying. They will have to have a breathing space to let them get on their feet. The group to my left will certainly be agreeable to that. So much for the farmers.

Now I come to the other groups I want to talk about, namely, the taxpayers and the unemployed. I believe we have never had any government in the history of Canada which has thrown out so much camouflage and so many smoke screens. We hear what the government has done; but what did they really do? That is the question we must ask ourselves. In connection with the railway question, so far as I can figure out, all they did was to fire the three trustees. They fired Mr. Fullerton, and if they will give me the same pension or retiring allowance they gave him, and permit me to go on with my practice, they can fire me any time. Then they appointed seven directors to carry on the same work.

We have heard a great deal about the Bank of Canada, and how it was going to be controlled by the government. I want to tell you that the man who is controlling the Bank of Canada to-day is none other than Graham Towers. He is the final resort; he is the head man in the bank, and I think that fact was demonstrated not so long ago when an hon. member on this side of the house questioned one of the ministers about contracts in connection with the new bank building to be built on Sparks street. The Minister of Public Works said the matter was not under his control, but that it was totally in the hands of the manager of the Bank of Canada.

In my opinion nothing has been done for the unemployed, and certainly nothing has been done for the taxpayers. True enough, a commission has been appointed, but I need not discuss it at length because the hon. member for Broadview (Mr. Church) did so this afternoon.

May I now make some observations concerning the tax situation in the country? Figures secured from the bureau of statistics show that in March, 1935, the dominion government owed $2,846,110,958; the provinces owed $999,440,241; the municipalities owed $1,469,142,077, making a total grand debt of

$5,314,693,276. Then, we had an indirect debt, in addition to that, of $6,786,869,473. Therefore on dominion debt alone we pay an annual interest charge of $127,075,580. On our provincial and municipal debt we pay $130,000,000, making a grand total of annual interest payments which we as citizens of Canada have to pay of $357,075,580. Taking our population at eleven million, it would work out that each citizen of Canada owes $616.98 at the present time, and that each citizen owes an annual interest charge of $32.04.

I know that these charges will not affect the Prime Minister (Mr. Mackenzie King) or the leader of this group (Mr. Bennett), but I should like to know how it would affect the hon. member for Kings (Mr. Grant) who has a family of fifteen. At that rate he would owe the country $9,254.70. The Minister of Fisheries (Mr. Michaud) with a family of eleven would owe $6,786.78. The leader of the Social Credit group (Mr. Blackmore) would owe $6,786.71. I maintain that this will never be paid, even though we have an increase this year of $200 in our indemnity.

I believe the country is overtaxed, and we will never be able to pay the total amount of our taxation. The sooner we forget about it the better. In 1935 the dominion government failed to balance its budget by $113,986,617; the nine provinces failed to balance their budgets by $63,000,000, and four thousand municipalities failed to balance their budgets by $20,500,000, making a grand total deficit in 1935 of $197,486,617. Under those conditions how are we going to be prosperous; how are we going to get along? It has been stated that one day's work in three is taken to pay taxes.

This afternoon we heard that the Prime Minister of this country quoted Shakespeare. I wish to recall a passage from Shakespeare's Merchant of Venice which deals with the Jew after the trial. When the judge had ordered him to turn over all his property, Shylock said:

> You take my house, when you do take the prop
> That doth sustain my house; you take my life
> When you do take the means whereby I live.

In the present condition of this country that applies to the home owner. You are taking his home by taxing him so hard that he cannot pay the taxes; and I contend you are taking the lives of over a million people in this country when you fail to provide them with work by which they can earn a living.

There is something to which I should like to draw the attention of all parties, especially the government side and the party to which I belong. This is not intended as a post-mortem, but in the 1930 election the Conservatives received 1,909,955 votes, and the Liberals received 1,714,860 votes.

An hon. MEMBER: Too many.

Mr. HYNDMAN: All other parties received 274,180 votes. But look at the picture of the last election. In 1935 the Conservatives received 1,311,392 votes, the Liberals received 1,955,594 votes, and—let the two major parties take especial note of this—all other parties received 1,139,618 votes,—a tremendous increase during the five years between 1930 and 1935. Another fact to which I direct the government's attention is that the communist vote of 5,685 in 1930 had increased to 31,151, in 1935.

I would also point out that at the present time—I care not for the figures of the Minister of Labour (Mr. Rogers), because he is camouflaging the thing—

Some hon. MEMBERS: Order.

Mr. HYNDMAN: —there are a million people in Canada unemployed. I should like to know how the minister got his record. I know that so far as my country is concerned, all that was done was to write to the township clerk and ask how many were unemployed. In my little township we have none on relief, but there are a good many unemployed. It is not a fair registration. There are men in this country who are too proud to go on relief, yet they are unemployed. It has been estimated that if the destitute people in this country were to join hands the line would reach from here to Winnipeg. I should like to see the Minister of Agriculture (Mr. Gardiner) looking out of the window on his way home and confronted with this line of unemployed, and required to shake hands with them all. I do not understand how the government can expect to increase the purchasing power of the people at the present level of wages paid to the working classes in this country. According to the Labour Gazette, August, 1936, employees of construction and trade contractors and sub-contractors, numbering 37,561, received an average wage yearly of $745; employees in cities, towns, villages and municipalities, numbering 49,946, had an average wage of $385; employees of harbour commissions, numbering 1,137 received an average wage of $882. And so on down the list. The weekly cost of a family budget for a family of five, including food, laundry, fuel, light and rent, averaged $16.99, or a total of $883.48 a year. So if we deduct the amount of the average budget from the

highest wage there remains a balance of less than nothing; in fact, the wage worker is in the hole to the extent of $1.48.

President Roosevelt gave the proper definition or test of prosperity. These are his words:

> The test of our prosperity is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.

That certainly covers the question. It may be asked, how is the President of the United States going to alter conditions? He has advocated an expenditure of $5,011,000,000 on a six-year construction plan.

> Feb. 3—President Roosevelt transmitted to the United States Congress to-day a national resources committee report recommending a six-year $5,011,000,000 federal construction program.

While I am dealing with this question I should like to report the opinion of the Duke of Windsor, while Prince of Wales:

> The depression and economic disturbance have been largely caused by maladjustment of distribution. The potential output is far greater than ever before. If all employable labour were employed for a reasonable number of hours per week, the world would have at its disposal a volume of commodities and services which would enable the entire population to live on a higher level of comfort and well-being than has ever been contemplated in the rosiest dreams of the social reformer. Our urgent task is to bring consumption and production into a proper real relationship—not a simple, but a quite possible task.

The Minister of Labour states that he is trying to relieve unemployment, but so far as I can figure out, the only thing that he has done is to appoint a commission to look after it. Not so long ago I was honoured with the privilege of presenting certificates to ten pupils of the graduating class of a continuation school in my county. I never felt so sorry in my life as when I gave those students their certificates. They had those certificates, but what were they going to do? So far as I could see, they had an absolutely blank future ahead of them in this country. We have here a house of commons, but I think the name should be changed to C.C.C.—the chamber of commissions and committees. We have a commission for nearly everything, and the expense is simply preposterous. The cost of the employment commission has been mentioned by the leader of the opposition (Mr. Bennett) and this afternoon by the hon. member for Broadview (Mr. Church). I will not further refer to it, but I will point out that the appointment, as announced by the Prime Minister (Mr. Mackenzie King) of a royal commission to investigate the whole taxation system of Canada will increase to five the number of commissions now inquiring into different matters in the dominion. The others are: the commission investigating Canadian penitentiaries, the textile commission, the royal commission investigating the grain business, and the royal commission investigating the extent of illegal lobster and smelt fishing in the maritimes. Commissions! We have nothing but commissions. Now we have this wheat inquiry. An agriculture committee was appointed last year and continued its sittings this session. I attended a few times, but I got sick and tired of listening to discussions about wheat. They talked of nothing but wheat. I went home and looked in the dictionary to see if there were such words as oats, barley, pork, beef, eggs or mutton, and I found there were. Yet this committee talks about wheat and nothing else. Then there was the committee that was appointed to inquire into the prices of farm implements. They have been meeting and paying large fees to their lawyers, but as far as I can see they are getting nowhere. Then we have the wheat inquiry, which was mentioned this afternoon.

Mr. SPEAKER: I am sorry to interrupt the hon. member, but his time is up.

Mr. A. A. BROWN (Hamilton East): As representative of Hamilton East, possibly one of the largest industrial constituencies in the dominion, I feel it my duty to take part in this debate on the problem of unemployment. Hamilton, which is a city of diversified industries, is extremely sensitive to the fluctuations of the tariff, and these fluctuations invariably affect the employment situation. The industries in Hamilton have a capitalization of some $260,000,000 and employ about 30,000 hands, paying out in wages some $40,000,000. There is no doubt that the present government was elected to power by the Canadian people for the purpose of solving the unemployment problem, which, as various members have shown, is still with us on at least as large a scale as prior to the election of the present government, if not larger. The government has been in power about sixteen months, and apparently all that it has done towards solving this vital problem is to have appointed a commission, which gathered together considerable data; enacted the home improvement legislation, on the strength of which building is going on to some small extent; and negotiated several treaties, or rather, I should say, burdened the country with several treaties which have adversely affected employment in Canada.

It is strange that a government that was elected by such a huge majority for the

major purpose of solving the unemployment problem should take pride, not in any efforts made towards its solution, but in the efforts it has made in the direction of international trade, regardless of the effect on employment in Canada. Judging by the remarks made on the government side, they take great pride in the achievement of the Canada-United States trade agreement. As the Minister of Finance (Mr. Dunning) stated this treaty resulted in a total trade of some $787,000,000 in the year ended January 1, 1936, as compared with $683,000,000 in the year 1935, or an increase of $104,000,000. Excluding commercial gold from the figures for the two years, he states that the trade increase was just over twenty-two per cent; and, calculated on the same basis, exports to the United States were greater by twenty-six per cent, while imports from that country were higher by eighteen per cent.

This does not tell the true story by any means, because the greater proportion of Canada's exports consisted of whisky, nickel and other products, some of which were not affected by the treaty, but which the United States needed because of economic conditions. While our farmers have obtained some immediate benefit from this agreement, past experience shows that this prosperity will be outweighed by corresponding hardships when economic and political changes take place in the United States, as they undoubtedly will. The greater proportion of the United States exports to Canada were manufactured goods, many of which could have been made here, thus absorbing many of our unemployed. Shortly after the treaty was signed, an American concern offered metal-ware for sale in Canada at a price which Canadian firms could not meet. A conservative estimate would show, I believe, that this treaty has put five Americans to work for one Canadian, and has helped in this way to solve the United States unemployment problem instead of Canada's.

The next major achievement of the present government was the alleged Japanese trade settlement. When the former government was in power Japan made certain demands which practically meant throwing open the Canadian market to the cheap-labour goods of that country. There is no question that Japan, with its low scale of wages and its lower standard of living, can undersell Canadian products under ordinary conditions. During the last few years Japan has invaded the Indian field in cotton goods and undersold the products of the factories of India, and it has brought about the closing of many factories in the United States. At the present time, along with these adverse conditions, the Japanese government is subsidizing shipping and the export trade on a scale never before attempted in any country, with the possible exception of Germany; and with the credits obtained from these exports she is importing nickel, aluminum and other commodities which are of vital importance to her. It is quite true that the statistics for the past year do not show the extent of Japanese inroads into the Canadian market, but since the Japanese trade settlement Japanese factories have been circularizing the wholesalers, jobbers and retailers of Canada, offering goods at prices as low as or lower than those at which our industries can obtain the raw material. For example, a firm in Tokyo has offered pruning shears, in any number, at a price at which the manufacturers of Canada could not even purchase the raw material.

There is one store in Hamilton which for four years refused to buy Japanese goods, but last year in order to meet competition they were compelled to buy them. As one walks through the various stores in any city in the dominion he will notice for sale lighters, electric light bulbs, penknives, and socks, at the most ridiculous prices. Last fall a Japanese firm was taking orders in Ontario for screen wire at a price 20 per cent cheaper than that at which other firms were offering the same goods. I was informed not very long ago of a case in Toronto where a knitted suit came from Japan, the quality of which was so good that the store could afford to unravel the suit and make money on the wool material. Judging from the sale of these articles at prices at which they could not be manufactured in Canada, I do not think the most ardent supporter of the government could find much in this treaty to help Canada's unemployment problem.

The next alleged outstanding achievement of the present government is the new Canada-United Kingdom treaty. The first such treaty was ably negotiated by the present leader of the opposition some years ago, and from it Canada derived exceptional benefits, because it guarded Canadian markets and Canadian workmen. The new treaty is substantially the same as the old, with the exception that the negotiators failed to protect Canadian markets and Canadian workmen. I have here an article written by Douglas Hallam, secretary of the Primary Textile Institute, which states:

> Headlines in the press say that in England "textile zones are related," and a press cable says that industrialists at Manchester, Leeds and Bradford find that the textile market in Canada has been substantially enlarged. The

textile manufacturers in Great Britain are related because there will be more workers employed there in making textiles for sale in Canada, but the reverse side of this is that fewer Canadian workers will be employed making textiles for the home market than at present.

Twice before in my lifetime I have seen the wool cloth industry in Canada practically wiped out by imports from Great Britain driving down production of Canadian wool cloth to 20 per cent of the market. Last year Canadian mills had 60 per cent of the wool market and the British mills 40 per cent. Now the main wool cloth item has been slashed in the present budget by cutting 18 per cent off the ad valorem duty and 29 per cent off the specific duty. There are some fifty cloth mills in Canada to-day. The British cloth mills shipped in 15,334,000 square yards of wool cloth in 1936 over the old rates, what will they ship in over the new rates? The net profits of the woollen industry in Canada for the last five years were:

1931	1·9 per cent loss
1932	·9 per cent
1933	4·7 per cent
1934	4·7 per cent

Socks and stockings are produced in ninety-four mills in Canada and the production is about 5,500,000 dozen pairs per annum. Imports have run under 100,000 dozen pairs. Now the British preferential rates on socks and stockings, which were 27 per cent and 67 cents a dozen, have been slashed, where they are wholly or in part of wool, to 18 per cent and 27 cents a dozen, and where made from other fibres than wool to 18 per cent without any specific duty. The situation is such that every dozen pair brought in from Great Britain will take away the work of making a dozen pair from a Canadian textile worker. In 1929, when the duties on hosiery from Great Britain were, on the whole, giving more protection than the duties in the present budget, some 550,000 dozen pairs valued at $3,300,000 entered Canada from Great Britain.

Specific duties have been slashed off carpets coming from Great Britain and British India. This opens the door to severe competition by low paid workers in British India with Canadian workers in carpet factories who are paid the highest hourly rates of any textile workers in Canada.

There never was a specific duty on knit goods such as sweaters, jerseys, underwear and so on coming into Canada from Great Britain, but even the old duty rate of 22½ per cent has been slashed to 18 per cent. There are some 131 mills in Canada producing these knit goods, and it is expected their production will be reduced by increased imports. The net profits made by fifty-three of these mills during the last five years are as follows:

1931	1·8 per cent loss
1932	·9 per cent loss
1933	2·3 per cent
1934	2·5 per cent
1935	2·9 per cent

Duties on artificial silk fabrics which were slashed in the 1935 budget are again slashed in the present budget, the new rate being 24¾ per cent; and this in spite of the fact that the British government bonuses exports of artificial silk fabrics to Canada to the extent of about 12 cents per pound. Duty rates on silk fabrics from England were also cut to 20¼ per cent under the British preferential.

While all specific duties on cotton goods from Great Britain were wiped out in the 1935 budget, there are further cuts and concessions to Great Britain in the present budget and two or three tariff concessions to the United States. In 1936 Great Britain shipped into Canada 5,130,000 pounds of cotton yarn and 73,725,000 square yards of cotton cloth. It is apparent that under the new duties imports will increase.

To sum up, it may be said that taken as a whole the textile schedule in the Canadian tariff as set out in the present budget provides even less protection to the textile industry in Canada from their main competitor, Great Britain, than the schedule in the Dunning budget of May, 1930, and that in view of these reductions it will be of great interest to those paying taxes for unemployment relief to follow the employment figures in the textile industry during the next two or three years. It is not generally realized how the textile industry maintained and increased employment in Canada during the depression. The figures of direct employment in the primary textile industry are as follows:

1930	50,263
1931	50,931
1932	51,030
1933	53,753
1934	59,038
1935	61,204
1936	63,000

This employment is widespread throughout the maritimes, Quebec and Ontario as the majority of the five hundred textile mills in Canada are mainly located in the smaller centres of population. And in conclusion, everybody seems to forget that already more than one-third of Canada's total purchases from Great Britain are textile fibres and their products. In the fiscal year 1936 the textile imports from Great Britain amounted to $40,594,719 out of total imports of $117,874,822.

My object in dwelling on the results of these three treaties, Mr. Speaker, is to show that in its desire for international trade the government has neglected or ignored the question of employment at home. It is quite true that Canada cannot live unto itself, but I believe that in making any treaty with any country the first consideration should be how it will affect employment at home.

During the course of his speech the Minister of Labour (Mr. Rogers) regretted that the government had not been able to do more in solving the unemployment problem. I would suggest that the minister take a leaf out of the book of the present leader of the opposition (Mr. Bennett) and call together the leaders of industry, inquire as to their needs and, if possible, grant their requirements if they will agree to bring up their staffs to full capacity. If this were done and the further condition imposed that employees should be paid fair living wages, I think we would go a long way towards solving the unemploy-

ment problem in this country. This could be placed under the jurisdiction of the tariff board, and in order that the employees might obtain fair treatment, arrangements could be made under which any employee could make application to the board under a pseudonym, and have his complaint dealt with in summary fashion. In this way the government, if it was sincerely anxious to end unemployment, could provide that working men would obtain fair living wages, without any worry as to whether a particular matter was within the jurisdiction of the provincial or the federal government. The leader of the Conservative party gave a great example of that when he raised tariffs after obtaining an agreement from the manufacturers that they would not take advantage of the tariff increases to raise prices.

In conclusion, Mr. Speaker, I should like to remind the country that it is only a few days since parliament voted millions of dollars for the defence of this country. I suggest that we should be prepared for the trade war, which no doubt will reach its peak within the next year or so, with nations such as Japan and Germany, whose industries are subsidized to such an extent that their goods can be sold in Canada below cost, in order to obtain credits so that they may keep up in the armament race that is going on throughout the world.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, to one who has occupied a seat in this house for something less than two full sessions, the budget address presented by the Minister of Finance (Mr. Dunning) in the first session of this parliament was very thought-provoking. When one considers the situation which was then brought to the attention of the house in a very lucid manner one realizes that our national position presents problems not only for the older generation in Canada, but for the younger people of the country as well. May I say to you, sir, and to the house that I have had some considerable experience with youth organizations of this province, and I believe it is only necessary that the youth of our country understand the problems with which we are faced to have them assume their full share of the responsibility and discharge their duties resulting therefrom. To-day in Canada youth stands ready to bear its share of the burden; it only needs the leadership of governments and men of more mature years, in order to indicate the trail that it must follow.

May I say also that one cannot sit in this house and listen to the national inventory being given by the Minister of Finance year by year without coming to the inevitable and inescapable conclusion that the best brains and the utmost energy of our people from one end of this country to the other must be applied if the problems with which we are faced are to be solved within a reasonable length of time.

The budget speech this year, Mr. Speaker, continued to paint the national financial and economic picture, and it brought to our attention in a very emphatic manner the exact situation with respect to the affairs of the country. According to the statement of the minister the unmatured funded debt of the country, together with treasury bills outstanding, amounted to about three and a half billion dollars. I wonder if we fully realize what that means. I wonder if we realize that if we are to continue to fulfil our sacred obligation to pay the debts that some time, somewhere, and by some means, that debt must be discharged by the people of this land. That is a thing which I sometimes believe is not brought before the people forcefully or clearly enough. According to the statement of the minister it will take at least two years for us to reach the point where, in our national bookkeeping system, we actually will have as much income as we are spending year by year.

Taking that as a basis, Mr. Speaker, perhaps it is not unreasonable to assume that even in times of fairly reasonable prosperity in this land, governments may regard as satisfactory a surplus of $50,000,000 a year in the national budget. Beginning with the year 1940, it will take seventy years with annual surpluses of $50,000,000 to wipe out the national debt which has been incurred. It will be said that the interest will be reduced in the meantime and that the acceleration in reduction of principal will be more rapid, but I believe that any decrease in the interest payments brought about by the progressive decrease in our national debt will be more than offset by other contingencies which will inevitably arise during such a long period in the nation's life. Even at the end of that seventy years we would still have the liabilities with respect to our guarantees to railway companies and otherwise. I do not make any pretense at prediction; I only draw this to the attention of the house to show in a clear way the actual financial position of this dominion. The magnitude of the task is one of which I believe we all, especially the newer generation, should be fully seized. We should be prepared to do our share in wiping out within a reasonable time the deficit which this country has incurred in the years gone by and still continues to pile up.

I do not think any hon. member of this house can suggest that since I have taken my seat as the representative for the county of Peel I have attempted to indulge in careless, useless or obstructive criticism of governmental action. My personal views on matters of that kind will not permit me to indulge in that sort of thing. While it is necessary to be stern and severe sometimes in one's criticism in order to salvage for the erection of a new structure, at the same time I think we should realize that all through the dominion, especially among the younger generation, there is a feeling that this business of obstructive criticism must cease if democracy is to survive in this country of ours.

I should like to make just one minor observation with regard to this. It was my misfortune, or perhaps my good fortune, not to be a member of the last parliament, but after reading the pages of Hansard it seems to me to be fairly clear that some of those who now sit in the seats of the mighty—I congratulate them upon their success—did not follow too religiously the policy I have laid down as being the one desirable to follow in circumstances of this kind. Perhaps it is not too much to expect that the sobering effect of office and of being on the treasury benches will be such that we shall never have a repetition of that sort of thing in any parliament of Canada. Perhaps the results of the 1935 election may be taken in some way as an endorsation of that type of conduct in public life. However, I am not convinced that the people of Canada as a whole desire that our parliamentary institutions should be carried on in that fashion.

I desire to go a step further and refer to the riding which I have the honour of representing in this house. As most hon. members know, the county of Peel is predominantly agricultural, but with a substantial industrial development in Brampton, Port Credit and elsewhere. Therefore the new agreement entered into between the Dominion of Canada and the United Kingdom has a special significance and interest for the people of this constituency. Perhaps I might be pardoned for taking great pride in the work of the last administration in opening up markets for and expanding the trade of the agricultural people of Canada. I believe the farmers of Ontario, and of the Dominion of Canada, thoroughly appreciate the work done by the last administration in providing a market for their agricultural products in the United Kingdom. Even though the results of the last election might indicate otherwise, I believe this is true. When Mr. Rhodes, the Minister of Finance in the previous administration, brought down his budget on March 22, 1935, he stated that the export trade from Canada to the United Kingdom had increased by 52 per cent since 1932. As every one recognized, that increase was attributable to the agreements entered into by our party. I shall be brief, but the particulars of these matters are so important as to warrant repetition. The Canada Year Book shows clearly that in 1935 agricultural and vegetable products to a total value of $127,500,000 were exported to the United Kingdom. This was an increase over the exportations for 1932, before the agreements were entered into, of $29,000,000. This was the increase in the amount which went into the pockets of the agricultural population of this Canada of ours. The year book goes on further with the story. In 1935 the exports from Canada to the United Kingdom of animals and animal products totalled $54,500,000, an advance of $22,000,000 over the 1932 figures.

I am sorry the Prime Minister (Mr. Mackenzie King) is not in his seat this evening. He has been called away on urgent national business, but I want to congratulate him upon having retained for the farmers of this country the sheltered markets which the Conservative party originally got for them. I was always puzzled by the attitude which he and his party took during the last term of parliament. I could not understand why one with the wisdom of the Prime Minister, and I say that advisedly, could oppose in any way agreements which meant so much to the farmers of the Dominion of Canada. Yet he did. I congratulate him now, however, upon having done nothing to interfere with the great work started by the right hon. leader of the opposition (Mr. Bennett), who sits in the house this evening. Great men can change their minds and I congratulate the Prime Minister for having changed his when he realized his error. He is a greater man for having done so.

I should like to say a word or two with respect to farmers' export markets. I think the suggestion I have to make in this regard may be of much importance to the government in power. It is one thing to obtain markets for our farmers but it is another thing for the farmers to be able to retain the advantages they have been so given. I suggest that the Minister of Agriculture (Mr. Gardiner), who has shown an interest in the farmers, see to it that no stone is left unturned to provide from time to time those facilities, that encouragement and the necessary technical assistance which will enable them to maintain that position in world markets which has been obtained for them.

I trust they may be able to hold that position and steadily improve and utilize it, as do the farmers of New Zealand and Denmark, who hold such a high place in world markets to-day.

Leadership in matters of this kind cannot always come from individual farmers, but reasonable leadership should come from the dominion government. They should make sure that we take up our quotas in the various importing countries so that the farmer may reap for decades to come some real benefit from the agreements.

In the county of Peel we realize the importance of what I have been saying with respect to the encouragement of farmers to make the best of their position in outside markets. Possibly no place in the whole of Canada has a higher quality or a higher testing whole milk trade then the county of Peel, which supplies a large proportion of the whole milk consumed in the large metropolitan area of Toronto. The producers in my constituency have found that to maintain the whole milk market against all competitors in this large metropolitan area they must have clean and sanitary stables, and must follow various other regulations. Quality counts in the sale of agricultural as well as other products.

While we talk about the opening of our markets for our farm products, let us not disregard that greatest, safest and most convenient market which the farmer can have, the home market in Canada. I was surprised, as I am sure most hon. members must have been, to read the statistics showing the great percentage of our agricultural products actually consumed by our own people. I shall not attempt to give the list on an occasion of this kind, but on a great range of agricultural products not more than three per cent of the entire Canadian production is exported, the remainder being consumed at home. In the light of these figures it would seem that the purchasing power of Canada's urban districts is a most important thing for the farmer and must always be a major factor in farm success. Rural people realize more and more the great value of the working man and his family in the suburban and urban centres having a full pay envelope to make purchases of the products of the farmers of Canada. That is a most important factor.

And so I say to the house that while there has been a confusion of figures with respect to our progress so far as the relief of unemployment is concerned, the Minister of Labour (Mr. Rogers) having given certain sets of figures and other hon. members other sets, yet through all the maze of differentiation in actual figures it must fairly be conceded that no real or appreciable progress has been made in the relief of this gigantic cancer which is eating into the vitals of our country's constitution. May I say, too, that it is rather a pity and a shame, because last year as I looked into the countenance of the Minister of Labour I could read there high hopes for the success of the great National Employment Commission. I myself was willing to give that commission a trial. But, Mr. Speaker, may I say to you that if a ten per cent betterment is all the commission has accomplished after a year's operations, then we ought to do away with it or get a new one to take its place or, better still, let the Minister of Labour do a real job himself.

There is nothing quite so revolting to me, Mr. Speaker, as to hear great sections of our community, from one end of the country to the other, shouting that we have prosperity back again. No person wants more than I do to see prosperity, but I do say that it is not proper to shout prosperity until almost half a million people in Canada are in a position to sustain themselves by gainful employment. That is the real test of prosperity.

Then there are by the scores of thousands, many of them good friends of mine in my own constituency, who are drawing wages that are less by a long way than the wages considered essential for their reasonable livelihood. So I say that the farmer's best insurance policy for the maintenance of good markets for his products is that the industrial workers of our great cities and towns in the dominion shall have full pay envelopes, so that they may purchase the products of our farms as they require them.

In the town of Brampton, from which I hail, and of which perhaps hon. members may have heard before in the house, there is an uneasiness felt with respect to the provisions of the United Kingdom agreement which lower the tariff on certain goods, and especially is there uneasiness felt with respect to the textile trade. I do not want severely to castigate the Minister of Finance (Mr. Dunning) with respect to this, but wish only to say that we have none of the large textile factories in our county. I believe we have none of those against which the minister may have directed his action in lowering duties. However, we have several small factories which are dependent upon a reasonable tariff shelter so that they can market their products at home. I will place on Hansard an illustration of what I mean. I have in mind the manufacture of woollen socks. Formerly there was a 30 per cent duty on socks, and a further duty of 75 cents per dozen

pairs coming into this country from the United Kingdom. Now the rate is reduced to 20 per cent ad valorem and 30 cents per dozen pairs. In the n.o.p. item the original tariff rate was 30 per cent ad valorem, plus a specific duty of 75 cents, and the present reduced rates stand at 20 per cent with the specific duty entirely removed. One of the manufacturers has told me that the profit is very often not as much as the actual sheltering margin included in the specific duty.

In the Brampton Knitting Mills there are about 70 employees. Not long ago the mill owner told me it was expected that with the increase of business he would soon have about 30 more employees to hire. It is now problematical if this will be done. In view of the changes in the items under the agreement I can only hope that, in the light of the competition of the British spinner with his greater production, his greater manufacturing facilities and his lower wage scale, the harm done to our textile firms will be less severe than we anticipate. I am hopeful of this because I am anxious that the labouring class in my constituency shall not find themselves severely dealt with by virtue of any change in tariff arrangements.

We heard some most interesting observations in the presentation of the budget with respect to the inroads being made by vegetable oils coming into Canada, and their effect in competition with the butter fat trade. Perhaps I may be pardoned for saying that the county of Peel is a heavy producer of butter fat. I am sorry the hon. member for Stanstead (Mr. Davidson) is not in his seat, because as one of the most prominent Jersey breeders in the dominion, he would be able to vouch for the truth of my statement that there is owned and stabled in the county of Peel the famous cow known as Brampton Basilua, the champion butter-fat producing cow in the entire world for all breeds of cattle. I had the honour and privilege—

Mr. STREIGHT: You have the bull there.

Mr. GRAYDON: We may have a little bull sometimes in Peel, but we have nothing like the bull that is in York West. Turning to the serious side again I was saying that I had the privilege and honour of attending some three or four weeks ago a banquet at the Royal York hotel when three members of the firm of B. H. Bull and Sons, the continent's largest Jersey herdsmen, whose farms are in my county, were banqueted by the Jersey Cattle Breeders' Association of Canada; and I had the unique experience, in common with many others of the five or six hundred people who were there, of seeing Brampton Basilua climbing into an elevator in the Royal York hotel, coming through the spacious carpeted halls, and taking her position as a lady should, right at the head of the table in that great banquet hall in the largest hotel in the city. May I say further that I paid special attention to the lady, as I always do to ladies—

Some hon. MEMBERS: Oh, oh.

Mr. GRAYDON: I am glad that I am not alone in the house in that respect—and I noticed that not once did she in front of her admirers raise her powder puff to her nose or put any rouge on her lips. In view of the interest taken by our people in the county of Peel in butter fat production, I may perhaps be pardoned for having taken up some time in discussing the matter, and suggesting that the government follow the lead of the great republic to the south and guard the butter fat producers of Canada in the same manner as the American government is taking measures to protect the industry in that country.

I have tried to appreciate the manifold problems which face the Minister of Finance (Mr. Dunning) in attempting to balance his budget and make an efficient job of financing this country, but I would urge that, with the picture he has painted of improved revenues and returning prosperity, which to a large extent is probably a reflection of world conditions, the one cent tax on sugar which has been in force since 1933 should be removed once and for all. I realize that in 1933, due to the emergency created by world conditions, the government of the time, finding that it was almost impossible to raise enough money through the ordinary channels, resorted to an emergency tax of two cents per pound on sugar. The other day I was looking through Hansard and, noticing the remarks made with respect to that tax by many hon. members who now sit on the government side of the house, I felt sure they could not but agree with me in the statement that, while this tax was reduced in 1934 to one cent per pound, it is now time that the housewives of this country should receive from the government a really practical piece of encouragement and that this particular burden should be removed from shoulders which under present conditions are sometimes least able to bear it.

One of the major influences which prompted me to enter public life—whether the decision was fortunate or unfortunate for myself or for my constituents I am not prepared to say—was the social legislation which was promoted and brought to the house by the Prime Minister of the day. I do not think that this house should be allowed to forget the situation which existed at that time. I

desire to make this personal statement, that I was "sold on the idea," if I may use common parlance, that something should be done with respect to reforming our capitalistic system. I had hoped after coming to the house that the unemployment insurance legislation, the eight-hour day law and the minimum wage legislation would have been upheld by the courts of our land, but the reverse has unfortunately been the case. As I have already urged upon the Minister of Labour upon another occasion this session, I again urge in all seriousness that the working people of this country are anxious that something should be done along the lines of that legislation and that steps should be taken speedily to see to it that the provinces in cooperation with the dominion become a unit in this matter, so that we may have uniform social legislation covering these important reforms from one end of Canada to the other. I appeal to the government to take this into serious consideration, as one of the most important issues before the country. I also suggest that they should press forward in the long and hard fight which is ahead to rid this country of unemployment, and that they should bend every effort to an early amendment of the British North America Act. It may be because I am inexperienced in public life, but I have never been able to see why a man-made piece of legislation should be allowed to stand in the way of and offer almost insuperable difficulties to the solution of some of the most pressing problems which this country is called upon to face. If the government will see to it that these suggestions are acted upon, we may yet be able to usher in a new day for the workingman and his family, and consequent upon that a new era of happiness and prosperity for that other great primary producer, the Canadian farmer.

For the reasons I have given, and others, it is my intention to support the amendment which has been moved by the leader of the opposition.

Mr. R. J. DEACHMAN (Huron North): Permit me, Mr. Speaker, a few words on the amendment, leaving the main motion for some time in the happy future. Occasionally I read detective stories and usually enjoy them amazingly; I find them an immense relief after listening to the protectionist speeches of the hon. member for Davenport (Mr. MacNicol) and the hon. member for Lanark (Mr. Thompson). I have noticed that quite frequently in these stories a man returns to the scene of his crime, and I think that perhaps, psychologically speaking—if I may borrow a term which hitherto has been a favourite expression of our friends of the Social Credit party—the leader of the opposition (Mr. Bennett) in his address did exactly the same thing. Unemployment gave him his greatest victory, unemployment led to his defeat, and I think it must have been for him a supreme pleasure that he was able to return to this house and review the army of the unemployed which he and his party did so much to create.

I wish to congratulate the right hon. gentleman for another reason. He had an opportunity this year of visiting different countries in the empire, and—most amazingly—he returned to this house and delivered a speech which lasted for three hours and never once mentioned the balance of trade. Perhaps if he went around the world again, but in the opposite direction, he might become a free trader when he returned and we might welcome him into the Liberal party as a brand snatched from the burning. But there is something tragic in Toryism. No matter how much it tries to escape, it is always between the pit and the pendulum; it is always afraid to move forward for fear it will slip, and afraid to move back because of the ghosts of the past.

The leader of the opposition used these words:

> I can see no method by which we can maintain the integrity of Canada if we neglect to realize that export trade is challenged or will be challenged more in the next few years than ever before, because we shall have to meet an ever-increasing competition of wages and standards of living which do not prevail, and I trust never will prevail, in this country.

Well, we have always had competition; competition has been the life of trade, and Canada's competition has never come from countries of low wages, but from countries of high wages. Our greatest imports of manufactured goods do not come from Japan nor from Italy nor Belgium but from Great Britain, the country of highest wages on the continent of Europe, for many years a free trade country; our imports of manufactured goods from the United States are very large and the United States is one of the high wage countries of the world. If we turn to the countries of low wages what do we find? In the calendar year 1936 we imported from Belgium, a low wage country, goods to the value of $6,000,000—I am leaving out the odd thousand—and we sold to Belgium goods to the value of $23,000,000. Apparently the high wages paid in Canada did not prevent us exporting to Belgium. At the same time we sold to Italy, a country of low wages, $4,000,000 and imported from Italy, $1,000,000. And

what about Japan, a country about which there has been so much controversy of late? We imported $4,000,000 of goods from Japan and exported $19,000,000 worth. With Japan's low wages, they gave us almost $5 of a market for every dollar that we gave them. And trade is improving because in 1932, when my right hon. friend was in the heyday of power, our exports to these three countries were $30,000,000 whereas they are now $47,000,000, an evidence of the fact that we are capable of selling to low wage countries because of our superior efficiency and because in some cases we produce different things. We are, therefore, able to sell in low wage countries just as well as we can in countries paying high wages.

But this is not a new doctrine from my right hon. friend, for I find him saying the same thing in 1934. Speaking in the house on January 30, 1934, he said:

> Along with other countries, Canada has become a great industrial country. All countries are endeavouring to utilize their raw materials and develop them into finished products. Where a market existed thirty years ago, there is none to-day;—

He was still a pessimist in 1934.

> —where one existed ten years ago, there is none to-day. We are endeavouring to supply our own wants and other countries are doing the same.

Now what was the situation in 1934? My hon. friend said that where a market existed thirty years ago—that is to say in 1904—there was no market at the time he spoke; yet in 1904 Canada exported $211,000,000 and in 1934 we were exporting $480,000,000. At the bottom of the depression our market was more than twice as great, despite his statement that there was no market at that time. But I ask this question: What would he have said if we could have told him then that just three years from that date the export trade of Canada would be double what it was in 1934? And we are still going forward, and the prospect now is that we shall pass the high mark of the last boom within the next few years. Courage, brother; forward! There are great things ahead for Canada. It is not the time for pessimism; it is the time for hope.

But to return to unemployment. I give to my right hon. friend, as I think everyone does, full credit for his efforts to cure unemployment. But with his policies he could not have cured it if he had had the power to pull the stars from their courses. He promised at that time to cure unemployment and I am very glad that he lived to move in this House of Commons a resolution in which he asked others to cure it. He promised to perish in the attempt if he did not cure it.

Mr. BENNETT: And he did.

Mr. DEACHMAN: As he made his speech the other day I could not help realizing that though he had failed to carry out that promise it was no ghost that spoke to us on that occasion. He did not perish unless a return to this house, surrounded by a rather diminished band of sometimes mute and somewhat inglorious Miltons, constitutes the act of perishing. But I could not find fault with the man who, having tried honestly and failed in strenuous times, admitted his failure. My right hon. friend has admitted that he failed and I am glad of that. I am glad, too, that the Minister of Labour the other night admitted that he had not succeeded as well as he would like to have succeeded; for the simple fact is that when a man confronts the difficulties of a problem and sees what it involves and admits them, then we have more hope for him in the future and there is more prospect of his succeeding in accomplishing his task. It is after all only natural that we have dreams of being able to do things that are difficult of achievement, and sometimes we do not succeed.

> I wonder if ever a song was sung
> But the singer's heart sang sweeter;
> I wonder if ever a rhyme was rung
> But the thought surpassed the metre;
> I wonder if ever a sculptor wrought
> Till the cold stone echoed his inmost thought;
> Or if ever a painter with light and shade
> The dream of his inmost soul portrayed.

But the question is not who is to blame for unemployment; the question is, What is the remedy for unemployment? The employment commission has its functions and it has succeeded in doing some good work. But after all it is a mopping up operation. Its task is not exactly a searching examination of the problem of unemployment; it is not one of getting down to the bottom and effecting a cure, but rather of trying to remove the debris in an effort to save something from the wreck and put the unemployed to work. If we are to get at the source of the trouble we must find out the cause, and our approach must be a fundamental one. And what is the cause? I submit that there is one cause and a primary cause, and that is the condition of agriculture as we find it in Canada to-day. And what is the cause of that? Well, it rests largely on this—that beginning with the depression, and for some years prior thereto, the price of manufactured products was high while the price of farm products was relatively low. There was a spread between these two, and that spread rendered it practically impossible for the farmer to attain a decent standard of living

and become a factor in the buying power of the nation. In the year which has just closed, according to the records of the bureau of statistics, 46 per cent of the people of Canada were rural, including some in the rural villages. But with a total national income of over $4,500,000,000 in Canada the revenue of the farmer was $747,000,000. In other words, 46 per cent of the population received one-fifth of the revenue. Is it not well that we should try to get at the bottom of that situation? Our great basic industry cannot live when it employs about 46 per cent of the population and gets one-fifth of the revenue, while 54 per cent of the population get four-fifths of the revenue. There is a fundamental problem, and a problem that the House of Commons ought to face, and face seriously, if it is going to be solved.

Now the result has been that the people have deserted the farms of Ontario. In my own county of Huron between 1901 and 1931 there has been a decline in the agricultural population of 13,000 and in the urban population a decline of 3,000. There is a county certainly among the best in the province of Ontario, yet such is the situation that the men are deserting the farms and moving to the cities. Are your cities prosperous? Look at the relief rolls and see if they are. They are not, and the reason they are not prosperous is the shortage of purchasing power in the country and in the hands of the workers. After all, you must face this fact, that in the cities the cost of production is high, rents are high, land values are high, cost of construction is high, overhead is high, wages are nominally high. If these people were back in the small towns their nominal wage might be lower but their real wage would be higher. I ask the house to consider some attempt to equalize conditions between the towns and the cities, so that we may begin to get rid of unemployment by developing the industry of the towns, and drawing to a certain extent from the surplus which exists in the cities. To my hon. friends who are members for city constituencies I say that it would not necessarily follow that this would result in injury to the cities; far from it. Under the present conditions their burden of taxation is excessively high because of the relief problem, but if the industries moved back to the towns, where costs of production are lower, the result would be to lower the cost of goods; therefore goods could be sold at lower prices to consumers, the market would expand instead of contracting as is taking place under present conditions. I trust that some of my friends here have read—I know some of them must have done so—of the very capable work done by the Brookings Institution of Washington some two or three years ago. With ample funds at their disposal and ample time they analyzed the whole situation as far as the economic life of America is concerned. They studied every form of change in the industrial system which might possibly be considered and then published their work in four volumes. The essence of the story is that the cause of the present unemployment was the failure of prices to fall following the introduction of technical and mechanical improvements in the means of production. That is, prices still remained high. I shall give one illustration; you could apply it to anything you liked. In the old days at home there was a man making shoes in a little village near where I was born. That man is now keeping a shoe store in an adjacent town. Many a time when I was a boy I watched him making shoes, and talking to that man last summer I asked him: How is it that after all the changes which have taken place, with all the fine machinery with which the shoe factories are equipped to-day, with all the improved methods of distribution, when I come to buy a pair of shoes from you to-day they cost more than they did in my boyhood when a man working at the bench made them? If industry is not capable of lowering the price of commodities, then industry has failed in its task. If we can do our work just as efficiently and cheaply by hand labour we might as well go back to hand labour. It is along these lines that the remedy will be found for the problem which confronts us. And while I may laugh at the efforts of the Conservatives to solve this problem, as occasionally I do, because it was somewhat amusing to see them fail after their gorgeous promises, in serious reality we have to try to solve the problem by moving along the lines I have suggested or along some other lines.

I have placed this matter before the house dogmatically, perhaps didactically, because that is the shortest and easiest form of presentation. Do not accept my word for it, but I plead with hon. members; there are these problems which must be solved, and if in the House of Commons we face them instead of trying to scrap with one another there is hope that we may achieve some progress.

I am sorry that the Minister of Finance is not in his seat to-night. But here is one thing that I wish to put before the house; we have heard, and I think all hon. members on both sides of the house are agreed that a policy of easy money is an acceptable policy at the present time. But I point out a difficulty that confronts us when we accept the policy

of easy money. When money is cheap the tendency is towards more rapid mechanization, because it makes the investment of money in improvements and machinery and equipment cheaper. That is obvious to any man who has had anything to do with industry. In fact, in our larger business organizations they consider carefully the cost of capital, and, dependent upon the cost of money, they determine whether they will advance still further in mechanical improvements which will reduce labour costs but increase capital and carrying charges. If interest rates are low and we intensify the speed of mechanization, and if at the same time our tariffs and other obstructions in the way of exchange of commodities are continued, what follows? We throw men out of employment, but the cost of commodities does not fall, so the difficulty is intensified by the very remedy which is adopted. These problems should receive the very careful consideration of the house. I wish the Minister of Labour all speed in his task, for the problem before him is the gravest and most profound that we face in Canada to-day, but I believe that the genius of men who have learned how to whisper around the world and turn a music box into an instrument of art which breathes forth the sweetest sounds, will not fail to find a solution of this problem. If we work with a will and with the penetrating power of thought nothing can stop us.

Mr. ANGUS MacINNIS (Vancouver East): I have often listened to the hon. member for Huron North (Mr. Deachman) and talked to him on one or two occasions, and I came to the conclusion that he was quite impossible, that he would never change. But now I am convinced that if he carries on with the intellectual honesty that he has shown to-night he will soon find it very difficult to sit in the ranks of the Liberal party.

Mr. DEACHMAN: It is the only hope.

Mr. MacINNIS: I can understand his bitterness, being an exponent of free trade and having to support a party of high tariffs. However, while there is life there is hope.

Last Thursday we listened to a very excellent survey of the financial position of the government of Canada. I am sure that all hon. members will agree that it was a pleasure to hear the Minister of Finance (Mr. Dunning) give his budget speech. It was a piece of work well done, and it is always a pleasure either to look at or listen to something well done. Then on Tuesday last we listened to the criticism of the right hon. leader of the opposition (Mr. Bennett). As one who was in the house during the last parliament and who heard the criticisms offered by the then opposition, it seemed to me that the criticism of the present leader of the opposition was quite justified. In my opinion his speech also was very excellent, and his criticism worthy and deserved.

The government was criticized for many things, but mainly for its failure to deal with the pressing problem of unemployment. During the time I have sat in this house I have listened to quite a number of speeches from both sides as to who was responsible for the depression. Now the arguments continue as to who is responsible for our so-called prosperity, such as it is. I think the exercise of a small amount of intellectual honesty would be in order in our debates. I have said more than once in this house that neither the Liberal party when it was in office nor the Conservative party when it held office was responsible for the economic conditions that prevailed in this country, in common with nearly all other countries; in fact, I can say in common with all other countries. If our policies improved conditions here, and conditions in other countries also improved, then to be logical we could say that our policies must have been responsible for the improvement that took place elsewhere.

The depression that overtook the world in the fall of 1929 began, as far as Canada was concerned, when the Liberal party was in office. It continued, increasing in severity, during about half the time the Conservative party was in power. Gradual improvement began in the spring of 1933, and that improvement has continued up to the present time. It seems to me, from examining the charts of the progress made in any one of the years since 1933 that it has been almost identical with the progress made in any other of those years. The progress from 1933 to 1934, from 1934 to 1935, or from 1935 to 1936 was just as great as the progress from 1936 to 1937. So what nonsense it is to say that this policy or that was responsible for such progress as there has been.

The gradual improvement, as I have said already, began in the spring of 1933 and has continued until the present time. It may continue for some time yet. That time may be long or short, but as surely as we had the last depression we will have another one unless steps are taken very quickly to change the present anti-social character of our production and distribution. The hon. member for Huron North (Mr. Deachman) put his finger on the weak point in our social structure, the difference between agricultural incomes and incomes in the cities. There is no mystery

about it. The farmer is unprotected; that is, he is selling in a world market, and he is unorganized. When the price of the commodity he is selling goes down, does he restrict his production? No, he increases it, and still further lowers the price of his commodity. When the market begins to decline in the industrial world the manufacturer restricts his production and keeps up the price of his commodity. The farmer will continue to be in that defenceless position until he has the sense to organize in order to protect himself. Booms and depressions are the inevitable consequence of capitalist production. We are either slowly getting out of a depression or quickly sliding into one; that has been the situation ever since the beginning of the capitalist system, and the time between the period of depression and the period of prosperity is continually becoming shorter.

Now let us see how the depression began to be broken up, or how prosperity began to return. I said that the movement started in the spring of 1933. The first break in the depression, as far as the North American continent was concerned, began with President Roosevelt's first term of office, in the spring of 1933, when he began to pour huge amounts of government credit into various works and projects. Almost every country followed suit, in varying degrees. If you will look at the graphs and charts showing Canada's emergence from the depression, you will see that it, too, began at that time. A phenomenon common to all depressions is that in a period of stagnation stores of supplies become consumed, and again a demand for goods is created. This is occurring at the present time, but the recovery in trade to-day is due largely to government credit and to the increasing expenditure for armaments. That without the slightest doubt accounts for a great deal of Canada's foreign trade. It does not require a great deal of understanding of economics to be able to perceive this fact, but in case some hon. members do not want to take my word for it I should like to quote an authority who I think is beyond question. Sir George Paish, speaking I believe, to the New York section of the American Manufacturers' Association or the American Chamber of Commerce, I am not sure which, as reported in the New York Times of February 7, made this statement:

> "The creation of huge amounts of government credits by many nations since 1931 has prevented a complete breakdown of credit and the banking system and led to a general recovery in trade," he said. "The improved trade was due, however, in no small measure to increased expenditure for armaments."

That is a very poor basis on which to build enduring prosperity, and I am afraid it will not be enduring.

There are many points in the budget speech with which I should like to deal, but as unemployment is still the most pressing problem facing this country, and as the amendment deals specifically with unemployment, I shall confine myself largely to that subject. I have already said that unemployment is the most pressing problem facing the people of Canada, but to say that unemployment is the problem is not putting the matter quite correctly. What concerns us, or what should concern us, is the effect of unemployment, calculated in terms of human values. We have not got down to that yet. The previous government undoubtedly was elected on its promise to end unemployment. It failed to do so. It failed to deal effectively with the problem created by unemployment, and for this it was severely criticized by members of the party now in power. I have said before, and I wish to say again, that this government should be in a better position to deal with unemployment than the last government was because it has the experience of the last government, as well as that of every other government in the world to draw upon, and surely it should be able to make use of that experience. I think it is correct to say that the failure of the Conservative government to deal with this matter is why the present government is in office to-day.

During the last few years we have heard a great deal about promises, but I would point out that this government has also made promises. I have in my hand a report which appeared in the Vancouver Sun of an address made in Vancouver by the Prime Minister (Mr. Mackenzie King) on August 29, 1935. Ten points of Liberal policy are enunciated in this report, number six of which reads:

> The immediate abolition of the relief camps, and handling of the unemployment problem on a national basis, utilizing in adequately paid work of social value to the nation, those now unemployed.

I maintain that the government has not kept that promise. I have before me a copy of the agreement entered into between the government of British Columbia and the government of the Dominion of Canada, under the terms of the Unemployment Relief and Assistance Act. I am not going to read all of this agreement, but I should like to quote subsection B of section 1 which refers to the wages to be paid to men placed on farms. The agreement reads:

> The total of all amounts paid by the province to all individuals placed and maintained in employment on farms as aforesaid, who at

the time of placement are over sixteen years of age, unemployed and without means of support, not in excess of a rate equal, at the end of the aforesaid period to $7.50 per individual.

I understand that these men would be entitled to this $7.50 only if they stayed a full six months. Then they are allowed the magnificent sum of $3 with which to buy winter clothing. How much clothing can a man buy for farm wear in the winter time for $3? How would any hon. member here like to go out and work on a farm in weather such as we have in British Columbia—I admit it is not as cold as in some of the other provinces—in an outfit that could be bought for $3? I am told that sufficient clothing for this sort of work would cost at least $22. This is not putting the unemployed to work at adequate wages.

Speaking the other evening, the Minister of Labour (Mr. Rogers) referred to the unemployment camps as being blind alleys. Surely if those camps could be referred to in such terms, this sort of employment is equally blind alley employment. Not only that, but the farmer is to be paid nearly the same amount for keeping the man on the farm. This is not what was promised to the unemployed before the election of 1935. I have in my hand a page from the Vancouver Province of August 1, 1935, containing a report of an address by the Minister of National Defence (Mr. Mackenzie). What did he promise the unemployed? The report reads:

> Mr. Mackenzie made a frank announcement of his own and his party's intentions if they were placed in power.

There are various things the minister promised the unemployed. The first item he mentioned was the early construction of the First Narrows bridge and the completion of the Canadian National hotel. I suppose the unemployed were to occupy that hotel when completed. He promised the completion of the Pacific Great Eastern railway to the Peace River or the construction of a highway to that district. He promised the creation of a national park at Garibaldi mountain and the building of the necessary highways. He promised the abolition of the relief camps and the establishment of construction camps to employ men at forty cents per hour for a five day week. He then went on to give his views on finance, which I think the Minister of Finance (Mr. Dunning) might find interesting, if not useful. The report continues:

> Referring to the relief problem, Mr. Mackenzie recommended the establishment of construction camps where men would be given work at $2 a day for a five day week. Under this system, relief costs, including supervision of work and tools, would be increased by $7,500,000 annually and workers would receive a monthly return, after board and other fees had been deducted, of $30.25.

His statements were cheered lustily by the gathering, but I imagine that all they have up to date is a memory of those cheers. In 1935 the unemployed were not promised farm work at twenty-five cents per day in British Columbia or on the prairies, plus fifty cents per month for winter clothing; they were promised at least $30 per month after board and other charges had been deducted. I remember the Minister of National Defence (Mr. Mackenzie) moving a vote of want of confidence in the last government in the 1935 session for not having dealt with the question of unemployment. The unemployment situation may be slightly improved now, but the figures in the January issue of the Labour Gazette show higher figures for unemployment and relief in November, 1936, than for November, 1935 or 1934.

The living conditions of large numbers of employed and unemployed are deplorable. In the Montreal Daily Star of March 2 appears a report of a study made of social conditions in that city by various welfare associations. This report is a damning indictment of social conditions in this country. I should like to read briefly from it:

> Unemployment has ravaged the health and shattered the social standards of thousands in Montreal during the past few years, it is shown in a survey completed by the Family Welfare Association yesterday. A study made of all the families helped by the association in January indicates the following:
>
> In every 100 families of unemployed there are:
>
> Thirty cases of more or less permanently disabling illness;
>
> Seven families where lack of clothing prevents the children from going to school;
>
> Nine where overcrowding is serious enough to cause immorality or serious family difficulty;
>
> Twenty-three showing completely lost or badly impaired moral standards;
>
> Fourteen where the children are running wild;

They tell us that socialism would break up the home. The report continues:

> Nineteen cases of malnutrition reported by medical authorities. Surveys made by the Catholic Welfare Bureau and the Federation of Jewish Philanthropies at the same time show similar conditions found by these organizations.

Then the report continues:

> Unemployment relief is supposed to cover rent, fuel, food, clothing, light and medical care. But the social workers have found that many of the families have practically nothing left in their homes that is usable. During the years on relief the families in many cases have completely worn out all their bedding, their furniture and their cooking utensils.

And we are looking for foreign markets! I think we could get a "foreign" market in Montreal.

Another incident reported recently: showed how life on the relief rolls has caused people to change their ways of thinking. The families of a young girl and of a young man had both been on relief for the past five years. The boy twenty-one and the girl twenty hardly knew of another way of living. Since they were in love they decided to get married. Now on the relief rolls there will appear one more husband and wife and two less dependent children. Social workers report that in many families men have given up looking for work and have obviously lost all confidence in themselves and in their ability to work. The development of neurosis appears often. It is found in many cases that even the younger members of a family have lost the ambition to get a steady job and to hold it.

I can truly say that unemployment and its effects are the great problem facing the people of Canada. That problem has not been solved, and it has not even been attacked in the proper way. Again:

In 66 of the 591 unemployed families studied by the association the strain of worry has precipitated situations that in January were threatening to cause the break-up of the home. In 51 others the father actually deserted, leaving his wife and children ineligible for relief. In the one month there were 84 cases of juvenile delinquency, where the children were either involved with the juvenile court or were suffering from deterioration of character and habits which presented serious immediate problems.

Although during January the Family Welfare Association assisted 1,169 families, of these unemployment was a major problem in 591.

Now we will see how unemployment affected these 591:

Among the 591 families the following figures were reported: In 524 the head of the family was unemployed; 201 other adults were unemployed; there were 178 cases of serious and more or less permanent illness—

178 cases out of 591—

—in 40 cases children could not attend school on account of lack of clothing; 47 families were suffering from bad housing conditions; 59 families were seriously overcrowded; 139 families showed a loss of standards; 115 cases of malnutrition had been bad enough to be reported by the medical authorities; 29 cases of mental disease had been reported by the medical authorities.

These conditions prevailed also in the cases reported by the Catholic Welfare Bureau and also by the Jewish Federation. The French-speaking Canadian Federation reported that 3,000 children had dropped out of Catholic schools in the city since the month of September, because they had not enough clothing to attend the classes.

Can anyone tell me that we are dealing with the problem of unemployment? We have not even begun to study it as yet. While I have been reading about conditions in the city of Montreal, I believe we can assume that conditions in that city are not materially different from those existing in any other part of the dominion. Some provinces and municipalities undoubtedly have better relief allowances, and no doubt some have even less adequate provision. But it is not only the unemployed who find themselves in poor circumstances. Many of the employed are receiving less pay than if they were on relief. That is not only my statement, because I can substantiate it by referring to no less an authority than Mr. Arthur B. Purvis, president and managing director of Canadian Industries Limited, and now head of the National Employment Commission of Canada. Speaking to the Canadian Club in Montreal on January 12 he is reported in the Montreal Daily Herald as follows:

The unskilled and semi-skilled worker, representing some 50 per cent of those on relief, can, under prevailing wage rates frequently do better financially on relief than if he is at work.

This startling statement was incorporated in the address of Arthur B. Purvis, president and managing director of Canadian Industries Limited and head of the National Employment Commission to-day when he gave a detailed resumé of the progress made by that group before the Canadian Club luncheon.

Reduction of the relief rolls, he continued, is commensurate "neither with the improvement in business nor in the employment indices, and relief costs are even less favourable in comparison."

From a Vancouver paper I find that the relief officer in Vancouver makes a similar statement. I read:

Mr. W. R. Bone, city relief officer, supporting appeal of Vancouver Welfare Federation for $350,000, an increase of $30,000 over estimates of 1935, to meet increasing needs of distressed families: "It has been unofficially estimated that a proportion of our citizens equal in number to those in receipt of relief, are maintaining themselves and their dependents on incomes no greater, and in some cases less, than the relief allowances to which their family units would be entitled."

Mr. Purvis referred to the other accomplishments of the National Employment Commission. He said that a questionnaire for registration in connection with relief had been developed. If the answering of questions in questionnaires could have brought relief to the unemployed, they would have been on easy street long ago. I am told that the applicant for relief in the city of Vancouver has to answer four different sets of questions, the questions in all cases being the same. I suppose the purpose is to see if his condition is as he states it to be. I presume

the same is true in every other city. The unemployed have been questioned to death. They have almost been turned inside out in order, I suppose, to find out the reasons for unemployment or the causes of it. Something much more substantial and more tangible than questionnaires will be necessary to overcome the problem. What is needed, in order that the people may have a picture of conditions under which the masses are living, is not a questionnaire; what we need is a commission which will investigate the conditions of the people in the country and in the cities, to find out what they have, what they have not, and how they live. Until we find that out we can never have a true picture of how the great mass of the people live. Mr. Purvis referred also to the recommendations made to the government, chief among them being the one which resulted in the home improvement plan which was embodied in a bill that came before this house a few days ago. I am not going to quarrel with the home improvement plan as a palliative. It is nothing more. For, after all, what does it amount to? What is the principle on which it is based? Is it not merely the principle of instalment buying applied to the building and repairing of homes? I have heard statements on a number of occasions in this house and in other places that instalment buying was one of the causes of the depression. I do not know whether that is true, but I am convinced that had it not been for the extent to which instalment buying developed in the boom years of 1927 to 1929 the depression would have come much sooner, though possibly its effect would not have been so great. Through the home improvement plan more money may be put into circulation this year or so long as it remains in operation, but as the loans are paid less money will be available for other purposes, and so we cancel next year and the year after what we have accomplished this year. We are not going to create prosperity by borrowing, no matter for what purposes.

Mr. BLACKMORE: And then paying interest.

Mr. MacINNIS: In conclusion, I wish to repeat that unemployment is not a cause; it is an effect. It is the inevitable consequence of the system of profit production. In his budget speech the Minister of Finance (Mr. Dunning) made this statement:

> Profits are the mainspring of economic activity in the system under which we operate.

Then why complain about the logical consequences of a system which we voluntarily accept? The main concern of the owners of industry under a profit system is not the production of goods and services to meet the needs of the people; it is the creation of profits. To this end all else is sacrificed. Wages are driven down, machines, as the hon. member for Huron North (Mr. Deachman) said a few moments ago, are installed, displacing workers; the workers are speeded up; the consequent flow of profits into the hands of a few makes impossible a general distribution of the products of industry to the people who need them. A few have far more purchasing power than they can spend in consumers' goods or than they can invest in productive industry, while the masses lack sufficient purchasing power to keep body and soul together. Those are the inevitable results of the system under which we live. Industry stagnates, workers become unemployed, until during a period of time goods are consumed and the glut in the market disappears. It may happen that in the attempt to find markets abroad the nations of the world begin, as they are doing now, to prepare for war, and then the workers may begin to work again, only to meet the same conditions in a very few years. This has been the story of capitalism and it will continue to be so as long as the production and distribution of the necessities of life are in the hands of gamblers and speculators on the stock exchanges and markets of the world, as they are to-day.

On motion of Mr. Stirling the debate was adjourned.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.37 p.m.

Friday, March 5, 1937

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 43, to enable the establishment, operation and maintenance of free foreign trade zones.—Mr. Deslauriers.

Bill No. 44, for the relief of Clara Emily Taylor Elkin.—Mr. Jacobs.

Bill No. 45, for the relief of Yetta Ginsburg.—Mr. Jacobs.

Bill No. 46, for the relief of Marguerite Emily Coombe Low.—Mr. Jacobs.

Bill No. 47, for the relief of Mary May Rowell Thom.—Mr. Reid (for Mr. Factor).

Bill No. 48, for the relief of Eva Josephine Millicent Good Ross.—Mr. Jacobs.

NATURAL PRODUCTS MARKETING ACT

JUDGMENT AGAINST CHAIRMAN OF BRITISH COLUMBIA COAST VEGETABLE MARKETING BOARD FOR RETURN OF LEVIES COLLECTED

On the orders of the day:

Mr. THOMAS REID (New Westminster): Mr. Speaker, I should like to direct a question to either the Minister of Justice (Mr. Lapointe) or the Minister of Agriculture (Mr. Gardiner), and I am basing it upon a telegram which has reached me in connection with a very serious matter affecting the chairman of the vegetable marketing board in the province of British Columbia. Before I ask my question I will read the telegram.

Leslie Gilmore, chairman of the coast vegetable marketing board, is being sold out by the sheriff to-morrow, Thursday, on account of judgment against him in respect of claim for return of levies collected under Dominion Marketing Act. Surely dominion government will not permit such a thing to happen. Respectfully suggest immediate action be taken . . . to protect this man who acted in all good faith under a statute enacted by dominion government.

My question is: is it the intention of the government to take immediate action to prevent Mr. Gilmore, chairman of the marketing board, from losing all he possesses and being thrown out on the street; or in the event of this happening will the government protect Mr. Gilmore by indemnifying him?

Hon. ERNEST LAPOINTE (Minister of Justice): Some questions have been submitted to the Department of Justice with regard to the operations of the marketing act in British Columbia, as a result of the recent decision of the privy council. There are a few actions already before the courts. One judgment has been delivered against the gentleman mentioned in the telegram which has just been read, making him responsible for his actions when acting for the marketing board. Upon communicating with the provincial authorities I have been given to understand that this judgment is being appealed, and we hope all the other lawsuits will be suspended until there is a final judgment on this action. Meanwhile I am informed by the attorney general of British Columbia that he is taking all possible steps to prevent any difficulty and to protect the individuals involved.

SOCKEYE SALMON TREATY

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): I wish to ask the leader of the government a question based on an answer to a question which I got the day before yesterday. I asked if the Fraser river treaty had been ratified; if so, whether it was subject to any reservations; if there were reservations, what were they, and would we be given an opportunity to consider them in this house. The answer was that it was considered that they were of such a character as to constitute only clarification or interpretation, and therefore would not be submitted to the house. I submit that the change is a very material one, equivalent practically to changing the treaty by order in council. Since the matter is of great importance to British Columbia, I ask the government whether they will not afford an opportunity to debate it in the house. I for one at least would like to protest if the treaty is to be made law without an opportunity of debating such a material change.

Right Hon. R. B. BENNETT (Leader of the Opposition): Before the minister replies I would like to say that I have given some attention to the answer made by the Prime Minister (Mr. Mackenzie King) in connection with the approval of the treaty by the senate of the United States, and I should like to join with what has been said by the hon. member for Comox-Alberni (Mr. Neill); for I regard the government's course as establishing a precedent of very doubtful validity. I trust no action will be taken until the house has had opportunity at least to express itself; for the treaty that we approved is not the treaty that will go into effect if the reservations made by the senate of the United States are to be regarded as part of it. I make this observation in order that the Minister of Justice (Mr. Lapointe), who obviously will not answer the question to-day, may have that view before him when he considers what has been said by the hon. member for Comox-Alberni.

Hon. ERNEST LAPOINTE (Minister of Justice): Yes full consideration will be given to the representations of both the hon. member for Comox-Alberni and the right hon. leader of the opposition. Meanwhile we shall consider this as a notice of motion.

THE BUDGET

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

The house resumed from Thursday, March 4, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house

to go into committee of ways and means, and the proposed amendment thereto of Mr. Bennett.

Hon. GROTE STIRLING (Yale): I am sure I voice the feeling of every hon. member of this house when I express the hope that the measures which the Minister of Finance (Mr. Dunning) will take in this early stage of his indisposition will enable him to return quickly, in health and vigour, to the discharge of his onerous duties.

Everyone who read the statement of the Minister of Finance will I think be gratified by the improvement in the trade figures of Canada and the increase of the revenue; will be gratified to realize that Canada in her trading adventure with other nations of the world still retains her forefront position, and will hope that the improvement which has started will continue. We are all gratified also, I imagine, to see that the minister has adopted the better precedent in the form in which he has presented to the people the national balance sheet. It is now a plain and intelligible document. It does not very much resemble the documents which were presented by ministers of finance when the Liberal party was previously in power; for now we do not have to take what was virtually a sham surplus, reduce it almost to the vanishing point by the deduction of certain special expenditures, and then turn it into a deficit by applying the deficits of the Canadian National Railways. Now we have exhibited to us the extent of Canada's commitments, the amount of her trade, where her revenues come from, and what they amount to. In all it is an understandable document which should be of great value to the people of Canada. I wonder whether it will have some effect in tending to diminish the number of applications, requisitions and even demands which are made by people in Canada on whatever government is in the saddle at the time. The dominion government is asked to provide money for this, to give grants for that, quite irrespective of the fact that the revenue which the dominion government is called upon to administer comes from the pockets of the taxpayer. Frequently it looks as if the people who make these demands are of the opinion that there is some hidden source of wealth into which the minister of finance can put his hand other than that which they themselves have to contribute. If this method of presentation will accomplish anything to help Canadian citizens to realize that their problem must be looked upon from a national point of view and no longer a parochial or even provincial point of view, great good will ensue.

[Mr. E. Lapointe.]

The minister did not devote very much time to what is an undoubted fact, that the turning point in the improvement of Canadian trade dates back to the Ottawa agreements of 1932. It is a self-evident fact, a fact which every Canadian citizen acknowledges whose mind is not rancid with partisanship. But it is unfortunate that there were so many who in those days of abuse occupied their time in abusing the agreements in public and blessing them in private. The government of the United Kingdom saw fit to change its fiscal policy. That was the opportunity that the self-governing dominions had been seeking for many years, and due to the foresight of one man an invitation was issued to the self-governing dominions to send their delegations to this city in 1932 to discuss the possibility of arriving at trade agreements. The difficulties were great. Some of them were surmounted by little more than the presentation of the facts on both sides of the question. Others were more obstinate, and the fact that that work was brought to a successful termination is due to two things; one, the spirit which animated the delegates from all the participating nations, a spirit which was responsible for the determination that agreement should be reached; two, the ability and the patient genius exhibited by my right hon. leader (Mr. Bennett). Outside Canada that fact is recognized; inside Canada it is not so often recognized by those who take part in partisan speeches on this question. But there is no doubt that the Ottawa agreement was the turning point in Canada's fight with the adversity of depression.

The other agreement which was arrived at last year was undoubtedly arrived at by this government, but the fact is that the spade work had been entirely done when the government came into office. A year and a half previously the president of the United States had received power from congress which enabled him to reduce the tariff of the United States in order to obtain trade agreements with other countries. As soon as that had happened the technical men on both sides were able to prepare both facts and figures, and that work was accomplished in the summer of 1935. A draft of the agreement was presented, which was not in the opinion of the late administration one which Canada could properly accept. Negotiations were in process when the election came, and this government hurried to Washington, signed the agreement and accepted the terms offered by the United States; and it is perfectly right

that it should cherish this child as if it were its own even though it does rather resemble a foundling.

The Minister of Finance (Mr. Dunning) in presenting his budget warns us of two or three dangers which encompass us. He points out the seriousness of the financial position of certain of the provinces. He draws our attention to the fact that once more the get-rich-quick spirit is abroad, and I notice in yesterday's press that the president of the Montreal stock exchange is of the same opinion. He also draws our attention with emphasis to the fact that the position with regard to the relief of unemployment is a disheartening one. The relief figures are not responding in the same proportion as the figures of Canada's increase in trade. Whilst the Minister of Finance is disheartened, the Minister of Labour (Mr. Rogers) is encouraged though not satisfied. I do not know to what extent the Minister of Labour's view that it is an encouraging situation will be borne out throughout this country, but he will no doubt on a future occasion enlarge on the brief statement which he made the other night in reply to my right hon. leader, and explain to us in more detail the measures which he has employed, with the assistance of the employment commission, to bring about an amelioration of the situation.

The minister does, however, find encouragement in the fact that we no longer have relief camps. He tells us it was the determination of the government that these camps should be closed. He tells us that he had a strong opinion based upon his knowledge of conditions in these relief camps, and his knowledge of the sense of frustration and despair which was developed by them, that the best way to deal with the relief camps was to close them as quickly as possible. That presentation is well known to have been this government's policy, and so a committee of investigation was set up which investigated the camps; and it is not surprising that the report of that committee bore out the opinion of the minister and advised that the camps should be closed. He does not refer to the fact that nine months before that committee reported another committee had reported. I want to draw the attention of hon. members to a few phrases from these two reports to show that, at least in the opinion of the men on these committees who investigated the conditions in the camps, their feeling was not as bad as the minister's.

The one that I have in my hand is the report of the committee set up by the previous administration under Mr. Justice W. A. Macdonald supported by Mr. C. T. McHattie and the Rev. E. D. Braden, who were instructed to inquire into conditions obtaining in all camps and any complaints which had been made with respect to the administration and management of the camps established by the Department of National Defence in British Columbia. They proceeded to visit the camps, and listened to all who had evidence to give pro and con, and any complaints which anyone desired to make before them. I want to refer, because of what I am going to say later, to one or two remarks which are made in the report. On page 8 the committee men report:

> Questions were continually submitted at the public sittings, as to the existence of any militarization in these camps. We feel no hesitation in reporting that it did not, and does not, exist in the slightest degree.

They inquired into food, sleeping accommodation, cleanliness, sanitation and so on, and commenced the summation of the report as follows:

> The object of the establishment of relief camps is clearly indicated in the manual of policy and instructions available in every camp as follows:
>
> As a measure designed to care for single, homeless men without present employment and in need of relief the Department of National Defence has been entrusted with the organization and execution of a series of projects on works to the general advantage of Canada which otherwise could not be undertaken at this time. We find that these camps have reasonably fulfilled the object of their establishment and afforded the intended relief. It is well known that they were expected to be only of a temporary nature. The reason for their continuance is the prolonged depression, and we hope that this cause will soon disappear.

The report then goes on to refer to various items of complaint and the committee men make their comments thereon. It will be seen from that report, therefore, that in their opinion at least, there was no truth in the allegation that there was militarization of the camps. The camps, of course, had been instituted as a temporary measure, and the committee men deal with the complaints that were so made.

Then I come to the report of the committee which this government set up and to which the Minister of Labour referred. The report is dated January 31, 1936, and after dealing with the visit which was paid to the United States camps, where it was found that the situation was so entirely different as to be of little value to a consideration of our problem—it having been found that the camps there were fully military in type—they go on to make the comment which the minister quoted about the desirability of closing the camps and they make the remark en passant

that no police authority is vested in the camp administration. I can well imagine the storm of abuse which would have fallen upon the late administration and the minister in charge of this particular piece of work at anything in the nature of a police organization being connected with the camps. I will read a paragraph which goes to show that there had been a certain amount of misapprehension on the part of the public with regard to the remuneration received by those who were in the camps.

A strong body of public opinion exists that is opposed to the principle of the allowance of twenty cents per day for work performed over a nominal period of eight hours. It might be emphasized that the fact is lost sight of that in addition to food, shelter, clothing and medical attention, tobacco is provided along with canteen supplies at a cost below that paid by the general public outside the camp, and recreation facilities varying in degree according to the size and location of the camp.

The report says that an adequate supply of warm and serviceable clothing is supplied; it deals with the fact that recreation and education were provided for those in the camps; it remarks that the meals served in the relief camps were plain but wholesome and clean; it deals with the facilities providing for the washing of clothes, with the provision of medical services and so on, and states that a canteen existed in every camp. Then I want to read the last paragraph but one:

The Department of National Defence has built up an organization that has been fair to the men under its charge, and efficient in the administration of the various activities in the management of the camps. The work is being carried on in addition to the ordinary departmental duties, assisted by a small civilian staff, reflecting a decided saving to the exchequer. It should be pointed out that the staff officials of the Department of National Defence, are by training eminently suited to the task of organization work of this character, and in this regard have rendered a distinct service during a most trying time. To brand the camps as military establishments is unfair.

I want the hon. members to remember that phrase.

In our inspection not the slightest trace of the general conception of military discipline was in evidence. In fact, the officers of the Department of National Defence have leaned backward in this regard. Not one man was seen in military uniform. Those in the service whose duties carried them into the camp wore civilian clothes. As far as we could observe, the administration is of a non-political character, a factor of vital importance in an undertaking requiring the utmost discretion if serious trouble is to be avoided. In this connection, if it is thought desirable that some change should be made, consideration might be given to the suggestion that the services of those branches of the Department of National Defence peculiarly suited to camp activities be retained.

It will be noticed, Mr. Speaker, that the reports of both these committees of investi-

[Mr. Stirling.]

gation went to show that the camps, as such, were well conducted and carrying out the purpose for which they were established. The minister, however, considers that the policy was all wrong, that they were established as the result of a counsel of despair. I maintain that there was no counsel of despair at all connected with the policy with regard to the camps. Rather it was one step in the long chain of policies built up by agreement between the dominion and provincial governments, which resulted in the dominion government taking over a certain share of the responsibility in order to assist the provinces, whose duty it is to look after unemployment.

I suppose we all remember the abuse, the vilification, the innuendoes and the whisperings that went on with regard to these camps. It was not confined to the members of this house in this house; it was carried on throughout the country and was taken up by supporters of the then opposition. I am not going to fill the pages of Hansard with a large number of quotations of that description, but I do want to put on record two utterances which are attributed to the Prime Minister (Mr. Mackenzie King), both taken from the Ottawa Citizen. The first is dated September 22, 1935, and is the report of a speech delivered by the right hon. gentleman in Prince Albert. I quote:

Organization of relief camps under the Department of National Defence was a great mistake, Mr. King said. They were military camps and could be nothing else while they were under military control.

"Has a government that would do a thing like that the least appreciation of the psychology of the whole situation?" asked Mr. King. "I say it has not."

Young men who were unemployed would have to be cared for but they should be paid wages and made to feel they were part of society, not outcasts to be thrust into internment camps. They should be employed on socially useful works in which they could take pride and organized under the labour or some other department.

The other extract I wish to read is from the Ottawa Citizen of October 14, 1935, referring to a speech delivered by the right hon. gentleman in this city:

"At this time it is a necessity as well as an opportunity to have a strong, united government. We have had a 'one man' government during the past five years, but no one man or no one government can cope with the problems facing us to-day! In eight out of nine provinces we have Liberal governments whose leaders have pledged themselves to the support of the federal government. Our present social problems cannot be adequately solved without all these provinces coming together in unity of cause."

At this juncture in Mr. King's address, someone in the audience shouted: "What about the relief camps?" The Liberal chieftain replied:

"Yes, my friend, I will tell you about the relief camps. When the Liberal party comes back into power the unfortunates in these camps will be made to feel that they are human beings like everyone else, not lost souls placed out of the way in remote places! An agency such as the Department of National Defence, a department established solely for the administration of military affairs and warfare, will not be placed in charge of these men!"

I quite agree that the Prime Minister has kept his word. But he reiterated that the camps were militaristic; he referred to those in the camps as unfortunates, and he called them internment camps.

Why was this work given to the Department of National Defence? It was done for this one reason, that under the Department of National Defence there existed throughout Canada an organization in skeleton form which could be expanded to take care of this emergency work. Without thought a man might say these camps should be under the Department of Labour. Why place them under a department which did not have the necessary organization? Why create an organization to do work which was looked upon as temporary, which was never considered as anything else, and which could be carried on quite well by a department which already had the organization established? It will be remembered that Canada is divided into some nine military districts. In each district there is an officer commanding who has under him an engineer officer, a medical officer, a commissariat officer and a transport officer, and in their turn they have under them staffs which could be and were expanded to take care of the work of looking after these camps.

I have the very greatest admiration for the work done by Major General McNaughton and subsequently by Major General Ashton and the officers under their charge, for the way they adapted themselves to the changed requirements and carried on this most difficult piece of work in the face of the vilification that was going on almost daily inside this house and out of it, in the press of the country and in correspondence between individuals. The work was carried on at a time when these men, like all other servants of the state, were foregoing a portion of their remuneration as their gesture towards assisting the government in that difficult time. It was carried on by day and far into the night, and was a most difficult type of work to do. I do not think sufficient tribute has been paid to those responsible for doing it. It was not their policy, but that of the government.

May I refer, too, to the technical staff which it was necessary hurriedly to get together to look after the superintendence of the work and the camps. The Department of National Defence was successful in collecting a band of technical men, engineering men, superintendents, foremen; people, then out of work, who were connected with construction, which was then in the doldrums, and others. They took over the technical work in connection with the camps and carried it out with most commendable efficiency. In some cases they did it in the face of abusive opposition from those in the camps who did not want to conform to the arrangements made therein, and also in the face of the general criticisms so often directed against them by a public which did not always understand. It is most satisfactory to know that at a time of need it was possible for the department to collect a body of men who were experienced, and capable of doing the work. It must be remembered that in the course of time, while the camps were open, very large sums of money passed through the hands of those in charge. There was a commissariat and there were necessary petty cash expenditures. I believe it is a notable point that the total defalcations from beginning to end amounted to only a small fraction of one per cent. I am only too glad to have had this opportunity of paying tribute to the work which was accomplished in connection with the camps.

But the minister considers that the whole idea of the camps were a counsel of despair. I maintain it was nothing of the sort. I shall run over briefly the steps which preceded the setting up of the camps under the dominion government. It will be remembered that in 1930 the Prime Minister (Mr. Mackenzie King)—and he was prime minister then—was not of the opinion that an emergent situation existed. He regarded the relief of unemployment as a matter to which the provinces should attend, a view with which in general this party was in entire accord. But that there was an emergent situation then was becoming more and more evident to the people of Canada. It was then, too, that he pronounced that strange partisan political doctrine, to which he referred again in one of the extracts to which I have referred, a doctrine which startled the people of Canada and filled at least some of his supporters with consternation. He referred to it only the other day when he stated his views with regard to a national government.

However, whatever the Prime Minister's political views were on that occasion, he did not come forward to assist the provinces to carry on this particular form of relief. When parliament assembled in the fall of 1930, immediately after the election, it was asked

to vote the sum of $20,000,000 for the relief of unemployment, and particularly for construction work, to assist in the distribution of natural products, and to aid the provinces in carrying on their construction work. The $20,000,000 having proved to be insufficient, in the following year parliament was asked to empower the governor in council to expend such moneys as in its discretion might be deemed expedient for the relief of distress, for providing employment and for maintaining peace, order and good government.

From then on, annually—for these were annual measures—parliament was asked to vote certain sums of money for this purpose. Just prior to the passing of the 1932 measure, at a provincial conference it was decided the provinces were unable to extend public works, but they asked the dominion government to continue to contribute to direct relief, and in that the dominoin government acquiesced. In the following year, just prior to the 1933 act, the provincial conference requested governments to revert to the public works program, and the agreements were again arrived at as to terms. Again the dominion government acquiesced. Towards the end of 1932 it became evident in western Canada that the provincial governments were no longer able to cope with the burden of transient unemployed, the birds of passage who were here to-day and gone to-morrow. In order to give assistance to the provincial governments, and in order to lift that burden off their shoulders, by agreement the dominion government took over the entire responsibility for the transient unemployed in need of relief.

Once the federal government had set its hand to the task, what possible way, may I ask, would there have been to do the work, other than by camps? It was imagined that this would be a temporary measure. It was desirable that certain work should be carried out by the men in the camps, work which would be of general benefit to Canada but which would not otherwise at that time have been carried out. That was the policy the government adopted. May I remind hon. members first of all that it was commonly stated no work was accomplished as a result of what the Prime Minister chooses to describe as internment camps. Yet in the time elapsed up to September 30, 1935, I find from the last report available to me, and which was tabled at the last session, that 142,690 were taken into the camps, and that 31,502 definitely left the camps to take up employment. Besides there were a considerable number concerning whom there was not definite proof that they had gone to do any certain work. It is well known, however, that they left the camps for the purpose of taking work; that they did take work, and so reestablished themselves.

The Prime Minister may go on saying that these camps accomplished nothing, and that they were mere internment camps, but may I place on record some of the work successfully undertaken. It will be remembered that in some parts of Canada there were disturbances. Those disturbances were at their worst in British Columbia. Ever since the days of railway construction the seasonally unemployed have flocked to British Columbia to spend winters in the milder climate. Into British Columbia the transients flocked, and it was there that the subversive elements got in their evil work and fostered disturbances which only to a limited extent spread from British Columbia, through literature, into other camps of Canada.

Here is a list of the works accomplished by the camps. There was the restoration work at the citadels of Halifax and Quebec. There were six airdromes and forty-two emergency landing fields. No doubt these will be found of considerable value to the Minsiter of Transport, as it would appear that we are about to embark upon an airways system. Then, there were municipal airports at Saint John, New Brunswick; Cooking Lake, Alberta; Cranbrook, British Columbia; Ladder Lake, Saskatchewan.

Mr. ISNOR: May I ask the hon. member a question? Would he estimate the value of the work done at Halifax?

Mr. BENNETT: How could he do that?

Mr. STIRLING: The hon. member asks me if I can estimate the value of the work done, but it would be quite impossible for me to do that from memory. It can be ascertained by referring to the records. Air stations were developed at Dartmouth, Ottawa, Trenton and Lac du Bonnet. Forestry operations were carried on at Colter's Siding, New Brunswick; at Valcartier, Quebec; Petawawa, Ontario; Duck Mountain, Manitoba, and Kenanaskis, Alberta. Another operation was the clearing of the foreshores at Lac Seul to assist in regulating the flow of the Winnipeg and English rivers. This work was carried on in cooperation with the Ontario government, and was necessary for hydro-electric power development. Highway construction work was carried out in conjunction with the various provincial governments. Development of training areas took place at Valcartier, Petawawa, Shilo and Dundurn. There was also building construction at Kingston, Barriefield, St. John's, Winnipeg, Esqui-

malt and Long Branch. Rifle ranges were erected at Winterburn, Sarcee, North Vancouver and Cranbrook.

It will be seen that a considerable amount of work was accomplished by the men in these camps. From my constant contact with many of them I know that the majority of the men desired to work in return for that which the taxpayers of Canada were providing for them. When the time came to close the camps there were scores and scores of these men who sufficiently appreciated the treatment they had received to regret deeply the closing of the camps. The minister looked upon the setting up of these camps as the product of a counsel of despair. He has told us that they are closed as far as the dominion government is concerned, but he knows quite well—we shall perhaps have information in detail at a later date—that camps are being conducted in British Columbia for exactly the purpose that the minister condemns.

The minister referred shortly to the methods undertaken by his department, with the assistance of the employment commission, to take care of the men who left the camps. He referred to the farm placement scheme, and to the fact that 46,000 men had found employment on Canadian farms. He referred to the rehabilitation scheme which was largely the child of the employment commission. He referred also to the camps opened by the transportation companies. I was interested in just what results were obtained from this particular measure. I applied for particulars to the department, and certain information was furnished me by the director of labour transference. Unfortunately this information is not intelligible to me. I asked the department for information as to the number of men employed in these railway camps, the period of employment, the cost incurred, and what share of the cost was borne by the dominion government and the transportation companies. I also asked the amount of remuneration received by the man, what deductions were made and what hours were worked. Here is what I got:

Number of men transferred from camps to railway work	9,224
Total number of men employed by the railways, drawn when no further men available in camps	7,107
Number of men employed and paid directly by railways in servicing extra gangs	2,432
Total	18,763

It is not clear to me whether all the 18,763 men would come under the agreement, and I shall be interested at a later date in having the minister explain in greater detail the meaning of these figures. I asked for the cost of these operations and what portion fell on the dominion government and on the transportation companies. So far as I can ascertain from these figures, the total amount expended by the government and the railroads was $5,591,199.18. As the total amount expended by the railways amounted to $2,956,267, it would seem that the amount expended by the dominion government, that is by the taxpayers, would be $2,634,932.18. Whether this amount applies only to the 9,224 men who left the camps when they were closed, or to the total of 18,763 men, I do not know. In any event, it is a considerable sum of money to expend to provide relief work for six months for men who will have to have some provision made for them when the work was finished. The information given in connection with remuneration is as follows:—

> The prevailing rate of 25 cents per hour was paid and the basic eight hour day was recognized but in view of the fact that the work was of a seasonal characted and subject to discontinuance owing to climatic conditions and other causes, arrangements were made that the hours of labour should not exceed 208 hours per month for a period of six months making the total 1,248 hours; this being carried out to permit as many as possible to reach the maximum of six months' work under the terms of the agreement. The summer turned out to be exceptionally dry and little time was lost because of wet weather.
>
> The total number of men who completed 1,248 hours or worked until the gangs were broken up was 7,773. The deductions for board and medical services were the same as those of other extra gangs in the district and varied to some degree in different parts of Canada. The maximum charge for board was $6 per week, including bedding and blankets.

If my arithmetic is correct, the result is that at the end of six months the maximum amount which a man would receive, after paying for board and lodging, would be $156. It is hardly reasonable to expect that during the six months a man would spend nothing for tobacco, clothing and incidentals. A total of 7,773 men received this maximum amount of $156, and how much that would be reduced by the time they left camp, I do not know. Nor do I know how they got away from camp to where they desired to reside, or whether they had homes to go to. The fact remains that the whole idea was built on the theory that if we could put these men to work for a number of months they would have in their pockets a certain sum of money which they could use to take care of themselves for a time after the camps closed. Whether or not that actually happened, I am not aware, and I shall look

forward to receiving further details when the minister places his estimates before the house.

Mr. SPEAKER: The hon. gentleman's time has expired.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I do not anticipate that I shall take up much of the time of the house with what I have to say. The Minister of Finance (Mr. Dunning) in his budget speech referred several times to the financial position and operations of the wheat board, and it is to this subject that I wish to confine my remarks.

The institution of the Canadian wheat board was the result of a long-continued desire on the part of the western farmer. For years he has wanted some adequate plan of cooperative marketing of his wheat. For years he had been working to that end, until, in 1935, the wheat board was brought into existence by the government then in power. This action was hailed by the farmers of western Canada as a good thing. It was not, perhaps, all that they desired, but generally speaking it was received as a step—and a long step—in the right direction. Eventually the price of wheat was pegged at 87½ cents. This was another step in the right direction. Western farmers would have liked the pegged price to be a dollar, but that was not thought advisable.

If any government should have brought in such legislation as the act of 1935 with respect to the wheat board, it might have been expected that a Liberal government would do it, but instead it was left to a Conservative government. And what do we find? That when a Liberal administration comes into office it causes the function of that wheat board to cease. I may be challenged regarding that statement, but I claim that the action of the present government last fall in issuing instructions, by order in council, for the wheat board to refuse to take wheat until the price dropped to ninety cents, virtually meant the repeal of that act, and I contend that such action is beyond the scope of an order in council. I am not a legal expert, and if there is to be any legal discussion I shall be willing to leave it to hon. members who belong to the legal profession, but I believe the fact is as I have stated, and in support of my views I will read from the act itself. Section 7, clause (e), dealing with the powers of the board respecting the marketing of wheat, reads:

> To pay to producers delivering wheat at the time of delivery or at any time thereafter as may be agreed upon such fixed price per bushel, according to grade or quality or place of delivery, as may be determined by the board with the approval of the governor in council; and to issue to such producers when such wheat is purchased certificates indicating the number of bushels purchased, the grade, quality and the price, which certificates shall entitle producers named therein to share in the equitable distribution of the surplus, if any, of the operations of the board during the crop year, it being the true intent and meaning of this section that each producer shall receive for the same grade and quality of wheat the same price on the Fort William basis. Such certificate shall not be transferable, and a statement to that effect shall be printed on the face thereof;

The duty of the board as outlined here is to receive wheat, not to refuse it, and the action of the government is tantamount to the repeal of the act and a refusal to accept wheat from the western farmers. This, I claim, results in a direct loss of millions of dollars to the farmers of western Canada. Many of the farmers were not in a position to hold their wheat until better prices were to be had. As a matter of fact many farmers in the west are almost in a state of bankruptcy. When the fall of the year comes and they harvest their crops they have to pay their living expenses for the year, their grocery bills, their hospital and doctor's bills; their taxes must be met; the machine companies demand a share of the cut, and the mortgage concerns always demand their pound of flesh. The price of wheat on August 27 last—I believe that was the date that the government's action was made known to the public—

An hon. MEMBER: The twenty-eighth.

Mr. HANSELL: Well, on August 27 wheat stood at 98⅜ cents; that was the Winnipeg price. A few days afterwards the market took a slight fall and wheat dropped nearly five cents. Then it rose more or less steadily until it reached its high point about the second week of February this year. I wish to put on Hansard a table of the weekly prices of wheat from August 22, 1936, to the end of February of this year. It is a table of the closing prices on the Winnipeg grain exchange—not Fort William or Regina or Calgary or Vancouver—and is, I believe, authoritative, because I personally made application for it to the dominion bureau of statistics. If this table of prices is reviewed it will be seen that the farmers who had to sell their wheat at the beginning of the crop year lost millions upon millions of dollars. To my mind that is a very serious thing.

I wish to refer for a short time to the protests that were sent to the government because of its action. I was particularly interested in the references to this matter which were made yesterday by the hon. member for Qu'Appelle (Mr. Perley), because of an interruption by the hon. member for Swift Cur-

rent (Mr. Bothwell). The hon. member for Qu'Appelle was asked if he had ever attended any of these protest meetings. He replied that he had not and had an adequate reason for not attending. But I did attend some of these meetings; by virtue of the fact that I was the person who, I suppose, stands between the organizations and the government, I was called in to several meetings held in my constituency. I wish here to refer to a remark that was made by the hon. member for Swift Current, and to protest against it. It was while the hon. member for Qu'Appelle was dealing with these resolutions that had been sent to the government. I quote from Hansard, page 1489:

Mr. Bothwell: If I may ask the hon. member a question, did he ever attend any of those protest meetings that were held in western Canada?

Mr. Perley (Qu'Appelle): Not one, and I had invitations to hundreds.

Mr. McLEAN (Melfort): Hundreds?

Mr. HANSELL: That is what he said.

Mr. Bothwell: Has the hon. member knowledge of the manner in which those resolutions were prepared, and does he know that the resolutions were brought to these meetings already typewritten, and with the mover and seconder's names set out?

I protest that, Mr. Speaker; I protest it on the ground that it is not according to fact. I will admit that stereotyped resolutions emanating from some source or other were sent to the farmers of western Canada, asking them to send in resolutions of that type, but in all the meetings I attended I did not notice particularly that the resolutions submitted all came from the same source, as the hon. member for Swift Current would have us believe. I say they did not.

Mr. McLEAN (Melfort): What is the hon. gentleman's authority for denying the statement of the hon. member for Swift Current with regard to the meetings of which he was speaking?

Mr. HANSELL: I did not understand that the remark here was relevant to the meetings he attended.

Mr. McLEAN (Melfort): I am referring to the meetings of which the hon. member for Swift Current was speaking yesterday, the meetings in western Canada, particularly Saskatchewan—the meetings which were under discussion by the two hon. members yesterday. What is the authority of my hon. friend who is now speaking for taking exception to the statement made by the hon. member for Swift Current?

Mr. HANSELL: My authority is my personal knowledge of the meetings I personally attended.

Mr. McLEAN (Melfort): Ah, that is a different thing entirely. Everyone knows that the resolutions were prepared and brought in.

An hon. MEMBER: Let the hon. member make his speech.

Mr. DEPUTY SPEAKER: Any hon. member may ask questions, but only with the permission of the member who has the floor.

Mr. HANSELL: I am quite able to take care of myself along this line. The discussion that took place yesterday afternoon and to which I refer was brought up by the hon. member for Qu'Appelle. He referred to the many resolutions that came from western Canada to the present government, and in reference to those resolutions the hon. member for Swift Current made the statement which I have already quoted and which I will read again:

Has the hon. member knowledge of the manner in which those resolutions were prepared, and does he know that the resolutions were brought to these meetings already typewritten and with the mover and seconder's names set out?

I say that that is not altogether according to fact.

Mr. McLEAN (Melfort): He was referring to Saskatchewan.

Mr. HANSELL: At the meetings I attended that was not so. I have copies of resolutions sent to the Prime Minister's office. I have looked them over and I declare that there are not two alike. The statement made here to which I have referred—and this is another reason why I protest—could have no other meaning than that the farmers and business men of western Canada were stampeded into doing something which it was beyond their intelligence to do for themselves, and I protest that. The farmers of this country are too often held up to ridicule. You cannot go to a moving picture show and see the character of the farmer depicted without discovering that he portrays the part of some hayseed hillbilly ignoramus from the backwoods somewhere. I claim that the farmers of western Canada are as well-informed as any one body of men you can find in Canada to-day. They are wise and trusted men and I protest against any attempt to make a clown of the man who has been most instrumental in building up the Dominion of Canada. But let us suppose, for the sake of argument, that these stereotyped resolutions were sent

out, and let us suppose further that they were adopted by these various farm organizations: does that render the resolutions any less important? Of course not. Then why bring in such a thing as this?

I might say that these resolutions and protests did not all come from the farmers of western Canada; some of them came from various boards of trade, others from municipal councils, others from business men, and of course the majority from farm organizations. Between five and six hundred resolutions were received by the Department of Trade and Commerce. That does not mean to say there were only between five and six hundred protests. There were between five and six hundred resolutions, petitions, telegrams and protests from between five and six hundred different people or organizations, representing in the aggregate thousands upon thousands of farmers in western Canada, and I say that, with all these resolutions, the Department of Trade and Commerce cannot produce one that was of the nature of an approval or commendation of the action that was taken.

I contend, Mr. Speaker, that when it comes to the marketing of wheat, at least, the western farmer should be given some consideration. Some notice should be taken of his desires.

An hon. MEMBER: Hear, hear.

Mr. HANSELL: I am glad to hear the "hear, hear," but that does not give the farmer very much, does it?

Now, with regard to the amendment that has been proposed, I wish to say just one word. The amendment reads:

> That all the words after the word "that" in the said motion be struck out and the following substituted therefor:
> "This house regrets that the government has failed to take effective measures to deal with the problem of unemployment."

I am not going to speak now of unemployment and I am not going to speak particularly on the effective measures; I can well leave that to some of my colleagues. But I am interested in the phrase, "has failed to take effective measures." That is subject to wide interpretation. Our claim in this corner is that measures could have been taken whereby the government could have adjusted the economic system so as to issue debt free money for public works or other purposes in order to solve the problem of unemployment.

Mr. DEPUTY SPEAKER: The hon. member referred to some figures that he desired to put on Hansard. I am not quite clear what they are.

[Mr. Hansell.]

Mr. HANSELL: It is a table of the closing prices of wheat on the Winnipeg grain exchange from August 22, 1936 to February 27, 1937, a weekly price.

Mr. DEPUTY SPEAKER: That can be done only with the unanimous consent of the house.

Some hon. MEMBERS: Read it.

Mr. DEPUTY SPEAKER: The hon. member had better read it.

Mr. HANSELL: The figures are as follows:

Cash Closing Prices of No. 1 Northern Wheat at Winnipeg on Saturdays from August 22, 1936, to February 27, 1937

1936—	
August 22	1.00⅛
August 29	.96
September 5	.92⅜
September 12	1.01⅞
September 19	1.05⅝
September 26	1.10⅜
October 3	1.10⅜
October 10	1.12⅜
October 17	1.14
October 24	1.09⅜
October 31	1.08⅜
November 7	1.08⅞
November 14	1.08¼
November 21	1.08⅛
November 28	1.09⅞
December 5	1.13¼
December 12	1.16⅛
December 19	1.25⅝
December 26	*....
1937—	
January 2	**....
January 9	1.28⅝
January 16	1.25⅝
January 23	1.21⅝
January 30	1.20⅞
February 6	1.29⅜
February 13	1.31⅜
February 20	1.26⅛
February 27	1.25⅞

*Market holiday (Dec. 24, 1.28⅜).
**Market holiday (Dec. 31, 1.29).

Mr. J. R. MacNICOL (Davenport): It is my intention at this time to deal not with the main motion, but rather with the amendment moved by the right hon. leader of the opposition (Mr. Bennett). The amendment was presented in what was to me one of the most brilliant, capable and effective speeches it has been my pleasure to listen to in this house, in which he demonstrated that the principal object that this parliament should have before it is the solution of the unemployment problem. The Minister of Labour (Mr. Rogers), replying to the leader of the opposition, said something about the leader of the opposition having said during the election campaign of 1930 that he would end unemployment. Well, I remember that during the last election campaign every billboard in my riding had plastered all over it, "Action,

not promises." "End unemployment." "Vote Liberal." Yet I believe every hon. member will admit that unemployment is no nearer ended to-day than it was when the present government came into power.

I want to refer to two outstanding statements made by the hon. member for Vancouver North (Mr. MacNeil). On page 1430 of Hansard he is reported as saying:

> I was present in the house when, last session, the minister dealt with the problem of the young men then in relief camps across the dominion. He announced that on July 1, 1936, it would be possible to close the relief camps, and that he had a solution in view. He proposed to solve the unemployment problem of these young men with the plans he was then about to table.

Then a little later on the hon. member for Vancouver North made this powerful and telling indictment of the government:

> The relief camps are not closed; many of the camps in British Columbia have been reopened. In the constituency I represent the camps which were operating prior to July 1, 1936, are again operating under practically the same conditions, and the men are engaged in exactly the same work as before.

When the hon. member for Vancouver North made these statements the Minister of Labour was in his seat, and he did not challenge either one of them. My own observation, travelling around the country, is that the camps are still in operation. They are in operation in northern Ontario, and if they are not any worse than they were under the previous government they are not any better. My own personal mail daily is cluttered up with letters from single young men and married men in Toronto begging that I do something to help them obtain employment. I see no difference during the last sixteen months. To-morrow morning when I get home I shall be met by many married men and young men out of work beseeching me to do something to help them to save their homes, or provide employment for them.

A little later on the Minister of Labour himself replied to the leader of the opposition. I wish to quote two or three lines from what he said, because he lost complete control of himself—and he usually has control; he lost his usual courtesy—and usually he shows courtesy—when he said this to the leader of the opposition, as reported at page 1424 of Hansard:

> Was this amendment introduced, sir, because the leader of the opposition had some constructive suggestion to offer after five years of extravagant futility. . . .

Now, sir, "extravagant futility" and "compelling reason" and a lot of the other phrases which we have been hearing in this house during the last sixteen months are phrases used in the classrooms of universities or schools, but they add nothing whatever to debate and do not clear up anything. If the minister had considered for a moment what the leader of the opposition did during those strenuous days of the depression, which continued to get worse and worse from 1930 to 1933, I think in his usual generous spirit, instead of using, in reference to the leader of the opposition, such a phrase as "extravagant futility" he would have said "outstanding achievement." Considering what the late administration had to contend with, their achievements were outstanding. I do not intend to labour that point, but before I go on to try to present something constructive for the minister to consider by way of providing employment I should like, without commenting on each item, to record a few of the achievements that the Minister of Labour should have given the late government credit for.

First, the present government is asking this house to endorse practically the same trade agreement, barring slight changes in tariff schedules, that the previous government succeeded in negotiating with Great Britain. Surely that indicates that the negotiation of that treaty was an outstanding achievement. Second, in introducing his budget in 1936 the Minister of Finance (Mr. Dunning) said the physical volume of business in Canada rose from the low of 69 in 1933 to 102·4 in 1935. That was an increase of over fifty per cent over the low point, and surely that was a worth while achievement. Third, during the term of office of the previous government, from 1930 to 1935, according to "Industrial Expansion," some 272 new factories or businesses were started in this country. In those factories, together with all the other industrial plants of the country, directly or indirectly, from 350,000 to 400,000 men were given employment, making new lines of goods for Canadians which, prior to the last government taking office, were made outside this country. Anyone who knows anything about business and employment will admit that to be an outstanding achievement. Fourth, construction rose from 9·2, the low of 1933, to 19·7 in 1935, or an increase of 100 per cent. Fifth, when the previous government came into power it had to contend with an adverse trade balance of $103,000,000.

Mr. GOLDING: For how many years did they have that adverse balance of trade?

Mr. MacNICOL: That is immaterial; when they came into power they had to meet a deficit in trade of $103,000,000, which was the

legacy left by the previous government. When they went out of office, however, they left the incoming government a favourable trade balance, not including the export of gold, amounting to $134,000,000 for the period of eleven months. In the republic to the south between six and seven thousand banks closed their doors while the previous government was in office, but not a single Canadian bank failed during that time. Could any reasonable man say that was not an outstanding tribute to the financial policy of the late government? Then there is the new gold policy, with which the present leader of the opposition (Mr. Bennett) had more to do than any other man in Canada and, with the exception of the President of the United States, perhaps more than any other man in the world, by having the world economic conference adopt a gold policy that placed at the disposal of the present government, as the hon. member for Vancouver-Burrard (Mr. McGeer) said last session, many hundreds of millions of dollars of new money which was created as a result of the actions of the previous government.

Then I come to industry, with which I have been associated for many years. I observe that employment from the low of 83·4 in 1933 increased to 106·1 in October of 1935, when the previous government went out of office. I should like to refer also to the social legislation, all of which has been jettisoned by the opposition of the present government, which exerted itself to create objections to that program. I say now that if the minimum wage act and the measure providing for a forty-eight hour week, which we in this country were in duty bound to adopt as a result of the draft conventions we entered into, had gone into effect, many thousands of men would have been given work.

I think that is sufficient on that part of the question. I am very glad to see the Minister of Labour in his seat again, because I am one of those who think a great deal of him; I believe he is sincere and honest, and that he tries to do his best. I should like to be able to induce the hon. gentleman to withdraw the expression he used, "extravagant futility," concerning the previous government. It certainly should not have been made in this house, and it certainly was not fair to the right hon. leader of the opposition.

There are just one or two other matters along that line to which I should like to refer. The present government surely cannot claim credit for the increased employment in the forests of British Columbia and other provinces. Any man who wants to be fair will admit at once that it was the trade agreements with the United Kingdom and the rest of the empire that increased our exports of lumber to New Zealand, Australia and Great Britain, and that these agreements were directly responsible for placing twenty-two thousand men at work in the forests of British Columbia. Then there is the copper industry. In 1933 the price of copper had dropped to 7 cents a pound, but under the administration of the previous government the price rose to 10 and 11 cents, and to-day I believe it is between 12 and 15 cents. That is some achievement. Let us look at nickel and steel. Could anyone claim that the expansion in the nickel industry of Canada has been the result of the action of any governmental activity? I think everyone in this house knows that the expansion in the nickel business, and in the plants manufacturing various kinds of machinery for the nickel industry, of which I know several, has been a direct result of the war scare in Europe. That expansion will fall flat when the war scare is over, or the war itself if it does come; or, if it does not come—as I hope it will not—it will fall flat anyway, as it did after the great war.

Then there is the question of steel, and I know something about the steel industry. At the moment that industry is flourishing in Canada, partly because of the protection given by the previous government on steel plate, but more than anything else because Great Britain cannot produce enough steel for her rearmament program. To-day Great Britain is ordering steel manufactures from Canada; I know of many manufactures of steel that have been so ordered. In addition I know of several plants that are manufacturing munitions for the old country. When the war scare passes, all these plants will stop making munitions and the men will be thrown out of work.

I have now concluded that part of my remarks, Mr. Speaker, and following the suggestion of the minister that instead of spending our time criticizing the activities of the government we should suggest something constructive I am going to bring to his notice some methods by which employment might be provided in Canada.

During the recess I travelled about twelve thousand miles through many states of the republic to the south in order to make a personal inquiry into just why the people of the United States were so overwhelmingly behind their government. One did not have to travel very far to ascertain the reason. Everywhere men were working; they had been put to work by the government of that country. I am one of those who believe—and I wish I could persuade the minister to

believe it also—that the time has come for the minister and the government to realize that unemployment is not just a passing phase. In this I may be partly adopting the argument advanced last session by the hon. member for Vancouver-Burrard. In the United States they have arrived at the conclusion that it is not a passing phase, and in that country they have made preparations to take care of millions of men, not only for the present but as time goes on, if the necessity continues. Certainly if war broke out to-morrow in which Canada became engaged, or from which she could not free herself, this or any government would find all the money required to carry it out. And what for—to send young Canadians. What for?—to be shot. I say to the minister and the government that it would be better if they were to consider that they are now waging war against unemployment, and in my view whatever money is required should be obtained for that purpose.

In the course of my surveys I first looked into what are known as the CCC camps, which I believe have been mentioned before in the house. I am a confirmed believer in the fruitfulness and efficacy of CCC camps. The government takes young men, whose parents are on relief, and looks after them. At one time there were 600,000 of these young men in the camps. No doubt a much greater number have been taken care of during the time the CCC camps have been in operation. First they send the young men to military concentration camps, where they are inoculated, cleaned up, and taught civility and discipline. After fifteen days of that they are sent to construction camps of one kind and another. I went to about a dozen of those camps. May I say that they are quite different from the camps in Canada, as described by the hon. member for Vancouver North (Mr. MacNeil). I have not been in any of the camps in Canada since the late government left office, but listening to the observations of the hon. member for Vancouver North I would conclude that in the camps there has been no improvement over anything provided by the previous government.

In the camps of the United States young men work during the days at useful employment. The work they do adds to the national wealth and does not cost the country anything, although they receive $30 a month, $25 of which is taken from them and sent to their parents or guardians. In other words, they are allowed $5 a month. Then, there are contests in the camps to see which young man can send the most home to his parents of the $5 he receives. I thought that was a very creditable contest to have in any camp. Through it they were taught thrift and shown how to save their money. In the evening they are taught all sorts of necessary knowledge.

To close this part of my observations in connection with the CCC camps may I say that on visiting Washington I found, upon talking with the heads of the departments, that approximately sixty per cent of all the young men called to the CCC camps, because of the reputations they have established for themselves, have been recalled into industry. I believe that is a creditable feature of the camps. May I suggest to the minister that a similar system might well be adopted in Canada, because our streets are cluttered up with young men who are not in camps and who have nothing to do. The young men in the CCC camps do all sorts of useful work, but on this occasion I shall not take time to give details, because there are other matters to which I should like to refer. May I state briefly, however, that the work they were doing could be classed as useful work, and will not cost the country anything.

I made many other surveys, because upon discussing matters in Washington with the heads of departments I found they were carrying on their activities along many lines. Following these discussions I set out to visit the different kinds of activity and, in this connection, may I deal first with their treatment of education. In the United States they have the same problem as we have in Canada but, owing to our population, of course our problem is small in comparison with the one they face. No doubt in Canada there are hundreds, perhaps thousands of school houses throughout the country which are a disgrace. They are old and possibly some are disease ridden. Probably not all, but certainly many of them are fire traps. What do they do in the United States in this regard? They have adopted the policy of assisting education whereby they lend money to boards on long-term low-interest notes. In addition the federal government makes free grants of certain sums of money to any board which will take advantage of the opportunity. The result has been that in the last three years about 40,000 new class rooms have been built in the United States, and $500,000,000 has been spent in that connection, thereby giving employment to a hundred and one different kinds of tradesmen. Then, behind the tradesmen are the employees in the factories who are given work in making the necessary equipment.

Mr. WOODSWORTH: Did the individual states controlling education show any objection to interference by the federal government?

Mr. MacNICOL: No; on the contrary, they assist. Then, although I must hurry along may I make one or two observations about what I found in connection with the installation of pure water systems. From 1,500 to 2,000 towns and cities have been assisted in obtaining pure water, and the results have been very satisfactory. Any hon. member interested in seeing a magnificent system of water purification would be well repaid if he were to inspect the system in Birmingham, Alabama. Under ordinary circumstances neither the city nor the state alone could have done the work, but with the assistance of the United States government it was done. In the whole of the water purification projects $200,000,000 have been spent.

Then, $350,000,000 have been spent in sewage disposal projects. I made a careful survey of the greatest sewage project in the world, namely that of the city of Chicago, where they have built three immense purification plants and have built a tunnel from 24 to 36 feet in diameter under the city. This tunnel is from six to eight miles long, and is placed 60 feet underground. The project provided a great number of men with work.

As another project, outside many cities and bordering canals and rivers dumps of one kind and another have been cleaned out. The best work I saw was done along the Illinois river. They are beautifying that old sewer-ridden river, and eliminating the dumps along its banks. The dumps are being changed into parks and parkettes, a procedure greatly appreciated by the people.

Next I should like to speak about hospitalization. In the United States about $130,000,000 has been spent in this connection, and about 40,000 beds have been added. Any person would be prepared to do a great deal to help those afflicted with the disease. The finest hospital, for tuberculosis, was at Secaucus, New Jersey, and the next in importance was the naval hospital in Philadelphia.

Business men have arrived at the conclusion that playgrounds are necessary, and people in the United States may be proud of the playgrounds in that country. The United States is spending $13,000,000 in the promotion of playground sport and in that way are helping to maintain the health of their citizens. The best example of this work was in Kansas City.

Then, hurrying along, may I say that I learned of about 50 slum clearance projects which are being carried on adjacent to 35 cities, and that 25,000 model homes have been erected. By these works they are providing employment and at the same time giving health, education and hospitalization to their people. I shall not take time to mention the great numbers of bridges and tunnels which have been built, but will be content by saying that in 1934 employment was provided for 700,000 men at one time. When we consider the great numbers who are behind those men, doing the work in factories, we may add at least another 500,000 to 700,000 more. That is handling relief in a big way, and I would urge upon the minister that he begin, as soon as he can, to do it, because he is sitting on a volcano, he is in the path of a cyclone, he is facing a great disaster, unless the Canadian people can be put to work. They are not being put to work by the measures offered by the present government, as was admitted when the minister spoke. A paltry few thousand of the 400,000 unemployed have found work. A considerable number have been taken on in steel plants, in the gold fields and in the nickel business, industries which are dependent on the present war scare in Europe.

May I touch upon one of the great projects which has been undertaken, namely that in the Tennessee valley. I made careful inquiry there, and in view of the recent floods in the Ohio valley, which caused damage to the extent of $500,000,000, I am glad I made the inquiries. If $500,000,000 had been spent to save the Ohio valley as has been spent in the Tennessee valley, much would have been added to the national wealth, and that $500,000,000 would not have been lost to the country. In the Tennessee valley there are seven large dams—Norris, Guntersville, Wheeler, Wilson, Pickwick, Chickamaga and Fowler—ranging in height from 72 feet to 300 feet and in length from 1,265 feet to 7,715 feet. The horse-power production ranges from a low of 66,000 to 261,000. The immense reservoirs give absolute control of the flow of water. During the recent catastrophe extending over the states of Kentucky, Tennessee, Ohio, Indiana and southern Illinois, they demonstrated this absolute control.

I should like to refer to what the minister can do in the province of Ontario as a start, and then carry it on into the other provinces. Almost daily in the press we read news of floods. Here are some of the headlines:

Fifth flood this winter halts Fergus business.
Waterloo county hit and some residents forced from home.
Port Hope facing acute situation from flood waters. Grand river rises.

The towns of Hanover, Kitchener, Galt, Walkerton and many other places are in constant danger from floods. The business section of Port Hope was nearly wiped out last spring; it faced another flood this winter, and there are possibilities that it may be repeated this coming spring.

We read that the Grand river submerges roads adjacent to Galt and causes considerable destruction to adjoining farms.

In order to get a clear insight into this matter of flood control I visited the one place where they are proposing what I consider a perfect flood control plan. I refer to the state of Wisconsin. In that state is lake Winnebago, into which flow the Fox and Wolf rivers, as well as many other smaller streams. The Fox river then continues into Green bay. There are some very important municipalities in this district, such as Fond du Lac, Oshkosh and Menasha. I gave particular attention to the proposed flood control work in the vicinity of Fond du Lac, because it approximates the conditions here in Ontario. I obtained some figures from the engineers. The area to be served is 210 square miles. Bad floods occurred in 1905, 1912, 1915 and 1924. The 1924 flood cost the city $700,000. The amount of rainfall at that time was suffisient to cover the whole area 2·75 inches deep. The flow of water amounted to 1,342,000,000 cubic feet, which was sufficient to cover the 6·7 square mile area of Fond du Lac to a depth of seven feet. That is just about the depth to which it was covered at the last flood. The rainfall was equivalent to a flow of thirty cubic feet per second per square mile. The total cost of erecting the five dams necessary to provide this control and prevent a recurrence of these floods is $300,000. Five hundred and seventy men would be employed for four months.

I endeavoured to make a comparison between what had been estimated at Fond du Lac and what should be done at four or five centres in Ontario. The government engineers in Wisconsin told me that these floods are bound to recur with greater frequency and greater volume because of the deforestation of the countryside. Unless measures are taken to prevent them, there will be considerable damage to the cities and the surrounding countryside. The Moira river flows through Belleville. Its watershed is 1,038 square miles. Applying the Fond du Lac basis of figuring to this river, we find that the flood volume of flow would be 6,650,000,000 cubic feet. During the last flood damage to a total of $300,000 was incurred in the city of Belleville. It would cost $1,500,000 to build the necessary storage dams, which would provide work for four months for 2,800 men.

Coming to the Ganaraska river, which flows through Port Hope, we find that the area concerned is 90 square miles. The volume of flood water would amount to 575,000,000 cubic feet. It would cost $130,000 to provide the necessary works, which would give employment to 250 men for four months. When one looks at the little bridge on the main street of Port Hope and observes that this tremendous flow of water must pass under it, he will realize what is bound to happen. Most of the business houses on the main street of Port Hope south of the St. Lawrence hotel were flooded out. This is the type of work which should be carried on. It provides a maximum of employment and is much better than the pork-barrel stuff. Many small public buildings are being erected, but this type of work is governed largely by patronage.

I come next to the Grand river, flowing through Galt. The area of the watershed north of Galt is 1,360 square miles, and the flood volume of water 8,700,000,000 cubic feet. The cost of the necessary works would be $2,000,000, and employment would be provided for four months for 3,700 men. The Thames at London serves an area of 1,100 square miles. The flood flow would be seven billion cubic feet and the cost of the necessary works would be $1,600,000 to provide work for four months for 3,000 men. The Saugeen river at Port Elgin has a watershed of 1,565 square miles. The flood flow here is ten billion cubic feet. The cost of the necessary works would be $2,250,000 but employment would be provided for 4,000 men for four months.

Works of this kind would add millions to the national wealth of this country. I can see the minister presenting a proposition to the city of Belleville whereby this government would agree to advance $1,500,000 for the erection of necessary control works, the money to be returned on a thirty-year basis and paying such low rates of interest as the government could obtain. What a boon such a proposition would be to Belleville. They would know they would be saved from further disaster, and employment would be given to 2,800 of their unemployed for four months. These things are being done in the United States; why should we not do them?

I am sure the minister has the best of intentions but perhaps he has not sufficient background to permit him to grasp matters of this kind. I have no doubt that in time he will gather sufficient information and equip himself to accomplish these things, but I suggest to him that these are matters for engineers and business men. The minister should surround himself with a few township reeves

and county engineers and men of that calibre, instead of those who know little or nothing about giving employment to unemployed men. I feel that the government is faced with a golden opportunity. As the hon. member for Vancouver-Burrard said last year, the time has come when the government must provide the money with which to go on with the necessary work. Millions would be added to the national wealth by what would be saved through the avoidance of disasters, and in the meantime perhaps a hundred thousand Canadians could be put to work.

I will conclude with this thought. If Canada to-morrow had to enter a war—which God forbid; I am one who believes that he who wants war should be the first to be put in the front line, so that he may get all that is coming to him before the real, honest, wholesouled men who are gathered from all over the country have to go—this government would quickly find a hundred million dollars; it would find five hundred million dollars if it had to. Let the minister put into action those fine principles which he has long taught to classes in the old university at Kingston. He has the opportunity; let him take hold of it and provide employment for the hundreds of thousands who are out of work in this country—I believe the minister admitted that they number around 400,000. There is nothing surer than that if something is not done for these men they will make their voices heard in no uncertain way, perhaps sooner than the government anticipates.

Mr. J. A. GLEN (Marquette): I should like for a short time to address the house on the amendment. I realize that in this discussion a good deal of latitude has been allowed, but I intend to stick as rigidly as I can to the text. The leader of the opposition (Mr. Bennett) moved:

> That all the words after the word "that" in the said motion be struck out and the following substituted therefor:
> "This house regrets that the government has failed to take effective measures to deal with the problem of unemployment."

Most hon. members who have spoken have dealt with the budget rather than with the amendment. It is true that some hon. members opposite have made some reference to the amendment and have offered certain suggestions, but I think I am safe in saying that the hon. member for Davenport (Mr. MacNicol) who has just sat down has contributed more in the way of suggestions touching the amendment than any other speaker of his party.

[Mr. MacNicol.]

When at the end of the leader of the opposition's speech of three hours I heard the amendment moved, I was astonished, but I assumed that he felt there was nothing else he wished to amend except unemployment, because the government had done so well with all the other measures brought down in the budget. The amendment moved by the leader of the opposition appears to have been an afterthought, because I found on looking up Hansard that his speech covered forty-nine pages, or about ninety-eight columns, and that only five pages or at most eight and three quarter columns were devoted to the subject of the amendment. Of those five pages, the first column was occupied with a recital of what the Prime Minister (Mr. Mackenzie King) said in 1935; one column gave figures of unemployment during and after 1931; five and a half columns were devoted to the names and salaries of employees of the National Employment Commission, and the remaining one and a half columns were devoted to the merits of his case. When the right hon. gentleman sat down, just on the stroke of six o'clock, I was astounded at the figures as presented by him. I thought that here was an instance where bureaucracy had gone mad, that this commission had engaged such a tremendous number of employees that I expected the newspapers next day to carry headlines something like this: "Tremendous reduction in unemployment in Canada owing to the vast number of employees taken on by the National Employment Commission." It was rather a shock to me, and I wondered what the truth of the matter might be. When, during the evening, the Minister of Labour (Mr. Rogers) gave some particulars with regard to the employment of these persons, it seemed to me remarkable that the leader of the opposition, a distinguished lawyer, accustomed to the analyzing of evidence, should go so far astray as to impute to the National Employment Commission responsibility for engaging all the employees that he named. If the Minister of Labour had done nothing more than make that explanation he would, I think, have demonstrated the futility of the amendment.

I do not like to use the tu quoque argument and to say, because we are accused of a certain thing, "you yourselves did the same thing," but the leader of the opposition invited that retort, because he said that he followed the example of the opposition of the day when he was leader of the government, when the opposition moved an amendment similar in form to the one he has now moved.

I heard my genial friend the hon. member for Davenport speaking this afternoon of "extravagant futility" as being merely academic words, words used only by a college professor, but I would ask him, for he as well as any man knows the value of words, was there ever any more extravagant futility than the efforts made by the government of which he was a supporter from 1930 to 1935? When he takes this critical position with regard to all these projects, one wonders if the lessons of years have not even yet penetrated the Tory mind. For five years, animated by intentions the credit for which we are always ready to give them, the Tory government spent money for the relief of unemployment but missed entirely the essentials of the problem. To-day we find the same kind of arguments being used by the Tory protectionists, that only by providing public works and creating work through employment upon public undertakings can a solution be found. They have absolutely missed the essence of unemployment. It is extraordinary that the hon. member for Davenport should admit, as he did to-day, that unemployment is not a passing phase. Some of us would like to believe that it is, but a great many of us believe that the effects of unemployment can be considerably minimized by a proper direction of legislative policy.

The hon. member also spoke of the large sums expended in the United States, but it is conceded that they are not thereby curing unemployment. The last figures I saw showed that about 11,000,000 of their people were out of work. Will the hon. member assert that the president believes his administration is abolishing unemployment by these methods? Although great amounts have been spent, there is no apparent diminution in the numbers of unemployed.

Our Minister of Labour (Mr. Rogers) says frankly that the results of the efforts of the employment commission are not at this moment entirely satisfactory. No one is satisfied. But I think he has the right to take the position that this is not a mere passing phase; it is something that must necessarily involve a long period of education. I would recall to the house that during the five years the leader of the opposition was in power his government were asked to form a commission to deal with the question of unemployment, and it was stated at that time that such a commission would be appointed as soon as the Liberals regained power. They have done what they promised to do, and we are now invited to pass judgment upon what they have done.

There is no one in this house who is not willing and anxious to give the very best that is in him to cure the disease of the body economic to-day. I know that every member, whatever his party, is anxious to find a solution of it; but I wish to point out, and particularly to the members of the Conservative party, that the policies of hon. gentlemen opposite are bound to create unemployment. To-day in the old land there is a good deal of employment. But how is it created? By something which I hope is only temporary, namely, the building up of armaments. In Germany to-day there is very little unemployment, and for the same reason, the building up of armaments; and in the United States there is also a large measure of employment created by the same agency. I am submitting that the results of that policy, as exemplified in Canada, are such that we have to address ourselves to solving the problem, and I say further that no commission dealing only with the question of unemployment can possibly solve it unless they go further and deal with the causes of it.

I happened to notice in the Family Herald and Weekly Star of March 3, 1937, the comparative income taxes paid in Canada. The agrarians, representing 31·7 per cent of the population, paid in income tax $56,427; the merchants, $4,354,099; the manufacturers, $15,192,403; the financial people, $10,718,946. Here we see that the agrarians, 31·7 per cent of the population, pay $56,000 odd while the financial men pay $10,718,946. That is a disparity that is prevalent throughout the prairie part of the country, and I believe that to a large extent it is prevalent also in the maritimes. When the leader of the opposition (Mr. Bennett) speaks of the integrity of Canada he must realize, as every one of us does, that if any member of the body is maimed the health of the whole body is impaired to that extent, and with conditions as they are in the maritimes and in the prairies, what is the reason for the present situation in this growing period of prosperity which is indicated in the budget speech? I say you cannot and will not cure unemployment simply by building public undertakings; that is only a palliative which must pass. You have to go further, and when this National Employment Commission is functioning—and it should have the right to function for some considerable time—it should deal with the disparities that prevail in the far eastern parts of the maritimes and in the

middle west part of the prairies, which as we see it are not getting their share of the prosperity of Canada.

When the leader of the opposition was discussing the question of unemployment, I thought it would be interesting to find out what results might have accrued from service performed by the employment commission in relation to the strikes that have taken place in Canada in the last few years, including the time since this government have been in office. I got some figures from the Department of Labour showing the number of strikes and lockouts involving disorders, that have occurred from 1930 to 1936. Those in which riots or arrests and prosecutions occurred were reported; minor disturbances, with pickets and so on, were not included. I find that in 1930 there were five strikes and lockouts; in 1931, fifteen; in 1932, nineteen; in 1933, twenty-three; in 1934, thirty-eight; in 1935 the number began to decrease, there being only eighteen; and in 1936 there were thirteen.

I submit that if the commission has done nothing else to justify its existence, the figures I have quoted show that there has been less disorder in Canada since the Liberals took office and since this national commission has begun to operate; and I suggest that instead of doing that commission the disservice which the leader of the opposition did in his budget speech, we should all cooperate and give it every assistance. The commission should be given the confidence of parliament to go forward in a work which everyone is satisfied cannot be done in a day or a year. But apparently there is to be no cooperation from the leader of the opposition. I submit further that we have to dig and delve much deeper than the commission's functions at present allow.

The leader of the opposition said that one way of getting money was to soak the rich. I do not believe that any of us in this house is anxious to soak the rich, but some of us are really anxious to relieve the poor, and in this regard I would give a warning to the house. We in the west are sometimes met with cries of dissension and secession. Well, Abraham Lincoln once said that the union could not live half slave and half free, and I will go so far as to say that you cannot maintain this nation if you speak of it in terms of east and west. The unity of Canada depends upon that unity among us that is necessary for the survival of all. Those of us in the west who do know the circumstances believe that the agriculturists have not received their share of the plums that are given out in Canada, and when we hear the leader of the opposition making the protectionist argument again and referring to the woollen mills that may be affected by the budget, I must say that for my part it leaves me absolutely cold, because I realize that there are men in the west who are not only willing but are working and receive no pay. Moreover, I know that for a number of years past these industries have been receiving much more than they are entitled to in the way of protection. When they speak of the lack of employment, I answer that there is no unemployment on the farms of the west, nor I assume, is there any in the fisheries of the maritimes. Unfortunately, however, their returns do not make the work of these people worth while.

My plea to-day is this—and I will deal with the point further when we come to the main motion that in the endeavour to preserve the unity of Canada there must be some degree of regard for all parties. Surely the time has come, after the experience of high protectionist doctrines in the years from 1930 to 1935, when Canada should begin to try the effect of a policy of lower tariffs, and I believe that the Liberal party, following the present trend noticeable in the budgets of last year and this, is moving along lines that we in the west can support. We would like to hurry them along faster, but nevertheless we are satisfied that their direction is right. Only by dealing with the fundamentals of the economics of this country can unemployment be cured. There is only one way to cure unemployment, and that is by increasing work, and the only way you can increase work is by developing trade between nations.

I submit that the amendment proposed has no bearing on the budget speech. It was indeed a work of supererogation, and despite what was said by the hon. member for Greenwood (Mr. Massey) that every man in this house could support it, I am satisfied that the large majority realize that the amendment is offered as a slight embarrassment to the government and was not intended as seriously as it was offered. For the reasons I have given I intend to vote against it.

Mr. O. B. ELLIOTT (Kindersley): In speaking to the amendment, of which much has been said, good, bad and indifferent, I wish to show a relationship between taxation and the question of unemployment. I congratulate the long suffering taxpayer, the general public, upon standing up like soldiers and being gradually annihilated as home and property owners for the sake of balancing the budget. The picture painted by the Minister of Finance (Mr. Dunning) was beautifully decorative. It is like the Sunday attire of the

populace attending divine service on Sunday morning, which does not in any way resemble their attire on the remaining six days of the week. The hungry of the city of Ottawa are now roaming the streets daily, begging for meals, even to the steps of the parliament buildings and sometimes into the rooms of the members—and perhaps that is the proper place to beg as long as it is necessary. The picture should show the thousands of homes annually confiscated for taxes, the exceedingly low wages paid to teachers, farm employees, labourers, intellectuals and almost every type of wage earner, with the exception of speculators in stocks and possibly on the grain exchange, and members of commissions investigating the causes of distress who sit amid comfortable and cheerful accommodations ascertaining the reasons for and the remedy to alleviate the starvation conditions of the debt-burdened people.

And we are going to attempt to balance the budget in 1939. That is if the people have any more homes to lose, if they can stand another year of an already too long life of sacrifice. What manner of imposition is this, that our people must be sacrificed on the altar of sound money and sacred finance to satisfy the golden calf that has such an insatiable appetite? Is there such urgent haste that the burden could not be spread over a few more years, and in the interim the unbearable load of taxation be reduced to permit the recuperation of the agriculturist and home owner? I was hoping that the sales tax at least would be eliminated and that taxation on property would be equitably divided between realty and liquid assets.

As an example of the present methods of taxation, the bureau of statistics shows that the national wealth of Canada in 1929 was 31,275 million dollars and that in 1935 it had shrunk to 25,768 million dollars. Ontario led the provinces with 10,655 million dollars in 1929, which dropped to 8,795 million dollars in 1935. It is calculated that of Ontario's wealth approximately five billion dollars is centered in the city of Toronto, on account of the location there of so many large banks and financial and manufacturing companies, departmental and chain stores, and rich individuals. The assessment of Toronto in 1936 was $974,277,339, of which $856,444,371 or 88 per cent is other than realty. These figures mean that realty representing 17 per cent of the wealth of Toronto pays nearly all the taxes, while the other 83 per cent is not bearing its fair share of the tax burden.

Assessment inequalities in the western provinces are even more glaring. Winnipeg reports that 93 per cent of the revenue is procured from levies on real property. We also have an increasing burden of prices for many of the necessaries of life. This morning I went to a clothing store in Ottawa and they advised me that the price of men's clothes has been increased 20 per cent. Just recently woollen goods have increased 30 per cent. In a list just received from Toronto I am advised that butts of pork, for instance, between 1935 and 1937 have increased in price from 12½ to 20 cents a pound, beef from 15 to 21 cents, sugar from 3½ to 5½ cents, potatoes from $1.50 to $2 a bag, slaked lime for building from $8 to $17 a ton. All down the list it shows a general increase in prices.

At first view it looks as though the wealthy could pay taxes perhaps easier than anyone else; just turn the money over to Canada Limited, that is all there is to it. But is that so? Perhaps the wealthy can turn the money over, but what would be turned over in reality? Canada Limited cannot consume the money, and does not keep it, but gives it to someone. Money, the wealth turned over to Canada Limited, is a rain check on the product of labour; that is, it is a ticket we all accept because it can get someone to do something for us. Two people are involved here; first, the fellow who holds the ticket, and second the fellow somewhere who is going to have the honour of working out that ticket. Taxes are paid for by the sweat of the brow of every man who labours, because they are a burden on production and can be paid only by production. If excessive—I repeat that, if excessive, they are reflected in idle factories, farms and homes sold for taxes, and hence in the hordes of the hungry tramping the streets seeking jobs and begging. Our workers may never see a tax bill, but they pay in deductions from wages, in the increased cost of what they buy, and in the cessation of employment. There is not an unemployed man or a struggling farmer whose interest in this subject is not direct and vital.

Business men do not pay taxes, and the wealthy do not pay taxes. What have the wealthy to pay taxes with? Money, real estate, stock certificates—which only tell him he has a part ownership in a fleet of steamships or a group of factories—or bonds, notes and such like which state they will pay him some money at a future date.

It seems quite clear that the sales tax must be paid by the consumer. What happens? All consumers, whether idle rich or useful people, give some coin when they go to the store for their food, clothing, supplies and so on. The storekeeper gives it to the state and the state pays it out for state expenses con-

sisting of some useful services and much nonsense. Whoever receives it spends it for some part of what has been produced by those usefully engaged, thus taking from such citizens a part of that which is theirs. We are not fooled by bank accounts, tax receipts, wages and money; they are useful tools, but those who work feed those who do not work. To continue this obnoxious and unpopular sales tax, which is much in excess of eight per cent when it reaches the consumer, is carrying the joke too far. To extract taxes from people in the lower wage scales, as the sales tax does, is most unfair, and I protest most emphatically. When I compare the amount of sales tax, approximately $115,500,000, with the amount of the income tax, about $102,000,000, it makes me wonder why we continue to produce goods to make millionaires who then leave the country for lands of perpetual sunshine and low income taxes. We have impoverished the whole dominion to pay interest amounting to $137,405,000 to those who have command of the financial wealth of the country, and not satisfied with this tribute to wealth, during the past five years we have paid $14,556,000 as the cost of loan flotations.

The only manner in which we will regain permanent prosperity and build up a line of defence against panic and unemployment is by diverting more of these huge profits back into the building up of a national system of community industries. The real remedial policy is to give effect to the proposition that the government will have no trouble getting its money so long as the communities and the workers of the nation are prospering and making money. The warning of the minister to speculative interests is timely, but it will be unavailing. When we entrust the control and direction of legal tender and credit to individuals and corporations, values are carried up by prosperity, publicity and plenty of available credit and money. Then there is a selling out at top prices, followed by the vanishing of credit and money. There is a crash in prices and values, a panic, and unemployment, resulting in political upheaval. Then there is a buying back at bottom values and a gradual restoration of available money and credit until the time is propitious for another sale at top prices, which is followed by another cycle of panic, crashing values, distress and unemployment.

This has been the history of America for over a century. While things are on the upgrade the share of profits taken by the government may be ample, but when panic comes we pass into an era of tax sales. This is a true recital of our troubles, and this is why the control and direction of legal tender, currency and credit is the most vital factor in proper administration. The corner stone is to safeguard against any contraction of credit and legal tender. Generally speaking an asset which has no loan value has only a bankruptcy sale value. Therefore the basic financial safeguard is for the government to make legal tender or credit available to all loan demands having constructive purposes and reasonable security for repayment by instalments. This, together with a moderate handling charge, would bring in sufficient revenue to retire the whole debt of the government and the Canadian National Railways. In the Ottawa Citizen of this morning there is an item which to me conveys an exact picture of the present situation. It reads:

> Employment conditions are reported to be better in the United Kingdom than in Canada. British industrial activity is, of course, very largely due to huge expenditures on armament. Under the British defence plan, the equivalent of about five million dollars a day is being spent in the United Kingdom. According to the government's own estimated figures, this expenditure is to be kept up during the next five years at the rate of five million dollars a day on every day of the week except Sunday.
>
> Under this policy of sound money for armaments, British industries have moved out of depression into prosperity. Much of Canada's recovery is similarly due to expenditure on armaments everywhere among the competing nations. The governor of the Bank of Canada, Graham F. Towers, perhaps had this aspect of Canadian recovery in mind when he said at the recent annual meeting of the central bank:
>
> "The banker is traditionally a pessimist so that it may not be thought surprising if I express the belief that the permanency of the recovery is open to question, in view of the unsettled state of world affairs."
>
> Such recovery based on preparations for war is very much open to question. The nations are being led back to prosperity along the path of suicide.

Mr. ISNOR: Before the hon. member takes his seat I should like to ask him whether the increases he quoted with regard to clothing had to do with retail prices or costs.

Mr. ELLIOTT (Kindersley): Retail prices.

Mr. ISNOR: In all cases?

Mr. ELLIOTT (Kindersley): I visited a clothing store this morning and the manager told me that the general increase on men's clothing had been twenty per cent.

Mr. ISNOR: The hon. member was quoting retail prices in all cases?

Mr. ELLIOTT (Kindersley): Yes.

Mr. H. W. WINKLER (Lisgar): Mr. Speaker, I should like to give a few of what I consider the most important reasons why I am going to support the government and vote against the amendment. I believe the return

of prosperity to this country has resulted in large measure from our trade relations with other countries, and further I believe the government has concluded with our best customer, Great Britain, a trade treaty that will facilitate the flow of trade in both directions. I consider it most important that trade should flow in both directions. It is conceded that if we are to sell abroad we must buy abroad, though this may not apply in all particulars to all commodities. In the case of nickel, for instance, we know that nowadays there is such a demand for that commodity that nations will take it at whatever price they have to pay, but with regard to raw materials generally we know that this dominion, producing such commodities in large amounts, must sell them in world markets, and the trade treaty that has been negotiated with Great Britain will increase our ability to sell abroad. As I have said, in return for selling we must buy and, as the hon. member for Marquette (Mr. Glen) pointed out this is perhaps one of the most important reasons for supporting the government at this time.

Rather than deal with the whole range of raw materials, the products of the forest, the sea, the mine and the farm, I shall content myself with discussing the products of the farm and in particular our most important commodity in the world market to-day, wheat.

With the consent of the house I should like to place on Hansard figures of wheat production and consumption in Canada for the years 1921-22 to 1935-36, inclusive, as supplied by the dominion bureau of statistics.

Mr. DEPUTY SPEAKER: If the hon. member wishes to place it on Hansard, he should read it.

Mr. WINKLER: I shall be glad to do so. The table is as follows:

Year	Production	Consumption
1921-22..	300,858,100	98,946,776
1922-23..	399,786,400	127,792,104
1923-24..	474,199,000	114,138,862
1924-25..	262,097,000	85,658,533
1925-26..	411,375,700	77,799,751
1926-27..	407,136,000	101,640,595
1927-28..	479,665,000	117,388,239
1928-29..	566,726,000	133,750,545
1929-30..	304,520,000	112,927,391
1930-31..	420,672,000	139,238,283
1931-32..	321,325,000	116,745,926
1932-33..	443,061,000	99,034,296
1933-34..	281,892,000	105,275,197
1934-35..	275,849,000	101,711,679
1935-36..	277,339,000	117,043,073

According to my own figures the average production in that fifteen year period amounted to 378,558,680 bushels and the average consumption was 109,940,750. Subtracting the consumption from the production we arrive at an average exportable surplus in that period of 268,617,930 bushels. May I mention in passing that we would require a population in the neighbourhood of 38,000,000, rather than 11,000,000, to consume all the wheat we produce. If we had a population of 38,000,000, our railway problem would probably be solved. Unfortunately this is not the case, and it is scarcely likely that many of us will live to an age when we will see so great a population in Canada. There is no doubt, however, that some time in the not too distant future it will reach that point.

With an exportable yearly surplus of over 268,000,000 bushels in the fifteen year period, it is reasonable to expect that there will be about the same production in Canada for many years to come. That in itself presents a problem. I believe it is of the utmost importance that we should have been able to conclude a trade treaty with the mother country, with its possibilities of greater trade, we taking her goods in exchange for the commodities we may sell her. Undoubtedly the trade agreement will open wider markets.

May I add a word about secondary industry? Many hon. members from the east have suggested that in many instances secondary industry has been neglected or ignored, for the benefit of the west. It seems to me that when the economic history of Canada is written much will be said as to our industry being top-heavy and archaic. May I illustrate how an industry can thrive? In my constituency a new industry has grown up as the result of the ingenuity of a young mechanic. Most agricultural implement companies manufacture what is commonly known as a grain crusher or grinder. By a very simple invention the young man in question is able to produce in a rural community, where power costs are high but where overhead and labour are comparatively low, an article that he is able to put on the market to compete with implements of a similar kind produced by some of the large implement companies. I believe the heavy industries in the east must bear in mind that if sufficient ingenuity is brought into play they need not suffer as much as they would if, for instance, they had imposed upon them conditions such as those which obtained in the drought areas of western Canada.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

RAILWAY ACT AMENDMENT

Mr. OSCAR L. BOULANGER (Bellechasse) moved the second reading of Bill No. 20, to amend the Railway Act.

He said: I do not think it is necessary for me to take up much of the time of the house in explaining this bill. The bill itself is very simple. It proposes to amend one section of the Railway Act to provide that claims against the railways for damages caused by snow fences shall be taken before the board of railway commissioners instead of going through the ordinary courts. Section 203 of the act reads:

> Every railway company may, on and after the first day of November, in each year, enter into and upon any lands of His Majesty or of any person lying along the route or line of the railway, and erect and maintain snow fences thereon, subject to the payment of such land damages, if any actually suffered, as are thereafter established, in the manner provided by law with respect to such railway.
> 2. Every snow fence so erected shall be removed on or before the first day of April then next following.

Up to the present time all disputes between the railway companies and individuals with respect to damages caused by snow fences have had to be taken before the ordinary courts. This generally involves considerable expense and delay, and it was thought better to have these cases come before the board of railway commissioners. There are no costs before this board, while the costs in the courts are sometimes quite heavy. Furthermore, cases brought before the railway board are generally decided more speedily. The board of railway commissioners might be termed a poor man's court, whereas the ordinary courts are sometimes luxuries which the ordinary farmer, especially in these years of depression, cannot afford.

Very often the claims agent of a railway company scares a farmer by mentioning the possible costs involved in an action. The claims agent may suggest a sum to a farmer in settlement and then intimate that if it is not accepted the farmer may sue; but the railway will take the case to the court of appeals, then to the supreme court and even to the privy council in England.

Mr. FINN: You would have to get a fiat; you cannot sue the crown without a fiat.

Mr. BOULANGER: I think you can sue the Canadian National Railways, and certainly you can sue the Canadian Pacific Railway Company without first obtaining a fiat from the governor in council. In most cases the amount involved is not large enough to warrant going to the court of appeal, but the farmer may not know this. Quite often the farmer is scared at the possible costs if he takes his claim to court, and for this reason he sometimes settles for almost nothing. I do not blame the claims agents of the railways for doing this. Their business is to settle claims for as little as possible, but at the same time I feel the farmer should be given a chance.

At the present time most farmers have no money to go to court. Going to court is a very expensive business, especially in my province. I think it would be doing a great service for the farmers of this country if these cases were adjudicated by the board of railway commissioners instead of being sent through the ordinary channels of court litigation.

It would be quite easy for the railway board to decide these cases as there is very seldom any question of law involved. Speaking for the only province in which I have practised law, I can say that in Quebec the courts cannot award damages which have not yet been incurred. In other words, the courts can award only damages which have actually been incurred. They cannot award a farmer future damages from snow fences; he must wait until they have actually occurred. This means that the farmer must sue at least every two years as damage actions are barred after two years in the province of Quebec. It would be possible for the board of railway commissioners to fix annual damages in connection with the erection of snow fences, and thus obviate the necessity of going to court at frequent intervals.

The damages suffered by farmers located alongside railway lines have increased in recent years. In past years the railways employed ploughs and a different type of snow fence from that in use to-day. The old fence used to be a big, clumsy sawhorse affair which was erected in November, and which was soon covered with snow. It was only about seven or eight feet high and there was not a great deal of snow accumulated against the fence. But a different type of fence has come into use during the past few years. Posts from twelve to fifteen feet high are placed in the ground in the fall. Along these posts is strung a fence of slats, held together by wires. As soon as these slats are covered with snow they are pulled up on the posts to the top of the

snow, and this process is repeated until the snow has reached the top of the posts. This means that more snow is accumulated and greater damage is done.

I do not think it is necessary for me to give details how this damage occurs. Accumulations of fifteen or twenty feet of snow are not unusual in my section of the country, and this means that the farmer cannot use his land in the spring. This is especially true in my own parish where the railway lines run through many vegetable gardens, strawberry patches and potato fields. These are rendered almost unusable by the accumulation of snow. That snow takes a long time to melt. Sometimes at the beginning of June there is still snow on the ground where these accumulations have gathered during the winter. That prevents the farmer from using some of the most valuable land on his farm for the cultivation of vegetables or strawberries or potatoes. Every farmer knows, of course, that these things have to be planted early in the spring, and at the latest, by the middle of May. If the ground is covered with snow and ice, or with cold water, or if it is soggy, it cannot be used; and if it is not cultivatable until June the farmer loses almost half of his crop. Potatoes planted in June do not produce as large a revenue as when they are planted in due season; everyone knows that.

For these reasons, for the purpose of providing a quick and inexpensive way of settling farmers' claims against railways due to the use of snow fences, I have presented this bill to amend the Railway Act, and I submit it to the kind consideration of the house.

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, may I point out that the amending of the Railway Act is considered quite a serious matter. At the present time I have, I believe, some thirty submissions by railway organizations, each of them calling for an amendment to this act. I have pointed out to those organizations that, while some of the amendments they propose are non-contentious, they must await a general revision of the act. I believe that the last amendment was undertaken in 1917 and finished in 1919—nearly twenty years ago—and I think the act is due shortly for further revision.

There is another side to this particular bill, and that is that it changes the nature of the duties of the board of railway commissioners. Under the Railway Act provision is made for settlement by a method of arbitration for claims in respect of snow fences; that is, if the parties cannot agree, the local judge is brought in as arbitrator. One appeal is allowed, namely to the judge of the superior court, unless the claim is for more than $5,000. In my opinion that is a fairly simple procedure.

This bill proposes a reference to the board of railway commissioners instead of to the local judge. This would mean, I assume, either that the litigants would have to travel to Ottawa to appear before the board, or a section of the board would have to travel to the locality to hear the case. It hardly seems to me that this would be cheaper than to resort to arbitration. A note from the chairman of the board of railway commissioners states that the board has always resisted any attempt to make it a court for the settlement of claims. He points out that the board is not constituted for work of that kind. He also mentions that in 1917, when the act was last revised, an attempt was made to impose upon it duties of this kind, and that the board resisted strongly and successfully having such work assigned to it.

I regret to have to oppose this bill. It could be sent to committee for further discussion, but as I should have to oppose it there, I think the proper time for me to voice my opposition is at the moment, and I therefore ask the house to reject this bill.

Mr. R. E. FINN (Halifax): I listened to the remarks of the hon. member for Bellechasse (Mr. Boulanger) who has been looking after fences in the province of Quebec. I listened also to the Minister of Transport (Mr. Howe), and in my opinion his answer is not satisfactory. The board of railway commissioners may not be what all of us may think they should be, but nevertheless they are in office. It may be argued that to assign them somewhat trivial duties would not be advisable, and it is clear that this does not appeal to the Minister of Transport. There are many difficulties in reference to the railway situation in Canada. In the past some measure of fairness was meted out to the various provinces, but that principle seems to have gone into oblivion; it has receded into the dark ages. We in the maritime provinces, and particularly in the province from which I come, felt when we signed the pact of confederation that we were doing something against our will. Perhaps I should speak only for myself; other members from the maritimes are here and can speak for themselves. I am neither a leader nor a follower; I am one who loves to live and learn. I say to the Minister of Transport that, in my thought, his answer to the hon. member for Bellechasse (Mr. Boulanger) was not satisfactory, and this bill should be adopted. I

regret very much that the Prime Minister (Mr. Mackenzie King) is not here on this occasion.

When it comes to a question of damages, with all the intricacies involved in pursuing a claim, where is the farmer at? He is out in the cold icy snow of which the hon. member has just spoken. Is it to be supposed that the railway commission will be a saviour of all souls, bringing to this young Canada of ours the ideal of universal justice? I do not think the leader of the opposition (Mr. Bennett) believes that. I see him there, his brow contracted, his hand over his face.

Mr. BENNETT: Why pick on me?

Mr. FINN: I believe he is sunk, not in iniquity, but in meditation on ideals which will make Canada a great nation.

I hope that the Minister of Transport will not impress his own views on all those around him, because if he does he will be in a whirlpool deep enough to drown him and them. What I have said comes from my heart. I love the right. Perhaps I should not be on this side of the house because I oppose the minister. I recall very well an hon. gentleman who sat on this side in 1923 and who crossed the floor and took the seat which the hon. leader of the reconstruction party occupies to-day. It was said that the ex-prime minister was dogmatic, that he was a dictator. In some respects I do not agree with that. At any rate, I say to the Minister of Transport (Mr. Howe) that if he is going to bring anything into this house and try to push it through he will make an awful mistake, because it cannot be done.

Mr. MALCOLM McLEAN (Melfort): As seconder of the motion, I do not think I need add much to what has already been said with regard to this bill. There are one or two arguments I should like to make but at the moment I move the adjournment of the debate.

Motion agreed to and debate adjourned.

GOVERNMENT RAILWAYS ACT

Mr. OSCAR L. BOULANGER (Bellechasse) moved the second reading of Bill No. 21, to amend the Government Railways Act.

He said: I considered it necessary to amend not only the general Railway Act but also the Government Railways Act, because in the section of country from which I come, which is traversed by the old Intercolonial Railway, formerly owned by the government, we are not quite sure whether the dominion Railway Act or the Government Railways Act applies.

There is still some doubt in the minds of men better trained in the law than I am and for that reason I have proposed the amendment not only of the Railway Act but also of the Government Railways Act so as to cover the ground completely, leaving no loopholes. I am interested in having claims against the old Intercolonial Railway settled to the advantage of my constituents. I hope, if it is not hoping too much, that the Minister of Transport (Mr. Howe) will change his attitude. What I am asking is very little; it would add hardly anything to the duties of the board of railway commissioners, and would do the farmers a great deal of good. We have always claimed that our party stands for the poor people.

Mr. BENNETT: Not now.

Mr. BOULANGER: I am trying to give the government a chance to prove this by fighting the fight of the poor farmer against the big railway companies. The board of railway commissioners travels throughout the country at the present time, and these amendments would not necessitate their travelling any more. There is therefore no argument from that standpoint. They have to travel all over Canada to hear cases that come within their jurisdiction, and if we gave them jurisdiction to try these small damage actions it would not oblige them to do any more travelling nor would it give them any more work to do than they are doing to-day, while it would help the farmers and give them a chance to have claims settled against the railways in an equitable and inexpensive way. In spite of what the minister has said, I submit that these bills will serve a good purpose and should be passed.

On motion of Mr. McLean (Melfort) the debate was adjourned.

THE BUDGET

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

The house resumed consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Bennett.

Hon. J. E. LAWSON (York South): I trust that the other members of this house who have spoken in this debate in support of the government will not consider me invidious if I select for some attention, two of

the speeches delivered, one, that of the hon. member for Huron North (Mr. Deachman) and the other, that of the Minister of Labour (Mr. Rogers). The speech of the former was indeed entertaining and euphonious, and that of the latter a beautiful example of sophistry, yet naive. The hon. member for Huron North started off by telling us that he was a great reader of fiction, particularly of detective stories. I had always suspected that, sir, because in every campaign when I came across that consumer pamphlet of the Liberal party, of which the hon. gentleman is alleged to be the putative father, I thought he must have dwelt in the realm of fiction.

After listening to the Minister of Labour I came to the conclusion that he had probably been infected by the hon. member for Huron North and had also become a great reader of fiction. I shall return to the minister in a moment, however. The member for Huron North, referring to the speech of the leader of the official opposition (Mr. Bennett) and his amendment said of him:

> He did not perish unless a return to this house, surrounded by a rather diminished band of sometimes mute and somewhat inglorious Miltons, constitutes the act of perishing.

I admit that on many occasions those of us who sit in the Conservative group are mute; it gives us some time for thought; and as we do not have to stand in the glaring light of a self-appointed protector of the consumers of this country we have some little time for reflection. And our time for thought and reflection has thoroughly satisfied us that, at least so far as we are concerned, we cannot accept the proposal of the hon. gentleman from Huron North as a solution of the unemployment problem. In a word or two the hon. gentleman says that what we need in order to solve the problem is a reduction in the cost of manufactured or industrial commodities, and he goes on to propose that industry should be moved out to the small towns in order that cheaper production may be attained. Well, for many years prior to 1932 it has been contended by free traders that the secret of prosperity was low commodity prices. But from my reading, and as a result of our experiences in the depression years 1930 to 1932 or 1933, I think that by 1933 most of the economists even were in agreement that low prices were not a solution of the problem; that in fact what was needed was higher prices and not lower prices. Possibly, however, the Minister of Labour might desire to relegate the economists to the realm of fiction.

The hon. member for Huron North (Mr. Deachman) told of having propounded a question to a shoe merchant in a town in his riding, which the poor unfortunate shoe merchant, apparently being one of those mute and somewhat inglorious Miltons, was not able to answer. But we are not all shoe merchants. However, the hon. gentleman used the illustration that the shoe merchant in this town was a man who many years ago had been the shoemaker who made the shoes with his hands and sold them himself. And my hon. friend from Huron North cannot understand why, now that we have modern machinery to make shoes, he still has to pay the same price or a higher price for shoes than when the shoemaker made them by hand. Well, Mr. Speaker, if the hon. gentleman will accompany me for a few minutes in the sphere of realism instead of the realm of fiction I shall make one or two suggestions for his consideration.

When the shoe merchant was a shoemaker we had an entirely different standard of living. In that day even the shoemaker's children went to school in their bare feet, in order to save shoes and stockings, as did most of the other children.

Mr. FINN: Where?

Mr. LAWSON: In the small towns and in that constituency.

Mr. FINN: Not in Halifax. Mr. Speaker, I ask the hon. gentleman to name the constituency or constituencies in Canada where these conditions exist.

Mr. SPEAKER: Order.

Mr. LAWSON: I think I had better choose another occasion, having regard to all the circumstances, to deal with my hon. friend's question. In the meantime, Mr. Speaker, if you will be good enough to take care of the hon. member I shall try to take care of myself.

Mr. FINN: The hon. gentleman is attempting to give a second edition of his story to the public, and I ask that he retract those last words of his, because he is out of order.

Mr. SPEAKER: Order. No hon. member has the right to interrupt another member when he is speaking.

Mr. LAWSON: I was in the course of outlining some factors which enter into the cost of shoes to-day. I named one. Secondly, in the days when the shoe merchant of to-day was the shoemaker of yesterday, the shoemaker's wife probably got one new dress a year. To-day the shoe merchant's wife probably gets three or four or five or six new

dresses a year. In the days when the shoe merchant was a shoemaker there were no radios, and the shoemaker probably would never have purchased one if there were, whereas to-day they are owned as a necessity, not a luxury, by all workers in the shoe factories that make the shoes which are sold by the shoe merchant. In fact, the shoe merchant of to-day probably never dreamed in the days when he was a shoemaker of owning even a horse and buggy, much less the automobile in which to-day he travels, nor did he dream of having even a second-hand Ford such as is possessed by a great majority of the workers in the shoe factories of this country to-day. What does that mean? It simply means that you cannot compare the standard of living of thirty or forty years ago with the standard of living to-day. If the hon. member for Huron North had wanted to put a reasonable proposition to the shoe merchant he might have asked him why it is that a shoe made to-day in a Canadian factory by Canadian workmen with this modern machinery is sold for less money than a shoe made by hand to-day as a custom made shoe. Subject to adjustments which undoubtedly should be made in certain industries, never let us forget that we cannot lower costs without lowering wages, and you cannot lower wages without creating more unemployment.

That in turn gives me a thought that I should like to suggest to the Minister of Labour and to this house for consideration. The present Prime Minister (Mr. Mackenzie King) had something to say on this score during the last election campaign. In speaking at Vancouver on September 30, 1935, according to the reports in the newspapers, the right hon. gentleman set out ten points of the policy of the Liberal party. It will be noted that when the leader of the Conservative party sets out a policy he is always confronted with it as a promise, and then accused of breaking his promises. Let me suggest one point to the Minister of Labour; No. 5 set out by the present Prime Minister in Vancouver was, the democratization of industry by giving labour equal rights with capital in forming industrial policy. I should like to ask the Minister of Labour to tell us to-night what has been done towards implementing that promise and that policy. I suggest to you, sir, and to this house, that if the Minister of Labour had exercised as much effort in accomplishing the purpose declared by his leader as he has in fussing about with his employment commission he probably would have contributed a great deal more to the solution of this country's unemployment problem.

[Mr. Lawson.]

The hon. member for Huron North, again in his speech said concerning the leader of the opposition:

> Unemployment gave him his greatest victory, unemployment led to his defeat, and I think it must have been for him a supreme pleasure that he was able to return to this house and review the army of the unemployed which he and his party did so much to create.

Well sir, there may be those who disagree with the policy pursued by the Conservative party during the time they were in power for the solution of the unemployment problem. Undoubtedly there are those who will say that we did not entirely succeed. But I suggest that there are few who would accuse the Conservative party of creating the unemployment problem, having regard to the conditions prevailing in this country when we came into power, and having regard to the economic upheaval which swept the whole world at that time. The hon. member says the leader of the opposition came back to review the army of the unemployed; I should like to suggest that if the employment commission in this country appoints as many more appointees by order in council in the next nine months as it has in the last nine months, the hon. member for Huron North in his field of fiction will have the Minister of Labour going out in the uniform of a little colonel to review that army of employees of the employment commission and to accept the salute from those loyal Liberals who obtained jobs through that medium.

Now I come to the speech of the Minister of Labour (Mr. Rogers), who dwelt at great length on the cooperation that existed between this government and the employment commission, and the cooperation this government was receiving from the provinces and municipalities. Well, sir, that language had a familiar ring, so I looked up some of the election speeches of the Prime Minister (Mr. Mackenzie King). Sure enough I found that on August 6, 1935, as reported in the Ottawa Citizen the Prime Minister said:

> Nationwide cooperation under a national commission in the twin tasks of administering relief and providing work for the unemployed is the policy of the Liberal party on the unemployment question.

Then, a little later, he said:

> A program of useful relief works, including slum clearance . . . public buildings, highways, level crossing elimination, preservation of historic sites and other projects was envisioned by the Liberal leader as an outlet for the energies of unemployed Canadians—

Well, Mr. Speaker, where are they all?

Mr. MACKENZIE (Vancouver): To the right of Mr. Speaker.

Mr. BENNETT: The unemployed?

Mr. LAWSON: Oh, no; those to the right of the Speaker are employed. It seems to me that this session we had some hon. members of this house propose that something should be done in the way of slum clearance. The Prime Minister promised it, but have we had any legislation? Will someone please tell me what great highways have been constructed or contributed to by this government since they have been in power, in order to create employment? It seems to me that in my own province of Ontario either the minister of highways or the minister in charge of northern development has complained very bitterly in public speeches that he cannot get cooperation and assistance from this government in the matter of the construction of highways. Then there is the question of cooperation on the part of the provinces. Has this government had any cooperation from the province of Ontario with respect to the development of the St. Lawrence waterways, a project that would create an enormous amount of employment? If I can believe what I read in the daily press, the Liberal premier of Ontario not long ago loudly declaimed against this development, and I saw recently that the Prime Minister of Canada had gone to see him in order to try to assuage his feelings. That is cooperation with the provinces!

What cooperation has there been with the provinces of Saskatchewan and Manitoba, other than to provide them with money with which to pay their debts? What cooperation has there been with the municipalities? Only within the last two or three weeks a delegation representing the city of Toronto, one of the two great metropolitan centres of this country, came to Ottawa seeking cooperation in the expenditure of $400,000 for an airport in order to help establish that trans-Canada air line which the Minister of Transport (Mr. Howe) contemplates, and to create employment. If I mistake not, the answer they received here was "Oh, we may join you, but you must get the cooperation of the province of Ontario." Then they went back to Toronto and interviewed the government of the province of Ontario, where they were informed, "Oh, we might assist you, but you must get the cooperation of the dominion government." Well, Mr. Speaker, these are both Liberal governments; these are the governments to which the Prime Minister referred during the election campaign, by means of which we were going to have a maximum of cooperation throughout this country. Yet to-day we face the fact that one of the two largest cities of Canada has in the estimates, the supplementary estimates and the special grants, a grand total of approximately $25,000 to create employment.

Mr. HOWE: If I may interrupt the hon. member for just a moment I should like to say that the information he has given the house with regard to the answer on the part of this government concerning the airport is entirely incorrect.

Mr. LAWSON: I can only say that I was present with the delegation when it was in Ottawa, and the Minister of Transport was not there.

Mr. HOWE: Mr. Speaker, the delegation interviewed me, and on that occasion I gave them a very definite answer in regard to the airport. The hon. member was not with the delegation.

Mr. LAWSON: I accept the statement of the Minister of Transport. My good friend the dean of the Toronto members, who sits behind me, informs me that the delegation, consisting of the mayor and two members of the board of control, were badgered about the first day and apparently did not get to see the proper authorities. On the second day they did see the minister, and I confess that I was not there. But may I say this? If they did see the Minister of Transport, if the information I gave the house was not correct, may we have some evidence from this government before this session is over that money will be provided in order that this work may be carried on and employment afforded some of the unemployed in that great city?

We are told by the Minister of Labour that all we do is criticize, and he wants some concrete suggestions. Well, I am going to try to give him one or two, though I hope they will not be of such solid concrete that he will not be able to see through them. Why not let us get a little cooperation from the provinces in order to enact those measures of social legislation which are so badly needed and which would provide employment in this country? How well I remember the present Prime Minister going up and down this country during the last campaign appealing to the people to elect a Liberal government in Canada. In effect he said, "We have Liberal governments in almost all the provinces now, and if you elect us to power at Ottawa we will be one big family. We will all be able to get together and agree." Apparently a tremendous number of electors took him at his word. After he came to power he did call a conference; representatives of the provincial governments

did come to Ottawa and they did agree, but to what? They agreed to get rid of all this social legislation by hoisting it over to the courts for opinions on hypothetical questions, instead of waiting for a concrete case that could be decided on the facts. As a result of the decision of the court it has been determined that the provinces have the power to enact legislation dealing with minimum wages and maximum hours of labour, measures which I am confident even the Minister of Labour will agree would create a great deal of employment in this country if put into force. Why not seek the co-operation of the provinces with Liberal governments, and have them enact uniform legislation in respect of these social measures? Or, in the alternative, why not get all their Liberal friends to put their feet under the table and agree to turn over to this national parliament the power to enact those measures, and deal with them by amending the British North America Act? That is one concrete suggestion which I think will make more jobs.

I fear, Mr. Speaker, that the true policy of the Liberal party was best expressed by the frank speech made this afternoon by the hon. member for Marquette (Mr. Glen) in which he pointed out that in his opinion there is just one way to solve the problem, and that is to get more trade. If you get enough trade, no matter where you get it from or what price you pay for it, you will solve your employment problem. Well, that is the true Liberal policy.

Mr. ELLIOTT (Middlesex): A good policy.

Mr. LAWSON: But how the Prime Minister has changed his tune in respect of trade, since the last election! Speaking at Victoria during the campaign he said:

"Recent increases in trade between Canada and Great Britain were not due to the Ottawa trade agreements, as Prime Minister Bennett claimed, Liberal leader Mackenzie King said here last night. They were due to a general increase in world trade, and to a slight relaxation by Mr. Bennett of the trade restrictions he, himself, had imposed." The Ottawa agreements were a mistake, Mr. King believed, because they "pegged" the intermediate tariff for a fixed term of years, and thus prevented concessions to other countries.

Well, Mr. Speaker, if the Ottawa agreements were a mistake, then the present Prime Minister I fear has blundered terribly in running over at the first opportunity to renew them. A mistake because the intermediate tariff was pegged for a term of years? Well, Mr. Speaker, by a backhand method it is just as much pegged under the new arrangement as it was under the former, with the exception of 129 items; and the only difference in terms is that instead of it being pegged for five years, it is pegged for three years. The empire trade agreements were a mistake? The policy of the Liberal party is that trade is the solution of the employment problem? and yet, Mr. Speaker, under that very agreement Canada's trade increased by $300,000,000 between 1932 and 1936.

The hon. member for Huron North (Mr. Deachman) says he wants to solve the problem by increasing the purchasing power of the farmers. May I make him a suggestion in that regard? His leader made a speech during the last campaign in which he dealt with farmers. Shall I recall what he said? I read a Canadian press dispatch appearing in the Montreal Star of October 1, 1935, in which the utterances of the Prime Minister at Calgary, speaking to the wheat growers, were reported as follows:

Farmers were just as much entitled to fixed prices for their products as labour was for fixed minimum wages.

Mr. BENNETT: Hear, hear.

Mr. LAWSON: The press item continues:

Mr. King said he believed in fixing these levels for the purpose of maintaining standards of living.

Well, Mr. Speaker, the Prime Minister, the Minister of Labour and their colleagues certainly fixed the wheat growers' prices, after they assumed office, and they certainly fixed them well.

Mr. GARDINER: Thirty-three cents up.

Mr. LAWSON: He fixed the prices for the wheat growers by taking away from them their participation certificates, so that they had to sell their wheat at a lower price, although it was passed out later at a much higher price by the grain speculators of western Canada. If the hon. member for Huron North wants to increase the purchasing power of Canadian farmers, then I say the wheat growers of western Canada would have had a mighty sweet increase if they had received one-half of the money made by the grain speculators under the participating certificates.

The Minister of Labour wants concrete suggestions to create employment; I shall make one or two. If you want to create jobs, give the grain growers a fair share of the ultimate price of their wheat. If you want to create jobs, give to industry a reasonable measure of protection, so that Canadian industry may have equal opportunities in competing in the home market. If you want to create jobs, then call together your friends in the provincial governments, and agree as to maximum hours and minimum wages for labour. If

these things are done the minister will make a much greater contribution towards solving the unemployment problem than he will by setting up an employment commission.

For these reasons I propose to support the amendment.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I should like to say a few words on the budget and the amendment. As I study it, I am more than ever convinced that I shall support the amendment moved by the right hon. the leader of the opposition (Mr. Bennett). As one examines casually the speech of the Minister of Finance (Mr. Dunning) it would seem that there has been an endeavour to better conditions, but when one scrutinizes his oration a little more closely, he is compelled to change his mind somewhat. I believe in the dire circumstances in which we find ourselves something greater than endeavours are necessary to alleviate conditions in which due to the depression our people find themselves to-day.

One thing upon which I should like to commend the government is the subvention on coal. If there is one thing which will assist the country I believe it is the furtherance of interprovincial trade. Alberta, from which I come, and concerning which I am more qualified to speak, is one of the greatest coal producing sections of Canada. She needs assistance to enable her to produce and deliver her coal to the east, and to compete with the provinces with which she must compete in the industry. I would go further and say that greater assistance should be given to the coal industry, not to the detriment of the eastern coal producing provinces, but to the advantage of all the provinces concerned.

I am sorry indeed to note that millions of tons of coal are shipped in from Pennsylvania, great quantities from Wales and, as was pointed out the other day, even from Germany. I do not believe it is proper to permit coal to come in from foreign countries, particularly when we are faced with an unemployment problem. The coal is permitted to come in and to compete with coal produced in our own provinces.

I do not believe tariffs will solve our difficulties. In my opinion it does not make much difference whether tariffs are high or low, so long as we do not protect the home market for our own people. Subventions, which the government is continuing, have been recommended by the party in this section of the house to which I belong. We call it a price discount; but no matter what it may be called, the principle remains the same. I believe that any industry should be assisted by bonuses or subventions if it can prove conclusively that it is in need of assistance. Under such circumstances proper assistance should be given to it.

I should like now to refer to page 1213 of Hansard where the minister refers to the wheat situation in the following language:

> With regard to wheat, the 1936 yield was about 52·7 million bushels below that of 1935, and was the smallest crop since 1919. Drought conditions again played havoc in certain areas, destroying crops completely in some districts and reducing to meagre levels the yield in others. In spite of the smaller 1936 yield, however, the value of this crop was substantially above the value of the 1935 crop due to greatly enhanced prices, which are again reaching levels which promise more profitable and stable conditions for the western farmer.

I am glad he put in the words, "which promise." I admit that there is some degree of correctness in that statement, but from the farmer's standpoint it is absolutely untrue. The farmers of western Canada have been living on promises so long that they will not be able to carry on much longer. There is an impression among certain members of this house, as well as throughout eastern Canada, that the western farmer has benefited greatly by the rise in the price of wheat. Those of us who live in the west know only too well that the farmer never receives the top price for his wheat. His financial condition generally forces him to sell his wheat in the fall when the price is at the lowest point. It is not he who makes the profit out of the wheat, it is men, such as the one referred to the other day by the leader of the opposition (Mr. Bennett), who make profits of half a million dollars out of wheat operations.

Mr. GARDINER: Can the member tell me who is that individual who made half a million dollars?

Mr. JOHNSTON (Bow River): I do not believe the man's name was mentioned, and I think it was proper that it was not.

Mr. GARDINER: Does the hon. member think it is fair to make a statement of that kind and thus imply that any one of the many grain dealers in Canada might have made a profit of that amount?

Mr. BENNETT: Certainly.

Mr. JOHNSTON (Bow River): I think the hon. gentleman is quite correct. There are many others who have made tremendous profits. When you consider the price at which the average western farmer was forced to market his wheat and the price at which it sold on the world market, you can realize the tremendous fortunes which have been made.

Mr. GARDINER: Is it not true that the wheat pool handled 47 per cent of the wheat, and that the pool is organized by the farmers?

Mr. BENNETT: What has that to do with it?

Mr. JOHNSTON (Bow River): I do not know whether that is true of this year, but I do know that the farmers of the west never made any huge profits out of wheat. As has just been suggested to me, the wheat pool is not operating this year.

Mr. BENNETT: It operates as a line company.

Mr. GARDINER: It is not operating as a wheat pool, but they are buying grain the same as any other grain company. The elevators are owned by the farmers.

Mr. BENNETT: They are owned by the pool.

Mr. JOHNSTON (Bow River): As I said before, because of financial difficulties caused by the orthodox system under which we work, the farmer is compelled to sell his wheat in the early fall and he does not get the top price. It is the speculator working through the grain exchange who buys at the low figure and sells at $1.30 a bushel. Had these farmers been given participation certificates they could have shared in the profits made. The farmers would have been in a much better position, and such a step would have gone a long way towards solving our unemployment problem. I think the Minister of Finance (Mr. Dunning) pointed out quite clearly that the farmers have not been getting a sufficient share of the profit. At page 1213 of Hansard he is reported as follows:

> Since that time, however, prices have greatly improved, particularly in the past year, and by the end of 1936 this index had moved up to 32·4 of the 1926 level. While prices of things which the farmer sells have been moving upward, there has been relatively little change in the prices of things which he buys. In fact, taking 1926 prices as equal to 100, we find the retail price index in December, 1936, standing at 81·8, while, as noted above, prices of agricultural products had reached the 82.4 level after a rapid rise in the last few months of the year. At the end of 1936, therefore, the farmer's relative position, as far as prices were concerned, was slightly better than in 1926. Wide disparity between prices of primary and finished products is perhaps the most significant feature of what we call a depression, and it is greatly to be hoped that this approximate parity between agricultural and other prices can be maintained.

It certainly is greatly to be hoped that this approximate parity between agricultural and other prices can be maintained. These figures show that the position of the farmer in 1936 is approximately 20 per cent below what it was in 1926. How do you expect the farmers of Alberta, Saskatchewan and Manitoba to meet their present obligations when they must produce approximately 20 per cent more to meet those obligations? Had the government been a little more considerate and permitted the farmers to have these participation certificates, the farmers would have been much better off. This is one more instance of how the west has been discriminated against. There certainly has been an increase in business, but I would not say that has benefited the western farmer.

There is one other question I should like to deal with before I sit down. This is something of which we have heard a great deal in this house, but it is always referred to very guardedly. I have in mind the financial position of certain of the western provinces. I do not mean to be sarcastic when I say that this question is treated much too lightly; it is more serious than many of us realize, and the results may be more disastrous than we expect. During the last two or three weeks I have received many letters protesting against what is considered the discriminatory attitude of this government towards the west. I should like to read one letter which I received only to-day, and which is a sample of the many I have received lately. This will give the house some idea of what the people in western Canada are thinking. I might mention that I have received letters from Saskatchewan, Manitoba, British Columbia as well as from Alberta. The following was received from Alberta:

> At a regular meeting held by the above group, the following resolution was made and carried:
>
> "That this group go on record protesting the obvious discrimination shown by the federal government against Alberta in regards to financial and relief matters."

I do not think there is any doubt, at least in the minds of many people in the western provinces, that there has been discrimination shown by this government.

If this idea prevails widely, it may result in very grave consequences. In regard to this particular question I wish to quote from Hansard, page 1214:

> It is unfortunately true, however, that the financial position of several of our provincial governments is such that they are unable to take advantage of prevailing low interest rates in order either to reduce their fixed charges by refunding outstanding debt or to obtain new funds for relief or other expenditures. Despite drastic efforts to reduce expenditures and increase taxes, and despite a long record of honourable dealing—

I hope that remark was made in all seriousness, and I believe it was.

—with their creditors, they have been unable either to balance their budgets or to have recourse to the investment market for the funds necessary to meet their commitments.

This is a problem to which the government has given the most serious and unremitting attention since the day it assumed office. I need not recount the efforts which were made last year to find a solution. The plan then evolved which would have made low rates available to the provinces as a result of dominion assistance under appropriate safeguards, proved unacceptable in several quarters. The acute stage which the problem has reached in Manitoba and Saskatchewan during the recent past led the government to make the decision which was announced by the right hon. the Prime Minister (Mr. Mackenzie King) to the house last week.

The question is being asked, and I think rightly, why is Alberta being discriminated against? Manitoba and Saskatchewan were assisted by this government, but Alberta was not.

Mr. FINN: Mr. Speaker, I rise to a point of order.

Mr. JOHNSTON (Bow River): The question that arises in the minds—

Mr. FINN: The hon. member cannot introduce into debate something that has been said in a previous session. That is the reason for my remark.

Mr. JOHNSTON (Bow River): Alberta was forced—

Mr. FINN: Was it something he said this year or last year?

Mr. JOHNSTON (Bow River): The fact that the other two provinces were not permitted to default—

Mr. FINN: Mr. Speaker, I rise to a point of order. The hon. member must say whether he is quoting from a speech of the Prime Minister last year or this year.

Mr. JOHNSTON (Bow River): Mr. Speaker, I ask that the hon. member be requested to refrain from interrupting.

Mr. SPEAKER: Order. I draw the attention of the hon. member for Halifax (Mr. Finn) to the fact that when a member is attending a sitting of the house he must not talk loudly and he must not interrupt any member who has the floor by disorderly noises or in any other manner. I do not think there is any point of order.

Mr. JOHNSTON (Bow River): The fact that the other two western provinces were assisted would lead people to believe that Alberta was discriminated against. Whether intentionally or not is not the point at issue. But I think it is quite obvious that that is one of the circumstances which have led the people to believe that there was gross discrimination. A moment ago I read one of the many resolutions in that regard that I have received. Not only are the people as individuals in the three prairie provinces, and in British Columbia also, discussing this question, but the press is taking it up. The other day I cut out an article in a western paper, the Calgary Albertan of Saturday, February 20, 1937, entitled, very appropriately, An Ace in the Hole:

The great oil resources of this province have proved to be Alberta's ace in the hole. For the benefit of the uninformed it may be explained that an ace in the hole is an unexposed playing card of that rank which, in a stud poker game, often comes in handy. Recent developments in Turner Valley should convince all people that if there is one part of Canada which has the assets on which credit may be properly and safely founded that place is Alberta.

Neither the scolding nor the sophistries of the financial spokesmen, journalistic and otherwise, can obscure that fact. There is no doubt that at the time Alberta requested aid from the dominion government for the purpose of paying interest and avoiding default this province was entitled to assistance both as a matter of business and as a matter of equity.

I should like to emphasize that—"as a matter of business and as a matter of equity."

It could not and cannot be seriously asserted that the provinces of Saskatchewan and Manitoba are entitled to better treatment than Alberta from the standpoint of possession of assets. These are the firmest bases for credit.

But someone is sure to say that Alberta has been discriminated against because of its Social Credit government. That is doubtless stating the true situation. But it only makes the discrimination more shockingly unjust. If a government is to be penalized because it is engaged in an earnest and honest endeavour—

And in the minister's budget speech he said they had made an honest attempt:

—to restore hope and prosperity to Alberta, then it is none too soon to let all men know it.

It is refreshing to note that Right Honourable R. B. Bennett has publicly stated that Alberta has been discriminated against. The Albertan may not agree with all or many of Mr. Bennett's ideas, but we hasten to admit that on more than one occasion it has been constrained to admire his trong sense of justice. It cannot be said that Mr. Bennett is a Social Crediter, or at least he has not yet indicated it. But he objects, as many others do, to Alberta receiving unfair treatment because it turned out a government of which it was thoroughly weary and supplanted it overwhelmingly with a new one.

All Albertans believe that Alberta should have fair play.

That is all they ask, Mr. Speaker, that Alberta be fairly treated; and the people are determined that they shall get at least justice.

From the point of view of the assets of the province of Alberta there should be no doubt in the mind of anyone that that province should be given greater assistance than any other in the dominion. Alberta is one of the leading wheat producing provinces, one of the leading coal producing provinces, and the dominion's leading oil producing province; I will go further, and say that her actual and potential oil production is the greatest in the British Empire. That asset alone in time of war, as to which we are all so greatly concerned, should make it important to every member of parliament and every Canadian citizen that assistance be given for the development of that industry. I am told by very well informed men that financial institutions in eastern Canada are seriously hindering or endeavouring to hinder its progress.

Some may say that it is because Alberta has a Social Credit government; in fact some hon. members have already said so. I refer hon. members to page 985 of Hansard, to a statement made by the hon. member for North Battleford (Mr. McIntosh). For the sake of continuity I will read the preceding paragraph:

> Mr. Bennett: If the hon. gentleman will permit me, that statement happens to be inaccurate—although I am bound to accept it—Alberta was driven to default, and people holding its bonds have in some cases been practically ruined because of the inability of that province to pay. The Minister of Finance would not help Alberta although it asked for help, and now the other two provinces are to be helped.

Then the hon. member for North Battleford said:

> In answer to the statement made by the leader of the opposition I would say that if Alberta is seeing evil days financially and industrially the fault does not lie with the dominion government, the finance minister, or the Prime Minister of this country. It lies very largely with Alberta, headed by the government existing in that province at the present time.

That is the impression which is being given. We in Canada take pride in our democracy; our government is elected by the people. I say, therefore, that any dominion government that discriminates against a particular province because of its government, a government elected by the people of that province, takes an altogether wrong attitude, and the people of the west are resenting it most strenuously. Surely the time has come for us to take a broader view of things than the view which this government has taken of the situation in Alberta. When hon. members get up and defend the attitude of the government it is time for us to consider the question seriously. The people of Alberta elected their government by an overwhelming majority, one of the largest in history. They were not to blame for the debt that was created by other governments. I do not necessarily suggest that the other governments created that debt intentionally; nevertheless that was the condition of the province when they were in power. The present government of Alberta was elected by the people to help them and that is what that government is doing, and the people of that province are more determined than ever, and justly so, to see that they get fair play.

Mr. NORMAN J. M. LOCKHART (Lincoln): I desire at this time to make a few general observations on the amendment before the house. First may I refer in part to a statement I made last year when I opposed the appointment of the National Employment Commission. I opposed it then and I still oppose it in principle to-day, especially when its accomplishments have been reviewed and the matter has been fully considered. In part I said at that time: We have a bill before us which has for its purpose the setting up of a national employment commission. What purpose can be served when we consider the dire necessity that faces many of our Canadian citizens? What is this commission to do? Is it to review the statistics already compiled by one authority or another, or is it just another way of spending money to no good purpose?

My claim was that the urgent need of the day was to protect the lives and ideals of our Canadian people. That need is even greater to-day than it was at that time. The generation of young voters that has come into being, those who voted in 1935, are still talking about the conspicuous posters that were emblazoned across Canada, and I frequently hear them referring to one in particular. It has often been referred to in this house, the one we were all particularly interested in, which predicted the beneficial effects that would come from voting for the Liberal party—"Vote Liberal and End Unemployment."

It has often been said here that unemployment is a question of paramount importance; that has been acknowledged by the Prime Minister and every member of the house. Challenges have been made to the leader of the government (Mr. Mackenzie King), and when I pointed out last year what the government had promised, hon. members across the floor said "hear, hear" and declared that the promise that had been made would be carried out. I ask now, to what extent has that promise been fulfilled? Someone may say at once, "Has there not been an increase

in the number of those absorbed into industry?" Very true; I agree that there has been, but it has been only to a very small extent. I am quite sure the statistics will bear out that statement. We find, however, that as a whole throughout Canada unemployment has increased by approximately 100,000.

Let us turn to the increase in trade with Great Britain since 1932. That was a definite accomplishment of the late government, and a statement of this remarkable increase has already been placed on Hansard. Every newspaper in the country has been lauding the efforts and accomplishments of the late government and there is no need to repeat it here. Our home markets were preserved and with slowly improving world conditions Canada was enjoying her full measure of that prosperity, perhaps even greater than any other nation in proportion to population. To-day, however, young Canadians are asking all the time when they may expect a fuller measure of the benefits from that growth of trade. But, I repeat, unemployment is on the increase. These young Canadians, young voters of whom I have spoken, continue to point to the subsidies that are being given by the government to steamship companies, railways, western farmers, and in many other directions. Many of them are very worthy, but the younger generation can scarcely understand the vast subsidies that are being given, and they ask, and rightly so, "When are the wage earners to be given their just share and to find a greater demand for their labours?" Surely this is a pertinent question to-day when we are spending millions in various ways. There is apparently a tendency to spend money easily and that is something that perplexes the youth of 1937.

It has been pointed out clearly in this house that after the western farmer has been aided in the purchase of fine seed grain, and in many other ways, he has been deprived of his rightful share of the increasing profits from the wheat he has grown. This government has so manipulated the sale of the farmer's wheat that he has never realized on the increased prices paid in foreign markets, these profits having found their way into the pockets of private speculators. That statement also is spread on Hansard in detail, and I do not intend to enlarge upon it. At any rate I do not hear from hon. members any contradiction of the statement that on the whole the struggling farmer was sold out, whereas we do hear a good deal about the private interests. In all the newspapers, both from the west and from the east, we are told how the farmers' wheat was sold at a sacrifice, the profits going into other private pockets, through what might be called illegitimate channels.

Is that a good way to get the confidence of the Canadian people, and particularly the younger generation, who are perturbed in many ways and wondering what this is all about? Is it not playing into the hands of the disturbing influences that we have heard so much about and the many elements which we are told are undermining the very democracy of which we are proud. Is it not undermining the ideals and ambitions of our young Canada? Only this week I received a strong protest from a young Canadian farmer in Saskatchewan who was formerly in my employ. I quote this as an illustration of how this may work out in practice.

He was a keen and ambitious young man; he served overseas for four years and was one of the few who came back unmarked. He decided to take up a quarter section in Saskatchewan, of land allotted to returned soldiers who qualified. He pioneered, as those we have heard so much about in the early days. I have often heard the Minister of Agriculture (Mr. Gardiner) speak of the pioneer days of the west. This young man went through similar experiences. He lived in a shack built by his own hands; for several years he laboured early and late; he saved his money, bought more land, and built himself a small comfortable farmer's home. He married and has a small family. Along with thousands more he was obliged to sacrifice his wheat, which went into the hands of private speculators who, assisted by the present government, were in a position to capitalize on the farmer's necessities. He did not realize enough from his grain to keep solvent, and this week I have received a letter saying that he has given up in despair and intends to move as soon as he can gather his few belongings together, to the United States and start anew. Another good Canadian gone, broken in spirit. Is it any wonder he writes in bitter condemnation of being sold out and his just earnings diverted into private hands? It takes a lot of courage and conviction for a young man to retain his morale after going through such an experience and coming out at the short end.

I think this whole position was very clearly dealt with by the leader of the opposition, and I have not heard anyone contradict the statements he made in moving his amendment. People talk of immigration, when we blot out the lives almost of Canadians who have pioneered and who have a right to a place in Canadian life. I lay such instances at the door of the present government, and I

venture to say that many hon. members could testify to experiences of that kind. There is surely a day of reckoning coming, if we deal with young Canadian life in that manner.

I again remind the government that unemployment is the paramount question of the day. We hear rumours of relief camps being again established. Surely with improving conditions we are not going back to the distress of those former days! Surely two years of study of unemployment by duplicating statistical departments should have convinced any government by this time that the amount of money already spent by the National Employment Commission is spent to no advantage. It provides merely a duplication of statistical records. Our young Canadian manhood and womanhood are sick and tired of statistics. Their whole cry is that they want work, and more work, pay envelopes and more pay envelopes. No wonder they are cynical when they discuss the present home improvement plan.

I had the privilege recently of being asked to act on the executive in connection with the administration of this plan. It is a worthy piece of legislation; I am quite satisfied it is good legislation, and I heartily endorse this effort of the Minister of Finance (Mr. Dunning). On the other hand, how can a man without a job apply to any lending institution for a loan of a paltry few hundred dollars to repair his home when the first qualification he must have is a job? No wonder he is critical. No wonder at times these young people come to us and scoff.

In the presentation of the Canada-United Kingdom trade agreement I consider that too much stress is laid on foreign trade, and that our home markets are being overlooked. Scores of small towns and urban municipalities are dependent on small industries such as textiles, which produce steady pay-rolls for their people. Surely it is apparent that reduced protection to this industry will have far-reaching effects. Recent inquiries have revealed that many textile mills are even now finding it difficult to carry on. If their home markets are further invaded one of two results is bound to follow; either wages will be reduced and the standard of living be lowered, or many of these mills will go out of business. Canada has seen this happen before.

The fabricated steel industry of this country should also be better protected. I have some knowledge of that industry, although not engaged in it myself. Why can we not help this industry to expand in Canada, instead of passing prohibitory measures which only curtail its operations?

[Mr. Lockhart.]

The Minister of Finance is to be commended for his efforts to reestablish the building trades and increase employment in that direction. I think, however, that his estimate of the proportion of labour employed in the building trades and in the manufacture of building material was considerably lower than is actually the case. The production of steel in all its forms should be one of our largest secondary industries. It plays a most important part in the construction of homes and buildings of the larger types. Sheet metal could and should be manufactured in Canada, and no restraint should be placed on production of this kind.

May I say, Mr. Speaker, that I am in favour of expansion of our foreign markets providing that is not done at the expense of our home markets and our basic and secondary industries. Nations can change their foreign policies overnight, as we have seen happen so often in the past. We do not want to wake up some morning and find that our home markets have been sacrificed, but I am definitely of the opinion that this is being done by the lower protection that is proposed.

I strongly criticize the apparent neglect by the government of the unemployment situation which exists in Canada, and the apparent decrease in opportunities for employment. I heartily endorse the amendment proposed by the right hon. leader of the opposition (Mr. Bennett), and I think hon. members would be well advised to consider the far reaching effects of the lower protection that is being afforded our basic and secondary industries. I feel that the youth of the country are disappointed because they realize the possibility that our home markets will be invaded and their chances of securing employment thereby be lessened instead of increased. I hope many hon. members on the government side will express themselves on this question, because I know there are those in the house who have had the same experiences I have had, and we all hope that our industries and our citizens will be protected to the fullest possible extent.

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, I listened with a great deal of interest to the address of the right hon. leader of the opposition (Mr. Bennett) in the course of which he moved an amendment to the motion of the Minister of Finance (Mr. Dunning). When the right hon. gentleman moved that amendment I had the feeling that probably he did not think he was quite doing justice to the government. At that time he knew that the only real policy he attempted to apply in

the solution of the problem of unemployment was that of raising tariffs, and he knew that policy had failed. He knew that he had spent five years in endeavouring to cure unemployment in Canada, and he knew that only sixteen months had passed during which this government had an opportunity of applying its policies. He knew very well that it takes time to get policies in operation and more time for them to have the ultimate effect expected. So I have no doubt that when the right hon. gentleman moved his amendment he realized that it was really too early to condemn a government which had been in power only sixteen months, when he had failed after five years.

As a matter of fact, Mr. Speaker, my right hon. friend more or less attempted to justify himself by saying, in effect: "I am moving this amendment because it is the same amendment with which I was met when I was at the head of the government." I submit that moving a motion such as this when the policies which you are condemning are failing is very different from moving a similar motion when apparently those policies are succeeding. So it seemed to me that the right hon. leader of the opposition felt that perhaps he was not doing just the right thing by the present government in moving his amendment.

In that connection, and especially in view of the remarks of the preceding speaker (Mr. Lockhart), I think it is only fair to go back to the figures disclosed by the Minister of Labour (Mr. Rogers) in his speech on this amendment. According to the right hon. leader of the opposition the number of unemployed in this country when he assumed office was 117,000. When he left office there were 435,000 unemployed, but in October last that number had been reduced to 392,000. In other words, there has been a reduction since this government has been in office. I was glad that the Minister of Labour did not pretend to be satisfied with what had been accomplished, but merely said that the improvement was such as to give hope and confidence. As far as this country is concerned I think it feels that since coming into office the present government has applied itself unremittingly and faithfully to the solution of the various problems confronting it, and I think the country at large really feels that more has been accomplished by this government in sixteen months than was accomplished in a similar time by any other government that occupied the treasury benches of this country since confederation. When I say that I do not pretend that I agree with all that has been done by this government.

Mr. BENNETT: Its monetary policy, for instance.

Mr. TUCKER: No, and I am glad the right hon. gentleman mentioned that. But I do not think he would pretend that when he was a young private member in this House of Commons, supporting his leader, he agreed with all the policies of the government of that time. But that did not prevent the right hon. gentleman from consistently supporting that government because on the whole he thought it was the best government for the country.

Mr. BENNETT: I voted against them, though.

Mr. TUCKER: The right hon. gentleman says he voted against the government at times. Perhaps I may do the same thing if my conscience compels me to do so. No, Mr. Speaker; as I say, it may be that in some matters I should have liked to see the government adopt different policies or go further in certain directions, but I do not believe that anyone should expect any government to do everything that each private member would like it to do. After all, Mr. Speaker, all any member can expect of any government is that on the whole it should be doing, as he thinks, fairly well, making as few mistakes as a government can be expected to make.

A great deal has been said, for example, in regard to what the government has done concerning wheat. I know many hon. members who have had a good deal to say about wheat who had nothing to say when the western farmer was selling his wheat for 21 cents a bushel. But to-day, when the farmer is getting over a dollar a bushel, these members are weeping crocodile tears over his plight. The people of this country and the farmers take note of these things, and they are not misled by this late concern for their interests. They do not forget all that has happened since 1930. I will deal with the government's wheat marketing policy later on.

The hon. member who just spoke, together with many of those who have taken part in the debate on behalf of the official opposition, suggested that by the small tariff reductions being made by this government the home market was in some way not being preserved, so that unemployment will be increased.

Since it has been incorporated, the Dominion Textile Company has made on an average 97 per cent on the investment in its common shares. I ask you, Mr. Speaker, if the Dominion Textile Company had been forced by lower tariffs, and the competition it would have had to face on account of lower tariffs, to charge less for the goods which it produced, would it not have sold

more of those goods, and would it not have promoted more employment as a result? Would it not have been better if the Dominion Textile Company had sold its goods cheaper, and sold perhaps twice as much to the people who needed the goods, instead of making 97 per cent profit for the promoters, on the common shares? Would it not have been better if it had distributed some of those millions of dollars to the working people of this country, about whom the official opposition pretend to be so much concerned?

Mr. BENNETT: Mr. Speaker, if the hon. gentleman had not made his last observation I would not have risen to a point of order, but I must point out that this matter is now before a royal commission which has not yet made a report. We have scrupulously refrained from any references to it until the report is made. The rules seem to be reasonably clear with respect to royal commissions, but if the hon. member desires to pursue it in that way, then I am bound to raise the point of order.

Mr. TUCKER: I should like the right hon. gentleman to state the rule which prevents anything being said in this house on any question of fiscal policy just because a commission is investigating it. If he can state any such rule, I shall be surprised.

An hon. MEMBER: What about wheat?

Mr. DEPUTY SPEAKER: On the point of order raised by the right hon. leader of the opposition, may I say that all through the debate a very wide latitude has been allowed. Hon. members from all parts of the house and belonging to all parties may have been out of order in the wide latitude they have taken. I do not think the point of order is well taken.

Mr. BENNETT: I only directed attention to the fact that on the budget the widest possible latitude is given to all speakers who deal with any problems affecting the welfare of the country as they see it; but the rule with respect to committees is laid down, and the same rule has been followed with respect to royal commissions. I only mention it; but it is not important at all.

Mr. MACKENZIE (Vancouver): I think the right hon. gentleman is correct. The same rule would apply to a discussion of the wheat situation, which is under royal commission investigation at the present time.

Mr. BENNETT: The royal commission on wheat is not taking evidence; in order to provide a job in perpetuity, apparently, the judge has been permitted to go on with other work.

[Mr. Tucker.]

Mr. GARDINER: I think the hon. gentleman is entirely wrong. The wheat commission has taken evidence on other matters besides barley; they have taken evidence on wheat.

Mr. BENNETT: Very little.

Mr. TUCKER: I had completed the remarks I had intended to make on that branch of the subject; but I am quite interested to see that the right hon. the leader of the opposition feels as he does about the textiles matter.

Mr. BENNETT: Mr. Speaker, that is an inference which I cannot permit the hon. member to make. I have not expressed any opinion with respect to the textiles matter, and I expect the hon. member to withdraw any implication of that character. The time will come when we will express our opinions upon that, and my views will then be known. I have expressed none so far.

Mr. TUCKER: I meant no unfair implication; I took it that he felt that the unjustifiable profits of the Dominion Textile Company were exorbitant, and that he hated to have them brought up at this time.

Mr. BENNETT: Of course, that makes it only so much worse.

Mr. TUCKER: May I say that this has been the second budget speech to which I have had the opportunity to listen. I felt it was a most complete review of the financial situation of Canada and most understandable to any person even one who is not an expert in financial matters.

I was particularly pleased with the introduction of pensions for the blind. I felt that it was altogether fitting that an administration headed by the present Prime Minister (Mr. Mackenzie King) should have introduced such a system, in view of the fact that it was his administration which introduced the system of old age pensions. I notice that in the appropriations for the Old Age Pensions Act the estimated expenditures for the next fiscal year are placed at $22,500,000, which means that apparently it is expected there will be at least 112,000 old people who will benefit by the act in the coming year. Knowing of some of the suffering that prevails now and has prevailed during the last five or six years I think every hon. member must have been grateful on many occasions to know that an Old Age Pensions Act is in force, and has been in force during those years of suffering and hardship. I believe one of the things for which the present Prime Minister will be gratefully remembered is that he introduced in this Parliament one of the first measures providing for

social security for those unable to take care of themselves. I have no doubt that already many thousands of old people have gone to their last reward, having enjoyed a much happier evening of life than they would have but for the action of the administration headed by the present Prime Minister in establishing a system of Old Age Pensions.

Similarly, in connection with pensions for the blind, supported as they were by all parties, I am sure every hon. member was delighted that it was deemed possible to introduce the measure at this session. Presumably it will benefit at least 2,000 people who, after all, have enough handicaps to face without having the extra one of not being sure of at least a bare subsistence.

I do not intend now to discuss in detail schedules in the budget, but there is one point which strikes me and it is this, that while not destroying a reasonable amount of protection (and many will still regard as unreasonable the protection left—the protection is still so high that even the official opposition should regard it as reasonable) by introducing a certain amount of competition from old country textiles, the textile people in Canada will be forced to reduce their prices so that people who have just come through the depression will be able to buy more goods, thereby increasing the general wellbeing of the poor people of Canada. Employment will be increased, and no one, with the exception of those people who have had exorbitant profits in the past, will be injured.

How anybody can condemn a budget like that is more than I can understand. The only condemnation that I would have of it is that it leaves far too much protection for those people who to-day, we are told, are going to be forced to the wall because they cannot get along with a thirty per cent protection. I submit that if there is an industry in Canada that has to have a protection of thirty per cent or more in order to exist, it is uneconomical and an absolute burden to Canada. It would be a great deal better if the capital invested in that industry were put into another industry economically sound, one which would provide more labour, and contribute to the general well being.

To find out how the tariff actually works out I looked into a few items, one of which was blankets. On December 30, 1936, a shipment of blankets weighing 1,226 pounds and worth $590, entered this country. The tariff was 22½ per cent less 10 per cent if the goods came through empire ports, so the ad valorem duty was $119.48. There was a specific duty of 10 cents per pound, less 10 per cent, which amounted to $110.34 on these blankets. This meant that this shipment of blankets worth $590 paid a duty of $229.82, or 39 per cent upon an ad valorem basis. Under the new tariff the ad valorem rate is 20 per cent, less 10 per cent, which amounts to $106.20. The specific rate is 5 cents per pound, less 10 per cent, which amounts to $55.17, or a total of $161.37. Worked out on an ad valorem basis, this amounts to 27·35 per cent. In other words, the tariff on blankets has been reduced from 39 to 27·35 per cent.

For every $100 worth of blankets, the manufacturers in this country can still charge $127. They can charge $27 more than would be charged if there was no tariff. I submit that in connection with a necessity like blankets, if the manufacturer in this country is not able to function with the natural tariff imposed by the cost of shipping the goods from another country, plus this 27 per cent, then the industry should not exist. Anything beyond that is too much of a burden upon the consuming people of this country, especially in connection with a necessity like blankets.

Let me refer to a shipment of five dozen woollen socks, valued at $8, which came in on November 7, 1936. The duty was 30 per cent ad valorem, less 10 per cent, which amounted to $2.16. The specific duty was 75 cents per dozen, less 10 per cent, which amounted to $3.38. The total duty on those $8 worth of socks under the old tariff was $5.54. Under the new budget, the ad valorem rate will be 20 per cent, less 10 per cent, or $1.44. The specific rate will be 30 cents per dozen, less 10 per cent, or $1.35. This makes a total duty of $2.79. Worked out on an ad valorem basis, the previous duty was 69 per cent, a rather high duty on an article which is absolutely necessary in this country. This is the sort of duty that was imposed in order that our textile barons could make almost 100 per cent on their money. Under the new tariff the ad valorem rate is 34·87 per cent. When my friends of the opposition cry out because a duty is too low at 34·87 per cent, I wonder how much they really care about the consumers of this country. If they were saying that that duty was too high, that it should be lowered still more in order that more goods might be bought and employment increased, then I might be able to sympathize with them in their argument. But when they condemn the budget because prices are going to be reduced and employment increased, and then move an amendment to the effect that the government is not curing unemployment fast enough, I cannot follow their reasoning.

There is another matter in connection with the budget to which I should like to

refer. It should not be forgotten that when the right hon. leader of the opposition (Mr. Bennett) came into power in 1930 Great Britain was still a free trade country. He went over to England and suggested that that country should change its tariff policy and give a preference to Canadian goods by putting on a tariff against foreign goods. That suggestion was treated with scorn by the government of that day in Great Britain. The leader of the opposition then suggested that Great Britain might be at the parting of the ways. There was a hint there; and then that if England did not adopt the tariff policy which the right hon. gentleman, then Prime Minister of this country, suggested to them, it might not be so good for trade relations within the empire.

The British people listened to the opinion of that eminent statesman, and who knows but what that opinion may have had something to do with causing England to be no longer a free trade country. England became a protectionist country when she adopted the policy suggested by the leader of the opposition. In fact, I believe the party of which he is the head took a great deal of credit to themselves because for the first time in history we had a market open to us in Great Britain which was closed to other countries by means of a tariff.

Mr. BENNETT: Not closed.

Mr. TUCKER: Partially closed by a tariff. They took credit for that situation, but I ask you: Was it something for which they should take credit? What was the situation? The farmers of Great Britain obtained a certain amount of protection against the foodstuffs of foreign countries, but they obtained none against the food products of the dominions. What was the attitude of the farmers in Great Britain? It must be known to every member of this house that the farmers began to take the attitude that as British manufacturers were protected, they the farmers, should also be protected against empire as well as foreign food products. They contended that as the dominions had put on a tariff against the main products of Great Britain they should have a tariff against the food products of the dominions. Our right to free access to the British market was endangered, and always will be endangered while England is on that basis. For the first time she was no longer a free trade country.

The same thing was true when the present government came to negotiate the new treaty. The people of the United Kingdom began to realize that through the Ottawa agreements we had increased our sales tremendously in the United Kingdom, but we had not given them entry to our market to nearly the same extent. The argument was used that if Canada was going to deal on that unfair basis, then they wanted protection against the food products of Canada. They began to argue for protection against Canadian hams, bacon and wheat to the same extent as they were protected against the food products of foreign countries.

I do not think there is any doubt that if we are not very careful we may lose our preference in that great market. Why? Because of the very thing over which the official opposition boasted, that they had got England to adopt a different fiscal policy. What was this government faced with? They had to go to England and say to the British government: We will give you concessions in order that you may be able to justify your not protecting your own farmers against our food products. The farmers of Great Britain contended that if the manufacturers of that country were protected, they should also be protected. I presume it was pretty hard for the government of Great Britain to deny a certain measure of protection to their farmers. Therefore, we had to offer a much better deal to the British government than that held out by the right hon. leader of the opposition.

But we profit by that deal. If we lower the tariff on goods coming into this country, prices are lowered to the consumers. It means that more of those goods will be purchased. If there remains some protection to the producers of these goods, it means that more will be made and sold in this country, and the result will be that we shall have benefited in several ways, by preserving our markets in Great Britain, by increasing employment at home, and by enlarging our ability to enjoy more of the goods upon which these tariffs are lowered. That is the situation in regard to the tariff as I see it. There is no doubt that the agreement was received with great gratification, especially by the farmers of this country. For example, here is a statement made by Mr. H. B. Cowan, secretary of the Canadian Dairy Farmers' Federation, representing 150,000 organized dairy farmers. He said:

> It is gratifying to farmers that the Canadian government has reached such an important and favourable agreement. National farmers' unions of the United Kingdom backed by strong Conservative support in the British house have been urging imposition of levies and quotas on imports of farm products, and the government there issued a white paper almost committing it to this policy. Farmer organizations in Canada and the other dominions have contacted their governments to combat that policy.

The opportunity to ship into that market 280,000,000 pounds of bacon and ham in the next three years should give us, in view of the fact that we have used in the past roughly only one-half of that quota at any time, a chance to expand that production tremendously. Will anybody say that that is not something worth while? The leader of the opposition (Mr. Bennett) may say that under the treaties which he negotiated we had that right. But I submit that because those treaties were so one-sided—and the official opposition are inclined to take credit for driving such a good deal—because it was such a "good deal," although really, through its ultimate results, a bad deal—this government should be heartily congratulated upon overcoming the handicaps they had to meet in the hostility of many interests in the United Kingdom owing to the one-sided way that the Ottawa treaties have worked out, and upon getting such a favourable treaty for this country.

One of the speakers for the official opposition referred this evening to the fact that the present government when in opposition objected that there were still certain items on which the preference was bound. But it should not be forgotten that in the treaty negotiated by the present leader of the opposition there were 215 such items, and that that number has been reduced by the present government to 91. The opposition may inquire, why did you agree even to 91 items? After all, we all admit that it takes two to make an agreement, and that when the United Kingdom had an absolutely guaranteed preference on 215 items, it was quite an achievement to get that number reduced to 91. I submit, as well as hope, Mr. Speaker, that as a result of our power to lower the tariff on those items which have been dropped from the bound list, it will now be possible for us to negotiate once more with the president of the neighbouring republic and get an even better treaty with Washington than we got last year. Through this agreement with the United Kingdom the foundation has been laid for extending the United States trade agreement from which we have already benefited so much. That is another reason why I intend to vote against this amendment and for the budget resolution.

There is another matter with which at the moment I should like to deal because it is one in which I, as one of the younger members of this house, am very much interested. We hear a great deal, and properly so, from hon. members representing the central provinces about their unemployed young people. We have unemployed young people whom I would designate as the forgotten young people of Canada. They are not on any unemployment relief list. They cannot come under a farm placement scheme. Their ages range from fifteen to thirty years. Their parents do not need them any longer at home, but they remain there because there they get food and shelter. The young men and young women of western Canada are staying in their parents' homes long past the time when they should be out establishing homes of their own.

A very competent observer of Saskatchewan conditions told me to-day that in his opinion there are at least 50,000 young men in Saskatchewan from eighteen or nineteen to thirty years of age who are staying with their parents and for whom there is no real work, who cannot get married and establish homes of their own; at the same time, naturally, there is roughly the same number of young women in the same position. When we pay as much as we do for tariff protection, which helps people who live near these protected industries in central Canada, we should be willing to do something to give our young people the chance to get settled and started in life. We hear something of immigration policies. I submit that this government should set aside a certain sum of money from which a young man wishing to start up for himself and establish a home should be able to apply for a reasonable loan, which he should receive provided he can show he has a piece of land that he can go on with a reasonable hope of making a success. That loan should be repayable at a low rate of interest over a long period of time. If that were done it would enable several thousands of our young men to settle on their own land, get married, establish homes, and begin to raise families the way their fathers did before them. Seeing that Canadian governments have spent millions of dollars in past years in bringing in immigrants from other countries, to-day we should, I submit, have enough vision and imagination to spend some money to settle and give a start to young people who were born in this country, and who are the best settlers we can have. When it is suggested that we spend money on cooperative schemes to bring strangers to our shores from other countries—I care not where they come from—I say that before we fetch anybody in from outside we should look after our own boys and girls who want to make a start in this country.

I congratulate this government upon its decision to appoint a commission to investigate dominion and provincial relationships. I suggest most seriously, though, that that commission should have the power to investigate

the question of tariffs. A great deal has been said in this house about the tariff. One hon. member belonging to the official opposition asked how long were Ontario and Quebec going to remain a pair of placid milk cows to be stripped dry to pay the bills of provincial governments over whose expenditures they had no control? He referred to the provincial governments of the west in making that remark, one which, I submit, was not justified by the facts. I would say that in view of the fact—and I intend if I have time to prove it—that we have been feeding these two milch cows we should have a right to do a little bit of the milking. The Nova Scotia government had a royal commission investigating its relationship to the dominion. It got the present Minister of Labour, who was at that time I believe a professor—an eminent professor—in one of our universities, to prepare a submission to that royal commission on its behalf. As he was at that time appearing for Nova Scotia, not for western Canada, I do not suppose he was trying particularly to make out a case for Saskatchewan, Alberta or Manitoba. He examined into the question of the benefit and injury done by the tariff to the various provinces of this country. That was for the year 1931. I should like to give a few of the figures to the house. He found that the estimated amount of the tariff subsidy to protected manufacturers in Quebec was $132,867,447, that being 31·23 per cent of the benefit from the tariff. He found that the estimated tariff subsidy to manufacturers in Ontario was $220,722,484, Ontario benefiting to the extent of 58·88 per cent. Saskatchewan, with over 900,000 people, almost one-tenth of the population of this dominion, benefited to what extent? Not one per cent, no; it was ·77 per cent—$3,275,950. And he found that this tariff subsidy per capita was as follows: Quebec, $46.23, Ontario $64.32 and Saskatchewan $3.55.

We have a few manufacturers in western Canada, but it is interesting to see how little Saskatchewan benefited by the tariff. He gave a table of the net loss or net gain. He found that in one year the province of Saskatchewan paid in extra prices on account of the tariff $29,228,285. He found that it benefited by the tariff to the amount of $3,275,000 as I have already said; in other words, that the tariff cost Saskatchewan in one year, 1931, $25,909,790, or $28.16 per capita. The amount the provincial government collected from our people that year was, I believe, less than $14,000,000, and this tariff subsidy cost our people in one year over $25,000,000. I submit that the year 1931 may be taken as a normal year; and if you multiply $25,000,000 lost in one year by, let us say, five years, you have the tariff costing Saskatchewan alone since 1931—

Mr. DEPUTY SPEAKER. The hon. gentleman's time has expired.

Mr. TUCKER: I should like to be allowed to finish the argument.

Mr. DEPUTY SPEAKER: With the consent of the house.

Some hon. MEMBERS: Go on.

Mr. TUCKER: In other words, Mr. Speaker, in five years the tariff has cost Saskatchewan alone $125,000,000. With the consent of the house I want to deal for a moment with something that may be of interest to the leader of the opposition (Mr. Bennett). He mentioned that the present government had suggested that we should follow sterling when England went off the gold standard.

Mr. BENNETT: I said that a motion to that effect was moved by Mr. Coote, in amendment to the acceptance of the British agreement, and that the now government voted for that motion.

Mr. TUCKER: I thought I said that, but perhaps I did not. I understood the right hon. gentleman to say that the members of the present government had supported the suggestion that we should have followed sterling when England went off the gold standard. I submit that in fairness to the primary producers we should have done that very thing. By virtue of the fact that we refused to follow sterling, which was our natural market, and instead followed more or less the United States dollar, the growers of wheat in western Canada lost in 1931 $3,469,000. That was the loss to the western wheat growers alone. What all the primary producers lost I do not know; I have not the figures. In 1932 the western wheat growers lost $24,664,000; in 1933 they lost $6,747,000; or a total in those three years of $34,880,000. Why did we lose that money? Because it was deemed a good thing that we should keep our money as near as possible on a par with United States money so that the government and the financial interests of Canada would not be embarrassed in making payments in the United States. For that reason the primary producer of Canada was penalized to the extent of millions of dollars, the western wheat grower alone suffering to the extent of $34,880,000. Had we followed Australia, which is a great primary producing nation, had we, like them, considered the interests of the primary producer as being of

greater importance than the interests of the financial institutions, in the years from 1900 to 1936 inclusive, the western wheat growers instead of receiving $882,970,000 for their wheat, as they did, would have received $1,112,402,000. Had we followed the policy of Australia, which had some compassion on its primary producers, we should have given the western wheat producers $229,432,000 more for their wheat than they got.

There is one more point I wish to discuss; it has something to do with this very question. I find that in the autonomy act of Saskatchewan it is provided that we could not tax the Canadian Pacific railway, and as a result of that provision Saskatchewan, though it has made attempts to tax the railways in that province, has been in a weak position and has been unable to push taxation very far in view of the fear approaching almost to certainty that such taxation would be declared ultra vires.

Mr. BENNETT: A Liberal government did it.

Mr. TUCKER: I am speaking of the way in which different governments in this country, under the influence of central Canada, have passed or permitted to exist laws that exploit the west. And yet in the face of this we hear our friends in central Canada saying that we are milking them. Let us have the facts. If our friends from central Canada can then stand up and say that we are not being exploited, I shall be surprised.

I have read some little history, Mr. Speaker, and from my place in this house I make this statement, that in my opinion the American colonists before the revolution of 1776 were not exploited by the mother country to anything like the extent to which we are being exploited for the benefit of the industrial section of central Canada. What about this question of railway taxation? We find that Ontario collected from the railways in 1934, $3,031,978; that province has 10,842 miles of line. We find that Quebec collected $1,725,731; that province has 4,858 miles of line. Saskatchewan collected $430,954; that province has 8,368 miles of line. The amount per mile collected was in each case: Saskatchewan, $51.50; Ontario, $279.65; Quebec, $355.23.

Mr. BENNETT: Since the hon. gentleman is taking more than his time, perhaps I may be allowed to ask him a question. Does he know that the provincial legislature of Saskatchewan exempted subsidized roads from taxation?

Mr. TUCKER: I know something of the things I talk about, but I do not pretend to have the encyclopaedic knowledge of the right hon. gentleman. When I am as long in this house and as old as he I may perhaps be able to answer more questions than I can now.

Mr. BENNETT: I do not think there is any reason why the hon. gentleman should abuse a privilege. I asked him a reasonable question and he has answered in a manner in which Hansard will indicate. When one is trespassing upon the house, with its unanimous consent, one is expected to show at least a little observance of the amenities of debate.

Mr. TUCKER: If I have in any way transgressed the amenities of debate I offer the leader of the opposition, for whom I have a great deal of respect, my most humble apologies.

Mr. BENNETT: Not to me, to the house. Thank you just the same. I am not concerned about myself.

Mr. TUCKER: If I have not yet satisfied the right hon. gentleman, then I offer my apologies to the house. Just to conclude that argument, Mr. Speaker, I do not know to what extent the lines in Saskatchewan were exempted, as suggested, but I rather suspect that the exemption does not amount to much, and it does not affect the argument anyway. If we were permitted to tax the railways to the same extent that Quebec taxes them, we should receive from the railways $2,970,640. We actually receive $404,000. In other words, we are short $2,566,640, and the subsidy which we receive in common with and on the same basis as the other provinces, under our autonomy act, is $2,144,000; that is to say, by virtue of that exemption from taxation we not only lose the amount of the subsidy which we get in common with the other provinces, but $422,640 in addition thereto.

I do not intend to transgress any further upon the time of the house. I wish to express my appreciation of its courtesy in allowing me to finish the argument I was endeavouring to present. May I say in conclusion, however, that any remarks I have made are not intended as a complaint against other parts of Canada. What I am trying to impress upon the house is this: that if the dominion is to be happy in its confederation of provinces; if the provinces are to be content to remain in that confederation; if they are going to work together in that unity and harmony which are essential to make any nation great, then justice has to be done to each part of the dominion. And I lay these facts before the house in answer to the suggestion that western Canada is getting more than it is entitled to. I submit that if you consider our troubles in recent

years and the amounts which we have been deprived of in consequence of the considered policy of the central government of the country, what we have received is pitifully small in comparison.

Mr. MAURICE LALONDE (Labelle): Permit me to congratulate the hon. Minister of Finance (Mr. Dunning), who presented to us what I might call a budget of hope. His statement regarding the present financial position of our country gave rise among our Canadian people to a deep feeling of confidence in better days.

While the international situation is one of the factors of our economic recovery, we must not forget that the Liberal administration has had much to do with the satisfactory results which we are now witnessing. I have not the slightest intention of analyzing this whole situation; I shall deal with only two questions of local importance, but both are relevant to that intricate problem of unemployment to which our active Minister of Labour (Mr. Rogers) is giving very particular attention.

For some years northwestern Quebec has been making great strides. Towns and villages are growing in the mining districts of Abitibi, and the greatest activity is being displayed especially in the country around the great lake Chibougamau. I have not the latest figures before me, but I can assert that the new mines in that district are employing now almost 10,000 people and are producing millions in gold and copper. It is needless to emphasize further the amazing progress of Abitibi.

Unfortunately, beside this comforting picture there appears a shadow. The trade of the district, amounting to more than $15,000,000 this year, instead of going towards its natural centre of attraction, namely Montreal, is directed rather towards Ontario's metropolis, Toronto. No wonder, Mr. Speaker, that the city of Toronto is about to outclass Montreal in the economic rating of our Canadian cities. There is no better chart of our economic life and no better evidence of the deficiencies of our distribution system. Abitibi absolutely needs an outlet towards the Quebec centres. A road is being built the cost of which will be borne in equal shares by the Quebec and dominion governments, but this road will not be sufficient to ensure a continuous outlet to Montreal for Abitibi's traffic. What we need is a railway. Several attempts have been made in that direction, and more or less earnest promoters have made surveys of the district. If I am correctly informed, in 1910 the dominion government went so far as to purchase from Mr. Clergue of Aylmer right of way for a railway to run from Mont Laurier towards the Senneterre district. Later the Northern Railway Company applied for a charter; then came the Abitibi Southern Railway, which also applied for a charter and then let it lapse. To-day we have the Goldfields Transportation Company endeavouring to secure a provincial charter to build a railway from Mont Laurier to Senneterre, to run parallel to the road to which I have already referred.

We are complaining of the heavy deficits of the Canadian National Railways, which constitute an enormous liability in our annual budget. One of the most efficient means of doing away with those deficits would be to build paying lines. I respectfully submit to this house that without further delay the government should advance the necessary funds to enable the Canadian National Railways to build a line from St. Remi d'Amherst to Mont Laurier and from there to the Great Lake-Chibougamau district, through Ferme Neuve, Mt. St. Michel and St. Anne du Lac parishes. This railway would serve four parishes which are being rapidly developed, and would afford an opportunity for settlement in those tracts which are now included within the timber limits of the International Paper Company, more particularly along the Piscatousin river. Investigations have shown that this area contains excellent farming land. Moreover, this railway would become an appreciable source of income for our federal railway system, for all the traffic from the mines now operating in the Chibougamau district would pass over this road.

May I be permitted to utter a warning? The company now asking for a provincial charter in Quebec possesses a boundless appetite. According to official notices in the press it wants to secure not only the area extending from Mont Laurier to Senneterre but also the tract from St. Remi d'Amherst to Mont Laurier and thence to the Great Lake-Chibougamau district. Obviously, therefore, the economic prosperity of our province and the successful operation of our national railway system demand that vigorous steps be taken at once by this government in order to hasten the construction of this line, and also to take over an area that really belongs to the Canadian National Railways, leaving to the Goldfields Transportation Company the privilege of connecting Mont Laurier with Senneterre. I bring this matter to the attention of the Minister of Transport (Mr. Howe) in order to fulfill my responsibility as member for Labelle. Should this government not avail itself of this splendid opportunity of bringing

under its control this area which offers such possibilities from the standpoint of revenue and mining development?

In the second place, may I be permitted to point out to the government the fact that the constituency of Labelle has not been pampered by the federal authorities in the past in regard to the trans-Canada highway from Montreal to Ottawa. I should like to read certain documents, showing that the Quebec government of that time decided upon a change in the route that will be detrimental to my constituency. On May 15, 1936, I placed a question on the order paper, as follows:

1. What is the location of the proposed trans-Canada highway from Lachute, county of Argenteuil, Quebec, to Ottawa?

2. Has the location been decided by the provincial or by the federal authorities?

3. Does the highway pass or will it pass through the villages of Fassett, Montebello, Papineauville, Plaisance and Thurso, in the county of Labelle, Quebec?

The reply was:

1, 2 and 3. The route of the trans-Canada highway in the province of Quebec is covered by a report of the Honourable the Executive Council of Quebec, dated October 1, 1931, approved by the lieutenant-governor on October 2, 1931; subsequently amended by a report of the Honourable the Executive Council of Quebec dated March 24, 1933, and approved by the lieutenant-governor on March 25, 1933, and further amended by a report of the Honourable the Executive Council of Quebec dated June 7, 1933, approved by the lieutenant-governor on June 8, 1933, copies of which executive orders are attached hereto.

Copies of these reports in French were attached, and with the permission of the house I will place them on Hansard:

Copy of the Report of a Committee of the Honourable the Executive Council, dated the 1st of October, 1931, approved by the Lieutenant-Governor on the 2nd of October, 1931.

Respecting the Trans-Canada Highway

The Honourable the Minister of Roads, in a memorandum dated the 1st October (1931), recommends:

That a highway running across the province of Quebec be created and designated under the name of the Trans-Canada Highway.

That such highway be constituted as follows: Highway No. 2, from the New Brunswick limit between Saint-Jacques, New Brunswick, and Sainte-Rose-du-Dégelé, province of Quebec, as far as the city of Lévis, passing through the town of Rivière du Loup, and following the riverside road between the village of Andréville and Sainte-Anne de la Pocatière.

Highway No. 3, starting from the city of Lévis as far as the intersection of Highway No. 1.

Highway No. 1, passing by the Quebec bridge, from the intersection of Highway No. 3, as far as Quebec.

Highway No. 2, starting from Quebec as far as Montreal, following the riverside road between Saint-Sulpice and Charlemangne.

Highway No. 8, from Montreal to Hull.

Certified.

(Signed) A. Morisset,
Clerk Executive Council.

Copy of the Report of a Committee of the Honourable the Executive Council, dated March 24, 1933, approved by the Lieutenant-Governor on March 25, 1933.

Respecting the Trans-Canada Highway, in the Province of Quebec

The Honourable the Minister of Roads, in a memorandum dated March 24 (1933), recommends that order in council No. 2510, approved on October 2, 1931, respecting the location of the Trans-Canada Highway, in the province of Quebec, be amended so that the location of that transcontinental highway, between Montreal and Ottawa, follows highway No. 8, as far as Grenville, at which point it would pass over the interprovincial bridge on the Ottawa river, and thence toward the dominion capital, on the Ontario side.

Certified.

(Signed) A. Morisset,
Clerk Executive Council.

This ought to be sufficient, Mr. Speaker, to prove that for no reason at all we have been robbed of our share of the trans-Canada highway. In January of this year I had the following question placed on the order paper:

1. Since July 1, 1936, has the government of the province of Quebec recommended to the dominion government that the location of the trans-Canada highway from Montreal to Ottawa be changed to serve the actual line of highway No. 8 from Grenville to Hull?

2. If so, what is the date of the recommendation?

Answer: No.

By the end of January last I had communicated with the provincial authorities of Quebec, without receiving any reply. The municipalities concerned, Fassett, Montebello, Papineauville, Plaisance and Thurso, have passed resolutions requesting that the highway follow its former route, but this has not brought about any practical result.

I make this statement, Mr. Speaker, not with a view to criticizing the government of Quebec but so that the people in my constituency may know the facts of the matter, and for that reason only. In making this statement I suggest to all those interested in the welfare of the provincial constituency of Papineau that they should cooperate and exert their influence and authority in order that we from Labelle may also have a few crumbs from the rich man's table, that we may recover what has been taken away from us, and that our unemployed may be given a little work and bread.

What can we infer from the two foregoing suggestions? I respectfully submit that by

cooperation between the dominion and provincial governments we should undertake without delay the works I have mentioned, which would prove a real gold mine for the indigent of the western part of the province of Quebec. It is true that this year unemployment has been almost unknown in the northern section of my riding, but it has been very acute in the southern portion of the federal constituency of Labelle. With the construction of the railway referred to, and the trans-Canada highway going through the provincial county of Papineau, we would be in a position very materially to assist the unemployed who, tired of begging and of finding themselves under the dire necessity of looking to the state for their living, would find a noble pride in providing for their families by the sweat of their brow.

In conclusion, Mr. Speaker, I wish to assure the Minister of Finance (Mr. Dunning) of the loyalty and sincere desire of the electors of Labelle to cooperate. In return I trust that he will let us have access to the treasury, not with a view to making a wholesale distribution of direct relief, which is most depressing, but in order to make ample and generous allotment of the moneys that are paid to the state by way of taxation. Such a gesture, by the magic of the work done by our Canadians, would produce an active and profitable asset.

May I say, Mr. Speaker, that it is a pleasure for me to address the house in English for the first time, as I wish to prove to the extremists as well as the slackers that the prosperity of Canada, if dependent upon economic factors, imponderables and mysteries, lies mainly in the true union and efficient cooperation of the two great races which, having equal rights, live and constitute Canadian life, and which create and defend the ideals of their homeland.

On motion of Mr. Heaps the debate was adjourned.

On motion of Mr. Crerar the house adjourned at 10.56 p.m.

Monday, March 8, 1937

The house met at three o'clock.

DEPARTMENT OF NATIONAL REVENUE

REPEAL OF PROVISION RESPECTING GRATUITY IN LIEU OF LEAVE ON RETIREMENT

Hon. J. L. ILSLEY (Minister of National Revenue) moved for leave to introduce Bill No. 55, to amend the Department of National Revenue Act.

[Mr. Lalonde.]

He said: In all departments of government when employees are superannuated because of age, they are given a certain period of leave of absence. In the Department of National Revenue their pensions start at the beginning of that period but in other departments of government the pension starts at the end of that period. There is a difference in treatment between the employees of the Department of National Revenue and those of other departments, and the purpose of this bill is to provide that the officers of the Department of National Revenue shall receive the same treatment in this respect as the employees of other departments.

Right Hon. R. B. BENNETT (Leader of the Opposition): It will be remembered that a custom grew up whereby those who on retirement were given six months' leave with pay might begin at once to receive their pension. The six months' salary was paid when the leave began, less the amount of pension for that period, thus enabling pension to begin immediately on leave being granted.

Mr. ILSLEY: That is the practice in other departments.

Mr. BENNETT: It cannot be done in this department?

Mr. ILSLEY: It is not done in this department. In this department the officer retiring does not get the difference between salary and pension; he gets his pension for the same period for which he gets his salary.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

APPOINTMENT OF GEORGE A. TOUCHE AND COMPANY AS AUDITORS

Hon. C. D. HOWE (Minister of Transport) moved for leave to introduce Bill No. 56, respecting the appointment of auditors for National Railways.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 49, to incorporate Federal Fire Insurance Company of Canada.—Mr. Macdonald (Brantford City).

Bill No. 50, to incorporate Wellington Fire Insurance Company.—Mr. Macdonald (Brantford City).

Bill No. 51, to incorporate Gore District Mutual Fire Insurance Company.—Mr. Edwards.

Bill No. 52, to incorporate Sterling Insurance Company of Canada.—Mr. Parent (Quebec West and South).

Bill No. 53, to incorporate Toronto General Insurance Company.—Mr. Plaxton.

Bill No. 54, to incorporate the Sons of Scotland Benevolent Association.—Mr. Reid.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

TYVAN, SASK., CENSUS ENUMERATION

Mr. DOUGLAS:

1. Who conducted the census enumeration in the village of Tyvan, in 1935?
2. What amount of money was paid for same, and to whom?

Mr. ROGERS:

1. There was no census enumeration in 1935. The census enumeration in 1936 for the village of Tyvan was taken by Miss Marion Lowe.
2. $7.50 to Miss Marion Lowe.

CENSUS ENUMERATORS

Mr. NEEDHAM:

1. How many enumerators were employed in taking the census during 1936?
2. How many of these were returned men?

Mr. ROGERS:

1. 3,446.
2. 47 out of 56 commissioners reported 452.

PAYMENTS TO SASKATCHEWAN

Mr. CHURCH:

1. Did the Honourable J. G. Gardiner and the Honourable T. A. Crerar promise an added two million dollars to Saskatchewan, as reported in the Globe and Mail of February 26?
2. If so, will this amount be paid before receiving the report of the proposed royal commission to investigate taxation and provincial finance?
3. Will provision be made for these increases during the present session?
4. Will similar treatment be given Ontario?

Mr. GARDINER:

1. No.

2, 3, and 4. Answered by number 1.

BOISSEVAIN, MAN., POST OFFICE

Mr. McDONALD (Souris):

1. In what year was the post office site at Boissevain, Manitoba, purchased?
2. What was the purchase price?
3. Were the buildings on the same rented, and, if so, what was the total amount of rent received?
4. When were the buildings sold?
5. What price was received for same?
6. When was the present post office erected?
7. What was the total cost of same?
8. What was the estimated cost by the department?
9. What tenders were received, and what were their respective amounts?
10. To whom was the contract awarded, and for what amount?
11. Who was appointed clerk of works?
12. How much did he receive for same?
13. Who supplied the hardware?
14. Who did the brick work?

Mr. CARDIN:

1. 1914.
2. $4,750.00.

3, 4 and 5. Yes. Total amount of rental received $254.00. Building was condemned by the town authorities as unsafe and in 1920 was sold by public advertisement for $1 and removed by the purchaser. In 1928 the site was rented at $60 per annum to Fred Brook for the purpose of erecting thereon a temporary building which was removed by lessee when required for government purposes. Total amount of rental received for site $345.

6. Contract awarded December 21, 1934.
7. $22,367.43 (exclusive of cost of site).
8. $15,250.00 (estimated cost of building only).
9. Dring Bros., Boissevain, $18,992.30; E. T. Johnson, Boissevain, $19,185; M. E. Breault, Deloraine, $19,242.50; J. J. Morrow, Melita, $19,600. As amount of lowest tender was in excess of the department's estimate, the lowest tenderer was asked if he would accept $17,500 to carry out the work according to plans and specifications. He accepted this amount.
10. (a) Dring Bros. (b) $17,500.
11. M. E. Breault.
12. $125 per month or a total of $778.23.
13. No information.
14. John Morrow was subcontractor for brick work.

BEEF CATTLE EXPORTS AND QUOTAS

Mr. HAYHURST:

1. How many beef cattle over one year of age and under one year of age were exported to: (a) United States; (b) United Kingdom?
2. What is the quota to each of these countries?

Mr. ROGERS:

1. Exports of cattle, n.o.p. in the fiscal year ended March 31:

One year old and less—To United States, 24,870 head.

One year old and less—To United Kingdom, nil.

Over one year old—To United States, 100,304 head.

Over one year old—To United Kingdom, 2,811 head.

2. The trade agreement between Canada and the United States effective January 1, 1936, contains the following reductions in duty on

cattle with a proviso that the reduced rates are not to apply on imports into the United States in excess of the quantities specified, when imported from any source:

Description	Rate of duty	Total quota
Cattle weighing less than 175 lbs. each.. ..	Reduced from 2½ cents per lb. to 1½ cents per lb..	51,933 head
Cattle weighing 700 lbs. or more each and not specially provided for..	Reduced from 3 cents per lb. to 2 cents per lb..	155,799 head
Cows weighing 700 lbs. or more each and imported specially for dairy purposes..	Reduced from 3 cents per lb. to 1½ cents per lb..	20,000 head

No quota has been established for imports of Canadian cattle into the United Kingdom.

EXPORTS OF HOGS AND HOG PRODUCTS

Mr. HAYHURST:

1. How many live hogs were shipped last year to: (a) United States; (b) United Kingdom, from January 1, 1936, to December 31, 1936?

2. What quantity of pork products was exported in 1935-1936 to: (a) United States; (b) United Kingdom?

Mr. ROGERS:

1. Exports of live hogs to United States and United Kingdom in the fiscal year ended March 31, 1936, were as follows:—

	United States	United Kingdom
	Number	Number
Swine for improvement of stock..	—	5
Swine, n.o.p...	75	—

2.

	Fiscal Year 1936 Exports to—	
	United States	United Kingdom
	Cwt.	Cwt.
Pork, fresh, chilled or frozen..	57,177	5,943
Bacon, and hams.. ..	6,889	1,186,509
Pork, dry salted.. ..	577	2,128
Pork, pickled, in barrels..	1,884	275
Lard..	15	181,109

FARMERS' CREDITORS ARRANGEMENTS—MANITOBA

Mr. McDONALD (Souris):

1. What was: (a) the total debt; (b) the total assets of the first 1,000 farmers in Manitoba whose cases were disposed of under the provisions of the Farmers Creditors' Arrangement Act?

2. What was the average debt in the cases referred to above for: (a) agreement for sale; (b) mortgage; (c) taxes; (d) relief and seed liens; (e) implement liens; (f) to banks; (g) chattel mortgages; (h) to merchants; (i) miscellaneous?

3. How many proposals of farmers in the province of Manitoba under the Farmers' Creditors Arrangement Act were referred to the board of review?

4. How many such cases have been disposed of by the board of review?

[Mr. Rogers.]

5. What is the most recent statistical information available pertaining to the amount of the debt of farmers in Manitoba whose cases have been disposed of by the board of review: (a) secured debt; (b) unsecured debt?

6. What reductions were made by the board of review in the debts last above referred to?

7. What has been the annual interest reduction effected by the board of review in its decisions pertaining to these cases?

8. What is the average debt of the farmers of Manitoba who have applied to benefit under the above act?

Mr. DUNNING:

1. (a) $6,707,482; (b) $4,340,059.

2. (a) agreement for sale, $1,535; (b) mortgage, $3,500; (c) taxes, $219; (d) relief and seed liens, $23; (e) implement liens, $221; (f) to banks, $222; (g) chattel mortgages, $234; (h) to merchants, $113; (i) miscellaneous, $640.

3. To January 31, 1937, 1,728.

4. 1,453.

5. To January 31, 1937, (a) $7,713,606.18; (b) $1,297,546.06.

6. To January 31, 1937, (a) $2,884,234.17; (b) $1,002,504.76.

7. To January 31, 1937, $304,537.76.

8. $7,171.97.

KELOWNA, B.C., PUBLIC BUILDING

Mr. STIRLING:

1. How many tenders were received for the erection of a public building at Kelowna, British Columbia?

2. What were the names and addresses of those who tendered, and the amounts of their tenders?

3. Were any tenders received after the date set for opening the tenders? If so, what were the names and addresses, and the amounts?

Mr. CARDIN:

1, 2 and 3.—The following three tenders were received within the time specified, viz.: 12 o'clock noon, February 22, 1937; R. E. Paget, Vancouver, $41,925; Dore & Ryan, Kelowna, $44,450; Bennett & White Construction Company, Ltd., Vancouver, $44,542. Two more tenders were received after the time specified, viz.: 2.04 p.m. of the same day from the following: A. C. Bennett, Kelowna, $42,446; Patterson & Black, Kelowna, $52,391.

COMMUNIST PARTY IN CANADA

Mr. LACROIX (Quebec-Montmorency):

Is the government taking steps at the present time to prevent the communist party in carrying on its propaganda work in Canada?

Mr. LAPOINTE (Quebec East): The government is taking all steps within its jurisdiction to maintain peace and order in Canada.

TARIFF BOARD—ANIMAL OILS AND FATS

Mr. HAYHURST:

1. Has the federal government or the Minister of Finance received the report from the tariff board on application No. 99, animal oil and fat producers of Canada?
2. If so, when was it received?
3. If not, when will it be received?

Mr. DUNNING:

1. No.
2. Answered by No. 1.
3. No information.

OTTAWA DISTRICT WEIGHTS AND MEASURES INSPECTORS

Mr. HYNDMAN:

1. Who is inspector of weights and measures for the district of Ottawa?
2. When was he appointed?
3. How many senior inspectors are there in the said district?
4. What is the nationality of each of them, and when were they severally appointed?

Mr. ROGERS:

1. Camille A. Dion, district inspector.
2. June 4, 1924.
3. One.
4. Canadian. Answered by No. 2.

QUESTIONS PASSED AS ORDERS FOR RETURNS

EMPLOYMENT AND SOCIAL INSURANCE COMMISSION

Mr. POULIOT:

1. What is the total cost of the Employment and Social Insurance Commission since its inception to date?
2. Who were or are the commissioners?
3. When was each one appointed, and how long did he or she serve in such capacity?
4. How much did each one receive from the state during that period?
5. What did each one do in return, in such capacity during that period?
6. Was the said commission abolished?
7. If so, when and why?
8. If not, why?

GRAND TRUNK RAILWAY SECURITIES

Mr. STEVENS:

1. Did the governor of the province of Canada in 1852 appoint nine directors of the Grand Trunk Railway Company in consideration of the guarantee of the province being afforded to the bonds of the company?
2. Was an agreement made in 1856 between the government of Canada and the said company for the issue of 20 year preferential bonds in London, England, and were the proceeds of the said bonds deposited with the agents of the province in London and released to the company for the purpose of building the Victoria bridge and other railway works specified by the government of Canada?
3. Did the province of Canada in 1861 default on her guarantee of the bonds of the said company?
4. Was a compromise settled in 1862 between the province, the bondholders and the company under which the imperial government provided a subsidy, the bondholders granted a ten years' moratorium and litigation avoided?
5. Did the preferential bondholders in 1873 accept in exchange for their bonds perpetual preference stocks so as to enable the company to finance the International Bridge Company incorporated by the laws of the state of New York and to construct the Niagara bridge?
6. Were the terms of the arrangement between the said preferential bondholders and the company made in England, and did they receive the authorization of this house as set out in the Grand Trunk Arrangements Act, 1873?
7. Did the government on January 19, 1923, declare these perpetual preference stocks to be the property of the Minister of Finance? If so, was this not a breach of the terms of the compromise of 1862 and the arrangement of 1873, and was there any payment of an equitable consideration?
8. Will the government consult the imperial government before surrendering the perpetual preference stocks to the Canadian National company?

VALUE OF SCIENTIFIC DISCOVERIES

Mr. POULIOT:

What is: (a) the practical usefulness, and (b) the economic value in dollars and cents of each one of the scientific discoveries mentioned in sessional paper 183, tabled on February 25, 1937?

Mr. ROGERS: The second part of this question does not admit of an answer in precise terms. I therefore ask that this part of the question be dropped, and, as to the first part, that it stand as an order for return.

PRAIRIE FARM REHABILITATION ACT

Mr. DOUGLAS:

1. What committees have been set up under the Prairie Farm Rehabilitation Act?
2. How many persons employed on or by such committees received reimbursement from the government during the year 1936?
3. What was: (a) the rate of salary paid to each; (b) the amount of salary paid to each; (c) the amount of travelling and living expenses paid to each, during the year 1936?
4. What was the total amount of money spent on, for or by this commission since its appointment?
5. What was the date of its appointment?
6. Has any report been filed with the government regarding the work being done under this act?
7. Is such a report obtainable, and, if so, where?

DEFERRED MAINTENANCE WORK ON RAILWAYS

Mr. MacINNIS:

1. How many man-days were worked on the deferred maintenance work: (a) on the Canadian National railways; (b) on the Canadian Pacific railway, under the agreement between the Canadian government and the said railways?
2. What was the amount deducted from wages per man per day for board: (a) by the Canadian National railways; (b) by the Canadian Pacific railway?
3. What was the amount deducted from wages per man per day or other period, week or month, for bedding: (a) by the Canadian National railways; (b) by the Canadian Pacific railway?
4. What was the amount deducted from wages per man per day or other period, week or month, for: (1) medical aid; (2) workmen's compensation: (a) by the Canadian National railways; (b) by the Canadian Pacific railway?

Mr. HOWE: Return tabled herewith.

BERTHIER-MASKINONGE, QUE., PUBLIC WORKS

Mr. FERRON:

1. What works were executed in the county of Berthier-Maskinonge by the federal government, or to which the federal government contributed in part, during the years from 1931 to 1935 inclusive?
2. What were the amounts expended on each of said works?
3. What are the names of the workmen employed on said works, the number of hours each one worked, and what salary was paid to each?
4. Who were the individuals who supplied the materials for said works; what were the quantities, and the prices paid?

DEPARTMENT OF NATIONAL REVENUE

Mr. McLEAN (Melfort):

1. What branches of the inside service of the Department of National Revenue are under: (a) the commissioner of customs; (b) the commissioner of excise; (c) the commissioner of income tax?
2. Who are the chiefs of the following branches: (a) accommodation and equipment; (b) accounts; (c) correspondence; (d) law; (e) national revenue review; (f) records; (g) refunds; (h) staff and estimates; (i) statistical; (j) supplies; (k) appraisers?
3. When was each of the above officials appointed to the service?
4. On what date was each one appointed to his present post?

Mr. ILSLEY: Return tabled herewith.

INCOME TAX PAID BY ALBERTA FARMERS

Mr. ROWE (Athabaska):

1. What was the number of Alberta farmers who paid dominion income tax in the years 1930, 1931, 1932, 1933, 1934, 1935, 1936?
2. What was the total amount of dominion income tax paid by the above farmers?
3. What was the total amount of dominion income tax paid by all residents of Alberta during the same period?
4. What was the total number of dominion income tax payers in Alberta during the years mentioned?

Mr. ILSLEY: Return tabled herewith.

[Mr. Douglas.]

MOTIONS FOR PAPERS

DEPARTMENT OF AGRICULTURE—DISMISSAL OF FRUIT AND VEGETABLE INSPECTORS

Mr. YOUNG (for Mr. Ryan):

For a copy of all memoranda, telegrams, correspondence, charges, evidence and other documents in the possession of the Department of Agriculture, relating to the dismissal of the following: Fred W. Warnock, Wm. Allen McDonald, Joseph Daigle, Clyde W. McCloskey, William D. McLeod, Donald S. Palmer, Guy Welch and Paul W. Caldwell, fruit and vegetable inspectors, all of New Brunswick;

Also a statement showing the dates of appointment and dismissal and reasons assigned for dismissal in each case, along with all information received by the department which resulted in such dismissals and the name or names of the person or persons who assumed responsibility for such information.

Mr. SINCLAIR:

For a copy of all memoranda, telegrams, correspondence, charges, evidence and other documents in the possession of the Department of Agriculture, relating to the dismissal of the following: Chester R. Edwards, Harry Bonnell, John Coyle, Leslie Trainor, Clifton C. Ince, Harold Bagnall, Russell F. Nicholson, junior fruit and vegetable inspectors, and Chester E. Shaw, senior fruit and vegetable inspector, all of Prince Edward Island;

Also a statement showing the dates of appointment and dismissal and reasons assigned for dismissal in each case, along with all information received by the department which resulted in such dismissals and the name or names of the person or persons who assumed responsibility for such information.

JONES AVENUE, TORONTO, GRADE SEPARATION

Mr. TOLMIE (for Mr. Church):

For a copy of all correspondence, reports and other documents, relating to grade separation at Jones avenue in the city of Toronto, including a copy of any correspondence or offers from the mayor and corporation of Toronto in this connection.

Mr. HOWE: The board of railway commissioners report that it is practically impossible to copy all the documents, plans and blueprints that are on the file in connection with this application. They say, however, that they will be glad to furnish the hon. member with any documents he cares for, particularly if he goes to their office and looks over the files.

Mr. BENNETT: As the hon. member in whose name the motion stands is absent, might it not be well, in view of the explanation made by the minister, that the motion stand until he is present?

Motion stands.

LITTLE METIS, QUE., LIGHTKEEPER

Mr. MacINNIS:

For a copy of all papers, letters, affidavits, evidence and other documents, including a copy of the report of the commission of investigation, concerning the dismissal of the former lightkeeper, Mr. J. Antonio Landry, at Little Metis, Quebec.

CUSTOMS ACT AMENDMENT

VALUE FOR DUTY—DRAWBACKS IN RESPECT OF CONSUMABLE MATERIALS AND EXPORTED GOODS

Hon. J. L. ILSLEY (Minister of National Revenue) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to amend the Customs Act to provide for certain conditions in estimating the value for duty of goods imported into Canada, also for the ratification and confirmation of certain values for duties heretofore fixed, and further to provide for drawbacks in respect of consumable materials and for drawbacks in the case of certain exported goods.

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

Motion agreed to.

NEW BRUNSWICK NATIONAL PARK

Hon. T. A. CRERAR (Minister of Mines and Resources) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to set aside lands in the province of New Brunswick as a national park and to withdraw from the national park and revest in the province of Nova Scotia a portion of the lands set aside by the Nova Scotia and Prince Edward Island National Parks Act, 1936.

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

Motion agreed to.

CITY OF OTTAWA AGREEMENT

Hon. P. J. A. CARDIN (Minister of Public Works) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to authorize the Minister of Public Works on behalf of His Majesty to enter into an agreement to pay to the corporation of the city of Ottawa the sum of $100,000 for the year ending July 1, 1937.

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

Motion agreed to.

SOCIAL LEGISLATION

DISTRIBUTION TO THE MEMBERS OF THE HOUSE OF THE JUDGMENTS OF THE PRIVY COUNCIL AND OF THE SUPREME COURT

On the orders of the day:

Mr. JEAN-FRANCOIS POULIOT (Témiscouata): Mr. Speaker, may I inquire of the hon. the acting Prime Minister (Mr. Lapointe) whether the members of the house will shortly be supplied with copies of the judgments of the Privy Council regarding social legislation, which have now been printed?

Hon. ERNEST LAPOINTE (Minister of Justice): Instructions have been given to publish in pamphlet form the judgments of the Supreme Court and of the Privy Council concerning the legislation referred to. I shall make inquiries as to whether this work has been completed, and orders will be issued for the immediate distribution of the pamphlet to the members of the house.

THE BUDGET

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

The house resumed from Friday, March 5, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Bennett.

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, if the house were logical in its deliberations I think the amendment that has been moved by the right hon. leader of the opposition (Mr. Bennett) should receive unanimous support. I make that observation because in previous years members of the Liberal party, when in opposition, supported motions of this kind. I might go back to March of the year 1930 when a similar motion was moved in this chamber, and every Conservative member voted in favour of the Liberal government taking action to deal with the problem of unemployment. Then in 1931, after the Conservative party had been in power for a little over a year, a motion was presented on going into supply asking the government to

take definite and immediate action to cope with the problem of unemployment, and every Liberal member of the house supported it. If therefore on this occasion I asked Liberal members to vote for the amendment I would be asking them to do just what they did in previous years. Even as late as 1935, to which reference has been made already, the Liberal party supported an amendment of this kind.

I think it will be recognized on all sides, and in fact I believe it was admitted by the Minister of Labour (Mr. Rogers) in his address on Tuesday last, that up to the present time the government have not been able to take effective action to deal with the unemployment problem in Canada. I think, further, it is generally recognized that there is no question, other than perhaps the question of peace or war, that is of such vital importance to the people of this country as the question of unemployment. It was unemployment and the economic conditions prevailing in the country in 1930 that brought about the change of government that occurred at that time. I also believe it was the unemployment situation and the economic condition of the country in 1935 that brought about the change of government that occurred in that year. Therefore if any government, whether it be Liberal or Conservative, does not deal in an effective way with the unemployment problem its chances of being returned to power at a subsequent election are very slight indeed. So it is evident that if this government hopes to be returned to office at another election it must deal effectively with this pressing problem.

For the moment, Mr. Speaker, I should like to deal with some of the remedies that have been suggested and applied by parliament during the past six or seven years. In 1930, as most hon. members will recall, unemployment was to be cured by increasing tariffs and by preventing the dumping of goods into this country. By the process of an increase in tariff on all goods entering Canada, and anti-dumping duties, we were to solve the problem of unemployment. As the years went by, however, the failure of that theory became more and more apparent, until in 1934 it was more or less abandoned and the government of the day began to introduce social legislation, which has since been declared ultra vires by the highest court of the empire. In other words it may be said that those who at one time believed the problem of unemployment might be solved by increasing the tariffs of Canada realize to-day perhaps more than ever before that the desired result cannot be achieved in that way. The present government believes it can deal with the unemployment situation in the opposite way. The Conservative party when in power expected to solve the unemployment problem by increasing tariffs; the party now in power expects to solve the problem by decreasing tariffs. In my humble opinion, Mr. Speaker, just as the increases in our tariffs were ineffective in dealing with the question of unemployment, so any reductions in our tariffs will also be ineffective.

The policy of the present government, according to the statements that have been made, is to solve the unemployment problem by increasing our trade with the other nations of the world. I do not think there is one member of this house, regardless of what political party he may support, who is not in favour of increasing our trade with other countries. I do feel, however, that so far as increased trade with the other nations is concerned, the tariff structure of a country to-day, is not as important as it may have been years ago. There are so many other factors affecting the problem, that while it may be desirable for a number of reasons to have lower tariffs both in Canada and in other countries, we have reached a stage in our economic development where the tariff structure is a less important factor than it has been in previous years.

I should like to call attention to some of the election literature issued by the Liberal party during the last campaign. I do not think it is unfair to say that the policy of the Liberal party, as expressed in some of the publications issued from the headquarters in Ottawa, was to the effect that by making treaties with other nations of the world and by reducing our own tariffs we should extend our trade so that other nations might obtain the goods we produce. If this policy fails, as I believe ultimately it must, then I wonder what the policy of the government is going to be. So far they have not indicated what their policy is to be with respect to the unemployment situation. It is admitted by the Minister of Labour (Mr. Rogers) that there are 400,000 men and women out of employment. There are over 1,000,000 persons in receipt of public relief, and yet not one definite word have we had from the government as to what its real policy will be.

I know they will come to us and say, "We have appointed a commission to deal with the unemployment problem." But despite the fact that the government has been in power since October, 1935, and despite the appointment of a commission, the results up to this time have not been satisfactory. The commission has done nothing which could not have been done had it not been in existence. A home improvement plan was recommended in 1935; there is nothing new in the farm

placement scheme, to deal with the single men. When the Minister of Labour spoke on Tuesday last he dwelt at length with what the government had done to deal with the single unemployed. After the speech of the hon. member for Vancouver North (Mr. MacNeil) I believe no hon. member will again refer to what the government has done in coping with the problem of unemployed single men.

People in Canada expect something more than a policy of inaction such as the government has followed. It would seem that, Micawber-like, the government is hoping that ultimately something may turn up. But nothing is likely to turn up unless the party in power is prepared to take definite and effective action. On many occasions hon. members have been asked what concrete suggestions they have to offer. My suggestion would be that the government look to the sister dominions. Look at what New Zealand has done since the new government took office a little more than a year ago. May I read from a communication sent to a party in Winnipeg, and later published in a Winnipeg paper, in regard to some of the experiments which were tried in New Zealand and proved to be effective. I wonder if our government will be good enough to follow the example set by this sister dominion. This is what, in part, was written:

> Our labour government is in recess, after a most strenuous session in which it has put more bills through than any other government before, viz: taken over the transport of the country; passed the forty-hour-week bill, with forty-four hours for shops; taken over the Reserve bank which controls the finances of the country; taken over the control of butter and cheese (the farmer now gets a fixed price for same and is better off); . . .

May I here interpose that no farmer in Canada would object to the same thing being done right here.

Mr. BENNETT: There are no provinces there.

Mr. HEAPS: It continues:

> Increased pensions for old people and invalids; put 19,000 men on railways and public works, earning from eighteen shillings ($4.32) to £1 ($4.87) per day; done away with relief work; taxed those who can afford to pay.
> The Prime Minister—
> Of New Zealand.
> —says if you have more money than you can use, it is no good to you. Wages have risen, people are happier this Christmas than they have been for years. More money is being spent.

And it goes on to say:

> Next session there is to be a health insurance bill and a compulsory superannuation bill to retire men at sixty instead of old age pensions, so let it come soon.

Then it goes on to set out some other things which have been done. As I was reading the document there was the interjection made that in New Zealand there are no provincial governments, as we have in Canada. That is true. I know that to some extent the fact that we have provincial governments may make it difficult for us to cope with the problem as was done in New Zealand. In answer to the objection, however, may I quote from a speech made by the present Prime Minister (Mr. Mackenzie King) during the last campaign. Speaking at Barrie on October 7, 1935, the present Prime Minister announced that he was going to call one conference after the election and it was going to be "a conference to end confusion and needless conflict." He went on to say:

> Mr. Bennett has called a few provincial conferences, said Mr. King, but they had lasted only a few days, and the proceedings consisted only in a lecture from Mr. Bennett. The one he personally proposed, would remain at work until an agreement was reached on every problem in which both provinces and dominion had any common interests.

I should like to know whether that promise has been kept, whether the provinces have been called into conference with the federal government, and whether all the outstanding problems or difficulties between the provinces and the dominion have been solved. To my personal knowledge, so far nothing of the kind has been done.

Some of my friends in the Liberal party seem to think that the selling of goods abroad is the panacea for all our ills. They believe that if we find outside markets for our surplus commodities everything will be all right. In some respects that is one of the most absurd policies one could imagine. If we have a surplus of commodities, and I believe we have, those who have the first claim upon that surplus are our own people. When their needs and legitimate demands have been properly supplied, then we may talk about exporting our surplus. It seems to me unreasonable and illogical to consider exporting our surplus when there are such vast potential demands within our own country, and when the present demand is not being satisfied.

For the moment let us suppose that living in one of the cities of our dominion are a husband and wife known as Mr. and Mrs. Canada. They have three or four children. In their larder are found all the good things needed to keep body and soul together. We will suppose one of the children comes home from school one day and says, "Mother, I should like something to eat—some bread and butter or jam." The mother replies,

"Oh, my child, you cannot eat from that cupboard; we must wait until people somewhere else are satisfied. When they have all they want I might let you have a few crumbs from our own cupboard." Obviously that state of affairs in any household would be ridiculous. Immediately the child would say to its mother, "Why can I not have some of the things in the cupboard? They belong to us; we have produced them; why can we not eat them?" But the mother would say, "No, my child, wait until the people a few streets away are satisfied, and then you may have anything that is left in the cupboard." The same reasoning would apply to the situation in Canada. Our people beg of us, "We want the goods we have produced; we want foodstuffs, clothing and shelter." But we say to them, "No, you cannot have those goods 'until we have satisfied the demand in China"—or in Japan, Germany, France or some other part of the world. If for a number of reasons the people in those other parts of the world are not able to obtain or to purchase the goods we have to offer, then our own people must go without them. Is there any hon. member who will say that that is the logical thing to do? Certainly not. That is why I say, when we speak about satisfying foreign markets and creating a foreign demand, that the first thing we ought to do is to satisfy the demand for goods in the Dominion of Canada.

I pointed out that in New Zealand they have attempted to do something to cope with this problem, and I sincerely hope that some of the things which have been adopted there will be adopted here. The government cannot shield itself indefinitely behind the British North America Act. If there is a will to do something for the people of Canada, I think the way can be found to overcome this obstacle which is inherent in our constitution. If, as has been stated, it is the declared policy of the government to wait until the provinces do something, then I am afraid this parliament is in a state of absolute despair. If we have to wait until all the nine provinces of Canada agree upon a definite and fixed policy, we may have to wait many a long day before this parliament will be able to do something in a concrete way to deal with the pressing problems which now confront us.

It has been stated by the Liberal party that the policy of expanding markets has been one of the means of easing this problem. That party also takes credit for the fact that during the past twelve or eighteen months there has been a decided increase in our export trade, which they claim is due to the treaties made with other countries. I cannot subscribe to that theory. Rightly or wrongly, I am of the opinion that if we had made but little change in our tariff structure—in passing I may say that I am always in favour of lower tariffs—there would still have been an increase in the trade of this country with other nations of the world. The worst year that we had from the standpoint of imports and exports was 1932, but from that time onward there has been a steady improvement in the amount of goods exported from this country, and also an improvement in the amount of goods imported. I am always loth to quote figures, but on this occasion perhaps it would not be out of place. I should like to give some figures recently published by the bureau of statistics.

The first figures I shall give refer to trade with the United Kingdom. I find that in 1932 our exports to Great Britain amounted to $178,171,000 in round figures. In 1935 they had increased to $306,897,000, and for the calendar year 1936 they had jumped to $399,830,000. I do not think anyone can claim that the tariff structure as between the two countries was the dominating factor in that tremendous increase in trade. As was pointed out the other day by the hon. member for Davenport (Mr. MacNicol), much of this increase was the result of the tremendous demand in Great Britain for supplies and materials for armament purposes.

We find practically the same increase in trade with other countries where there have been no new trade agreements entered into during the past five years. Both New Zealand and Australia show practically the same results. When the government took credit for the boosting of trade between the United States and this country through the medium of the trade treaty, I do not think their argument was sound. The United States have spent tens of billions of dollars in an effort to improve economic conditions, and part of that increased business was bound to come to this dominion. When we consider the amount of money spent by the United States on their home improvement plan it is quite easy to understand why there has been such a huge increase in the trade between the province of British Columbia and that country. The trade treaty signed a year ago was only a negligible factor in the increase of trade between Canada and the United States.

I have pointed out, and I still maintain, that increases in the tariff will not solve our problem. Neither will decreases. If this government, or any party which may be in power,

expects to improve the economic condition of this country or grapple seriously with the problem of unemployment, it will have to go far deeper into our economic structure than merely tinkering with the tariff. Our whole system of production to-day is based on the profit motive. The minute a firm is not making a profit, production begins to slow down or ceases entirely. We in our group contend that the profit motive must give way to a higher one. The production of commodities must be carried on for the purpose of satisfying the legitimate demands of the people of this dominion.

The factors of production and consumption must be closely correlated. If we increase our production, as we have in years gone by, by leaps and bounds, and our consumption does not keep pace, then just as surely as night follows day we are bound to create an unemployment problem or aggravate one which may already exist. The spread between production and consumption is an indication and guide to our unemployment situation. The larger the spread there is between wages and production or consumption, the greater will be our unemployment problem. Unless our purchasing power or consumptive opportunities are correlated in some way to the question of production, then our unemployment problem will continue and remain with us for many a long day to come. It is only by increasing our consumptive opportunities, by increasing wages, if you wish to put it that way, and by decreasing the spread between wages and production, that we can tackle this unemployment problem in a definite way.

It has been stated on more than one occasion in this house by the Minister of Labour that the government has in mind a long-term policy of dealing with this problem of unemployment. How long shall we have to wait before being shown that policy? Are we to be shown it just on the eve of an election? We must bear in mind that when this session has been completed, and it is expected it will be over before very long, practically half the life of this parliament will have elapsed, that is if we are to have an election at the end of four years. I believe before the end of the second session of this parliament the people should be told what the definite policy of this government is to cope with the unemployment problem. So far they have not done anything really different from what was done by the government in office between 1930 and 1935, but they have dressed it up in a different way. Instead of relief being handled by the government it is now being handled by a commission, which, as the hon. member for Winnipeg North Centre (Mr. Woodsworth) points out, does not even report to this house. That body was going to coordinate things, to make matters easier as between the dominion government and the governments of the provinces. I do not think anybody in this country takes the commission very seriously. It may act in some measure as a buffer between the federal government and the provinces and municipalities, or it may be a convenient way of "passing the buck," but so far it has not proved effective to cope with the problem of unemployment. I once described commissions as a convenient way of shelving inconvenient problems; I believe the Prime Minister used similar language a few weeks ago with reference to committees and conferences. The problem of unemployment should be constantly before this chamber; we should not leave it to be dealt with by a body which is not directly responsible to this house.

I am anxious that some time during the debate we shall find out what is the real policy of the government. It was not explained to us the other evening when the Minister of Labour replied to the leader of the opposition. All the minister did was to attempt a defence of the actions of his department in dealing with the single unemployed. Not a ray of hope did he give to our vast army of unemployed scattered all over the dominion. At the present time, when almost half the term of this parliament has expired, all that we can show to the people is a commission, a home improvement plan which they suggested and which is nothing new, a farm placement scheme, and a sort of bureau of statistics which they established on their own account. In my opinion we have in this country a most efficient bureau of statistics and it was unnecessary for the commission to create any new bureau for its own purposes. That seems to be the sum total of the commission's accomplishments since the time it was appointed. It may truly be said that the commission has laboured but has not produced even a mouse.

The Minister of Labour showed great anxiety to bring forward election promises which were made by other political parties. As a rule I do not care to raise these matters, because they speak for themselves. But I recall that huge placards were posted all over my constituency—and other hon. members no doubt had the same experience—stating in big letters, "Vote for King and action." Besides these placards there were hundreds of little stickers, at the top of which appeared the appeal, "Vote Liberal and get action."

An hon. MEMBER: Hear, hear.

Mr. HEAPS: Mr. Speaker, I am waiting and the unemployed of this country are waiting for action. What we have had up to now is a period of inaction. It is time that inaction ceased and that we got down to real and definite action to deal with unemployment. I noticed these words in small type in the middle of this little sticker, "Please remove nine days before election day." Evidently it would not do to keep it there too long.

There was a by-election in Toronto in 1933. I remember that when I went down to speak in the constituency this paper I hold in my hand was given to me. Look at the large headlines; they can be seen, I believe, across the aisle. They say, "King banishes fear for workers;" and a huge headline:

Social insurance in Canada to end fear for working class is presaged by the Liberal party leader.

These appeared in a paper published on September 22, 1934. I am still waiting, Mr Speaker, for action, action that will banish fear from the minds of hundreds of thousands who are out of work in the dominion.

What were the specific promises made by the Liberal party? There were many. The first one that comes to my attention is that when they would get into power they would reduce or abolish the sales tax. That was reduced or abolished, was it not? Their method of reducing the tax was to increase it from six per cent to eight per cent, an addition of about thirty-three per cent. Then there was a definite promise that the government would bring in an unemployment insurance bill. Let us see what was said. This is the Prime Minister speaking, I think, over the radio, and reported in a publication of Saturday, August 3. He said:

Unemployment of first concern.

The Liberal party believes unemployment is Canada's most urgent national problem. It would deal with the present emergency conditions, through a representative national commission.

And then he goes on to say:

As permanent measures—

And I want the "hear, hear" of the hon. member to come again after this:

—the Liberal party is pledged to introduce policies which will serve to provide employment by reviving industry and trade; and to introduce a national system of unemployment insurance.

One does not hear any "hear, hear" now from the Liberal side. Instead of that promise being carried out, what have we got? The first thing the Liberal party did when they got into power was themselves to refer this matter to the privy council, and they got the decision they expected and probably the decision they wanted. In my judgment, Mr. Speaker, there is a tremendous responsibility upon the Liberal party. When pledges are made to the electors they should not be regarded in the lighthearted manner in which they are evidently regarded by some hon. members.

Mr. BRADETTE: We are just as serious as you are.

Mr. HEAPS: Now, Mr. Speaker, let us glance at another little publication, one of those handbills which the Liberals distributed by hundreds of thousands:

Tory policies create unemployment. Vote Liberal.

What was the inference? That if one voted for the Liberals their policies would end unemployment in the dominion. Is it in accordance with principles of honest politics that although nearly half the term of this parliament has gone by, and although certain definite policies were promised to the electors, not even an attempt is being made to carry out those promises? I do not think anyone can contend that such political practices are right. One Liberal, however, was not without vision; he evidently had some idea of what was coming—I refer to the Minister of National Defence (Mr. Mackenzie), who, when he was in opposition, made the following cryptic statement:

The majority of the Liberals in the next house is going to be so large that it will be difficult to keep them to their promises. But I promise you that the British Columbia Liberal contingent will live up to its promises.

I should like to see the British Columbia contingent live up to its promises and convince the rest of the Liberal party to go and do likewise. Throughout the country in the last election one of the mottoes of the Liberal party was "work and wages." I am waiting to see the unemployed get the work, and the wages as well, but so far the Liberal party has not provided it. It may not be pleasant for me to bring home to hon. gentlemen opposite some of the promises on which they were elected at the last election. I have before me a little leaflet advising the electorate to "Vote Liberal for work with wages, security and progress." But the people have not the work, nor have they adequate wages, security, and progress. The unemployed cannot be expected to be satisfied with beautiful phrases, which are meaningless when analyzed, as a program of the government. They want something definite, something that will give them

a ray of hope. A commission is not in itself sufficient. To-day the policy of the government is simply to hand out a dole to hundreds of thousands of people out of work, and it is not even creating useful public works. As I have contended before in this house, the provision of public works is in itself no solution of the unemployment problem; it is a palliative which ultimately does not palliate. It merely adds to the national debt and makes it more difficult as time goes on to find further capital expenditures for public relief works.

The Minister of Labour was a professor, and he is a close student of economics. He knows far better than I do that no amount of public works which merely adds to the debt burden of the country can in itself be a solution of the unemployment problem; and when we have to-day, as the only means of coping with unemployment, the home improvement plan, it is only another form of capital expenditure in the attempt to solve the unemployment problem. This capital expenditure is not made, however, by the federal government; it is made by the individual, who is creating a debt for himself which it will take one, two or three years to wipe out. In other words, the poorer classes in Canada are being asked to mortgage their own future earnings in order that they may be able to provide work for themselves and others for the purpose of meeting the unemployment situation. My hope is that the government will take hold of the unemployment problem in a real, effective and fundamental way and see whether they cannot do something to inspire some confidence and hope in the vast number of men and women who are out of work at the present time.

Mr. C. E. BOTHWELL (Swift Current): My first word is one of congratulation to the Minister of Finance (Mr. Dunning) on the manner in which the budget address was presented this year. He seems to have covered the situation thoroughly, and he delivered the budget in a manner which I am sure every member of the house will commend.

No matter what policies the government put into effect, every one knows that it will take some little time before the full benefit of those policies can be recognized by the people. You cannot undo overnight what has been happening over a period of years; you cannot get the full benefit of any policies within a few days after they are put into effect. The immediate question seems to be, what is to be done about unemployment. We all know that it is a serious question, and hon. members, no matter to what party they belong, are all concerned over the seriousness of it. Everyone in Canada who has anything to do with public affairs is more or less concerned. It will be necessary to have temporary measures of relief for some time to come.

I commend the government for the manner in which they have been administering relief during the sixteen months they have been in office. Late last fall the Minister of Labour (Mr. Rogers) took occasion to visit the constituency I have the honour to represent, and there he had an opportunity to meet the representatives of the councils of eight or nine rural municipalities. He wanted to hear first-hand, suggestions they might have to offer for improvement in the distribution of relief or the better handling of the relief policy, and also any complaints they had to voice. I had an opportunity to sit in at that meeting. These eight or nine municipalities, represented mostly by reeves and secretary treasurers, all had the same word of commendation for the government. They had no difficulties in the municipalities except in one respect; blankets that we supposed to be delivered, as I understood, by the Canadian Red Cross Society, had not yet reached these municipalities. The minister agreed to look into that question, and when a short time later I saw some of these representatives of the municipalities I learned that their troubles on that score had been removed. While the minister was there we should have liked to have had the opportunity of showing him one of the temporary works that might be undertaken to end unemployment in that particular district. For a number of years the people of southwestern Saskatchewan have been agitating for a bridge across the South Saskatchewan river at a place called Saskatchewan Landing. We recognize, of course, that it is a provincial matter, but in the past the federal government has assisted in the construction of bridges across the Saskatchewan river, and we have been hoping that it will at this time continue that work and build a bridge where it is so badly needed.

On February 12 of this year a delegation waited upon the provincial government in Regina. It consisted of the representatives of an association known as the Southwestern Saskatchewan Bridge Association, representatives from the Swift Current board of trade, the council of the city of Swift Current, reeves and councillors of rural municipalities, mayors and councillors of urban municipalities, farm organizations and others. They pressed upon the government at Regina the urgent necessity of a bridge at the point in question. At that time they presented all the facts to the provincial government. They were somewhat

encouraged, and were told that representations would be made to Ottawa. This bridge at Saskatchewan Landing is needed for various reasons. There is a tremendous amount of traffic there. In fact some 63,329 units cross at Saskatchewan Landing, and they have to cross on a ferry which during the past two or three years has not been working satisfactorily owing to the low water in the river. At certain times of the year the ferry is closed and in order to get to the other side of the river you have to cross in a cage slung from a cable. Vehicles of all descriptions, during the weeks when the ferry is closed, have to drive from one hundred to two hundred miles out of their way to reach the bridge at Elbow.

The areas which would be tributary to and served by the bridge comprise parts of the richest farming and ranching area of the province, which despite the period of drought has proven its capability to produce enormous agricultural wealth, and is occupied by residents who in normal times produce the best grades of wheat in the world. The area includes approximately eight million acres of rich farm and ranch lands. I hardly need call attention to the difficulty of keeping up communication between the south and the north. This bridge is located on No. 4, highway, which extends from the United States border through to Battleford and Prince Albert and the National park, to the northeast. It is a direct connection with a national park south of the United States line, over the Dominion-Yellowstone highway. No. 4 highway intersects more east and west highways in Saskatchewan than any other north and south highway. It intersects highways Nos. 32, 40, 43, 44, 51, 7, 13, 14 and 31, No. 5 to Lloydminster and Edmonton, and No. 26 west to St. Walburg. The Montana state highway commission have determined on the location of a bridge in their area to be constructed across the Missouri river, and if we had a bridge at Saskatchewan Landing we would have then one of the best tourist roads from the United States to the national parks in the northern part of Saskatchewan. I mention this in order that it may be brought to the attention of hon. members as well as of the Minister of Labour, who by this time I am sure is pretty well fed up with listening to representations from the member for Swift Current and others living in the district which would be served and benefited by that road.

Mr. ROGERS: Not at all.

Mr. BOTHWELL: I am not able to say that any particular saving would result from its construction; the only saving would be the elimination of the cost of the ferry. But we should have much better traffic facilities for tourists from the south, and this country has profited much from tourist traffic in recent years and is endeavouring to encourage it.

One of the objections to the building of this bridge has been that too large a part of the cost would go into material and engineering and not direct relief. Well the material used has to come from its raw state at some stage and gives employment all along the line, even though it is not giving employment in the province in which the bridge is constructed. Of course it will give a considerable amount of employment there; it certainly is needed, and it will give employment in other parts of Canada where steel, cement and other materials of the kind are produced. In addition I can say that the cost of the bridge will be materially lower than that of some other bridges which have been constructed, because of the fact that gravel and other materials are in close proximity.

An estimate has been made of the cost. The plans of the bridge have been prepared, and I understand that the provincial authorities are making representations to the dominion government for assistance in building it. I urge upon the minister and the government that an appropriation be made for this purpose at this session. The bridge is a sound undertaking; the cost is low, and the convenience to the public would be immeasurable.

I now come to another matter which it is somewhat foreign to my disposition to speak about; nevertheless I feel I should refer to it. The Minister of Finance in presenting his budget was able to give the people of this country a considerable amount of encouragement by reciting the progress which has been made and suggesting what may be expected in the future. I spoke a few minutes ago about the municipalities surrounding the area and the city which I happen to represent, and how well the people were satisfied with what is being done. I therefore dislike the sort of propaganda that is being put out through that district in order to foster discontent among the people. I refer to an article written by an hon. member of this house and published in a paper called The Advocate, in its issue of February 4. Because of the misrepresentations it contains it reflects upon every hon. member of the house and I feel that it should be brought to the attention of hon. members as well as of the country at large. I quote a portion of it:

For nearly three weeks we have bombarded the government benches with questions and

accusations regarding the betrayal of the wheat board, the problems of the drought area, and the need for a peace program. Throughout the entire time not one Saskatchewan Liberal has opened his mouth although often invited to do so.

To-day there arose the matter of "gerrymandering" the constituencies for the next election. Immediately all the strong, silent men from Saskatchewan found their tongues. One after another they are rising and quibbling about the boundaries of their constituencies. Tempers flare and accusations fly back and forth.

Feeding, clothing, and caring for our people is of relatively little importance. Saving one's seat is of paramount importance. So this is parliament? Pardon me, I thought it was a kindergarten.

The heading of this is "Parliament from the Back Benches," by T. C. Douglas, M.P. That, Mr. Speaker, may be good literature but it does not state facts. I took occasion to check up Hansard after reading it, and I found that two members only from Saskatchewan spoke on this question when a motion was before the house in connection with redistribution. The matter was referred to the special committee on the elections and franchise acts, and only two members of the house from Saskatchewan who had reason to complain about the last redistribution took occasion to speak on it. But this article told the world:

Immediately all the strong, silent men from Saskatchewan found their tongues. One after another they are rising and quibbling . . . Feeding, clothing and caring for our people is of relatively little importance. Saving one's seat is of paramount importance.

I leave it to the house to judge as to the sincerity of the observation. I should like to read another paragraph from the same newspaper, The Advocate, of February 25, 1937. Speaking of the appropriation for defence purposes it says:

What makes it even more lamentable is when other members come to you afterwards and tell you that they feel the same way as you do but of course you understand it would not do for them to say anything.

Mr. LAPOINTE (Quebec East): Who wrote this?

Mr. BOTHWELL: This is "Parliament from the Back Benches," by T. C. Douglas, M.P.; I assume that is the hon. member for Weyburn. Then he goes on:

The outstanding feature of the week was a very excellent speech by Hon. J. G. Gardiner, on the rehabilitation of the drought area. It is doubtful if any man in the House of Commons is better informed than the Minister of Agriculture on the history and economic background of Saskatchewan. Mr. Gardiner was at home discussing this matter, and delivered a most impressive case for western agriculture. However, he somewhat spoiled it the next day by seeking to make political capital out of the work he had done while premier in Saskatchewan, and began to produce documents discrediting the former provincial and federal governments.

And listen to this:

The result was that the day was devoted only to the "knock down and drag them out fight" between him and R. B. Bennett. Mr. Gardiner declared that he was used to discussion in a provincial legislature where apparently it was sometimes permitted to get away with almost anything.

Then later on:

Whereupon the Conservative leader laid him across the table and spanked him soundly, while Mr. Dunning looked on with a rather embarrassed expression on his face.

Well, sir, with reference particularly to the first article, the only advice I am going to give the hon. member for Weyburn (Mr. Douglas), after drawing the matter to the attention of the house and the country, is that he should acquaint himself with the ninth commandment.

Mr. DOUGLAS: Would the hon. member mind telling us what was said about the wheat board and the wheat question?

Mr. BOTHWELL: My hon. friend can make his own speech. You see, he takes credit for being able to talk by the hour here; he says, "We bombarded the government for hours," but he might also tell the country that when the hon. member for Weyburn starts to talk there seems to be a sudden exodus in the direction of the corridors. If the speeches delivered by the hon. member in this house contain such misrepresentations as appear in his articles in The Advocate I can understand why that exodus occurs.

The other day the hon. member for Macleod (Mr. Hansell) took exception to a question I asked of the hon. member for Qu'Appelle (Mr. Perley). I thought he was very fair; he said:

I will admit that stereotyped resolutions emanating from some source or other were sent to the farmers of western Canada, asking them to send in resolutions of that type...

I received several resolutions apparently of that type, all couched in pretty much the same terms. I attended only one of those meetings, and at it such a resolution was presented in typewritten form. I was there before the meeting was called to order. No resolutions committee was appointed; the audience was not asked to present any resolutions, and the only one that was brought before the meeting was the typewritten resolution. I am not going to labour the question; all the resolutions I received were not in exactly the same terms, but they followed the same form so closely that

I agree with the hon. member for Macleod that a great many of these resolutions emanated from some source, and the farmers were asked to pass them and send them on.

The other day the right hon. leader of the opposition (Mr. Bennett) twitted some hon. members of the house on their claim to fame based on the fact that they voted against the empire agreements in 1932. Well, Mr. Speaker, I have to plead guilty, if that is the correct term, to that offence, if it was an offence, of voting against the empire agreements at that time, and I am prepared to justify my action at any time. Under similar circumstances I would do the same thing over again. At that time we had the opportunity to compare the empire agreements with the Dunning budget of 1930, and there were so many differences that it was pretty hard for the people then sitting to the left of the Speaker to support the empire agreements. Personally I am convinced that the system of bargaining adopted in 1932 was not in the best interests of either Canada or Great Britain, and I believe the budget brought down by the Minister of Finance (Mr. Dunning) in 1930 was greatly to be preferred.

I should like to compare the agreements of 1932 and the budget of 1930 for a few moments, before I discuss the new agreements. Under the Dunning budget there were 414 reductions in duty out of some 514 changes. Under the conference agreements there were 132 reductions out of 223 changes; fifty-five per cent in the latter case and eighty per cent in the former case. Under the Dunning budget the reductions were so generous as to render certain a substantial increase in imports. Under the conference agreements the reductions were so slight as to leave the rates almost prohibitive. Under the Dunning budget the reductions were made principally on goods in general use by practically all consumers. Under the conference agreements the reductions were principally on goods imported by manufacturers for further processing or on raw material, and it is quite arguable that those reductions would not be passed on to the consumer. Under the Dunning budget reductions on goods imported for direct sale to consumers were largely on the necessities of life and the implements of production. Under the conference agreements the reductions on goods imported for direct sale to consumers were largely on non-essentials, such as automobiles, sporting goods, perfumery, expensive linens, kid gloves, omnibuses, typewriters, and so on. Under the Dunning budget all reductions were based on the low Liberal tariff schedules of 1929. Under the conference agreements the reductions were based upon the 1930 tariff increases plus the 1931 increases, both of which were very substantial. Under the Dunning budget excise taxes of Great Britain were not to be included when arriving at the cost for duty purposes. Under the conference agreements all costs including excise duties and exchange differentials were included in the cost for duty purposes. Under the Dunning budget the increases in duty number 100, out of a total of 514 changes, while under the conference agreement the increases in duty numbered 139 out of a total of 223. Under the Dunning budget the increases rarely applied to goods imported for direct sale to actual consumers. Under the conference agreement the increases chiefly applied to goods imported for direct sale to consumers. The Dunning budget deductions, according to Mr. Dunning's own words, were made "in the spirit in which we desire to meet all nations." The spirit of the conference agreement was clearly revealed by the right hon. the leader of the opposition, who said on October 12, 1932:

> These agreements mark the first step forward in a definite scheme of closer empire economic association. They are based upon the principle enunciated by the Conservative party before the last election, and steadfastly supported by it from that time to the present.

That policy was further illustrated by observations appearing at page 900 of Hansard for 1932. The Dunning budget duty reductions were a generous gesture of good will to Great Britain, made in full assurance that they would meet with an equally generous response in the matter of increased purchases by her from Canada, and were unaccompanied by even the mildest rebuff to foreign nations. The conference agreements arrangements were the result of hard and fast bargaining, absolutely devoid of generosity or generous sentiment, accompanied by positive declarations of anti-foreign trade sentiment and distinctly anti-foreign tariff manipulations.

Mr. BENNETT: Whose statement is that?

Mr. BOTHWELL: My statement. The Dunning budget tariff changes left Canada free to make similar or even greater reductions in duties on goods imported from foreign countries. The conference agreements bound Canada not to reduce existing duties on goods imported from foreign countries (a) on any of the 159 articles in the free list and (b) on 213 items and classes enumerated in schedule E of the agreement, if such action would reduce the margin of preference.

The Dunning budget proposals did not involve the idea of empire self sufficiency, or involve the exclusion of foreign nations. They

did not invite reprisals. On the other hand the conference agreements were predicated upon the idea of empire economic self-sufficiency. Under the Dunning budget proposals, duties might be adjusted from time to time as experience required; they were not for any fixed term. Under the conference schedule the prescribed duties are fixed for five years certain.

Under the Dunning budget proposals the promotion of trade and the interests of the producer and consumer were the chief considerations. Under the conference agreements the manufacturer and the industrialist were clearly the chief consideration, with but little thought for the producer or consumer.

Mr. EDWARDS: What about the worker?

Mr. BOTHWELL: I now come to the agreement just negotiated with Great Britain, and appearing in the budget address of the Minister of Finance. I am not able to quote figures with authority, but from a study which has been made I believe my figures are approximately correct. Under the new agreement of 1937 approximately $300,000,000 worth of goods, based on the 1936 figures, are guaranteed continued free entry into the United Kingdom. Second, the margins between customs duties imposed by Great Britain on Canadian products and on products of other countries are definitely bound on articles of Canadian export, to an extent approximating $200,000,000 per annum.

People speak about concessions Canada has had to make. I do not believe they are concessions; it seems to me they are benefits. We are in a position to buy goods cheaper, and that should be a benefit to us rather than a concession granted to anybody else. On 179 items the British preferential tariff is reduced. Altogether 425 items are affected. On the remaining 246 items Canada has undertaken that the British preferential tariff shall not be increased during the lifetime of the agreement. Fixed margins are established on only 91 items, as against 215 in the trade agreement of 1932. On 21 of the 91 fixed margin items the measure of margin has been reduced. Sixty-nine textile items are involved in the new agreement, on 32 of which the preferential tariff has been lowered. Where specific duties occurred they have been reduced, and in others eliminated altogether. If cartels in the United Kingdom operate to the detriment of the Canadian consumer the preferential tariff on such cartel controlled articles may be suspended or modified. If after inquiry, it is established that Canadian manufacturers are found to be dumping goods into the British market, the Canadian government will remove the dumping restrictions against the same class of goods imported into Canada. Under the agreement we retain our ham and bacon quotas, and also maintain our position with respect to the export of Canadian cattle.

When we compare the new agreement with that of 1932 I submit there can be no question about the fact that our representatives brought back an agreement from Great Britain which will be of great value, and to a tremendous extent will benefit the Canadian consumer. I was deeply interested in an article appearing in the Financial Post, a copy of which I received on Saturday. It is a publication which has not always been favourable to this government, by any means.

Mr. BENNETT: Look at drawbacks, if there is any doubt about that.

Mr. BOTHWELL: They have set out four outstanding features of the new agreement with Great Britain, and there are one or two paragraphs in that connection I should like to read:

> It is a great experiment: Attempting to maintain reciprocity with the United States, preferential trade with Great Britain and trade treaties with other countries, all alongside of each other. If Canada can make a success of the effort it will have shown the world the way to breaking down the barriers of extreme economic nationalism.
>
> The treaty was by no means a simple thing to negotiate and its successful conclusion is a tribute to the patience and earnestness of Mr. Dunning, Mr. Runciman, Mr. Chamberlain and other cabinet ministers and governmental officials on both sides.

Throughout the article they draw attention to the fact that the new agreement will have the effect of benefiting the housewives in particular and the consuming public in general.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, in rising to take part in the debate on the budget speech may I first set out my general impressions of it, and secondly point out a major deficiency in it. Thirdly, may I indicate why the deficiency is there, how it could be remedied, and some reasons why I believe my remedy for it is sound.

For several reasons the minister's speech, in my opinion, deserves commendation. It manifested thoroughness, a literary standard of noticeably high quality, optimism—much needed at the present time—and enthusiasm, which is always to be appreciated in a speech of that kind. It encouraged and embodied lower duties, freer trade, wise protection, and the British preference. In my judgment, all these are sound for Canada.

There was one thing with respect to trade which was omitted from the speech, greatly I think to its disadvantage. I think the time has come when we must look to a national board so to plan and manage our trade as to make sure some time beforehand that we shall not have adverse trade balances. Such a board was not provided.

In my opinion the speech deserves censure in that it states that the government is to depend entirely upon two sources for the money required, namely, taxation and borrowing. There are many people throughout the world inclined to condemn nationally created money, but they are going to find just as sure as they live that sooner or later they must subscribe to the principle of nationally created and issued money. The question is: Shall we build the bridge and cross it before we are thrust into the ditch?

Nationally issued money should have been used for many items. It should have been issued debt free and interest free, and it could have been so issued. There are many who are inclined to look with a certain amount of scorn upon this idea every time it is brought forward. For their benefit I should like to read a short quotation from a book by G. D. H. Cole, university leader in economics at Oxford, fellow of the University College at Oxford, vice president of the workers' educational association, vice chairman of the new Fabian research bureau, member of the economic advisory council. To make light of the opinion of such a man is a different thing from making light of the opinion of some upstart from Alberta.

These are his words:

> Such a policy of government spending on public works is indeed the only way of making a larger supply of bank money effective in a situation in which private entrepreneurs find it more remunerative to leave productive resources unused. But, if this is to be the outcome, why on earth should the government submit to pay interest for the privilege of borrowing resources which it has conferred the privilege of creating? Surely the right course is for the government itself to create the money, paying no interest for its use, but limiting the amount created to the amount that the banks would be allowed to create in accordance with the principles of banking policy laid down earlier in this chapter.

The title of the book from which the above extract is taken is Principles of Economic Planning, and the extract is to be found at pages 113 and 114. This book was published in 1935, so we can be sure that the writer is familiar with conditions as they are to-day, not as they were twenty years ago, when many of the economic principles upon which we seem to be basing our procedure were laid down, principles which since that time have been found wanting.

[Mr. Blackmore.]

There is a passage in the budget speech, to be found on page 1215 of Hansard, to which I should like to refer. It commences with the words "that the velocity of circulation" and continues to the words "advantageously produce." This passage merits special attention for it is here that the minister sets forth the economic theories upon which the budget is based. I should like to read short excerpts from this passage, and comment upon them as I go along. The first one is:

> This indicates, Mr. Speaker, that the velocity of circulation of cheque-book money is speeding up with the rising tempo of business activity and the increase in public confidence.

I want to state definitely that the cheque-book money referred to here is not the kind of money to which I was referring some time ago, nor is it the kind of money to which we of this group will be referring in the future. The passage continues:

> This is the factor so frequently forgotten by advocates of monetary panaceas.

Note the scorn. Anything we propose is a panacea, not a suggestion. I believe the time has come in the history of this country when all parties should be prepared to go into a "huddle," to use an athletic expression, on our problems. If the united opinion of all can find a solution of our troubles, it will be greatly to our credit. Instead of that, any new suggestion is scouted as a panacea. I shall deal more particularly with panaceas in a moment or two. I quote:

> The volume of money work done is the product of the amount of money multiplied by its velocity of circulation. An arbitrary increase in the amount of money by the fiat of a government is likely to defeat its object by a proportionate or more than proportionate decrease in the velocity factor.

It is just as likely to increase the velocity; that should also be noted. So much for that. Here is another excerpt:

> If the increase in the volume of money continues beyond a certain but unpredictable point, public confidence is lost altogether and a flight from money occurs.

I submit that that point is unpredictable. How does the minister know that we are near the unpredictable point? How do the authorities who are managing the financial affairs of this dominion know that we are near that unpredictable point? I say that by no means are we near that unpredictable point. It has been said that if the increase in the volume of money continues, we will have a loss of public confidence; but may I say that if the decrease in the volume of money continues, we shall have a loss of

public confidence. In this case there will be a flight, not from money, but from goods, which would be just as disastrous. I quote again:

There will come a time, however, and it may come more quickly than many of us expect, when precisely the opposite policy will have to be followed, if the best interests of the country are to be served.

"Opposite" there meaning decreasing the amount of money. When that time comes we will crush even more the poor. What for? In order that we may be able to catch the few men who wish to speculate. Has the time not come when we should adopt some measure for controlling these speculators, rather than continuing to use vague and indefinite methods by which everyone in the country is ruined in order that the speculators may be caught? Again I quote:

But monetary policy should not be regarded as a panacea.

I submit that no social crediter regards monetary reform as a panacea. What right have opponents of social credit to dub it a "panacea"? The word panacea is used only by our opponents. Monetary reform has been desirable before now, but I submit that it is now essential if we are to deal in any effective manner with our problems of debt, of unemployment, of social service and of defence. This monetary question reminds me of the question of irrigation. When you have a wide semi-arid area of land on which people can no longer live, you begin to wonder whether you cannot find water to go on that land. Those who would advocate irrigation know full well that weeds will grow much more abundantly than before when irrigation is provided; that likewise there are dangers of flooding and water-logging and drowning crops, increasing the difficulty of the work and running up the overhead; the need for a new crop, such as sugar beets, to come in, and the alkali problem besides. But the point is this; they know very well they cannot live in the area unless they get the water. We are rapidly approaching the time, indeed we have reached it, when no longer in this Canada of ours can people live unless the money is available. It is not a question of calling the cure a panacea. Who calls the water used in an irrigation project a panacea? It is merely a sine qua non, to use the Latin expression, "without which nothing" you cannot live unless you get it. Here is another passage from the minister's speech.

It can at best only create conditions favourable to sound development. In a constructive program it should merely take its place as part of a much larger whole.

That statement is absolutely correct. No one from this group has ever contended anything else. But money is lacking among the people. Conditions are now unfavourable to this sound development. Just for an example, let a man go out and become a farmer and try to get a line of credit without which he cannot possibly produce; he simply cannot get the line of credit. And that situation is multiplied ten thousand throughout this country. In another passage the minister says:

Fundamentally our need is an increase in our aggregate national income.

We all grant that. But how are you going to get it? Where in this budget speech has any indication been given as to how that thing is to be done? May I draw to the attention of the house something I have cited once before, a statement by Robert H. Hemphill, a prominent authority of the United States, to the effect that for every three dollars of income which the people of a country are going to have, there must be one dollar in circulation—not in the banks nor in the hands of wealthy men, but in circulation. It does not say that we are to have one dollar's worth of goods. Certainly we must have the goods, but goods without the tickets are not enough. We have money now, it is true; much of it, but it is in the hands of a few people from whom we find it impossible to get it away. What chance have the half million unemployed, their children and dependents, of getting any of that money? Is it not, Mr. Speaker, as though you had plenty of blood in your body but were unable to get it circulating in your hands and feet? What good is the blood if it is not circulating?

Another passage from the minister's speech:

—an increase in material wealth, not a different yardstick by which to measure it. Real purchasing power consists in goods and services produced, not in the number of monetary tickets which are used to facilitate the exchange of these goods and services.

This statement is a major error, as I am going to show as I go on with my speech. Meanwhile, will anybody prove that the tickets are not the thing that count? Will anyone tell me why it was that we had so disastrous a fall in the value of all manner of goods and property in 1929? If it was not that the tickets had been withdrawn, what was it? We still had the goods, but we called those goods in 1929 over-production, although no one had thought of calling them over-production before. Why the change? Values in the United States fell two hundred billions of dollars. Why did that occur if

tickets made no difference? Was it because of lack of goods? It was because of lack of tickets—these very things that are so scornfully disregarded.

What then makes purchasing power? We grant that an increase in material wealth comes first. We now have this wealth in abundance, and what abundance we have not now we can easily get.

May I draw to the attention of the house a speech delivered by the hon. member for Jasper-Edson (Mr. Kuhl) on March 3 as an indication of our possibilities with regard to goods. Why not have the tickets now if we can so easily get the goods—and we have them? The last passage to which I am going to refer is this one:

> An increase in our national wealth and income can best be secured by facilitating the production of the many things which Canada is best fitted to produce and by exchanging these products on as large a scale as possible for products which Canada cannot advantageously produce.

I am going to challenge first of all the use of the word "best"; it needs to be qualified considerably. The general statement of the passage is good, but how this thing is to be brought about is the question. It is very much like the promises to which the hon. member for Winnipeg North (Mr. Heaps) referred, which the Liberals so freely and abundantly made. They were going to do all these things, but they knew not how. What is the use of telling what ought to be if you have no suggestion as to how the thing can be brought about? If the loss of tickets caused all this trouble, why should we not now, by a discreet renewal of these tickets, remove the trouble we have had?

Turning from a consideration of the minister's speech let me go on to the reason why these difficulties have arisen as mentioned in the speech. It must be re-stated over and over again to hon. members that we have passed from one state of civilization to another; that we are trying to make a system which was satisfactory in the old situation fit the conditions of the new; and it certainly cannot be done. The minister defined purchasing power in a way which led to a great absurdity in his speech. He said that goods and services are purchasing power. Will hon. members pardon me while I examine that proposition for a few minutes. If goods and services are purchasing power, why is not the merchandise in a store purchasing power? Why do we have fire sales and clearance sales to raise money if the goods themselves are purchasing power? How about the cattle and swine and machinery and wheat that we had in such superabundance in 1932? If they were purchasing power, why were we not well off?

[Mr. Blackmore.]

Again, if goods are purchasing power why are we concerned about having dump duties to prevent the other fellow from giving us his goods, his purchasing power? Again, if goods are purchasing power, why are we so franctically eager to export our goods, beef and wheat and the like, which we so much need?

The final test whether goods and services are purchasing power is this. Will the government of this country part with one of its bonds for goods and services—coal, for example, or wheat or beef or wool? Of course it will not; the recognition of which fact is recognition of the fact that the definition which the minister has given of purchasing power is false.

Now, goods should be purchasing power; but they are not; they are merely potential purchasing power. The Liberals realize that; else why the anxiety for foreign markets? Selling bacon to Britain simply brings us British purchasing power—that is why we sell it there. It brings us their purchasing power, what we call money—their credit or foreign exchange; and with that thing, whatever we call it, we can buy machinery or anything else that we need. Therefore purchasing power is not goods and services; it is the thing for which we exchange goods and services. Some will say, "Well, you can trade bacon for clothes." Quite so. But according to the minister's definition clothes in Canada are purchasing power. But so is bacon. Then if we trade bacon for clothes we are merely trading purchasing power for purchasing power, a thing about as wise as trading one dollar bill for another dollar bill. Does that make anything like sense?

Worse still, we all know—members on the Conservative side particularly know very well, and so do the Liberals—that if clothes in Canada are purchasing power and you bring in too many British clothes your clothes in Canada are no longer purchasing power. That is a very serious matter. The members of this house can all clearly see the morass of difficulties into which that definition of purchasing power leads when you follow such a will-o'-the-wisp, for a definition of that sort is a will-o'-the-wisp and nothing else. Take some of our own contentious points that will arise in this house from time to time. We have sugar which we produce in Canada; it ought to be purchasing power, but it is not unless we can sell it. We want to sell it in Canada and therefore we try to exclude outside sugar, and thus we get into difficulties with the maritimes; for they, I understand, have potatoes and salt fish which should be purchasing power, but which are not unless they

can sell them. And they want to sell them exactly to the place that wants to sell sugar to us. Again we have manifest evidence that this definition is all wrong.

What has caused this error and consequent absurdity? I should like to speak very slowly and very earnestly to the members of the house on this subject, because right here we find the cause of our whole misconception. The budget speech is based upon the theories and conceptions of the old economics. The guiding principle of the old economics, or the economics of scarcity, was this—mark the words—"Supply creates its own demand." These are not my words; they are the words of an eminent authority. "Supply creates its own demand." Let me read the words of one of the great teachers, John Stuart Mill, and see how nearly the minister's definition conforms to Mill's statement:

> What constitutes the means of payment for commodities is simply commodities.

Good enough, but it leads to all the absurdities I have pointed out. Further:

> Could we suddenly double the productive powers of the country, we should double the commodities in every market; but we should, by the same stroke, double the purchasing power. Everybody would bring a double demand as well as supply; everybody would be able to buy twice as much, because everybody would have twice as much to offer in exchange.

That was sound enough until we got into the era of overproduction; but everybody recognizes now that it is no longer sound. It is a little sounder than the minister's definition, but I will not take time to go into that now.

Here is a comment by John Maynard Keynes on that statement—and Keynes is recognized as an authority worth listening to. He says:

> If this be true, then there is no obstacle to full employment.

Everybody sees the absurdity of that. Keynes leaves it at that, with impressive silence. At another point he says:

> Professional economists after Malthus were apparently unmoved by the lack of correspondence between the results of their theory and the facts of observation—a discrepancy which the ordinary man has not failed to observe, with the result of his growing unwillingness to accord the economists that measure of respect which he accords to other groups of scientists whose theoretical results are confirmed by observation when applied to facts.

That is exactly the trouble with us to-day. We simply cannot understand existing conditions because our conceptions were framed on the theories of the old economics; and as long as we continue to keep those old theories we shall be unable to explain the facts of the existing situation, and we shall never find a solution. The definition is utterly unsound to-day because we are in an age of abundance, an age of technological unemployment, an age of high specialization. A hundred years ago a man made a pair of shoes with his own hands and could exchange it for a tin kettle if he wished. To-day if he were working in a factory and putting on heels on shoes, how could he exchange the act of putting heels on shoes for a kettle? That is a question that reveals in another aspect the absurdity of the whole situation which has developed from the ideas of the old economics.

We must have a new concept, for the old theories have become unsound because, as I say, we are to-day living in an age of plenty. Everyone knows that. As a simple illustration may I refer to page 42 of Howard Scott's Introduction to Technocracy. He there informs us that we have learned now to create a machine which has nine million times the working power that one human being has, and he says that 8,766,000 of these units have been developed since 1900. Must it not be manifest to any hon. member who thinks about the situation that there has been a great transformation which is absolutely epoch-making and which demands treatment that is revolutionary? The machine has displaced more and more men and will continue to do so in spite of everything we can do, as the hon. member for Huron North (Mr. Deachman) pointed out so well the other night. We are living now in a time when we must acknowledge the new economics; otherwise we shall go on to our doom. We can laugh and sneer about it all we like, but we shall simply be marking time and deceiving the people while civilization crashes into ruin, and then we shall have the melancholy satisfaction of remembering that the danger was pointed out in time for us to have saved the situation if only we had been open-minded enough to see the new economics instead of lingering behind in the old. The new economics can be put in these words: Demand creates its own supply. Just the reverse of the old definition. For example, if you have money in your pocket, is there anywhere in Canada where you cannot get almost anything you want? The goods are here in abundance; what is needed is effective demand. What is effective demand? Effective demand is nothing more or less than those tickets which the minister so scornfully swept away, that is "monetary tickes used to facilitate the exchange of goods and services."

Now what are the principles of these new economics? They are mainly three: (1) that the state shall create and issue the tickets, in the form either of pocketbook money or

cheque book money (2) that the state shall distribute this money, not leaving it to the banks, or to people or industry to borrow it; it must distribute the money itself, for public works, for defence, for social services such as pensions to ex-service men, to the aged, to mothers, to the blind, and to unemployables, for the endowment of universities and schools, or by other means tending to bring about adequate use of our resources both material and human. To this end it may be necessary even to resort to dividends, that idea at which so many people are laughing uproariously. But why not dividends, first to supplement the low wages which men are receiving in industry, where they are often so painfully underpaid that they are suffering and driven to strikes? Or why not dividends for those for whom we can no longer find employment?

Then (3) There must be control of prices and prevention of inflation, by means of a device or mechanism called the just price. I have not time to talk about this in any detail, but those who see in the new economics a danger of inflation must be informed that there is a device in the social credit proposals which prevents inflation directly and scientifically, which device is called the just price and the compensated price. Much of this, of course, will have to be accomplished by cooperation with the provinces, but if this government can force certain provinces to accept a loan council in order to get money it ought not to be very difficult to use the monetary power to force them to do pretty nearly anything.

What grounds have we for believing that the new economics is sound? First, it harmonizes with facts as they are. Secondly, it would result in greater production of goods and in the extension of markets at home and abroad. Third, it could be managed so as to prevent inflation; and fourth, we have competent and responsible authorities who favour the acceptance of its principles. Among these are Professor G. D. H. Cole, and also Professor R. F. Irvine, for twenty-five years professor of economics in the university of Sydney, Australia, who makes the positive declaration that social credit is not only sound but is the only way to keep western civilization from being wrecked utterly.

Since the creation, issue and control of money, both pocket book and cheque book money, especially the latter, in an age of plenty such as is ours, possessing an abundance of goods and services, able to produce more abundantly, will turn these goods and services into actual purchasing power; and since such creation, issue and control will bring about immediately much more goods, both producers' and consumers', which goods, according to the minister's own definition, are purchasing power; and since the best evidence tends plentifully to show that the age of scarcity has given place to an age of abundance; and since an economic system of scarcity is obviously likely to be disastrous to an age of plenty; and since there are throughout Canada ghastly evidences that our present economic system has produced and is producing disastrous results; and since a great and growing body of informed opinion, supported by concurrence of an increasing number of highly respectable authorities, is convinced that creation and issue of government money in a country of plenty such as Canada, can be controlled so that it will not cause inflation or other destructive results, and offers the only possible way out of an otherwise apparently hopeless situation, I once more respectfully urge the government to take immediate steps towards the introduction into Canada at an early date of the principles of the new economics, commonly called social credit, exercising the state's constitutional right and duty to create and regulate national money. The government of Canada will thus use the only effective means of dealing with the unemployment problem.

Even without exercising that right the government in 1936-37 could in some measure have alleviated unemployment if it had dealt otherwise with the marketing of Canadian wheat. The evidence indicates strongly that the government's policy deprived the prairie farmers of many millions of dollars in this year of most urgent need. And every dollar lost to the farmer deprived him of a dollar's worth of necessities, deprived Canadian industries of a dollar's worth of sales, deprived the Canadian government itself of revenue from tariff and sales tax, added to the burdens of the provinces and municipalities, and rendered the debt situation more intense.

Therefore, as a representative of a great farming constituency and a great farming province I feel it my duty to move an amendment to the amendment, as follows:

> And that this house also regrets the action of the government in passing order in council P.C. 2202, which in effect deprived western farmers of the privilege of selling wheat to the wheat board unless the price of wheat dropped below 90 cents per bushel for wheat graded as No. 1 northern at Fort William.

Right Hon. R. B. BENNETT (Leader of the Opposition): I think this subamendment is out of order. The rules, I think, would have permitted the hon. gentleman to move

it as an amendment to the motion to go into supply, after the amendment had been dealt with. In other words, in its terms, it is not a subamendment but a substantive amendment, and as such has no relevancy to the amendment, and under the rules can only be dealt with in the manner I have indicated. A subamendment must have some relevancy to the amendment itself; the very word "subamendment" means that it is an amendment to the amendment itself, which this is not. As a substantive amendment to the motion it would be in order if moved by any hon. member who has not yet spoken, after the amendment itself had been disposed of. I do not cite the authorities at the moment, but that is my impression which I submit for consideration as I presume in the absence of the Speaker a ruling will not be given immediately.

Mr. LAPOINTE (Quebec East): I was going to suggest that you, sir, should take the matter into consideration while the debate is going on. I am myself under the same impression as my right hon. friend.

Mr. DEPUTY SPEAKER: I shall take the matter into consideration.

Mr. DAVID SPENCE (Parkdale): I do not intend to follow the speaker who has preceded me (Mr. Blackmore) because I know very little about finance except financing with real money, and that I have had a good deal of difficulty in getting at times.

Mr. BLACKMORE: Hear, hear.

Mr. SPENCE: But I can assure the hon. gentleman that if he inquires in the maritimes to-day about the price of potatoes he will be assured that potatoes are purchasing power, because they bring a nice penny.

First, I wish to congratulate the Minister of Finance (Mr. Dunning) on his splendid presentation of the budget. It is not often that I do that, but he has made an admirable presentation. I was disappointed, however, that I and my colleagues who are associated in the business world obtained no relief from certain nuisance taxes that have bothered us for several years; that there was no reduction in the sales tax, and that the minister did not find it possible to eliminate the sugar tax entirely, which I think would have pleased everybody in the country. I was glad to see the minister in the house this afternoon, and to learn that he had recovered from his illness. I hope he will find it possible to be in the house constantly from now on, because I like the twinkle in his eye when things are going his way, and sometimes the scowl on his face when things are going the other way.

I do not intend to take up the time of the house in presenting a great many figures, but I should like to make some general observations particularly with regard to what took place in this country from 1921 on, after the Liberal party came into power. I think it was the hon. member for Winnipeg North (Mr. Heaps) who said that any government could eliminate unemployment if it went the right way about it. That is not my view; I do not think any government can end unemployment without the cooperation of the rest of the world. I do not think the present government can be expected to end unemployment, which they did so much to create from 1921 to 1930 by meddling with business and tariffs. I contend that that administration fell down on the job, and caused unemployment at a time when the country was or should have been prosperous. There is no doubt in my mind that our lack of prosperity was due in large part to governmental interference with business and tariffs.

At that time the United States caused most of our difficulties, and no attempt was made by the Liberal party to formulate a policy for Canadians. They seemed to be afraid of offending our neighbours to the south. My own view is that if we had looked after ourselves they would have admired us more. The Fordney-McCumber tariff, which was introduced in the United States in 1921, 1922 or 1923—I do not remember the year but I remember what happened—practically shut out all farm produce that previously had been imported into the United States. I remember it so well because at that time I was exporting a great many cars of mixed vegetables, turnips and so on. That tariff imposed duties so high that it was impossible to ship anything to the United States. As a rule there are no customs houses in the interior of that country, and we who were shipping turnips and other vegetables had to buy the commodity, pay the duty and sometimes pay the freight as well. That was too great a risk to take in shipping vegetables down through Virginia and that section of the United States. Incidentally there is one example in the United States that might be followed by this country. We have too many customs houses in the interior of Canada; I think a great many of them could be closed. We had to clear everything through Black Rock or Niagara Falls, and no

one in the business could afford to take the chance, because at that time the duty was higher than the price of the commodity we were shipping.

Then in 1930 the Hawley-Smoot tariff worked a great hardship on the dairying interests of Canada, who were entirely shut out of the American market. No effort was made by the party then in power to work out a policy for Canadians. Before the Conservative party came into office in 1930 Canada had lost her world markets; there were a great many unemployed in the country; the balance of trade was against us, and we landed in an awful mess. The party now in power had continued to interfere with tariffs and the business world until the investing public became discouraged. We have failed to restore the confidence of the investing public, and until we do that I do not see any hope of curing unemployment.

Hon. members will remember when we first reduced the tariff on farm implements around 1924 or 1925. At that time the Massey-Harris people were located in the end of my riding. They increased the size of their plant in Batavia, New York, and did all the work possible there. Then they shipped their goods to the northwest from Batavia instead of from Toronto. In those days the Massey-Harris Company employed people by the thousand where now they employ them by the hundred. I remember when the streets surrounding the Massey-Harris plant were black with people coming out at five o'clock in the evening, but that is not the case to-day, and I have no doubt that some of the negotiations carried on by the administration then in power were responsible for a good deal of that employment. To-day in Canada thousands of people have plenty of money to invest, but they are encouraged to invest it only in government bonds, which to my mind simply ties up money and keeps it away from business and industry. That is so simply because the people feel that government bonds are the only safe investment. Even to-day, though the interest on bonds is very low, investors consider them much safer than other investments. I have had some experience in the business world and in industry, Mr. Speaker, and I know of nothing that will do more to create employment than encouraging the investor to put his money into industry. Then the government should leave industry alone—stop interfering with it.

The closing of the relief camps, which the government tried to make us believe would be to the advantage of the young men in the camps brought no improvement at all. The men who were taken out of those camps and put to work put others out of employment, as I think was said by the hon. member for Vancouver North (Mr. MacNeil) the other day. The government simply put one class of people out of employment and gave work to others. As I understand it, some camps are open to-day. They may not be under the regulations of the federal government or under the Department of National Defence as they were formerly, but this government must remain responsible for their upkeep. Those camps served a useful purpose, and may I say they were started by a man with a big heart, Hon. Donald Sutherland, for the purpose of giving these young men something to do, good beds to sleep on, good food to eat and plenty of clothing. If it had been possible to keep out the agitators all would have been well, but those agitators were encouraged by speeches made in this house. Otherwise there never would have been any difficulty and the government would not have had to interfere at all.

There is another thing for which I suppose I can hardly blame the Liberal party entirely, but as a rule they always employ the wrong men to carry on investigations. I am sorry to say that sometimes, but not very often, we have done the same thing. For instance, when it was suggested to build up a business in the West Indies, an hon. member of the house who knew nothing about goods produced in Jamaica or any part of the West Indies, was appointed to go there. He came back with a wonderful report, talking about picking beautiful, juicy oranges off the trees, and about the grapefruit of the West Indies, which even to-day are not considered of any great value when compared with the product of Texas or Florida. His glowing report succeeded in convincing the then government that in the West Indies we would find a great market for our products. I believe he stated that we would send them large quantities of flour and lumber. As a result a steamboat service, which has cost this country hundreds of thousands of dollars, was established. That was a foolish thing for the government to do.

Mr. Black, who at that time was senior member for Halifax, was interested in the steamboat business, because he had boats running to the West Indies and other ports. On that occasion he advised strenuously and vigorously against the service, but despite his efforts the government carried on and established a steamboat route which has lost lots

of money. No young country can stand maladministration of that kind. The merchant marine of that day was losing plenty of money, without our establishing any such service.

Investigations of one kind and another have been carried on, all of which have proved failures. The present invesigation into the textile business is political, so far as I can see, and a regular pork barrel. Counsel for the commission, Mr. McRuer, has spoken for three weeks, stopping only to sleep and eat; God knows how much he is getting per day.

Mr. MacNICOL: He is getting too much, whatever it is.

Mr. SPENCE: Whatever he is getting, the country will be out just that much, because nothing will come of it, so far as I know. No doubt the cotton industry has made some money; if they have made too much, then the combines and mergers legislation should be used, instead of appointing lawyers and judges and spending barrels of money to make an investigation.

An hon. MEMBER: Oh, oh.

Mr. SPENCE: There is no use laughing. The Combines Investigation Act is there for that and for no other purpose, namely to investigate monopolies or mergers of any kind. Why the investigation could not have been carried on by the department administering the act, I do not know.

No doubt the woollen industry has made no money, and it is a shame to couple it with cotton. I am satisfied people operating woollen factories would have been better off if they had invested their money in government bonds, because if they had done so, at least they would not have had to worry about it. I would suggest that instead of appointing commissions these matters should be handled by the tariff board.

We hear a great deal about free trade. Some people seem to think that free trade is the remedy for the unemployment situation. While I do not say that high tariffs will solve the unemployment, I do say that free trade certainly will not

May I draw the attention of the government to a situation which I regard as unfair. When witnesses are giving evidence against people under investigation by a commission a great deal of publicity is given to their statements, but the rebuttal evidence is hidden and nobody hears about it. I say that is unfair to the people in the industry. One statement should be printed alongside the other, so that we would have a full report and would be able to see just who has been lying—because someone is usually doing that.

The National Employment Commission was another unfortunate move on the part of this government, one which is costing the country a large amount of money. When the measure setting up the commission was before the house I fought it vigorously, on the ground that we were creating another big spending department, like the civil service commission. All the commission has done has been to repeat the work of obtaining statistics which were already in the office of the Department of Labour. Personally I would rather trust the minister, with the knowledge his department had, than trust a commission. If the minister lacked the knowledge, he would be in a position to get it.

As a House of Commons we should accept the responsibility of running the country— —

Mr. POULIOT: Hear, hear.

Mr. SPENCE: — —instead of appointing commissions behind which we may hide. I think even some hon. members opposite would agree with that statement. Since 1921 the policy of appointing commissions has been followed, and as members elected by the people we have been shirking our responsibility. I for one am prepared to take my share. True we may make mistakes, but we would not make any more than are made by commissions which have no responsibility to the electors.

Mr. MacNICOL: Only a bill of expense.

Mr. SPENCE: Yes, as the hon. member says, only a bill of expense.

We have negotiated a new trade treaty with the United Kingdom and, I am glad to say, it is a very good one—

Some hon. MEMBERS: Hear, hear.

Mr. SPENCE: —but not as good as the one negotiated by my right hon. leader in 1932. Remember that, too. I know something about business. While I may not be able to talk as some of my friends do, yet I can sit around a table and take my part with most of them.

Mr. POULIOT: You are doing very well.

Mr. SPENCE: However, it was not a bad agreement for a Liberal government to make. It does materially affect some items and I am hopeful that the result will not be too bad, although I have some doubts. I must say, however, that I am glad the Prime Minister (Mr. Mackenzie King) did not carry out his threat to cancel the empire agreement made in 1932. He and his followers shouted from the hill tops that the empire agreements were detrimental to Canada and had to be cancelled. Did he cancel them? No; just propaganda, and more bunk from the platform.

Mr. MacNICOL: Mostly bunk.

Mr. SPENCE: After the fall session of 1930 my right hon. leader attended a conference in the old country. While it may not have been considered a great success, he had the wisdom to invite the conference to adjourn and meet in Canada in 1932. That is something which Sir Wilfrid Laurier in his time and the present Prime Minister in his tried to accomplish, but they both failed; and I say that my right hon. leader should be congratulated upon being able to do something no other leader in Canada had been able to do, and when history is written the Right Hon. R. B. Bennett will be known in this Canada of ours and in Great Britain for the service he rendered the empire by his action on that occasion as the greatest statesman Canada has ever known.

Mr. POULIOT: Thank God you are not an historian.

Mr. SPENCE: Thank God I hope I am more of an historian than you are. That is what history will say, and it will not be long before we read it in print. I am not blaming Sir Wilfrid Laurier; he simply did not have sufficient persuasive powers, nor did the present Prime Minister. But my leader had, and he should receive the credit.

The treaty he negotiated increased our market for practically everything produced in Canada. It gave us a sheltered market for our wheat, with a six-cent preferential duty. We had a preference of about $1.25 or $1.50 per barrel on apples. In fact, we were given a preferred market for practically everything we sold, bacon in particular. The price of pork rose from 4 and 4½ cents a pound to 10 cents; then it dropped back to 8 and 8½ cents a pound, at which level it has remained. Did that happen before the trade agreements were entered into? Not on your life. That is what saved the country.

The Liberals took every advantage of the bad times and the depression; in fact, my view is that they prayed that the bad times might continue for their benefit. Now they want to take credit for the good times, but I do not think the people of Canada will take them seriously when the next election comes around. I do not mind telling them that I shall hate to see them defeated, but at the next election I am sure the Canadian people will give credit to whom credit is due. Not many of my hon. friends will believe that. Let me remind the house how difficult it was for us to get the trade agreements through. Item after item was blocked for days before the legislation could be put through.

In 1935 we introduced social legislation framed wholly in the interests of the people. There was the unemployment insurance act,

the maximum hours and minimum wage legislation, and so on. Did any one of hon. members opposite help that legislation through? No. They did everything they could to belittle it. The legislation was finally sent to the supreme court and then to the privy council, where unfortunately much of it was declared ultra vires. This country needs unemployment insurance, and we will not be able to get along without it. Such insurance would save a lot of people from misery.

There is no doubt that the Conservative party is a hard luck party. We were not born with horseshoes. We always seem to come into power just in time to save the country from being ruined by the Liberals. Then we get kicked out and the Liberals get the credit for bringing the country back. We certainly are the hard luck party.

A lot of talk goes on day by day about the protection of industry. To my mind protection of industry means just one thing—the protection of the workers. We must keep the wheels of industry turning; we must keep the smoke pouring from the chimneys of our factories. We must keep our industrial workers busy, otherwise the grain farmer and the cattleman will have but little market for their products, and the truck farmer and the fruit grower will have none at all. Outside of the apples, pears and other hard stuff that these growers are able to ship to Great Britain, they have no export market at all. What will happen to the fruit and vegetable growers south of Toronto to Niagara Falls if the industries in Toronto, Hamilton, Welland and St. Catharines cannot keep going? If that happens, there will be thousands more unemployed. I hope my hon. friends will have some pity on those who live in industrial centres and give us at least a chance to live.

In years gone by, hon. members to my left have done considerable talking about the great spread between prices to the producer and consumer. Much has been said about the middleman. I happen to be a middleman in a small way, and let me tell the house that the middleman always suffers with the producer. To-day many middlemen are just as badly off as those who are producing. I remember when we had in this house from 1921 to 1925 sixty-five Progressives, and some hon. members will remember the calamity howling that occurred every day. Our attention was directed to the scenes of distress and misery throughout the west. There was even talk of secession. There were no hard times then. If hon. members could talk hard times then, they have a much greater right to do so to-day. I told those sixty-five members that

they were not representing the views of the western people. I pride myself on knowing something about every part of this country. I have driven thousands of miles through Saskatchewan, Alberta and Manitoba; I have been down to Halifax and out west to the coast, and I think I know something of the views of the people. The people of the west were not asking for secession as was claimed in this house. I never heard such calamity howling.

Thirty-five Progressives came back in 1925, and they sold themselves in order to keep the Liberal party in power. It has been said that they had been bargained with, but I cannot say that that is a fact. Had we sacrificed the principles of the old Tory party we could have had them.

Mr. YOUNG: How do you know that?

Mr. SPENCE: Never mind how. Some of your manipulators beat ours out. You got control and you were able to keep in power. We came back in 1925 with 116 members and you had only 96, and you had no right to be in power. It was only with the help of members who professed to be progressive that you remained in power. Afterwards you accused us of putting one of them on the tariff board. You said he was a Conservative, but if he was a Conservative, why did he not support the Tories at that time?

An hon. MEMBER: He did.

An hon. MEMBER: And he got paid for it.

Mr. SPENCE: I would not say that he or anyone else got paid. Even the Prime Minister (Mr. Mackenzie King) lost out and another seat had to be found for him. After much difficulty, one was finally found away out in Saskatchewan.

Mr. POULIOT: The hon. member has become an historian.

Mr. SPENCE: I do not want to ridicule anyone, but I must tell the truth. The Liberal party has always claimed to be so much better than the Tory party, but yet there was all this manipulation and intrigue. We are known as the wicked party, but I do not think we are quite as bad as our friends the Liberals.

I am going to say one kind word to my hon. friends to my left. They are always ready to advocate impossibilities. They are always ready to blame bad times on the government in power. I claim that no government can bring about prosperity, but we should have an economic administration which we are not getting to-day, to help bring back prosperity.

I come now to the vegetable oil situation, to which some hon. members have referred already, and about which I believe I know something. It has been discussed by the hon. member for Danforth (Mr. Harris), who knows the business well and thinks of his fellow men. It was also discussed by the hon. member for Lanark (Mr. Thompson), who is a successful farmer and knows what he is talking about. I hope the government will heed their advice and protect Canada's dairy industry, which is one of her chief interests. If they do not it is my belief that with vegetable oils coming in as rapidly as they have done during the past three years, dairying will be practically ruined in another two years. The subject has been before the tariff board, and we have been expecting its decision for some time. I hope the government will try to influence the tariff board, if they need any influence.

An hon. MEMBER: Oh no.

Mr. SPENCE: You would not do it? For anything else, you would.

Mr. LAPOINTE (Quebec East): No.

Mr. SPENCE: Like ducks! Believe me, it is not the first time the minister's party has tried to influence them.

Mr. LAPOINTE (Quebec East): I hope not.

Mr. SPENCE: Canadian dairymen cannot compete with the cheap labour in hot climates where vegetable oils are produced. The United States protected itself by putting on a duty on vegetable oil, as well as by an impost of three or 3½ cents a pound on animal fats coming from other countries, particularly Canada. I hate the word retaliate, but that represents what I should like to do. It would accord with the countervailing duties that were brought forward in 1930, and which pleased so well some hon. members on the other side.

While Canada is a great country for mines and minerals and forests and water power, it has also great opportunities for hunting and fishing which attract tourists, and I suggest to the government—

Mr. HANSON: I rise to a point of order, Mr. Speaker, I sat in this house for five years when the Liberals were in opposition, and whenever we tried to read our speeches we were always called to order.

Mr. SPENCE: A wide field is always allowed to those who speak in this debate. I am just offering a suggestion to the government.

Mr. HANSON: Let me put my point of order, please.

Mr. SPENCE: All right, I shall be glad to sit down.

Mr. HANSON: It seems that this session anyone can get up and read a speech. I do not think it is fair.

Mr. SPEAKER: I do not think that the hon. member is actually reading his speech. He may be consulting his notes. I cannot see him actually reading his speech.

Mr. SPENCE: I have not noticed the hon. member for Skeena (Mr. Hanson) making a speech, either by reading it or in any other way. If I were feeling as well as I should like to feel, I might not find it necessary to read any part of my remarks.

Mr. HANSON: Let the hon. member read it. It does not amount to anything, anyhow. I think that I have contributed just as much to this house as he has.

Mr. SPENCE: If the hon. member wants to make a speech, let him get up after I have finished. When I was interrupted I was referring to the importance of catering to the tourist trade. In some way it should be made clear to those who cater to this trade that the government desires them to treat their guests with the greatest courtesy. Nothing will bring the tourist back faster than pleasant memories of his treatment at summer resorts. I am sorry to say there are some places where the people endeavour to take all the gold they can out of the tourists. At the present time we spend through the Canadian National about $200,000 a year to induce vacationists to come to this country. Perhaps if we treated these tourists in the way I have suggested, all or much of this $200,000 might be saved. It is just a suggestion; I am never opposed to spending money to make money, and I do not object to the appropriation of $200,000.

A great deal has been said in this house about our foreign markets. No doubt at times they are a real necessity, but it should not be forgotten that export trade may be cut down or cut off at any time through competition from other countries. So, I say, we must have more people. Some hon. members will not agree with this point of view, but I have given it a great deal of study, and in my opinion we need more people to consume our products, thus furnishing a stable market. My personal views are that we should admit into Canada all the British and Scandinavian immigrants who will come in under their own steam. One will make work for the other. Labour leaders may not agree with me, but I cannot agree with them all the time. In this vast area we have lots of room for more people.

Mr. MacNEIL: What about the hundreds of thousands who are unemployed and on relief?

Mr. SPENCE: We will make work for them by bringing in another million people. It looks selfish not to fill the vacant spaces which we have in this country. Some other nation may have its eye on these opportunities. I name no names, but such things might happen in these days when so many international difficulties arise. I should like the government to consider allowing British and Scandinavian immigrants to come into the country.

An hon. MEMBER: "Under their own steam."

Mr. SPENCE: If they do not adopt this policy now, they will have to do so later. It would take forty million people to do justice to this country. Eleven millions cannot carry the burden any longer—and that, or probably a little less, is our population to-day. An increased population would solve our transportation problems and benefit the country in a variety of ways. I know that on this subject I differ from some of my friends, but perhaps I have a vision of the future which some others do not share. I hold that this country will not regain prosperity until our population is much greater than ten millions. Sir John A. Macdonald and his associates thought that they had achieved a wonderful success when they brought about confederation, but lately it has been more difficult than ever before to hold confederation together. Canada is a vast country where different interests must be served. What suits the extreme east does not suit the extreme west, and what is acceptable to both extremes does not suit the centre. As far as I can see, there is no hope that a zone tariff could be arranged to regulate commodities and be fair to all parts of the country.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. SPENCE: When the house rose at six o'clock I was about to say that we have a number of monopolies and mergers that are detrimental to the country and that most of them were started in the period from 1921 to 1930, during the Liberal party's time.

Mr. LAPOINTE (Quebec East): Oh, you are a partisan.

Mr. SPENCE: More were started in that time than in any other period in the history of Canada, at any rate as far as I can remember. For example, take Canadian Industries Limited, which controls fifty per cent of the factories in the country. When anyone thinks that he is buying from an individual factory to-day and discovers that in all probability he is buying from Canadian Industries Limited, he is disappointed. We find that Canadian Industries Limited is controlled by the du Pont people of New York. I would suggest to the government that this sort of thing should be curbed so as to allow the small industries, and business houses, to get a chance, and have the profits remain in Canada. As things are they are leaving Canada to-day, the money being made by American concerns. Soon the United States will have the country by purchase, and what will Canadians say then, when this North American continent may be all one country?

In my opinion, the government made a mistake when they changed the wheat board. Mr. McFarland and his associates did good work, for Mr. McFarland proved that he was a good manipulator. He had an advisory board of eight, four representing the railways and industrial concerns, the other four being farmers. No doubt the farmers should have some say in regard to the disposition of wheat. However, that has all been explained by the hon. member for Qu'Appelle (Mr. Perley) and I will not go over it again. Now we have Mr. Murray at the head of the board, with Mr. McIvor—they cannot do without him because he provides some of the brains for the board—and A. M. Shaw, a man so full of education that his brains probably cannot contain any practical ideas; and on top of that we have an advisory committee composed of four ministers of the crown. Who can say that this is not a political wheat board? I am not condemning the ministers because they are all capable of serving on any board, but it seems hardly fair to the farmer, who I think has been sold out.

The rehabilitation bill was brought into the house a few days ago, and in that regard I may say that we in the east are willing to make some sacrifices in order to rehabilitate western Canada. But it makes it difficult for us to assist them when three or four members from that locality will get up and abuse the east for criticism of the west, suggesting that we have no consideration for the people in that part of Canada. Let me assure you, Mr. Speaker, that in my own riding I have been criticized repeatedly on account of the money spent in the west. I submit, therefore, that it would be better if we did not have such speeches from hon. members. When the vote is going their way, it is not necessary to let the whole world know what we are doing in this house. I am willing to do whatever I can in my own small way to help to hold confederation together. Winston Churchill once said that the curse of the world has been the aggressive socialist movement, which is the enemy of ordered liberal progress in any country, and so I say, Mr. Speaker—and I am going to cut my remarks very short—that we should get together, become acquainted, be good friends with one another, and cooperate as far as we can and encourage cooperation with other countries; because no nation can live to itself and be successful.

Those are my views and I thank the house for the patient and attentive hearing I have had. I appreciate the fact that I have not done justice to the speech I intended to make, but that is because I have not been feeling as well as I should like to, and perhaps I should never have started at all.

Mr. SPEAKER: Before any hon. member speaks I must draw the attention of the house to the fact that before six o'clock an amendment to the amendment was proposed by the hon. member for Lethbridge (Mr. Blackmore), and thereupon a point of order was raised by the leader of the opposition (Mr. Bennett). I am ready to hear any other hon. member who wishes to speak to the point of order.

Right Hon. R. B. BENNETT (Leader of the Opposition): In the dinner hour I looked up the Rules and Forms and I find that rule 422, page 131, says:

> The law on the relevancy of amendments is that if they are on the same subject matter with the original motion, they are admissible, but not when foreign thereto. The exceptions to this rule are amendments on the question of going into supply or ways and means.

That is the broad general statement of the situation, but the question of relevancy has always been held to be one of importance in dealing with a matter of this kind, and where an entirely new matter is added by the use of the word "also," it falls within the general rule. I mentioned that the rule apparently contemplated the possibility of amendments being moved after the amendments before the chamber had been disposed of. Rule 423 says:

> When a motion, an amendment and an amendment to the amendment have been proposed, the speaker will first take the sense of the house on the last by saying: "Is it the

pleasure of the house to adopt the amendment to the amendment?" After this has been disposed of, another may be moved as soon as the Speaker has proposed the question: "Is it the pleasure of the house to adopt the amendment (or the amendment as amended) to the main motion?" After this has been disposed of, the Speaker will propose: "Is it the pleasure of the house to adopt the motion (or the motion as amended)?" Then a member may move another amendment. Any number of amendments may be proposed in this way.

On going into supply there is of course a limitation to this procedure by the practice of parliament. The rule was laid down, by Mr. Speaker Lemieux, I believe, that only what amounts to an amendment to the amendment might be moved. This, of course, is a motion to go into ways and means, which presumably stands upon the same footing. As one of the authorities, I believe, puts it, by the law and custom of the constitution we have established that principle. Standing order 49 says:

> Only one amendment and one subamendment may be made to a motion for Mr. Speaker to leave the chair for the house to go into committee of supply or ways and means.

We are therefore subject to the limitation which is contained in that rule, and the general principle that any number of amendments can be moved, which I mentioned before recess, would be an erroneous statement of the situation. There can be only one amendment and one amendment to the amendment when it is a motion to go into supply or ways and means; but if it is a motion for second reading, or any other resolution, when the house has disposed of the first subamendment and then the amendment, it is competent for any member who has not yet spoken to move any amendment that would be relevant, according to the rules as I understand them and as laid down in May, at any rate.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Speaking to the point of order, reference to standing order or rule 49 is appropriate. But may I call attention to the fact that there is no rule 423. There is a paragraph 423 in Mr. Beauchesne's book, but there is no rule 423, and I suggest to the leader of the opposition that he refer to that number as a paragraph and not as a rule. It would be more appropriate.

Hon. ERNEST LAPOINTE (Minister of Justice): I have looked into the matter, and I believe that the point of order is well taken. There must be some relation between an amendment and a subamendment; there must be some relevancy of the one to the other. In this instance the subamendment raises a new and quite different subject matter. Members of the house might be willing to vote for the amendment, but if you added this subamendment, which is another matter altogether, they might be opposed to the subamendment and would have no opportunity to express their views. The same applies to those who might be in favour of the subamendment, but not of the amendment. The subamendment must be relevant to the amendment, as amending the amendment. This subamendment does not amend the amendment; it simply adds to it a different matter altogether.

Mr. SPEAKER: During the recess I had occasion to consult the notes of Hansard and I find that the point raised by the leader of the opposition (Mr. Bennett) had been well taken. I might refer the house to standing order 49 and to paragraph 394 of Beauchesne's Rules and Forms:

> A motion may be amended: (a) by leaving out certain words; (b) by leaving out certain words in order to insert other words; (c) by inserting or adding other words.

If we look at the amendment it does not propose to follow that procedure at all, but it is entirely a new motion. Paragraph 395 says:

> It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed. Every amendment proposed to be made either to a question or to a proposed amendment should be so framed that if agreed to by the house the question or amendment as amended would be intelligible and consistent with itself.

I do not find that if this proposed amendment were allowed, it would make the amendment it is proposed to amend consistent with itself. Then further, in An Introduction to Procedure of the House of Commons, by G. F. M. Campion, we find on page 150 under the heading Amendments to Amendments the following:

> An amendment to an amendment stands in the same relation to an amendment as an amendment itself does to a motion.

This is not in the form of an amendment to the main motion or in the form of an amendment to the amendment. If it be considered in relation to the motion it cannot be a subamendment, but it must be an amendment, and there is nothing on the face of it to show that it is intended to amend the amendment. Moreover, as the leader of the opposition (Mr. Bennett) and the Minister of Justice (Mr. Lapointe) have stated, it does not deal with the same subject matter as the amendment. It is in my opinion foreign to the amendment submitted by the leader of the opposition, and I therefore have to declare it out of order.

Mr. H. R. FLEMING (Humboldt): In rising to take part in this debate I do so with considerable trepidation; the subject is of such vast importance and can be approached from so many angles that it is difficult to decide which features to discuss. First, however, may I heartily congratulate the Minister of Finance (Mr. Dunning) upon the splendid budget which he brought down, which will remain a memorable document among the public records of this country. No one will deny that the budget presented to this house was a bold budget, and that was expected from so courageous and aggressive a gentleman as the Minister of Finance. Those characteristics he exemplified when as Minister of Railways and Canals he changed the terminus of the Hudson Bay railway from Port Nelson to Fort Churchill. Western Canada will ever be grateful to him for that change and thank him for the tactful manner in which he pushed that railway project to a conclusion. When he presented his budget he showed those same qualities of courage and progressiveness, and again Canada should be grateful to him.

I intend to vote against the amendment and for the motion. In so doing I am confident that I express the opinion of the great majority of the people I have the honour to represent in this parliament. I favour the present budget because it is in accordance with Liberal policy, which has achieved such great successes throughout the length and breadth of Canada in recent years. I accept the budget because it is a Canadian budget, made in Canada to meet Canadian needs and the situation as it really exists in Canada at the present time. By degrees we are becoming more accustomed to conditions to which we have been brought by the depression. Instead of blaming this one and that one at home we are beginning to realize that we belong to a world order and that our ups and downs are the result, not altogether of our own wise actions and our costly errors, but of the conditions that obtain elsewhere. To quote from the budget speech as reported at page 1211 of Hansard:

> Viewing the situation broadly, however, in the light of the progress of the past year and the major underlying forces at work, I believe I can fairly say that since 1929 no New Year has dawned with brighter promise for Canada. I shall be greatly disappointed if, by this time next year, Canada had not moved substantially further along the road of economic recovery.

Those of us who a few years ago were so optimistic about the return of good times during an overnight sleep are now prepared to wait with the rest until the world has made a few more revolutions in its orbit. There is no going ahead alone. If we raise more wheat than the world can buy we must store it or destroy it or use it for feed. If we build more railways than are necessary to carry our freight and passengers the rails will rust through disuse, and if they are national railways the nation must pay the price. If our factories turn out more goods than they can sell, they must close their doors and dismiss their employees. It will require the utmost wisdom to determine what the nation should do to maintain its place in the world of trade, and just as much wisdom to determine what producers in farm and factory should do to preserve the national equilibrium.

Here are some of the suggestions which have been made. A suggestion, of course, is not a solution; in nearly every case there are counter suggestions. Among the suggestions are these: produce less grain; raise more stock; produce more grain and keep the railways busy; produce less in the factories; give shorter hours to men; put the tariff up higher; lower the tariff to any country that will trade with us; stop immigration; fill up the prairies; bring more people into the country; spend; save; make war on Russia; copy Russia; get back to the simple life; break up machines and revert to hand labour; close the universities; cultivate trade within the empire; complete the lake route and get another means of transportation even though there is nothing to transport. And, above all, find fault with everyone who is trying to do something, and finally, if you are of good Canadian or British stock revile the foreign-born. But we must always remember that epithets have no place in logic and will not help towards a solution.

Is there a solution? Must we admit that the human mentality is not capable of combating the forces at present striving to bring chaos into the world? I for one cannot resign myself to that view. I sincerely believe that there is a solution, and a clear-cut one. The solution as I see it is practicable even though it may not be immediate. As the stagnation of trade is a result of world conditions, the remedy is to be sought by bringing about better world conditions, a more friendly attitude and closer trade relations. If nations are bound to act as schoolboys with chips on their shoulders there will continue to be misunderstanding, aloofness and possibly war. But if the law of life, which makes each think of others as of self, is observed, it will not be long until there is concord and enduring peace. If along with good will there is a determined endeavour to break down barriers to trade and tariffs of exclusion, then each country will proceed to

give to the world what nature intended it to give, and will exchange its production freely for something which it needs but cannot advantageously produce or manufacture. Free trade and protection are not policies about which nations should wrangle, they are policies that must be faced and settled by the world at large, and their debating point is not in this capital city of Canada but at Geneva.

As to which policy should be followed, there is for me only one policy, the policy which this government has followed and which previous Liberal governments have followed in the past—the policy of the freest international exchange of commodities possible under existing conditions; the absence of artificial interference with international exchange, and the territorial division of industry with its resulting advantages. Its essence is perfect impartiality in the fiscal treatment of home and foreign products. It involves the removal of all artificial restrictions on, or encouragements to, particular industries. In free trade there are no differential duties, no bounties; taxation is for revenue only, and not for protection. It would appear, then, from consideration of the benefits to be derived from international trade that, from the cosmopolitan standpoint, that is, looking to the interests of the world as a whole, permanent protection is theoretically unsound. Temporary protection, however, might be justified in theory, on the ground that it would enable some industry to secure a footing in a country where it was likely to thrive to the general benefit, or would prevent the transfer of an industry through temporary causes from a country otherwise specially suited to it. To render such temporary protection expedient in practice however, would involve on the part of men a degree of insight and foresight with which they are not generally credited. Hence I conclude that from the cosmopolitan standpoint free trade as a rule is, even in theory, and always in practice expedient.

From the national standpoint, however, the argument for free trade and against protection is more complicated. The parties to any act of exchange are in general not nations but individuals, and though both parties gain in utility from the exchange it does not follow that there is a gain to both the nations to which they respectively belong. There is no necessary harmony between the interest of the individual and that of the nation. This possible conflict of interests has been ignored by some dogmatic free traders but has been recognized by all leading English exponents of free trade principles from Adam Smith down to our day.

[Mr. Fleming.]

The most general economic argument in favour of free trade from the national standpoint is that protection, while it may benefit a particular home industry by attracting more capital into it, is yet injurious to the nation as a whole. Its primary object is to raise the price to the consumer who, therefore, is exploited in the interests of a small class of producers. Its effect is a less economic distribution of the nation's productive powers. The same labour and capital which would produce the protected article would find employment under a free regime in producing something else wherewith to buy directly or indirectly more of that article.

All trade is barter; exports pay for imports. The latter are really the reward for which the former are the necessary sacrifice; and we ought, therefore, to buy in the cheapest and sell in the dearest market. But while this argument in favour of free trade is in the main sound, it is easy to point to exceptional cases in which from the national standpoint a departure from free trade principles might be theoretically justifiable. For instance, (1) the validity of the "infant industry" argument for protection might be admitted in special cases; (2) on the ground of national independence, that defence is of much more importance than opulence, certain restrictions in trade may be advocated; (3) retaliation, but this act should be one of great deliberation. The crucial point is, are they likely to be successful in forcing the foreign nation to modify its hostile tariff or to abolish its export bounty, as the case may be?

Even in view of the above exceptions, it is well to remember that it is often a mistake to suppose, when some particular case has been discovered for which it is possible to find a theoretical justification for protection, that a departure from the broad principle of free trade, or taxation for revenue only is therefore desirable. The classical English argument against admitting exceptions to that principle is based not so much on the theoretical excellence of free trade as on the inherent weakness of governmental action; that is, on the practical difficulties in any conceivable system of protection and the abuses with which it is invariably associated. Protective duties, though few and small at first, tend to grow and spread, once the principle is admitted, until the outcome is a general high tariff—such a state of affairs as existed in Canada from 1930 to 1936 and in Great Britain prior to the reforms of Hutchinson, Peel and Gladstone.

It is well at this point to deal with the doctrine that restraint should be put on all articles imported from countries with which

the particular balance of trade is unfavourable. Whereas the protectionist policy has its origin in private interest and the spread of monopoly, these extraordinary restraints arise from national prejudice and animosity. Thus, for example, if free trade with France did lead to an unfavourable balance with France, it might yet render the true balance with the world more favourable in general to England. There is no certain criterion obtainable of the real balance between the home country and any other particular country.

The mercantilists supposed that in foreign trade what one country gained another lost, and that if the balance were even in value neither of them gained or lost. They looked on the question of the advantages of foreign trade as one of profit and supposed that this profit from the national point of view is measured by the amount of treasure received. In answer to this I will point out the real advantages of foreign trade:

1. The real advantage is not merely profit and still less a balance of money, but a gain in productive power and utility. We may look at it more from the point of view of the producer than the consumer.

2. (a) The country in the foreign trade of which there is the greatest proportion of native exports and the least of foreign re-exports will be the chief gainer because there will be more employment for home labour and capital; (b) trade with a nearer country is more advantageous than with a remote one; (c) the richer neighbouring nations are the better. We gain not by making our neighbours poorer, but richer. They are thus better customers. One nation's loss is not another's gain, but, in general, a loss also.

It is becoming almost universally accepted that absolute free trade is practically impossible; of necessity, then, it follows that the next best policy is that of reciprocity. Reciprocity is a question of mutual concessions in the matter of tariffs. It is the middle course between free trade and protection. In this case one country will agree to lower its duties on imports from another, or on some of them, provided that the second country in return will agree to lower its duties on its imports from the first country. There have been many objections hurled against the present government for its attitude on reciprocity treaties. The best argument against this attack is contained in the budget speech of the Minister of Finance. Speaking of the trade agreement with the United States, at page 1240 of Hansard, he said:

> I am sure it will be a matter of special interest to the house to observe the growth in our trade with the United States, as we now have a full year's experience under the operation of the agreement which established new schedules of rates on January 1, 1936. During the year our total trade with the United States, including commercial gold, amounted to $787,000,000 as compared with $683,000,000 for 1935, an increase of $104,000,000, or 15 per cent. If we exclude commercial gold entirely from the figures for the two years under comparison we find that the trade increase in 1936 was just over 22 per cent. Calculated on this same basis, exports to the United States were greater by 26 per cent, while imports from the United States were higher by 18 per cent. It will be noted that these percentage increases are appreciably above the corresponding increases in our trade with all countries. The increase in trade with our nearest neighbour is ample evidence of the benefits which follow a policy of seeking wider markets through trade agreements.

It would be impossible to claim that all of this price increase can be attributed to the trade pact between Canada and the United States, yet it certainly must have been one factor in improving the general price scale. The fact that the general world price level has risen must be considered as well. I can see only one reason for this advance, namely, the return to a freer passage of goods between the countries of the world. After about six years of the most nationalistic policies the world has ever experienced, most of the nations are returning to the policy of reciprocal treaties. That some are still adhering to the nationalistic policy of self-independence does not alter the fact that there is more freedom of trade now than existed last year or since 1928-29.

Since 1932-33, the low years of the depression, the world experienced a slow movement in the abolition of trade barriers, with the result that prices have increased, production has gone up in volume and the purchasing power of the people has risen. That the depression is vanishing is, or at least should be clear to all. The process, however, is slow, due mainly to the nationalistic tendencies of a few countries. There is nevertheless great hope that before long these nationalistic countries will realize the error of their ways. France underwent that change recently when her new government took office. Whether other nationalistic countries and one-man controlled countries can do the same without a major conflict is almost impossible to predict. Only when all the nations see clearly that to be prosperous is to be at peace can there be any real assurance of international stability and freedom of trade.

There are perhaps various ways in which world peace can be obtained, but I feel that the best and surest way is by mutual concessions in trade relations, a more "give"

than the present "take" feeling. This is pointed out very well in the budget speech at page 1215 of Hansard:

> . . . by exchanging these products on as large a scale as possible for products which Canada cannot advantageously produce. To these objectives the government has been energetically devoting itself by opening up and expanding foreign markets for our basic products, by stimulating employment in productive lines, and by endeavouring to eliminate uncertainty and fear which paralyze initiative and retard industrial enterprise. The success of these efforts is indicated in part at least—for I do not wish to claim for the government all the credit for the recovery which we have enjoyed.

We may, I believe, feel sure that if no major conflict arises in Europe or in the far east the nations will one by one follow that program, if for no other reason than that of self-preservation. No nation can be self-dependent or follow that policy for any length of time without grave danger to itself. Various nations in the past have felt the curse of this policy. More will feel it in the future if they continue their present nationalistic course.

It is, then, most essential that Canada should be prepared to cooperate in the common work of political appeasement and economic cooperation, and if this work is to succeed it needs the collaboration of all. If that collaboration is forthcoming there cannot be any doubt in the mind of anyone that we can create a better, saner and more prosperous world. We must learn the ways of economic cooperation so that the standards of life can be raised. We must never forget that our objective in Canada must be the prosperity of all. This point was brought out most strongly in the words of Anthony Eden when, speaking of Great Britain, he said:

> We are willing to help toward a further advance along the line of increased economic opportunity, but this should be in our view on one condition. Economic collaboration and political appeasement must go hand in hand. If economic and financial accommodation merely result in more armaments and more political disturbance the cause of peace will be hindered rather than helped. On the other hand, new and freer economic and financial collaboration based upon solid, well conceived political undertakings will be powerful aid towards the establishment of unity of purpose in Europe. Ultimately and fundamentally the object of all honest political endeavour in whatever country must be a raising of the standard of life. We know well enough from the resources of science to-day that can be done, if it is undertaken in an atmosphere of peace and mutual confidence.

Consideration of the raising of the standard of life brings us to another exceedingly important point. It is freely admitted that we are entering the period of recovery. I feel it my duty to congratulate the Minister of Finance upon the warning he gave the Canadian people when he said, as reported at page 1217 of Hansard:

> It may seem ironical for me to sound a warning about a problem of prosperity whilst we are still harassed by the problems of depression. Evidence is accumulating however, of the prevalence of a state of mind which justifies a warning signal. If we may judge by the activity in brokerage offices, the rapid rise in stock-market prices, and the ratio of stock prices, particularly in some sections of the market, to nearby earnings and dividend prospects, we are forced to recognize a revival of that get-rich-quick spirit which proved so disastrous in the pre-depression years.

However, I would urge the government to do its utmost to prevent a disaster similar to the one we experienced in 1929. Between 1923 and 1929 on an unparalleled scale, banks united, especially in the United States, in financing speculation, in securities and real estate. Comparatively little of the huge expansion of bank credit was utilized in financing an expansion in the physical volume of industry and trade. The process involved the tying up of a larger and larger proportion of bank funds in assets of a non-liquid character. The investments of the banks and the collateral they accepted for loans consisted of securities and real estate, capitalizing at an unreasonable rate the high earnings of business concerns enjoying a temporary and unstable prosperity at the expense of other elements of the population and business world.

On the average, the farmers' purchasing power during the depression period was more than ten per cent less than it would have been if the 1909-14 parity of prices had prevailed. This was bad enough, but to make matters worse taxes on farm property during this whole period remained on a level ranging from 246 per cent to 267 per cent of the pre-war level, and almost twice as high as the price of farm products, relative to the pre-war level. Naturally the farmers' power to buy and pay for products of industry was severely curtailed, even in the absence of heavy mortgage and interest payments hanging over from the period of wild speculation in farm land during the land boom of 1919 and 1920.

It was only a matter of time until such artificial prosperity must collapse, the bubble of speculation would be pricked, and the banks would be hard put to it to realize in full on their assets. Forced liquidation on an unheard of scale could easily have been predicted by any well trained banker or economist familiar with the facts and capable of reasoning without bias. Such predictions, in fact, were not lacking, but they were unpopular and

unheeded. In no responsible quarter was effective action taken while the time for action was ripe. In default of such action the country drifted into financial disaster.

When the inevitable period of deflation and depression came, in their sheer extent financial losses, economic disorganization and panicky fear of complete political, social and financial collapse, turned out to be the most disastrous in the history of the country, and for generations are likely to leave their imprint upon our government and business organizations. The prosperity of industry had been prolonged by the artificial props of the instalment plan, foreign loans and stock market profits. When these failed, the demand for industrial products fell. Sharp price cuts at this time might have brought readjustment in conditions of supply and demand, and an early end to the depression. But restriction of industrial output, with artificial maintenance of high prices, only made matters worse. Rapidly declining pay-rolls, the inevitable result of a policy of restriction, brought a further decline in demand not only for industrial products but farm products, and intensified the decline in the price of farm products—a condition which soon thoroughly demoralized agriculture and almost completely destroyed the buying power of the farmers.

The ruin of the farmers reacted upon the demand for factory products, leading the restrictionists to resort to still further restrictions, and so on month after month in a vicious declining spiral of deflation; in industry, deflation primarily in output and pay-rolls, and only secondly in prices; in agriculture, deflation in prices but not in production.

Statistics of industrial production and prices point strongly to the conclusion that the years of depression in industry were characterized, not by competitive cutting of prices among the producers in a given industry as a means of stimulating demand and maintaining output, but by competitive restriction of output among the industries for the purpose of maintaining prices. It was this policy of adjusting supply to demand, a policy substituted for the old-fashioned one of adjusting price to demand, that prolonged, deepened and is helping to continue the depression. There were, of course, other important contributing causes such as the slaughter of prices on the stock and bond markets, the deflation of bank credit, the demoralization in foreign trade and the financial crises in foreign countries.

There is one most important point which it is essential should be clear to all, and that is that neither the factor of declining bank credits nor of money in circulation forced the deflation of business. The major causes of the decline in business were, first, the maldistribution of buying power arising from the lack of balance between the prices of finished, manufactured goods and the prices of raw materials and wages, and second, the lack of desire of those with buying power in the form of cash or bank credit to use it. Instead of money being scarce in Canada at the present time, it is in fact very plentiful. It would seem an adequate reply to the claim that we are suffering from a money shortage to point out that all money rates have fallen substantially. Well might the minister say in his budget address, as reported at page 1215 of Hansard:

> Monetary policy has a role to play during depressions. That role is an important one; although I am bound to say that as a medicine for depressions monetary techniques are far more effective when applied before rather than after the event.

It is in the light of the above evidence of plentiful money, and of the facts brought out in my analysis of the existing conditions, that I beg the government to do all in its power to prevent any possible recurrence of the 1929 financial misfortune. It is clearly evident that speculation is again finding its path into the country's stock market, that the gap between wages and prices is increasing and that signs of inflation are becoming more and more evident. If we wish to prevent an artificial boom followed by a devastating financial and commercial collapse, we must take steps while the time is still ripe to control the recovery of this country before it gets out of bounds.

The income of the farmer is again lagging behind the advance in the price of finished manufactured goods. This must be stopped if the farmers are not to be oppressed until they are living below the subsistence level. It is essential that a fair share of the increased national income should be distributed among the present unemployed and those living below the subsistence level. In fact, until all are at least on the subsistence level, for sound economic and just social reasons there should be no increase in the wages or profits of those who are at present living above that level. If this country is ever to experience any degree of real prosperity we must have a more equal distribution of the national income. Those who are at present without a decent standard of living must be provided with one. A policy of continued public expenditure of relief funds will not bring this about. Only real increased production, to-

gether with a more equal and just distribution, can possibly enable the people to live above the subsistence level.

I believe the ultimate and fundamental object of all honest political endeavour in any country should be the raising of the standard of life. Let us follow this policy with the same diligent effort that we put forth for the betterment of our own individual lives. Increased international trade will help, in fact it is essential, but it is not enough. There must not be a recurrence of what happened in 1929. The draft agenda for the world economic conference contains the following:

> International action, however indispensable, cannot restore a normal economic situation unless the proper internal measures have been taken. Each individual country must be prepared to take the necessary steps to achieve internal equilibrium.

In conclusion I would suggest that we go blithely on the road to the full promise of our nationhood, with Liberal principles the light to guide our way, and the happiness of our people our abiding purpose. Let us garner from the variety of races within our borders the best that they have to give. If our prosperity must be protected, let us do it with wisdom. Let us not be inoculated by Tory imperialism or militarism, but if the pathway of our destiny leads through a virile pacifism, let us not stumble, but with dignity, charity and honesty march triumphantly forward, a peaceful nation building contentment. May the tribute of our children be: They wrought better than they knew.

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, may I first congratulate the hon. member who has just spoken (Mr. Fleming) on his very able address. I wish also to congratulate the government upon having within their ranks a free trader who is prepared to support a protectionist budget. I trust the hon. member will pardon me for not following his remarks, for what I have to say this evening will be confined to the amendment. I hope that at some other time I may have the opportunity of speaking on the main motion.

The amendment deals with what I believe is recognized as being the most serious problem in Canada, that of unemployment and relief. I think the Minister of Finance (Mr. Dunning) has admitted that this is the most serious problem with which the government has to deal. Let me quote the amendment:

> This house regrets that the government has failed to take effective measures to deal with the problem of unemployment.

[Mr. Fleming.]

I wish to put emphasis on the word "effective." I admit that the government have taken some measures, but we must decide whether or not they are effective measures. Let us consider what those measures are. In his address the other day the minister recited several measures taken by the government since they came into office. The minister, first, spent some time discussing the relief camps which were set-up in this country at one time. I shall not go into the history of these camps as the hon. member for Yale (Mr. Stirling) covered it very thoroughly the other night. I shall not recall the conditions which existed at the time these camps came into being, other than to say that they were established to take care of the single unemployed men who were crowding into our cities, riding our trains and generally trekking throughout the country. They were never intended to be permanent, but during the time they were in existence they played an important part in relieving the problem of unemployment; they functioned as clearing houses, through which passed 31,502 men to useful employment. That achievement I think was worth while. As I say, it was never intended that these camps should continue, and upon the minister's instructions they were closed. A number of us coming from British Columbia recall as I do very clearly, the time they were closed. In my riding some 800 men were turned out on the road. They were men who had been faithful and had not been involved in any disturbance; they had worked well and were at home in those camps. They were turned out with their packs and drifted along the highways to the cities. The equipment from the different camps was gathered together, the shovels and other tools carefully oiled, sorted and packed into crates, the bedding washed and packed, and everything was stored in a central camp. The other day the minister told us, "To this time the camps have not been re-opened." I do not know how he can be ignorant of the fact that a number of them have been opened. The equipment, the property of the federal government, which was so carefully stored has been taken back to some of these camps and is now in use. In my riding there are about 300 men in the camps, and they are carrying on work similar to what they did before.

The minister mentioned the other day one measure, termed an arrangement with the railways. There were 9,224 men transferred from the camps to railway work, and according to information given by the department,

7,773 men worked until the gangs were broken up; in other words, they completed six months' employment. The cost to the taxpayers of this country was over $2,600,000.

Another measure was the farm placement scheme. The minister tells us that throughout Canada 46,000 men were placed. My information, which is from Victoria and is I think authentic, is that 215 were placed in British Columbia.

Another measure was forestry work. We are told by the minister that 5,000 additional men have been employed, mainly in British Columbia, in forestry work. I think the minister must have included labour in the logging industry, which cannot be credited to any action on his part but to the empire trade agreements and, to some extent, the Canada-United States trade agreement. The latest information I have from Victoria is that 1,131 men are employed in forestry work in the province under the category of relief measures.

Another scheme was the home improvement plan. I believe it was unanimously supported in this house. It is good as far as it goes, but I doubt whether it will give much employment to men on relief. It seems to me that a citizen who undertakes to repair his house, to put on a new verandah or redecorate the interior, is not likely to go down to the unemployment office or to relief headquarters to get a man; he wants the work well and properly done and he is going to get a mechanic to do it, someone he knows is a first-class workman. For that reason I do not think this measure will be a means of putting any considerable number of unemployed to work, and the expenditure of one and a half to two million dollars for this purpose is only a drop in the bucket.

These are some of the measures which the government has taken, directed to the solution of the problem of unemployment. Another measure, which I believe the minister considers most important is the setting up of the employment commission. Hon. members recall that, last session, the government induced parliament to pass an act setting up a commission to which the matter of unemployment was to be referred. Apparently it has gone the way of all bodies of this kind, in setting up an elaborate scheme. The commission consists of seven members. Of course they are not paid salaries. It would be an insult to offer salaries to persons who come forward and offer to serve their country. But a kindly government suggests that they should have a living allowance, and with the exception of the chairman they have accepted it. They are paid a living allowance of twenty dollars a day, and in addition their travelling expenses. British Columbia was honoured in having the commission's lady member chosen from that province. It is interesting to note that she has drawn in living allowances and travelling expenses from May 15 to the end of January $5,590.93. Whatever other qualifications she may or may not possess, those of us who live in British Columbia know that she has one—she is a faithful follower of the Liberal party.

There is another commission member from the west who volunteered his services: a defeated Liberal candidate from Saskatchewan. He has drawn $4,559.05. The minister told us the other day that the commissioners have been paid since May 15 in living allowances and travelling expenses $18,666. Its members are furnished with offices and telephone, secretaries and stenographers, all of which goes to make up what he told us was cost of personnel: $16,888.

There is under the commission, the youth committee, which has cost $8,951. The members are not in receipt of salaries but are given a living allowance of fifteen dollars per day each. Going through the orders in council it was noticed that the chairman could not live on the fifteen dollars and was granted an additional five dollars. He happens to be a defeated Liberal candidate from British Columbia. There is also, a women's committee of five, each drawing fifteen dollars per day living allowance; the minister mentioned that the total cost to date was $2,916; they are studying the problem. Also a living allowance of $25 per day has been granted the director of public welfare for some temporary services. I do not understand why the government does not pay salaries, instead of insisting on calling these grants "living allowances." Nor is it clear why the amount of these allowances should vary, why it costs more for one person to live than another. That brings to mind a little article I saw in a Toronto paper the other day, contributed by a man named Oxford. He is referring to the grain inquiry, which is another creature of this government:

> Mr. Justice Turgeon, commissioner for the grain inquiry, receives $35 a day as a living allowance. From inquiries made of some housewives around here, the opinion is that he should do fairly well on that, and get three good meals every day. It would even run to an egg-nog about 11 a.m. and still leave him with enough to buy a packet of cigarettes a day as a "living allowance" multiplied by five and a half —assuming that he knocks off when the whistle blows on Saturday—ought to get him in as the star boarder in any town, with a cup of tea brought up in the morning. . . .

Just to show how discriminating and careful our judicial officers are when spending our money, they have it figured out that Hon. J. L. Ralston, K.C., counsel for the grain inquiry, is only worth $20 a day for his hay and oats. Seems a shame to scale him down $15 a day, but perhaps he's on a diet, or maybe he can't eat as much as Mr. Justice Turgeon. Quite obviously he can only have one egg for breakfast, and he gets no dessert for dinner. A man can't have everything on just $110 a week. You know yourself how far that goes when you are dragging the basket around on Saturday night and the wife is picking up three tins of soup for a quarter.

Of course, Mr. Ralston is being paid $200 a day for his services, with no lost time for rainy weather and no early closing on Wednesday. On the other hand, he doesn't get paid for overtime—just a straight $200 a day—take it or leave it, but you wouldn't expect any part of that to go for the feed bill. Certainly not. Twenty dollars a day is what the government figure his pork and beans will cost, and he should keep within that limit, even if he has to do without tea and toast in the afternoon.

Speaking of cuts, here is the unkindest cut of all. J. E. Coyne, barrister, only gets a miserable $10 a day living expenses. How does he get by? Apparently he can only eat half as much as the Hon. Mr. Ralston. You can readily imagine Mr. Coyne walking round the block at lunch time, munching a bag of peanuts, and thinking of what a fine fish and chip supper he will have. What is worse and more of it, he only gets $50 a day for the job, and it may not last more than a few months.

The really bright spot in the line-up of the grain commission is that the secretary is not listed for any additional salary or living allowance. Presumably he is expected to stay with friends, or drop in on acquaintances at meal times and send his washing home collect.

This government continues to spend money quite freely in providing "living allowances"—I am sure there are many people throughout Canada including the wives of farmers who would like a guaranteed living allowance of, say, $20.00 or $25.00 per month.

There is another organization, under the employment commission which was set up by the orders in council cited by my leader, and the Minister of Labour (Mr. Rogers) told us the other night that this organization, a sort of duplication of the bureau of statistics, has cost over $40,000.

Mr. ROGERS: I said it was not a duplication.

Mr. BARBER: No, but we say it is.

Mr. BENNETT: And as a matter of fact it is.

Mr. ROGERS: Definitely it is not.

Mr. BARBER: And according to the supplementary estimates it will cost $125,000 next year. That is plain. The minister charged my leader with creating an impression contrary to the facts when he recited the order in council. He said that some of these employees were seconded and others were temporary employees; nevertheless, if you go through the order in council, you will find that they were authorized for employment in this organization, and the funds provided for the organization next year will pay for their services. As regards this organization set up under the commission the minister said —I believe he interrupted the leader of the opposition when he made the statement—"that it is concerned with registration as provided in the statute." I was of the opinion that the registration had been completed, and my authority for that is a clause that appears in the speech from the throne, on January 14, 1937, at page 3 of Hansard:

A registration of unemployed persons on relief has been completed.

I do not understand, therefore, why this organization is to be continued if registration is completed. However, it is to be continued, because provision is made in the estimates for the purpose. The whole organization is an elaborate and most costly scheme. The supplementary estimates brought down a few days ago contain an item for the National Employment Commission of $150,000; an item for the National Employment Commission, registration, $125,000; and an item for the unemployment relief branch, $200,000; and the heading under which these items are enumerated indicates that they are for administration purposes, salaries, living allowances and travelling expenses. So that if this appropriation is for the maintenance of the organization it would seem that more orders in council will be passed providing for a larger staff. Let me summarize these measures that have been taken by the government.

First, railway work. The minister informs us that 9,224 men were taken from the relief camps and put to work; 46,000 under farm placement measure,—215 being in British Columbia; 5,000 in connection with forestry work, the statistics showing that 1,131 are engaged in this work in British Columbia.

As regards the home improvement plan, $1,500,000 or $2,000,000 has already been spent on this project, and that should give some employment. Then there is the other organization to which I have already referred. These are the measures that the government has undertaken, and as far as I can see they are not what I would call effective measures.

And what about the results in meeting this problem? Sometimes we can judge best by results. A good many figures were placed on Hansard the other day and I shall not repeat them all. The number of unemployed in Canada in February 1935 was 552,000; October 1935, 435,000; in Janu-

ary 1936, it was 556,000, and in December 1936, 502,000. In January 1937, the number was 500,000. In other words, we still have 500,000 unemployed throughout Canada, and if you will sum up all that the government has done in its various measures to cope with this great problem you will find that they will hardly make a dint in it. Then we have the number of those on relief. In February 1934 it was 1,491,059, and in February 1935, 1,433,891. In September 1936, it was 1,029,156, and in January 1937, 1,301,530. On the British Columbia relief rolls which figures were issued not long ago, from Victoria, the figure for December 1936 was 75,812, and in January 1937, it was 79,973, with 213 under the farm replacement scheme, 1,131 in forestry development, and 1,008 in the public works relief camps. In view of the general improvement that has been made throughout the world these figures do not indicate that the government's measures have been very effective.

Mr. WOODSWORTH: Are those the figures of the bureau of statistics?

Mr. BARBER: Yes.

Mr. ROGERS: The bureau of statistics do not collect these figures at all and have never done so.

Mr. BARBER: I believe they came from there.

Mr. ROGERS: They have unemployment figures but not relief figures.

Mr. BENNETT: They get them from Mr. Hereford.

Mr. BARBER: The Minister of Finance in his usual able manner has drawn to our attention the increase in trade and pointed out the great increase in production, but surely there is something wrong. If trade and productions are increasing, more work must be in progress, yet the demand for public relief is not falling. Let me suggest to the minister and to the government that they direct their attention to the reduction in the burden of taxation in this country. The increased burden from year to year is doing more to prevent recovery than any other factor that I know of. Some hon. gentleman may say that the rate of taxation has not been increased. Well, the rate does not cut so much figure; it is the burden of taxation that counts. If you go over the speech of the minister in regard to taxation you find that that burden is increasing, it has increased this year over last, and the estimate for next year shows an increase over this.

First I should like to deal with customs tax. In years gone by we were reminded over and over again that this is a tax, and told how unfair the tax was. That came from the low tariff people and some of the free traders who are associated with the Liberal party. Let us look at the customs tax. In the year 1933-34 the amount taken from the people by customs tax was $66,305,000. This year, 1936-37, it is put at $81,500,000, and the Minister of Finance says that next year he is going to take from the people of this country by way of customs tax $90,000,000—an increase from $66,000,000 to $90,000,000 in five years.

Someone may say: That affects only certain people. Before I left British Columbia a farmer came to me with a document which shows that he had bought some beet pulp, a by-product of the sugar factory at Bellingham, Washington, a few miles from my district. This load of beet pulp cost him $18. When he came to the border they listed it as 3,000 pounds of beet pulp and molasses, cattle food with molasses, the value of the sacks was included in the price—it was packed in new sacks—and they fixed the valuation at $46.73. To make it even they called it $47, and the duty charged was 20 per cent. The duty amounted to $9.40; excise tax $1.69; brokerage $1.50; total charge $12.59 on $18 worth of stuff. That did not take place under a high tariff Tory government; that took place on November 23 last year. Yet the minister says he is going to take more and more from the people of Canada next year; he is going to increase the customs tax burden to $90,000,000.

Then the sales tax. In 1933-34 the burden of this tax amounted to $61,392,000; this year it is $115,500,000, and the estimate for next year is $131,000,000. The people of Canada, ten and a half millions, must dig up next year for the Minister of Finance some $15,000,000 more than this year in the way of sales tax—and everyone pays the sales tax.

The income tax rose from $61,399,000 in 1933-34 to an estimated $113,000,000 for 1937-38, which is about $10,000,000 more than the present year. Still the minister says the rate has not been raised. I am not here to defend the coupon clipper or the big moneyed men; they of course have their troubles. But the ordinary taxpayer, the men who pay income tax in the lower categories have a hard time. We have the income tax imposed by this government, the provincial income tax, municipal taxes, and all kinds of taxes. As a result a man to-day is so hampered by taxation that he is not in a position to expand his business or give increased employment.

The excise tax this year is $45,500,000, and the minister says that next year he must raise $47,500,000. the burden of this increase in

excise taxes increased by $2,000,000 in one year. That 3 per cent excise tax which hon. gentlemen opposite when in opposition said was only an extra customs tariff still remains.

Then we have stamp and special taxes. In 1935-36 the burden of taxation under this item was $35,181,000; this year it is $38,100,000, and the minister says that for next year he is going to increase that burden to $42,000,000. This includes the sugar tax, and, oh, what we did hear in years gone by about the sugar tax! I could quote hon. members who were then on this side of the house; pages of Hansard could be filled with quotations from speeches made by them at that time condemning this tax. I recall one by the hon. member for Prince (Mr. MacLean), and I quote him because he is about the furthest east. On May 11, 1934, after protesting vigorously against this tax, he said, as reported in Hansard at page 2997:

> I am glad the government reduced the tax by one per cent, but in the circumstances I think the tax should have been entirely wiped out. There are other ways of raising revenue without resorting to the taxation of articles of food which are necessities of life.

This government has been in power for almost a year and a half; this is their second session, and still the sugar tax remains.

Now let us see about the total taxes. The total to be collected for the year 1937-38 is estimated at $425,500,000. That is the burden of taxation on the Canadian people; about $8,000,000 a week, close to $4 for every man, woman and child in Canada. That figure is an increase of $41,000,000 over the present year, and an increase of $121,000,000 over 1934-35. How can ten and a half million people continue to bear this burden? Taxation is strangling industry to-day; it is the bugbear of the Canadian people and the main factor in preventing the return of prosperity to this country.

In view of the measures put forth by the government for the solution of this great problem of unemployment in this country I am prepared to support the amendment.

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, I wish to draw the attention of the government to the just claims of my constituents of Laval-Two Mountains in connection with a matter of national importance which I have not ceased to agitate in this house ever since I became a member of parliament. The matter is that of the produce of market-gardens, the value of which, for the province of Quebec alone, reached $5,442,000 in 1935 and $6,221,000 in 1936. I note with satisfaction that, owing to the seasonal tariff, the market-gardeners obtained for their produce last year much more remunerative prices than formerly. In fact, notwithstanding a lower production, the value of their products in 1936 exceeded that of 1935 by nearly $800,000 in Quebec province alone. I have therefore requested and shall again request the government to apply at the proper time this seasonal tariff which has been so beneficial to the producers. I may add that the statistics which I have just quoted have been graciously supplied to me by the hon. Minister of Agriculture (Mr. Gardiner), to whom I offer my thanks.

Field crops, cattle-raising and dairying are sources of wealth on which depends the prosperity of the country. By means of substantial grants, generous help and constant support, our governments owe it to themselves to develop these immense resources in the best interests of Canada. The present government had done a great deal for agriculture. It has negotiated with other countries trade agreements that have greatly benefited the farming community. Let us not stop there. Let us seek to popularize agricultural science. Our ideal should be the full development of the fertility with which providence has endowed our land.

Mr. Speaker, on behalf of the workmen of my constituency, I ask the government to proceed with certain undertakings of public interest. I have several times drawn the attention of the Minister of Transport (Mr. Howe) and of the management of the Canadian National Railways to the necessity of completing the construction of the Canadian National line from Calumet Point to Oka. The residents of the village of Oka have too long been isolated from the surrounding towns and parishes, particularly from Montreal, during the winter months. The beautiful country surrounding Oka and the lake of Two Mountains is one of the finest tourist resorts in my province. It is frequented each summer by many thousands of visitors. By adding about four miles to its line the Canadian National Railways will surely find there some of the revenue they so badly need.

Having referred to the interesting question of tourist travel, I should not pass over in silence the failure to build the projected section of the trans-Canada highway in my constituency. The necessity of this portion of the highway has been recognized. Plans and specifications for it were drawn a long time ago by engineers of the former Quebec government, in the district of Saint-Martin, Sainte-Dorothée and Saint-Eustache. Why was the execution of the work deferred or given up? I do not know. However, the

building of that road would have resulted immediately in giving employment to hundreds of unemployed. That is why I insist upon the construction of that part of the trans-Canada highway in the constituency of Laval-Two Mountains, from the limits of St. Martin to Lachute. Tourists travelling on that road will wonder at the beautiful scenery, as well as the extent of the admirable work carried on by our truck gardeners and farmers, and the example to be drawn from it. Wherever you cast your eyes in that peerless farming country you will see vast tracts of green vegetation, abounding crops, and dainty houses, a symbol of comfort acquired through perseverance and work.

May I also call upon the government to dredge the Back river channel from the St. Vincent de Paul dam to lake of Two Mountains. These works are essential in the interest of the tourist trade which so largely adds to the prosperity of the country as a whole. There are other things that I shall ask for when we take up the public works estimates, for they are more of a local character.

Before I resume my seat, I cannot but speak of the want of confidence motion of the right hon. leader of the opposition (Mr. Bennett). It would be sufficient to emphasize the absurdity of this motion. The mover is the former head of the government; he charges the present administration with having failed in its duty by following a policy which cannot efficiently solve the unemployment problem. I deny the former prime minister the right to censure the commendable efforts of the present government in that direction. It has been in power barely fifteen months and already the number of people on relief has substantially decreased. At any rate, are those who are at present administering this country responsible for the baneful and ruinous policy of direct relief? It is no other than the present leader of the opposition who gave birth to this octopus? Did he not summon a special session of parliament for that very purpose? However, if I remember aright, his government was to end unemployment in a rather short time. Let us be fair. Since the beneficent results of its policy of economic recovery are already being felt let us at least pay the present government the tribute that it deserves. For my part, considering the commendable efforts of the present administration, I deem it my duty to oppose the motion of want of confidence of the right hon. leader of the opposition. I shall go further in asserting that many farmers in my constituency have more than once expressed their satisfaction at the betterment of the prices of farm products. Nobody can deny that there is now greater activity in trade and business, more confidence and hope among our people.

Mr. Speaker, I cannot end these remarks without drawing the attention of the house and the government to the administration of the Canadian Farm Loan Act. There are unaccountable delays in the administration of this measure. According to representations that were made to me, the examination of the titles of farmers applying for a loan ought to be done much more rapidly. This examination, especially in the province of Quebec, sometimes becomes a complete maze. The attending notary and the officers of the commission cannot find their way out of it. The farmer frequently loses thereby not only his time but also his borrowing power. In my humble opinion, it is imperative that some one should be appointed as a go-between in each electoral division or court district. Such a man would have to be quite industrious. His work would consist in securing, with the least possible delay, all the necessary papers for the transaction. Some might object, on the ground that these appointments would involve a considerable cost. Let me answer at once that, taking into consideration the necessary efficiency of the act, this cost would be a mere trifle.

Now, what about the famous creditors and farmers arrangement act? During the last session I requested the repeal of this act, which is so greatly unfair to the farmer and the creditor. The privy council has just decided that this act is constitutional. It is no doubt a mere counterpart of the Bankruptcy act. The former government has no reason to be proud of having given birth to such a monster of injustice. Mr. Speaker, before that act destroys all self-reliance among our people, would it not be possible to replace it by a more elastic, broader and more expeditious farm loan act? If a day ever comes when the arrangement act is replaced by a farm loan act adapted to the needs of destitute farmers who would give the authorities the guarantee of their steadfastness and their work, besides the guarantee of their equipment and buildings, on that day we will have achieved much for the rehabilitation of agriculture in Canada.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, I regret I was unable to follow the previous speaker (Mr. Lacombe) in French, but I am sure his speech must have been good judging by the applause he received on taking his seat.

I hope I shall not be accused, as have some other hon. members, of speaking politi-

cally. I have no political axe to grind, and for that reason I intend to speak as a practical farmer from the west. I say "practical" because I notice that quite a number who are listed as farmers turn out to be gentlemen farmers, who raise nothing but their hats.

One part of the budget pleased me particularly, and that was the government's compliance with the representations of a year ago for pensions for the blind. I am glad the government has seen fit to grant the pension, and I trust that in the near future the qualifying age for the blind may be placed far below forty, because hon. members in all sections of the house must realize that it keeps those of us with good eyesight busy to make a living, and for that reason we ought to remember the peculiar difficulties of those men and women who have not the blessing of eyesight.

My interest in the budget is particularly in matters relating to agriculture, as well as some other matters to which reference has been made. However, as other hon. members are better qualified to deal with some of the subjects brought out in the speech of the Minister of Finance (Mr. Dunning), I shall confine my observations mainly to agriculture. May I say at the outset that it is our primary industry. Speaking of agriculture, the minister said:

> Agricultural production suffered in 1936 through unfavourable weather during the growing season. Improved prices, however, resulted in a money return for field crops greater than in any year since 1930, and amounted to approximately $600,000,000, an increase of about 17 per cent over 1935.
>
> With regard to wheat, the 1936 yield was about 52·7 million bushels below that of 1935, and was the smallest crop since 1919. Drought conditions again played havoc in certain areas, destroying crops completely in some districts and reducing to meagre levels the yield in others. In spite of the smaller 1936 yield, however, the value of this crop was substantially above the value of the 1935 crop, due to greatly enhanced prices, which are again reaching levels which promise more profitable and stable conditions for the western farmer.

While prices are better than they were, the wheat crop last year averaged only about eight bushels per acre, which I believe is about only half the usual average of the Canadian crop. It would seem therefore that for anything like a decent living the price we received for our grain last fall was not nearly sufficient—and when I say not nearly sufficient I mean that very thing.

Listening to the arguments in the house, if one did not know better he might be led to believe that the action of the government in putting the wheat board out of business was justifiable. As one who has suffered from that action, may I say that I do not agree with it. Going back more than thirty years, farmers in western Canada were producing large quantities of grain, and just as they are to-day were being deprived of much of the profits justly belonging to them. A man named Partridge, of Sintaluta, in company with some others began to take steps to improve conditions, and made a considerable amount of progress. I believe the Minister of Mines and Resources (Mr. Crerar) will remember those good old days. May I say I am sorry he has seen fit to take part in getting rid of the wheat board. I suggest that as a western man he should have known what western farmers are up against and should have done his share to keep the board in operation.

More than thirty years ago the farmers in the west began to fight their own battles. They did not do so because they wanted an excuse for fighting, but because they were not receiving their just rights, and they decided that the fellows under their own hats were their best friends. The Canada Grain Act was not then so much in the producers' favour as it is to-day, and we found some years ago that its provisions were not being observed. People were not getting the grading to which they were entitled; they were being short weighted, were being deprived of their turn in getting cars for loading, and several other things. I can remember occasions more than twenty years ago when taking loads of No. 1 wheat a distance of more than thirty miles I was told upon reaching the elevator just about dark by the gentleman who came alongside that he was very sorry but they had no more room for No. 1, but that they had room for No. 3, and he ended up by saying, "If you want to take that, all right; I can unload it." That trick was played time after time, but at last the farmers, who are not quite as easy as they are thought to be, woke up to the fact that they were being gypped. They did a little work and finally got some relief. The united grain growers and other provincial organizations got started, and then the war came along. In 1917 wheat prices were rising along with prices of other commodities. The war had been in full swing for some time but the farmers were not allowed to profiteer. On June 11, 1917, a wheat board was created and the price of wheat was set at $2.40 per bushel.

When the war was over and there seemed a chance that the price of wheat would come down, the government of that day decided that the board was no longer necessary. But the farmers, feeling that the board had been organized to keep prices from going up,

thought that it might as well work the other way. In July, 1919, the Canadian wheat board was formed, and an initial price of $2.15 per bushel was set. Those who delivered wheat to the board were given participation certificates, which many farmers sold for a few cents, or even gave away. However, under the good management of the board an interim payment of 30 cents per bushel and a final payment of 18 cents a bushel was made, making the total price for the crop of that year $2.63 per bushel. That board went out of existence on August 16, 1920.

I can remember hauling a carload of wheat a distance of thirty miles that year. When I shipped it out of the elevator I took an advance payment of $1 per bushel. Shortly afterwards the price rose to $2.06 per bushel, but this was before my wheat had got to Winnipeg. There was some delay in my car getting through so I was not able to sell. The price then dropped to $1.56 per bushel, but I was eventually able to sell at $1.83 per bushel. If there had been a wheat board in existence I believe I would have been saved a lot of worry. I had not been in business very long at that time and I had lots of debts to pay, but I was willing to pay them. As the board was not operating, I had to take what I could get on the open market.

In the years preceding 1922 the wheat producers had been working hard to get a national wheat board. The agitation had grown so strong by 1922 that the dominion government decided to pass the necessary legislation. However, it was first necessary to have enabling legislation passed by the provinces. The necessary legislation was passed by Saskatchewan and Alberta, but Manitoba would not agree. I do not know whether that was because the grain exchange was located in that province and there were too many advocates preaching in its favour, but the result was that no wheat board was formed.

In 1923 the Alberta farmers led the way in forming a voluntary wheat pool. In 1924 Saskatchewan and Manitoba linked up. At first the provinces sold as separate organizations, but a short time afterwards they united and sold as one organization. This worked out very nicely until the crash of 1929. Some say that agriculture was the cause, but those of us who have looked around and studied things a little do not agree with that statement. Late in 1929 the price of wheat slumped badly, and the wheat pools got into difficulties. The federal government had to come to their assistance a little later on. In 1930 the price of wheat dropped to a very low level, and the result was that the wheels of industry began to slow up.

The government then decided that something would have to be done, and the result was the formation of a stabilization board by the then Conservative government. After this board was formed the Stamp commission was appointed to endeavour to find out what was the trouble. This commission pointed out in its report that speculators were necessary to the successful operation of the grain exchange. As there were no speculators at that time, the operations of the grain exchange were limited. The crash of 1929 had ruined a number of these speculators while others had learned their lesson and were out of the game for the time being.

At this time the western pools and other farmer organizations were pressing hard for the formation of a wheat board, but they were unable to get it. The government continued the stabilization operations under the chairmanship of Mr. McFarland. However, in 1935, the wheat board legislation was finally enacted. This board was headed by Mr. McFarland, and it started out to operate with a fixed price of 87½ cents per bushel. When the price was first set it looked rather low to the western pool representatives who wanted a price set of 95 cents per bushel; the grain exchange representatives wanted the price set a little above 70 cents per bushel, and the result was a compromise at the 87½-cent level.

If the wheat had been sold as it should have been, I believe everything would have been all right. Under the terms of the legislation, farmers who delivered grain were given participation certificates which entitled them to share in any profits which might be made later on. I remember holding some of these certificates for some time—in fact, I believe I have some yet—but it was finally realized that there would be nothing else coming in, that there was quite a loss on the operations. When I look back and remember the fight put up by the Liberal party when in opposition to that legislation, I was surprised to learn that the wheat board had turned back $8,000,000 of the money that had been advanced. As some of the farmers in the west said, they did very well in spite of themselves.

After the Liberal government came into power a change in the wheat policy was made, and also a change of wheat board. Some say a fire sale took place; perhaps that is right; perhaps not. However, Mr. Murray, the head of the present wheat board, giving evidence before the parliamentary committee last year, had this to say:

> I mentioned yesterday in the opening statement which I read that we considered one of our principal duties was to dispose of the burdensome part of the surplus.

Now, the price did not seem to have anything to do with that. The job was to get rid of the wheat, and when it comes to getting rid of the wheat we have to agree that the board made an excellent job of it. A little further on Mr. Murray said:

I think I used the phrase that it hung like a millstone around the necks of our farmers since 1928. I might mention that that is not my description. If I may be permitted I will say that that is the description given to that surplus by Mr. John I. McFarland on December 8, 1934, if my memory is correct.

Now, we could not afford to wait for one, two, three or four weeks or to wait until it was found out what the policy of the board was going to be. At least we did not think we could. We wanted to get some action. We called meetings of the exporters and millers. They are the only salesmen of Canadian wheat. The act tells us specifically that we have got to use them. It means to use all branches of the trade without discrimination. So we called meetings and we told them the new board was there; that we wanted their cooperation and we wanted them to get busy and sell all the wheat and flour for export that they could possibly sell. We asked for suggestions as to what we might do to help them accomplish that. We told them we did not expect them to do business for nothing.

We agree with that; we have no quarrel whatever with the view that they should be paid for their services. But there is one circumstance there which seems strange. The farmers grew the wheat, and the grain exchange were asked for suggestions how to sell it. I do not know whether that strikes anyone else as odd, but it does me, because such transactions are quite expensive. Again:

One of the suggestions they made to us was that we agree to sell them their hedges against export sales made between the close of the market one day and the opening of the market the next day at not more than one-quarter of a cent over the previous day's close.

That thereby a long step was made in the selling out of the farmers' interests cannot, I believe, be successfully contradicted. Mr. Murray further says:

We made that agreement with them, or gave them an undertaking, whichever you like to call it, with one proviso. We explained to them that we were not handling our own money and our own funds.

At that committee meeting I asked Mr. Murray:

Is that the first time that protection of that kind was extended to exporters?

The answer was:

No, sir, but it is the first time it was done right out in the open.

A little further on he says:

We, wanting them to have that wheat freely, gave them that assurance. We did not anticipate it would continue for an indefinite time.

[Mr. Fair.]

We wanted to get them started. It was discontinued on December 20, for this reason; the market in the pit itself was being killed.

If one analyzes that statement a little something worth while may be gained. Mr. Murray goes on:

People having done an export business, instead of coming into the pit in the morning to buy their wheat, would come direct to us. It was an easier way to do it.

I contend that it was also a cheaper way. This, however, is what has happened; we find that very good progress is indicated by showing a deficit in wheat board operations. I believe a great effort was made to destroy the wheat board and its usefulness. Instead of leaving the man there who had been doing good work, work which so far as I know was satisfactory to the west, the government put in a new man who has fought the wheat board, wheat pools, and farmers' organizations as long as I can remember.

Mr. THORSON: Mr. Murray was the inventor of the wheat board in western Canada.

Mr. FAIR: I know he was an inventor. I also know some other things that happened a little later on. While this committee was sitting, Mr. Murray gave out a statement. I do not know whether it was prepared by himself or by the board, but it was probably composed before he left Winnipeg. This is what he said:

Until recent years our surplus wheat was absorbed into world trade and no one knew, except in the most general way, just how or where it went. The little consideration we gave to this question ten years ago is not sufficient now.

World wheat trade which averaged 721,309,000 bushels for the ten years 1920 to 1929 was large enough to absorb the surplus from average crops in exporting countries.

This situation no longer exists, and if wheat is to retain the position it has occupied in the production of our national wealth, we must wake up to the importance of the problem. I might interject and say that from 1926 to 1930 inclusive, the value of wheat exported was 32 per cent of the total Canadian exports. From 1931 to 1935 inclusive, it was 25 per cent; that is, wheat and flour.

World trade in wheat last year, including 26,000,000 bushels imported by the United States, was only 520 million bushels. This year, including perhaps 50 million bushels which may be imported by the United States, it will probably not be more than 520 million bushels. Excluding the United States this means an average for the two years of less than 500 million bushels of wheat taken by importing countries.

We cannot count on the United States continuing as an importer and they may in a few months again become exporters. Europe may not be as successful as in recent years in growing large crops, but no sensible person

would advocate in dealing with this problem that our main dependence should be on Providence continuing to help us through crop failures in other countries.

Then Mr. Murray comes to a very sensible part of his statement. He says:

> Our problem for the future then is, briefly: normal crops on present acreage in exporting countries will give from 640 to 740 million bushels exportable surplus. The available market may be only 500 to 550 million bushels.
>
> How can Canada continue to grow crops of 375 to 425 million bushels and fit into this picture without again piling up unwieldy and burdensome surpluses.
>
> Can we, as a nation, tackle this problem intelligently? If we continue as we have for the past few years we will not do so.

I agree with that, and I believe that the only way to handle it is through a system of orderly marketing, which can be done only with a national board handling all the crop.

If I might refer for a moment to any of the years gone by, I might take at random 1925, just to show how the wheat goes on the market from our western farms. In September of 1925, 86,546,000 bushels was marketed; in October, 58,888,000; November, 85,134,000; December, 51,594,000; January, 24,074,000; February, 14,394,000; March, 10,215,000; April, 5,741,000; May, 3,580,000; June, 6,458,000; July, 4,200,000; August, 4,396,000. If hon. members will study these figures they will realize that in the first month the new crop was moving, 86,000,000 bushels were marketed, while in August of the next year only 4,396,000 bushels were marketed. From our experience of a number of years we know that as soon as all that wheat goes on the market, with nothing but an open market to trade on, the price immediately drops; and the wheat has to go on the market because, as I think is well known, the western farmers for a number of years have been in a pretty tough spot.

With all this wheat going on the market, and with depressed prices, somebody buys the hedges, and you will find that the price of wheat drops considerably and goes up again when the light marketings commence. That means that the farmer sells his wheat at a low price, and the speculator, who is allowed to operate uncontrolled, makes a profit out of the wheat. A very good example of that was given this fall when a large proportion of the wheat, seventy per cent of it, was sold at an average of 80 cents a bushel, and then we find that in the months that followed it was around the $1.30 mark. It is obvious that if the wheat board had been in existence there would not have been so many calls for help from the west. The west had been discriminated against in this and many other ways.

Perhaps it would be well for me to give the average price of No. 1 northern wheat at Fort William, and the average cost in Regina of an 8-foot binder for each of a number of years back:

Year	Cost of binder	Price of wheat
1915	$165	$1 13
1916	167	2 05
1917	194	2 21
1918	250	2 24
1919	260	2 17
1920	288	1 99
1921	329	1 29
1922	277	1 10
1923	288	1 07
1924	313	1 69
1925	288	1 51
1926	288	1 46
1927	288	1 46
1928	288	1 24
1929	288	1 24

Now I am coming to the interesting part. In 1929 we had a crash and somebody said it was due to agriculture. We know that is not the case. Here are more comparative prices:

Year	Cost of binder	Price of wheat
1930	$283	$0 64
1931	283	0 59·8
1932	278	0 54
1933	264	0 68
1934	264	0 81
1935	262	0 84
1936	280	0 93

If you will study these figures you will see that there is no comparison whatever between the price of wheat and the price of the machinery which the farmers in the west have to buy. I understand that it is likely there will be another rise in farm machinery prices, although I was told not long ago that one of the big machine companies in the past ten years had paid an average of 6·3 per cent to its shareholders. That is not so bad. I believe I also saw the statement that some $29,000,000 of profits had been reported for one of these machinery companies. There is also a suggestion that a large secret reserve of something like $40,000,000 exists in one of these companies. We do not find very much relief at the other end, however.

In case anyone from the west has any kick on this, I will read from the Saskatchewan Liberal of February 18, 1937, part of an address by the hon. T. C. Davis, K.C., Attorney General. This is from a radio address he delivered on February 9:

> In our development, as I have said, we sought capital and secured it. Money was loaned and borrowed on the basis of our agricultural production. We all assumed the conditions prevailing at the time the money was borrowed would continue to prevail without much change throughout the period of repayment.
>
> All went comparatively well until the depression hit us in 1929. With the crash in the

fall of that year the world was engulfed in an economic catastrophe, the severity of which has never been equalled in the history of the world. Prices tumbled, markets ceased to exist and the world seemed headed for chaos. Wheat prices went lower than they had ever been in the last 400 years. This catastrophe alone would have been sufficient to shake this province from stem to stern, cutting as it did at the very fundamentals of our economic life, but this was not all. Hand-in-hand with this catastrophe walked, for seven years, every plague and disaster known to agriculture. We have had drought, dust storms, grasshoppers, rust and every conceivable disaster and pest.

For seven consecutive years we have gone through this, year after year, with fifty thousand farm families utterly destitute and having to be fed and clothed. Over a hundred million dollars had to be found to maintain human life—enough money, if so used, to pave every road in Saskatchewan.

The results of the combination of depression and drought is told in the production figures of agriculture over the last ten years. Listen to these figures:

Estimated Value of Products Actually Sold Off the Farm in Saskatchewan, 1927-1936

1927	$272,405,000
1928	273,566,000
1929	179,675,000
1930	101,803,000
1931	66,206,000
1932	72,179,000
1933	70,828,500
1934	81,406,000
1935	95,112,000
1936	112,000,000

These figures tell the story of the difficulties, not only of the people of Saskatchewan, but of the province itself. The decrease in the cash income of the farmers of this province from, roughly, $275,000,000 a year in 1927 and 1928 down to $70,000,000 in 1931, 1932, 1933 and 1934, is a vital factor, evidencing the terrific strain upon the economic life of this province. There was a loss in cash revenue in those four years of over $800,000,000. The farmers' income has started to go up since 1933, but last year only reached $112,000,000, which is not nearly one-half of the amount realized in 1927 and 1928 when the majority of the debts were incurred.

Now if I were a good politician I should perhaps make good use of this. As I am not, I merely want to state that the average price of wheat from 1924 to 1929 inclusive was $1.43½. In those years the pools were operating. The average price of a binder then was $292. For the period 1930 to 1935 wheat averaged 69 cents a bushel, and an eight foot binder at Regina averaged $272. This affords a pretty good comparison.

In a survey of a number of Saskatchewan farm incomes, we find that the income in 1925 averaged $2,856 per farm. In 1931 it dropped to $493, and in 1935 it had come back to $708, or approximately 25 per cent of what it was in 1925. The hon. member for Carleton (Mr. Hyndman) a few days ago told us he was sick and tired of hearing about wheat, and he went home and looked in the dictionary to find there were oats, barley and other crops. In that connection I can only say that:

A little learning is a dangerous thing;
Drink deep, or taste not the Pierian spring.

I remember those lines from the day I went to school, and I think they may be aptly applied to the hon. member and his remarks about agriculture.

Some hon. members from Quebec and Ontario, and others also, cannot imagine why we come here and kick about the treatment we are receiving. We are told that we must sell our wheat on the world market and take the world price for it. But we are buying machinery and other supplies in a protected market. Dealing in that protected market we find that in 1931 the net loss to Manitoba, Saskatchewan and Alberta on account of tariffs amounted to $54,925,352. The gain for Ontario in that year alone amounted to $51,989,761 and to Quebec $31,685,885. This means that we lost $54,925,352, and Ontario alone had a net gain of $51,989,761.

Mr. DEPUTY SPEAKER: I am sorry to interrupt the hon. gentleman, but his time has expired.

Mr. FAIR: I should like, if I might have a moment, to finish.

Mr. DEPUTY SPEAKER: Only with the unanimous consent of the house.

Mr. FAIR: These are some of the wheat bonuses paid by other countries. These figures are one year behind; I did not expect to have to use them; I thought on account of so much being said about wheat last year that hon. members would have learned a little more about it. In Belgium in 1935 there was a bonus of $2.65 per acre on wheat.

Some hon. MEMBERS: Time.

Mr. FAIR: On other grains $2 per acre. The United States on December 31, 1935, had paid bonuses amounting to $255,624,669.

Mr. DEPUTY SPEAKER: Order. I am sorry to interrupt but the hon. gentleman's time has expired.

Mr. FAIR: I shall be back a little later and finish it, perhaps.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): The amendment we are discussing now is an invitation to speak about unemployment at large. In September, 1930, according to some information which has often been quoted, the total number of unemployed, including unemployables, was 117,930, or 1

per cent of the population of this country. Before the last general election I asked the former Superintendent General of Indian Affairs of the previous government what was the number of Indians who had been receiving relief for the four or five previous years. He told me at first that it would take some time to gather that information; later I received another letter from him to the effect that it would involve considerable time and work in each agency, and some days later he told me he would endeavour to get the information requested; and finally, I never got it from him. But I got it this year from the present Minister of Mines and Resources (Mr. Crerar). He stated on February 1, at page 419 of Hansard, that in 1930-31 there were 6,937 Indians on relief, with 9,088 dependents. I am sure that those Indians on relief and their dependents were included in the number of 117,930 unemployed quoted by the leader of the Tory party in 1930. The hon. member for Kootenay East (Mr. Stevens), who was then Minister of Trade and Commerce, is quoted in the Canada Year Book for 1931, published by authority of his department, as follows respecting unemployment:

> In Canada, as in other parts of the world, there was a general slackening in industrial activity during 1930, resulting in a lower level of employment than in 1929, and also than in some months of 1928. With these exceptions, however, the general index was higher than in previous years of the record.

Such was the statement made by the Minister of Trade and Commerce of the previous government. There was less unemployment in 1930 than in the years before.

In September, 1930, the leader of the Tory party, fresh from the general election, overestimated the number of unemployed, but after he had been a few months in office the report of the Department of Labour of March, 1931, underestimated the number. To use his own words, when the present Prime Minister spoke of 117,000 unemployed in this country in September, 1930,

> The right hon. gentleman (Mr. Mackenzie King) was doing this country an injury and a wrong, for there was no warrant for any such figure unless you included every babe in arms and every child from babyhood to the age of sixteen or seventeen as being among the unemployed.

The number 117,000 of unemployed, he then mentioned, included both unemployables and their dependents; so much so that on February 18, 1935, speaking on the unemployment insurance bill, he quoted figures which were a vindication of the policy followed by the Liberal government during the previous nine years. Why was that so? Because the figures he read showed only a small number of unemployed under Liberal government, or about 1 per cent of the total population, and when the leader of the Tory party left office there were eleven times more.

There are three different classes of unemployed. First, there are those on relief; we know their number because we know the amount of money that is being paid to them. Second, there are those who work part time; as yet their number is unknown, and their case is very sad. Their incomes have been reduced very considerably. Many of them are too proud to accept relief. Others face this dilemma: either their meagre pay is deducted from their relief or their names are struck off the relief lists. Third, there are those who are supported by their own families, about whom we have no information as yet. At the last election the names of two hundred thousand young men were added to the lists, and we have no information as to how many of that number are unemployed.

In order to give an idea of what happened during the five years the previous government was in office, I desire to quote some extracts from the speeches from the throne and the prorogation speeches each year. They are on record as an expression of satisfaction put into the mouth of his excellency by the previous government. First I quote from the speech from the throne at the opening of the special session of 1930:

> The necessity for dealing with exceptional economic conditions with the resultant unemployment has induced me to summon you at an earlier date than would otherwise be necessary. Measures will be submitted for your consideration, including amendments to the Customs Act and the customs tariff which it is anticipated will do much to meet the unusual conditions which now prevail.

Then, after 152 tariff items had been blindly increased and eleven items had been decreased, in order to meet the unusual conditions which then prevailed, we heard the prorogation speech, reading in part as follows:

> I thank you for the prompt consideration which you have given to the measures submitted to you, and which are deemed necessary for the relief of unemployment in the dominion. It is my fervent hope and confident belief that these measures will prove effective in accomplishing the purposes for which they have been enacted.

Those were good wishes. Now I quote from the speech from the throne delivered at the opening of parliament in 1931:

> I welcome you to your duties at a time when the nations of the world are passing through a period of great economic depression. Canada has not escaped it. But the Canadian people have met the trials of the moment with patience and fortitude, and are facing the future with the courage and faith which must

triumph over every adversity... The problems which stand between us and ultimate prosperity are manifold and great. To be effectually met, they must first be understood. Confusion between cause and effect will but delay their solution.

During that year the number receiving direct relief was 741,000, or about seven times as great as the number mentioned by the leader of the Tory party in 1930. The disbursements made by the dominion under the relief act of 1931 were $42,740,000, or three times the disbursements under the relief act from September, 1930, to March, 1931. The prorogation speech of 1931 included this passage:

Since you entered upon the duties of the session, the world wide depression in economic conditions has grown more acute, and the consequent state of unemployment and distress in many parts of the country has been intensified through the partial failure of the wheat crop of western Canada. To augment existing relief measures, the governor in council has been empowered to take the necessary action to provide the maximum of employment and to aid, by such means as may be deemed expedient, the recovery from the adverse conditions arising primarily from the crop failure.

The great powers of Europe and America, following the generous and constructive action of the president of the United States of America, which Canada wholeheartedly endorses, are unitedly striving for the re-establishment of better world conditions.

Better start at home!

Towards this purpose we may now effectively contribute, by steadfastly bending ourselves to the task of freeing Canada from the consequences of this universal state of economic depression and of the particular misfortune which has befallen the west; so that this country may be ready to take its place in the forefront of the world's recovery.

The speech from the throne for 1932 at the opening of the session was delivered on February 4 of that year, and from it I quote the following:

You enter upon your duties at a time of continuing and universal economic disturbance and distress. World conditions are beyond the control of the Canadian people. But I rejoice that their resolute adherence to policies designed for the welfare of the nation has minimized the adverse influence of external economic forces... The provisions made at the last session of parliament for unemployment and farm relief are proving effective.

You are successfully meeting difficult domestic problems. Conditions are gradually improving. But prosperity in full measure must await the satisfactory adjustment of accounts between debtor and creditor nations of the world and the restoration of international monetary standards, from which the acute financial difficulties have compelled a temporary departure.

Now I quote from the prorogation speech, session of 1932:

My government's policy of unemployment and farm relief, consistently and vigorously pursued, has already achieved an amelioration of conditions and forecasts steady and continued improvement in both agrarian and industrial communities.

The larger the number of unemployed the rosier became the speeches from the throne. Now I come to the speech from the throne at the opening of the session of 1932-33:

The problem of unemployment continues to receive the anxious attention of my ministers. Under the powers granted them at the last session of parliament, they have been able to develop further, in cooperation with the provinces and municipalities, a scheme of direct relief to be put into operation during the autumn and winter months to the extent required by prevailing conditions. Plans for the re-establishment of the unemployed in various parts of the country are in preparation and will become operative as soon as, in the opinion of my ministers, the public expenditure incident thereto will be productive of commensurate benefits.

In January of 1932 the number of individuals on relief was 714,000; in January of 1933, that number had increased to 1,306,000. That was great progress! During the session of 1932-33 the Ottawa trade agreements were enacted, and the prorogation speech that year contained these words:

The courage with which the Canadian people have endured the burdens imposed upon them in these troubled times is witness to their great faith in the future of this country.

They should have faith, indeed.

It is, however, realized that cooperation amongst the peoples of the world is essential to recovery from the unprecedented conditions which have for so long prevailed in all countries.

Now I quote from the speech from the throne at the opening of the session in 1934:

The representatives of the various provinces strongly approve of the arrangements made by my government to care for single, unemployed, homeless men in camps until such time as they could be absorbed in industry, by providing them with employment on undertakings for the national good; and of the provision made in 1932 for settlement of families on the land, which has been extended with satisfactory results. My government propose further to promote employment by expenditures on essential public works and undertakings throughout the dominion.

Did that mean that the previous works imposed by the leader of the Tory party on the provinces and municipalities, and carried on by the joint expenditure of federal, provincial and municipal governments, were unessential and even useless? But this is no time to look backward, says the right hon. gentleman (Mr. Bennett).

The speech continues:

I congratulate you that such improved world conditions are reflected in Canada by expanding trade, improving revenues, increasing employment, and a more confident outlook upon the

future. Canada occupies a leading position amongst those countries where the evidence of a return to permanent prosperity is most convincing.

Then, from the prorogation speech in 1934:

The progressive improvement of general economic conditions in Canada which is presently much in evidence gives every indication of continuing in increasing measure.

Then, from the opening speech from the throne in 1935, the last year in which the previous government held office:

During the past year the grip of hard times has been broken. Conditions show marked improvement. Employment is increasing. Our trade is expanding. The national revenues are higher. These evidences of recovery attest the wisdom and efficacy of the measures you have taken. In these improved conditions, there may now successfully be carried forward those great tasks of reform upon which the well-being of this country depends.

And from the prorogation speech of that year:

The enactment of the measure relating to unemployment and social insurance will, through the establishment of a national labour exchange service, provide for dealing more effectively with the problem of seasonal and other unemployment, and will afford the means whereby Canadian workers can, with the assistance of the government, make provision for their own security.

That was the proposal, and the answer of the Canadian people to it was No, even before the Privy Council declared the measure was useless.

We must remember, sir, that in 1930 the leader of the Tory party stated there were 117,000 so-called unemployed. In March, 1935, the number on relief—and we have no figures about the unemployed part-time workers and the unemployed who were not on relief—was 1,258,421. Great progress! Twice a year, in the opening speech from the throne and in the prorogation speech, we were told that business was getting better and better, and yet the number of unemployed was increasing all the time.

To be fair let us compare the record of the right hon. gentleman (Mr. Bennett) with the record of the government which held office before him. He said that when he assumed office he would end unemployment. When he took office the total number of unemployed, including unemployables, stood at 117,000; when he left office it stood at about 1,300,000.

Mr. STEWART: No, that is the number on relief. In the one instance the hon. member is giving the number of unemployed, and in the other the number on relief.

Mr. POULIOT: Perhaps I made a slip.

Mr. STEWART: The two figures would be entirely different. The correct figure is about half a million, instead of 1,300,000.

Mr. GOLDING: It went up to 700,000 at one time.

Mr. POULIOT: I do not wish to make any slip. When the Conservative party took office it was admitted that the total number of unemployed—and I am sure the number included the unemployables, and Indians on relief and their dependents—stood at 117,000. It included the dependents of Indians.

Mr. HEAPS: No, no—just the unemployed.

Mr. POULIOT: The hon. member did not get any more information than I did at the time. I have received information from the Department of Indian Affairs. We have the statement of an hon. gentleman who sits in front of the hon. member for Winnipeg North (Mr. Heaps) which appeared in an official publication when that gentleman was a minister in the Bennett government that there was less unemployment, and more employment, in 1930 than in the years before. We have that evidence, and the hon. member knows it very well.

When hon. members opposite left office there were 1,258,421 on relief.

Mr. STEWART: Not unemployed—on relief.

Mr. POULIOT: Yes, on relief.

Mr. STEWART: How many were unemployed?

Mr. POULIOT: A much larger number.

Mr. STEWART: Oh, no.

Mr. POULIOT: Because this figure did not take into account those who worked part time, and the unemployed who were not on relief. The hon. member knows that very well.

Mr. STEWART: No. The point I make is that the hon. member should give comparable figures and should not confuse the number of unemployed with the number on relief. I understand the number of unemployed was about 500,000, while the number on relief was over a million.

Mr. POULIOT: The figures given by the hon. member are most unfair, because they are those of heads of families on relief—an entirely different thing. Let me tell him that he was a very good Minister of Public Works, and I am pleased to pay that tribute, but I must say that when he was a member of the government he paid no attention to social legislation. He left that to his leader, who was the big boss and did not brook intervention by any of his ministers. Therefore

members of the Liberal party knew more about these matters than did the ministers of the former government.

Mr. STEWART: May I ask the hon. member again to give the figure for 1935 which would correspond to 117,000 in 1930.

Mr. POULIOT: I am telling the hon. member that it is impossible for me to give them because his boss, the former Prime Minister, always refused to give me information. I shall now instruct the member from Brockville; I have been trying to give a little information to his leader.

Now let us come to the municipalities. They have considered the question of unemployment from what angle? From the angle of finance. I am in favour of investigating commissions, but managing commissions are sometimes dangerous. We have an employment commission. Let me tell the house that I do not believe much in that commission. It is a window-dressing commission, with the home improvement plan—and walking down Sparks street the other day I was much surprised to see a sign on which were the words "admission free" stuck in a bath room. That seemed strange, because few people appreciate such window dressing invitations when there are other windows showing fireplaces where the sign would be much more appropriate.

The question has been asked about the number of unemployed. On February 8 of this year I asked this question:

1. What is actually the total number: (a) of heads of families; (b) of their dependents; (c) of individual cases of unemployed, all receiving relief at the present time?
2. How many of the three above mentioned classes are employable?
3. What is the total number of unemployed: (a) heads of families, and (b) unmarried boys and girls over twenty, not receiving relief at the present time?
4. What is the number of: (a) employable, and (b) unemployable unemployed in each province at the present time, and what was the average of each of both those classes of unemployed during the calendar years 1935 and 1936?

To which the minister replied:

Mr. Rogers: All available information was included in the report of the National Employment Commission with respect to the registration of recipients of direct relief which was tabled in the house on the 5th day of February. As other data is abstracted from the registration returns it will be made available.

I thank the minister for the copy of the return, but I must say it contains no information about the previous occupations of the unemployed. Therefore it is of no use at all. I cannot see its usefulness as it does not show what the unemployed can do, or how they can be employed. This is a very important point and one that should not be overlooked.

At page 762 of Hansard there is set out the payments to the members of this National Employment Commission. These are as follows:

Name	Travelling expenses	Living allowance
A. B. Purvis	....	....
A. N. McLean	$1,141 07	....
Alfred Marois	603 75	$1,843
Tom Moore	228 95	....
Mrs. M. Sutherland	2,151 93	3,439
W. A. Mackintosh	771 98	1,425
E. J. Young	1,538 25	3,021

Mr. Young would be able to render much better service to the state on the tariff board, and he would be exceedingly well qualified for such a position. Mr. Tom Moore received only $228.95 for travelling expenses, no living allowance being paid. What a great sacrifice he made to serve the state. Apparently he served without salary. But he received $9,000 for doing nothing on the social insurance commission. He received nearly as much in salary as the four commissioners received in living allowances. They received a total of $9,728 while Mr. Moore received $9,000. I saw in the Ottawa citizen not long ago that he was no longer a member of the employment insurance commission, due to the ruling of the privy council, but was to be employed at a salary of $7,300 per year. He was to get $20 a day for 365 days. Apparently he is to work on Sundays. Our Lord created the universe in six days, but on the seventh He took a rest. Tom Moore is doing nothing for 365 days; therefore he does not need a weekly rest.

The creation of the employment commission was just as laudable an effort on the part of this government as were silly the increases made in the tariff by the previous government and its so-called social legislation which was knocked out recently by the privy council.

The speech of the Minister of Labour on the second reading of the employment commission bill on March 30 last year shows that he is fully qualified for his position. I would be quite willing to give him blanket authority to study this whole matter and report to the house. He is a reliable Minister of Labour and I am very sorry that in order to relieve unemployment all he has by way of assistance is a commission which is really more of an obstacle than a help.

Enough has been said already with regard to the abstract side of unemployment. I intend to refer to the individuals concerned. I have received a number of letters from unemployed people, which I should like to read if I had the time to do so. In his speech in support of his amendment, the

leader of the Tory party, otherwise known as the hon. member for Calgary West (Mr. Bennett), made one suggestion. Was it constructive or was it not? Let us see. He said that the bureau of statistics was the place one would expect to go to for the purpose of getting information regarding the numbers of the unemployed. The last information gathered by the bureau of statistics in this connection was during the census of 1931. Therefore, the only information the bureau can supply in this regard would be that relating to 1931. The leader of the opposition did not even dare to quote that information when speaking on the unemployment and social insurance bill. If he does not know where to get the necessary information, it is not surprising that he never got it. After having been Prime Minister for five years he seems to know very little about this matter.

The proper source of this information is the municipalities. This government has authority to collect the necessary information from that source. All the government needs to do is to tell the provinces that they will get no more subsidies unless they provide the necessary information.

I should like to tell the house what in my humble opinion should be done. There should be a classification of the unemployed in each part of the country according to trades. We should have the number of unemployed in the building trades, unemployed factory workers, labourers, merchants, office help, professional workers, railway workers, technicians, iron and steel workers, longshoremen, miners, seamen, fishermen, domestics and sundry other occupations. It is very important to know the previous occupations of the unemployed in order to know what can be done for them.

I would suggest that this question of unemployment should be studied by a committee of this house. After having looked over the record I am surprised to find that during the last few years this question has not been considered by a committee of members of this house. I have before me a list of the different matters referred to the committee on industrial and international relations. In 1928 there was referred to it the question of insurance against unemployment and sickness, and the civil service councils, Bill No. 4; in 1929, grants of family allowances, and insurance against unemployment, sickness and invalidity; in 1930, Bill No. 39, respecting government contracts; in 1931, there was referred to it the resolution by the hon. member for Grey-Bruce (Miss Macphail) regarding promotion of peace by instituting professorships and scholarships in Canadian universities. In 1932 it had no sittings; in 1933, no sittings; in 1934, no sittings. In 1935 there was referred to it the resolution on oriental seamen on Canadian ships, and the resolution for pensions for the blind. In 1936 there was referred to it a report of the Secretary of State for External Affairs, and the matter of employment of Canadian citizens on subsidized Canadian ships. In 1937 there have been no sittings as yet.

I should like to give particulars of the special committees of this house which have been set up to study various matters. In 1929 committees were set up to study the Dominion Elections Act, 1920, and the Opium and Narcotic Drug Act. In 1930 committees were set up to study the Dominion Elections Act, 1920; pensions and returned soldiers' problems. The special committees set up in 1931 studied the Beauharnois power project, and Bill No. 4, the Copyright Act. In 1932 special consideration was given to the Bankruptcy Act, Bill No. 41; the civil service and Civil Service Act; certain charges and allegations made by Hon. G. N. Gordon; radio broadcasting; unfair competition in trade and commerce; and Bill No. 4, to amend the Patent Act. During the session of 1932-33 special committees considered Bill No. 78 concerning pensions, and Bill No. 2 to amend the Representation Act. In 1934, special consideration was given to the Civil Service Act; price spreads and mass buying; operation of the radio act, elections and franchise acts. In 1935, consideration was given to the British North America Act; Bill No. 98 concerning the grain board; and housing. In 1936, we had under consideration the election and franchise acts, 1934; pensions and returned soldiers' problems; the marketing of wheat and other grains; and the radio commission.

In 1937, there are committees considering the elections and franchise acts; criminal code (death penalty) bill; farm implements.

It is an omission on the part of all of us, every hon. member is blameworthy, because a reference on the unemployment problem can be submitted to a committee on the motion of any hon. member, seconded by another, and adopted. This session is nearly over, but I hope that next session a motion will be carried for a committee to study unemployment at large. I humbly proffer this suggestion. The membership of this house comes from every part of the country and represents every walk of life, and it seems to me that we could give a hand and substantial help to the government by studying this whole matter ourselves, rather than by referring it to others.

We could formulate our suggestions without reference to party politics, as an assembly of members desiring to consider and come to definite conclusions on this vital problem in order to assist the government of the day.

Here was a suggestion that was made on April 30 to assist the government. A member of this house has done part of the work which is to be assigned to the National Employment Commisison. He is still ready to do that work for nothing—the classification of the unemployed according to their trades—if the government is willing, provided that he can pick up a staff to assist him in his work. It will save the government of the country $125,000. The offer is still good.

Mr. STEWART: Will the hon. member answer this question: Who is the hon. member who made that offer?

Mr. POULIOT: I cannot name him because I fear to hurt his modesty.

We should also make an inventory of our natural resources, an investigation of packing, et cetera.

The trade policy of the government is excellent; and I am sure that if a committee of this house decided to study the whole matter from a non-partisan point of view, examining facts instead of theories, it would achieve very satisfactory results.

May I say in conclusion that as the trade policy of the government is very good there is no reason why its unemployment policy should not be of equal merit. In order to arrive at such a policy, however, we should get rid of any managing commission, and appoint an investigating committee from among ourselves to report back to the house in due course.

On motion of Mr. Rickard the debate was adjourned.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.56 p.m.

Tuesday, March 9, 1937

The house met at three o'clock.

PRIVATE BILLS COMMITTEE

First report of the standing committee on miscellaneous private bills.—Mr. McPhee.

THE BUDGET

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

The house resumed from Monday, March 8, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Bennett.

Mr. W. F. RICKARD (Durham): As one of the new members of ths house and a farmer I feel it my duty to say a few words on the question now before the house as it affects the people of this country, and particularly of the county I represent.

In the first place I want to congratulate the Minister of Finance (Mr. Dunning) on his presentation of this budget, and to assure him and the house that I am going to vote for the budget and against the proposed amendment of the leader of the opposition (Mr. Bennett). I am a little disappointed that this amendment was brought forward; I thought from the attitude taken by the leader of the opposition at the beginning of the session that he intended to follow the example of Sir Robert Peel in the session of 1834. At that time Sir Robert Peel was leader of the opposition, and he deemed it his duty to support the government of the day on its policy of peace, security and financial reform. He set the welfare of the nation above the interests of party. Miss Ramsay, in her book on Peel, at page 170 goes on to say:

> The Tories were not so dainty about their methods, and many of them considered that a factious opposition was quite compatible with conservatism.

They had to learn that they must take their leader as they found him, and pardon his liberalism for the sake of his talents, and that, hanker as they might for a reactionary policy, they were helpless to carry it out without his assistance; that in fact the only chance for their party was to group themselves once more around this most unsatisfactory chief. I am sorry that the leader of the opposition departed from the resolution which he appeared to have made earlier in the session. It is a matter of regret that the board of strategy has appealed to him to give battle on the budget and on the tariff question. The people of Durham county are satisfied with the budget, as are the people of most counties throughout Canada. The agricultural vote is the largest in point of numbers and financial importance in my riding. The farmers are satisfied that last year's budget, and this year's budget too, are well calculated to widen their markets.

It has not been our experience in Durham county that there has been a falling off in the price of cattle and live stock generally during the past few months. We do not find that the importation of vegetable fat

has cut into the dairy market to any great extent. Up our way I am confident that good cooks will continue to use a good deal of old-fashioned lard and butter for their cooking. The county of Durham is famed for its fruit, its Devonshire cream, its pure bred live stock and its fertile fields. Strawberry shortcake made with Durham strawberries, and apple pie and Devonshire cream, still taste mighty good to the people of that county. No amount of advertising could induce the cooks in my riding to abandon their tried and proved methods of producing these things or to jeopardize their family reputations by introducing into their cooking too much vegetable fat instead of lard and butter.

Next in order in my riding must be considered the manufacturing interests. In the town of Port Hope a new industry has grown up as the result of a geological find in the Great Slave lake district. During last year we produced 28 grammes of radium, and thanks to the cooperation of our representative in London who is also a Durham boy, a market has been found for this commodity, which sold for $25,000 a gramme or a total of $700,000. This is one industry that is not clamouring for protection. In addition, the revival in the motor industry seems to assure a steady market for the important rubber factory at Bowmanville, the Goodyear Tire and Rubber Company, Limited. The file factory at Port Hope is the only factory in Canada producing files, and that plant is doing a bigger business than ever before, notwithstanding the fact that during the last election the men were told that if they voted for King and the Liberal candidate the doors of the plant would be closed the next morning and the men would be out of work. Women were told that their husbands would be on relief if they supported Liberal policies, but instead, as you see, an even greater business is being done. Their export trade has increased; the wages of the men have been increased by ten per cent, and in many lines they are working overtime.

We have other industries in Durham county as well. For instance, there is the Ideal works, which makes bathtubs, et cetera, and is working at full capacity, and we also have several foundries which are doing a good business. In the village of Newcastle, where I live, we have a small cabinet factory employing twenty-five to thirty men and women, which is working overtime, with orders for many months ahead. That plant is located in part of the factory where the Massey-Harris company started years ago.

In the county of Durham we have that desirable state of affairs of which the hon. member for Huron North (Mr. Deachman) spoke in his splendid address on Thursday last—the opportunity to work and to live in clean, healthy surroundings. The towns are not large but they are prosperous. I should like to be able to speak on this subject as Hon. Edward Blake was wont to speak. I cannot match his eloquence, but in love of the county and devotion to its interests I do not yield even to Hon. Edward Blake.

There is another section of the community about which very little is heard in parliament. I refer to citizens who, either by their own thrift and industry or as the result of those qualities in their ancestors, are possessed of a modest competency which they have invested in stocks and bonds. They are the financial backbone of the community, and they are glad to see that the Dunning budget does not indulge in any sensational or freak attempts at financing. They feel certain that their investments will not be jeopardized by any action of this government. Ours is an old, settled community, and during the course of the past four or five generations many small private fortunes have been made. I can remember in my boyhood days when the merchants of Bowmanville put on special sales for the days on which the interest on bonds was paid. "Coupon day" in Bowmanville was a big event. For the past six or seven years coupon payments have been slim, but now they are growing in importance again, and I hope "coupon day" will again return to all the towns in my constituency.

The budget that was brought down last year has worked to the advantage of the people of my riding, and we expect further benefits from the budget now under discussion. The trade agreements that have been made with the United Kingdom, Japan, Russia and other countries, as well as the agreement with the United States, have been very beneficial. I am surprised when I hear farmer members of this house talking in favour of high tariffs and high protection. Surely they must know that our market in the United States during the past year has been of great benefit to the farmers of this country. What would the farmer have received for his cattle if it had not been for the United States market, to which we shipped 160,000 head last year? I venture to say that we would have been hardly able to give them away. I would not have it understood, however, that I am an out and out free trader. I refuse to subscribe to the principle that it is always best to buy in the cheapest market. If the advantages of free trade simply mean the progressive and well-

considered relaxation of restrictions on commerce, then I am for it. The industries that are carrying on in Durham county are well established, and by this time they have realized that they need not fear the competition of other countries. With growing markets they feel that they can carry on without asking for contributions from their fellow citizens.

Now, Mr. Speaker, I should like to say just a word about some phases of the unemployment situation. We in Durham county are not very much affected by unemployment; of course we have some people on relief, but that situation does not exist to the extent that it does in the larger cities. We have men and women who would like jobs, but in addition we have a great many young people graduating from our high schools, collegiate institutes and agricultural colleges who cannot find jobs, except possibly at something which does not pay them anything like the cost of their education. In my county we have young people of the finest type, young boys and girls who have put Durham county on the map in various judging competitions, both provincial and interprovincial. These boys and girls are the men and women of to-morrow, and it is up to us to do something for their future. They are getting to the age where they would like homes of their own, but if conditions do not improve it will be difficult for them to realize that ambition. I have every confidence, however, that this government will do something for the young men and women who will have to shoulder the responsibilities of the country to-morrow.

I think the government should be congratulated on the steps they have taken to relieve the unemployment situation, and especially in regard to the demobilization of the relief camps which were in operation under the former administration. By closing these camps and placing the men at work wherever possible the government have effected a great saving to the taxpayers, and, what is more important, have restored independence to the men and brought about a general change for the better in their morale. I believe the problem of unemployment may be with us for some time, even though statistics show a marked improvement in the situation. But we must encourage our people to work for a return of the prosperity which all Canadians feel is their right. With the unlimited reserves within our boundaries, and a self-reliant people, we are bound to succeed and to restore to them the heritage with which the Creator has blessed them.

[Mr. Rickard.]

I do not feel justified, Mr. Speaker, in taking up any more of the time of the house on this question. I do venture the prediction, however, that the budget will be carried by a tremendous vote, and that the size of the vote will favourably reflect the opinion of the country as a whole on this subject.

Mr. W. A. WALSH (Mount Royal): Mr. Speaker, before proceeding with my observations on the question under discussion, I should like personally to say that I am very happy to see the Minister of Finance (Mr. Dunning) again in his seat. Much as we dislike and disagree with his policies, we do enjoy his happy presence in our midst. May I congratulate, too, the hon. member who has just taken his seat (Mr. Rickard). Although he confined his remarks to a certain district, yet hon. members must appreciate that the conditions in his own locality are no doubt duplicated in many others throughout the country.

His reference to the budget being adopted by a large majority must, of course, go without dispute. In discussing the amendment before the house, we do not expect to convert even the Minister of Labour (Mr. Rogers) to our way of thinking. On many occasions Canada's financial position has been carefully reviewed. As a country we do not enjoy a unique position in respect of our unfortunate financial circumstances. Other countries are in a similar position and are endeavouring to find a solution of their peculiar financial difficulties. Any effort made even by the present government to find a solution which will point the way to prosperity will, I have no doubt, meet with the support of all parts of the house.

The depression hit Canada with probably more severity than it hit other countries, largely due to the slump in the price of wheat. Wheat trading does materially affect Canada, and the unfortunate position in which we found ourselves, with a large surplus on hand and falling prices, aggravated the condition that was on its way, and made it more severe than it might have been under other circumstances. May I suggest that the slump through which we have just passed is not responsible for all the ills prevailing in Canada. Certain inherent disorders were brought to the surface by the depression. Many of our present troubles were with us before 1929, and have merely been accentuated by the conditions under which we have been living.

The Minister of Finance gave us a clear picture of the financial position of Canada as such, but he could have given a clearer picture had he gone more carefully into the finances of Canada as a whole, taking into

account the municipalities and provinces. For a few moments I should like to discuss the actual financial conditions prevailing in Canada to-day, in order that we may see what our financial condition is, taking into account the position of the provinces, the municipalities and the federal government.

Upon reference to statistics I find that Canada's true debt, including all items, stands at $4,163,000,000. The nine provinces have a total debt of $1,415,000,000. The total debt of the municipalities stands at $1,386,000,000. These are tremendous figures for a young and growing country. In round figures the total is $7,000,000,000. That is the debt of a young country with only 11,000,000 inhabitants; it amounts to $636 per person. I want hon. members and people outside the house to realize the full significance of that statement. I repeat: Every person in Canada to-day is indebted to the extent of $636. That is an unhealthy amount per capita for a young and growing country.

Then, from the latest statistics available it appears that the total revenue of Canada last year amounted to $372,000,000; the total provincial revenue amounted to $161,000,000, and that of the municipalities, $285,000,000, making a grand total, through taxation, of $818,000,000. Of this revenue, the dominion spent 46 per cent to pay interest on debts, the provinces paid 37 per cent for the same purpose, and the municipalities paid 24 per cent. Of the $818,000,000 collected in Canada, 38 per cent was earmarked, before received, to pay interest on contracted debt.

Mr. MAYBANK: Would the hon. member permit a question? Is he in a position to indicate the extent to which the per capita debt of the nation was increased in the last five years?

Mr. WALSH: I have other figures before me, and possibly the hon. member's question will be answered as I proceed. In the first year after confederation the gross debt of this country was only $93,000,000, and the interest thereon was only $4,500,000, or $1.28 per capita. In 1900 the gross debt had grown to $346,000,000, and the interest charges worked out at $2.02 per head. Just prior to the war the debt had grown to $544,000,000, and the interest cost per capita was $1.87. At the present time the per capita cost of interest upon our so-called gross debt of $3,432,000,000 is $11.44. When we consider the railway debt and other charges, the per capita cost is $27.73.

The growth in public expenditures is equally startling. In the first year of the confederation we spent only $13,000,000. In 1900 our expenditures totalled $52,000,000. Just prior to the war they had increased to $163,000,000. These figures are significant. They show the constant increase in our national expenditures and our national revenues. I must acknowledge frankly that the war had a considerable influence upon the growth of our national debt, but I would go so far as to suggest, as has been suggested on previous occasions, that Canada no doubt overplayed her hand as far as war measures were concerned, and we are paying for it now. But be that as it may, the war had a direct influence upon the expenditures not only of the dominion but also of municipalities and provinces.

I was wondering if it ever occurred to this or any other government that a budget could be balanced in two ways. Most ministers of finance and provincial treasurers know of only one way to balance a budget, and that is by increasing revenue, which means increasing taxation. But a budget can be balanced by decreasing expenditures rather than by increasing revenues. The present government proposes the appointment of a royal commission on taxation. We are familiar with royal commissions and I do not think we need one to tell us that at the present time we are suffering from over-government. We do not need a royal commission to tell us that there is too much overlapping in public service and taxation. The dominion and provincial governments must realize that there is only one source from which revenue can be obtained, and that is the people. The more we spend the more we have to ask the people to provide. A royal commission would serve a useful purpose if it resulted in definite action—if, in this case, it prevented overlapping in the field of taxation or the duplication of services as between municipal, provincial and federal authorities—but my experience with royal commissions has been rather the reverse.

Generally the first consideration in the setting up of a royal commision is the appointment of a strutting counsel at $150 or $200 a day. This gentleman then proceeds to eke out a year's existence on that small stipend trying to dig up facts which the government most likely knows already. I have not much faith in the value of the suggestion of the government that they are going to appoint a royal commission on taxation. They might be getting somewhere if they intended to appoint a commission such as was appointed in England, I think under the chairmanship of Sir George May, which brought out what is familiarly known as the "May" report. But if the commission is to be of the kind usually appointed in Canada, if it is to bring in the usual type of report, it would seem to me that the government's action in this

regard is merely another subterfuge for their not making more progress than they are at the present time.

It was my intention to refer briefly to certain items in the budget. I was amazed on going over previous Hansards to read the following on page 2118 of Hansard of Tuesday, March 26, 1935:

With regard to ways and means, my hon. friend makes some proposals in regard to taxation to which I want to refer briefly. He retains his virtual twenty-five per cent tax on sugar, a household necessity, but he reduces his tax on liquor by over forty per cent. I had hoped, and others on this side and I believe a good many on the other side had hoped, that the Minister of Finance had intended to cancel the sugar tax this year. We supposed he put it on as an emergency tax, and he put on the gold tax he said in order to permit the sugar tax to be reduced by half. Last year in making his statement to the house he said that to replace the revenue lost by the reduction of the tax on sugar it was proposed to levy a tax of ten per cent on gold.

That is an extract from the remarks of the Hon. J. L. Ralston, who was then speaking on behalf of the opposition of that day, which opposition now occupies the treasury benches. Two more years have passed, the Minister of Finance has brought down two budgets, each of which included the same tax on sugar to which the government, when in opposition, raised such strenuous objection. I cannot see the reasonableness of complaining about something when you are in opposition, but failing to act when you are in power on the incentive that inspired you while you were in opposition.

It was my intention to discuss briefly the railroad problem which faces this country. However, I notice the chairman of the committee on railways and shipping is present and I shall not abuse the privilege of my position this afternoon by dilating further on the subject to which he listened so patiently for some considerable time this morning. I should like to refer to one statement made by Hon. Mr. Ralston. I read from Hansard of March 26, 1935:

They should tackle the railway problem courageously and not pass the buck as they do.

What is the courageous way in which this government have tackled the railway problem? They have introduced Bill No. 12, but that bill does not add one cent of revenue to the railways of Canada; it does not reduce the expenses of operating the railways; it will not put one unemployed man to work, nor will it give one man at present employed by the railways one hour of additional employment in the future. Yet that is the courageous way in which they are tackling the railway problem of Canada—by taking out of the non-active assets of the dominion and placing in the consolidated fund a sum almost equivalent to $374,000,000. That is their solution of our railway problem—adding to the debt of Canada by extracting it from the non-active assets of the dominion. That may be called a courageous way of meeting a critical situation, but I should like to see something which, without being characterized in quite such strong terms, would be more effective as far as results are concerned.

Last year, participating in another debate which took place in this house, I was happy to be able to congratulate the hon. member for Melville (Mr. Motherwell) on a theory that he propounded in connection with tariff for revenue purposes. He indicated that he gave his unqualified support to the raising of more revenue by means of a tariff. He represents a western constituency. I want this year to reendorse the stand which he took at that time and my own attitude on the same occasion. In my opinion much more revenue could be collected in Canada, without any injurious effect, through the medium of a tariff. It could be collected cheaply and without any real hardship on either industry or the population in general.

The tendency of the present government is to lower tariffs, and the lowering of tariffs naturally creates a certain amount of unemployment or the possibility of it. In passing I think I should warn the present government that if it pursues such a policy to any great length we in Canada cannot meet the competition of foreign countries in certain fields of industry. I refer particularly, of course, to industries that have been developed in Japan. If the government is not careful to protect Canadian industry against encroachments from that particular source, we shall find ourselves with a greater amount of unemployment to deal with than we have even at the present time. I have here a document published by the United States bureau of statistics, the United States Monthly Labour Review, which gives illuminating figures as to wages paid in certain industries in Japan. I shall quote a few items given in this document, in order to show the utter impossibility of Canadian industry meeting the competition of a nation that has constructed its economic farbric on wages such as are mentioned here:

Textile Industry

	Wages per day
Silk reelers, female	21 cents
Cotton spinners, female	24 "
Silk throwers, female	22 "
Weavers, female, cotton, machine	21 "
Weavers, female, silk, hand	39 "
Hosiery knitters, male	61 "
Hosiery knitters, female	33 "

Metal Industry

	Wages per day
Lathemen	$1 58
Finishers	1 64
Founders	1 28
Blacksmiths	1 42

Leather Industry

Leather makers	92 cents
Shoemakers	70 "
Clog makers	35 "

Among day labourers, stevedores are paid 74 cents per day. Domestic servants, male, receive 23 cents per day; female domestic servants 22 cents per day. Those wages are actually in existence, otherwise they naturally would not be published by an authoritative body. Going further in an effort to persuade the American people to, as the writer suggests, "Buy American," I find this:

A comparison of the low wages paid in Japan with the high levels of American wage rates is sufficient to cause everyone to shudder with fear and issue a fervent hope that such debasing wages may never encompass the millions of American workers, whose efforts and high wages have built the high standard of living we now enjoy in our country.

But the menace of cheap, foreign competition exists and it is real . . . constantly becoming more threatening. Nowhere is it more pointed than in the textile industry.

I should like to urge these considerations on the attention of the government. What I have quoted in connection with American industry applies with equal if not greater force to Canadian industry, and that phase of our trade operations must be carefully watched by the present government, otherwise we shall find ourselves in a dilemma from which it will be very difficult to escape, even with the ingenuity that my good friend the Minister of Labour (Mr. Rogers) may develop from time to time in the way of commissions to assist him in solving problems that the government are likely to force upon him.

Mr. MAYBANK: Would the hon. member at this point permit a question? Would he contend that it was the high protection policy of the last five years that made the employment situation in Canada so very good?

Mr. WALSH: I am not advocating high protection in Canada. I am advocating a reasonable measure of protection not only for the sake of our industries but for the men and women who are employed in those industries, so that a very grave situation may not be further aggravated by throwing upon the relief rolls men who could be kept in employment if we carefully watched the course of industry and trade and prevented unfair foreign competition. I could go on at greater length, particularly in connection with the textile industry, but I shall reserve that for a later date when, no doubt, we shall hear from that window-dressing commission.

Some hon. MEMBERS: Order.

Mr. WALSH: When its report is presented we may have something of an interesting nature to suggest. But at this time I would point out to the Minister of Finance what has already been mentioned in this house, that the building industry is of primary importance.

Mr. DUNNING: Just before the hon. member leaves the subject of the textile industry: has he any concrete instance in mind where the budget of last year or the budget of this year put people connected with the textile industry out of employment or reduced employed in that industry?

Mr. WALSH: No. I want to be perfectly fair with the minister. At the present time I have no cause to complain of either last year's or this year's budget, except that in certain instances, particularly in connection with woollens, there is a slight danger that the industry will be somewhat disturbed. But I am afraid of this, that when the Turgeon commission reports the government may by order in council adopt certain measures that will seriously affect the trade in textiles. I am much concerned about that aspect of the situation, not, on the whole, about the aspect that has developed up to the present time. I am a little nervous about the woollen industry, having particular regard to the less extensive plants in our smaller towns. Their position should receive careful consideration by the government before any action is taken that, although not putting them out of business, may compel them to curtail their present production.

I should like to say this, since the Minister of Finance has brought it up. There are in the budget, in connection with hosiery for instance, certain features that undoubtedly place an undue weapon in the hands of certain large merchandising concerns in Canada to the detriment of the smaller merchants. I refer to cheap cashmere hosiery and other hosiery of cheaper quality that can be bought by these larger concerns, through their purchasing agents in Europe, at a much reduced cost and brought into Canada to undersell the cheaper hosiery manufactured here, to the detriment of these manufacturers and of the smaller retail merchants in Canada who have not the same facilities to make such purchases, particularly the purchasing facilities which our departmental stores have at their disposal. I am concerned a little about that particular item of the budget.

Mr. DUNNING: Cashmere hosiery?

Mr. WALSH: I am speaking of cashmere and other cheaper lines of hosiery, not full-fashioned silk hose, because as far as they are concerned we are an exporting nation; we have a fine market in England for full-fashioned silk hose. I am, however, very much concerned about the cheaper lines.

In the course of the debate we have heard much about a stimulant applied to the building industry. With that I am in hearty sympathy, and any stimulant that can be applied to that industry will certainly meet with the approval of every member of the house. I am surprised that the government has not seen fit to introduce, in the course of this session, much more legislation than it has brought down in connection with the building industry. It might be possible to introduce something in the form of tax-free second mortgages, which would give some encouragement to the building industry.

Mr. DUNNING: Tax-free second mortgages?

Mr. WALSH: Yes, to encourage building. Some people can afford a first mortgage but they cannot go beyond that, and if they could get a cheap second mortgage so much the better.

Mr. DUNNING: Will the hon. member explain what he means? The suggestion is an important one, but what does he mean by tax-free second mortgages?

Mr. WALSH: There are some points I want to make before I sit down. I am sure the Minister of Finance knows a great deal more about the matter than I do myself, and there is a useful little pamphlet entitled "Building Societies Eliminate 'Peaks and Valleys' in Industry" which he will find interesting. It touches, I believe, on that particular point. I have no doubt he has a copy of it.

Let me come now to the Department of Labour. I have not noticed, either in the budget or in the debate so far, anything that will give us a lead as to measures for the relief of unemployment and to establish a new social order in Canada. I have here clippings from newspapers of the maritime provinces. The Minister of Labour and his chief assistant, the chairman of the National Employment Commission, visited the maritime provinces during the past summer and held meetings in different places, assembling councillors and members of parliament. Every time I read one of these reports I thought it was the report of a Liberal convention. When they brought together the members of parliament, particularly in the St. John district, to discuss relief measures, it was of course not natural to expect the hon. member for Royal (Mr. Brooks), who lives a few miles out of St. John and who happens to be a Conservative, to be invited to participate in any of these conferences. He was a Conservative and no doubt it was taken for granted that he might not have very much to contribute to the discussion. I suggest, however, that he could have been invited, if only as an act of courtesy on the part of the Minister of Labour, and given an opportunity to express his views and offer assistance in the effort to solve the unemployment problem.

Mr. ROGERS: The Minister of Labour was not responsible for summoning any of the meetings; they were arranged by those who were interested in the particular communities where the meetings were held.

Mr. WALSH: The meetings were conveniently arranged, probably by the Liberal organizer of the district, so that Conservatives were not present.

Mr. ROGERS: That is not correct.

Mr. WALSH: I do not know what is correct, but I know that if I had time I would read a list of names and the minister would be surprised to see how many prominent Liberals were in attendance at these meetings. I suggest that the Conservatives, even if in opposition, are interested in the problem of unemployment and are willing and anxious to offer their assistance in finding a solution of the problem.

I want to read one or two extracts relating to the National Employment Commission. In Hansard of March 8, 1937, at page 1600, an hon. member makes the following statement:

> I am in favour of investigating commissions, but managing commissions are sometimes dangerous. We have an employment commission. Let me tell the house that I do not believe much in that commission. It is a window-dressing commission. . . .
>
> The question has been asked about the number of unemployed. On February 8 of this year I asked this question:
>
> Certain questions are set out.
>
> To which the minister replied:
>
> Mr. Rogers: All available information was included in the report of the National Employment Commission with respect to the registration of recipients of direct relief which was tabled in the house on the 5th day of February. As other data is abstracted from the registration returns it will be made available.
>
> Mr. Pouliot: I thank the minister for the copy of the return, but I must say it contains no information about the previous occupations of the unemployed. Therefore it is of no use at

all. I cannot see its usefulness as it does not show what the unemployed can do, or how they can be employed. This is a very important point and one that should not be overlooked...

The speech of the Minister of Labour on the second reading of the employment commission bill on March 30 last year shows that he is fully qualified for his position.

I agree with that.

I would be quite willing to give him blanket authority to study this whole matter and report to the house. He is a reliable Minister of Labour and I am very sorry that in order to relieve unemployment all he has by way of assistance is a commission which is really more of an obstacle than a help.

These are not the words of a Conservative opposition member; they are the words of a Liberal member at present occupying a seat in this house and at present sitting not very far from the minister himself.

Mr. ROGERS: My hon. friend is not suggesting that I inspired them ?

Mr. WALSH: I do not think the inspiration would come from that source, but I want to emphasize the fact that one of the minister's own supporters absolutely disengaged himself from any connection whatsoever with the National Employment Commission, condemning it in the same terms in which it was condemned from this side of the house last year, to which condemnation little or no attention was paid.

An hon. MEMBER: Who is the member?

Mr. WALSH: The member for Temiscouata (Mr. Pouliot). Let me remind the house —this has already been emphasized—that this year this commission has cost us $87,418, and I notice in the supplementary estimates we are asked to vote a further sum of $275,000, making a total of $362,418—for what? For a national employment commission who are recording certain facts and figures that should be recorded in the bureau of statistics, and who are not doing one iota to aid unemployment. They are doing nothing real and practical to solve the problem of unemployment in Canada.

I tell the Minister of Labour that I have had the utmost patience with his efforts to solve this problem, but I am entirely losing patience with the attitude and action of the employment commission. I listened to an address by the chairman of that commission in Montreal on January 11, and the facts he gave on that occasion and the expressions he used were illuminating. He embodied in his report the latest figures from the drought area of the west. Why these figures should be included by the Department of Labour in statistics with respect to the unemployed is beyond me. The people in the drought area, who have the misfortune to be out of employment and on relief as a result of a contingency due to nature alone, over which they had absolutely no control, should be looked after through the Department of Agriculture, and the statistics of the Department of Labour should not be confused by the inclusion of the drought area figures. The people there are not unemployed in the true sense of the term; they are unemployed for a definite and specific reason and therefore should be looked after by the department primarily responsible for their rehabilitation and replacement.

During the course of his remarks the chairman of the commission drew an analogy between a boy's knowledge of a lobster or a lobster's knowledge of a boy. When he finished we did not quite understand whether the lobster knew more about the boy or the boy about the lobster, but he did suggest that the knowledge of the people of Canada regarding the unemployment problem was somewhat similar in character.

Mr. SPEAKER: Order.

Mr. WALSH: I am sorry I have to conclude, as I have other interesting data that I should have liked to present, but I hope I may have an opportunity to do so at some other time.

Mr. J. T. THORSON (Selkirk): When the Minister of Finance (Mr. Dunning) made his budget statement to this house he presented an encouraging picture of progress to the people of Canada. He was quite frank in his admission that much remained to be done, and that frankness gives hope that further progress will be made. The right hon. leader of the opposition (Mr. Bennett) has proposed an amendment expressing regret that the government has failed to take effective measures to deal with the problem of unemployment. The debate therefore affords an opportunity of considering the policies that ought to be followed by this country, and perhaps our best approach to this problem is to analyze the effect of the policies of the past in the hope that we may profit in the future by avoiding the mistakes of the past.

No useful purpose is served by reminding the people of Canada that the leader of the opposition promised to end unemployment, that his government went into office on the strength of that promise, and that he failed to fulfil it. The important things to remember are the policies that were initiated by his government for the purpose of performing the promise that he made, and the utter failure of those policies to accomplish the purposes for which they were designed. The Bennett

administration sought to end unemployment by raising the tariffs against imports from abroad and restricting their entry into Canada in the hope that their manufacture in Canada rather than abroad would solve the problem of unemployment.

It is obvious that these policies did not end unemployment. Instead they did real harm to Canada, for they sacrificed the primary producers of this country in the interests of the secondary industries, and in so doing they did harm not only to the primary producers themselves, but also to those engaged in secondary production as well.

I intend to confine my remarks largely to two commodities that were, prior to 1930 at any rate, the principal items of our external trade: wheat, our most important export, and textiles, our most necessary import; and I shall endeavour to show to the house the disastrous effect which the Bennett tariffs against textiles had upon the export of Canadian wheat. I take wheat as an example of primary production and textiles as an example of manufactured goods, but what I have to say with regard to wheat and textiles might also be said of other primary products and other manufactured goods respectively, the differences being of degree rather than of kind.

An analysis of Canada's export trade shows that at least seventy-five per cent of it consists of the products of agriculture, mining, forestry and fishing, either in their natural state or after primary processing. The list of the twenty leading commodities which Canada exported during the calendar year 1936 in the order of their value shows two things: first, that wheat is our most important export commodity, amounting to 22·3 per cent of our total exports in that year; and second, that our primary production constitutes our basic wealth and the means whereby we are able to maintain our export trade and create the necessary credits abroad which enable us to purchase the commodities that we need from abroad, and which we in Canada must have if our people are to enjoy a decent standard of living.

Since Canada is a large exporter of primary commodities she must therefore be a large importer of manufactured goods; for there is no other way by which she can put into circulation the basic wealth of her primary production. If we wish to sell our goods we must be willing to buy the goods of others. An examination of the distribution of our imports during the fiscal year ending March 31, 1930, according to the classifications used by the bureau of statistics, shows that our most important imports from the United Kingdom, continental Europe and the orient consisted of fibres, textiles and textile products, these being 36 per cent of our total imports from the United Kingdom, 31·7 per cent of our imports from continental Europe, and 52·5 per cent of our imports from the orient.

Since 95 per cent of our total wheat exports went to the United Kingdom, continental Europe and the orient, and since wheat is our most important export commodity, and since our most important imports from these countries were textiles, it follows that Canada's trade with the United Kingdom, continental Europe and the orient depended primarily upon the exchange of wheat for textiles. These are the principal items in that trade, and when Canada raised her tariffs against textiles, after 1930, she touched the heart of our trade relations with our chief wheat importing country. By prohibitive tariffs against textiles the Bennett administration succeeded in restricting the import of textiles into Canada, but in so doing that administration not only lost markets for Canadian wheat, but also allowed the Argentine, Canada's most dangerous competitor in wheat production, to gain the markets which Canada had lost. That, too, Mr. Speaker, was one of the causes of continued unemployment in Canada; for the loss of markets for Canadian wheat meant reduced purchasing power for the Canadian wheat producer, and therefore less ability to purchase the products of Canadian manufacture. The reduced volume of production, for example, of the agricultural implement industry, is directly traceable to policies of the kind that I have mentioned; and that reduced volume means both reduced employment for those engaged in that industry and higher prices for implements to the farmer.

Let us examine for a moment where the wheat exports of Canada went in 1930 and the extent to which they have been reduced since then. I now place on Hansard a short table showing the average exports of wheat per annum during the five year period ending March 31, 1930, as compared with the subsequent five year period ending March 31, 1935, and the main countries to which these exports actually went.

Sir GEORGE PERLEY: I do not want to interrupt the hon. gentleman, Mr. Speaker, but there is a rule of the house that nothing may be placed on Hansard unless it is read, except it be done by unanimous consent. I think your honour raised the point here the other evening in regard to another member, and made that ruling.

Mr. THORSON: This table, Mr. Speaker, tells a striking story. In the first place it shows that continental Europe prior to 1930—

Sir GEORGE PERLEY: I rise again to a point of order, Mr. Speaker, and I ask your ruling. Is it permissible for the hon. gentleman to place a table on Hansard without reading it, unless he first seeks the unanimous consent of the house?

Mr. THORSON: The privilege has been extended on numerous occasions, Mr. Speaker; the table is very short, and its substance will be contained in the remarks I now propose to make.

Sir GEORGE PERLEY: I have no objection—

Mr. THORSON: I will read the table.

Sir GEORGE PERLEY: The hon. gentleman has stated that the privilege has been extended on other occasions. I know of no person to whom this privilege is accorded except the Minister of Finance when making his budget speech. That is my understanding of the rule; if I am wrong your honour will correct me.

Mr. SPEAKER: I should like to hear what the hon. member has to say as to the point of order raised by the hon. member for Argenteuil (Sir George Perley).

Mr. THORSON: I shall read the table. It shows the exports of Canadian wheat to continental Europe, the United Kingdom, the orient and other countries. The average exports of wheat per year during the five year period ending March 31, 1930, were 155,000,000 bushels to continental Europe; 82,600,000 bushels to the United Kingdom; 16,400,000 bushels to the orient, and 11,100,000 bushels to other countries, making an average annual total of wheat exported in those years of 265,100,000 bushels. The second column shows that during the five year period ending March 31, 1935, the average exports of wheat per year to continental Europe were 103,300,000 bushels; to the United Kingdom, 71,800,000 bushels; to the orient, 9,100,000 bushels and to other countries, 9,000,000 bushels; making a yearly total average in those years of 193,200,000 bushels. These figures are significant. Out of a total average export of Canadian wheat of 265,100,000 bushels per year in the years prior to 1930, 155,000,000 bushels per year went to continental Europe as against 82,600,000 bushels per year to the United Kingdom. It will not help us in Canada to hold the United Kingdom market for wheat if at the same time we lose the markets of continental Europe. In the second place, this table tells an alarming story, for it shows that during the five year period ending March 31, 1935, our wheat exports averaged 71,900,000 bushels less per year than during the preceding five year period, and that 51,700,000 bushels per year of this decline is accounted for by reduced exports to continental Europe. That market was lost to Canada largely as the result of the foolish tariff and fiscal policies of the previous administration of this country and, what is perhaps even worse, that market was surrendered to the Argentine, Canada's strongest competitor in the production and sale of wheat—Canada's greatest individual asset.

In 1929 the six main wheat importing countries of Europe were Germany, Italy, France, the Netherlands, Belgium and Switzerland. They took seventy per cent of the total European imports of wheat. In that year Canada had a favourable trade balance with these countries amounting to $114,603,000, her exports to these countries amounting to $187,388,000, and her imports from them being only $72,785,000. These were good customers for Canada; indeed they were our best customers for Canadian wheat. How did the Bennett adminstration treat these good customers of Canada?

The treatment which Canada gave to Switzerland is perhaps the most striking example of the folly of the tariff policies of the former administration of this country. If an analysis is made of our imports from Switzerland as between the fiscal year ending March 31, 1930, and the fiscal year ending March 31, 1935, it will be seen that our imports from Switzerland declined from $7,314,840 in 1930 to $4,979,543 in 1935. Of this decline seventy-seven per cent was in fibres, textiles and textile products, our imports of these commodities having been restricted from $4,507,296 in 1930 to $652,010 in 1935.

How was this brought about? The Bennett administration proceeded to restrict the importation of silk from Switzerland, first by raising the ad valorem duty, and secondly by inflated arbitrary valuations for duty purposes. Let me give the house an illustration of how the previous administration acted. The chief silk product which Canada imported from Switzerland in 1930 is described in our trade returns as "woven fabrics, wholly or in part of silk, not to contain wool, not including fabrics in chief part by weight of artificial silk." In the fiscal year ending March 31, 1930, Canadian imports under this heading amounted to 1,259,836 yards, valued at $826,109. The average value per yard was 66 cents; the duty amounted to $242,602, and the average duty per yard was 19 cents. But in the fiscal year ending March 31, 1935, Canadian imports under the same heading amounted to 2,582 yards, valued at $3,518. The average value per yard was $1.36; the duty amounted to $1,524, and the average duty per yard was 59 cents. These figures indi-

cate that the average ad valorem rate of duty on these items was increased from 29·4 per cent, as it was in 1930, to 43·3 per cent. But this was not enough: Although the price of raw silk was falling and silk prices in Canada were declining, the valuations for duty purposes were stepped up from 66 cents per yard to $1.36 per yard, thus increasing the actual duties that were collected on this class of silk fabrics by over 215 per cent.

Mr. EDWARDS: Would the hon. member permit a question?

Mr. THORSON: Yes.

Mr. EDWARDS: Would he mind telling the house the number employed in 1930 as against those employed in 1936 in the textile industry of Canada?

Mr. THORSON: I have not those figures.

Mr. SPENCE: Because you do not want to have them.

Mr. THORSON: I will deal with the general question a little later on. I have indicated the manner in which the Bennett administration proceeded to deal with Switzerland's trade in silk fabrics with Canada. It succeeded in killing that trade, for it reduced it by 99·8 per cent.

The next most important decline in Swiss imports into this country was under the heading of—

Mr. BAKER: May I ask the hon. member a question? Did the reduction by ninety-nine per cent of silk importations from Switzerland to Canada give more employment in Canada?

Mr. THORSON: I doubt it; I do not think it did.

Mr. BAKER: It certainly did.

Mr. THORSON: I will answer that in a moment.

Mr. BAKER: It certainly did to hundreds and hundreds of people.

Mr. THORSON: The next most important decline of Swiss imports into Canada was under the heading of non-ferrous metals and their products, a decline from $1,795,578 in 1930 to $880,844 in 1935—eighteen per cent of the total decline in Swiss imports. We treated time-pieces from Switzerland somewhat in the same manner as we did silk fabrics.

Now, what did Switzerland do, in return, to our Canadian exports of wheat into Switzerland? She was patient for a time, but at the close of 1931 she passed legislation which empowered the federal council of that country to limit imports by means of quota restrictions. By a decree which became effective on May 12, 1932, wheat was placed under this law, and since then importations of wheat have been allowed only under permit from countries specified by the authorities. What happened to the sale of our Canadian wheat? it should be noted that from 1926 to 1930 Switzerland took 57·4 per cent of her imports of wheat from Canada. Relatively she was our best customer for wheat in continental Europe. Even as late as 1932 she took 52·7 per cent of her wheat imports from Canada, but after the governmental decree went into effect for wheat the picture rapidly changed. In each year since 1932 Canada's share of the Swiss wheat market has declined until in 1935 it amounted to only twelve per cent of the total Swiss imports. This market did not disappear, for Switzerland decided upon a policy of buying from countries that were willing to buy from her; and the Argentine, Canada's most dangerous competitor in wheat production, gained the market which Canada by her shortsighted tariff policy had lost. In 1931 the Argentine supplied only 9 per cent of the wheat import requirements of Switzerland, but in each year since then she has gained an increasing share until in 1935 the Argentine's share of the Swiss wheat market amounted to 45·7 per cent, whereas Canada's share had dropped to 12 per cent. The previous administration of this country was highly successful in accomplishing its purpose of restricting imports from Switzerland, but in so doing it lost a market for Canadian wheat amounting to over 7,000,000 bushels per year, and surrendered that market to the Argentine. Surely the time has come for a change of policy.

The time at my disposal does not permit me to deal in the same detail with the other European countries, but basically the story is the same. Our total imports from Belgium declined from $13,019,000 in 1930 to $3,613,000 in 1935, the chief decline being in textiles, iron and iron products, and non-metallic minerals and their products. Tariff changes in respect of glass have resulted in a marked decrease in the importation of this commodity from Belgium. Our wheat exports to Belgium have actually increased, but when the United States went out of the wheat export business, her share of the Belgian wheat import requirements went to the Argentine, instead of to Canada, the Argentine's share of the Belgian market increasing from 23·6 per cent in 1930 to 58·5 per cent in 1935.

The story of our trade with the Netherlands is similar to that with Belgium. Our imports from the Netherlands have been restricted from $9,432,000 in 1930 to $4,343,000 in 1935, the chief declines being in textiles, and agri-

cultural and vegetable products. Imports of artificial silks declined from $1,051,000 in 1930 to $148,000 in 1935. As in the case of Belgium, our exports of wheat to the Netherlands have slightly increased; but as also in the case of Belgium the former United States share of the Netherlands wheat import requirements went to the Argentine, instead of to Canada, the Argentine's share of the Netherlands' market increasing from 10·4 per cent in 1930 to 59·8 per cent in 1935.

And so the story goes. Canadian imports from France decreased from $25,158,000 in 1930 to $6,443,000 in 1935, 47·9 per cent of this decline being due to reduced imports of textiles. In the case of Italy, Canadian imports declined from $4,963,000 in 1930 to $2,714,000 in 1935, 64·4 per cent of this decline being due to reduced imports of textiles. Similarly, in the case of Germany our imports from that country declined from $21,505,000 in 1930 to $10,474,158 in 1935, 75 per cent of this decline being due to reduced imports of textiles, iron and iron products, and miscellaneous products.

In 1929 the six wheat importing countries of continental Europe had unfavourable trade balances with the rest of the world, and those unfavourable balances were largely with the four wheat exporting countries of Canada, the United States, the Argentine and Australia. When the crash of 1929 came, and the invisible items of trade upon which they had relied disappeared, they were forced to rely to a greater extent upon their commodity balances. The action taken first by Australia in 1929, and then by the United States in 1930, and later by Canada, made it impossible for these countries to maintain their exports, and they were forced therefore to restrict the volume of their imports.

The effect upon Canada of her mistaken policies in dealing with these countries was disastrous. I wish I had time to tell the story in detail, but briefly it is this: By prohibitive tariffs the Bennett administration succeeded in restricting Canada's imports from these six continental European countries from $72,785,000 in 1929 to $16,524,000 in 1935; but during the same period our exports to these countries fell from $187,388,000 in 1929 to $30,154,000 in 1935. Canada restricted her imports by $56,261,000 per year, but in so doing she sacrificed $157,234,000 per year in her export trade. There was almost $3 of exports lost for every $1 of imports restricted. Forty per cent of the restriction in imports was in respect of textiles, and included in the loss of exports was 51·7 million bushels per year of Canadian wheat. What a heavy price the Canadian wheat producer has paid for the protection of the textile manufacturer!

Surely such policies must not be allowed to continue. The primary production of Canada constitutes her basic wealth; surely our tariff and fiscal policies ought to be so designed as to ensure the best circulation of that basic wealth. If we are anxious to increase our total wealth, we ought to be prepared and we must be prepared to buy the manufactured goods of other countries. In order that they may be given the necessary purchasing power to buy our primary products, our tariffs must be reduced on the articles they have to sell. This would be good business for the whole of Canada. I do not think of tariff reductions as tariff concessions; I consider that they constitute good business for Canada. If this were done the whole of Canada would benefit; for the increased volume of our export trade would increase the purchasing power of our primary producers, and those engaged in the secondary industries of Canada would benefit as well.

An increase in our total wealth, which can come about only by the expansion of our external trade, will not solve all our problems, for the problem of the equitable distribution of that wealth will still remain with us. But I submit, Mr. Speaker, that an increase in our total wealth constitutes our best hope for solving the problem of unemployment. Since the beginning of the industrial revolution industry has always depended upon agriculture and the other primary industries that produced food and raw materials. There is no country in the world equal to Canada in its potentialities for the production of real wealth. We ought to be the wealthiest country in the world, and we could be the wealthiest country if our leaders had the vision and courage to put into effect the policies that will best ensure the circulation of our basic wealth, the primary production of Canada.

Mr. EDWARDS: Is the hon. member suggesting that the textile industry of Canada should be scrapped in order to assist in the export of wheat?

Mr. THORSON: By no means. My view is that if we used our primary production as it ought to be used, benefits would accrue not only to those engaged in that primary production but also to those engaged in the secondary industries.

Mr. EDWARDS: What will become of the 63,000 workers in the textile industries?

Mr. THORSON: If we adopt the policies I have suggested I think there will be more workers engaged in the secondary industries of Canada.

Mr. BAKER: That is only a theory; it does not work out in practice.

Mr. THORSON: I think we have demonstrated that it is a fact.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, along with those who have preceded me, I should like to extend my congratulations to the Minister of Finance (Mr. Dunning) upon a well organized and ably presented budget speech. I desire also to express the regret of those of us in this corner at his having to be absent for some time due to a minor illness. We are glad to see him back in the house. A budget debate without the Minister of Finance would be something like Shakespeare's Hamlet without the ghost. The Minister of Labour (Mr. Rogers) has substituted very well, but I think he has felt more like Hamlet than the ghost. During the last few days I could almost hear him saying Hamlet's famous lines:

> The time is out of joint: O cursed spite,
> That ever I was born to set it right.

The present budget runs true to form. The first budget after an election is usually one in which taxes are raised. There is generally a great cry about deficits, which are often attributed to the maladministration of the previous government. The second budget usually states that things have improved, but despite that fact there is generally no reduction in the burden of taxation. The third budget after an election usually announces that the budget has been balanced and that the government is now in position where it is possible to begin to ease the strain. The budget just before an election usually contains a number of generous gestures by which the long-suffering public are given something which they should have been given two or three years earlier.

The present budget contained a very able presentation of the financial condition of Canada and it ran true to form in that it announced no new taxes. But it did not announce any relief from taxes recently imposed. It followed the orthodox path hitherto trodden by our governments. It announced a degree of economic recovery, for which we are all glad. I should like to suggest to the house that this economic recovery is not based upon any permanent factors in our economy. To a large extent that recovery is due to two things. First, there was the widespread existence of drought in large areas in the United States and western Canada, which areas were unable to produce their usual crops. The same thing was true of parts of South America and of Europe, and the result has been that the surpluses of wheat and other grains have been reduced to the point where a reasonable price could be obtained for these commodities. I submit that the drought is not a permanent condition—I am sure none of us would want it to be—and the return of normal crops will mean the return of surpluses. Unless there is some system of orderly marketing, the return of surpluses will mean reduced prices to the farmer in relation to his costs of production. The experience of agriculture from 1930 to 1934 will be repeated when we have a return of normal moisture conditions.

The second factor affecting this economic recovery is the prevalent fear of war to be found in all parts of the world. This fear has caused two things to happen. First, there is the desire to store up foodstuffs and raw materials necessary for the carrying on of war against such time as a blockade might make it impossible to get these commodities across the sea. The result is that in Europe to-day, including Great Britain, they are building storage facilities out of all proportion to anything in their history. Great Britain is hoping to store sufficient wheat for a year's supply in advance. That is true of other European countries. In the main what has happened is, not that we have reduced the surplus, but that we have merely transferred it from the North American continent across the Atlantic, and any release from the fear of war will bring back to us the problem of surplus primary commodities.

A second effect of the widespread fear of war has been, of course, a stimulus to the sale of minerals. Large quantities of nickel, copper and other minerals have been sold to countries that are carrying out a rearmament program. May I suggest that rearmament is not a permanent factor upon which to build a return to prosperity, and that inevitably it means either war or disarmament. What war will mean the Minister of Finance described very ably; it will mean economic catastrophe. But disarmament will mean unemployment, the cessation of trade, the end of that upon which was founded the return to prosperity. I therefore submit that while we are all glad to see an increase of trade, to note indications of economic recovery, a recovery based upon such unstable factors as drought and fear of war cannot be a very lasting affair.

May I also ask, to whom has this economic recovery come and who has benefited by it? The Minister of Finance points out that dividends have increased during the past year 13 per cent over 1935. The last budget showed that dividends had increased 8 per cent over 1934. He gave the index figures of industrial dividends: the low was in August, 1933, 62·5; in December, 1935, the figure was 100·1, and in December, 1936 it was 117. Undoubtedly those who draw their in-

come from shares have profited by this economic recovery, but to what extent have the great masses of the people of Canada benefited through this so-called return to prosperity?

With reference to those who are unemployed, despite the fact that we have spent nearly $100,000 on an employment commission, we have at least half a dozen different figures quoted in this house as to what the number of unemployed really is. The Minister of Finance says that unemployment has decreased five per cent. The February Labour Gazette, issued by the Department of Labour, states at page 165 that eight provinces of Canada had a direct relief roll of 960,634 persons in September, that this compares with 891,921 persons in September, 1935, or an increase of 68,713. In the January issue of the Labour Gazette, at page 36, it is stated that in November, 1935, the number of persons employable but on relief was 723,000, and in November 1936 it was 733,000. I leave the house to make what it can of these figures. Two reports from the Labour Gazette say that the number of people on relief has increased; the other report says that it has decreased five per cent. This much we do know, that the so-called return to prosperity has affected very little the great masses of the people who find themselves living on a bare subsistence.

The Minister of Finance says that profits are the mainspring of our economic activity under our present system. Notice that —"profits are the mainspring of economic activity." That is true, but I hardly expected him to say it. We have always been told that the mainspring of our economic activity was the needs of human beings, the welfare of the citizens of Canada. It is only too apparent from the figures in the budget what is the mainspring of economic activity, as measured in terms of a twenty-one per cent increase in dividends over a period of two years, as compared with practically no increase in the number of people employed throughout the dominion. Who has benefited by this so-called return to prosperity? It has not benefited to any appreciable extent the industrial worker or the farmer. Unfortunately the income tax returns for 1936 are not available, because the fiscal year does not end until March 31. But the income tax returns for 1935, though there may be a difference in proportion, indicate fairly well how the income of Canada is distributed. In 1935 the number of agrarians or farmers paying income tax was 416, the number of professionals 5,800, the number of employees—unfortunately there is nothing to differentiate between those who get wages and the executives who draw salaries—149,418; merchants, 5,104, wholesale merchants, 620, manufacturers, 442, financial concerns, 11,673, and personal corporations, 584. While it is true that speculators may have made some money out of gambling with the farmer's products, the farmers and the workers themselves have received as yet little or no benefit from the so-called return to prosperity.

The other evening I listened to the Minister of Labour speak with great feeling about the "blind alley" young men lived in during the time of the relief camps. He talked about the desperation and frustration with which they were confronted. I heartily agree with him. But had I been a stranger listening to him I should have believed that these evils belonged to the past and that since these horrible conditions existed some new era had dawned. But they do not belong to the past. The minister said that the leader of the opposition (Mr. Bennett) hardly realized what a change there was in the sentiment across Canada. Well, there may be a change in the subjective attitude of the Minister of Labour, but I doubt very much whether there is any change in sentiment among the unemployed or the people in general. I doubt whether frustration and desperation have been removed out of the lives of the unemployed. Let us look, for instance, at the problem of the single unemployed. The minister tells us that when the work that was given on the railways ceased, some 46,000 of these young men were placed on farms. I shall deal later with that matter. About 5,000 were put on forestry work. What about the rest? Some are in camps, these camps which are such blind alleys. What about the remainder? What about the thousands who wander to and fro, back and forth across Canada?

Mr. McLEAN (Melfort): Not very many thousands are doing it.

Mr. DOUGLAS: I wonder whether the hon. member for Melfort realizes that in this city of Ottawa, the capital of Canada, there are about 700 transients living at the mission or the shelter or at Friendship House. I wonder if he and the Minister of Labour know that these men get two meals a day—a breakfast consisting of porridge and bread and tea, and an evening meal consisting of either soup or stew and bread and tea—and a bed.

Mr. McLEAN (Melfort): Does the hon. member propose to allow me to answer the question?

Mr. DOUGLAS: The hon. member for Melfort has all the opportunity that I have; he can have forty minutes at any time.

Mr. McLEAN (Melfort): On a point of order, Mr. Speaker, the hon. member asked me a question a moment ago. A day or two ago his leader objected to rhetorical questions being put to that side of the house. May I say in answer to the hon. gentleman that last year in the constituency of Melfort there was a real shortage of young, unemployed men willing to take jobs available during the fall and winter.

Mr. DOUGLAS: I will continue my speech. The hon. member says there is a shortage of men in Melfort.

Mr. McLEAN (Melfort): In the constituency of Melfort there was, I said.

Mr. DOUGLAS: If he can influence the Minister of Labour, who sits in front of him, to transport some of these men who have been living on two meals a day, I am sure they will be glad to take the jobs.

Mr. McLEAN (Melfort): Would they be any good when they got there?

Mr. DOUGLAS: No, not after living on two meals a day. I doubt whether the hon. member for Melfort himself would be any good if he lived for any considerable length of time on two meals a day. The fact is, talking about moving these men, they come to town and are allowed one night's lodging and two meals, and then they must move on; but when they go to the station to catch a freight train to go to my hon. friend's constituency the mounted police will not allow them to get on the train; they must wait until it is moving quickly and then try to catch it, with danger to life and limb. They must either do that or stay where they are and beg on the streets.

Mr. McLEAN (Melfort): Why did they come here in the first place?

Mr. DOUGLAS: Because there was nowhere for them to go. The average young man to-day is caught on the horns of a dilemma. He must either look for work elsewhere or stay at home, in which case he is not eligible for most of the government projects such as the home placement scheme. If he leaves home to try to get on any of these projects he at once makes it impossible for himself ever to come back to his home and get relief. He is penalized either way, because if he stays at home he cannot get work, and if he leaves home and wanders about the country looking for work he cannot come back home because the authorities are not willing to accept him as a responsibility.

Let us look at the matter of farm placements. In the first place it is of very little value to those who would like it, the young farmers, young men in small towns on the prairies who would be glad to go on the farm, having had some experience. They cannot go because they have a home; scores of them have been refused on the ground that they have a place to live. The young men who are homeless come in the main from the cities; in the first place they are not suited to farm work, they are of no use to the farmer, and they do not like such work. Therefore, those who want it cannot get it and those who can get it do not want it and are not of much use to the people to whom they go.

I was interested the other day to receive a postcard from the Ottawa Young Men's Christian Association notifying me that Hon. Norman McL. Rogers would be the guest speaker, taking as his subject "The outlook of Youth." I am sorry I did not hear that address.

Mr. McLEAN (Melfort): You are past that stage anyhow.

Mr. SPEAKER: Order.

Mr. DOUGLAS: Whether the Minister of Labour told these young men or not, the fact remains that for fifty or sixty thousand young men in Canada to-day the outlook of youth is $5 a month on a farm; otherwise they can go to the mission and get two meals per day. Some people think that $5 a month is a lot of money, and sometimes I am amazed at the sense of values shown by hon. gentlemen opposite. I have here a copy of an order in council, which I mentioned before, showing that Colonel Ralston, counsel for the Turgeon grain inquiry, receives $20 a day for expenses, and a salary of $200 per day. Compare that with the lot of these young men. Let us leave out the living expenses, though they are not altogether comparable; the boys get board and this gentleman gets $20 a day. Let us take Colonel Ralston's salary and make a calculation on the basis of it. It would take a young man, working under the farm placement scheme, eighty-seven years to make as much as Colonel Ralston makes in a month of twenty-six days, or 1,054 young men working a year to make as much money as he would make if he worked one year.

Mr. McLEAN (Melfort): Will my hon. friend allow me—

Some hon. MEMBERS: Order.

Mr. DOUGLAS: I have been very patient. The hon. member for Melfort has not made many speeches this session, and I am sure the house will be glad to hear him if he has anything to say.

Mr. McLEAN (Melfort): The question was quite pertinent.

Mr. DOUGLAS: In the meantime I suggest that the hon. gentleman resume his seat. Even if we accept the statement of the Minister of Finance that there has been a five per cent decrease in unemployment, it means that the unemployment problem, diminished to the extent of five per cent, is with us for at least twenty years.

Mr. DUNNING: You are a bad calculator, I am afraid.

Mr. DOUGLAS: If you work it on a compound basis it may be less, but according to the commission's own statement the decrease is not even five per cent. There is an increase in the number of people on relief. The Minister of Labour has not told us what he and his commission, on which we have spent nearly $100,000, are going to do. We have a home improvement scheme which may help Canadian Industries Limited, sell paint, but it is still to be demonstrated how many people it will put to work.

Mr. DUNNING: It has paid $1,000,000 in wages.

Mr. DOUGLAS: To whom?

Mr. DUNNING: To the working men.

Mr. DOUGLAS: Yes, and the money has been borrowed by people who next year must take it out of purchasing power and return it to the lending institutions.

Now I come to another question that has been brought to the attention of the house several times, and I do not propose to deal with it in detail. I refer to wheat. When the wheat board legislation was in its initial stages a great many people thought that it was to provide an orderly marketing system by which all wheat was to be delivered to the wheat board, the farmer was to receive a fixed price and a participation certificate. Then the proposal was attacked, the attack being led by Colonel J. L. Ralston. Delegations came from the Winnipeg grain exchange. Mr. J. R. Murray, then secretary of the grain exchange, was in the capital, and at that time we heard bandied about the dominion such phrases as "give the Winnipeg grain exchange another chance" and "give the farmer the right to market his wheat where he wants," with the result that there were amendments to the act which permitted the farmer to sell the wheat either in the open market or to the wheat board. Then came the present government, and the first thing that government did was to change the personnel of the board. They looked all over Canada to see whom they could get, and it is well known whom they selected. They chose Mr. Murray, the former secretary of the grain exchange, who had worked so hard the year before to prevent the wheat board from coming into existence. Putting Mr. Murray in charge of the wheat board was like putting a weasel in a hen coop to raise chickens. And he succeeded very well. Ever since he took over that responsibility we have had what is commonly known as a fire sale policy for wheat. That has been amply demonstrated by the leader of the opposition, by my deskmate, the hon. member for Rosetown-Biggar (Mr. Coldwell), and the hon. member for Qu'Appelle (Mr. Perley), so there is no need for me to place the figures upon Hansard. But most amazing of all, when last year for the first time in five years it was apparent that wheat was going to bring a price somewhat commensurate with its cost of production, what happened? It was announced on August 28 that unless wheat dropped below 90 cents a bushel it would not be accepted by the wheat board. So we see the progress: First of all wheat was to go through the wheat board; then it was to be through the wheat board or the open market; and now unless it is below 90 cents it is to be all sold on the open market. In other words, the 1936 crop of western Canada has been turned over to the grain exchange and the speculators. I know men in my own district who made more money out of buying options than growing wheat. It is coming to a pretty pass when one man can make more money out of paper wheat than another can make out of real wheat that people eat. The result is that the farmers of western Canada have lost on an average between 20 and 30 cents a bushel, which otherwise would have been purchasing power in the hands of the people on the prairies.

Mr. BOTHWELL: I should like to ask the hon. member a question. Does he believe that?

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. DOUGLAS: I come now to the statement made yesterday by the hon. member for Swift Current (Mr. Bothwell) in his annual speech. He read extracts from some articles which I wrote, and took great exception to them. There is an old saying:

> Oh wad some power the giftie gie us
> To see oursels as ithers see us!

Mr. McLEAN (Melfort): Hear, hear that makes it unanimous.

Mr. DOUGLAS: The hon. gentleman (Mr. Bothwell) must have been disillusioned on reading that article, so I do not wonder that he was a little upset. On reading his speech

this morning I find that I did him a service, because if you take out the articles of mine that he quoted there is not much left of his own. What he did was to give certain excerpts from my articles and say they were misrepresentations, but he did not in any case cite where the misrepresentation lay, although I asked him to do so. He did not, for instance, answer the question of certain Liberals from Saskatchewan, some of whom condemned the action of the government on wheat, while others wired to the Minister of Agriculture (Mr. Gardiner) asking for an explanation of the government's action. But throughout the entire speech from the throne and the budget speech there was no reference to the matter. On the hustings, of course, some hon. gentlemen were quite vociferous, but here they become as calm as Mary's little lamb. The hon. member for Swift Current said nothing to explain that. All he said was that I was misrepresenting facts. But, Mr. Speaker, I could go back over Hansard and substantiate exactly what I was saying. That would take some time and this is neither the time nor the place for it. But I will make the hon gentleman this sporting proposition: He and I are very close neighbours, and I am prepared to come to his city of Swift Current, I suggest on the first day of July, but he can name any day he likes—

Mr. McLEAN (Melfort): Why spoil the holiday?

Mr. DOUGLAS: I admit it would spoil his holiday, but I am quite prepared on that occasion to substantiate the statements that I made in the articles, and my hon. friend will have the opportunity there to prove any misrepresentations. I shall be very glad to come, because there there will be none of the restrictions that the rules of this house place upon a member. The gloves will be off, and we shall see whose hands are dirty. Or since the hon. gentleman is not enthusiastic about that venue and he would prefer to come to Weyburn, I can guarantee him a very warm welcome. But talking as he did about having regard to the ninth commandment, I was glad to learn that the hon. gentleman knows at all events that there are commandments—I had not given him credit for that.

Mr. BOTHWELL: Did you give any other member credit for that?

Mr. DOUGLAS: In his speech yesterday, at page 1565, the hon. member referred to the fact that he had received a number of resolutions, and had attended one of these meetings of protest. He says that some of the resolutions were couched in very similar language. If I remember correctly he said yesterday that he had attended a meeting at a place called Cabri, although I see on reading Hansard that the reporter must have failed to catch the name of the town, but the hon. member mentioned it for I wrote it down and so did my deskmate. The hon. member said there was no resolutions committee appointed, that a prepared statement was brought in and put to the meeting. The man who spoke at that meeting is in Ottawa, and if I am not mistaken he is in the gallery of this house. What happened? I believe some 1,400 people gathered there—

Mr. BOTHWELL: Five hundred at the most.

Mr. DOUGLAS: I am merely giving my hon. friend my understanding; he can correct it later. A committee of eleven business men from eleven surrounding villages sat in with ten farmers, making a committee of twenty-one, which drew up the resolution passed by the meeting.

My hon. friend implied yesterday and on another occasion when the hon. member for Qu'Appelle (Mr. Perley) was speaking that these protests coming from all over western Canada came from some central source seeking to stir up feeling against the government. He has not the courage to say so, but he implies it. Why not say plainly what he means? I received scores and scores of these resolutions, and naturally there was some similarity in the language. Several hundred people could not write resolutions on the same subject without using somewhat the same language. To imply that the feeling of protest that is sweeping across western Canada is to be attributed to only a few persons, who for subversive reasons are trying to stir up trouble is merely dragging a herring across the trail. After telling us that there is a similarity in the language of the resolutions, the hon. member does not say what he thinks about that action of the wheat board, whether he agrees or disagrees with it, whether he is pleased or displeased. He does not say what he told the people of Cabri, does not say whether he objected or acquiesced in the passing of the resolution—not a word, only that there was a similarity in the language in which these different resolutions were couched. I tell my hon. friend and those with whom he sits that perhaps nothing has been done by hon. gentlemen opposite that has caused such a widespread feeling of sorrow even among their own supporters, the farmers of western Canada, and many of the urban residents of western Canada, that the west should have been thus betrayed and that millions of dollars which should have gone to

the farming people and through them to the storekeepers of western Canada, are now to be found in the bank accounts of speculators on the Winnipeg grain exchange.

In closing I wish to analyze in a few sentences some of the expenditures of the budget. Of our total revenue 10·06 per cent comes from excise, 25·55 per cent from sales tax, and 18·03 per cent from customs duties, making a total of 53·64 per cent of the revenue of Canada that comes from the consuming public. I have here an article written by the hon. member for Huron North (Mr. Deachman), who reads detective stories, and fortunately leaves his thumbprint on all the campaign literature that he issues. He moans nigh unto tears about the forgotten consumer. I wonder about the forgotten consumer, when out of every dollar of taxes raised by the federal government 53·64 cents comes out of this poor forgotten consumer, whereas the income tax produces only 22·56 per cent of the national revenue. I think again of what has been said so often, that we are raising the money to run the Dominion of Canada from the people who can least afford to pay it. Somebody says: Well, the alternative would be to soak the rich. It is not soaking the rich. There is an old principle, and a good one, that "those who are strong ought to bear the burdens of the weak;" that those who have the money are the ones who ought to pay in order to keep the dominion solvent. Instead of that, the bulk of the money necessary to finance this country is taken from the people who buy goods at the store, no matter how small their incomes may be.

Let us now look at government expenditures. We find that funded debt charges take 31·3 per cent of the national income, and that interest on bonds of government-owned enterprises accounts for 9·84 per cent, making a total of 41·14 per cent. If we were to add the loans to the provinces, which in many cases are made for the purpose of paying interest charges, the total would be much higher. But leaving it at that, out of every dollar we receive by way of taxes, we pay 41·14 per cent in interest charges.

Mr. DUNNING: No, no.

Mr. DOUGLAS: I have given the figures: 31·3 per cent for funded debt charges, and 9·84 for interest on the bonds of government-owned enterprises. I should be glad to have the correct figures if I am wrong, but I am taking my figures from the budget speech.

Mr. DUNNING: You are creating a duplication, that is all.

Mr. DOUGLAS: I hardly see where it comes in. I will read the figures from the minister's table; perhaps that will be better. On page 1228 of Hansard I find, under the heading of expenditures, that the total public debt charges amount to 31·30 per cent of the total revenue. Then, continuing to read the table on page 1228, I find that government-owned enterprises account for 9·84 per cent of the total revenue. That includes losses charged to the consolidated fund in regard to the Canadian National Railways and the National Harbours Board, and non-active loans and advances to these two enterprises.

Mr. DUNNING: But that represents losses, not interest charges.

Mr. DOUGLAS: But we are paying the interest on the Canadian National bonds. Let me read further from this table, showing the percentage of the total paid out in various ways:

Subsidies and special grants to provinces	3·76
Grants in aid to provinces	6·40
All other assistance	3·79
Drought area relief	2·15
Dominion projects (special supplementary estimates)	5·45
Old age pensions	4·98
Pensions and after care of soldiers, pensions, war and military	9·53
Treatment, and after care of returned soldiers	2·66

Even taking only the funded debt charges I submit that 31 cents out of every dollar collected by way of taxes goes to pay interest, which is out of all proportion to all other amounts we are paying to take care of the people of this country. Therefore I submit that this budget, like last year's budget, still places the burden of taxation upon those least able to bear it and that we continue to pay too large a portion of our income in interest charges on bonds. We are continuing to practise what we have done for so many years: To him that hath shall be given, and from him that has very little we will take away even some of what he has.

The house divided on the amendment (Mr. Bennett), which was negatived on the following division:

YEAS

Messrs:

Anderson	Clarke (Rosedale)
Baker	Coldwell
Barber	Douglas
Beaubier	Edwards
Betts	Elliott (Kindersley)
Blackmore	Esling
Brooks	Fair
Brown	Graydon
Cahan	Green
Casselman	Hansell
Church	Hayhurst

Heaps
Hyndman
Jaques
Johnston (Bow River)
Kuhl
Landeryou
Lennard
Lockhart
MacInnis
MacNeil
MacNicol
Macphail, Miss
McGregor
Marshall
Massey
Moore
Needham
Perley (Qu'Appelle)
Perley, Sir George
Poole
Quelch
Ross (St. Paul's)
Rowe (Athabaska)
Senn
Spence
Stewart
Stirling
Taylor (Nanaimo)
Thompson
Tolmie
Tustin
Walsh
Wermenlinger
White
Woodsworth—57.

NAYS

Messrs:

Ahearn
Barry
Beaubien
Bertrand (Prescott)
Bertrand (Laurier)
Black (Chateauguay-Huntingdon)
Blair
Blanchette
Bothwell
Bouchard
Boulanger
Bradette
Brasset
Brunelle
Cameron (Hastings South)
Cameron (Cape Breton North-Victoria)
Campbell
Cardin
Chevrier
Clark (Essex South)
Clark (York-Sunbury)
Cleaver
Cochrane
Crerar
Crète
Damude
Davidson
Deachman
Denis
Deslauriers
Donnelly
Dubois
Duffus
Dunning
Dupuis
Dussault
Elliott (Middlesex West)
Emmerson
Evans
Fafard
Farquhar
Ferguson
Ferland
Ferron
Fiset, Sir Eugène
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemount)
Fraser
Furniss
Gardiner
Gariépy
Gauthier
Girouard
Gladstone
Glen
Golding
Gosselin
Goulet
Gray
Hamilton
Hanson
Hartigan
Hill
Howard
Howe
Hurtubise
Ilsley
Isnor
Johnston (Lake Centre)
Kinley
Lacombe
Lalonde
Lapointe (Quebec East)
Leader
Leclerc
Leduc
Little
Macdonald (Brantford City)
MacKenzie (Neepawa)
MacLennan
MacMillan
MacRae
McCann
McCuaig
McCulloch
McDonald (Souris)
McGeer
McIntosh
McIvor
McKenzie (Lambton-Kent)
McKinnon (Kenora-Rainy River)
McLarty
McLean (Simcoe East)
McLean (Melfort)
McNevin (Victoria, Ont.)
McNiven (Regina City)
McPhee
Mallette
Maybank
Mercier
Michaud
Mills
Mulock
Mutch
Neill
O'Neill
Parent (Quebec West and South)
Parent (Terrebonne)
Patterson
Pinard
Plaxton
Pottier
Pouliot
Power
Purdy
Raymond
Reid
Rennie
Rhéaume
Rickard
Rinfret
Robichaud
Rogers
Ross (Middlesex East)
Ross (Moose Jaw)
St-Père
Sanderson
Sinclair
Streight
Sylvestre
Thauvette
Thorson
Tomlinson
Tucker
Turgeon
Turner
Veniot
Verville
Vien
Ward
Weir
Winkler
Wood
Young—145.

PAIRS

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

Messrs:

Bennett — King
Harris — Jacobs
Lawson — Mackenzie (Vancouver)

Mr. SPEAKER: The question is on the main motion.

Mr. W. R. TOMLINSON (Bruce): Mr. Speaker, I am happy to have the opportunity of expressing to the Minister of Finance (Mr. Dunning) my congratulations upon the budget he presented to the house last week, which reflects the progress of Canada upon economic and national lines. When I look back at last year's budget I see that he has been even better than his word; he is fast leading us out of the land of Egypt and has set our feet on the path toward the promised land of returning prosperity. I congratulate him upon the remarkable feat he has accomplished in reducing the expected deficit of $100,000,000 by approximately $13,000,000, and with his hand at the helm I feel that we are in a fair way to balance our budget within the life of this parliament.

In order to discuss the budget as it affects the county of Bruce, I intend to divide it into four subjects: tourist trade, the fishing industry, farming, and manufacturing. I have the honour to represent a riding having 225 miles of shoreline along lake Huron and Georgian bay. The tourist trade in Bruce county has grown to a considerable extent. We are informed that the estimated value of the tourist trade last year was $250,000,000, an increase of 24 per cent over 1935. I should like to name some of the

important towns and villages located along the lake shore. First there is the beautiful town of Wiarton; then there is Lion's Head, Tobermory, Stokes Bay, Sauble Beach, Southampton, Port Elgin, Inverhuron and Kincardine. In between are innumerable small summer resorts. On the Tobermory ferry, which connects with South Bay Mouth of Manitoulin Island, 4,860 persons travelled last year, an increase of 1,000 over 1935. In my own town of Port Elgin we had 2,000 more tourists this year than last, coming from all over the continent as far south as Mexico. I talked to several of these tourists, and their whole idea was to stress the friendly feeling between Canada and the United States since the Liberal government took office; they were pleased to come over here and spend their money, knowing that in return we were prepared to deal with them. The tourist trade means more than that to Bruce; its advantages extend to the farming community. There are farmers selling to these tourists during two months as much as $1,000 worth of goods. More and more farmers are taking advantage of this opportunity to obtain a little ready money. For these reasons I congratulate the Minister of Public Works (Mr. Cardin) on his cooperation in endeavouring to repair and improve the harbours, wharves, piers and docks, in order to accommodate the ever-increasing number of tourists who may visit these parts of the country.

I turn now to the fishing industry. Naturally you cannot have tourists without opportunities for fishing, but the industry is of considerable commercial value. Due to the trade agreement with the United States and the lowering of the tariff on fresh water fish, we received for our Georgian bay and Huron lake trout an average of between 11 and 15 cents per pound during the whole season of 1936, in place of a price of 5 or 6 cents per pound which prevailed before the agreement came into effect. Although the official figures for 1936 are not yet available, I am told that fresh water fish to the value of over $2,000,000 more than in 1935 was shipped to the United States this past year. That is one example of the effects of the trade treaty in that part of the country.

The next industry I wish to discuss is farming. It is, of course, a most important industry in the riding of Bruce. Looking back on the cold dark cruel days of 1931 and 1932, I find we were taking 2 cents a pound for beef, 3 cents a pound for pork, giving our oats away, unable to sell our hay, and receiving 35 cents a bushel for our wheat. Due to the high tariff imposed by the Conservative government of those days the farmers were driven right down into the earth from which they were trying to make a living. Some of them decided to gather together a few shekels, form a deputation and come to Ottawa to interview the government for which they voted in 1930. What happened? They collected the shekels, paid their way down here and when they arrived in Ottawa they could not achieve anything; the present leader of the opposition (Mr. Bennett) announced: I am too busy. What was he busy at? I will venture to guess that, for one thing, he was busy firing and hiring. He forgot the farmer. Not only was there the forgotten consumer, but there was during those days the forgotten farmer as well. Never mind, said the then Prime Minister, I received your vote in 1930, and that is as far as I wish to go; there are certain pet industries which I wish to look after and protect. He drove a sword right into the heart of these men. Then he came along and said: Maybe I had better pacify them to some extent; I will make a treaty with Great Britain; I will smash my way into that market. And he smashed in. I venture to say that if he had received a deputation of farmers, practical men who live on the land and know what they are talking about, men who had certain questions they wished to discuss, and had talked over their problems with them, he would have learned that on the farms they raise other produce besides hogs.

After he made that particular agreement, after he drove the wedge home, all he could get from the British market was a concession in respect of that one product, hogs, and naturally the price of hogs increased. That was not sufficient to maintain our farmers. Gradually they went deeper and deeper into debt. So the former Conservative government decided to twist the sword around a little more. They said: An election is coming along; we had better hand something to these farmers—and they dished up the Farmers' Creditors Arrangement Act. That was their idea of a gift to the pioneers of this country. They said: It makes no difference that you have gone so deeply into debt—now, you can repudiate your debts. I do not blame some of our farmers for taking advantage of the opportunity. It was not their fault; it was the policy of the former Conservative government which drove them to that extremity.

I have listened to some illuminating figures from hon. members who sit on the opposition side. I have also a few figures that I should like to place on Hansard. I intend to show what the Farmers' Creditors Arrangement Act cost the taxpayers of Canada. The dominion

expended from the inception of the act to March, 1935, $269,142.09. But then we come to election year, when numbers of officers were appointed throughout the dominion. From April 1, 1935, to March 31, 1936, the administration of the act cost $712,015.06. Yet I hear hon. members talking about the National Employment Commission having cost $87,000! In my own county the act was, of course, a juicy proposition for a few of the old Conservative stalwarts. On September 1, 1934, when the act was proclaimed in Ontario they appointed Mr. Snyder of Wiarton, the president of the Conservative Association, as official receiver. He was to receive $1,800 a year and all expenses. But from September to the end of December, 1935, he received a salary of $2,130, and expenses of $627.07. Some other good Conservatives thought this was too luscious a morsel for Mr. Snyder to keep to himself. So a little pressure was brought to bear, and Mr. Rowland, of Walkerton, obtained an appointment. He was appointed on February 19, 1935, and held office until December 31, of that year. In that period he received a salary of $1,746.23, and expenses of $946.73. Why, Mr. Speaker, he was running around the country selling the scheme like life insurance: every time he coaxed a farmer to take advantage of the act he received a fee and his travelling expenses; at the same time he was doing a little electioneering. Both these gentlemen were active throughout the county, and when the government changed, on October 14, 1935, I asked the government to fire them, and they were fired without hesitation. Here is the cost since then. We appointed one man in the town of Kincardine on January 1, 1936. His salary to the end of December, 1936, was $1,245, and expenses $183.12, or less than one-fifth of what the former government paid for the same services. And don't forget, he does all the work the other two receivers did over the whole county. As I say, it is less than one-fifth of what the former government paid for the same work. Of course that was election year and explains the extra cost. That is the sort of thing the farmers had dished up to them during the Conservative regime.

I believe it was the hon. member for Huron North (Mr. Deachman) who said that 54 per cent of the people of Canada live in the cities, the rest in the country. How has that come about? It is easily explained. How could you ask the young men and women of Canada to live on the farm where they could not receive enough money even to buy clothes? That is what happened in the five years of the Conservative regime. These young people could not get enough money to spend; there was no future for them. That is not fair play to the farmers—and all the farmers ask for is fair play. They want fair prices for their products; they want a fair return for their labour. And to-day they are receiving a fair return. I admit it could be better, but they are satisfied to-day as a result of the foreign markets which the present Liberal government has made available to them—foreign markets for their wheat and their hogs; because under the present agreement we are guaranteed a market in Britain. That means a great deal to us. It must not be forgotten that a farmer is entitled to the conveniences that are enjoyed by the average town resident to-day. No one will dispute that. Have the farmers enjoyed those conveniences? No, they have not. I am glad to say that the provincial government is now placing hydro at their disposal, and it is up to the dominion government to see that they receive fair prices for their products. As I say, they are receiving fair prices now, and conditions will improve as long as we pursue, under the Liberal government, the policy of foreign markets. Give us foreign markets to absorb our surplus, and then our boys and girls will come back to the farm. For there is no better thing than life on the farm, and with improving conditions our young people will not seek the bright lights of the city.

I am going to support this budget because, as I understand the policy of the government which I pledged myself to support, the object is, first, to place the basic industries of Canada in a thriving position, and once that is done, then automatically the other industries will prosper. As a matter of fact, that is what has happened. The manufacturing plants in my riding are increasing wages. They are not closed by any means, as we were led by the Conservatives to believe they would be. On the contrary, they are prosperous.

At six o'clock the house took recess.

[Mr. Tomlinson.]

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 44, for the relief of Clara Emily Taylor Elkin.—Mr. Jacobs.

Bill No. 45, for the relief of Yetta Ginsburg.—Mr. Jacobs.

Bill No. 46, for the relief of Margurite Emily Coombe Low.—Mr. Jacobs.

Bill No. 47, for the relief of Mary May Rowell Thom.—Mr. Jacobs.

Bill No. 48, for the relief Eva Josephine Millicent Good Ross.—Mr. Jacobs.

Bill No. 49, to incorporate Federal Fire Insurance Company of Canada.—Mr. Macdonald (Brantford City).

Bill No. 50, to incorporate Wellington Fire Insurance Company.—Mr. Macdonald (Brantford City).

Bill No. 51, to incorporate Gore District Mutual Fire Insurance Company.—Mr. Edwards.

Bill No. 52, to incorporate Sterling Insurance Company of Canada.—Mr. Parent (Quebec West and South).

Bill No. 53, to incorporate Toronto General Insurance Company.—Mr. Plaxton.

Bill No. 54, to incorporate the Sons of Scotland Benevolent Association.—Mr. Reid.

CRIMINAL CODE AMENDMENT

Mr. T. L. CHURCH (Broadview) moved the second reading of Bill No. 22, to amend the Criminal Code.

Mr. LAPOINTE (Quebec East): Explain.

Mr. CHURCH: The subject matter of this bill has been discussed in the house in three different sessions. On February 13, 1935, I brought to the attention of the house the slaughter on the highways of this country which is going on night and day to such an extent that almost every highway in this country is coloured with blood. The debate went on all afternoon and into the evening, and the Prime Minister of the day (Mr. Bennett), now the leader of the opposition, was so much impressed with the casualties that he offered me a committee. As I already was busy on one committee I was unable to go on with another during that session.

In the session of 1936 I introduced Bill No. 57, to amend the criminal code, dealing with various phases of motor car hazards. While it is true that this matter is under provincial control in part, still the criminal law of this country is under this parliament, and we should be able to take some action. The bill was discussed on May 12 last, and after a short debate the Minister of Justice (Mr. Lapointe) moved the adjournment of the debate, just as was done in another case the other evening. I have been trying to find out since then whether this is a free parliament or not, because if it is a member should be allowed to bring up any question coming within section 91 of the British North America Act, discuss it and press it to a division. That is one of the principles of Liberalism. The Minister of Justice moved the adjournment of the debate. There were five or six other speakers who wished to speak that evening, and he said he would consider bringing down an amendment to the code. Then about a week before the session closed the minister brought down a general bill to amend the criminal code, and my amendments were not in it and nothing was done.

In my opinion there should be a standing legal committee of this house every session on law reform. The criminal code deals with the liberty of the subject and the rights of property. Law reform is a most important problem. This parliament is far behind England and the United States in what has been done in that respect. As a result of my bill being brought in, the Minister of Justice in the dying days of last session brought down a bill, after a number of hon. members had gone home, and when it was too late for members to consult with judges, magistrates and crown officers in their districts. The result was that no clauses of Bill No. 57 which I had introduced were considered; the house had no opportunity of considering them. If the minister is going to bring down a bill to amend the criminal code or bring about any law reform, it should be done early in the session as is done in the old country, so that members of parliament may consult judges, magistrates and crown officers on the merits or demerits of the proposed legislation.

I wish to acknowledge the debt of gratitude we owe to the press particularly and to the motor league and to the careful motorists of this country for what they are doing to prevent accidents and prolong life and aid in public safety. Were any devastating disease to take the toll the motor car is taking by night and by day, science and medicine would know no rest until they had found a cure. The death toll by the motor car constitutes Canada's greatest scandal. The slaughter goes on all over the country, and the economic losses are appalling. The worst thing about it, I think, is the indifference of the public, and of a great many newspapers and the legislatures, though I may exempt from that criticism a great many Ontario papers, especially the Toronto papers.

The bill I have introduced is not perfect by any means, but section 1 is the same section the Minister of Justice himself proposed during the session of 1930. At that time an amendment was made and adopted, unwisely, I think, but I believe the first section of this bill should pass. The amendment moved to the minister's bill in 1930 and adopted in committee of the whole has

been found to be inconsistent, unworkable and full of loopholes, with the result that it has been absolutely futile in checking the slaughter, as many of the ablest judges have pointed out. Any steps taken by way of collecting reports have simply led to a glorious fiasco, while the slaughter goes right on.

This is the score in the city of Toronto, from which I come: Last week-end there were thirteen people hurt. The totals to date for 1937 so far are: Dead, 11; hurt, 538; drivers gaoled, 29. The figures for 1936 were: Dead, 69; hurt, 3,475; drivers gaoled, 104. I have in my hand a picture of an accident which I saw on Saturday, May 4, 1935. Here you can see the husband running up; here you see the wife, who had just bought a newspaper and who, on attempting to cross the highway, was killed instantly. That sort of thing is going on in Toronto all the time. The hospitals are filled with these accident cases; the accommodation has had to be increased. You could fill the seats of this chamber fifteen times over with the people hurt last year in Toronto alone. At the opening of the Toronto winter assizes, January 11, 1937, Chief Justice Rose had this to say to the grand jury with regard to the present law:

"The toll of life by motors is appalling and the number of people injured is infinitely greater," declared Chief Justice Rose in his address to the grand jury this afternoon.

"Careless driving will stop just as soon as the people of Ontario make up their minds that it is to stop," he continued. "It cannot be done by more motor regulations, you would need to have as many constables as there are motorists, to enforce them, but it can be stopped by the penalties of the law and people must not be afraid or get the idea that they will incur odium if they give information that results in convictions.

"It is the part of juries to see that there are convictions. If lawbreakers get the idea there will not be convictions they will continue."

His lordship said there appeared to be something illogical in the fact that a motorist who kills gets a term in prison while another who is merely fortunate enough to injure his victim gets off easily. The reckless driver is a potential murderer, and does not deserve leniency and juries should make up their minds to that effect.

Five years ago in the old country they appointed a committee of both houses of parliament to go into this question, and they got something done. On February 13, 1935, there was a non-political debate on this question in this house on a resolution of mine, in which some twenty-seven members took part. I wrote the Minister of Justice early in the present session to see if he would not nominate a committee to go into the matter. I do not want to be bringing it up all the time; in fact, I may not bring it up again,

[Mr. Church.]

because I can get no results. They got results in England, however; they created a ministry of transport. It is true that in Canada the provinces have some jurisdiction; the federal government here has not the same power as in England. Here I have a newspaper picture of the Minister of Transport of England down in the east end of London among the working people, many of whom are killed each year while crossing the road, and seeing at first hand the cause and effect of accidents.

I should like now to refer to three or four paragraphs of the bill; then I might go over the clauses, and I should be able to conclude in five or ten minutes. No one of an independent mind should have any doubt but that the condition of motor traffic on our highways is as discreditable to this country as was the enforcement of prohibition in the United States, and I submit that this problem of motor statistics must be approached with an open mind. I have already given the figures for the whole world, but people seem to lack interest. In five years in the United States 125,000 people were killed and 4,000,000 were injured on the highways—twice the number of men killed while serving overseas with the United States expeditionary force.

One of the commandments of God is that no one shall kill, but many men of real worth, through selfishness and carelessness, have violated the laws not only of God but of man. No invention has contributed more to the education, pleasure and enjoyment of the people than the motor car; but its use is one thing, its abuse another. As with every great invention, use and abuse are two distinct things. During the past century scientific discoveries in medicine, chemistry, and physics have resulted in untold good to humanity, but the abuse of some of these discoveries in chemistry, biochemistry and physics has in war proved a curse to mankind. And in like manner to-day the abuse of the motor car is a curse to humanity.

On looking into this question one finds involved in it tremendous annual losses in deaths, accidents, injuries and money. Untold sorrow and suffering is caused, intense pain and grief exceding anything the human imagination can conceive. The only evils which have equalled it are plague, pestilence and famine, battle, murder and sudden death. It would be misleading and mischievous to attribute all the blame for these ghastly horrors on our highways to all who drive and use motor cars. Ninety-five per cent of the drivers want to obey the law; it is the five per cent about whom I am complaining.

One has to study the records to know the facts, and as I study the records of thousands of cases I am driven to the conclusion that beyond dispute this small minority must take the major part of the blame. They appear to have exploited for their own pleasure or profit the generous tolerance of others by using their cars in an irresponsible, careless, cruel and unchristian way. The fault is grievous, and they can have no ground for complaint if they are put under restraint as far as the criminal code is concerned. Ignorance and thoughtlessness are no palliatives; obedience is the only reparation they can make, and it is long overdue.

I should like to quote something that was said by the late Chief Justice R. M. Meredith, who so ably presided on circuit for nearly 46 years and may I say that I am sorry to see such a great name criticized, especially in the province of Ontario, after what the Meredith family have done for the province as judicial officers. At the last assizes over which the late chief justice presided in Toronto he addressed the grand jury and remarked on the very amendments that were made in 1930. He said:

> And as now nearly everyone is a car owner and car driver, young and old, of all sorts and conditions, it is difficult to get justice in even a civil action.
>
> Car-driver-jurors have nearly all the speed fever; and self-preservation instincts are so strong that they will not be persuaded to decide against drivers who have been no more unlawful than they themselves often, if not commonly, are.
>
> What then is the remedy? I think it should be: Make the laws plain and reasonably severe and enforce them; and cancel licences freely.
>
> And at the other end of the matter: Give no licence to anyone who is not proved to be mentally and physically, and from experience and a knowledge of the highway laws, thoroughly capable.

In England this question has been taken up. In five years, from 1929 to 1933 inclusive, 34,000 have been killed and 973,782 injured over there. But in Canada no interest is taken in the slaughter. It is said that accidents are unavoidable, and we are told that an outcome of the modern car is the desire for speed. Everyone seems to have the speed fever, except the House of Commons and the Senate, unless in the dying days of a session. I do not know how many of us will be here next session, from the way I see people driving in the city of Toronto. Hon. members ought to go down to the Danforth or Greenwood constituencies and see the speed fiends from all over who drive through the streets on Saturday nights. I never saw anything like it in my life. It takes a long time to cross a street. One has to wait two or three minutes before it is safe to cross; as a matter of fact, the only safe way is to go down to a street corner and cross with the light. Sometimes even that is not safe, because motorists try to beat the light. A situation such as this calls for united efforts from the church, the press, parliament, the legislatures, boards of trade and chambers of commerce, and all public bodies. The privation and sorrow, the broken lives and shattered homes, resulting from such a holocaust are just as real as at the time of the nation's supreme trial in the war. It is hidden and suffered in silence, but how long will that continue to be so?

Three features dominate in the conduct of motor traffic: a domineering indifference to the convenience of others, excessive speed, and congestion. Ever since man learned to direct a machine more powerful than himself he has asserted his superiority of force over his neighbours. "Make way or take the consequences" has been his cry. Yet this indifference to others is limited to a small number of motor drivers. The motor leagues of the provinces make the same complaint. It is a small number out of the large body of drivers who transgress; 99 per cent of them respect and obey the law. The majority of motor drivers have only a hazy knowledge of the mechanism of their machine, and for absolute control the only condition in which a car is fit to be driven at thirty miles an hour is perfect adjustment and condition. Even so the machine is potentially as dangerous as a loaded gun and must be handled with equal care and vigilance. A moment's inattention may be fraught with dire results. Every motor vehicle is a dangerous implement, even when controlled by the most expert, and requires incessant vigilance in all circumstances, especially at speeds above thirty miles an hour.

The debate in 1935 took place on February 13.

Transportation should be a means to an end, not an end in itself. The Department of Justice seems to rely on turning the matter over to the provinces. There is no reason why slaughter on the highways should be permitted while the House of Commons and the Department of Justice are having a sit-down strike—because that is all we have been having in connection with this matter. In fact, the Department of Justice is always on a sit-down strike, on this question anyway.

I will amend what I said the other night about the Department of Mines and Resources, because I believe that department takes second place when it comes to a question of the sleeping sickness with which the Department of Justice seems to be afflicted on

this particular question. I happen to know about it, because the Minister of Justice on a former occasion simply moved the adjournment of the debate, and nothing was done about it. That was done in the last hour or two of the session.

May I read an editorial from a Liberal paper, the Toronto Daily Star. I do not often quote that paper, but its sporting column is all right, and it is sound on many matters and in the matter now before us. They are copying the Evening Telegram, which has waged this battle for five or six years on the need of motor car regulation as a pioneer on the subject. Lawlessness has crept into Canada from the United States, with the result that the freedom of the press has been almost destroyed. The old weekly independent country papers, which were the backbone of the rural press, have been destroyed. May I pay tribute to the Toronto Star for what it said about my leader a few nights ago by the Observer. Hon. members have heard a great deal about the Premier of Ontario and his budget to-day. Now listen to this from the editorial in the Star on Monday, March 8:

> Growing alarm over the increasing number of motor fatalities due to the use of liquor is being shown on both sides of the international boundary.
>
> During the year 1936 the number of persons killed in automobile accidents in the United States reached 38,000, which is more than half the number of United States troops who lost their lives in the Great war. Every week last year 730 citizens of the republic on the average lost their lives in smash-ups on highways or streets. A graph showing liquor consumption monthly over a period of two and a half years and also the number of automobile fatalities shows the number of fatalities rising and falling in almost exact proportions with the quantity of liquor consumed.
>
> Many factors contribute to automobile fatalities, some of which are not susceptible of change. But the drunken driver is not in that category. It is a terrifying experience to be on a highway when a car driven by an intoxicated person comes tearing towards you, swerving from side to side of the road. Premier Hepburn, Hon. Mr. Faulkner, Hon. Mr. McQuesten, Sir James Dunn and Mr. Walters, the comptroller of finance, when driving together on Sunday night were thrown about by another car side swiping them after hitting a third car, and it is alleged that the offending driver, as so often happens in such cases, wanted to pick a fight with those whose lives he had imperilled.
>
> Something more must be done to reduce the loss of life and limb in motor accidents. The police, the magistrates and the crown attorneys have a serious responsibility in that connection. They should not permit charges involving the use of liquor to be reduced because of the influence of the person accused, but should act in every instance in the interest of justice and public safety.

I shall not go further, although I have more editorials from the Toronto papers, the Globe, the Mail and many others throughout Canada.

[Mr. Church.]

May I pay tribute to those newspapers in Ontario of various parties for the stand they have taken in this matter, and in attempting to call to the attention of the people the terrible slaughter that is taking place. The hospitals are full of these cases. One cannot stand in a Toronto hospital for more than an hour without seeing some one brought in, the victim of reckless driving.

I would ask hon. members to turn to Bill No. 22, section 1. It is proposed to strike out the word "intoxicated" and insert instead the words "under the influence of alcohol or of any narcotic"—the words used in the bill brought down in 1930 by the Minister of Justice. Then the words "or has the care or control of a motor vehicle or automobile, whether it is in motion or not," are deleted, the new section reading:

> Everyone who, while under the influence of alcohol or of any narcotic, drives any motor vehicle or automobile is guilty of an offence, and liable—

And so on. There are some changes in the penalties. I do not say the bill is perfect—far from it. I introduced it only with a view to bringing the matter before the House of Commons. Under section 2 of the bill some changes are made in connection with racing and cutting in. Paragraph 7 of section 2 is a new paragraph, following the law in New York state, where they have what is known as unjustifiable homicide. That means that although a person may not have been altogether liable for the accident, yet it takes two to make an accident, and he is guilty of unjustifiable homicide. The Toronto Star stated in an editorial that in time to come any man who kills another on the highway, whether he be wholly or partially liable, will be penalized. A driver having caused a death ought not to drive for two years. What right has a person to drive who has killed another with his car? He should not be permitted to drive for two years. The person killed had just as much right to live as the driver, and there should be some penalty attached to causing death.

Section four deals with the charge of manslaughter arising out of the operation of motor vehicles. There is little change made in this section. Section five deals with trial by jury. On trial by a jury of persons who cause death or serious injury, it is desirable that the functions of the jury should not be curtailed or abolished. There has been much criticism of cases of gross negligence having been taken from the jury. The jury are required to take the law to be what the judge

says it is, and owing to the many cases withdrawn by order of the judge, trial by jury in those cases is negatived, and there are so many loopholes that many persons guilty of gross negligence get off. The increased accidents require that the law should be brought up to date to meet changing conditions, while preserving also the liberty of the subject.

Section six deals with another matter. In conclusion, I suggest that section one should be adopted and that during the recess a committee composed of members from all parties in this house should consider this problem. I am not criticizing motor drivers, far from it, but I believe that in the interests of public safety something should be done. We should not meet here year after year and do nothing about this important matter.

Right Hon. R. B. BENNETT (Leader of the Opposition): I have followed with a great deal of interest the discussions which have taken place on this proposed measure, not only when I was in a more responsible position, but during more recent months. Nothing strikes the average man more in these days than the loss of life upon our highways due to the operation of motor vehicles. Frankly, I have been astounded at the number of deaths reported lately in the press from this cause. I do believe the provisions contained in section one of this bill would go a considerable distance to end this condition. There is no doubt, as the daily press states, that in many of these cases the drivers are under the influence of liquor, and there are disastrous results which in their saner senses would not be contemplated. In my opinion, if we add to the criminal law of this country effective provisions against the conditions that prevail, we will do much to remedy that of which we complain.

There are those who think that making an offence criminal does not add to the weight of public opinion against it. I disagree, when it comes to dealing with matters of this kind. This is a day of high speed, a day in which we hurry rapidly to get from one place to another. I can only say that my own experience has been that frequently I have travelled at rates which upon looking back seem to have been improper. Most accidents happen through thoughtlessness, and the creation of public opinion by making the offence criminal I believe will do much to prevent them. I realize there are some substantially contentious provisions in this bill, but I believe section one will go a long way to end a lot of this difficulty. Section one declares:

> Every one who, while under the influence of alcohol or of any narcotic, drives any motor vehicle or automobile is guilty of an offence.

The mere driving of a motor car while under the influence of alcohol or a narcotic constitutes an offence. I think that is a sound provision, considering present day conditions of our civilization. The section then provides for two classes of responsibility. The first is trial under indictment with appropriate punishment, and the other, under summary conviction. The section then provides that the provisions of section 1035 of the code, in so far as it authorizes the imposition of a fine in lieu of any punishment otherwise authorized, and of section 1081, shall not apply in the case of a conviction for an offence under this subsection. In other words, the punishment is imprisonment without the option of a fine.

Reading an English journal a few days ago I was struck with the fact that a speeding nobleman had been brought into the courts for the third time. His permit was cancelled, I think for a term of years, although it may have been only months. This gentleman was not under the influence of liquor, but he was a speed artist; he had been at it for some time and the authorities made up their minds to stop him. In this country I have noticed quite frequently that just at twilight cars travel at a rate of speed quite unsafe for the walking public. Largely through the efforts of Lord Buckmaster in the English House of Lords, the rights of the pedestrian have been established beyond peradventure. He has the paramount right upon the streets, and the man in the automobile must make the operation of his car subordinate to the rights of the pedestrian.

I am bound to say that this is not the case in continental Europe. I must confess frankly that on one occasion when in a continental city I found it almost like running an obstacle race to avoid being run over. We cannot afford to countenance that sort of thing in this country, and I suggest to the minister that when he brings down his amendments to the criminal code he should consider including section one of this bill among them. I recognize that there may be differences of opinion as to the other features of this measure. But I do not think it is unfair in a country such as this to introduce into our law, where it may be difficult to prove negligence in the sense in which that word is technically used but which really constitutes negligence in the sense that the person operating the machine is made liable, a provision that the causing of the death of another through the operation of a motor car shall constitute an offence. I understand this section is taken from a New York statute, and I believe it should operate very well in this country.

The first part of section two deals with racing and cutting in. The next subsection deals with the causing of death in a culpably negligent manner. The next subsection provides that a person having caused death shall not be permitted to drive for two years, or whatever period the house may think is reasonable.

Mr. DUNNING: That is a provincial law.

Mr. BENNETT: If you make it a punishment for a crime they may or may not pay attention to it. We can make it a punishment for a crime, and the fact that you deprive a man of something he may enjoy under provincial law may be a valid exercise of the power of the dominion with respect to punishment for criminal offences.

Mr. DUNNING: I meant that the present provincial laws provide for a man losing his licence under such conditions.

Mr. BENNETT: I am afraid that some of them do not. They make provision for the suspension of the licence, but if a man is found not guilty, the punishment does not ensue. This section proposes that if anyone is killed in consequence of an accident there shall be no licence issued to drive for a period of time. I am not going to discuss the other questions raised as to the jury being the determinant factor and the provision that there shall be a certain number of women on the jury. Those matters are not relevant to this particular point.

But sections 1 and 2 deal with the enactment of safeguards in our criminal law whereby those who are becoming careless, and increasingly so, may realize that the long, strong arm of the state is to be extended to prevent them from continuing that course of conduct. I suggest to the minister that, rather than entirely disregard the provisions of the measure, he might give it his consideration when he is bringing down his statutory amendments. I know there exists in Montreal a voluntary organization the purpose of which is to render more safe travel by pedestrians on the streets and the use of automobiles. That voluntary effort is highly to be commended, and I think this measure is worthy of consideration in that it looks towards the punishment of offenders. I hope the minister will find it possible to give it the consideration which in my opinion it deserves.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): After what has been said by the leader of the opposition (Mr. Bennett) I do not think it is necessary for me to add anything. I should like simply to express my accord with the purposes of this bill. I think we all realize that the streets and roads in their present arrangement were devised primarily for pedestrians and for horse-drawn vehicles. Automobiles have come along more recently and have pretty well pushed horse-drawn vehicles out of use; further, they have rendered crossing the streets extremely difficult for most people. Even in the cities where there are stop-and-go signals travel is not safe, because, though one may be watching the signals, a reckless driver will take his chance, and none of us on foot has any chance against a powerful car. It seems to me that in view of the tremendous toll which has been taken by traffic accidents, something drastic ought to be done. I hope the minister will insert in the criminal code a provision that will act as a deterrent and thereby lessen the large number of accidents, especially to children, which are taking place all the time in the streets of our cities.

Mr. A. W. NEILL (Comox-Alberni): I should like to support the first section of this bill. I would far rather have a man sent to gaol for thirty days for driving a car while drunk than I would wait till he had killed somebody and then see him go to the penitentiary for three years for manslaughter, and if he gets the idea that he can drive a car while he is drunk he is almost certain to end by killing somebody. It would therefore, I think, be a benefit to such a man that he should be subject to this penalty. I notice that the provision is "while under the influence of alcohol." It is going to be very difficult to determine when a man is "under the influence." The old phrase was "while intoxicated."

Mr. BENNETT: That is changed.

Mr. NEILL: I notice that there is no provision under section 1 for the cancellation of a man's driving licence. It is provided in section 2 that if he is culpably negligent and kills a man he can be subject to imprisonment for a period not exceeding three months, which perhaps means a day, and to have his licence cancelled for a longer or shorter period. That is all right, but apparently there is a discrepancy between the two sections. A man who kills another wantonly while not under the influence of drink is only liable to imprisonment for a term not exceeding three months, and perhaps not more than a day, but a man who drives while under the influence of alcohol and is caught doing it, but hurts nobody, must get a penalty of not less than two months. I suggest that that term should be cut down to thirty days and that his licence should be cancelled for a period. Cancellation of the licence would be for wealthy people

a more serious penalty than a fine. I notice that under section 1 it is proposed to do away with the opportunity of paying a fine, but I think that when no accident happens to punish a man whose one and perhaps first offence is that of being, not drunk, but under the influence of drink, with a penalty not exceeding six months and not less than two months is rather steep. I think the effect which is sought could be secured if he were imprisoned for thirty days or even less because no decent man likes to go to gaol even for ten days, and in addition take away his licence for six months.

The last two sections of the bill I do not think are necessary; to me they seem undesirable. As regards section 1, which appears to reflect the observations of both the leader of the opposition (Mr. Bennett) and the sponsor of the bill (Mr. Church), I should like to see enacted some provision of this kind.

Mr. W. R. MACDONALD (Brantford City): No doubt something should be done to curb the recklessness of the drunken driver. Just how to accomplish it is a matter of some doubt. The automobile has been in existence for but little more than thirty years, and the law relating to its use must be developed gradually. It has been said that the streets are made for pedestrians and horse-drawn vehicles. It may be true that that is what they were made for, but surely we are not spending all these millions of dollars on highways to-day just for horse-drawn vehicles and pedestrians. Conditions have changed, and though our streets were made for pedestrians and horse-drawn vehicles, the automobilist has some rights on those streets, just as much, in fact as either of the two other classes of travellers. True, he may not drive recklessly, but neither may the pedestrian be reckless; he must cross the street when it is safe; he cannot deliberately stop in front of an oncoming vehicle; also the horse-drawn vehicle must be driven with care.

We do not need to pass laws putting a speed limit on horse-drawn vehicles, but it seems to me that the present law regulating the speed of motor vehicles is capable of improvement. I recognize, of course, that this is a provincial matter. In Ontario the speed limit is thirty-five miles an hour, and to-day if you travel along the highways of that province at thirty-five miles an hour you are hindering traffic, you are lingering along the highway. Scarcely a motor travels along the highways in the daytime at less than fifty miles an hour. The automobile companies publish advertisements in which they announce that their particular cars will travel at seventy, eighty or ninety miles an hour. They are allowed to build and to sell cars to travel at ninety miles an hour, and we are allowed to buy them, but the law says: You must not go faster than thirty-five miles an hour. Yet no one is prosecuted who travels well above that slow speed. It occurs to me that the public would have more respect for the law if the speed limit were increased to, say, forty-five or fifty miles an hour in the daytime, and for night travelling thirty-five or forty miles; and compel drivers to obey the law. If that were done there would not be so many accidents. We all agree that there are too many drunken drivers, but just how that mischief can be curbed is to my mind uncertain. I am not so sure that they will be deterred by increased gaol sentences, but I agree with the suggestion made by several hon. members that there should be a provision in the act for suspending the licence of anyone found guilty of driving while drunk. The present term of imprisonment is long enough, but there should be added to that in every case the suspension of the licence for a period. Then anyone who had driven a car while under the influence of liquor would realize that such a thing simply could not be done; and others would know, from the fact that he could not drive his car, that he had broken the law, and that he had not only paid the penalty of imprisonment but had had his licence suspended. The licence might be suspended for a term of three months or six months or even a year, as might be determined. I suggest that the provinces would do well to consider an increased speed limit by day, and that it would help to make the highways safe if the licence of anyone convicted of driving while intoxicated were suspended.

Mr. DANIEL McIVOR (Fort William): I had not intended to speak on this question but the argument so far has been unfair. The man who drives a car after becoming somewhat tightened up by good liquor is blamed, but in my opinion the person that sells the liquor or the government that sells it is just as blameable. The government that sells the liquor is just as much to blame as the man who drinks good government liquor that makes him unfit.

Mr. J. J. KINLEY (Queens-Lunenburg): The suggestion has been made that a part of the penalty for driving while intoxicated should be the suspension of the licence. I would point out that the licence is issued by the provincial government and an order for the suspension of any licence might be an invasion of provincial rights. We all agree,

however, that the automobile is perhaps the most hazardous means of travelling to-day and demands our attention. In my experience I have found the truck a considerable hazard. There are great big trucks with trailers, and an automobile coming on the road and wishing to pass one of these trucks is in great danger of meeting someone who cannot be seen coming the other way. Some provision should be made to limit the width and length of trucks. Trucks are used in trade, which is to some extent interprovincial, so that we have jurisdiction to legislate with regard to them. With transportation what it is to-day trucks are numerous on every highway, the loads are so large, and the trucks themselves so high and wide that everyone regards them as a source of danger. I think the width of the truck should have some relation to the width of the road, because there are many narrow roads that are almost wholly taken up by a truck, and the long truck is a real menace on the curves.

Hon. ERNEST LAPOINTE (Minister of Justice): I am afraid I shall not have time to-night to answer what has been said and to give all the explanations I should like, but I may assure my right hon. friend (Mr. Bennett) that I will give the matter all the consideration it is entitled to and that every provision of the bill before us will be studied prior to the bringing down of a bill which the government intends to introduce to amend certain sections of the criminal code.

May I say in answer to some hon. gentlemen who have taken part in this debate, more particularly my hon. friend from Winnipeg North Centre (Mr. Woodsworth), that there are at present very strict provisions in the criminal code governing the very matter which he has been discussing. The hon. gentleman discussed the subject as if there were nothing in the criminal code to protect pedestrians and those who make use of the highways, and urged that something should be inserted in the criminal code for this purpose. I assure him that there is something in the criminal code, so much so indeed that, unfortunately, the courts have declared some of its provisions to be too severe. They have pointed out that it is impossible to get convictions because the sentence is too drastic, and applications are being made to reduce the penalties imposed by the law as it stands.

With regard to the remarks of my hon. friend from Broadview (Mr. Church), I would make this observation as a matter of principle. Personally I believe that the best governed country is not the country that has the largest number of laws. I remember reading this sentence in the Latin poet Juvenal: "The commonwealth abounded in laws, and corruption abounded in the commonwealth." What is important is, not that there should be such a large number of laws but that there should be good laws which are respected, observed and upheld by the people for whose benefit they have been enacted.

My hon. friend from Broadview (Mr. Church) introduces some rather strange bills for the purpose of amending the criminal code. Sometimes his bills sin on the side of leniency. For instance, last year he introduced a bill under which, if it had passed the house, the person convicted would not have had to go to gaol at all; he might have served his sentence under the care of a constable in the court house. The hon. member thought that the sentence imposed by the criminal code was too severe. Some of his other proposals err on the other side.

As regards section 1 of this bill, this is far from being a new proposal. As the law stands, a driver who is intoxicated is subject to a strict penalty. My hon. friend proposes to change that and make it apply to anyone who is under the influence of liquor. This has been proposed many times, especially when the country was under prohibition. At that time, however, there was more reason for the proposal. The mere fact of drinking liquor was illegal; the purchase and drinking of liquor was illegal, but now it is a legal trade throughout Canada, and if you made it a crime for any man who drinks a glass of wine or liquor at meals to drive his car afterwards—because he would be to some extent under the influence of a stimulant—you would, I suggest, be going very far indeed. Most people cannot afford to have a chauffeur to drive them carefully when they have their liquor inside or under the back seat. For ordinary people I think this would be a very harsh proposal to insert in the criminal code.

I am afraid it is nine o'clock.

THE BUDGET

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

The house resumed consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. J. G. GARDINER (Minister of Agriculture): In rising to take part in the debate on the budget I desire in the first place to join with other members of the house in expressing my appreciation of the very fine manner in which the Minister of Finance (Mr. Dunning) presented the budget to the house. His speech was not only delivered in the best of form but the subject matter was so well arranged that those of us who are not accustomed to budgets could readily discern the real intent and meaning of this budget.

I would remind the house that only two hon. members have spoken on the main motion since the Minister of Finance moved it some days ago—the leader of the opposition (Mr. Bennett) and the speaker who preceded me in this debate (Mr. Tomlinson). I think probably the hon. member for Marquette (Mr. Glen) was correct when he stated that the leader of the opposition probably had something in mind when he moved his amendment in the first speech delivered following the presentation of the budget by the Minister of Finance. I am inclined to think that probably what he had in mind was that a budget so well delivered, and which would be so clearly understood by the people of Canada as well as by hon. members of this house, required the staging of a debate which might for the time being at least lead the mind of the people of Canada away from the importance of the budget address itself. But I am inclined to think that from the point of view of the party that he happens to lead the leader of the opposition chose the most unhappy topic for discussion.

A number of hon. members have called attention to the fact, which I wish to emphasize by mentioning it again, that when the late government came into power there were 117,000 unemployed in Canada, and when they went out of office, according to figures quoted from the other side of the house on a number of occasions, there were half a million unemployed people in Canada. In other words, the policies which were announced in 1930 as a cure-all for unemployment, after having been tried out for five years, proved conclusively to be no cure. That has been emphasized throughout the debate of the past week. Unemployment was not cured by those policies. The condition of unemployment has been improved by the policies which have been put into effect since the present government came into office. It has not been improved as greatly as hon. members and people outside the house would like to see; nevertheless it is improved, and as far as employment is concerned we are on the upgrade.

I wish to confine my remarks to-night mostly to a question which has been discussed in connection with the proposed amendment, and was discussed also by the leader of the opposition in the speech he delivered before moving his amendment—the question of wheat. Certain hon. members, especially those on the other side of the house in all three groups that are in opposition to the government, more particularly those who come from western Canada, have addressed the greater part of their remarks to the question of wheat. As I represent a constituency in a province which produces more wheat than any other province of Canada, in fact produces more than half of all the wheat produced in Canada even when it is suffering from drought, I think I should reply to some of the remarks bearing on that question. However, before dealing with the questions raised by other speakers may I make a few general remarks concerning wheat.

The question of how wheat is to be marketed is of great importance to all the people of Canada, but it is of particular importance to the people who produce it. It is also of great importance to the people who have put their money into the greatest wheat storage system to be found in any country in the world. We have storage capacity in Canada for 419 million bushels of wheat. In the year that we have just passed through we produced only 229 million bushels of wheat. The people who have equipped this country with storage capacity for 419 million bushels are very anxious that wheat should go into that storage, and as in some years there is only half enough wheat grown, or a little more than half, to fill the total capacity of those elevators, it stands to reason that certain people who have an interest in those elevators will put forth an effort to obtain wheat to store in order that they may collect storage charges on it. And all the people of Canada, who are interested in bringing about better conditions for our transportation systems, are interested in the production of wheat in this country. I might go on to deal with the governments of the different provinces and the government of Canada, and relate to this house the great expenditures which have been made necessary in order to maintain people during recent winters because of the fact that wheat did not grow in the same abundance as in some preceding years.

These general statements are of importance in discussing this matter. But I think all hon. members will agree that a matter of the utmost importance is the price obtained for wheat, and the men most concerned in that are those who produce the wheat. After

all, the person who buys the wheat is concerned only with the difference between the price at which he buys and the price at which he is able to sell. It does not make so much difference to him whether the price is low or high, but it does make a great difference to the person who produces the wheat. I make that statement in order to emphasize this: It will be found by those who do not know the farmers of western Canada, and will be admitted by those who do know them—I am speaking of the rank and file of farmers who produce the wheat—that they are much more concerned about the price they obtain than about the agency that obtains that price for them. What the farmers of western Canada want is the very best possible price obtainable for the wheat that they grow. If they can get a better price by one system rather than another they are very likely to be in favour of that system.

In order to place the variations in price on record, I ask the house to bear with me while I go back over a certain period of time. I should like to go back to the year 1908-09, not to deal with every year since in detail but in order to indicate in five well-defined periods the prices that have ruled for wheat produced in Canada.

Taking the years from 1908-09 to 1913-14, before the war, I find that the range of wheat prices was from 84·4 cents in 1912-13, which was the lowest price obtained in that series of years, up to 116·1 cents in 1908-09. That is, the lowest price obtained in that period was 84 cents—using round figures—and the highest price $1.16 at Fort William.

The next period is from the first year of the war, 1914-15, to 1922-23. That takes in the war years and those immediately following the war, until the wheat pool came into existence. During a considerable part of that period we had a wheat board; during the entire period wheat prices were influenced by the fact that we were in the midst of a war or had just been in a war. The lowest price obtained during that period was $1.10½; the highest price was $2.24 at Fort William, and prices varied within that range. May I add that we had a wheat board during that time for the purpose of keeping down the price of wheat, not for the purpose of keeping it up. That wheat board was brought into being in order to control the price downward, so that the allied countries would not have such great difficulty in financing the feeding of their armies and their people.

Then in 1923-24 we had the organization of the wheat pool, and the lowest price obtained during the time the pool carried on in western Canada as a contract pooling organization was in the first year they operated. That price was $1.07 a bushel. The highest price was obtained during the second year they operated, 1924-25; that price was $1.68½, and prices varied between those two levels during that period.

Now I come to the period when we had stabilization, under Mr. McFarland, beginning with the year 1930-31, and continuing down to the year 1934-35. During that period the lowest price of wheat was 54·3 cents per bushel at Fort William, and the highest price was 81·9 cents per bushel. What I wish to point out to this house is that the lowest prices ever obtained for wheat in the history of the Dominion of Canada were those obtained during the stabilization period under Mr. McFarland. I am not going to say there were no influences other than the fact that Mr. McFarland was stabilizing prices that brought about the low prices obtained in that period, but nevertheless that was the fact.

Two crop years have passed since then, and during those two years we have had a wheat board. Part of the time that wheat board was under the chairmanship of Mr. McFarland; part of the time it has been under the chairmanship of Mr. Murray. During the first year the average price received for wheat was 84·3 cents per bushel, three cents more than the price received in any year during the stabilization operations. During the period from August 1, 1936, to February 27, 1937, the average price obtained for wheat was $1.13·7. In other words, as between this year and last year wheat has advanced from an average of 84·3 cents to an average of $1.13·7 cents. And may I call your attention to the fact, Mr. Speaker, that this is the highest price that has prevailed during any year, or a considerable portion of any year, with the exception of the war years and those years that were influenced by the fact that there had been a war, including a period partly covered by the wheat pool, with the exception of the one year, 1908-09, when the average price was $1.16·1 per bushel. If the price that has prevailed during the past few weeks continues until the end of the year, Mr. Speaker, this year we will have the highest average price for wheat that we have had in any year, with the exception of those years that were influenced by the war.

If the thing that is most important to the producer is—and I believe every hon. member of this house will agree that it is—the price that he obtains for his wheat, then I think the record of the present government in the matter of price is something of which it need not be ashamed. I am leaving

out of consideration the methods that have been employed, and disregarding for the moment everything that has been said by way of criticism. We have reached the point where we can show the members of this house, the country, and more particularly western Canada that we are obtaining the highest price for wheat that has been obtained in Canada since the beginning of the stabilization activities of Mr. McFarland, and the highest price that has been obtained for wheat in other than a war period, since we started to produce wheat in anything approaching its present volume in western Canada.

We have had some criticisms levelled at the government, more particularly by the hon. member for Qu'Appelle (Mr. Perley), with regard to speculation. May I say, Mr. Speaker, that the records show very clearly that with regard to the operations of last year, or with regard to the crop now being marketed, there has been probably less speculation than in connection with the marketing of the crop during any of the periods to which I have been referring. Let us go back to 1920, the first year during which we had an acreage under wheat somewhat similar to the acreage we now have, and let us take the three years before the wheat pools came into existence. The average amount of wheat exported from Canada each year during the months from August 1 to the end of November, which is usually the close of navigation, during that period of time was 75,500,000 bushels. Then coming to the period when the pools operated, when we had the highest wheat production we have ever had in Canada, the average amount exported during those same four months of each year was in that period 101,000,000 bushels.

Now taking the period when we had stabilization, from 1931 to 1934-35, the average amount exported in the same four months of each year was 83,400,000 bushels. Coming to the year 1934-35, however, the year during the greater part of which the present board operated in selling wheat, in spite of the fact that the old board did not export wheat itself but only sold 12,500,000 bushels of wheat during that time, there was exported from Canada, apparently by the trade—taking into account the 12,500,000 bushels sold by the board—94,465,000 bushels. Then coming down to the present year, under the Murray board, during the first four months of this season 102,103,000 bushels of wheat were exported from Canada, and this in a year when we had the smallest yield since 1919. Well, Mr. Speaker, 102,103,000 bushels is greater than the average amount exported in any one of the periods to which I have referred, and during that period of time what we have been pleased to call the private interests in the dominion have been handling the wheat of western Canada. But may I point out what I called the attention of the house to the other night, that the organization which bought, and I presume exported about half of that wheat, is the wheat pool organization. During the period wheat has been sold in the ordinary way; 102,000,000 bushels have been sold into export, and actually gone into export, out of the Dominion of Canada, during the first four months. Well, that is an indication to the people of this country when we are considering the question of speculation that there has been less of it proportionately than in preceding years. I believe, Mr. Speaker, that when the pool has handled 47 per cent of the wheat of western Canada in that period of time, members of the house coming from western Canada who seek to prove that there has been great speculation in the marketing of wheat during this particular year are really attacking—if they are attacking anybody—the organization that handles the greater proportion of it. That organization was no doubt the wheat pool.

The hon. member for Qu'Appelle (Mr. Perley) has gone back to the old statement that some one said before the committee of the house in 1935—I think he said it was Mr. McIvor—that fifteen cents a bushel profit had been made by the farmers of western Canada through the stabilization activities of Mr. McFarland. That is not exactly what Mr. McIvor did say. What Mr. McIvor did say was that the price was fifteen cents higher than would have been obtained if another method he had in mind had been followed. When pressed for an answer as to what that meant, he stated that if wheat had been dumped upon the world market, instead of held off, the price might have been fifteen cents lower. He emphasized, even that was only an estimate. His final statement on the point is to be found at page 412 of the report, as follows:

A. It was a hypothetical question and it was a hypothetical answer.

Mr. PERLEY (Qu'Appelle): Would you just read the part of the evidence that Mr. —

Mr. GARDINER: I have only forty minutes.

Mr. PERLEY (Qu'Appelle): Read it all—what he said it meant as to the marketing of wheat.

Mr. GARDINER: The final statement he made in the evidence is to be found at page 412, and is this: "It was a hypothetical question and it was a hypothetical answer."

Mr. PERLEY (Qu'Appelle): Marketed all the wheat they produced in four years.

Mr. GARDINER: And even in making a hypothetical answer to a hypothetical question there was only one possible condition upon which it could have been based, and that was upon the spread as between the price of Canadian wheat and wheat coming from the Argentine or Australia.

Mr. PERLEY (Qu'Appelle): What does the minister think about it—

Some hon. MEMBERS: Order.

Mr. GARDINER: That spread has been higher during the present year than it was during the years to which he referred.

Some hon. MEMBERS: Hear, hear.

Mr. GARDINER: Then the hon. member for Qu'Appelle went on to say that some representative of Joseph Ranke and Company, or a subsidiary of Joseph Ranke and Company, had stated that wheat might have been ten cents a bushel higher last year. From that he deduced the argument that the farmers of western Canada had lost ten cents a bushel on wheat.

Now, Mr. Speaker, there are a few things we ought to know, and the first thing we ought to know is that Joseph Ranke and Company is one of the three great millers of wheat in the British Isles. Joseph Ranke belongs to the organization of millers which controls 80 per cent of all the milling in the old country. Of course, Joseph Ranke and Company, and others who are engaged in the milling business, have been interested in keeping the price down rather than in putting it up. There is a reason for that—the same reason the producers have in wanting to put the price up. I have not any doubt that an agent of Ranke and Company talking to someone who, after all, was interested politically or otherwise, might have made some particular statement with regard to this matter. But I presume that even the member for Qu'Appelle would admit that the gentleman of whom he was talking might have been two cents out on his price. That is, there might have been an advantage of eight cents instead of ten cents.

Mr. PERLEY (Qu'Appelle): How much is that?

Mr. GARDINER: If there was a difference of eight cents instead of ten cents, do you know what would happen? The farmers of western Canada would not be in a single cent, because every farmer in western Canada who delivered wheat to the wheat board last year obtained, because of the set price of 87½ cents a bushel which was paid by all people in the Dominion of Canada, 7 13-15 cents a bushel more for his wheat than it actually brought on the market. So, in so far as the farmer himself is concerned, even on the statement of the representative of Mr. Ranke, he could not have lost more than two cents a bushel in price during that period of time. Those are some of the things I wanted to say in answer to what the hon. member said.

Then he said 63,000,000 bushels of wheat was sold by the board in July of 1936. He made that statement, Mr. Speaker, while he was dealing with the amount of money which the farmers lost on the 1935 crop. One would infer from the statement he made under those circumstances, that 63,000,000 bushels of the 1935 crop was sold in July, 1936. As a matter of fact, only 9,800,000 bushels of the 1935 crop was sold during that month. The other 53,000,000 and some odd bushels was old wheat that had been carried over from the McFarland stocks of a previous time. Only 9,800,000 bushels was sold from the crop of that particular year.

Mr. PERLEY (Qu'Appelle): Mr. Speaker, I think the hon. member—

Some hon. MEMBERS: Order.

Mr. PERLEY (Qu'Appelle): I never said that at all.

Mr. GARDINER: I have only forty minutes, or the hon. member could interrupt me as often as he wishes.

Mr. PERLEY (Qu'Appelle): On a point of order—

An hon. MEMBER: Can't take it.

Some hon. MEMBERS: Sit down.

Mr. PERLEY (Qu'Appelle): On a point of order: I did not make any statement to the effect that it was the 1935 crop that was sold. I said it was in the neighbourhood of 63,000,000 bushels in all, both McFarland wheat and the 1935 crop.

An hon. MEMBER: No point of order about that.

Mr. GARDINER: I made it very plain that he had not said that. But I said he did say it in the midst of his discussion of what the farmer had lost on the 1935 crop. That is when it was made, as Hansard will show. Now, let us look at the situation in connection with that.

Mr. PERLEY (Qu'Appelle): Stick to the facts.

Mr. GARDINER. The hon. member went on to argue that that 63,000,000 bushels should not have been sold at a time when everyone knew we were going to have a light crop in western Canada. On June 24, 1936, no less an authority on wheat than Mr. J. I. McFarland announced to Canada that the wheat crop of Canada would be over 400,000,000 bushels. That was on June 24—not at the beginning of the month. In the week following, no less an authority than Mr. Gordon Brown, who reports to all the people about whom the hon. member for Qu'Appelle has spoken, said that we would have 380,000,000 bushels of wheat. I was in London at the end of July and the beginning of August, and during that period of time I interviewed all the leading grain dealers in the British Isles, and discussed the question with them.

What I want to tell the hon. member for Qu'Appelle is this: If at the end of June he knew what the price of wheat was going to be, or if he knew what it was going to be at the beginning of July, or even in the middle of July, there were very few people who considered themselves authorities on the question who really thought they knew. As a matter of fact, in September, 1936, not even the wheat pool in western Canada considered the price was going to be very high. I have in my hand a resolution passed with regard to the formation of a pool in western Canada. In giving their reasons for not forming the pool they said:

> Further in order to operate a voluntary pool in the best interests of its members, it should have been possible to take advantage of the higher prices in the early part of the season, and a substantial amount of grain should have been sold for future delivery at these prices in order to ensure the average price throughout the season.

That was on September 5.

Mr. DUNNING: An absolute endorsement.

Mr. GARDINER: That is an organization which at that time had over fifty per cent of the wheat delivered in western Canada. Apparently they did not consult the hon. member for Qu'Appelle. They did not know at that time that wheat was going to go up.

Mr PERLEY (Qu'Appelle): They did not consult the minister.

Mr. GARDINER: The record of every wheat board we have had in Canada, the record of every marketing organization we have ever had, and the record of every grain dealer has proven that when any man gets the idea that he knows what the price of wheat is going to be six months hence, he winds up by losing millions of dollars for his principals. That is true of all cooperative organization officials; this is true of the gentleman who made a great reputation as the head of the first wheat board in Canada; it is true of the gentleman who was in control of the stabilization operations, and it will be true of every man who thinks he can guess what the price of wheat is going to be six months hence. Why? Because wheat is not produced just on the northern hemisphere; it is also produced on the southern hemisphere. Any man who drives through the wheat fields of western Canada and thinks he knows what the price of wheat will be the following February takes for granted something which any grain dealer who knows anything about dealing in wheat would not take for granted.

The result is that these men do not speculate. When the leader of the opposition (Mr. Bennett) stands in his place and says that he met someone on a street corner somewhere who told him that he had made half a million dollars speculating in wheat, he was not talking about the same brand of business man as he is himself. I remember the right hon. gentleman saying in this house, I think it was last June, that he had never speculated in grain, but I know that he had a very large interest in an elevator concern.

Some hon. MEMBERS: Oh.

Mr. DUNNING: He said that himself.

Mr. GARDINER: The right hon. gentleman was a good enough business man to sell that elevator business at a profit. I do not blame any business man for doing that. Any profit out of the business I presume he made through conducting a legitimate elevator business, first by buying an interest in it, then by seeing that the business was properly conducted, and then by selling to advantage his interest in that particular concern. That is the way in which any legitimate grain dealer is going to make a profit; he is not going to make it by stating he has a paper profit of half a million dollars. Mr. John I. McFarland announced in 1933, when wheat was at 95 cents a bushel, that if he sold all the wheat he had at that price he would be able to pay off the $25,000,000 that stood against the three western provinces because they had guaranteed advances to that amount. A week or two later he had to admit that wheat had dropped so far that he could not pay any of it off, and as a matter of fact none of it has been paid off through the sale of the stocks then held up to the present time. A legitimate grain dealer avoids speculation because if he attempts speculation he usually runs into trouble.

There is another matter that should be placed upon Hansard. Many members of this house have been attempting to imply that during the last election the Liberal party stood for certain things and that it had not carried out its policy. I wish to state to the house what the policy of the Liberal party was, particularly with reference to western Canada. This was the policy announced, not only by candidates speaking in western Canada, but by our leader himself when he was there. This policy can best be expressed in these words: That a wheat board should be maintained in existence until the surplus accumulated by the McFarland stabilization activities had been so far liquidated as to remove their lowering influence upon the price which could be obtained in the open world market. The Liberal party maintained that our wheat should be exchanged in an orderly manner for the goods we require in this country, thus restoring prosperity and removing unemployment. That was the policy of the party. May I quote from a pamphlet which was spread all over western Canada by the Liberal party. This pamphlet stated:

> The pegging of domestic wheat prices, a year ago, in the interests of the farmers was endorsed by the Liberals. But after the domestic price was pegged the federal government should have made every effort to dispose of the Canadian wheat stocks which were piling up and depressing the market. And any financial losses which such a course might have involved should have been borne by the country as a whole.

This pamphlet was summarized as follows:

> The Bennett wheat policy is:
>
> 1. Close the channels of trade so no one can buy Canadian wheat, and pile up surpluses which impoverish the farmer and burden the national treasury.
> 2. Place the burden of this disastrous policy on the farmer.
> 3. Protect the manufacturer of farm implements and household needs, so living costs can be kept at a level beyond the farmer's needs.
>
> The King wheat policy is:
>
> 1. Guarantee a satisfactory minimum price to the farmer during the crisis.

That was not for all time, but just during the crisis.

> 2. Sell our wheat in the world's markets at world prices, and distribute any resultant loss equitably.
> 3. Open the channels of trade to enable other countries to exchange their goods for our wheat, thus increasing demand and price of Canadian wheat.
> 4. Lower the tariff on the implements of production and household needs, thus bringing close to parity the farmer's income and expenses.

The average price of wheat during 1934 was 81·9 cents per bushel. That was the highest average price of wheat during the time the last government was in power. The first year this government was in power the price was 84·3 cents per bushel, and this year it has risen to $1·137 cents per bushel. May I say that this price is recognized by the farmers of western Canada as being the most favourable price obtained under any policy we have had in vogue since 1931.

Coming back to the point with which I began, the question as to the type of policy which is going to best suit the Dominion of Canada in handling a question of this kind, I return again to the fundamental policies of Liberalism. These policies were enunciated in the statement I have just read to the house, and they are being followed by the government in dealing with this and other matters. It is these policies which have established confidence in the markets of the world where we sell our wheat. We have made it possible to exchange the products of our farms for those things which our farmers need to produce those products. I am one of those who believe that if we want to sell our wheat in the old country market we should be prepared to bring back to this country the shirts we wear when we are producing that wheat, the pants we wear when we grow that wheat, and the boots and shoes we wear when we grow that wheat. At least we should bring back some of these commodities which we use, while producing our wheat. They should be brought in from the country to which we hope to sell our products. If there is one thing more than any other that was made possible by the budget brought down this year by the Minister of Finance (Mr. Dunning), it is that. He has lowered the cost of textiles coming into this country to the person who is producing our primary products. He has increased the price of wheat by creating better sentiments in the markets in which we sell. During recent months British millers have been using as much as 70 per cent Canadian wheat in their mixtures, whereas a few months before they were using only 30 per cent. A year or two ago many of them were using only 10 per cent of Canadian wheat. In creating a better sentiment as between the old country and this country, the policies of the Liberal party have triumphed over the policies brought into effect by the Conservative party during the time they were in power.

In conclusion may I ask, Mr. Speaker, what do the people of western Canada themselves say about it? They have had two opportunities of expressing themselves through the ballot. One of these occasions was in 1935, and after this document which I have read to the house had been placed

in practically every farm home in western Canada and read by the farmers of the west, they went to the polls and voted overwhelmingly in favour of the policies of the Liberal party. Our friends on the other side were not satisfied with that as a decision, and I had to contest a by-election in one of the districts where wheat is grown and is one of the most important products of the farm. Do you know, Mr. Speaker, that the hon. member for Qu'Appelle (Mr. Perley) came in there? No Conservative candidate was running. The candidate was the nominee of the Cooperative Commonwealth Federation. But the hon. member for Qu'Appelle took part in that by-election.

Mr. DUNNING: The Holy Alliance.

An hon. MEMBER: Quite different.

Mr. GARDINER: The then leader of the Cooperative Commonwealth Federation party in the province of Saskatchewan, and who is now the hon. member for Rosetown-Biggar (Mr. Coldwell) also came in. They brought an ex-C.C.F.'er from Alberta to run; they had in the constituency all the forces that they could amass from three different provinces contesting the election on this issue, and they tried to make it the only issue in the constituency. You know what happened? Right down through the one provincial seat included in the constituency which is preeminently Conservative I got three votes for every one that was polled by my opponent. In the whole constituency I increased what had been, when you total the votes of all the groups, a majority previously of 2,400 votes against us to a majority of over 3,000 in favour of policies which we were told the other night the people of western Canada do not want.

An hon. MEMBER: That was a year and a half ago.

Mr. PERLEY (Qu'Appelle): Try it again.

Mr. GARDINER: In conclusion, Mr. Speaker, may I say—

Some hon. MEMBERS: Time.

Mr. GARDINER: Give me about two minutes of the time that my hon. friend has taken, and I shall be through.

During the period that wheat was being delivered to the wheat board, the farmers declared whether they wanted it delivered or not under certain circumstances. During the crop year 1935-36 the farmers delivered a considerable quantity of wheat to the wheat board. Do you know that during the period when the price was above 87½ cents a bushel they delivered to the wheat board only 47 per cent of what they brought to the elevators? But when the price went down below 87½ cents, 140 per cent of all the wheat that came to the elevators during that period went to the wheat board. When wheat went above 87½ cents in the month of July, when that 63,000,000 bushels of which the hon. member spoke was being sold, 4,000,000 bushels of wheat of the previous year's crop was being delivered by the farmers to the elevators, but of that amount only 1,500,000 bushels wes delivered to the wheat board, and practically all of that was delivered at a time when wheat was still below 87½ cents a bushel; the other 2,500,000 bushels went to the trade. Is not that only human nature?

When men come into this house and suggest that the Dominion of Canada should maintain in existence a policy for handling our wheat which of necessity puts the farmer in the position where he delivers wheat to that organization while wheat is below the set price, but does not deliver when it is above the set price, only one result can follow, and that is that the government of Canada will have to pay for the losses of those who deliver when the wheat is below 87½ cents, and will have none of the profits of those who deliver above in order to bring about an equalization of price. That is not fair to the Dominion of Canada, and the government has suggested that when the commission which is now investigating the question makes its report, this whole matter will be reconsidered and some policy suitable to the whole dominion and to the farmers in particular will be inaugurated to handle the wheat of this country in a systematic way.

Mr. VICTOR QUELCH (Acadia): First, I should like to congratulate the Minister of Finance (Mr. Dunning) and the Minister of Agriculture (Mr. Gardiner) upon the very fine delivery of their speeches, though I fear I cannot be quite so complimentary about some of the statements which those speeches contain. I intend to deal very briefly with certain conditions that are prevalent to-day.

One of the most encouraging signs of the times is the fact that it is becoming generally realized that the prosperity of a nation does not so much depend upon stock exchange quotations, statistics of production or trade returns, but rather on the general level of the social well-being of the people. As we go through Canada from east to west we find so much poverty, squalor and actual want, that we must immediately realize that this vaunted prosperity is only for a very limited section of society. So much poverty might be excusable in a country which was producing

to the utmost of its capacity, and in a country that was importing more goods than it exported and was still unable to satisfy the requirements of the people. On the other hand, it would appear to be absolutely inexcusable in a country that is producing up to only a percentage of its capacity, and at the same time is able to create a favourable annual trade balance to the extent of some $600,000,000. Personally I should prefer to see that trade balance reduced considerably and this amount of virtual wealth made available, in the form of goods and services, to the people who are in actual want.

I supported the amendment. Nevertheless it is amazing that the Conservatives should move their amendment in view of the fact that they were so unsuccessful in their efforts to cure unemployment when they were in power. But to be perfectly fair, I think the Conservative party in the latter part of its term of office were making better progress towards bringing in better conditions and relieving the distress of the people than the present government is doing.

Altogether too much emphasis is placed upon the tariff as a means for curing unemployment. The true measure of the value of the tariff for such a purpose is whether under a high or a low tariff the amount of purchasing power distributed by industry is going to be sufficient to pay the total prices of goods produced. If it is not, then the effective demand is going to lag behind production, and stagnation of trade, with increased unemployment, is the inevitable result no matter whether the tariff be high or low.

When, in the earlier part of the session, I spoke on a resolution regarding purchasing power, I proved conclusively that owing to certain practices that are inherent within the system, industry fails to distribute sufficient purchasing power to buy back its own production. Under the present system, therefore, one of two things becomes essential; either to export more than we import, or to institute national projects to supplement the wages of industry. The first, I claim, is unsound, because if all the nations of the world endeavoured to export more than they import the thing would become an impossibility. Furthermore, it means that if the demand for foreign exports falls off we are thrown into a depression. In other words, we are at the mercy of our foreign trade. The second I claim is impracticable under our present so-called sound money policy, because it means an increase in debt until eventually our fixed debt charges will exceed our total revenues.

[Mr. Quelch.]

We urge, therefore, that the government relieve industry of the responsibility of being the sole creator of purchasing power. This may be accomplished in many ways—for instance, by the government issuing purchasing power in the form of pensions for the blind at any age. Personally I cannot see that a man of thirty who is blind is in a better position to take care of himself than a blind man of forty. Nevertheless we in this corner join with the rest of the house in endorsing any action towards an amendment to the Old Age Pensions Act to give pensions to the blind at the age of forty. I hope that this is the first step towards making pensions available to the blind at all ages. The next step, I hope, will be to reduce the age for old age pensions from seventy to sixty, thereby increasing the purchasing power of the people and making employment available to younger people. The next step, I hope, will be to make pensions available to all those people who owing to physical disability are unable to care for themselves. Then, in view of the fact that we are living in a new country where there is so much work that actually needs doing to-day, national projects financed by debt-free money could be put into operation—building roads, clearing slums, attending to railway crossings, reforestation and a hundred and one other necessary works. Of course, the extent to which these projects could be carried out would depend upon the amount of purchasing power required to make up the deficiency. These projects might be used as a regulator to maintain the balance as between consumption and production. It is very necessary that a certain definite relationship be maintained between production of consumption goods and production of capital goods if the evil effects of booms and depressions are to be avoided.

I regret very much that the Minister of Finance (Mr. Dunning) did not deem it advisable or find it possible either to abolish the sales tax in its entirety or at least to reduce it. Personally I look upon the sales tax as an abomination, a tax the burden of which to a large extent falls upon the poorer classes. The London Chamber of Commerce, which has been making an extensive study of the question of purchasing power, published an article in the London Times Trade and Engineering supplement on September 24, 1932. The following item appeared in it:

> "It has been estimated that 85 per cent of the production in the United States is consumed by those having less than £1,000 per annum."

It of course follows that 15 per cent of the portion that is consumed is paid for by those who have an income of £1,000 or more.

These are United States statistics. No similar statistics are available for Canada, but no doubt they would be fairly comparable; and applying these figures to Canada we find that the sales tax is a tax against 85 per cent of the incomes of those whose incomes are less than £1,000 while on the other hand it is a tax against only 15 per cent of the incomes of those whose incomes are greater than £1,000, showing clearly that it is a burden on the poorer classes. The rich people do not bear their fair share of that burden. In the Railway Employees' Monthly there was a statement to the effect that the millionaires in the United States spend only six per cent of their income as purchasing power for goods. In that event the sales tax is levied only on six per cent of the income of the millionaire.

I should be failing to do my duty by the western grain grower if I did not at this time protest against the action of the government in discontinuing the operation of the wheat board last fall. For many years the farmers of western Canada have been trying to build up a strong marketing agency and in the later years there has been a very insistent demand for a wheat board. Finally that demand was met by the putting into effect of the Canadian Wheat Board Act in 1935. As soon as the first crop is being harvested, however, after this government comes into power, the government deems it advisable or necessary to discontinue the operations of that board—an act that undoubtedly cost the farmers of western Canada many millions of dollars. While all the major nations of the world were doing everything in their power to lessen the burden of the farmer this government has seen fit to take action that has undoubtedly proved a further burden to our farmers inasmuch as it has lost to them a great deal of purchasing power. In view of these facts is it any wonder that a wave of protest swept over western Canada? Is it any wonder that on every side we hear the statement that the government has sold out to the grain trade? Is it any wonder the statement has been made that this government has sacrificed the farmer to the speculators and the grain trade? I cannot help feeling that the action of this government in this regard has been one of the worst betrayals of the farmers of western Canada that we have ever seen in this country. The farmers have been told that they should have held their wheat and benefited by the higher price; but as the Minister of Agriculture (Mr. Gardiner) has pointed out, it is impossible to foretell the price of grain; and in order to hold the wheat the farmers would have had to borrow on it, which would have meant paying interest and storage, and they would have had no definite knowledge that the price of wheat would be maintained. The press refers to the fact—and I have heard the statement from several hon. members—that the farmers are benefiting considerably by the high price of wheat to-day. I would say that the farmers would have benefited considerably had the wheat board been maintained. Unfortunately, however, a very large proportion of the wheat was sold in the fall at a lower price, and therefore to-day instead of the farmer benefiting it is the speculator.

I was surprised, and to be perfectly frank, disgusted, to read the following statement by the Minister of Mines and Resources (Mr. Crerar) in a speech to the United Farmers of Manitoba as reported in the Western Producer. He is quoted as saying:

> Why should the wheat growers of the west be bonussed at the expense of the taxpayers of the country?

At that time he was discussing the guaranteed price based on cost of production and apparently he did not believe that a guaranteed price based on cost of production should be maintained if that price were above world market levels. I hold, however, that the western farmer has every justification for demanding a price for his wheat based on cost of production including a fair remuneration, and I say that for the following reasons. Just what are the farmer's costs? They represent other people's incomes. They represent payments made to various industries and retailers, payments made to machine companies, grain dealers, banks, oil companies, insurance companies, and various other individuals; and these payments are made in anticipation of the recovery of them through prices. The total of these payments represents the farmer's cost of production. The farmer has paid out to society various sums representing his cost of production and he is therefore entitled to demand back from society a price for his products equal to the costs he has paid out. For instance if the farmer paid to society at the rate of $1 a bushel for every bushel produced, and then receives back from society only 80 cents a bushel, then society clearly owes him 20 cents a bushel.

We often hear the statement that if the farmers are assisted other lines of production have an equal claim to assistance. I would answer that by saying that practically every

other major industry to-day is subsidized through fixed prices and wages, and the farmer is forced to pay these prices in meeting his obligations.

The protest against a guaranteed price comes chiefly from the east, yet for years the farmers of western Canada have been paying the highly protected prices of the east while at the same time selling their own products at world market prices. The hon. member for Moose Jaw (Mr. Ross) last session stated that the farmers of this country do not want to be subsidized, that all they want is to be able to buy what they have to buy at world prices and to sell their products at world prices. I am sure the hon. member for Moose Jaw, after taking into consideration the multitude of protest meetings held in Saskatchewan last fall will realize the error of that statement.

As far as the latter part of his statement is concerned, while there may be a certain amount of truth in it, nevertheless it does not begin to cover the actual situation to-day. We must remember that for years the farmers of western Canada have been paying the highly protected prices of the east while at the same time having to sell their own commodities at world market levels. The result has been that the farmers have had to sell below cost of production, with the inevitable result that generally speaking they became heavily indebted. Now if all we do is to bring about a fairer relation between the prices of what the farmer buys and what he sells, how is he going to liquidate his debts? If the farmer is ever going to be in a position to liquidate his debts, not only must there be a fairer relation between the prices of what he buys and what he sells, but the price he receives for his products must be sufficiently high to meet the cost of production plus a small profit; and then this profit will be available to pay the debts he has incurred in the past. After all the meetings held in Saskatchewan last fall I am sure the hon. member for Moose Jaw and other hon. members will realize that what the western farmer wants to-day is a fair price for his products, based upon cost of production plus a fair remuneration, and as I have already pointed out, he has every right and justification in demanding that price.

Last session it was claimed by many hon. members from Ontario and Quebec that these provinces pay the largest percentage of the taxes of this dominion. The hon. member for Lanark (Mr. Thompson) stated that Ontario and Quebec pay 75 per cent. But who in reality pay those taxes? Take, for instance, the income tax and the corporation tax. These to a large extent are levied against profits on the sale of goods, not in the provinces of Quebec and Ontario only, but throughout the whole Dominion of Canada. Those profits are part of the price of the goods sold. Therefore, when consumers throughout Canada pay those prices they are paying these profits upon which the taxes are levied. In reality, instead of just Ontario and Quebec paying those taxes, it is the general consumer throughout the whole dominion who pays them. The same thing may be said in regard to the tariff. It is part of the price of the goods sold. Therefore, when the general consumer pays those prices, he pays those taxes. In other words, Ontario and Quebec are nothing more or less than the drain pipe through which these taxes pass to the government.

The hon. member also referred to Ontario and Quebec as two placid milch cows being milked by western Canada. I would say he got his metaphors mixed. He should have said they are the two milking machines engaged in milking the cows, and they have abused the cows to such an extent that they are about dried up, and it is going to be a considerable time before they are freshened again. It is necessary to protect these cows from further abuse, and the protection has taken the form of debt legislation to protect these farmers against further exploitation by eastern interests. The eastern manufacturers to-day are largely subsidized by the farmers of western Canada, and the people of western Canada generally. In support of this statement I quote an extract from a submission on dominion-provincial relations and the fiscal disabilities of Nova Scotia within the Canadian federation, presented by Norman Rogers on behalf of the Nova Scotia government. This extract deals with a comparison of tariff subsidies and tariff costs by provinces. A quotation from this submission was made the other day, but I want to deal with the tariff as it applies to the individual. It states:

> The position of the various provinces in relation to gains and losses suffered by the tariff is set out in the following table, which gives for each province separately the per capita tariff subsidy and the per capita tariff costs, as for the year 1931.

As I have been dealing with the western provinces and Ontario and Quebec, I shall take only those provinces:

Province	Tariff subsidy per capita	Tariff costs per capita	Net loss per capita
Manitoba	$28 44	$41 69	$13 25
Saskatchewan	3 55	31 71	28 16
Alberta	11 22	38 15	26 93
British Columbia	32 03	54 36	22 33

Taking Quebec and Ontario, we find an entirely different situation. Instead of a net loss per capita there is a net gain. The figures are:

Province	Tariff subsidy per capita	Tariff costs per capita	Net gain per capita
Ontario.	$64 32	$49 17	$15 15
Quebec..	46 23	35 20	11 03

It was stated last session by some eastern members that western Canada has been spoon-fed. I would not make that claim about Ontario and Quebec; I would say they have been shovel-fed, and they are never satisfied with the size of the shovel. It was interesting to note that while Ontario benefited by the tariff to the exent of $15.15 per capita and Quebec to the extent of $11.03 per capita, the tariff cost the people of Manitoba, $13.25, Saskatchewan, $28.16, and Alberta, $26.93 per capita. In other words, the manufacturers of eastern Canada were very largely subsidized by the western provinces. Therefore when the hon. member for Churchill (Mr. Crerar) asks—why should the western provinces be subsidized?—I would say, For the simple reason that they are at present subsidizing the eastern provinces, and are only demanding back what they have already paid out in enhanced costs.

Earlier in my speech I referred to the fact that all the major nations of the world are endeavouring to lighten the burden on agriculture, and to the steps taken by the various nations to increase the price of wheat to the home producer. In support of that I should like to quote a statement from a pamphlet entitled Aid to Agriculture, published in 1936 by the Alberta wheat pool. I shall deal with it only briefly. On page 27 we find the following statement:

> How nations have helped their wheat growers. It is difficult to measure accurately in dollars the aid given wheat growers of various nations by their governments during the past six years, in view of the variety of methods used by different countries. Direct cash bonuses, tariff protection, embargoes on imports and manipulation of exchange are some of the methods employed. A survey of the situation recently made has provided the following information:

In Europe it was found that France had aided her producers during that time to the extent of $1,321,020,000; Germany to the extent of $754,370,000, and Italy, $1,211,490,000; making a grand total of $3,286,880,000. For Great Britain from 1933 to 1936 the total was $125,094,863.

In the southern hemisphere the Australian government during the four years 1931 to 1935 gave subsidies to wheat growers in the form of bounties and grants to the amount of £12,548,000. In addition, the Australian government inflated its money early in the depression, thus giving its wheat growers a decided advantage in world markets over Canadian wheat growers. I quote:

> Argentina
>
> The Argentinian government inflated its monetary unit thus providing its wheat growers with a comparatively high domestic price and still enabling them to undersell Canadian wheat in world markets. Last fall Argentina established a minimum price for wheat at 92 cents a bushel.
>
> United States
>
> Up to the end of December, 1935, a total of $255,624,669.37 was paid as a direct bonus to wheat growers in the United States by the Agricultural Adjustment Administration. In addition to this sum the administration of President Hoover spent a couple of hundred million dollars in market stabilization operations. Further the present United States government has bonused the exportation of wheat from certain surplus areas.

When you review these figures, Mr. Speaker, and consider the tremendous sacrifices some countries have made in order to give the producer a fair price, we cannot feel that Canada has been over-generous or over-considerate to her wheat growers. But that is not all. Not only has this government not been over-generous or over-considerate; it actually has been very inconsiderate, inasmuch as it has seen fit to increase the burden that has to be borne by the grain grower through destroying, for the time being at any rate, his marketing agency. What we need is not only the repeal of P.C. 2202 but also the strengthening of the wheat board act by bringing into operation sections 9, 10, 11, 14 and 16, so that the act may apply to coarse grains, and a penalty may be imposed for infringement of the act, so that greater control of grain may be exercised by the board.

In conclusion, I should like to refer very briefly to the Farmers' Creditors Arrangement Act, which the minister stated is to be strengthened. When that is done I hope the minister will recognize the fact that in the early operation of this act the farmer did not receive the sympathetic treatment he is receiving to-day. For instance, in the earlier cases, usually interest was only reduced to about seven per cent while to-day it is being reduced to five per cent, and in some cases I believe even less. Then again the adjustments made to-day are more generous than they were in the past. Therefore I would urge that the act be amended in order to allow appeals, which would make it possible for the board to review past adjustments. In the second place, since pressure on the single

boards is very heavy in the various provinces, I would urge that additional boards be appointed in order to expedite the work of readjusting these cases.

Mr. A. J. BROOKS (Royal): Mr. Speaker, I should like to make a few observations concerning some provinces which seem to have been more or less forgotten in this house during the past few months. After listening to this debate one would almost think the only crop grown in this dominion was wheat, and that the only part of Canada that existed was the wheat growing section. I assure you, Mr. Speaker, that this is not the case, and that we are still doing business down in the maritime provinces.

Mr. MICHAUD: And good business.

Mr. BROOKS: Good business at times, but not as good as it should be. I have enjoyed listening to the budget debate so far, and I must say that I enjoyed listening to the Minister of Finance (Mr. Dunning) when he presented the budget the other day. He has a very pleasant voice, which I am sure we all delight to hear. The budget speech is the most important presentation made to parliament and, through parliament, to the people of the country. This is properly so, since its contents may favourably or adversely affect the lives of our people, and in any event it is almost certain to affect to a lesser or greater degree the economic and domestic arrangements of our industries and our homes.

Two great problems which confront the people of Canada to-day, and which have been confronting them for the past few years, are taxation and unemployment. The taxpayer had expected some lightening of the tax burden, and I am sure he has been greatly disappointed. We all recall that in 1935, when the Liberal party were seeking the support of the people of Canada, one of their great promises was that if they were returned to power they would reduce taxation. We may well ask what has been done in this regard. Instead of burdens being made lighter the opposite has taken place, particularly in regard to the sales tax, which has risen to eight per cent, a record figure in Canadian history. With the huge increase in revenue from this source, together with the record figures of income tax payments, the Minister of Finance could only show a reduction from an estimated deficit of $100,000,000 to an actual deficit of $87,000,000. We admit that this shows some slight improvement, but nothing like the improvement that should be shown when we consider the colossal sum collected during the past year.

When we analyse the revenue from the sales tax alone, we find that it means that each man, woman and child in the Dominion of Canada paid $10.50 during the year. On an average this represents $52.85 per family, or a dollar a week. When you add to that all the other taxes collected by the dominion government, by the various provincial governments and by the municipalities, you realize the great burden that is being borne by the taxpayer.

Previous to the election of 1935 we heard a great deal about the forgotten man, the taxpayer of this country. This afternoon one of the speakers mentioned the forgotten farmer, but in October of 1935 the forgotten taxpayer was the important man. He was represented as bearing a great burden on his back, and was promised relief, but this forgotten man is still forgotten. Last year he was remembered long enough to have an additional burden placed on his back, but this year he has been absolutely ignored by the government.

It is not my intention to dwell at any length on the subject of unemployment, which has been debated very extensively during the past week. I think most of the pros and cons have been well presented, but I should like to make a few observations with regard to unemployment in my own province.

Last year, not many months ago, the premier of New Brunswick took great credit for being the first premier in the dominion to take his province off direct relief. With regard to direct relief paid by the province that was a fact; but actually the burden was simply shifted from the dominion and the province to the taxpayers of the municipalities, and such a cry went up from the municipalities that further assistance had to be given by the province. I venture to say that instead of the province having fewer unemployed in 1936, when it went off direct relief there were more unemployed at that time than there had been during most of the depression.

In this connection I should like to read a report which appeared in the press about that time:

> Relief Crisis Approaches in Cities of N.B. Municipalities Feel Pinch of Carrying Relief Burden
>
> Statements made at Montreal by Premier Dysart, that New Brunswick is the first province to "go off relief," are termed "ridiculous" by Councillor George E. Barbour of Saint John. Councillor Barbour told the city council he did not understand how the Premier could make such a claim in the face of figures showing the amount which relief is still costing New Brunswick municipalities, even though the province has not been contributing for the last few months.

He goes on to say:

Government contributions towards relief in New Brunswick terminated in the early fall. Provincial road development projects were intensified at that time with the view of absorbing the unemployed. This program did take care of quite a number of jobless—550 in the Saint John area, for instance—but hundreds were still left to be cared for. The men on the roads received $2 a day and were unable to put anything aside for the winter. Now the road jobs have ended.

Councillor James A. Whitebone, of Saint John, in making a statement at that time said:

"Something has to be done and done quickly." He predicts that further delay in facing the issue squarely will lead to "a very serious situation."

That is the situation, Mr. Speaker, as regards unemployment in the city of Saint John. The same was true of the cities of Moncton and Fredericton, and other municipalities of New Brunswick. It is very interesting to note, in a report for the year 1936 issued by the dominion commission for unemployment relief, that in October, 1935, when the late government left office there were 14,438 on relief in New Brunswick. In February, 1936, the latest month for which I can get records, the number has more than doubled. There were 35,300 on relief in that province. I am sure the situation as regards unemployment in the dominion must be recognized by all.

In his speech delivered a few days ago the Minister of Finance spoke about the disheartening effect of the obvious failure of employment to keep pace with the striking gains in business. We might then ask ourselves what the record of the government has been during the year and a half it has been in power. First, we can point to an increase in taxation, where the people of Canada were promised a decrease. Next we can point to unemployment, because the government has failed to carry out its promise to reduce unemployment.

There is another matter in connection with which the government is claiming great credit—the extension of the British Empire trade agreements. In other words, matters which required close attention or a cure, such as taxation and unemployment, have not been successfully handled, but for the empire trade agreements, which even before this government took office were of great benefit, the government claims great credit. The circumstances remind me of the story of the young doctor who had been called out to attend one of his first patients. It happened to be one of those cases in which a new member of the family is expected. When the doctor came home his wife asked him just what the situation was and he said, "Well, I have lost the mother and child, but the father is still living." That is the case so far as the government is concerned. Unemployment and taxation have not been cured, but the empire trade agreements are still living. It is not necessary for me to dwell at length on the great benefits of the United Kingdom agreement. Unquestionably the British market has been of great value in which to offer our wheat, live stock, lumber, minerals and meats, but it must be observed that the new agreement now under discussion is less favourable to Canada than the one negotiated by the right hon. leader of the opposition (Mr. Bennett). We are paying a higher price for a preference in the United Kingdom than the Bennett government paid. In a word, the new bargain is not as favourable to Canada as the one made in 1932.

Moreover, may I call the attention of the house to the striking inconsistency and insincerity and complete volte face which the Liberal government has shown in the matter. The Bennett trade agreement was denounced as worthless by the present Prime Minister (Mr. Mackenzie King) and his followers when they sat in opposition. They described it as an agreement affording no substantial benefit to the Canadian farmer or producer. Yet within the short space of four years we have the spectacle of the Liberal party, headed by the same right hon. gentleman presenting to the house an agreement similar to the one denounced in 1932, and lauding it as capable of accomplishing the greatest benefits for Canada. A British statesman once termed his opponents a party of organized hyprocrisy. That cap would fit the Liberal party in its attitude towards trade agreements with the United Kingdom.

Any hon. member who has read Hansard for 1932, when the agreements were under discussion in the house, must realize that from the statements made by the then leader of the opposition and his followers might have been described in the language of the British statesman to whom I have just referred. The then leader of the opposition said it was nothing but a Tory conspiracy. At page 603 of Hansard for 1932, the hon. member for Perth South (Mr. Sanderson) said:

Mr. Speaker, after carefully studying the articles and the agreements I am free to admit that of all the great blunders that this government have made since they came into power in 1930 this is perhaps the greatest blunder of all. . . . There is nothing in it to give any consolation to the people of Canada.

Again, at page 392 of Hansard for the same session, Mr. Ralston said:

My hon. friends have inserted an article which they say will be of benefit to the lumber industry. Let me make this statement, that this article will not be of the slightest benefit to the lumbermen of the maritime provinces.

I intend to take a little time to show how the agreement has been of the greatest benefit to the people of the maritime provinces. Had it not been for the agreements of 1932, I am satisfied the lumber industry in my province would have gone out of business. It has given employment to large numbers of men, and has been the very lifeblood of the industry in the part of the dominion from which I come. Just to show what effects the agreement has had, I shall place on Hansard a statement showing the lumber exported through ports in New Brunswick during the fiscal years ending March 31, 1932 to 1936. I shall give the figures for planks and boards of birch:

Fiscal year	United Kingdom M feet	United States M feet
1932	10,250	4,211
1933	12,720	1,644
1934	16,211	3,306
1935	23,586	1,666
1936	32,187	5,292

May I now give the figures concerning shipments of planks and boards of spruce, the chief lumber commodity of New Brunswick, and I believe of the maritime provinces:

Fiscal year	United Kingdom M feet	United States M feet
1932	5,389	45,688
1933	21,539	29,214
1934	94,778	29,650
1935	105,230	17,475
1936	45,799	30,040

From 1932 to 1935 shipments of lumber from New Brunswick ports to the United Kingdom increased from 5,389 M feet to 105,230 M feet. In spite of this, when Mr. Ralston was speaking on the possible benefits of this treaty to the maritime provinces he said it would be of absolutely no benefit to the lumbermen of that part of Canada.

There are other commodities to which I might refer. Take apples, for instance. This is a very important product to the people in the Annapolis valley of Nova Scotia, and it is becoming more important to the people in the valley of the Saint John in New Brunswick. I will give the figures for the three years before the agreements came into effect, and for the three years after they were in effect. I could not get the figures for particular parts of Canada, so I shall have to give figures for all of Canada.

[Mr. Brooks.]

In 1927 we shipped to England 980,715 barrels of apples. In 1928 we shipped 838,891 barrels, and in 1929, 912,488 barrels. In 1933, the first year after the British empire trade agreements came into effect, we shipped 3,092,274 barrels. In 1934 we shipped 1,844,026 barrels, and in 1935, 2,232,772 barrels. It will be seen that the percentage of increase was easily one or two hundred per cent.

Then, take bacon. The records show that in 1931 Canada sold to the old country 49,495 hundredweight of bacon. In 1936 our sales had increased to 1,092,401 hundredweight. I think these figures show the great benefits which the people of Canada in general, and the people of the maritime provinces in particular, obtained from these agreements. It is rather hard to give definite figures as to the increased employment which has occurred. We must consider the number of men employed in the lumber woods, the number employed in driving the logs to the mills, the number employed in the mills, in the lumber yards and in loading and shipping the lumber sent to the United Kingdom. This will give us some idea of what these agreements have meant in increasing employment.

Shipping from the maritime ports of Saint John and Halifax has increased greatly in the last few years, and it is particularly good this year. This improvement in business is due to a great extent to the additional shipments brought about by the British Empire trade agreements. There is no great increase of exports to the United States. Speaking for the port of Saint John and the province of New Brunswick I am very pleased indeed to note from the press that the New Zealand and Australia boats are again going to call at Saint John. I notice that a lot of credit is being given in certain places for the return of these ships, but it seems to me that the parties who were responsible for having these ships taken from Saint John to Halifax deserve more censure than praise.

Mr. ISNOR: On what authority does the hon. member make the statement that the Montreal-New Zealand boats are to call at Saint John?

Mr. BROOKS: I make it on the authority of the press. Speaking for the port of Saint John, and for the port of Halifax if I may, it gives me much concern—and I think the same is true of all maritime people—when I pick up Montreal papers and read that the ice breakers are working feverishly on the St. Lawrence river in order to open up the port of Montreal. It seems to me that this is unfair to the winter ports in the maritime

provinces. An effort is being made to open up the port of Montreal and take away from the other ports that which is their right in the matter of freight. The maritime provinces are helping to pay for these ice breakers which are working to rob us of what we consider to be our just dues.

I have no intention of dealing at great length with the United States trade agreement, but I should like to point out that last year some hon. members attempted to show the great benefits which would accrue to the maritime provinces from this agreement. There has been no great improvement in the movement of lumber to American ports up to the present time. What may happen in the future I do not know. The statement is made, I believe by the Charlottetown Guardian, that the quota on potatoes was reduced by 50,000 bushels; that is, the market available to the potato growers had been reduced to that extent.

One of the members who spoke last year said that there would be great advantage to the farmers of the maritime provinces in the shipping of turnips. I have in my hand a statement of the exports of turnips from the maritime provinces to the United States during the fiscal years 1927 to 1936. I shall not take time to repeat all these figures, but I should like to give a few. In 1934, before the United States agreement came into effect, Nova Scotia shipped 243,890 bushels of turnips to the United States. In 1936, with the agreement in force, that province shipped only 142,335 bushels. These figures prove that there was no great benefit to the turnip producers of Nova Scotia.

In 1934 Prince Edward Island shipped 179,269 bushels and in 1936, 245,950 bushels. There was an increase there, but the shipments were less than in 1935, when a total of 263,874 bushels were shipped. The shipments from New Brunswick were practically the same. More were shipped in 1936 than in 1934, but the increase was not very great.

I made inquiries of the bureau of statistics as to the amount of cream shipped from the maritime provinces to the United States. I remember one member last year stating that this treaty was going to be of great benefit to the dairy farmers of Canada. I found that not one gallon of cream had been shipped from the maritime provinces to the United States during the year 1936 under the Canada-United States agreement.

I do not intend to speak of the fishing industry to-night, but at some later date it is my intention to say a few words with reference to the deplorable condition of the maritime fishermen—the fishermen who expected so much from this government and have received absolutely nothing. Reading Hansard I noticed that the Hon. J. L. Ralston, discussing a few years ago the St. Lawrence waterway, told the then Bennett government that if it made any concessions to the United States it should be on condition that better opportunities would be provided for the fishermen of the maritime provinces. Our present Prime Minister (Mr. Mackenzie King) is discussing various matters at Washington with President Roosevelt. I hope he will remember at this time the fishermen of the maritime provinces, who were so inexcusably forgotten when the Canada-United States agreement was in preparation last year.

A few words regarding the county of Kings. Although we are modest and dislike to praise ourselves, I have every reason to be proud of Kings county and also of my native county of Queens, which comprise the constituency of Royal. Some hon. members may have read a short time ago in the editorial column of the Financial Post an article on a certain municipality which had not only been able to pay all its bills during the years of the depression but had a surplus each year. That municipality was in the county of Kings. We have in the town of Sussex one of the finest dairy centres not only in the maritime provinces, but I believe in the whole dominion. I was much concerned when I learned the other day of the great shipments of vegetable oils which are coming into this country. One of the speakers to-day—I think it was the hon. member for Durham (Mr. Rickard)—said that his county was also a dairy county but that unquestionably the housewives of Durham would continue to make their shortening from the good butter produced by the cows in that constituency. I have no doubt that the housewives in my section of the dominion will do the same, but what worries us most is whether the housewives in the cities, the bakers, and others are going to use our dairy butter or will utilize the vegetable oils which are coming in in greatly increasing quantities.

During the depression my constituency has borne up better, I think, than any other part of my native province; I believe it stands high in the whole dominion. But there is one section which is hard hit at the present time, and that is the coal mining district in the counties of Queens and Sunbury, partly in the constituency of Royal and partly in the constituency of York-Sunbury. This area was one of the most prosperous during the years of the depression; at least the inhabitants were able to pay their own way. I should like to give the house a general idea of the coal

industry in our province. The annual output of coal is from 300,000 to 350,000 tons; the number of men employed, approximately 1,200; annual wages, approximately $1,000,000; royalties paid annually to the province, $30,000 to $40,000; capital invested, according to the government report for 1934, the last available, $1,856,392. Besides giving employment to a large number of men thus directly engaged, this industry provides good markets for large quantities of our farm produce and our lumber, and thus is of great benefit to the farmers and lumbermen of the surrounding districts. From 1931 on the situation has been as follows:

Year	Selling price	Cost	Profit	Loss
1931..	$4 32	$4 18	·14	...
1932..	4 06	3 94	·12	...
1933..	3 50	3 36	·14	...
1934..	3 47	3 44	·03	...
1935..	3 43	3 54	...	·11

In 1935 the total loss to the producers was $38,000, and if they had expected 6 per cent on their invested capital their loss would have been $150,000. One of the principal causes of the decline of the industry in this area has been the competition with Nova Scotia mines. Those mines have been more highly subsidized than those of our province. From 1931 to 1936 Nova Scotia received in subsidies $7,023,976; New Brunswick, $36,506. If New Brunswick had been given freight rate assistance at the same rate as Nova Scotia in proportion to output, it would have received during the past six years $350,000 instead of the practically insignificant sum of $36,506. By freight rate assistance Nova Scotia has moved during the past four years 25 to 32 per cent of its total coal output while New Brunswick has moved a maximum of only 6 per cent.

Increased output naturally means a lower cost on every ton of coal produced. Thus Nova Scotia through government assistance is in a better position to undersell New Brunswick coal right in our own province. Nova Scotia sells more than twice as much coal in New Brunswick as do the New Brunswick mines themselves—that is to consumers other than railroads.

I make these comparisons not with the idea of showing that Nova Scotia receives better treatment than it should receive but to demonstrate that New Brunswick is not being as well treated as it has a right to expect. We are all pleased that so much encouragement has been given to the coal mines of Nova Scotia. Like my honoured leader, I believe that in that section of Cape Breton it would have been impossible for the coal mines to carry on during the past few years but for the help they received. But we ask for New Brunswick the same assistance that is given to Nova Scotia.

[Mr. Brooks.]

Another cause of the decrease in returns is the rate paid by the railroads. In 1929 the Canadian National paid $4.08 per ton to the producers; in 1932, $4.20; from 1933 to 1936 it has been paying only $4. This price is too low; the quality of the coal has been improved and the cost of production has increased. I contend that the fuel board instead of dealing with individual operators and so occasioning overmuch competition among the operators, should deal with the producers as a body, and that a fair rate should be paid for all the coal required by the Canadian National Railways. We know that the railway employees are getting an increase, and the civil servants likewise, and we feel that the government could very well increase the price paid for coal for its railways in order to give work to the 1,200 men who are located in this area of Minto, which is partly in my constituency and partly in the constituency of the hon. member for York-Sunbury (Mr. Clark).

It is almost eleven o'clock and my time is up, but I would make one observation in closing. I do not believe that we in Canada can live, as some of the western members would have us believe, by the production of wheat alone, nor can we live only by mixed farming, nor by our mines and forests alone. We must have some protection for our industries; we must have industries in order to have large centres of population, and the larger the towns we have the better it will be for the primary producers, the farmers of Canada.

Mr. VINCENT J. POTTIER (Shelburne-Yarmouth-Clare) (Translation): Mr. Speaker, I shall speak to-night in another language than my mother tongue, and that is because what I have to say concerns a community whose majority is English speaking.

(Text) I want to congratulate the Minister of Finance (Mr. Dunning) on his budget and his presentation of it.

I propose to discuss the question of fisheries, a matter which vitally affects a basic production that is of paramount importance to the maritime provinces. I submit that the time has come when this industry must be looked at specifically, with a view to a definite decision being given. I am going to ask that the house apply its mind to the question of fisheries in the light of the interests of the maritime provinces, having regard also to the position of other provinces concerned with the same products and to dominion interests generally.

The fishing grounds of the North Atlantic are the most extensive in the world, and when one looks at a map of the maritime provinces and finds them located as they are, adjoining the fishing grounds, one would naturally arrive at the conclusion that these provinces must have a prosperous industry and a happy fisherfolk. It seems strange, however, that when one investigates, he finds in some sections probably the most destitute fishermen and a picture that would better fit other than present day standards.

We have the following fishing banks, so-called, in the North Atlantic available to our fishermen.

	Square miles
Grand Bank	36,000
Green Bank	1,450
St. Pierre Bank	4,800
Western Bank	6,320
Georges Bank	8,498

There are other banks, and the total area amounts to 69,553 square miles. These banks vary in depth from 10 fathoms to 100 fathoms, or in other words from 60 to 600 feet.

In addition to these fishing banks, there are other well known fishing grounds near the Atlantic coast, and in the gulf of the St. Lawrence. These banks, embracing an area of nearly 70,000 square miles, have in the past yielded annually on the average more than eleven hundred million pounds of cod alone and here undoubtedly is to be found the greatest cod and haddock fishery in the world.

The men who fish on these banks are ready for call twenty-four hours a day. They know nothing of regular hours—no danger of sit-down strikes there. They work in the majority of cases on what we call a lay—that is, they get a share of the return from the catch and every member of the crew gives his utmost in cooperation and energy. No other primary producer has to go through the personal hazards and hardships that the fisherman is obliged to suffer.

Inclusive of some of the fishing banks already mentioned, where cod and haddock are the principal products, there is around and adjacent to the maritime provinces a total ocean fishing area of approximately two hundred thousand square miles, or over four-fifths of the entire ocean fishing area of the North Atlantic. Fifteen thousand square miles of inshore fishing waters are controlled entirely by the government of Canada.

The commercial products of these extensive areas consist for the most part of cod, haddock, hake, herring, halibut, pollock, mackerel, sardines, salmon, smelts, alewives, swordfish, tuna and shellfish, principally lobsters, scallops, oysters and clams.

I want to compare the number of square miles of these fishing grounds with the number of square miles of land under cultivation in the dominion of Canada; in other words, the fishing area with the farming area of Canada. In 1935 we had in Canada 56,923,960 acres or 87,381 square miles under cultivation. This means that all land under cultivation in Canada is only between one-half and one-third the area covered by the fishing grounds that are available to the fishermen of the maritime provinces.

I sometimes think that the lack of interest in the fisheries is due to the lack of appreciation of the size, extent and possibilities of our fishery resources. We think of Canada as a great farming country, because it has huge areas under cultivation, and yet these areas are small in proportion to the areas awaiting harvest from the Canadian fishermen.

I submit, Mr. Speaker, that we must in the future deal more definitely and specificially with the development of our fisheries in the interests of Canada. I am convinced that the people of Canada and of other countries are going to continue in more or less greater degree to eat fish products, and it is only fair and reasonable to say that this particular industry is worthy of consideration and must be taken care of.

On motion of Mr. Pottier the debate was adjourned.

BUSINESS OF THE HOUSE

THE BUDGET—SUSPENSION OF STANDING ORDER 28 FOR SITTINGS OF THURSDAY, MARCH 11

Hon. P. J. A. CARDIN (Minister of Public Works): Mr. Speaker, in order that we may proceed with the debate on Thursday it is necessary to suspend standing order 28. By leave of the house, I therefore move:

That standing order 28 respecting committee of ways and means be suspended for the sittings of Thursday, 11th March, 1937.

Motion agreed to.

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

Wednesday, March 10, 1937

The house met at three o'clock.

RAILWAY COMMITTEE

Second report of the standing committee on railways, canals and telegraph lines—Mr. Vien.

PRINTING OF PARLIAMENT

FIRST REPORT OF STANDING COMMITTEE CONCURRED IN

Mr. E. C. St-PERE (Hochelaga) presented the first report of the joint committee on the printing of parliament, and moved that the report be concurred in.

Motion agreed to.

QUESTIONS

(Questions answer orally are indicated by an asterisk.)

GREAT LAKES-ST. LAWRENCE SYSTEM—DIVERSION OF WATERS SOUTH TO LAKE SUPERIOR

Mr. MacNICOL:

1. Has the federal government consented to, or is it obligated to pay a portion of the costs of the surveys made or being made by the Ontario Hydro Electric Power Commission engineers from lake Nipigon north along the Little Jackfish river and the connecting chain of rivers and lakes to the height of land and north of the height of land by way of Mojikit lake, Mojikit river to the Ogoki river and east and west along the Ogoki river with a view to diverting the waters of the latter river from flowing north to flowing south via the said chain of lakes and rivers to lake Superior?
2. If so, has the United States consented to the inflow of these waters into the Great Lakes-St. Lawrence system?

Mr. RINFRET:

1. No.
2. No.

Mr. MacNICOL:

1. Has the federal government given the Ontario government or the Ontario Hydro Electric Power Commission authority to divert water from the Long Lake-Kenogami-Albany river watershed of northern Ontario over the height of land to lake Superior of the St. Lawrence watershed?
2. If so, has the United States government agreed to the said diversion of this water from the said Albany river watershed to the St. Lawrence watershed?
3. What is the estimated cost of the said diversion works and is the federal government obligated to pay a portion of the costs?

Mr. RINFRET:

1. No.
2. No.
3. No information is available with regard to the estimated cost of the diversion works and the federal government has not obligated itself to pay any portion of the costs.

SASKATCHEWAN 1936 CENSUS—APPOINTMENTS

Mr. FLEMING:

1. How many wrote the civil service examinations in connection with the census in the province of Saskatchewan in 1936?
2. How many passed the said examinations in the province of Saskatchewan?
3. How many from the province of Saskatchewan received positions in the census branch?

Mr. RINFRET:

1. 373.
2. 102.
3. 21 (275 appointments required).

CANADIAN RADIO BROADCASTING STATION AT RICHMOND, B.C.

Mr. GREEN:

1. Did the Canadian Broadcasting Corporation or the Canadian Radio Broadcasting Commission obtain a site of approximately 19 acres for a radio station or other purposes in the municipality of Richmond, province of British Columbia?
2. If so, when was such site purchased, and at what price?
3. From whom was it purchased?
4. To whom was the purchase price paid?
5. Was any commission paid in respect of such purchase?
6. If so, to whom?
7. What building or buildings, if any, have been erected on this site?

Mr. HOWE: The following information has been supplied by the Canadian Broadcasting Corporation:

1. Yes. Purchased by the Canadian Radio Broadcasting Commission.
2. July, 1936. Price: $3,642.55.
3. W. M. Finlayson.
4. A. H. Stephenson and Company.
5. Not by the Canadian Radio Broadcasting Commission.
6. No information.
7. Main transmitter building, and antenna tuning house.

NATIONAL HARBOURS BOARD—WAGES AT VANCOUVER, B.C.

Mr. GREEN:

1. What rate of pay is paid by the National Harbours Board to carloaders and shedmen at the Ballantyne and Lapointe piers in Vancouver harbour?
2. Is an eight-hour day observed on the work of these carloaders and shedmen?
3. If not, are they paid overtime, and at what rate, and for what days of the week?
4. What were the former rates of pay for this work, and when was a change made?

Mr. HOWE: The National Harbours Board has supplied the following answers:

1. Shedmen: Lapointe pier—Regularly employed, 54 cents per hour; Ballantyne pier—Regularly employed, 50 cents per hour.

In each case, minimum of 3 hours paid when called to work between 5 p.m. and 8 a.m.; also on Sundays and statutory holidays.

Carloaders: Lapointe and Ballantyne piers—Under normal conditions, carloading work is

performed by shedmen as above. Carloaders casually employed, 50 cents per hour all the time, except Sundays and statutory holidays when 75 cents per hour.

2. Whenever possible. If more than 8 hours worked on any day, then a lesser number worked on other days to maintain average of 8 hours per day.

3. Answered by No. 1.

4. Shedmen: Lapointe pier—There has been no change in rates paid to shedmen since pier was taken over from previous operator in 1931;

Ballantyne pier—Prior to May, 1936, shedmen were employed as casual workers and were paid 50 cents per hour straight time; and 75 cents per hour overtime.

Carloaders: Lapointe pier—Prior to June, 1935, casually employed and paid 60 cents per hour straight time; and 90 cents per hour overtime;

Ballantyne pier—Prior to May, 1936, casually employed and paid 60 cents per hour straight time; and 90 cents per hour overtime.

ST. VINCENT DE PAUL, QUE., BRIDGE

Mr. LACOMBE:

1. Is the federal government contributing towards the cost of construction of the new bridge at Boulevard Pie IX, St-Vincent de Paul?

2. If so, what proportion of the cost is the government contributing?

3. What is or will be the cost of said bridge?

4. At the request of which government is said bridge being constructed?

5. Who is or are the contractor or contractors for said work?

6. How many workmen and day-labourers are actually employed on the construction of this bridge?

7. Where do these workmen or day labourers reside?

Mr. ROGERS:

1. Yes.

2. 50 per cent.

3. The total estimated cost of the bridge referred to is $600,000.

4. Government of the province of Quebec.

5. Dufresne Construction Company of Montreal.

6. The latest information available is for the week ending January 30, 1937, during which period there were 339 men employed.

7. The provincial authorities advise that the labour employed on the project in question is being recruited from Montreal, L'Abord-a-plouffe, Montreal North, St. Vincent de Paul, St. Michel and St. Laurent.

PUBLIC WORKS IN QUEBEC PROVINCE

Mr. MULLINS:

How many public works have been carried out jointly by the federal government and the government of the province of Quebec, since January 1, 1936, to date: (a) in the counties of Richmond-Wolfe; (b) in the other counties of the province of Quebec?

Mr. ROGERS: Order in Council P.C. 359 dated February 22, 1937, which was tabled in the House of Commons on February 24, 1937, sets forth the works being carried out by the province of Quebec with financial assistance from the dominion under the provisions of the Unemployment Relief and Assistance Act, 1936.

BANK OF CANADA—REGULATION OF CURRENCY AND CREDIT

Mr. BLACKMORE:

1. Has parliament entrusted the Bank of Canada with the function of regulating currency and credit in the public interest?

2. If the Bank of Canada exercises the function of regulating currency and credit in the public interest, what means does it employ?

3. What are the credit control powers that parliament has conferred upon the Bank of Canada that it may use to check wild speculation in commodities, stocks, etc., if such action becomes desirable in the public interest?

4. Who will decide the time when and the extent to which the powers mentioned in question 3 are to be applied?

Mr. DUNNING:

1. Yes—see preamble to Bank of Canada Act.

2. Primarily open market purchases or sales of securities designed directly to expand or contract the cash reserves of the chartered banks, and regulation of the discount rate designed to effect indirectly the same purposes.

3. See section 21 and subsection 4 of section 13 of Bank of Canada Act. The central bank has no statutory powers to determine the specific purposes for which credit is used and effective control of the distribution of credit as between various categories of use depends on the active cooperation of chartered banks and other private lending institutions, the stock exchanges, stock brokers, and the public generally.

4. See sections 7 and 13 of the Bank of Canada Act and section 4 of the Bank of Canada Act Amendment Act.

QUESTIONS PASSED AS ORDERS FOR RETURNS

LIFE INSURANCE IN CANADA

Mr. TUCKER:

1. How much life insurance was in force in respect of residents of Canada in each of the years 1927 to 1936, inclusive?

2. What was the total of premiums paid by such residents of Canada in each of the years 1927 to 1936, inclusive, in respect of such life insurance?

3. What was the total amount of such life insurance which: (a) lapsed during each of said years on account of non-payment of premiums; (b) was surrendered by such policyholders in each of said years?

4. What was the total amount paid in respect of such insurance in each of said years: (a) to beneficiaries on the death of the insured; (b) to policyholders other than by way of loans on policies; (c) in loans to policyholders?

DOMINION VETERINARIES IN ALBERTA

Mr. QUELCH:

1. What is the number of dominion veterinaries operating in the province of Alberta?

2. What territory is covered by each?

3. What is the scope of work of the dominion veterinaries in the province of Alberta, and the cost of this service to the dominion government?

4. How is this work co-related to the provincial veterinary service, if at all?

RELIEF WORK PROJECTS

Mr. BLANCHETTE:

1. What sums of money have been allotted by the federal government in 1936 on relief work projects in conjunction with the various provincial governments?

2. What sum has been allotted by the federal government to each separate province for such projects?

TORONTO POST OFFICE

Mr. BAKER:

1. What was the total number of employees engaged on the sortation and mail at the Toronto terminal "A" post office in 1925, 1929, and 1936?

2. How many were permanently employed, and under what classifications, including supervisory positions?

3. How many were classed as temporary?

4. How many were part-time employees?

5. What were their daily periods, and what duties did these part-time employees perform?

Mr. BAKER:

What was the average daily load in pieces of mail during 1925, during 1929, and during 1936, including: (a) mail posted in Toronto and handled by sorting staffs, and (b) mail posted at outside points and received at Toronto for sorting and distribution?

PERMANENT LAW CLERKS, COUNSEL AND LEGAL ADVISERS

Mr. BOTHWELL:

What are the classifications and salary ranges of all law clerks, counsel and legal advisers on the permanent staffs of the several departments of the government?

CORNWALL, ONT., PUBLIC BUILDING

Mr. CHEVRIER:

1. When was the post office building at Cornwall, in the county of Stormont, erected?

2. In that year, how many patrons were there, and what was the total revenue of the post office?

3. How many patrons were there in 1936, and what was the revenue that year?

4. How many departments of the government of Canada are housed in the post office building at Cornwall, and what arrangements have these various departments made with the Post Office Department as to leasing, taxes, heat, light, etc.?

5. When did the Department of National Revenue (then Customs) open an office in the post office building in Cornwall, and, in that year, what was the total customs revenue collected at the port of Cornwall?

6. What was the total customs revenue collected at the port of Cornwall in 1936?

7. In what year did a detachment of the Royal Canadian Mounted Police open an office at Cornwall in the post office building, and, in such year, how many cases were handled by that detachment?

8. How many were handled in 1936?

MOTIONS FOR PAPERS

JONES AVENUE, TORONTO, GRADE SEPARATION

Mr. CHURCH:

For a copy of all correspondence, reports and other documents, relating to grade separation at Jones avenue in the city of Toronto, including a copy of any correspondence or offers from the mayor and corporation of Toronto in this connection.

He said: I read in Hansard of Monday the objection of the Minister of Transport (Mr. Howe) to all the correspondence being produced. I agree with him that it would be a heavy matter, as this has been described as the most dangerous crossing in Canada. I want only two copies of recent letters, one a copy of a letter from Mayor Robbins, proposing a new division of the cost of this work, and the reply of the government or the railway commission of a week ago to that letter. Subject to this amendment, I think the motion might pass. There is a vote of two and a half million dollars in the supplementary estimates for grade separation, although the letter received from Ottawa by the mayor a week ago, to which I have referred, says no funds have yet been voted this year.

I suggest that under the circumstances the motion might pass. Two other motions along similar lines were passed a month ago. If the minister has any objection I am willing to drop it.

Hon. C. D. HOWE (Minister of Transport): I have no objection, subject to the revision suggested.

ST. LAZARE, N.B., POSTMASTER

Mr. BROOKS:

For a copy of all reports, telegrams and correspondence, exchanged between the Post Office Department, the Postmaster General, the District Superintendent of Postal Service at Saint John, New Brunswick, and others, recom-

mending the dismissal of the former postmaster and the appointment of the present incumbent at Saint-Lazare, Kent county, New Brunswick.

ST. FABIEN, N.B., POSTMASTER

Mr. BROOKS:

For a copy of all reports, telegrams and correspondence exchanged between the Post Office Department, the Postmaster General, the District Superintendent of Postal Service at Saint John, New Brunswick, and others, recommending the dismissal of the former postmaster and the appointment of the present incumbent at Saint-Fabien, Kent county, New Brunswick.

UNEMPLOYMENT RELIEF

REPORT OF DEPARTMENT OF NATIONAL DEFENCE ON RELIEF CAMPS

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, it will perhaps be within the memory of some hon. members that the Department of National Defence filed an elaborate report on relief camps, up to 1935. When the government closed the camps I assume they made a further report of the manner in which they discharged their duties. While I do not suggest that a copy of the document be prepared, possibly the minister would lay upon the table of the house for reference purposes the report thus made. It would bring our information down to date in connection with the administration of the camps by the Department of National Defence.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, I should be glad indeed to look into the matter.

THE BUDGET

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

The house resumed from Tuesday, March 9, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. V. J. POTTIER (Shelburne-Yarmouth-Clare): Mr. Speaker, before moving the adjournment of the debate last night I attempted to show that we have approximately 200,000 square miles of fishing ground available to the fishermen of the maritime provinces; in other words, that we have nearly three times as large an area in fishing grounds as we have under cultivation.

I wish briefly to review the early history of our fisheries, in so far as they have reference to the maritime provinces. We find that since the discovery of America, fisheries have been a matter of vital importance in Canadian development. The first grant in connection with fisheries was made by the King of France to De Monts in the year 1603. Fishing, therefore, may well be regarded as one of the first industries prosecuted by Europeans in what is to-day the Dominion of Canada, and it has never ceased to yield a yearly harvest.

It is estimated that in the year 1550, or thereabouts, the combined fleets of all countries in the north Atlantic numbered about 1,500 vessels. The position of land adjoining the fishing banks was important only in so far as it provided a means of drying or curing fish products caught adjoining the said land. We go first to the island of Cape Breton and find the early village of Cheticamp. The territory was at that time under the control of the French. Next we come to the mainland of Nova Scotia, and note that at Liverpool in 1760 they had 16 fishing vessels. Port La Tour and the Pubnicos were important early fishing settlements. In 1713, for example, at Canso, with a population of about 1,000 persons, there were 100,000 quintals of fish caught. Proceeding to New Brunswick we find that in 1765 William Davidson established a salmon fishery on the Miramichi river. There were other fishing settlements at Grand Anse, Campo Bello, and Deer Islands. In Prince Edward Island they, too, had settlements connected with the early fishing industry.

I refer to that part of our history to-day because we in the maritime provinces hope there may be something in store for us in the future, because our industries are so well established and of such long duration.

The fisheries of the maritime provinces can be divided into three parts. We have what we know as the deep fisheries, the inshore fisheries and the inland fisheries. In my observations to-day I am going to deal with the production of what we describe as ground fish, caught by the first two methods—deep sea fishing and inshore fishing.

The principal kinds of ground fish caught are cod, haddock, halibut, and hake. The prosperity or depression of the fishermen has up to the present depended upon the extent of his catch of these types of fish. I am not unmindful of the fact that the lobster industry has in some districts developed into their principal industry. However, it is carried on only in certain seasons, and is limited as to quantity of production.

Other types of fishing—fishing for mackerel, sardines, salmon, smelts, alewives, sword fish, tuna, shell fish, scallops, oysters and clams are either carried on only during certain seasons or in certain areas. Taking the mari-

time province fisheries as a whole I am of opinion that they can be considered only as a complement of the main industry as above indicated. I do not wish to be understood as saying they are not important, because they mean a great deal to some districts, and in those districts their development must be attended to.

The remainder of my remarks will therefore be directed to a discussion of the general situation, in so far as the development of the ground fish, so-called, can be carried on. That is the direction in which parliament should apply itself particularly. I have before me indications of what has taken place in Canada in past five-year periods, in relation to cod. These figures, relating to catches and values of cod, are a fair indication of what has happened in connection with other species:

Year	Weight (pounds)	Landed value
1919..	260,677,000	$8,388,243
1924..	188,831,600	4,260,882
1929..	197,944,000	4,040,562
1931..	146,362,600	2,044,371
1936..	162,000,000	2,030,779

In 1936 the catch was 162,000,000 pounds, with a value of $2,030,000. In other words, in that one species alone, the value of the catch dropped from $8,388,000 to $2,030,000.

It is of interest to note that in the production of such fish the maritime provinces have not held their own with world production. I find that the production of cod in those countries which produce this type of fish is on the increase. In 1919 the fishermen of Norway caught 359,004,000 pounds. In 1927 the catch had increased to 808,649,000 pounds. In 1932 the catch totalled 661,746,000 pounds. In the Faroe islands they caught 99,888,000 pounds in 1919, and 148,968,000 pounds in 1932. In Iceland they caught 168,885,000 pounds in 1919 and 457,778,000 pounds in 1932. I could go on to show how other countries with which we have to compete have been increasing their production, while ours has been going down. The figures I give are the best available.

In my opinion these figures indicate three things. First, that Canada has gone back; second, that we have not held our own in world production; and third, that we have not kept step with European countries. This unhappy and unfortunate situation must come to an end. These figures tell the story of the maritime fisherman; they explain why we find him bankrupt and why the industry in some areas has taken on the appearance of failure.

The status of a large number of fishermen in the maritimes has become desperate. For example, in one district in my riding, which was once a prosperous and successful fishing district, the catch for 1935 followed this general trend. I want to see it improved. I should like to give some examples of the earnings of some of the fishing boats. I shall not give names, referring to them only by number. Boat number one, with a crew of 22 men, fished for fourteen weeks. It stocked $4,000, and the average share per man per week was $4. Boat number two, with a crew of 21 men, fished nine weeks. It stocked $2,272, and the average share per man per week was about $2. Boat number three, with a crew of 18 men, fished twenty-two weeks. It stocked $3,600, and the average share per man per week was about $1. Boat number four with a crew of 12 men, fished 13 weeks. It stocked $2,100 and the average share per man per week was $5.50. Boat number five, with a crew of six men, fished 13 weeks, and the average share per man per week was fifty cents.

As a further example of the public feeling in connection with this industry, I quote from the Halifax Herald:

> The shore fishing industry in Nova Scotia is down to hard rocks of want. They are crushed by an industry out of control, a juggernaut headed toward doom. They need help and it must be forthcoming.

The special investigations carried on by this Nova Scotia newspaper show the seriousness of the situation. In the end the reports published should help a great deal to bring about a new standard in the industry.

I could go on and give a word picture of the conditions existing in a number of districts where the fishermen have been the unfortunate victims of the vicious circle I have mentioned above. These districts were successful and prosperous at confederation, but now the families living therein are undernourished, the children hungry, and they are forced to live with little hope for the future in houses with leaky roofs on rocky points of land. I do not want to exaggerate and have the house think that this is a picture of every district in the maritimes. Some districts have been more fortunate than others, particularly those where a fresh fish trade has been developed. I felt obliged to give this picture because I am convinced that these conditions are not generally known, and that is one of the reasons why they are allowed to continue to exist. I have in mind one particular case where two fishermen were drowned during a storm. This was one instance where human effort and endurance were unable to withstand the elements, the hardships and hazards of the industry.

I am convinced that the fisheries of the maritime provinces have been neglected, particularly when I look around and see what other countries producing the same type of fish are doing. I should like to refer to the assistance given by other countries with which we compete. This assistance can be divided into three categories, direct assistance, indirect assistance and emergency relief. I find that direct assistance in connection with fishing operations is given by Germany and Japan. Assistance in connection with exports is given by Denmark, France, the Irish Free State, Italy, Newfoundland and Norway. Assistance in the construction of vessels is given by Germany, Japan and Newfoundland. Assistance in the repair of vessels is given by Germany and Japan. Assistance through the establishment of freezing plants is given by Japan and Norway. Other direct assistance is given by Italy, Japan and Newfoundland.

Indirect assistance by way of government loans and guarantees is given by Denmark, France, Germany, Iceland, the Irish Free State, Italy, The Netherlands, Newfoundland, Norway, Portugal, the United Kingdom and the United States. Assistance by way of home market promotion is given by Denmark, France, Germany and Japan. Assistance by way of preferential transportation rates is given by Germany and Newfoundland. Tax or duty exemption is given by Italy, Japan, Mexico, Newfoundland, the United Kingdom and the United States. Other indirect assistance is given by Italy, Japan, Mexico, Newfoundland and Norway. Emergency relief is provided by Germany, Great Britain and the United States.

Let us see what Canada has done. We have the Fisherman's Loan Act which was passed in 1935, but I understand that up to the present time no loans have been made under this act. This country gives no assistance in connection with exports or in connection with the construction of vessels. We give no assistance in the repair of vessels nor have we any provision for emergency relief. I am not forgetting the item voted for the development of deep sea fisheries, as well as the vote of $500,000 last year for general relief. Under that vote all that a fisherman in my constituency could get was a loan of $20 added to a similar amount given by the province of Nova Scotia. Even that small amount was the first he has been able to borrow in connection with his industry. I make no reference to the $160,000 granted under the Halifax award as I consider that to represent simply the interest on money that belongs to us. I cannot treat it as being assistance given by this government.

I should like to mention some other features which have had an effect upon the fishermen in the maritime provinces. We lost the best market we ever had when the Fordney-McCumber tariff was put into effect in the United States. Russia and Germany, which countries were formerly importers of fish, taking the surplus products of Holland, Great Britain, Norway and France, have now built up fishing fleets and have forced these other countries to find other markets. These countries have entered the West Indies and South American markets, as well as the markets of Spain and Portugal, displacing Canada. This has been possible through force of circumstances and by means of the assistance provided by their governments. The immigration laws of the United States prevent our fishermen from signing on American fishing vessels, as was the custom in former years. This has meant that an increased number of fishermen have had to remain in Canada. Then the beam trawler has thrown a large number of fishermen out of employment, as by this method of fishing a smaller number of men are employed to catch the same amount of fish.

As a result of these and other causes what do we find regarding the export of these products to other countries? I will refer briefly to purchases by three countries to which the Atlantic coast exports cod and other fish:

	1920-1921	1935
Cuba (cod, pollock, hake, cusk)	$1,431,704	$236,872
Porto Rico (cod, haddock, herring)	1,169,609	332,805
Brazil (cod, herring)	1,202,207	53,409

Taking it in another way, of the dried cod species alone we exported:

	1920-1921	1935
Cuba	$1,383,628	$228,986
Porto Rico	946,009	271,328
Brazil	1,080,093	9,372

I submit that those figures go to show why the fisherman of the maritime provinces finds himself in the position in which he is. They relate to only a few of the importing countries, but they indicate the general trend.

Up to the present time the federal policy under all governments has been one of regulation and control; in other words, a policy of restrictions and reservations. This has come about, presumably, because of the interpretation placed upon the words "sea coast and inland fisheries," as under the British North America Act those subjects were passed on to the federal government, and the result to the fisherman has been the same confusion and controversy that has occurred in respect of a number of other industries; he has suffered in no small degree since confederation

by reason of this question of jurisdiction. When however we examine the developments since confederation, we find that the federal government has realized that the responsibility for taking care of the industry rests with the dominion government. For a long time there was a great deal of uncertainty as to the proprietary rights in fisheries, whether they belonged to the dominion or the provinces. In the British Columbia Fisheries Case and in other cases, it was decided that the fisheries rights in tidal waters belonged to the people of Canada as a whole rather than the dominion or the provinces. For that reason the federal government stated, in effect: We will attend only to regulation. The provincial governments, on the other hand, claimed that they had nothing to do with the matter. The result was that the fisherman found himself between the two jurisdictions, with no one agency to look after his welfare or to promote the development of the industry.

In considering what has happened since confederation, I think the federal government has admitted that responsibility for the fisheries rests with it. We find that by an award under the provisions of the Treaty of Washington, $4,500,000 was paid by the government of the United States for the right to take fish in the maritime provinces. The dominion government still retains that money; it is part of the consolidated revenue in the federal treasury.

A small item appears in the estimates each year for the development of the deep sea fisheries. Besides this, a commission was appointed by parliament to examine, in particular, into the maritime fisheries. If this government has no jurisdiction and no responsibility, why was the McLean commission appointed in 1927 to make a report to the federal government? I submit that when all is taken into consideration it must be realized that the dominion government have admitted responsibility; they have led the provinces to believe that they would assume the duty of developing the industry and enabling it to carry on. It may be of interest to note that in the last investigation, by the price spreads commission, the following reference was made to the maritime fisheries:

> The investigation of the commission found a continuation of the conditions in 1927, though perhaps in a more accentuated form.

There is no doubt that in 1927 this industry was in jeopardy. It is not a question arising out of the depression; the very existence of the fishing industry is jeopardized. I submit therefore that this government must accept responsibility, that the development of the fisheries in the maritime provinces has become a matter of national emergency and national concern.

[Mr. Pottier.]

We of the maritimes had great hopes at the time of confederation. I think it was Joseph Howe who said that we were "leaving a country that had a past to join a country that had only a future." I am afraid that so far as the fishing industry is concerned, we have cause to feel that nothing has been gained. Canada uses only twenty-seven per cent of the production of the fisheries. We have to look to export trade for the balance, and I suggest that our national thought has been more to the development of our other primary products and industries.

The condition of this industry has been recognized, I believe, by all parties in this house. I quote from a speech of the leader of the opposition (Mr. Bennett) just previous to the last election, as reported by the Halifax Herald of October 4, 1935, while he was speaking at Bridgewater, in the constituency of the then minister of fisheries, Mr. Ernst:

> Turning his attention to fisheries policies of the Conservative party, the Prime Minister declared an immediate survey of the entire industry was essential to spur the industry along a forward march of progress.

The remedies he suggested were:

> "First: We must have better knowledge of the requirements of the people who buy our fish. . . .
>
> Second: trade commissioners should have complete knowledge of the fisheries. . . .
>
> Third: we must find out how most we can assist the fishermen. I confess I do not know. I tell you frankly. . . .
>
> Fourth: we shall continue extensive advertising to make your fish better known."

So that the leader of the opposition, when he was Prime Minister, acknowledged and realized that the industry was in such peril that he recommended an immediate survey, and he admitted he did not know what remedies should be applied to assist the individual fisherman.

Another indication of the condition of this industry is that the government of Nova Scotia on its own responsibility has been carrying on investigations. I suggest to hon. members that they read the Note on the Fisheries Industry issued by the Economic Council of the province of Nova Scotia in October and November 1936. I congratulate the premier of that province upon the interest he is showing in this matter.

There seems to be no question about the gravity of the situation. It is generally admitted by everyone who has any knowledge of the industry, including members of the various parties in this house, that the maritime fisherman is in a pitiful condition.

I realize that it would be unreasonable for me to ask for discrimination in his favour.

A country must be run by definite policies; otherwise everything will end in chaos. We cannot favour one against the other. I therefore propose briefly that we follow the policy adopted to take care of another primary producer in another part of Canada—the farmer of the west. I do not want any of my remarks to be interpreted as criticizing anything that has been done or is being done to help the western farmer. I refer to the details simply to indicate the policy that has been followed, and I ask that the same policy be applied in behalf of the fishermen of the maritime provinces.

Let us look at what has been happening in the last few years. We find that in 1934, chapter 36, there were amendments to the Canadian Farm Loan Act, an act passed some years ago to provide loans to farmers. I think it can be fairly said that in a large measure, at least, those amendments were introduced to take care of a condition that was developing in the Canadian west.

Going on to 1935, we find an act providing for a Canadian Wheat Board, chapter 53 of that year. The outstanding feature of that act was the power given to the government to buy and sell wheat. They were going a step further. They were going to buy the product in order to save the individual farmer, but that was not sufficient. In the same year they went still further, enacting a rehabilitation act for the benefit of the prairie provinces. What was the idea of that? It was to rehabilitate the individual farmer. We find that the government went yet another step and enacted the Farmers' Creditors Arrangement Act, another measure to assist the farmer to carry on, helping him to the extent of enabling him to pay his bills in the amount that he could afford, the balance to be taken care of by compromise.

In connection with these policies with regard to wheat and rehabilitation, I would quote the remarks of the Prime Minister of that day (Mr. Bennett), to be found at page 3457 of Hansard of 1935. Referring to the necessity for the wheat board the right hon. gentleman gave the following explanation to parliament:

> I think possibly I should say that once in this country we had a grain board brought about, of course, by the exigencies of the war. The situation at the present time, without going into the matter in detail, is that this country has not been able to market all its wheat...
>
> The essential fact for us to recall is that the countries of Europe which during the war did not produce wheat found themselves dependent upon the countries which did increase their production, notably Canada, and that unfortunately for us for some strange reason, we did not realize that in 1925, 1926, 1927, 1928, 1929 and 1930 the countries of Europe had recovered their pre-war position—not only recovered it, but greatly strengthened it, and were supplying not only their own requirements but were also on an export basis.
>
> Under these circumstances the position was a very simple one. The question was whether or not chaos should reign in respect to the largest industry we have, in point of value of exports, or whether something should be done to endeavour to save it from the chaotic condition prevailing. Something was done.

In other words, the wheat board was brought into existence to save the individual wheat grower, and therefore to save the industry. For this purpose the government went into the market to buy and sell wheat. I submit that the policy adopted by the previous government was to help out the farmers of the west, because the industry had to be saved from the chaotic conditions then prevailing.

I pass next to the policy adopted by parliament when the Prairie Farm Rehabilitation Act was passed. As indicated in Hansard of 1935 at page 2604, Hon. Mr. Weir, then Minister of Agriculture, on that occasion said:

> Throughout the whole program it is our purpose to assist the farmers, and to demonstrate whether or not the people in these areas can continue to live there with only very little more moisture than they are now receiving. Our first aim is to do everything possible to make these people self-sustaining. Secondly, we must decide which areas are best suited for grain growing, which are best suited for ranching and the best way to handle those areas which are intermediate.
>
> The basis of our work is a study of the people who have farmed in the district and who have made use of trees and dams and grasses and cultural methods, and then after an analysis and a summing up of what the experts so-called have felt were the most important factors in each case, they will be able to place before a committee of farmers themselves in each province information that will be the basis on which all the work will be done.

The policy of helping the individual was being developed, and a further step in that direction was apparently the effort to restore confidence in the people and to help make them self-sustaining. The other day the present Minister of Agriculture (Mr. Gardiner) —I refer the house to Hansard, pages 779 and 780—when discussing an amendment to the rehabilitation bill recognized the policy laid down by the previous government, and he went I submit a step still further. He hinted that the farmer might be moved from one district to another. An effort was to be made to find a proper home for him if necessary. I suggest that we have gone a long way in our endeavour to help this primary producer. First we have lent him money; secondly, we have erected government institutions for the purchase and sale of his product; thirdly, we have passed the Farmers' Creditors

Arrangement Act to take care of his debts; fourthly, we have passed the rehabilitation act to rehabilitate him; and in the last place we are getting ready to find a proper home for him to move into.

I am not saying for a moment that all this is wrong, nor do I envy the farmer for anything that has been done for him. All I am asking is that the fisherman in the general shuffle of policies should be given a square deal.

I could go on to deal with other primary producers who have been helped by the policies of the government but time does not permit. I do not suggest that the farmer has been singled out for special treatment to the exclusion of the fisherman in particular. But let us see what has been done for the fisherman. In 1935 we passed a fisherman's loan act for the benefit of fishermen, but very few loans have been made under it, although many people in my constituency have asked me to assist and recommend them for loans. I suggest that the act should be amended to make loans possible not only on house mortgages but on the security of fishermen's equipment.

In the maritimes there are 41,000 fishermen representing a dependent population of about 200,000, and I suggest to the government that a maritime provinces fisheries rehabilitation act be passed for the maritime provinces to provide machinery and money so as to accomplish, at any rate in part, the following: 1. A survey of the industry; 2. provision for machinery for the proper equipment of the fishermen; 3. an improvement in conditions so as to give the individual fisherman a better return for his labour; 4. the provision of fishermen's emergency relief, when required; and 5, the bringing about of better conditions that will save the industry from the chaotic conditions that now prevail.

I have read several times the words of the Hon. George Brown spoken on one occasion at Quebec. He said:

> It may be that some among us will yet live to see the day when as a result of this measure a great and powerful people may have grown up on these lands—when the boundless forests all around us shall have given way to smiling fields and thriving towns, and when one united government under the British flag shall extend from shore to shore.

I am convinced that unless something is done in the ways I have indicated we shall have no thriving towns and smiling fields on the shores of the maritime provinces, but instead villages gone and forgotten with cellars remaining only as gaping monuments of days gone by.

Mr. W. H. MOORE (Ontario): May I at the outset offer my congratulations to the Minister of Finance (Mr. Dunning) on his presentation of the budget. We have had many wonderfully good ministers of finance in this country, and not the least in ability is the present incumbent of the office. Finance ministers have a special burden, particularly at this time in Canada—a debtor country trying to remain solvent. Canada has always, or at least in recent years, imposed unusual burdens upon its finance minister. We have a mania for tariff changes. I wonder if the minister could enumerate in the course of committee proceedings the changes that have taken place in the items we are to consider, going back, let us say, over the last six years. If the leader of the opposition (Mr. Bennett) cared to do so we could go back to the days of cut flowers and cast iron pipe. But we have a peculiar condition in this country. I know of no country in which the two major parties are divided in regard to their countries economic boundaries—and tariff schedules are the economic boundaries of a country. It seems to me we have an impossible position, impossible for business and impossible for politics. Business is of the long run; political life, as we know, is of the short run.

To-day in what I have to say I want to confine myself almost entirely to the trade treaty between Canada and the United Kingdom. I am one of those who voted against what was called the Ottawa agreements in 1932. In fact I voted against it several times, and I gave my reasons. I voted against it most sincerely and after very careful thought, and during this debate I have waited to observe if my reasons then were wrong, or if conditions had changed, or if this agreement is different from the one I voted against in 1932. I see no reason to change my view. In 1932 I expressed my doubts as to the efficacy of making tariffs by treaty, the so-called conventional tariff. It was the first way in which tariffs were made, as I read my history, and it was not a good way. Trade treaties in the seventeenth century were associated with trade wars. No, it was not a good way of making tariffs and it passed out not only because of international complications but because of the growth of liberalism, and of course I use that word not in the

narrow party sense. I would have used the word democracy, but it has become so hackneyed that one scarcely knows what it means. I use the word liberalism as opposed to state socialism, fascism, dictatorship or autocracy.

Then we made a second step towards the liberal treatment of our economic boundaries. We not only had consideration by members of parliament but we formed a tariff board, and that board existed for a dual purpose. In the first place it provided for direct representation of those who wished to have changes made in the tariff. The manufacturers could come, the consumers could come—they were ably represented at one time by a present member of this house; labour could come; in fact everybody who wanted the tariff moved up or down appeared or had the right to appear before the board upon the say-so of the minister of finance. That was the Liberal way.

Then we had a change of government and we had no tariff board for a while. The other day I exonerated the leader of the opposition of the charge of having dismissed the chairman of the old board. We all remember, however, that the board disappeared, and then we had tariff changes. And we had a treaty made with the United Kingdom. In the last election campaign I confess that I protested against that way of making tariffs. I protested against bringing down tariff changes without information being given to the members of this house in due time so that they could consider the changes that were proposed to be made in our trade relations. Under the old regime we had a copy of the report of the tariff board laid on the table. At one time we had one on woollens; I asked for a copy when it came down. There was only one copy and I kept it until the day before we voted, therefore I know the rest of the members did not have much chance to read it.

Then there was another change. The Liberal party came in. We had a treaty made with Washington, with no reference to the tariff board. The tariff was revised on more than half of the trade of this country without reference to the members of this house. It became law by order in council. That was a step away from liberalism, at least the liberalism that I believe in. Some one may tell me, and I have been told, that the end justified the means. I wonder whether our grandfathers and the men of '37 would have said the end justifies the means. They say that in Europe to-day, but I doubt whether it is true. I am told that I shall find the proof in the statistics. Well, I was interested the other day in what the leader of the opposition said about the increase of trade between Canada and the United States since the treaty was made. I took the January figures and I found there had been an increase of some $3,000,000 of our exports in January. Then I went over the items and I found that increase was more than made up by items that were free before the treaty was made and were free afterwards. We ought to have an analysis. It is beyond the power of any individual member to make an analysis of that kind; I hope the Minister of Finance will have one made for us.

As I say, I exonerated the leader of the opposition the other day from one serious charge, and I am going to exonerate him from another. When he was prime minister it was said he drove a hard bargain with the United Kingdom. Well really, in my opinion he did not drive a good bargain. The figures may appear to carry out the idea of a hard bargain. Great Britain in 1935 imported £56,000,000 worth of goods from Canada; in 1936, £75,000,000. The exports to Canada were £22,500,000 and £24,300,000 respectively. That seems to be a great inequality. So some may say the Prime Minister drove a hard bargain. Well, he was not acting for the United States; he did not drive a hard bargain for the United States. Nobody drove a hard bargain for the United States, because the United States did not make a trade treaty with the United Kingdom. Let me give you some more figures. The United Kingdom imported from the United States in 1935, £87,500,000 worth of goods and in 1936, £93,300,000 worth; they exported to the United States in 1935, £30,000,000 worth and in 1936, £33,300,000 worth. So there you have about the same inequality. And you have the explanation if you consider the items of trade. There is a reason for it, and there is a particular reason for it the last two or three years—Great Britain has had a building boom. Great Britain is preparing for rearmament and has had to import materials. I want to be fair to the old agreement, and I point out—I would have asked to put these figures on Hansard without reading them, but perhaps that is unnecessary—I point out that our position in the credits and the debits of trade between Canada and the United Kingdom has been improved since 1933. I have the figures for 1933 and 1934, they are not as great as they were between 1926 and 1928. In a general way our credit gain with the United Kingdom is balanced by our debit with the United States. Running over the figures, there is a remarkable relation in these figures between the trade of the two countries.

Now I come to an issue that to me is the kernel of our whole situation. It is my opinion that the world is in transition from an old condition which began, let us say, about 1800, to another era, and I cannot see that this measure is making a proper provision to correct the causes of our depression and the world's, or to provide us with the economic structure which in my opinion we must have for the future. The old idea was national exchange of commodities. I was brought up on it as taught by Adam Smith, as was my hon. friend the Minister of Finance. It was specialization of production, and exchange of products between nations. You had in the world two sets of countries, agricultural countries and industrial countries. Reading the other day a book by the great Swedish economist Ohlin, he said such trade has been extraordinarily profitable. Profitable for whom? You will find that the industrial countries are the creditor nations and the agricultural countries, almost invariably, are the debtor nations.

I disagree with much that has been said in this house as to the cause of the depression. It seems to be a common view here and in the country generally, I have heard it from all sides of politics, that we had a depression because of high tariffs which were imposed just before the depression, say some three or four years before. Then we had a stoppage of trade. Well, that is not borne out by the figures. We had high tariffs against agriculture; they began in 1925, when we had a low tariff party in this country. But here are the figures, for what they are worth, of world trade. Between 1883 and 1913 the world's trade increased at the rate of 3·6 per cent, which was just about in proportion to the increase of basic production of the several nations. From 1908 to 1913 you have an increase annually of 4·5 per cent. From 1925 to 1929, just on the verge of the depression, you had an increase in the world's trade of 4·85 per cent. Now, plainly, if these figures are right there were other causes at work, and personally I regard tariffs as merely a symptom of something deeper, something which we in this house ought to study very carefully. I wonder if I may read a statement by Professor Ohlin as to the cause of the depression. I think those in this house who follow the international economists will agree that Ohlin's name stands very high, and more than that, he is a disciple of the classical theory of trade: He says:

> The origin of the agricultural crisis date back to the war of 1914-1918; the chief cause of the crisis is to be found in the production of cereals, in particular, wheat. The area under cultivation declined in Europe, while increasing in the United States, Australia, Canada and the Argentine, from 32 million hectares during the five years immediately preceding the war to 46 million hectares during the period 1926-1929.

Now that is not Ohlin's opinion alone; that is the opinion of the agriculture committee of the League of Nations, as contained in the 1931 report on the agricultural crisis. Ohlin then goes on to give the figures of increase of wheat lands as compared with other cereals:

	Wheat	Other cereals	Totals
1909-13	63,500	131,200	194,700
1920-24	69,000	130,400	199,400
1925-29	74,300	133,800	208,100

(thousand hectares)

He then says:

> Evidently, in the years following the war, the production of wheat tended to exceed the quantities that could be sold at prices affording farmers the customary returns and standard of living. This was not, however, realized until 1928-29. But even then no attempt was made to adapt the output to the new conditions.

I must confess that I cannot find in this measure any attempt to meet that exceedingly difficult position.

Yes, we have come to a new era throughout the world and in this country. In 1932, I think it was, the leader of the opposition—he will correct me if I am wrong—made a statement which changed our whole outlook on life in this country economically.

Mr. DUNNING: That is a big responsibility!

Mr. MOORE: A hundred years ago Malthus said that no man had any right to support from any quarter except his parents. And in 1931 the then Prime Minister said in this house that no one should be allowed to perish.

Mr. BENNETT: Except himself.

Mr. MOORE: Except himself. Well, that was some years ago, and I am glad to say the right hon. gentleman is still very lively. You have a change there, a change which has come over us. It is only a matter of degree, from state socialism to fascism, all the way to us, and probably we have been less affected than most countries. But now we have the responsibility of the state for our individual life.

Mr. BENNETT: If the hon. member was asking a question I believe I would say that in dealing with the depression I think I said the government would not permit any man in the country to be without food, shelter, or clothing. My memory is that that was the sense of it, anyway.

Mr. MOORE: Yes, that was my memory of it, and there was no objection. We who then sat on the other side of the house raised no objection. As I listened to-day to the hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier) who just preceded me I could not help thinking of those statements, as he talked about the liabilities of the country and the responsibility of the Minister of Finance to the fishermen. We have come to a new era, which means among other things that debtor countries cannot afford to risk specialization.

After citing the figures of agricultural income for representative countries, the League Survey of 1934-35 concludes:

It is clear that the fall in agricultural income was least in those countries where farming is a sheltered industry producing mainly for the home market, greater in those countries which produced manufactured food products such as meat and dairy produce, and greatest on those, such as Canada and Hungary, which exported mainly grains and vegetable raw material.

I believe we should lay aside some of our preconceived theories. I believe we should think of the great lessons of the depression and of the need for a balanced economy. The leader of the opposition has just given us a statement of what he promised those who were down and out. Well, you have to draw upon the Minister of Finance, you have to draw upon the treasury, not only of the dominion but of the provinces. I am glad to say that balances look better these days—the last two or three days, at any rate. But there does come a time when the supply dries up. There does come a time when idleness eats into the hearts of men. Then you have a social problem, and there comes a time when the problem is no longer economic, when politicians must ask themselves how they are going to put these people to work.

Our tariffs set out our economic boundaries. We have to think very carefully as to the future relation of our foreign and domestic trade. I should like very much to have gone into some of the details—

Some hon. MEMBERS: Go ahead.

Mr. MOORE: —but I do not want to take too much of the time of the house. Particularly should I like to speak about wheat. I have an idea—and I may be quite wrong—that the preference on wheat under the Ottawa agreements of 1932 was the bait for the pact. I think the then prime minister rather hinted at it, and I have the idea that this government has been attracted by the idea of a preference on wheat.

Mr. BENNETT: Sir Wilfrid was.

Mr. DUNNING: By a free market for it.

Mr. MOORE: You got a preference for it, but of what use is that preference? Am I to understand that it is of some use, or that it is of no use?

Mr. DUNNING: That is arguable; a free market is certainly valuable.

Mr. MOORE: Well, let me quote the argument of a celebrated economist. Possibly the leader of the opposition will remember the statement to which I am about to refer. I am quoting Doctor Benham, who made this statement at a conference in Milan just prior to the Ottawa conference of 1932:

Canada and Australia together export more wheat than Great Britain consumes. What does that mean? Supposing Great Britain said: We will put on a tariff of 100 per cent or 1,000 per cent, or we will prohibit all foreign wheat, it would not help the Canadians and Australians one little bit as long as they competed with one another, because Canada and Australia together produce more wheat than Great Britain consumes. In any case, some of the wheat would have to be sold outside, and if a Canadian producer can get a little more in England than he can get somewhere else, then he will send his wheat to England, and therefore the price of Canadian and Australian wheat in England would be kept down at the world level.

Then Doctor Benham winds up by saying:

For those two reasons I see nothing important which will be done at Ottawa.

I am inclined to think nothing very important to our advantage was done in 1932, and I hold the same view to-day.

Now I go further and say that I believe every government has mandates from the people. I think the present government had two or three of them, the first of which was to restore responsible government—what we believe was responsible government,—and in my opinion they have not done it. Mandate number two was to provide profitable jobs for Canadians. We all know whether they have or have not done that. Then there is a third mandate, one which confronts every government, and that which I believe is an important one, namely good relations within the empire and without. I wonder if an imperial economic pact is designed to bring good relations within the empire? I do not wish to say anything against the right hon. gentleman who was the prime minister in 1932, but when he was dealing with Mr. Baldwin it seems to me both of them had some cards up their sleeves that were not altogether disclosed.

Mr. BENNETT: I am not familiar with cards; I do not understand them.

Mr. MOORE: Well, there are all kinds of cards. We know that the mother country is a wonderful thing, and I have every respect for it; but mother is a sharp trader.

Mr. DUNNING: I agree with that, at any rate.

Mr. MOORE: And the Minister of Finance agrees. When they came here with their experts, and filled the Chateau to overflowing, they came after having arranged to subsidize the production of wheat in Great Britain. Of course that was known to the then prime minister of Canada. That had two effects, and I want hon. members to think of them, because the condition still exists. The first effect was to increase the quantity of wheat. When the arrangement was put into operation Great Britain was producing only about fifteen per cent of its supply of wheat; the last records show that they now produce about twenty-five per cent. There is another effect. They take part of that subsidy from the Canadian wheat grower through an excise tax on flour. The proceeds of that tax are distributed to their own wheat growers. That is their business, but what about our business? I wonder what the Englishman would say if we put a tax on all textiles coming in from the United Kingdom and distributed it to our small mills or, if you prefer, to our homespun textile industry? I wonder if the Englishman would think we were guilty of sharp practice? I wonder if he would think that we were mitigating to some extent the reductions in tariff that were given? The old country provided—I think the prime minister of the day slipped up a bit—against any combination on our part that would destroy or hold back the sale of wheat in England at world prices. That is the argument Doctor Benham used.

The leader of the opposition (Mr. Bennett) says he is not accustomed to cards, but he appears to have had one up his sleeve. He said he would fix the world price by having a controlled price. I suppose that was all in the game. But Great Britain also had a card up her sleeve. There is more than one way of providing a preference. The Minister of Finance will remember the treaty made with the Argentine in 1933, immediately after the other agreements went into effect. Under that treaty provision was made for a loan, which really was the equivalent of a preference, to assist in the exportation of agricultural products, including wheat, from the Argentine to the United Kingdom.

Mr. BENNETT: And the export of machinery from England.

[Mr. Bennett.]

Mr. MOORE: Yes. I shall not give a lot of statistics as to what happened, but I should like to quote one statement made before the imperial economic committee in 1936:

> During the period under review the United Kingdom has been a steady purchaser of cereals. Although the United Kingdom taxed foreign wheat 2s. per quarter late in 1932 as a result of the Ottawa agreements, imports of foreign wheat have increased each year since then, while imports from the empire have fallen in 1934 and 1935.

We could go on and talk of the drought in western Canada, but it must be remembered that they had a serious drought in the Argentine. It is only my own opinion, but when everything is considered I doubt the value of a preference on wheat.

Mr. DUNNING: But you admit the value of a free market?

Mr. MOORE: Yes.

Mr. BENNETT: It was always free except during the South African war.

Mr. MOORE: I do not want anyone to think that I am prejudiced against trade with Great Britain. I think sometimes we politicians on both sides of the house are the object of suspicions which we do not deserve. I want to quote a word or two by some political philosophers as to the political effect of the Ottawa agreements. In 1933, immediately after the agreements had been effected, there was a meeting of the International Institute of Intellectual Cooperation. This meeting was held in London, and if we are ever to find political philosophers surely they should be found at a convention of the International Institute of Intellectual Cooperation.

Mr. BENNETT: Its headquarters are in Paris.

Mr. MOORE: It is a branch of the league of nations. Professor Jacob Viner, of Chicago, was there. I understand that this gentleman used to be a Canadian, at least a British subject. He said:

> I feel convinced there is no future for the British Empire on the basis of quid pro quo imperialism. If they try systematically to make mutual profit out of their empire, they will find that Britishers are too good bargainers to remain good friends. That is a matter which used of right to be of concern to me. Perhaps I should not longer speak on such questions. They are perhaps private matters.

Let us have an Englishman's view. I quote Professor Bailey, of London university, who said:

> Nothing in the history of the British commonwealth of nations is more likely to disrupt the association between the various partners than the recently concluded Ottawa agreements.

Professor Coatman, who was in the chair, had this to say:

The outlook was dark in those days and it was natural, in view of the great unemployment here and in Canada, that the minds of men should be dominated by this short term policy of trade agreements and so on.

We are now asked to make, shall I say, a permanent arrangement. We are being asked to take the second step in economic imperialism. Somehow I think that we within the British Empire will be able to get along. We are pretty good friends, but the Ottawa agreements have a direct effect on the world's present hazardous position. There is no doubt about that. Professor Von Beckerath, who was speaking for Germany, had this to say at the same conference:

Although the Ottawa agreements may be consonant with the Zeitgeist, we cannot at the same time believe them to be objectively good. The interesting argument was put forward that in the long run the whole world economic order must profit by a procedure by which the economic situation and productivity within the realm of the British Empire gets better. Under certain conditions that is a small consolation for certain countries who are only interested in making sure of their share.

And he continued:

Economists should bear these factors in mind when planning a new economic world order. There are members of that world order who are sick, and one cannot, without causing great harm in the long run, act on the assumption that all the members are strong and well when such a condition does not exist.

I was interested the other day in the little passage at arms as to who had been the better essayist, the man who wrote the agreements of 1932 or the man who wrote the agreement of 1937, on the question whether economic imperialism or the pact of 1932 or the pact of 1937 will lead to greater world trade, and I was interested in this statement in the London Economist, which journal, I think everybody will admit, is practically the organ of international liberalism:

The British government, acting within the letter of the most-favoured-nation clause but scarcely within its spirit, concluded the Ottawa agreements, which effectively imposed fresh handicaps on the trade of many countries with Britain and her dominions and empire. The inevitable reaction to the Ottawa gesture, and to the new British tariff accompanying it, was that the countries most affected proceeded to strengthen their own barriers. Ottawa had, in fact, quite the opposite effect to that which Mr. Baldwin declared to be its intention—namely, to loosen the shackles of world trade.

Let hon. members carry their minds back to world conditions in 1932. They will remember that Japan was stretching out her hands for a new empire in Asia. They will remember the bold steps that were taken, and the defiance of the League of Nations. Those who keep in touch with the publication Pacific Affairs will remember that the Japanese stated in effect: We are going to do as Britain has done. It is only a step to trace the movement to Italy and on to Germany, and then to remember that Ottawa led the way. I have no desire to exaggerate, and when I make a statement of that kind I want to give some tangible evidence. If hon. members will turn up the League of Nations Survey for 1934-35 they will find that it refers to the conference that was held in Paris in 1935 to tighten the bonds of the French empire, and the League's observers say that that conference was called a "French Ottawa." The league observers go on to relate the trade agreements in which the nations of the world sought to protect themselves from the consequences of our new imperialism, and they wind up with this conclusion:

The list of these agreements is very long and as they follow each other in rapid succession, their practical effect is not only restrictive of trade but leads irresistibly to a greater degree of state control.

And may I add, war. You have to-day a division of the nations, and you say it is socialist, fascist and liberal. Well, Russia is all for peace. We of the British Empire are all for peace. The United States is for peace. It is the "have-nots" that are for war. When we made a preferential pact, though we had the old preference before, we have affected the psychology of nations. It is all very well to say, and I have no doubt the Minister of Finance will say, that every nation—Germany, Italy and the rest—is able to buy our wheat on a free market; they do not need to put tariffs against it. Quite true, but they have to have means of payment, and we have given Great Britain, their industrial rival, a preference in the means of payment.

Mr. DUNNING: We have done so for forty years.

Mr. MOORE: As I suggested a little while ago, when the whole empire is brought together, a psychological effect is produced different from that resulting from individual preferences under the old arrangement made by Sir Wilfrid Laurier.

Mr. BENNETT: The other dominions gave preferences.

Mr. MOORE: Yes, the others gave preferences too.

Mr. DUNNING: For many years.

Mr. MOORE: May I follow that thought? You had a different condition after the war. Before the war London was the world's banker,

lending money all over the globe, and half of it to foreign countries. When, in 1932, Great Britain and the dominions came together, a very different condition existed. Great Britain had lost some of her credit. The United States, the world's new banker, would not allow the peoples to pay their debts in goods. In the old days Canada and the dominions provided practically an open door for immigration, but after the war that door was closed. That was the atmosphere in which the Ottawa agreements were devised and which we to-day are asked, I take it, to perpetuate. I do not feel that I can support them. I do not believe that the Canadian people as a whole have realized the responsibility those agreements entail. I doubt whether from the debate a few days ago this house is prepared to defend a pact of economic imperialism. But surely we cannot leave others to defend the trade routes for which we have bargained! We cannot be a party to economic imperialism and then run away from its defence! We cannot contribute to the cause of war and then run away from war.

Hon. H. H. STEVENS (Kootenay East): In the opening session of this parliament, somewhat over a year ago, I told a number of Liberal members, many of whom were then entering the house for the first time, that they had a magnificent opportunity to render a great service to Canada, but I wondered whether sooner or later they would not find that their individual convictions conflicted with party expediency, and whether in all probability the latter would not prevail. At that time I assured the government that if they would use their unparalleled majority to remedy some of the domestic problems and grievances and injustices that were noticeably prevalent I would support them. We are now, Mr. Speaker, approaching the end of the second session, and we are justified in asking this question: Has the government, with its unequalled opportunity and its huge majority, been true to the confidence imposed in it by the people? In other words, is it keeping faith? The views I shall express this afternoon will be offered rather in a spirit of warning than of condemnation, but I wish to call attention to certain things which in my opinion should engage the attention of parliament. In doing so I say to the minister at once that any apparent criticism I offer is not directed at him personally, because I do recognize that he is an able administrator of his department. I believe he has devoted his strength and energy to the discharge of his duties. But having said that, I do not think it necessarily follows that I must agree with the policies he has enunciated on behalf of the government or with all that he has said in the name of the government in the course of his budget. Before I proceed let me express to my hon. friend who has just taken his seat, the member for Ontario (Mr. Moore), my admiration of the manner in which he always presents his thoughts. A little later I have some remarks to make on the British agreement and I will reserve until then anything I have to say to him. I shall probably refer to his remarks then. I hope therefore he will not think I am neglecting him at the moment.

Mr. MOORE: Not at all.

Mr. STEVENS: The annual budget, I presume, is intended to give to parliament a broad picture of the country's economic condition and to indicate policies for the removal of such grievances as may exist. This budget, I submit with all due respect to the minister, was perhaps the longest, and apart from the presentation of the British agreement, about as barren a budget as any I have listened to in twenty-six years—not barren perhaps of reports of conditions, which reports were most admirably given, but barren of real remedies for internal or domestic problems which I know are agitating the minds not only of members opposing the government but of members sitting on the other side.

Let me invite hon. members, particularly my Liberal friends, to put to themselves a few pertinent questions. What hope is offered in this budget to the unemployed toilers of the country? What assurances are there to the struggling farmers of relief from exploitation? What solace is there to the harassed business man who finds himself little more than a tax collecting agency for the government? Business men in this house know very well that this description of the average modern business man is perhaps as nearly correct as any description could be.

Mr. DUNNING: Oh no.

Mr. STEVENS: The minister says "Oh no," but I have talked with scores and scores of business men who, with the innumerable reports, tax schedules and so on, which they are obliged to make out, are little more than tax collecting agencies for the government.

Mr. DUNNING: Their income tax returns do not show it.

Mr. STEVENS: The other day I was talking to a prominent business man who told me that his business had increased over fifty per cent in 1936, but that he had made less

and had worked harder for it; and he gave as the reason that increased taxation and harassing measures imposed by provincial, municipal and dominion governments were occupying the time and attention of the staff to the exclusion of the business of the company.

What answer is given to the repeated declarations of certain of the provinces that they cannot carry on the responsibilities placed upon them in social services and other lines, the relief of unemployment and all these other problems, with the revenues they are able to collect at the present time? That problem is before parliament; it is before the government; and nothing in this budget indicates a policy that will afford relief. I ask: What does the government propose to do about the continuing national railways deficit? And again we are bound to say that the budget gives us no answer.

I do not intend to deal with unemployment or the devastating relief charges, because they have been debated in the house for the last week. I will say nothing in that regard except this, that there is no current policy of the government that would indicate any permanent remedy for this condition of unemployment, unless perhaps it is contained in the plaintive cry of the government for wider markets. To that I shall return a little later.

Let me turn now to the British agreement. The hon. member for Ontario, who is so well qualified to discuss matters of this kind, not only by reason of his long study of these subjects but also because of his experience as chairman of the tariff board for a number of years, takes exception to the British agreement. I should like to call to his attention one set of facts which he seems to have overlooked. He referred to the historic background of 1932, but if you want to find what really made necessary the Ottawa agreements you have to go back ten years beyond that and follow up step by step the tendency of Italy, Germany and other European countries, which previously had been excellent markets for Canadian goods but which virtually closed their doors to Canadian products, particularly wheat, dairy produce, meat and other products of the farm. Italy raised its duty on wheat from free to something like 97 cents a bushel; Germany raised its duty to 87 and then to 90 cents and then to $1 a bushel. Other countries did the same, and Canada was confronted in 1932—in fact prior to that year—with markets which had been hers for years being gradually closed to her. That was the condition that obtained at that time. When therefore Canada entered into these agreements there was more justification for them than was indicated in the very able address by the hon. member for Ontario. I can quite appreciate the broad philosophical view which the hon. member takes; but unfortunately we are not dealing at this time, or indeed at any time, with countries who direct their financial policies on broad philosophical lines. The unfortunate part is that we are dealing with countries that erect tariffs and impose quotas and inhibitions of various kinds; and these things were done before Canada took action at all. And because of these things Canada, other dominions of the empire and the mother country, deemed it necessary to enter into these agreements.

Mr. MOORE: May I remind the hon. gentleman that I said the movement began in 1925 when this country had a low tariff government?

Mr. STEVENS: Yes; I recall my hon. friend having said that. This agreement which the minister has introduced in the budget is the one and only justification for the presentation of the budget, apart from a review of conditions. The government is to be congratulated in my opinion on securing an extension of the agreement for a further period of three years, because the agreement in essence is the same as the preceding one, and what the minister has done is to ensure a continuity of the trade expansion achieved so remarkably under the old agreement. I congratulate the government on having secured an extension of this agreement for a period of three years. It is not my intention to discuss the agreement, because when we come to the committee stage there may be items which will require scrutiny and debate. On the whole I agree with the agreement. It marks, I believe, the sensible abandonment by the government of the impossible stand taken by the present Prime Minister (Mr. Mackenzie King) in 1932. He said that if and when the Liberal party came into office the first thing it would do would be to repeal, rescind and abandon these agreements, and I say that the abandonment of that position by the Liberal party and the Liberal government is a matter of congratulation to the government. It displays a degree of common sense for which I think they should be commended.

I am not going to say more about the agreement, because there are other subjects with which I wish to deal. The government, the Minister of Finance (Mr. Dunning), and I believe the Liberal party, attach great importance to external trade. I warned them last year, and I warn them again, that in external trade we are not going to find the

solution for the domestic problems of Canada. I am not belittling external trade; I think it is a splendid thing if we can extend our trade, and I know that every government, no matter how it might be composed, certainly would do its best to extend our trade with foreign countries. In his budget speech, however, the minister had this to say—I invite the attention of the house to his words, and after reading them I propose to review them very briefly:

> This expansion of our foreign commerce of course reflects in part the improvement in world conditions. . . . But that is by no means the whole story . . . it is not unreasonable to interpret this as clear evidence of the success of the governments trade policies.

Those are the words of the minister. Here he takes his stand; here is the justification for the policies of the government. I have no doubt that the minister invites analysis and criticism, so let us examine the matter.

The minister tells us that the increase of exports in 1936 over 1935 was $189,920,000, and I recall that when the minister made that announcement there were loud cheers from the party supporting the government. If, as the minister says, credit is due the government for that increase in exports, then I suppose the government would not object if we laid at their door responsibility for any diminution in trade or any decrease in exports. I think the responsibility must rest with them in the latter case if they choose to accept credit for the former. Let us examine these increases in exports. It is easy and simple to do.

Among the principal increases we find that the export of alcoholic beverages increased by $10,000,000. Well, I am quite prepared to say that government policy was responsible for that; let them have the credit. But next we find an increase of $89,750,000 in the export of wheat. There was no government policy responsible in that case. It was the result of a world drought condition, plus a war scare, plus a surplus that had been accumulated during the regime of a Tory government. What was a tragedy last year is today a great boon to the country, and is announced in the budget as part of the great surplus of exports. But that would not have been possible if that unfortunate accumulation had not been there; so certainly that was not due to any policy of this government.

The next large item of increased exports is in wood products, amounting to $35,000,000, and if you want the reason for the steadily increasing export of wood products in recent years you must turn to the Ottawa agreements.

[Mr. Stevens.]

Now I turn to some other large items of increased exports:

Scrap iron	$1,266,000
Zinc	1,100,000
Copper	7,000,000
Nickel	8,300,000
Lead	3,250,000

In these five classes of metals we have an increase of about $21,000,000, every particle of which was due to the war scare in Europe, and not to government policy. The minister said the increase of exports was partly due to good policy, and partly due to good luck. I would say it was stark tragedy, international insanity, that was the reason for this great stimulation in the export of these metals. For seven, eight or nine days we debated the question of defence; member after member called to the attention of the house the tragedy of this war scare—and that is what was responsible for this increase.

Our exports increased by $189,900,000 as compared with 1935, and these three items I have named, wheat, lumber and metals, with which government policy had nothing to do, account for $145,000,000 of that increase. I do not wish to take away from the minister or the government any comfort they can get out of the improved times, but it is well for the house to look at these figures and to realize that there is nothing very stable or secure in them. If the thing we all profess to desire, a condition of mind that would engender peace, could be brought about in the world, much of this trade would vanish overnight. If tomorrow the nations of the world were assured that there was no danger of war, prices of metal and our exports of metal would fall in a tragic way. So would the price of wheat and the exports of wheat, and we might say the same of other commodities. Thus, Mr. Speaker, when we look at the improved conditions and analyze the figures, we must come to the conclusion that not very much of the improvement is due to government policy.

Now let me turn to the other side of the picture. A moment ago I suggested that if the government should receive credit for increases, it must accept responsibility for decreases. What about these decreases? In the export of motor trucks the decrease was $1,100,000, and in the export of passenger cars $1,600,000; or a total decrease of $2,700,000 in the export of automobiles, representing 8,760 vehicles. That was in the calendar year 1936, as against 1935. Again I ask if the government is prepared to take responsibility for that.

Then let us take fruits, which concern a very substantial section of this country. The diminution in the export of fruits amounts to

$4,230,000. In exports of apples the decrease was $3,850,000; in other fresh fruits $265,000; and in canned fruits $245,000. Then take shingles, an important item to the province of British Columbia. These exports have fallen off by $1,200,000. There has been a decrease in the exports of sausage casings amounting to $185,000, and in processed milk of $366,000. In patent leather the decrease has been $400,000; in malt, $500,000; in electric vacuum cleaners, $400,000; in sewing machines, $500,000; in soap, $400,000, and in oats, $2,140,000. These, Mr. Speaker, are decreases in exports, and again I ask if the government is responsible for these decreases. Why does not the minister give us an analysis of the decreases?

Mr. DUNNING: May I be permitted to say that in the case of oats in particular, and certain kinds of fruit, the blame must be attached to providence or the weather, because they were not produced in sufficient volume to export.

Mr. STEVENS: That is a very fine excuse.

Mr. DUNNING: Is it not a reason?

Mr. STEVENS: But the minister took credit for an increase of $185,000,000 in exports.

Mr. DUNNING: Read my words again.

Mr. STEVENS: I quoted them just now, and they were rather interesting. The minister said:

> This expansion of our foreign commerce of course reflects in part the improvement in world trade conditions. . . . But that is by no means the whole story.

Then he said:

> . . . it is not unreasonable to interpret this as clear evidence of the success of the government's trade policies.

Some hon. MEMBERS: Hear, hear.

Mr. STEVENS: Very well. I have pointed out that of the total increase of over $189,000,000 some $145,000,000 was made up of exports in connection with which government policies could not have played any part, and I am now pointing out a few items in which government policy could play a part.

Mr. DUNNING: We sold some wheat, you know.

Mr. STEVENS: Yes, the government sold some wheat. Last year on the floor of this house we listened to the most bitter condemnation of the wheat policy of the previous administration, under which that accumulation of wheat took place, and if it had not been for that accumulation the minister would not have had the wheat to export.

Now let us come to the subject so ably discussed a few moments ago by the hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier), who made an appeal to the minister. Let me put this to the minister: Is the policy of the government responsible for the decrease in the exports of fish? Those decreases were as follows:

Dried codfish	$500,000
Herring	150,000
Pickled mackerel	40,000
Dry salt salmon	90,000
Pickled salmon	177,000
Canned lobster	195,000
Canned salmon	1,030,000

Once again I ask the minister, who is responsible for those decreases? Let me take this opportunity of congratulating the hon. member for Shelburne-Yarmouth-Clare on his very able speech, the preparation of which must have required a great deal of time and thought. I want to say to the hon. member that one of the problems of the fishing industry, and one of the root causes of distress among the fishermen, lies in the control of the distribution of fish by the National Fish Company. That is where the trouble lies. Will this government do anything in regard to it? I am warning this government and hon. members from Nova Scotia and the maritime provinces, where large fisheries exist, that they will find a major cause of their trouble in regard to fisheries in the overbearing and dictatorial power exercised by the great distributing companies, chiefly the National Fish Company. That is where the trouble lies, and that is where we must correct the trouble. I asked the president of that company, when he appeared before a parliamentary committee some two years ago, if, somewhere between the half cent a pound paid to the fishermen and the twenty to thirty cents a pound for which the fish were sold, another half cent could not be found for the fishermen, and he said it could not. All we have to do is pause for a moment and ask ourselves in this parliament if we are helpless to find the fishermen another half cent a pound. I was in the little town of Sackville, I think it was, though I am not quite sure—at any rate it was close to the bay of Fundy, in the southern part of New Brunswick—when a fisherman brought in five hundred pounds of the finest haddock one could wish to see. I wonder if hon members will believe me when I tell them what that man received for that five hundred pounds of fish. I was there that day, and was told by the man personally that he received one dollar, or one-fifth of a cent per pound. The hon. member for Shelburne-Yarmouth-Clare knows, as other hon. members know, that in the

maritimes there are hundreds of fishermen who do not see more than $75, $100 or $150 in a year as their whole return. What I say to the minister is this: It is all very well to talk about expanding foreign trade, but what are we doing with regard to the problems of our fishermen and others within the country, the domestic problems that it is within the power of this government to remedy and correct?

Now let us turn to some other matters that I conceive to be of grave importance, but which are conspicuous by their absence from this budget address. The minister pays little or no attention to anything I have to say; I really do not expect it, but if he will not listen to me I want to direct this question to him through the pages of Hansard: Is the government aware of the serious condition of unrest that is prevalent throughout this country? My hon. friend to whom I have already referred, speaking of the maritimes, knows that the plight of the fishermen down there has contributed to a condition of dissatisfaction and unrest in those provinces. My hon. friends from Quebec know that in that great province there is a feeling of dissatisfaction regarding conditions in Canada and with the results of the administration, shall I say, of this great country under the British North America Act. My hon. friends from the west on all sides of the house know perfectly well that many of the citizens of western Canada, thoughtful, earnest and honourable men and women, are convinced that their various provinces would be better out of confederation than within confederation.

These are matters to which consideration ought to be given. I notice some hon. gentlemen laugh. It is no laughing matter. Whether or not hon. gentlemen laugh at and ridicule it, I am going to give a few words of warning to this house in regard to that condition of unrest as I know it to exist throughout this country. Men everywhere are labouring under a feeling of hopelessness. There is an increasing number of our fellow citizens convinced that many of these injustices are unnecessary, and that the inequities that prevail in the country to-day could be remedied without the destruction of the present economic system. In my opinion, Mr. Speaker, never since confederation has the power and influence of parliament been at as low an ebb as it is to-day. Public confidence in parliament is waning. I question if there is an hon. member of this house, when he goes back to his constituency, whether he goes there weekly, or at intervals of some months, as some of us do whose ridings are more distant, who is not met by his supporters, his friends, and independent opinion conveying the low level at which this parliament stands in the eyes of his fellow citizens and his electors. There is scarcely a problem brought to this house, whether by members supporting the government or others, which is not met with the answer: Nothing can be done because it is not within our competence under the British North America Act. That is the stock answer given to all. So much so, Mr. Speaker, that parliament has become little more than a collecting agency of postal and customs revenues, an agency through which some pensions are paid, and the source of supply for the deficits of the Canadian National Railways. I think if you cover those points you cover pretty well what parliament does.

Someone suggests that I should not forget patronage. Let me pause to say that one of the curses of politics to-day is the patronage system, whether in provincial or dominion politics, because members know that if they do not behave themselves when they are on the government side they will suffer for it. I do not apply this only to the members of the Liberal party; it applied when the other party was in power also. Members know that if they dare step outside the directions of the party whip, their patronage will be cut off. Look what happened here during the last couple of weeks, in connection with the debate on defence. A score or more of Liberal members rose in their places—

An hon. MEMBER: Fifteen.

Mr. STEVENS: I thought it was more than that, but fifteen is a fairly large number. Fifteen Liberal members stood in their places and denounced the defence policy; then, like sheep, they walked up and voted for the very policy they had denounced. There is only one weapon left to a member of parliament, only one way in which he can express his objection to anything; that is by his vote, and I sat here and saw that spectacle go on day after day. Members made magnificent, interesting speeches in which they presented their views ably and gave cogent reasons for the stand they were taking; then they declared by their vote their unswerving support of the government. Why? Well, they know better than I do, but speaking in a general way I know the reason is the fear of losing the patronage which goes to supporters of the government. This inglorious position in which parliament finds itself is due largely to the failure of parliament to occupy the field that has been given it under the British North America Act. I said that two years ago; I

repeat it to-day. Parliament is not occupying the field it was given under the British North America Act. Parliament is not and has not been discharging the powers it rightfully enjoys. It will not and it is not applying those powers to the remedy of public grievances in the country. Parliament is perishing slowly but surely from inertia and ineptitude. We play the game of politics, but we do not play the game with the people.

Let us look at the privy council decisions. Only one measure came through the reference to that body, and I pause to say that those references never should have been made—never. The only way properly to test a law is to put it into operation, with the force and influence of the government behind it. Then let a citizen challenge the law in the courts on its merits. But what is the sense, where is the courage, in taking a measure before it is given an opportunity to operate, and placing it before the courts, saying "Please tell us, have we done right or have we done wrong?" The basis of consideration under those circumstances is wholly technical and constitutional—not upon the merits, or upon a consideration of whether the law is applied correctly.

In spite of all that, one measure survived, the Dominion Trade and Industry Commission Act, which provided for the setting up of a tribunal before which those having grievances in connection with trade practices might appear. I shall not go into details, but I must say it has never yet been given a chance to operate. In the first place, administration of the act was given to the tariff board, a body already overwhelmed with duties. When the present government took office they referred the measures to the courts, and since that nothing has been done. Not even the prosecutor has been appointed, an officer of the crown who was to administer those obscure laws already on the statute books, but which business men and others hesitate to invoke.

Some time ago a prominent business man drew to my attention a flagrant violation of the criminal code in connection with false advertising. There was no question as to the falsity of the advertising. He said, "Well, how can we have the act enforced? I have asked the Attorney General, and he does not take any interest in it." I am not sure whether he said he had consulted the Department of Justice. I said to him, "Lay the information yourself." But he replied, "Oh, no, I cannot lay the information." He did not want to do it, and as a matter of fact he should not be asked to do it. The measure provides for the appointment of an officer to prosecute on behalf of the public in the event of violation of a law such as that respecting false advertising, which has been in the criminal code for years, but which has had nobody to enforce it. There is law dealing with false advertising, and deceiving or defrauding the public. Can the government do anything to correct that? Of course they can. What action is being taken? Concluding that part of my remarks, I say that if in the next two years parliament does not produce some practical results in the correction of grievances within Canada, then Canada is heading for disintegration and dissolution. Some may think that is strong language, but I warn the house that there is a deep-rooted dissatisfaction throughout Canada with the manner in which our affairs are handled under the so-called constitution.

Let me now turn to another subject. May I ask the minister this direct question: What does he intend to do about the railway deficit? Here is what he says:

> I shall be greatly disappointed if we cannot keep our total deficit for 1937-38 within the limit represented by the net cash deficit of the Canadian National Railway System.

And I recall that that was greeted with cheers. What a thing to put before the taxpayers of Canada—we hope next year to restrict the deficit within what we are going to lose on the Canadian National Railways. That was a very graceful way of evading a very difficult question.

It is not as if we did not have information about the matter, because we have had most intensive investigations of the railway problem. We have had engineers' reports, expert opinions, traffic surveys, royal commissions, special committees of parliament, and standing committees of parliament, for twenty years to my knowledge. Since 1917 and the Drayton-Acworth report we have gone on year after year, accumulating data and information of all kinds until we have it by the ton—literally, Mr. Speaker, by the ton—in the archives of parliament. It is all there, available for the use of parliament. What are we doing about it?—just nothing; nothing.

Let me now examine some of the reports. I have the Drayton-Acworth report and the report of the Duff commission before me, but I shall not go into them in detail. I shall not read them, because anyone who wishes to may read them.

I shall be content with pointing out only one or two points. Some of the recommendations of the Drayton-Acworth report were adopted, thereby giving birth to the Canadian National railways. But its most vital recommendations

were ignored, and because of that Canada has a railway problem. Those recommendations were that the railways were to be operated by trustees—I am talking about twenty years ago. They were to be operated upon a commercial basis, and were to be undisturbed politically. The trustees were to be non-political, permanent and self-perpetuating. They were to be given the widest powers in the management of the property. It is the disregard of these recommendations which has been the chief cause of the deficit and our dilemma in connection with our railways. They have been subjected to political interference; no one can deny that. Let us be frank; let us state frankly what we know. We know they have been subject to political interference. We know that political lines were bought; I know it, other hon. members know it. We know, too, that political branch lines costing scores of millions of dollars were built; we know that. We know that there was political interference with the managements; we cannot deny that. No man can deny it. Yet these were the very things against which the Drayton-Acworth report of twenty years ago warned parliament and the people of Canada.

What did the Duff report say? Speaking of the Drayton-Acworth report made fifteen years previously, the Duff commission made these observations in 1932:

> The recommendations were designed to provide safeguards against political interference but—

And this is the finding of the Duff commission:

> —the government declined to follow the plan of organization recommended by the commission.

Then they go on to show what the results have been. In other words, this parliament, you and I, stand convicted before the people of Canada of having failed to carry out the expert advice given to us, and particularly in connection with the one point of political interference, which has been the nemesis of the Canadian National railways from its very inception. The Duff commission made recommendations among which were emancipation from political influence, elimination of duplication, cooperation between the two systems, and economies. They proposed to achieve these objectives by the appointment of three trustees, to be appointed from a panel named by themselves. Then, there was to be an arbitral tribunal to adjudicate in connection with disputes between the two systems. In part, that was put into law in 1933.

But once again politics wrecked the recommendations of that commission. Once more we are floundering in a sea of prejudice and partisanship. We have no chart, no compass; this parliament is just drifting so far as the railway problem is concerned. Yet this problem is the source of the greatest proportion of our deficits. It is the most serious problem, and has been so declared over and over again, with which Canada is confronted. Yet we are drifting along just as we have drifted for twenty years—and we expect the country to have confidence in parliament! I would not presume to say that I have a remedy or a solution for this problem, but there are a few suggestions I should like to make.

Mr. DEPUTY SPEAKER: The hon. member's time has expired and he can proceed only with the unanimous consent of the house.

Some hon. MEMBERS: Go on.

Mr. STEVENS: The two previous speakers took ten minutes more; I have only a few further sentences in connection with this railway problem. I would suggest, first, that we agree in both houses of parliament to drop politics when we are discussing the railway problem. That is a real foundation upon which we might hope to build something of value. Second, I would suggest that we refer all existing data to three committees, made up of senators and members of parliament—one committee to report on coordination, another to report on the rights of labour, and the third to report on the elimination of political interference and influence. Then I suggest that we hold a special session of parliament this autumn for the exclusive purpose of discussing and dealing with the railway problem and receiving the reports of these committees.

I have this further suggestion to make, one which has been in my mind for many years but which I have never uttered as I felt it was more within the realm of experts and I feared to tread therein. I have been in the house twenty years, and year after year this railway problem comes up and nothing is done. I am going to make this further suggestion. There is not a single transcontinental railway in the United States. Let hon. members get that. Canada should be divided into three zones for transportation purposes, one taking in Fort William to the coast; another taking in the great central areas of Ontario and Quebec, as far east as Quebec or Rivière du Loup; and the third taking in the maritime provinces. The maritime provinces have their confederation problems which are entitled to consideration. The great central provinces have their dense traffic problems, and the west has its wheat and farm products movements and other problems peculiar to that part of the country. Each of these zones

ought to be administered from a central point within itself, and inter-zone traffic arrangements made just as they are made in the United States.

With a system of that kind I believe we could bring the railway problem of Canada within the ambit of the understanding of a board of directors or a group of individuals. Quite frankly I question whether any one mind or any one board is capable of fully understanding and grasping the problems of either the Canadian National or the Canadian Pacific from Halifax to Vancouver. I contend that if parliament and the country would address themselves to this problem and take advantage of the information within our archives, a solution could be found.

Before I take my seat let me say one word in conclusion. In order that a democracy may succeed, it must be founded upon justice and equity within the state. Hon. members know that there are serious grievances which remain uncured. Apparently there is no possibility of correction by parliament, and until we as a parliament address ourselves to the correction of these iniquities, we cannot hope to retain the confidence and respect of the people of Canada.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, in rising to participate in this debate I should like to join those who have already congratulated the Minister of Finance (Mr. Dunning) upon his excellent presentation of the budget. There are some things in the budget I like and there are some I dislike. I dislike exceedingly both the sales tax and the sugar tax, but I do not propose to discuss them this afternoon. I think we have had a most profitable discussion to-day The hon. member for Ontario (Mr. Moore) brought a refreshing air of reality into the debate. We may not agree with his philosophical fundamentals, we may not agree with his conclusions, but at least we can admit that he has given this house food for thought. The hon. member for Kootenay East (Mr. Stevens) has done the same thing in a somewhat different manner.

I would point out that while the hon. member for Ontario was speaking, the evening editions of the local newspapers were delivered in the chamber. One of the statements appearing therein bears out what the hon. member said, that the Ottawa agreements might have repercussions which were not foreseen by some who supported the last agreements. We read in the press that the Australian Minister of Trade has resigned. The article continues:

> Canada found it impossible to agree to concessions of such magnitude, it was understood. The Canadian argument was that the balance of trade in Canada's favour was a natural one, largely because Canadian industry had developed to a point at which it was able to provide cheaply and efficiently a large range of manufactures which Australia required.

The commercial situation is thus set out in a few words. Every nation including this dominion is ready to sell but is not ready to buy.

The budget speech contains only a brief reference to a matter which I wish to discuss. The minister said that it was a matter for congratulation that a liability of amazing proportions in our national finances had been removed. He referred specifically to the accumulation of wheat which in a few short months had turned from a great liability into an asset of national importance.

Last evening the Minister of Agriculture (Mr. Gardiner) made what I thought was an extraordinary and rather weak defence of the government's policy in relation to the marketing of wheat. The minister devoted considerable time to a comparison of prices in widely dissimilar periods during past years. He paid no attention to the point made this afternoon by the hon. member for Ontario, that during those years there had been tremendous increases in both acreage and production not only in the four great wheat producing countries but also in the importing countries. The result was that during that period a glut occurred. He forgot to mention, of course, that this accumulation began under the previous Liberal administration, whose failure to implement their own tariff policies and the wheat board legislation of 1922 was, I believe, in no small measure responsible for the accumulations. The failure to implement the wheat board legislation led, in 1923 and 1924, the years to which the minister referred, to the formation of the second best thing to a wheat board from the point of view of the western farmer—the Canadian pools. The minister said last evening, at page 1631 of Hansard:

> The question of how wheat is to be marketed is of great importance to all the people of Canada, but it is of particular importance to the people who produce it.

That, I might say, is the reason why the the government's disregard of the wishes of the producers is very keenly resented throughout western Canada. The efforts of our farmers over a period of at least thirty years to create and to own their own marketing facilities prove conclusively that their hope of getting equitable prices for their products was through the establishment of their own marketing organization rather than in risking alternately high and low prices—mainly low prices—on a purely speculative market. It is this effort which the farmers of the west

believe the attitude and the policy of the government and the present wheat board have very largely nullified. The minister said, at page 1632 of Hansard:

> The person who buys the wheat is concerned only with the difference between the price at which he buys and the price at which he is able to sell.

Quite so, and that of course is the attitude of the trader, and of the middleman into whose hands, we believe, the government has played during the past eighteen months or so; for the bigger the difference between those two prices, the greater the profit to the speculator. I recommend to hon. members that they read the resolutions that were passed by western farmers during August and September last. They will find that those resolutions were more concerned with the method of marketing, the retention of the wheat board, than with a minimum price. Again may I repeat, in the words of the minister:

> The question of how wheat is to be marketed is of great importance to...the people who produce it.

Knowing this, I rather admire the courage of the minister, who last night, by inference at least, condemned the pools and their policies, and in effect gave his approval to the grain exchange method of marketing the farmers' crop. The minister contended, at page 1633 of Hansard, that the farmers are obtaining to-day:

> ...the highest price for wheat...since the beginning of the stabilization activities of Mr. McFarland.

Are the farmers getting that price or are the speculators getting it? If the speculators are getting it, I should like to know why they should be allowed to do so. Look at the world condition now and compare it with that of 1932, when world prices were the lowest in four hundred years. Of course, the minister said that there is less speculation now than ever before. I disagree with that statement because I view the matter of speculation relatively. If there is less speculation it is because there is relatively less wheat, but I venture to suggest that there is a great deal of speculation with paper wheat—perhaps more relatively than ever before. The minister attacked the stabilization operations. But what would have happened to the west and to the entire dominion but for those operations? Moreover the stabilized price was on the basis of Fort William, not on the basis of the world price—fortunately for the western producer, for the world price, as I mentioned a few moments ago, was the lowest in four centuries.

A great deal of propaganda is coming across the ocean to western Canada to the effect that the new policy is hailed with delight in Great Britain. May I say, in passing, that I am glad to notice the better type of advertising which has lately been done in Great Britain? But I do not believe those reports present a true picture of the British attitude. For example, I have before me a copy of the leading editorial from The Miller, a British publication of February 1, 1937. It refers to articles that have been sent from London by Mr. Grant Dexter to certain western papers, the purport of which is that there is a new feeling, a new spirit, in Great Britain towards Canadian wheat and flour since the change in the policies of the Canadian wheat board. The editorial goes on to state:

> Thus, it is claimed, the campaign has demonstrated conclusively that the active resentment of the British millers and bakers during the past years to the Canadian policy of holding for a premium price has disappeared.
>
> But it is perhaps allowable to point out at this stage that there never existed such a thing as active resentment on the part of the British millers to any Canadian policy. Canadian policy is an affair of the Canadian people, and always commands the most strict and friendly consideration of the Britisher. Milling for the British public is not an emotional pastime, but an economic service. The completest freedom of thought and action, to buy in the best market, and manufacture the finest product having regard to the requirements of the consumer, has been the policy of the British miller, and we maintain quite confidently that he has fulfilled his charge.

Incidentally, I am not so sure about that. Again:

> The Canadian wheat policy under Mr. John McFarland had everything to commend it, had it been successful.

Some hon. MEMBERS: Oh, oh.

Mr. COLDWELL: Further:

> Looked at in a very practical way, its only fault was its non-success.

May I just say to hon. members opposite who laughed, that that statement comes from a British source. We were told last year that we had to win anew the confidence of the British millers. This is a quotation from a trade organ with which usually I have found myself in disagreement. But I find myself in complete agreement with the statement that the non-success of the wheat stabilization policy was a tragedy, not to the millers but to the farmers of Canada, although it might well react ultimately upon the milling industry, because that industry must have a source of supply, and if bankruptcy overtakes farmers over a wide area of the world the milling industry suffers accordingly. I say

it was a tragedy because last July, wheat was dumped in record quantities upon the market —no matter how we divide it between last year's crop and the crop of the year before or of the year before that. The accumulations and the 1935 crop, some 63,000,000 bushels of grain were dumped on the market and sold during July, when world stocks of wheat were the lowest in nine years and widespread drought threatened north American crops. Last night the minister said:

What I want to tell the hon. member for Qu'Appelle is this: If at the end of June he knew what the price of wheat was going to be, or if he knew what it was going to be at the beginning of July, or even in the middle of July, there were very few people who considered themselves authorities on the question who really thought they knew.

Does the minister, who is a member of the wheat advisory committee, recollect that on July 6—that is, in the first week in the month—the three Canadian wheat pools through their executive presented a lengthy statement, a copy of which I have in my hand, to that committee, to the government of Canada? Let me read just a portion of that statement:

We offer a few reasons why we believe the initial payment on wheat for the coming crop season should be above rather than below average production costs.

First: The restoration of buying power to agriculture is in the best interests of the entire dominion. If our main branch of agriculture is on the brink of bankruptcy every industry depending on agriculture will suffer.

Second: Largely as a result of disastrous crop conditions in exporting countries, particularly on the North American continent, the world wheat carryover is at the lowest figure in the past ten years and there has been a substantial reduction in the Canadian wheat carryover.

Third: The disastrous drought in the United States, particularly in the spring wheat belt, makes it more than probable that instead of having a substantial surplus for export, that country will again require to import a considerable quantity of Canadian wheat.

Fourth: The damage already caused to our own wheat crop by drought extending over a wide area along the southern boundary of the three prairie provinces in western Saskatchewan and eastern Alberta, and in northwestern Saskatchewan, so that the most we can look for is a fair crop, with very light crops over a great part of the west which has suffered severely in the past from partial or total crop failures.

Fifth: The setting of an initial price below production costs by the Canadian government would almost inevitably be regarded by importing countries as the price at which Canada would be prepared to dispose of its wheat, with injurious influence on world price levels.

Sixth: The bulk of the Canadian wheat crop will have been delivered and a considerable portion of it will have moved to world markets before there can be any competition from the Argentine and Australia so that the export market price of wheat will be largely determined by the policy adopted by your committee.

Seventh: If the minimum price for wheat is set below the futures market price, the Canadian wheat board might be crippled if not destroyed, as farmers, after the experience of the present crop year would be reluctant to deliver their wheat to the board if they could secure a higher price on the open market. We believe that the continuance of the wheat board is vital to the welfare of our wheat growers under present world conditions and that any policy which would curtail the operations of the wheat board and increase the control of the private trade in marketing the Canadian crop would be against the interests of the producers.

Mr. GARDINER: Does the hon. member think that there is in that statement anything that contradicts what I said last night? I would take it from the statement that what they are asking for is a set price at least no lower than the price as it was then. The price at that time was nearly the set price of last year. It does not indicate any increase.

Mr. COLDWELL: There are two things indicated in this statement. One is this—and it is the point I am making—that the Canadian wheat producers on July 6 drew the attention of the government to the fact that there was likely to be a great crop failure over the United States spring wheat belt, and over wide areas of the Canadian prairies, that stocks were the lowest in ten years, and that therefore a price above the cost of production was warranted.

Mr. GARDINER: The point I made last night, and which I wish to emphasize, was that in spite of that fact they did not prophesy a big increase in prices.

Mr. COLDWELL: I think that was clearly implied.

Mr. DUNNING: Their later statement disproves that.

Mr. COLDWELL: I will deal with that in a moment—the later statement of September 5. I have only forty minutes, and the minister will have an opportunity to say something at some other time.

As I said on another occasion, I left Ottawa at the end of June and motored back, and I saw this condition. When I went to my own constituency early in July, day after day I saw crops fading out until about July 10 it was well known that the whole of southern Saskatchewan would be faced with almost an entire crop failure; and yet in the face of that, day after day, the Canadian wheat board dumped wheat on the market—during that month of July nearly 63,000,000 bushels. I say that policy was inept. In the face of

the condition that existed the board should have fed the market and watched developments so that, not for our farmers only but for the entire Canadian people, we might have recouped some of the so-called losses which have been referred to so frequently in this house. And the Minister of Finance took credit for some eight million dollars in his budget statement out of the very type of price advance to which I am referring. I believe that the experts in charge of the government's marketing policy, the wheat board, ought to have so advised the government. Their policy surely constitutes something in the nature of a betrayal of trust.

But the Minister of Agriculture (Mr. Gardiner) says that the people approved these policies in the election of 1935, and that in the Assiniboia by-election they confirmed their approval. He also took a sly dig at the running of a Cooperative Commonwealth Federation candidate in that constituency. I wonder whether it would surprise him to know that on the day that candidate was nominated the campaign fund was $30, and that on that campaign fund we began. Out of the nickels and dimes that came in we financed the campaign. I am wondering whether the minister could say the same thing of his campaign fund. The largest contribution we received from any one person or any one source was the sum of $25. May I say, however, that what we have often heard suggested in Saskatchewan regarding the way in which elections are run in that province has been pretty well summarized in a few words in the Canadian Journal of Economics and Political Science, Volume 2, No. 1, February, 1936, in which the following statement is made:

Mr. DUNNING: Who makes it?

Mr. COLDWELL: Escott Reid.

Mr. DUNNING: Ah, yes.

Mr. COLDWELL: The Prime Minister in a recent debate quoted him as an authority, so I think I might also quote him as an authority.

Mr. DUNNING: I only wanted to identify him.

Mr. COLDWELL: This is the quotation:

> The Saskatchewan Liberal machine was efficient, but it was corruption which furnished it with many of its workers, and when it could not win converts by legitimate persuasion it did not shrink from using corrupt methods. Seldom, though, did it corrupt by buying votes with money. It used the more sophisticated method, when seducing an individual, of offering him a job or a contract, and when it tried to seduce a section it offered a road or a public building.

[Mr. Coldwell.]

And sometimes dams, and other rehabilitation measures perhaps.

Last evening the minister (Mr. Gardiner) was, I think, to a degree guilty of misleading the house. He quoted four lines from a statement issued on September 5 by the pools.

Mr. GARDINER: I may call attention to the fact that in Hansard to-day the quotation cited on page 1635 is not all given as a quotation. There are four further lines; that has been corrected this morning.

Mr. COLDWELL: The other lines follow?

Mr. GARDINER: The lines that follow are part of the quotation.

Mr. COLDWELL: I was not thinking of the lines that follow; I was thinking of the lines that came immediately ahead.

Mr. GARDINER: All I wish to point out is that I read the section—

Some hon. MEMBERS: Order.

Mr. GARDINER: The hon. member who has the floor will permit me, I know. I only wish to point out that I read every word in section 3, which was the third reason for not forming the pool.

Mr. COLDWELL: As a matter of fact the word that led me to look for something ahead of this particular quotation was the word "further" which I think was the first word the minister used in the quotation in question. I find that the paragraph immediately ahead is this:

> In view of early harvest a very substantial amount of wheat would have already reached the market before it would be possible to make the necessary arrangements to accept delivery to a voluntary pool.

The minister has corrected the final lines, to which I was also going to refer, so I shall let the matter rest there. But I may say that if these words had been used prior to the four lines which were quoted, a somewhat different construction would have been placed on the quotation by the Minister of Finance (Mr. Dunning), who interjected a remark last evening.

Mr. DUNNING: Not in relation to price.

Mr. COLDWELL: The farmers were forced to market their 1936 grain without the advantage of an initial price and participation certificates; that is, the wheat board method as we understand it was denied to them. I say that has meant a very serious loss to these farmers. My colleague from Weyburn (Mr. Douglas) had one of his constituents in his room the other day. After years of drought that gentleman had a good crop last year. He

raised 17,000 bushels of wheat, but owing to his obligations he had to market that grain at once. He did market it, at a price some twenty or twenty-five cents below the price he might have received if he had been able to hold it for a little while. If he had been able to market that wheat through the board and participate in the average price it is probable that he would have received a considerably greater amount of money than he did receive for his crop.

Inferences have been drawn in this house that the whole agitation of last September was inspired by someone. I do not know who that someone was. The Minister of Finance points at me and smiles.

Mr. DUNNING: I read some of my hon. friend's speeches on the subject.

Mr. COLDWELL: Well, I deny it most emphatically, and I will tell the house why I deny it. On August 28 the price was announced. The morning of the 29th I was asked for a statement, which I gave. Then that same day I got in my car and drove to Ottawa. I was ten days on the way, and during the whole of that time I neither sent nor received a communication. No one had my addresses en route. So I was not responsible for the organization of that agitation in any way whatever. On the contrary, it was the most spontaneous thing within my experience and came about to some extent from the very keen disappointment which was naturally felt on the part of the farmers. For example, on the 17th of August one of my constituents wired the Minister of Agriculture from Dinsmore, Saskatchewan, as follows:

> Please advise if wheat board is to function through crop year nineteen thirty-six and thirty-seven and if so what is to be the set price? Threshing is in progress and farmers are anxious to dispose of crop through wheat board if it continues to function. Wire reply.

The reply received on August 20 by that gentleman was as follows:

> Wheat board will function this year. They will announce decision on nineteen thirty-six crop price shortly. I presume it would be impossible for them to make any announcement re nineteen thirty-seven crop.

Of course, the latter sentence was entirely unnecessary. The point is that apparently at that time the minister himself was not sure exactly what was going to happen in relation to the wheat board method of marketing.

Mr. DUNNING: What minister?

Mr. COLDWELL: The Minister of Agriculture. That reply, intentionally or otherwise, certainly was both misleading and evasive of the question. Then on the 28th of August the announcement was made. A moment ago the Minister of Finance pointed at me, suggesting that I had led this agitation. During the last day or two I have looked up the files, and I am going to let the newspapers tell the story. However, I see that it is just two minutes to six, and perhaps you will call it six o'clock, Mr. Speaker. To-morrow afternoon I can go on for the remainder of my time and refer to the public press records of what happened in western Canada last autumn.

BUSINESS OF THE HOUSE

THE BUDGET—SUSPENSION OF STANDING ORDER 28 FOR SITTINGS OF FRIDAY, MARCH 12

Hon. CHARLES A. DUNNING (Minister of Finance): Before you leave the chair, Mr. Speaker, in order that this debate may continue on Friday, if there are still those who desire to continue it on that day, it is necessary to provide that Mr. Speaker will not leave the chair without question being put. With the permission of the house, therefore, I move:

> That standing order 28 respecting the committee of ways and means be suspended for the sittings of Friday, 12th March, 1937.

Motion agreed to.

At six o'clock the house adjourned without question put, pusuant to standing order.

Thursday, March 11, 1937

The house met at three o'clock.

RAILWAYS AND SHIPPING

Second report of the standing committee on railways and shipping, owned, operated and controlled by the government—Sir Eugène Fiset.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 57, respecting Industrial Loan and Finance Corporation.—Mr. Vien.

Bill No. 58, respecting the Central Finance Corporation and to change its name to Household Finance Corporation.—Mr. Duffus.

QUESTIONS

(Questions answered orally are indicated by an asterisk.

CANADIAN WHEAT BOARD—CARRYING CHARGES ON WHEAT

Mr. ROSS (Moose Jaw):

1. What was the amount paid by the Canadian Wheat Board for carrying charges on wheat in country elevators for the 1935 crop?

2. What are the names of the elevator companies to whom this amount was paid and what amount was paid to each?

Mr. ROGERS:

1. $3,497,939.71.

2.

	Amount
Alberta Pacific Grain Co.	$ 188,150 87
Alberta Wheat Pool	371,394 44
Alliance Grain Company	7,735 80
Anderson Elevator Company	2,778 69
Bawlf Grain Company	38,667 11
British American Elevator Co.	70,716 98
Bishop Milling Company	55 68
Burns & Watson	166 83
Byers Flour Mills	314 46
Canada West Grain Company	7,233 96
Canadian Consolidated Grain Co.	56,918 01
Colley, F. T.	97 47
Conger Sanborn Company	2,664 68
Darlingford Farmers Elevator	142 41
Ellison Milling Company	15,980 45
Federal Grain Company	206,202 79
Forrester, G. A.	20 59
Forsythe & Company	567 77
Fraser, W. O.	627 47
Gillespie Grain Co.	39,280 77
Gold Grain Company	7,525 34
Grand Prairie Grain Co.	2,669 38
Harrison Milling & Elev. Co.	537 31
Hess, M. M.	544 28
Inter-Ocean Grain Company	9,894 57
Independent Grain Co.	19,783 72
Kalmacoff & Company	101 96
Kennedy Grain Company	457 82
Krause Milling Company	878 03
Lake of the Woods Milling Co.	36,567 17
Little & Little	931 16
Lytle, T. H.	225 09
McCabe Bros. Grain Co.	53,270 31
McCulloch & Company	2,516 74
MacEachern Milling Co.	492 21
Manitoba Pool Elevators Ltd.	125,380 98
Maple Leaf Milling Company	639 54
Midland & Pacific Grain Corp.	58,187 82
Mohler, J. J.	214 10
Morden Milling Company	466 23
Mutual Grain Company	5,643 99
National Elevator Company	97,133 17
Nerby Grain Company	3,808 42
Noak Grain Company	964 93
Noble, C. S.	968 20
Northern Elevator Company	60,634 94
Northern Grain Company	8,550 10
North Star Grain Company	48,187 28
Northwest Commission Company.	764 83
Ogilvie Flour Mills Co. Ltd.	49,687 20
Outlook Flour Mills	25 01
Parent Grain Company	487 82
Parrish & Heimbecker Ltd.	41,821 97
N. M. Paterson & Co.	51,770 21
Peaker Gibson Grain Company.	2,400 96
Pioneer Grain Company	172,836 30
Prince Albert Elevator Co.	2,484 62
Province Elevator Co.	84,291 15
Quaker Oats Company	11,153 01
Red River Grain Company	1,194 05
Richardson & Sons, J. R.	30 27
Ritz, Henry	472 41
Robin Hood Mills	3,081 13
Saskatchewan Pool Elevators Ltd.	903,263 01
Scottish Co-op. Wholesale Society Ltd.	8,282 52
Searle Grain Company	199,422 92
Standard Elevator Co.	10,628 40
Stettler Flour Mills	104 41
Strachan Elevator Ltd.	295 36
Strome Flour Mills	132 17
Swift Current Flour Mills	639 56
Thompson & Co. Clara	212 06
United Grain Growers Ltd.	242,861 28
Western Canada Flour Mills Co. Ltd.	32,626 58
Western Grain Co.	119,643 62
Wiley Low & Co.	434 86
	$3,497,939 71
Less carrying charges recovered on sales contracts	4,319 32
	$3,493,620 39

[Mr. J. G. Ross.]

NATIONAL HARBOURS BOARD—FIRE-BOAT "PLUVIUS"

Mr. GREEN:

1. Has the national harbours board ceased to operate the fire-boat "Pluvius" in Vancouver harbour?

2. Was a committee appointed at the request of the national harbours board or otherwise to consider and report on the need for fire protection for the water-front in Vancouver?

3. If so, when was it appointed, who were the members of the committee, and when did they report?

4. What steps are being taken by the national harbours board to implement any report or reports of such committee?

Mr. HOWE:

1. Yes.

2. No committee appointed at request of national harbours board.

3. Answered by No. 2.

4. Answered by No. 2.

EXPORTS TO UNITED STATES AND UNITED KINGDOM

Mr. MULLINS:

1. From January 1, 1935, to January 1, 1936, what was the quantity of the following commodities exported to the United States from Canada, as compared with the period from January 1, 1936, to January 1, 1937, viz: cheese, maple sugar, horses, cows, grain, beef cattle?

2. From January 1, 1935, to January 1, 1936, what quantity of cheese and beef cattle did we export to the United Kingdom from Canada, as compared with the period from January 1, 1936, to January 1, 1937?

Mr. ROGERS:

1. Exports from Canada to United States, Calendar Years:

	1935	1936
Cheese.. .. .. ..cwt.	4,749	114,564
Maple sugar.. .. Lb.	1,710,850	8,207,523
Horses.. .. .. ..No.	5,475	17,358
Cows (dairy cattle) No.	6.266	8,194
Grain.. .. .. ..Bush.	24,952,159	39,260,635
Beef cattle.. .. ..No.	108,557	224,306

2. Exports from Canada to United Kingdom, Calendar Years:

	1935	1936
Cheese.. .. .. ..Cwt.	527,196	678,017
Beef cattle.. .. ..No.	6,704	38,473

BUSINESS PROFITS WAR TAX ACT, 1916

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to revive and amend the Business Profits War Tax Act, 1916, to validate any actions which may have been taken since the coming into force of the revised statutes of Canada, 1927, and to provide that the procedure for dealing with appeals from assessments under the said act shall be similar to the procedure for dealing with appeals under the Income War Tax Act.

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

Motion agreed to.

GRAIN MARKETING

WHEAT BOARD SELLING POLICY—TELEGRAM FROM MR. MCFARLAND RESPECTING STATEMENT OF MINISTER OF AGRICULTURE

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, before the orders of the day are called I desire to direct attention to a matter of some importance. I regret I was called out of the chamber the other evening when the Minister of Agriculture (Mr. Gardiner) was speaking, but my absence was not a matter of intentional discourtesy to the minister. I have just received a telegram from Mr. John I. McFarland reading as follows:

Newspapers report Hon. Gardiner's statement in Commons in defence of wheat board selling policy wherein he said McFarland estimated crop four hundred millions on June 24. Please insist on my behalf that Mr. Gardiner gives direct authority for that statement. I never informed any newspaper man of my opinion of prospective crop at that or any other time and no one had authority to make any statement for me. It was obvious before the end of June that all hope for a crop had been destroyed.

Some hon. MEMBERS: Order.

Mr. BENNETT: This is in order; pardon me.

Mr. McLEAN (Melfort): Reading a telegram from the outside?

Mr. BENNETT: Very much so. The Minister of Agriculture made a statement with respect to a citizen of this country and it is in order for me to direct attention to the fact that there must be some mistake with respect to it. I am quite sure the Minister of Agriculture would desire to remedy any mistake in a statement which might have been based upon erroneous information. I am placing this information upon Hansard in order that he may do so at the appropriate time.

Mr. POULIOT: Was the telegram sent collect?

Hon. ERNEST LAPOINTE (Minister of Justice): I am sorry that my colleague, the Minister of Agriculture (Mr. Gardiner), is not in the house at this time. I shall call his attention to the remarks of my right hon. friend.

SOCKEYE SALMON FISHERIES

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): Might I inquire if the Minister of Justice (Mr. Lapointe) is now in a position to give us some information with respect to the salmon treaty, concerning which the leader of the opposition (Mr. Bennett) and myself spoke a few days ago?

Hon. ERNEST LAPOINTE (Minister of Justice): If my hon. friend will wait I shall be able to give him an answer to-morrow.

THE BUDGET

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

The house resumed from Wednesday, March 10, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, in the fifteen minutes or so which remain to me, I desire to add to my remarks of yesterday and correct an im-

pression which has grown up in this house that the agitation last fall in western Canada against the action of the government in regard to the wheat board was not a natural result of the situation thus created, but was something fostered by certain individuals or organizations. The wheat board announcement regarding price and operations was made on August 28, and on August 29 the Leader Post contained the following report:

> Farmers up in arms over the low minimum price. Those in southwest area called a protest meeting at Mossbank for August 31. J. Gordon Ross, M.P., and Thos. Waddell, M.L.A., are being invited to attend.

The same day the United Farmers of Canada at Saskatoon issued the following statement:

> Greatest sell-out in the history of the west.

As I said yesterday, I had left that day for Ottawa by car and so was out of touch with everyone for the next ten days. But I issued the following statement:

> As I understand the announcement, it means, in effect, that the wheat board will not function in relation to this year's crop unless the price falls to nearly the minimum announced. Western members of parliament, regardless of party affiliations, will, I believe, resent the government's disregard of western Canada's interests. It is time that we forgot largely meaningless party divisions, quit chasing rainbows and theorizing and tried to act together on behalf of the great agricultural industry upon which the west depends. Meantime, the grain exchange and food speculators have won. Virtually, the wheat board has gone. At least, its going is plainly foreshadowed.

I think the speech of the Minister of Agriculture (Mr. Gardiner) the other evening was somewhat in the nature of an obituary for that particular board. The Minister of Finance referred to something else that I had said. A few days earlier I had been asked what my opinion was regarding a proper minimum price. Based upon what I had seen in three trips through the United States and southern Saskatchewan, I stated that I thought a minimum price of $1.25 might be justified.

The farmers soon began to show their bitter resentment of the action of the board and the government as was evidenced by numerous newspaper reports. On Aust 31, Mayor W. D. MacKay of Strasbourg, expressed the opinion that a protest meeting should be held in that town against the government's action. At Milestone, J. E. Willoughby complained that the price was far too low. At Weyburn, Doctor J. K. Brimacombe, president of the board of trade, a former mayor and a prominent Liberal, stated that undoubtedly a strongly worded protest would be sent to the government. At Assiniboia, J. E. Johnstone, president of the board of trade, said that there would be a protest meeting. On September 1, the Crane Valley Liberal Association wired protesting vigorously against the setting of a minimum price at 87½ cents. Mr. J. B. Smith, the Liberal M.L.A. for Bengough, expressed his dissatisfaction, both with the initial payment and with the suspension of the board's action with regard to participation certificates. The same paper reported a protest meeting at Mossbank, at which the Liberal M.L.A. for Gravelbourg, Mr. E. M. Culliton, indulged in strong criticism of the government's action. Milestone's rural municipal council of Caledonia passed a resolution asking for a minimum price of $1.15 and board action. The Leader Post of September 3 reported a strongly worded protest from the United Farmers of Alberta. On September 5 the Saskatoon Young Liberal Association decided to ask for a reconsideration of the government's decision regarding the marketing of wheat. Copies of this letter were sent to the Minister of Agriculture and the hon. member for Saskatoon (Mr. Young). On September 8, Prince Albert district farmers passed a resolution deploring the influence of the private grain trade upon the government and charging the government with violating the laws of democracy by refusing demands for a fair price. The September 10 issue of the Leader Post reported an interview with the government by Mr. L. C. Broullette, president, Saskatchewan pool; Paul F. Bredt, president, Manitoba pool; George Bennett, president, Alberta pool, at which interview the delegation protested the pegged price of wheat. On September 5 the Prairie Messenger of Muenster, Saskatchewan, reported the hon. member for Humboldt (Mr. Fleming), as having wired the wheat pool on August 21 as follows:

> I, as one of the western Liberal members, am absolutely opposed to the government setting the price of wheat at 87½ cents. I believe the price should be set at $1 owing to the increased cost of production. I also believe that the government should set a minimum price for coarse grains as well.

Mr. W. A. Tucker, M.P., for Rosthern, was present at a farmers' meeting at Saskatoon and he pointed out that, in common with the farmers, he was disappointed that the price had not been left at $1 a bushel. Mr. Charles Agar, M.L.A. for Hanley, read a telegram which he had sent to the hon. member for Saskatoon urging him to continue the fight to get the minimum price raised to $1. At Bethune, Mr. J. Gordon Ross and Mr. J. F. Johnstone defended the government's action, but the farmers passed a resolution expressing dissatisfaction and asking for the immediate establishment of a minimum price of $1.15. The

hon. member for Mackenzie (Mr. MacMillan) addressed a large gathering of farmers, business men and professional men at Elfros on September 5 when he said:

> I left Ottawa with the impression that the wheat board's initial payment for this year's crop would not be less than $1 and I am extremely disappointed at the action of the government in establishing this at 87½ cents.

Mr. MacMillan added that he was unable to understand the attitude of the government and that he had written to the Prime Minister and the Hon. J. G. Gardiner, registering a strong protest. The meeting went on record unanimously against the government's action.

At North Battleford four hundred farmers, by a standing vote, demanded reinstatement of wheat board operations and a fixed minimum price of $1.15 per bushel, basis No. 1 Northern, Fort William. The meeting was presided over by Mr. W. A. Campbell, a local business man, and among those present were Mr. C. R. McIntosh, M.P., and Mr. J. A. McGregor, Liberal M.L.A. Mr. McIntosh is reported to have stated that he regarded the government's action as a complete reversal of policies for which western agriculture stood. He thought it was the duty of all western members of parliament to take a strong stand in support of the farmers' rights. He read a wire he had sent to the Saskatchewan wheat pool on August 20, expressing dissatisfaction with the suggestion of continuing the 87½ cent minimum price and favouring a fixed minimum of $1.10 to $1.15 a bushel. Mr. Gregory, Liberal M.L.A., said the government's wheat marketing policy was reactionary in view of the present tendencies for the control of all industries. At Rosthern, Mr. Tucker again witnessed the criticism of the government's action. At Lang, Saskatchewan, William Peterson, Liberal M.L.A., took part in criticizing the government's action. At Golden Prairie, two hundred persons attended an indignation meeting which was addressed by J. J. Mildenberger, Liberal M.L.A., and C. R. Evans, M.P. The meeting resolved—

> That the time is opportune for the Liberal party to implement the dollar wheat as promised by them in the provincial election, and sanctioned by the Hon. J. G. Gardiner, Minister of Agriculture, then a candidate for election and the office of provincial premier.

At Birch Hills, at a meeting attended by Malcolm McLean, M.P., and John R. Taylor, Liberal M.L.A., a resolution calling for the immediate operation of the wheat board was passed with only one dissenting vote according to the newspaper. I presume that that was the vote of the hon. member for Melfort (Mr. McLean).

Mr. McLEAN (Melfort): Mr. Speaker, on a question of privilege, I want to say that the hon. member for Rosetown-Biggar (Mr. Coldwell) has no foundation on which to make that remark. There is not the slightest particle of truth in it, and there is no evidence in the report of any truth in it. The resolution was voted on and carried by a very small percentage of the people who were present in that hall, in spite of the fact that a director of a certain organization who was not invited to be present came in and made a speech.

Some hon. MEMBERS: Order.

Mr. COLDWELL: Mr. Speaker, usually I am very courteous to hon. members opposite who rise for the purpose of making a correction. But if the hon. member wants to make a speech I think he should take time to do so after I get through. Yesterday I had fourteen interruptions.

Mr. McLEAN (Melfort): Mr. Speaker, on a question of privilege—

An hon. MEMBER: Order.

Mr. SPEAKER: The hon. member has risen to a question of privilege.

Mr. McLEAN (Melfort): Mr. Speaker, on a question of privilege, I have said that there is not the slightest truth in the assertion. The hon. member has referred to his courtesy. On this matter no hon. member of the house needs the courtesy of the hon. gentleman, because it is a matter of right. Withdraw.

Some hon. MEMBERS: Withdraw.

Mr. COLDWELL: Mr. Speaker, I am not withdrawing the statement which I read—

Mr. McLEAN (Melfort): The hon. member must accept my statement.

Mr. COLDWELL: —which I read in the public press. My authority was The Western Producer, published at Saskatoon, Saskatchewan. If the hon. member says that that is not correct, let him correct it through the newspaper.

Mr. McLEAN (Melfort): Surely the hon. member knows better—that on a question of privilege, on a matter within my knowledge, he must withdraw his published presumption. I was one who talked on that occasion. I did not vote; I addressed the meeting by invitation.

Mr. SPEAKER: If the hon. member says he did not attend the meeting or that he did not vote, his statement must be accepted and the suggestion withdrawn.

Mr. COLDWELL: I made the statement on the authority of the newspaper.

Mr. McLEAN (Melfort): The "statement"!

Mr. DUNNING: The hon. member for Rosetown-Biggar must take the responsibility for it.

Mr. COLDWELL: I was quoting from a newspaper. However, I accept the statement of the hon. member.

Mr. McLEAN (Melfort): On a question of privilege, the hon. member for Rosetown-Biggar read a statement which was in the paper and which was absolutely correct, and then he added of his own volition these words, "I presume that was the vote of the member for Melfort"—who did not vote on that occasion. What I am asking him to do is to withdraw his presumption; that is all.

Mr. COLDWELL: That is different. The statement I read from the paper, then, is correct. I assume therefore that the gentleman remained silent, and silence gives consent. Therefore in effect he voted for the resolution.

Mr. McLEAN (Melfort): Entirely presumption. That is all.

Mr. COLDWELL: On September 31 a meeting was held at Saskatoon to which the Hon. J. G. Gardiner and other western members were invited. This was the only meeting which I attended. I arrived in Saskatoon from the east on September 21, and I went to the meeting at the invitation of the citizens' committee which organized it. I might say that I went because the Minister of Agriculture was to be there. He had other engagements and was not able to attend.

Mr. GARDINER: Mr. Speaker, as a matter of privilege may I call the attention of the hon. member to something that he must have known if he was at that meeting—that I sent a wire to the organizers of that meeting before it was actually called—

Mr. HEAPS: That is not a matter of privilege.

Mr. GARDINER: —indicating to them that I could not be there.

Mr. COLDWELL: I was not aware of that.

Mr. GARDINER: The message was read to the meeting.

Mr. COLDWELL: I had to address a meeting 100 miles away the same evening, and I attended for a short time only. May I ask, what of the statement of the hon. member for Melville (Mr. Motherwell)? The hon. member for Lake Centre (Mr. Johnston) may remember the statements made at the meeting at Semans. Also the hon. member for Swift Current (Mr. Bothwell) was at the Cabri meeting, which was attended by a large number of persons and the town band. He agreed that the board should be continued and heard the resolution condemnatory of the government. At this point may I say that the resolutions, as my files testify, were quite evidently drawn by a very large number of different people. There are differences in the phraseology and in the terms; sometimes even slightly different things are asked for; but they all criticize the government on two grounds, first, the discontinuance of the wheat board method of marketing grain, and second, the setting of a minimum price which they regarded as being too low.

Mr. SPEAKER: Order.

An hon. MEMBER: Sit down.

Mr. COLDWELL: May I be permitted to conclude?

Mr. SPEAKER: With the unanimous consent of the house.

An hon. MEMBER: Go ahead.

Mr. DUNNING: Give the hon. member five minutes.

Mr. COLDWELL: I thank the house for that courtesy. What I want to ask is this: where now are all these protesters? If these protests are to be made effective, this is the place to do it.

Mr. MacNICOL: They are all under the woodpile now.

Mr. COLDWELL: The accuracy of no single newspaper report which I have quoted has been denied. Last August and September hon. members sitting on the opposite side were loud in their condemnation of the government's action. Where are they now? The hon. member for Kootenay East (Mr. Stevens) stated yesterday that he was astonished that members had not risen in their places to offer some criticism of the government's policies; and he proceeded to give reasons, which he thought were the true reasons, for that silence. I hope that the reasons which he gave are not correct. I should like to hear western members, particularly those on the Liberal side of the house, discuss this problem from the point of view from which they discussed it in the fall of last year. Are they going to allow what the people of western Canada believe to be a great betrayal of their interests to pass unchallenged by themselves in this parliament?

One last thing. It has been said on occasion that I am acting for some one else. Last year the chairman of the wheat board re-

ferred to me at least once as "Mr. McFarland's friend." I have never met Mr. McFarland, have never seen him, have never communicated with him by letter, telegram, or by proxy, and I would not know him if I met him on the street. Further, it has been said that I am acting on behalf of the wheat pools. May I say that I have had no communication with the wheat pools except when I have met officials casually, and the only letter I have had in months from them was the letter which probably other hon. members also received, giving information of a public nature. I am merely endeavouring to express on behalf of the people who sent me here the deep resentment they feel at the discontinuance of the wheat board method of marketing.

Mr. ROSS (Moose Jaw): The hon. gentleman read a list of different members from western Canada and said that they had protested against the action of the government. In the list there was more than one member whose name I heard read and who did not protest, although they went to these meetings. Surely the hon. member should be fair enough to point that out.

Mr. COLDWELL: That is perfectly correct, and if a member did not protest I did not say so. I read the protests of those who did protest.

Mr. R. W. GLADSTONE (Wellington South): It will be my purpose, Mr. Speaker, to deal in a constructive way with the broader aspects of Canadian economy. To do so I have decided to direct my remarks along two lines—first, the budget from the point of view of an Ontario city; and second, the consideration of constructive efforts to create and stabilize prosperity in Canada.

The latter I propose to divide under three headings: (a) elimination of over-government; (b) economy and efficiency in administration; (c) the creation of new wealth. Expressed otherwise my two main headings might be: (1) What we are doing, being the story of the budget and its interpretation; (2) What we might do, being the suggestions of a member who has been a rather silent observer in parliament.

The Minister of Finance (Mr. Dunning) delivered the budget two weeks ago to-day. The ground has been well covered in the debates during the intervening period. Newspaper comments express the opinion that many industries were not affected by the budget changes, but in my opinion it is doubtful whether there are many industries that have not been or will not be affected, and affected favourably, by the Canada-United States agreement of 1936 and the Canada-United Kingdom agreement of 1937. The point is that these agreements have been designed to give enlarged markets, three-way markets, local, British and United States, for our natural resources.

Prosperity on the farm is the best assurance of prosperity in industry. Increased purchasing power with the farmers in Wellington county will be reflected in a demand for the goods produced in the factories in the city of Guelph and in other towns and cities. It is the expectation, then, that more people will be employed both on the farms and in the factories as a result of these two agreements.

I do not propose to take time to discuss my next heading, namely, elimination as far as possible of over-government, since the Prime Minister (Mr. Mackenzie King) has announced recently that a royal commission will be named to study taxation and the division of financial powers and responsibilities. The scope of this commission, federally and provincially, was suggested recently quite comprehensively by the Canadian Chamber of Commerce to include the following purposes: (1) to clarify the interrelation of financing and taxing powers; (2) to survey duplication of public services; (3) to redefine legislative policies; (4) to establish administrative responsibilities. We can only await the recommendations of the royal commission and thereafter hope that the counsels of wise statesmanship, rising above petty politics, will prevail to establish relationships whereby duplication of services will be eliminated.

Economy and efficiency in administration: I realize I may here be treading on dangerous ground. This is a topic that will not be popular in a narrow political sense; I mean it will be unpopular in the sense of the remarks of the leader of the opposition (Mr. Bennett) on February 8, at page 683 of Hansard. The right hon. gentleman said:

> There is not a general disposition on the part of all of us to see our friends, as distinct from somebody else's friends, deprived of the employment by which they earn their livelihood. We are all perfectly willing that somebody else's friend should leave his position, but none of us is prepared to think our own friend should.

It all depends upon whose ox is being gored.

The very nature of a consideration of the subject of economy in government carries with it definite personal risks and makes it necessary that I say at the outset that I am dealing with a system and not with individual cases. Should it be found that departments are overstaffed such circumstances can be corrected. I have reason to believe they

are being corrected, through the effluxion of time, by transference and by marriage and death. I say, therefore, there is no need for anxiety on the part of faithful civil servants because of anything I may say. Rather, I suggest that the prospect for the promotion of capable people will be enhanced through improved efficiency of administration. And further, I am not critical of any cabinet minister, past or present, except in his capacity as a member of parliament. Responsibility in general must come home to private members who frequently, on the urging of electors, exert pressure for the expenditure of $50,000 when the purpose would be served adequately by the expenditure of $25,000.

I wish here to express the highest confidence in and admiration of our cabinet ministers of to-day, and likewise former cabinet ministers in this house, except, of course, as regards our differences in policies.

The object of my treatment of the subject is to bring about a better form of presentation to parliament of the estimates of money required for the ensuing year and to discover means of saving public money. I have been giving this matter consideration for many weeks and at one time thought of placing on the order paper for discussion a resolution in the following form:

> Whereas, accumulated debt in Canada now constitutes a crushing burden upon the people and there is widespread criticism of the cost of government; and,
>
> Whereas the estimates of proposed expenditures are submitted to parliament without adequate details; and,
>
> Whereas the burdens of their respective departments and responsibilities of government in general impose a full time load upon the minister of each department; and,
>
> Whereas there is very little opportunity between sessions of parliament whereby private members may in any organized way seek to discover wastages of money;
>
> Therefore be it resolved that in the opinion of this house the government should establish a ministry of economy, with the object of saving money, of promoting efficiency, and, between sessions especially, of consulting with the elected representatives of the people to further these objects.

It is suggested that this department should be organized on an economy basis, without deputy minister or private secretary and looking to its discontinuance when it has served its purpose. It seemed best, however, that I should continue my study of the subject for a time in order to feel assurance of a more convincing, or perhaps invincible, argument, carrying with it some hope for definite action this session. I have discussed this subject with the Minister of Finance who will welcome any effort, soundly based, towards the discovery of means of promoting economy and efficiency in the service. I have found also in my visits to the Department of Public Works, the Department of National Revenue and the Post Office Department a recognition of need for greater cooperation and for an improved system, probably such as a rental charge for space used, to keep the space requirements within reasonable bounds commensurate with businesslike provision for the expectancy of expansion.

Search of the pages of Hansard over previous years reveals a long-time recognition of the fact that estimates have not been presented in a form to be understandable. Quoting from Hansard of June 9, 1928, at page 4,039, on the motion of Hon. J. A. Robb, Minister of Finance, that the house go into committee of ways and means, an amendment was moved by the then leader of the opposition (Mr. Bennett) to strike out all the words after the word "that" and to substitute therefor:

> This house is of opinion that the expenditures for the year ending March 31, 1928, and the proposed expenditures for the year ending March 31, 1929, are excessive and extravagant and that the country has not received, and cannot expect to receive, any adequate returns therefrom.

This amendment was debated at some length and finally negatived, after a statement by the Prime Minister (Mr. Mackenzie King) concluding in these words:

> Speaking for the government I would say that we would welcome a change in the present method, a change which would not only afford fuller opportunity for discussion but which would carry with it an obligation on the part of the heads of different branches of the public service to appear before a committee of the house and explain fully the reasons which have occasioned the recommendations which find their place in the estimates submitted to the house.
>
> Having said this I would like to supplement my remarks further by saying that if we are not voted out of office as a result of this blanket amendment and if when another session comes around we still retain the confidence of the House of Commons, one of the first matters to which we will ask the house to give its attention and consideration will be the one mentioned by my hon. friend, namely that of arranging some method by which the estimates may to a greater or less extent be considered by a special committee or by the standing committees of the house.

The assurances of the Prime Minister of June 9, 1928, were carried out the next session as recorded in Hansard of February 14, at page 147 on a motion of the Prime Minister to consider the advisability of amending the standing orders so that certain estimates might be referred to a committee. This motion was referred to a special committee, and when the findings of the committee were reported to the house I find on page 461 the following interest-

ing comment by the hon. member for Comox-Alberni (Mr. Neill):

> . . . there is evidence of a tendency to divest this house of a certain portion of its responsibilities and to hand them over to other bodies, sometimes to the cabinet, sometimes to boards, and sometimes, as in this case, to committees.

The gist of the argument of the hon. member at that time was a protest against taking from parliament in any way the full right of discussion respecting the expenditure of money. Doubtless the same objection would be taken to-day, and quite properly so, to a committee on estimates, so that it behooves us to work out some other method by which economy in the expenditure of money will be practised in parliament as it is in ordinary private and corporate enterprises.

In view of the criticism right across Canada of the cost of government I would urge that supplementary to the royal commission on federal and provincial relations, a definite start be made this year looking to the getting of something more nearly approaching one hundred cents in value for each dollar expended. We have opportunities every day to vote money to be expended; may we not be given an opportunity at this session to vote a modest sum to be devoted to a systematic effort to save money? Each session has witnessed a considerable amount of questioning by the opposition of the day to get at the facts. Apparently the procedure has been to give as little information as possible, and unless the opposition is alert the good henchmen of whatever government is in power sweep through without discussion votes for millions with their "carried, carried, carried." We accept the recommendation of the minister of the department; the minister himself must rely largely on the advice of his staff. With all deference to ministers, present or of the long past, as far as it is humanly possible for them to supervise personally, I am inclined to agree with the observation of one faithful and capable civil servant to whom I talked, that paid servants and not members of parliament to quite a degree control the purse.

The main estimates as submitted to parliament this session, asking for money, occupy in all ninety-five printed pages, including much white space. The Auditor General's report of the expenditures for the previous year occupies upwards of 1,200 pages, for the most part closely printed. Only those hon. members who have behind them a considerable background of parliamentary service and accumulated information can possibly know what it is all about, as millions are being voted. The system is inadequate and unbusinesslike.

I believe I have emphasized sufficiently not only the need but also the desire on the part of parliament for many years for a better method of presenting and considering estimates. The question is how this can be brought about. The best suggestion I have had from any departmental head is for parliament to tear into some particular phase, and then the officials will endeavour to make corrections; the next year some other phase, and so on—a piecemeal sort of method. I am glad to note in the budget speech that the Minister of Finance has been giving some thought to this matter. I quote Hansard of February 25, page 1227:

> The form of our estimates and appropriations, and the method of classifying accounts make it impossible to achieve precise accuracy in such calculations as those I am now placing on Hansard, and I hope that by another year we may be able to introduce such changes in our procedure regarding estimates and accounts as will make it possible to determine more accurately the real costs of the various important services of government. I think members of the house have long recognized the need for the change I suggest.

Speaking as a new and humble member of this house I venture to suggest that this whole matter goes far beyond what may be contemplated at present by the Minister of Finance. If it were only a matter of accountancy and the purely clerical routine of the assemblage of data and the tabulation of figures, I have no doubt we have in the departments now many who are competent for such work. But it goes far deeper, to the origin and justification of the proposed expenditure. It is a matter for instance, of enlisting the cooperation of all members in a plan for reasonable economy. All honour and praise is due the hon. member for Halton (Mr. Cleaver) who, promptly after he was elected, cut almost in half certain proposed expenditures in his own riding. But if we fail to follow his example we will leave him looking foolish in the eyes of his electors for missing an opportunity to get Halton more deeply into the public trough. I have discovered a number of instances where the Minister of Public Works (Mr. Cardin) has cut costs, but I also know the pressure he has to resist both from members and in the way of extravagant specifications by departments.

Our economy, Mr. Speaker, is not a matter to be worked out by civil servants. It is a matter that requires much study by this parliament, and non-political cooperation. I find in other parts of the empire confirmation of the importance of detail in estimates. In Hansard of January 19, at page 100, I note the comment of the right hon. leader of the opposition, who said:

During the time I was absent I took the trouble to look into the matter of estimates and the detailed reports furnished to the parliaments of Australia and New Zealand. I was amazed at the amount of detail furnished in those countries in connection with estimates.

The question of the wastage of public money has been discussed in the British parliament on numerous occasions. I quote from Politics from Within, written by Doctor Addison, at page 110:

> The real reasons for all this are to be found in the characters of the discussions on the estimates in the House of Commons, as well as in the character of the proceedings of the public accounts committees. If parliament wants this thing done it can get it done; but unfortunately for some years past public attention has been focused, for example, upon the number of typists that a department employs, and when a few of the typists have been got rid of, these exponents of "economy" plume themselves before the public as protectors of its purse.

At page 111 of the same book I find comments apropos to my suggestion for a moderate expenditure of money by this parliament to effect economies, many of which will carry on and compound from year to year. Doctor Addison says:

> I remember on one occasion the treasury objected to my employing a certain type of officer at a greater salary than £250 a year . . . and later . . . I was therefore for this special work authorized to employ one man at £1,000. . . . Within the first week of his appointment he had secured a modification of a contract which saved the country, on one undertaking, £50,000—or his own salary for fifty years.

In view of all the circumstances I have related I desire to make an appeal to the Minister of Finance and to the government to set up a miniature royal commission, composed of members of this house, to work in cooperation with the entire administration during the next parliamentary recess, in order to devise ways and means of effecting economies and promoting efficiency. At page 70 of the main estimates there is an item for a director of estimates. Perhaps the minister would agree to supplement that item by providing a royal commission of not more than five members of the House of Commons to carry on this special work. Some time ago the Prime Minister intimated that consideration would be given to the matter of appointing under-secretaries to various ministers. If this were done now even to the extent of three under-secretaries I would suggest that to them might be delegated this special work of improving the presentation of estimates for the 1938 session, and in the meantime they might recommend to the government measures of economy. No hon. member would wish to see an expenditure made to no purpose, but I suggest that a dollar expended now may save ten dollars per year, which would mean one hundred dollars in ten years. This suggestion is along the line of an editorial which appeared in the Montreal Gazette of November 30, 1936, as follows:

> An annual saving to the federal treasury of $25,000,000 could be effected in administrative economies, according to estimates of those intimate with governmental activities. These sorely burdened people would like to see some balancing done by economy rather than by increased taxes.

Thus far I have presented a picture of improved trade helping to create purchasing power and more employment, and I have also urged economy in government and administration. I would not be honest with myself, however, if I did not recognize that great impetus to the present increase of trade within the empire has been given by preparations on a tremendous scale against war. I can see no other course for the empire at present than to be ready to defend itself against those who would take from us what we have. Right now strength in defence is our best assurance of peace, and we are all against war. But, Mr. Speaker, I do not believe that either high tariffs or low tariffs will be found sufficient to stabilize prosperity in Canada. An editorial appearing in the Ottawa Citizen of to-day contains this sentence:

> One more reminder that "recovery" will not solve the problem of unemployment and relief is furnished in the warning of Harry L. Hopkins, one of President Roosevelt's right hand men, that the United States will have at least four million "normally unemployed even in the best of times."

I am unwilling to be a defeatist; I am unwilling to surrender to the position held by some that a large number of people in Canada never again will have the opportunity to work. Theories are being expounded that may not be practicable to-day. I would remind this house that British liberty was achieved by evolution, commencing with the magna charta in 1215 and developing stage by stage during the succeeding years. Our external debt is an obstacle to our freedom of action financially. I am against borrowing another dollar outside of Canada, beyond what is necessary to refund the present external debt. I would try to find within our own country some means of financing, not for paternalism, not for palliatory measures, but in order to stimulate production based on our natural resources.

Permit me, Mr. Speaker, to refer now to what we all consider to be an outstanding opportunity for Canada in the development of our mineral resources. In his radio address of April 24, 1936, the Minister of Mines and Resources (Mr. Crerar) used these words: "There is within our grasp the cure of the depression in Canada." The minister has re-

organized his department and is giving leadership to wider interest in all our national resources. I should like to see him given more financial support in his efforts to speed up development and to give more employment. May I point out that mining gives a maximum employment to labour—nearly one hundred per cent. Fifty per cent is given in the mines, and a large amount is given in the factories, on the railways and on the farms which supply the produce for the workers.

No one doubts the existence of enormous deposits of minerals throughout Canada. After visiting the mines a great personage in this country gave it as his opinion that our mineral resources will not be exhausted even by the grandchildren of our great great grandchildren. But there are dangers of development being retarded selfishly. We have only to look to the record of the manner in which our timber resources have been handled to get a glimpse of what may happen to some degree in our mineral fields. Prospectors may give the best years of their lives, and then lose the fruits of their labour to octopus mining corporations or to foreign capital, due to the inability of the prospector to finance. Surely federal and provincial governments should cooperate to assist the prospector and to hasten development. South Africa is enjoying unparalleled prosperity, emanating from her mines—so much so that in 1935 the debt was reduced by $100,000,000 and in 1936 by $90,000,000. In his recent world tour the right hon. the leader of the opposition witnessed the prosperity in South Africa, and in the house made the general suggestion that it might be desirable for the dominion government to carry on gold mining operations in the northwest territories, thereby providing about the only hopeful method of making large scale payments on our national debt.

This brings me to my last heading, namely the creation of wealth. During the session of 1936 a number of members of this house visited several of the mines at Kirkland Lake and Noranda. I was very much impressed with what I saw and I was so thrilled with the vision of the possibilities as expressed in the radio addresses of the Minister of Mines that I went so far as to draft some suggestions which I will now place on record for what they may be worth.

First I would suggest that the mineral resources of Canada, particularly gold and the by-products of gold mines, be developed more speedily through government loans, or partnership with others, or profit sharing arrangements, to bring recommended gold mining prospects into production and to carry on operations. Further, if methods of orthodox finance are found to be a barrier against immediate action on the part of the government to bring about speedy development of the mineral resources in the north country, then I suggest the following scheme of moderately unorthodox methods of finance: (1) That the participation of the government in gold mining operations be financed by an issue or issues of gold development certificates, non-interest bearing and negotiable as currency in Canada; (2) that interest at the rate of 33/100 of one cent per one hundred dollars per day, approximately 1·2 per cent per annum, be paid from the consolidated revenue fund to the holders of gold development certificates, for the time they are in the possession of the Bank of Canada; (3) that the transactions under minerals development be kept in a separate account, and that as profits accrue the consolidated revenue fund be reimbursed for payments made for interest on gold development certificates, and then for retirement of certificates.

I submit this method of financing should be favourably received by holders of dominion bonds outside Canada. I believe they would consider their investments more secure under a carefully organized plan for the development of our mineral resources, than as now with the wastage on relief. These suggestions are made as a contribution for further thought as we endeavour to find some new revenue producing channel of employment of labour. Many Canadians spend the best years of their lives prospecting for gold, and so often the reward for discovery slips from them into the hands of foreign capital. Can we not somehow help them, and at the same time help the nation?

It may be pertinent to ask: Similarly situated, would Germany be arming to the teeth or would she, in a peaceful way, be lavishing money on the discovery, recovery and utilization of the hidden wealth of the Cambrian shield which stretches almost from the Atlantic to the Pacific? Likewise Italy?

I have been venturing suggestions to-day, but I would not be so egotistical as to imagine their being in final form for adoption. My hope however is that they may provoke thought and discussion which may lead somewhere. To some extent let me amplify my suggestion for the issuance of gold development certificates, without cost to the government of Canada, with the exception of 1·2 per cent per annum when returned to and held by the Bank of Canada. Possibly the Bank of Canada and chartered banks might suffer some loss in this way, but as they have

paid dividends all through the depression perhaps they can afford to. Indirectly however I believe such a loss would more than be recouped in extra business transacted. I am sure the government would not lose on interest more than would be offset by sales taxes collected on increased business. I will admit that through speculative hazards of mining we would lose, but the loss brought about by many failures would easily be offset by the returns from one paying mine. It would be much better to lose in an effort to give work than to pour money down the sink-hole of relief.

Permit me now, sir, to summarize the suggestions I have been endeavouring to advance. The motor car manufacturers change models annually, but the record of efforts to improve the estimates confirms the suggestion that apparently politics is a handicap to the adoption of anything new. In parliament and out of it we hear much talk of future depressions, and almost a resignation to cycles as something inevitable. I would say that cycles only leave stranded the people in the cities, and wipe out their savings. We must make an adjustment whereby we may be able to achieve more nearly a level by taking from the peaks and filling in the valleys. This surely means reducing the sales tax before reducing the income tax. Overhead is too high in many places other than in government. We must get more nearly to a pay-as-you-go basis. Not only must we balance our budget, but we must reduce our national debt. I have confidence in the leadership of the Prime Minister and his cabinet. They stand for the promotion of trade with all nations, and I believe that therein lies the road to enduring peace.

Internally we need more speedy development of resources, and especially of our minerals. In conclusion may I emphasize that point. Even with some risks, pioneering is the way to progress. The first aeroplane flew only a few feet above ground, and for a very short distance. There is carved on the peace tower these words: "Where there is no vision the people perish." This is our challenge. Let us grasp the vision of greater possibilities and give to youth and to all who by birth or adoption claim Canada as their homeland, the opportunities that should be theirs, where ten million people possess a continental expanse of almost inexhaustible resources.

Mr. A. M. EDWARDS (Waterloo South): Mr. Speaker, in rising to contribute a few remarks to this budget debate I hope the hon. member for Wellington South (Mr. Gladstone) will not consider me discourteous if I do not follow his remarks. He suggested that the government should set up another commission in order to save some money. I think the experience of all hon. members is that exactly the opposite effect is obtained by this procedure. Personally, I am against the commission form of government. However, I shall follow this point later.

At the outset I should like to make my status clear to hon. members. I do not intend to speak particularly as a Conservative member of the House of Commons, although I am always ready and willing to do so. I realize that at this time any suggestions made by Conservative members are more or less cries in the wilderness. However, my optimism is such as to lead me to believe that within at least three years the situation will be reversed. In the meantime I propose to bow to the democratic idea of majority rule. I realize that nothing can be hoped for from the present government in connection with any ideas that I may put forward, as they would be considered Conservative doctrines. I feel that for the next two or three years Conservative policies will be under an eclipse, but I do not consider it necessary or wise that I should remain silent for this reason. I welcome the opportunity that such a situation gives me to be free from party considerations which are sometimes hampering to the expression of independent views and those beyond the scope of party doctrines.

I sat in this house from 1930 to 1935 as a Conservative member, and I was pleased indeed to support the administration of my distinguished leader (Mr. Bennett). His administration during those difficult years was such as to warrant the closest support and cooperation. The depression has passed and I suggest that the time has come when private members of this house should be given the fullest opportunity to contribute any ideas they may have for advancing the sound progress of this country. I sometimes wonder if we have not departed greatly from the real meaning of the word "parliament." It seems to be quite popular to be bilingual, and I would direct the attention of the house to the fact that the word "parliament" is derived from the same root as the French verb "parler," which means, "to speak." In its original meaning, a parliament is an assembly in which the members speak about and discuss problems of national interest, but I am afraid that in recent years we have departed from the original conception of that word. Instead of all members of parliament taking part in the discussions, either briefly or at length, the majority sit silent while the few are extremely vocal. The measure of a loyal party man and

the merit by which the final reward of the senate is too often gained is a combination of silence and lip service which a member gives to his party either in power or in opposition.

I believe the manner in which Canada has come through the depression justified my action during the past five years. No nation came through these difficult times as well as Canada. No nation suffered less, and now that the crisis is over I should like to speak, not as a member of this House of Commons but as an ordinary Canadian business man who sees a great future ahead for Canada. But unless we correct our course in many vital particulars, we may yet fail to reach that pot of gold at the end of the rainbow which is Canada's certain future if sound policies are followed.

It is a matter of great satisfaction to me, and I am sure it is to every hon. member, to see the Minister of Finance (Mr. Dunning) back in his place. We welcome his usual happy and genial manner and trust that he has recovered fully from his illness. We sympathize with him in the arduous duties which he has to perform and which no doubt rendered him a prey to that illness. The budget he has just presented to the house is a monument to the labours he has been performing in recent months. If we presume to criticize either the budget or the government's fiscal policy it must be understood at all times that such criticism does not detract in the slightest from our recognition of the conscientious work he has been doing in the national interest.

I have explained, perhaps somewhat elaborately, my desire to speak not as a member of any political party but as an ordinary Canadian business man. I intend to look at the problems with which we are faced from the viewpoint of a business man. The first point which I should like to mention is one which my leader raised in this house the other day and the soundness of which cannot be called into question. I refer to the reckless manner in which this administration is staking the fortunes of the nation in a colossal gamble in export trade. I wonder if we have considered the ultimate results of such a policy.

This is a day of intense competition for export markets. We live in a world of tariffs, quotas and clearing house agreements. There are many countries competing for the rapidly dwindling export markets. The great exporting nations such as Japan, Germany, Czechoslovakia, Russia and others have standards of living much lower than Canada. The essence of successful competition in export trade is a nation's ability to meet the standards of other nations. If Canada wishes to compete in these markets she must reduce her cost of production, which means reducing the living standards of her workers either to or below the levels prevailing in the nations with which she is competing. Does any Canadian really want to see the living standards of this country dragged down to the level of the living standards of the countries I have mentioned? Truly not. Yet there may be no alternative if we are to follow to its inevitable result the policy which this government has embraced so wholeheartedly. By the mad mania for export trade which seems to obsess this ministry Canadian living standards are seriously threatened, and their doom is sealed unless the government takes warning in time and adopts a more balanced policy. This is an age of statistics. I will use only a couple to illustrate my point before I leave it. The value of Canada's field crops for 1935 was $506,000,000, exclusive of wheat. Of this total only $149,000,000, or approximately twenty-nine per cent went to the export markets of the world. In other words, in staking everything upon export trade, and in lowering our own tariff barriers to achieve this end, we are acting in the interests of less than thirty per cent of our agricultural products and jeopardizing the market which absorbs seventy per cent. Could there be any better illustration of a penny-wise-pound-foolish policy?

I come now to the other phase of public business which I conceive to demand the urgent and thoughtful consideration of every member of parliament, and that is the budgetary position of this dominion. I want to give the house a few figures which are available in the government account books but are all too rarely contemplated. The Minister of Finance takes some pride this year in the fact that a deficit which he had expected to be $100,000,000 has turned out to be only $87,000,000. I must admit that I cannot share his feeling of unalloyed rejoicing. The fact that a situation is more favourable than it might have been is always, it seems to me, poor ground for consolation so long as the situation remains fundamentally bad. I wonder if it is generally realized that since 1930 the direct national debt of this dominion has increased by $660,000,000, and a guaranteed debt, largely on account of the railways, by $403,000,000. That is an increase in seven years of more than a billion dollars in the interest-bearing liabilities of this country. I mention only in passing the fact that the federal government has not been alone in achieving this record. Provincial and municipal gov-

ernments have piled up funded obligations at an equal or greater rate during the same period. That only makes the situation so much worse. In fact, we have now come to the point where the cost of carrying our governmental obligations is almost the largest item in the budgets of our governing bodies. Need we look elsewhere for the cause of continued unemployment How can industry absorb the thousands who are out of work to-day when so large a proportion of its revenues is appropriated by the taxing authorities of the nation simply to meet the interest charges and expenditures of other years?

If this situation were a thing of the past, it would be a matter to be regretted and we would be left with hope for the future: but it is not a thing of the past, it is continuing. I wonder if hon. members realize that the estimated expenditures of this government for the year now ending stand at a total of $539,500,000? In 1925 the expenditures totalled $335,000,000. In other words, over a period of eleven years we have expanded our federal expenditure by almost $200,000,000. The truth is that our budget has grown in recent years to almost wartime proportions. As a matter of fact, during at least three of the four years of the war we spent less than we shall spend during the current year. In 1915 our expenditures were only $248,000,000, in 1916 they were $339,000,000, and in 1917 they were $498,000,000.

It seems to me that this situation should make us pause and reflect. I noticed in a recent government publication that in the three years ended March 31, 1935, the net increase of the debt of the dominion was $470,000,000; we are travelling into the red at the rate of half a billion dollars in three years. Surely that cannot continue. But what steps are we taking to reverse the trend? Is there any improvement in sight? I confess that I cannot see any in the policies which the Minister of Finance has submitted to the house this session. Our main estimates this year call for an expenditure of $410,000,000, and already supplementaries total $96,000,000; that makes a total expenditure planned already for 1938 of $506,000,000, and we know there are supplementaries yet to come—for instance, the appropriation for payment of the destroyers purchased from the British admiralty has not been placed before us. Judging from the present outlook I think it can be reasonably said that the fiscal year for which we are planning promises to be a year of the greatest peacetime expenditure in the history of confederation. We are planning for it in the clear realization that since 1930 the dominion has been consistently failing to balance its budget, and that in three years ended 1935 we increased our debt by no less than half a billion dollars.

The Minister of Finance may ask what suggestions I have to make, and doubtless he will not be satisfied if I simply say: "Rigorous retrenchment." He might properly say that such advice is more easily given than followed. But I have one question to ask the minister, and I do so recognizing that it may not be very popular with either side of the house or the immediate galleries. What justification under present conditions can there be for restoring to the civil service the five per cent cut? It would have been all very well if all the citizens who contribute to these salaries were living in the district of Ottawa, but when one thinks of the man who for a number of years has been on short time and is finding it very hard to get along, but yet has to contribute his share of the taxes, one feels that people who have not had to work on short time, who have employment the year round, and regular holidays, are hardly entitled to very much consideration. That applies equally to members of parliament. The plain truth is that neither hon. members, from the point of view of their financial capacity as such, nor civil servants, have known what the depression was. They were not suffering; they were not threatened by any crisis. I submit that under the circumstances the only possible justification for the restoration of the five per cent cut is a political one, and the country has reached the stage at which, Mr. Speaker, it can no longer afford politics of that kind.

Another suggestion I would make, although I realize that it is put forward only in general terms, is that the cabinet should carefully scrutinize government services with a view to the elimination of those which are wholly unnecessary or which are justified only by a condition of extravagant prosperity such as the treasury is certainly not enjoying at the present time. Again, the Minister of Finance may reply that this is good advice but very difficult to follow. Well, anyone who has been around these buildings for a few years will agree with me that duplication of services should not be tolerated. Numbers of positions are filled by two people because, one being English-speaking, necessarily there much be a French-speaking official as well; or if the position is filled by a French-speaking employee an English-speaking official must also be appointed. That sort of thing is not good business, and as I mentioned at the outset,

I have been trying to consider this budget from strictly a business point of view. While I agree with the view of the hon. member who preceded me that a committee for the purposes he suggested should be set up, it seems to me that it is the function of each minister to investigate and decide whether his department is or is not overstaffed. As I have already said, I am certainly against the idea of commission government. Apart from very exceptional circumstances—and I have not known of many of these exceptional circumstances in my time in the house—I think that the business of the country should be carried on entirely by the men who are sent here and paid to do it. There are 245 members of the House of Commons, all well paid. They are sent here to transact the business of the country; and to say that there is not sufficient intelligence among the different members of the house to investigate any question, I do not care what it is, is a reflection on the house. There is only one reason—I believe we are all agreed on this: it is a case of passing the buck. We have had committees of the house studying large problems and they have done their work quite as satisfactorily as some of the commissions that have been appointed. We have only to look at the commissions that are travelling about the country to-day, one in particular, though perhaps I should not say much about it seeing that it is still functioning. The only thing that has come out of that commission so far has been a four or five-day tirade on the free trade policy. Everything it has investigated has been investigated by other commissions, and I am going to refer to that a little later.

I come now to the subject I have discussed several times in this house; it is one that I have familiarized myself with to some extent. I refer to the textile industry, and I am going to discuss one particular branch of that business. I wish hon. members would differentiate between the branches of this industry when they are criticizing the business. I do not know anything about the cotton business, or about celanese, but I do want to say a word or two about the woollen, worsted and knit goods business, and more particularly those branches that pertain to wool. It seems to be a favourite sport of some hon. members, and it has been for some time, to take a crack at the textile business. I do not know of any other business that has been so unmercifully hammered, not even the farm implement business.

An hon. MEMBER: There must be a reason.

Mr. EDWARDS: It is an obsession, not a reason. I admit at once that there are certain branches of the textile business that will have to do some explaining on the ground of overcapitalization and so on, in the light of what has been brought out, but I do not agree that the textile business as a whole should be entirely condemned. There are certain branches of it that do need correcting, but the woollen and worsted business has never been found to be in that position.

Mr. MACDONALD (Brantford): The report is not yet out condemning it.

Mr. EDWARDS: I am not paying attention to that report. The price spreads commission investigated the textile business thoroughly from end to end; every branch was under examination. What was the result? A clear sheet for the woollen and worsted business. Not only that, but after the 1932 agreements were signed—I believe it was a year later or perhaps two years, but one year at any rate—when the representatives of the United Kingdom woollen industry came to Canada they put their case before the tariff board and argued that the duties imposed by the treaty were too high. Again, what was the result? The result was that they admitted that the duty on woollen and worsted yarns was only sufficient to equate cost of production as between the two countries, and that the duty on woollen and worsted cloth was inadequate to bring about this equation. That is the situation, and it makes no difference what we say about it. When we think of this branch of the industry and what it means to the different localities in which the mills are located, I suggest that a little more care should be taken in cricitizing the business. I seldom disagree with the hon. member for Selkirk (Mr. Thorson), but I do disagree with his suggestion that the textile business should be sacrificed in order to sell more wheat abroad.

Mr. THORSON: I never made such a statement.

Mr. EDWARDS: That is the inference from what the hon. gentleman said.

Mr. THORSON: It is not a proper inference.

Mr. EDWARDS: I take the hon. member's word for it, but that is what I gathered from what he said. I do not know how you can reduce the manufacture of woollen cloth in Canada, through the importation of such goods, and still expect a man to buy a suit of clothes from the old country or anywhere else and another suit from cloth made in Canada. I cannot figure that out. As has been said many times in this house, and more

recently by the hon. member for Lanark (Mr. Thompson), the woollen industry is located in small centres of population and its success must be assured if those who are engaged in it are to survive. There are 500 mills of all sorts throughout Canada located, roughly speaking, I believe, in 150 different cities, towns and villages. In the district of South Waterloo, which I have the honour to represent, there are a number of large industries —quite large—one employing over 800 hands, another 600, another 300 or 400, and so on, and I want to pay this tribute to the textile business and as well to the government that imposed the tariff at the short session of 1930. During the depression years, when in 1933 twenty-six out of every hundred men were unemployed, the textile business saved the situation as far as our part of the country was concerned. In many cases where the girls and women of the household were working in the textile mills supporting the home the father or the sons were out of work. And that happened not in a few cases, but in hundreds of cases that I know of, and in more that I have been told about. Prior to 1930 these mills were working on short time, and in fact in many mills the yarn department was completely closed down. In 1930 the industry was given a break by the tariff imposed by the Bennett government. Prices on cloth—I wish hon. members would get this—were in many instances definitely lowered, and the mills were busy because they were able to obtain between 75 and 80 per cent of the home market. The industry did not take advantage of the protective tariff to raise prices but actually lowered them by reason of the fact that they were able to produce more, thereby reducing operating cost per unit.

Canada is a country in which woollen garments are worn during a great part of the year. Our position is such that we require woollen clothing. Surely hon. members will admit that where the people wear woollen clothing six or seven months of the year it can be truthfully said that the woollen industry is indigenous to Canada. I have heard it said so often in this house that goods should come from the place where they can be produced cheapest; for example that woollen goods should be brought from the United Kingdom. But will anyone say that the rubber industry, for example, is indigenous to the United States? Yet look at the tremendous business they have built up in that line. Or can it be said that the cotton industry is indigenous to the United Kingdom? Yet look at the enormous development of that industry which has taken place there. If our manufacturers are to be deprived of the business I have mentioned it is going to be just too bad for the 63,000 workers at present engaged in it, together with their dependents. I have not a great deal to complain of in regard to the tariff reductions made and the renewal of the empire trade agreements, so long as our mills are able to secure something upward of sixty per cent of the business. I do not think there is any particular danger so long as that protection is given them. But if we get below sixty per cent of the home market there is very great danger. Surely the manufacturers and workers of this country are entitled to sixty per cent of the home market.

Much has been said about the cost of clothing having been high on account of the tariff. This is definitely not true. If the yarn is brought in to be manufactured into cloth at the 12½ per cent duty on the yarn—and it is still lower now with the specific duty off—it will not affect the consumer. I think hon. members will be surprised to learn that the duty on the yarn used in a finished suit of clothes valued at say, $40, is less than 80 cents. Who will say that the 80 cents imposed by the tariff makes any appreciable difference in the cost of the $40 suit? If the cloth is brought in, in the form of worsted, 3½ yards to a suit, the duty is not more than $1.75, figuring 16 ounces to the yard of cloth. Would any hon. member say that the $1.75 imposed by the tariff gets to the consumer? Never; it is taken up in the manufacture and in profit to the retailer. The cost of clothing is not in the price of the cloth to any large extent. In a $40 suit of clothes the cloth represents somewhere between $10 and $12; the difference is made up by labour, overhead and the clothing manufacturer's profit. If this protection is taken away it means throwing all these thousands of people out of work, with no benefit whatever to the consumer.

Prior to 1930 sufficient cloth was brought into this country to make a suit of clothes for every adult male in Canada per year. Would anyone say that that was giving the home manufacturer too much of his home market? What was left, when sufficient cloth was brought into Canada prior to 1930 to make a suit for every adult male in the country? When the higher duties were imposed in the short session of 1930 a lot of that was shut off, and jobs provided for thousands of people. May I give the figures of employment in the textile industry from 1930 to 1936?

1930—50,263 on part time.
1931—50,931 on part time.
1932—51,030 on part time.
1933—52,753 on full time.

And so on up to 1936 when there were 63,800 textile workers working full time. That

was at a time when out of every 100 industrial employees 26 were unemployed. I repeat, the textile industry did a real national service for Canada.

Perhaps at this stage a comparison of wages paid in the United Kingdom with those paid in Canada, as brought out by the Turgeon textile commission, would be useful:

	Cents per hour	
	Canada	Great Britain
Woollen industry. ..	30·19	16·90
Cotton industry.. ..	26·64	16·58
Carpet industry.. ..	36·28	18·98

The textile industry continues as an integral and valuable part of the industrial fabric of Canada, in the wages it disburses, and taxes it pays, and the amount it expends for freight and other services. It maintains a substantial part of the population of this dominion. So much for the textile business.

I regret, along with other hon. members, that it was necessary for the finance minister to retain taxation on the high level that it is. The sales tax and the excise tax have been fully retained; other taxes, particularly corporation taxes, act as a severe handicap on business.

Mr. MACDONALD (Brantford): You do not want the excise tax taken off, do you?

Mr. EDWARDS: No, but if the hon. member will wait a minute I will give him a solution. This high taxation is indirectly responsible for a lot of the business worries of industrial concerns to-day, and directly and adversely affects the employment situation. I realize, of course, that these taxes must be imposed under present conditions; there is no doubt about that. But I make a suggestion, for whatever it is worth. I suggest to the minister that prior to bringing down the next budget, careful consideration be given to the idea of putting into force the turnover tax as a substitute for many of the nuisance taxes which we have to-day. I realize that this suggestion will require considerable study, but I leave it with the minister, after quoting part of a speech made some years ago by Sir Edmund Walker, addressing the annual meeting of the Canadian Bank of Commerce. He said:

> "A small tax on the sales of commodities and real property in Canada would hurt so little, would be so fair, would be so easily collected, and would produce such a very large sum that to fail to levy it seems excusable only if it can be shown to be impracticable."

I leave this quotation with the finance minister to ponder. It is not anything new, but I think it is worthy of consideration.

I should also like to suggest to the government, in view of the recent decisions given by the privy council, that during the recess a real honest-to-goodness attempt be made by this government and the provincial governments to get together and devise some plan under which social legislation may be made workable on a national scale. I refer particularly to the minimum wage act, unemployment insurance, and old age pensions. Although of course it has been decided that these are provincial matters, I do not see how they can be successfully handled in any disjointed way, and I suggest that every effort be made to place them on a uniform national basis.

The home improvement act is to be commended. I commend the Minister of Labour for that; I think it is beginning to show good results in the building trades. It has been stated that 83 per cent of the cost of building is labour, so that it means a great deal for the working men and mechanics of this country—and not only those actually engaged in the building trades; it goes much further back. The hon. member for Brantford I think will back me up when I say that it goes back to the machine shops; there it is very noticeable. I suggest, however, that the interest rate on these small loans should be reduced to the minimum.

The suggestion has been brought forward by several hon. members that a duty or quota or both should be imposed on vegetable oils coming into Canada, and as a result I have received many communications from farmer constituents asking what will be done. From what I can gather, the importation of vegetable oils from foreign countries is an ever-increasing menace to the butter fat producers of Canada. This question is now before the tariff board, and careful consideration should be given the findings of that board. If the threat to our dairying interests is as great as it is reported to be, I suggest that action should be swift and sure.

Last session I protested against the reduction in the duty on furniture coming into Canada from the United States under the agreement. I want to tell the house to-day that the fear I then expressed has been abundantly justified. The furniture industry in Canada is in very bad shape. I do not say this is entirely because of our imports from the United States, but that has been a major contributing cause to the troubles of the furniture industry. I was informed lately, and I believe the information to be correct, that either the government of the United States or the governments of individual states, I do not know which, have subsidized factories that had been closed in large centres in the United States of America. These factories

have been reopened and a good deal of the output is coming to Canada. To quote statistics again, imports of wood furniture for 1935 amounted to $286,746. In 1936, following this agreement with the United States, they amounted to $663,634; in other words they were about three times as great. For January of this year, the last month for which complete figures are available, wood furniture valued at $84,001 entered Canada from the United States, and this at a time when the industry here is struggling for existence.

I am surprised that many other hon. members of this house have not brought this serious situation to the attention of the government. There are very few Conservative members representing ridings in which furniture is made, but many Liberal members represent constituencies in which there are large furniture factories. All these members need do is go and inquire as to the facts, as I have done in several cases. Let them go into these factories; let them find out what the situation really is; let them see the reason for the low wages that have been paid and the strikes that have occurred. If they do that I believe they will have something to say to the government which they support, if they do their duty by their constituents.

Mr. DEPUTY SPEAKER: Order. I must tell the hon. gentleman that his time has expired.

Some hon. MEMBERS: Go on.

Mr. EDWARDS: We hear a great deal about the high protectionist policy of the Conservative party, but right here I say, with no fear of successful contradiction, that this is an absolute myth, that it is not true. As I understand it, the tariff policy which I support is one that asks a tariff simply sufficient to equate costs as between Canada and the country that is competing with us in order to give our manufacturers a fair break. That is all.

Mr. THORSON: Since when?

Mr. EDWARDS: That has always been our policy; that has always been the attitude of the Conservative party, but the high tariff bogey always has been used by the Liberal party as a peg on which to hang the argument that ours is a high protectionist policy.

In closing, Mr. Speaker, may I again suggest that the government give greater consideration to the balancing of business instead of paying so much attention to the exportation of any particular commodity. Only by adopting this principle may we expect to relieve the treasury of the terrific burden caused by the unemployment situation.

[Mr. Edwards.]

Mr. WILFRID GARIEPY (Three Rivers): Mr. Speaker, as a Liberal of independent leanings representing a riding with a strong labour complexion I wish at the outset to congratulate the government upon having appointed the textile investigating commission. It has been a blessing to the country. We have been very fortunate in having as chairman of that commission a gentleman of high culture, integrity and energy, assisted by counsel, Mr. McRuer, a leader of the Canadian bar, well equipped to bring out the facts, and ably supported by a leading member of the Montreal bar, Mr. Beauregard. While the report of the commission has not yet been presented, sufficient evidence has been adduced to enable us to draw some conclusions. In the first place, the real capital invested in these factories has never been properly disclosed. Second, in many cases the profits were hidden.

Mr. CAHAN: Mr. Speaker, on a point of order; I would ask for your ruling whether it is open to members of the house at this time to discuss a subject now under investigation by a royal commission with respect to which no report has as yet been received or laid before the house. It is unprecedented that such a matter should be discussed prior to a report being made by the commissioner.

Mr. LAPOINTE (Quebec East): I quite agree with my hon. friend, Mr. Speaker, but I am sorry he did not raise the point when the investigation was being criticised by members on his side of the house.

Mr. CAHAN: I was not here; I heard no such criticism.

Mr. LAPOINTE (Quebec East): My hon. friend is correct in his point of order, I think, but the commission was criticised by many speakers on the opposite side of the house.

Mr. CAHAN: If there has been any backwardness on the part of members to raise objection, I now raise it distinctly, and I ask for a ruling. Otherwise we open the door to a discussion that may last not weeks but months.

Mr. LAPOINTE (Quebec East): I agree with my hon. friend, but I do not congratulate him on his impartiality.

Mr. CAHAN: I would ask for the Speaker's ruling.

Mr. DEPUTY SPEAKER: I shall take the point of order raised by the hon. member for St. Lawrence-St. George (Mr. Cahan) under consideration, and give my ruling later.

Mr. GARIEPY: It follows clearly, Mr. Speaker, that the high tariff which has been in

existence for the protection of the textile industry had not its raison d'etre, was not a real need, and that the arguments presented to this house and the country were without any real foundation. Conditions of labour warranted the complaints that were being made throughout Canada, and it seems to me it was a step in the right direction when last session the attention of the house was directed to the strike of employees of the Wabasso Cotton Company in Three Rivers. In my view the complaint invited some remedy. No doubt cognizance of the circumstances has been taken in the preparation of the budget, which on the whole I would say is well balanced. It includes provisions which are compatible with real progress, and the budget presentation was on a par with budget speeches made in the past by such leading statesmen as Mr. Fielding and Mr. Robb.

The present Minister of Finance (Mr. Dunning) has a knowledge of both western and eastern conditions. I knew him before he became a member of the legislature of Saskatchewan and I believe he may well take credit, with the means at his disposal, for rising through sheer ability and force of character to the important position he now occupies in the government.

I listened with keen interest to the observations yesterday of the hon. member for Ontario (Mr. Moore). He knows his subject, and many of the statements he made will not suffer contradiction. But this is not an idealistic world; we must face facts and conditions. If external trade is to be developed, agreements are essential, and the government is to be commended upon what it has done in that direction. It has effected agreements with the United States and with the mother country. I would go a step farther and say that before long I hope that similar agreements will be made with Belgium and with France. By the way, one does not hear much about Canada's representative in France. Our present representative the Hon. Philippe Roy, is an old friend of mine, but his physical disability, I think, deserves the attention of the government. Though diplomats should not always be listening, they must be able to hear. I suggest the time has come when improved representation of Canada in France should be made. I do not say this by way of criticism, but with all due respect I suggest that the members of the government are broadminded enough to expect hon. members addressing the house to speak their minds.

One matter which I think requires attention is with respect to answers given to questions placed on the order paper. Owing to pressure of business, ministers must leave to their departmental officials the duty of answering these questions. Perhaps the officials do not understand the mentality or sufficiently consider the atmosphere of the house. A few days ago the hon. member for Quebec-Montmorency (Mr. Lacroix) asked what steps were being taken against communism in Canada. The answer given was: "Such means as are proper for the preservation of peace and order." I say that does not go far enough; it is not satisfactory. If the government had said, "For reasons of state we cannot disclose the situation," that would have been understood, but when some answer is attempted to be given we should be told in all frankness whether or not something is being done. I have it on good authority that in the city of Montreal there are at least two hundred communist clubs with active memberships, initiations, recruiting organizations and all the various means of propaganda. After visiting my home constituency of Three Rivers last Saturday, I can vouch that in that part of the province in season and out tons of communist literature are being distributed. I am not an alarmist, nor do I mean to suggest that this alone will bring about revolution in a month or a day; but the point is that we in parliament should keep our eyes open. The matter should be investigated more than it seems to have been, if we may judge by reports received in the house.

Mr. LAPOINTE (Quebec East): Does the hon. member know that if seditious literature is distributed or propagated anywhere, it is for the provincial authorities to put the law in motion? There is a law against it.

Mr. MICHAUD: I understand that is the constituency represented by the Attorney General for Quebec.

Mr. LAPOINTE (Quebec East): Exactly.

Mr. GARIEPY: The point I make is that the two powers should work in conjunction. I do not think in a matter of such importance the ball should be thrown from one to the other. I am not criticizing or complaining, but I do say we should attend to this thing before it has gone too far. If it is a matter for direct provincial intervention, then no doubt something should be done from that end. At the same time I submit the federal government should follow what is taking place, and see to it that proper remedies are applied.

Again referring to answers to questions, may I say that on three occasions I have asked the names of employees engaged in government work on the St. Lawrence river, a matter under the control of the Minister

of Transport (Mr. Howe), who is not now in his seat, but to this date I have not received the information. Last session the hon. member for Nicolet-Yamaska (Mr. Dubois) sponsored a resolution requesting that the government consider the advisability of appointing experts to look into the building of a bridge over the St. Lawrence river at a point opposite Three Rivers. Later the same hon. member again asked what had been done and the answer from the Minister of Public Works (Mr. Cardin) was nothing—no word of explanation, and no report of any kind. I say, Mr. Speaker, that the instructions of the house are not being followed, and that an answer of that kind is not satisfactory. In the province of Quebec we have unemployment, just as in other parts of Canada, no more and no less. I am not blaming the government for not doing more than it has done, but at the same time conditions in my section of the country warrant taking all means at our disposal to improve labour conditions. If construction of this bridge I mentioned a moment ago were thought advisable, it would certainly afford work to many people. It would seem that money can be found to finance the construction. If hon. members look at the map they will find that the bridge would be in the very centre of the province and would serve almost a million people. It would be the last link for a direct connection between the north shore of the St. Lawrence and the United States boundary.

This is work which would not prove very costly. Votes have been passed for armaments and for other things. The province of Quebec has joined with other provinces in contributing to direct relief, and it seems to me that some of the money might have been used in Quebec for useful projects such as the one I have mentioned.

A moment ago I mentioned that we are a confederation of component parts which decided to unite; but still retaining their original identity. Prior to 1867 Lower Canada was a self-governing body, so far as it could then exist. It did not give away any of its essential powers when it entered confederation. The majority of the population of the province of Quebec are French-speaking, but this is not the essential point in my argument. If complaints are made by my province, they should be considered in the same way that complaints received from Upper Canada were considered in the days of William Lyon Mackenzie, and from Nova Scotia in the days of Joseph Howe.

I come now to a delicate matter, but one to which serious consideration should be given. I think we have reached a point where it must be said that the civil service commission is nothing less than a menace to this country. I could give many instances which have occurred throughout the whole province of Quebec, but I shall illustrate what I have in mind by referring to certain incidents in the city of Three Rivers.

A year ago the Wabasso Cotton Company had a strike, and a delegation of its employees was sent to meet the Department of Labour at Ottawa. There were eight French-speaking employees who met Mr. Dickson, the deputy minister of Labour, and certain members of his staff. I was along also, and for hours the discussion was carried on through myself as interpreter. There was no French-speaking employee available in the department to listen to the views of these employees.

In the city of Three Rivers the mounted police is headed by Mr. Chamberlain, an English-speaking official. I have nothing to say against his ability, but he is being retained there in spite of protests. These protests are not being made because of his inability to perform his duties, but because Three Rivers is more French than any other city not only in Quebec or in Canada but in the whole world.

I could go on and give many other instances. Last summer a wharf was being built opposite my city. An engineer from the Department of Transport would come down for a few days each week to inspect the work. This gentleman was very able, but he could not speak one word of French, yet all those with whom he had to deal were French-speaking.

Just a few days ago an audit of the books of the Three Rivers harbour board was ordered by the government. This audit was conducted by two well educated gentlemen, both graduates of good schools, but neither of them could speak French. They were there for two weeks checking books in an office where nothing but French is spoken. I am not blaming the government or any minister of the government; I am blaming the system. There must be interference of some kind. Just picture an auditor not able to speak a word of English being sent to audit books in the city represented by the hon. member for Broadview (Mr. Church). He would not last two hours; he would soon find himself in the waters of lake Ontario. We, too, have water in the St. Lawrence, and, Mr. Speaker, it is deep.

I do not want to appear to be harsh about these things, but I must tell the house what

has happened. Much has been said about the dissatisfaction existing in the province of Quebec. We have even had the younger element speaking of secession, but I am not of that school. If this is not a matter of dollars and cents, if it is not a matter of a share of the patronage, it is at least a matter of self-respect and dignity. The two million people of our province must receive some consideration, and I raise this question in the hope that some means may be found to do justice to the population I represent. I am not speaking for this or that individual; I am speaking for a group, and I want results. Something must be done to give satisfaction and to improve the service.

I have just one more remark to make in this connection. Last session we properly voted $10,000,000 to close the relief camps and provide work on the railroads throughout the country. This vote was criticized by the hon. member for Kootenay East (Mr. Stevens), but apart from him I think we were all of one mind as to the propriety of making that move. Mr. Humphrey Mitchell, a good friend of mine, a man with great ability and a former member of this house, was put in charge of the expenditure of that $10,000,000. I will admit he did not do too badly for us in the province of Quebec, but the fact remains that he was not able to speak French. He could not talk to the men who came to him to get work; he could not make the right contact with our population. Here is a case where the expenditure of a few paltry dollars would have provided a bilingual assistant.

I wish to call attention to a remark made yesterday by the hon. member for Kootenay East (Mr. Stevens). He was emphasizing the importance of doing away with the party spirit as we have it in this country, but the example he chose was a bad one, for he said that fifteen Liberal members had stood in their places and denounced the government's defence policy and then like sheep voted for the very policy they had denounced. For my part I wish to protest against that statement. The hon. member did not live up to his reputation; he is usually more fortunate in expressing himself. He should remember that it takes more courage to dissent than to be a "yes-man." In that particular situation the position was clear, although it may not have been clear to the hon. member and others. Speaking for myself, I am not against a policy of expenditures for the defence of this country, but to my mind the amount that was proposed, the increase intended to be made, was not justifiable; it was too large. That is where I drew the line. With the general policy of the government I was in perfect accord, but in regard to this increase I raised a protest, and under the rules the only way to do it effectively was by voting on the amendment to reduce that amount, which was done in committee of the whole house. No other course could be followed. Besides, in spite of what has been said, another aspect of the situation has appeared in the newspapers without any contradiction, and I mention this as a reason for hesitating before we follow our leaders. The following statement appears in Saturday Night of February 27, at page 4:

> The 1937 program now before parliament is simply the 1933 program resubmitted. . . . The memorandum with which the general staff submitted it to the government stated specifically that the purpose . . . was to enable Canada to contribute and maintain an efficient contingent in the event of trouble for the empire.

Mr. DEPUTY SPEAKER: Order. I think the hon. member is out of order, because he is referring to a former debate which is closed. I will ask him to confine his remarks to the budget debate.

Mr. GARIEPY: I had completed my remarks on this score, but I wanted the hon. member for Kootenay East to be informed as to the stand I took on this matter.

Mr. LAPOINTE (Quebec East): While on this point, may I ask my hon. friend whether he prefers to take the word of Saturday Night to that of my right hon. leader and myself?

Mr. GARIEPY: Mr. Speaker, since you have decided that this matter is out of order I shall not enlarge upon it, but I think I could give a reply to the question of the minister which would not reflect on his integrity, honesty of purpose or ability. He knows well the esteem, regard and consideration that I have for him. I have followed his career for years. I know from where he started, and to-day in this house he enjoys the respect of one and all. He is an authority in matters of government. But he, like other ministers, must take advice from those surrounding him, from members of his staff. He must read reports. He must appreciate them, each one uses his own judgment. In the past the people of this country have been misled, not intentionally, quite without bad intention on the part of any of those concerned. In the minds of those who gave the advice there were no doubt good reasons at the time the people were invited to endorse and follow a certain course, but afterwards it was found out that through lack of proper information some mistakes had been made. In this case, which was so important, I decided after consultation and study to take the stand

that I have mentioned. I did so with all due respect to my leaders, who should not forget that the same kind of debate arose in 1922 over the same principle, over figures of the same kind, and—

Mr. DEPUTY SPEAKER: Order. The hon. member is out of order.

Mr. LAPOINTE (Quebec East): And that is not an answer to my question.

Mr. GARIEPY: Mr. Speaker, I bow to your decision. I did not intend at all to transgress. I want to respect your decision, and if I erred it was because I wanted to deal justly and adequately with the remark that was made by the minister who asked the question. I desired to show my good faith. I have no personal object to serve in this matter; it is a question of doing my duty to the public, of being fair to those who have elected us.

I have spent a considerable time in the west. I served for some years as a minister of the crown, and on every occasion I have manifested my respect for British institutions, and I have never said anything disparaging of the great flag under which we live. My stand is written in black and white in all the books in which my observations while I was a member of the legislature have been recorded.

The budget which we are now discussing has been accepted with great enthusiasm throughout the country. Much has been said of the needs of western Canada. With those views I do not disagree; on the contrary I intend to support every expenditure for the provinces of Manitoba, Saskatchewan and Alberta which, as we all know, are so hard hit at the present time. But it should not be forgotten that if we are able to do something for these younger sister provinces it is because the older provinces have developed themselves, have maintained relatively a sufficient prosperity, and have contributed substantially to the credit of the country as a whole. I think the time has come to state that the old provinces of Ontario and Quebec should also receive from the public treasury some measure of consideration. I may be told that this is a matter of provincial politics, and it is to some extent. But I have been satisfied for some time that the agricultural parts of the province of Quebec are suffering from a lack of proper production and proper marketing. We have there the oldest farming lands in the country, splendid stretches that have been occupied for ages by farmers of no mean ability. But, though I am not a specialist in that line, I am convinced that the efforts of these toilers could be better directed so that their products would be of better quality and more varied; and then these products should be marketed to better advantage. There is lack of organization and coordination. I wonder whether one of these commissions created by the government could not give some time and attention to this problem.

I am not going to weary the house with details but I have no doubt that some man like Doctor Tory, who was at one time the head of the National Research Council, could if so instructed get to the root of the trouble and suggest ways and means whereby some improvement could be brought about.

Mr. MICHAUD: Is my hon. friend aware that the privy council has recently told us that it is not our business to deal with these matters?

Mr. GARIEPY: I will not enter into a legal argument. I prefaced my remarks with the statement that it was essentially a provincial matter. At the same time, here we are dealing with matters almost of the same kind in other provinces. It may be said that the marketing of wheat is something related to commerce and trade and is therefore a dominion subject. Well, it might be made a matter for the dominion to deal with if we wished to improve marketing conditions for the farmers of Quebec and to secure better markets for their eggs, butter, cheese and all the other products of the farm.

Mr. MICHAUD: For export?

Mr. GARIEPY: Quite so. I am sure an investigation would show that not enough has been done to help the farmers of the province I come from. I will not say that they are in a very bad way, but they are not as prosperous as their toil and the natural resources at their disposal should make them. Their organization, I repeat, can be improved upon and I trust that the government will look into this phase of the economic situation in the province of Quebec.

As I said at the beginning, with slight changes, this budget is on the whole satisfactory to me and for that reason I am going to support it. I support it with confidence; I support it with enthusiasm; I support it, satisfied that the members of the government are fair-minded enough, in this favourable year, to take into consideration the remarks I have made, especially with regard to the public service and the work that is done throughout my province. There is a grievance there, a serious grievance; but I am not making an appeal for sympathy. I leave it to the judgment and the business sense of everyone here. Peace-loving as the

electors of my riding may be, when it comes to dealing with the government of the country they want to meet people who can understand them and get at the substance of their ideas, people with whom they can really fraternize. This can be done, and there is no reason why we should not satisfy the people of Quebec in this regard. I trust that at the next session when I speak again I shall have the pleasure of congratulating the ministers and of acknowledging that a step has been taken in the right direction and some real improvement brought about.

Mr. J. S. TAYLOR (Nanaimo): The final accomplishment of any worthy task constitutes its greatest merit, and it is a great thing for humanity that that merit first falls to the performer of the task. For that reason, therefore, I congratulate the Minister of Finance (Mr. Dunning) on having brought to final accomplishment a very arduous task well and truly performed. But when I say that, what is that task? What does the budget teach us? To me, unfortunately, it is a tale twice told, as flowing water dammed again.

It is true the minister draws attention to the fact that we are entering upon better conditions and that happy days are near again. But I am reminded of a saw in common parlance in the British West Indies, appropriate to the days of horse-drawn vehicles. It runs: Up the hill hurry me not; down the hill worry me not; on the level spare me not. And so because the minister conceives that Canada is now running on the level road he still spares not the tax-ridden, war-worn and depression-wearied citizen. But, unfortunately, Canada is not running along the level road, and all too soon that fact must become apparent even to the minister himself, whose historically orthodox approach to all the problems of finance places him in a niche almost entirely by himself, admired it is true by the monitors of big finance, but almost too far removed from the flow of our world's affairs to be of real fundamental value to this country. I am saying this very deliberately. I said it last year. I accused the minister of having produced a banker budget, conceived and worked out by an orthodox banker mind.

This budget of 1937 is last year's brother, and it carries the generic weaknesses of the family. I want this statement to be a condemnation of the minister and the government in so far as they are responsible, because in spite of their real honesty of intent, which I am daily coming more and more to recognize and respect, there is nevertheless an underlying sense of sophistication which tends to render them oblivious of the changing times and conditions in which we are now living, and causes them to inhibit the practical connotations of the archaic efforts to which they commit themselves. It is for these reasons that the first budget was conceived in a desperate and uncompromising attempt to balance the accounts of the nation, malgré the wails of the homeless and the curses of the frustrated. The younger brother of to-day is only slightly less unyielding, save in the matter of national defence, which has been very much contested, and with some sops here and there to the wailing. Let me say again, some sops here and there to the wailing. But why does the minister soak the sops in vinegar? I received a telegram from Vancouver dated March 8, which I shall read to the house:

> Blind people in British Columbia beg your aid in house protesting unnatural inhuman marriage clause blind pensions bill wherein blind persons marrying are penalized by losing half pension. This would only prevent civil marriages and encourage irregular situations. British Columbia with 650 blind persons has had only seven both blind marriages, all in Vancouver, with only one child to each of two couples. We estimate total both blind marriages in Canada about 70 therefore problem not serious. We regard as unfair to deserving citizens the twenty year residential qualification. The calamity of blindness may strike worthy citizens any time and we suggest ten years' residence. Recommend no limit be placed on permissible earnings over pension by blind. Protest meeting held in Vancouver to-night.
>
> Canadian Federation of the Blind, Mrs. E. Scott, secretary, and John Munro, president.

So the government, in giving, gives with one hand and snatches away with the other. Still the have-nots are plundered and the haves scarcely feel the drain; still to-day the working man hangs nailed to the cross, pouring forth his life blood for the salvation of the rich. I am not for one moment losing sight of the levies paid by the industrialist and the primary producer, but in our economy to-day we live with the idle rich and the idle poor, and in effect the worker has to keep them both. These two idle groups, the contributory and the non-contributory, those living with their hands in the pot, and those scarcely existing on hand-outs from the pot, are the reasons annexed to the economic difficulties of our position. The one cannot be considered apart from the other. The necessary flow of our economic affairs is already developing a delta in the river of production, and the arm called national revenue is broken into one large branch which one might call the interest reach, diverting 30 per cent of the flow, while another large branch is digging its way tortuously through the delta growing year by year, and in 1936 it absorbed and diverted another 30 per cent of the flow.

I refer to the relief channel. It attained that percentage by adding war relief figures to the ordinary relief problem. This represents 60 per cent of the effluent, and is a truly staggering proportion.

Let us figure this out. The available national financial capital of the country, symbolized by the idle rich—I say symbolized—and the available human capital of the country, symbolized by the idle poor, together demand 60 per cent of the nation's revenue, and return nothing to the country but the continued existence of the obligations. The two arms I have spoken of are steadily growing and will unquestionably come together unless the government in general and the Minister of Finance in particular will make a speedy and earnest effort to realize and act upon some of the profound truths in economic heterodoxy. It is suicidal to the country and to us all to refuse to change. If the present safety of the country depends on concessions to orthodoxy, then I assure the house that the future safety of this country will be assured only by facing facts obvious even to the man in the street, and by preparing entering wedges born of sound understanding which will, for instance, prepare interest for its proper place in our economy. I say, prepare interest for its proper place in our economy. This is a big subject, and I do not propose to discuss it fully this evening, but I want to cast one thought into the pool.

We are recording constantly the failure of housing. Housing demands loans; loans demand interest. The potential householder hesitates to build because he sees all around him houses forfeited to the mortgagees and lost because of tax imposts. There is no reason I can discover why interest should be a first call on repayment. The government might do well to consider, and if possible enact, that all repayments shall be at least in part repayments of principal, and that the principal outstanding shall be the only basis on which interest is charged; and once the principal is repaid, there remains still the repayment of deferred interest and interest due.

Another entering wedge which might easily be prepared is one which will assure to every citizen in the country not merely a starvation existence or all-but-withheld dole, but an existence determined by the productive capacity of the country, subject only to its natural resources.

Another entering wedge should be prepared in view of the fact that the unemployed in the country are largely unemployable in normal avenues of production, and while no man or woman or child in Canada should at any time go without food, clothing or shelter, the assurance of these cachets to existence carries with it the responsibility of service to the country; therefore an amazing increase of social service by its people should be discovered, invented and devised to take the place of self-destroying idleness and frustration. Has the government grasped the significance of that statement: self-destroying idleness and frustration? To-day in Canada the young suffer with the old. Is youth developed in frustration? Is it right that youth should be frustrated? Go into the forest and look about you. There you will see trees which in the early days of their growth were frustrated; stunted in growth, gnarled and twisted and ugly, they point a lesson which we dare not neglect. As with the tree, so with the man. Let us in Canada beware. Until every citizen of Canada is freed from his present distress; until every citizen can face the future with the assurance of suitable and adequate food, clothing and shelter, no government, no minister of finance, and no minister of labour can be considered to have earnestly and effectively grappled with the necessity for economic adjustment which is compellingly evident, or even to be worthy of the full approval of the citizens.

To do all this demands a premise different from that presented by the Minister of Finance (Mr. Dunning) when he said in his budget speech, at page 1213 of Hansard:

> Profits are the mainspring of economic activity in the system under which we operate. Increasing profits are therefore the best augury for increasing employment, the best indication of the approach of the day when private industry will be able to release governmental bodies from the enormous burden which they have had to bear in recent years.

Let us face this: It will be at least two years from this date, as presaged by the Minister of Finance, before the budget can be balanced. Then must come an expansion of expenditure due to the needs of the country which were neglected during the years of deficits. Grant, however, that Canada is facing a lengthy era of prosperity; for the next sixty years give her an average surplus of $25,000,000 per year. What do we find? Two generations still to come will have succeeded in wiping out nearly half the present national debt, and they will hand on to their children and grandchildren an obligation contracted by forebears whom they scarcely knew, and whom they cannot respect as worthy citizens of a country which we hope will still be in that day a worthy country in which to

live. I suggest, Mr. Speaker, that instead of attaching himself to such a premise the minister should endeavour to discover and appreciate the value of this better metaphor: The needs of a people are the mainspring of its economic activities, and the profits from these activities are the hairsprings operating the escapement, and so governing those activities.

Is there anything wrong with that idea? Is it not more true to actual facts? In crude form the post office and the postal system are developing along these lines. Is it not possible to bring the same sensible formula to the development of our natural resources and public utilities? We must come to it; why not face the facts and prepare for it? The minister must surely see that in this form of national activity is presented the truest form of thrift—and I use the word in its true etymological sense—and of progress. Let me read what the minister has said with regard to thrift, at page 167 of Hansard, and repeated at page 1392:

> Moreover, sir, I still believe in the virtue of thrift, I still believe that a man in the full flush of his manhood has not merely the right but the duty to himself and to those who depend upon him to set aside in any manner which seems good to him a portion of the proceeds of his labour to-day in order that he and those dependent upon him may not later be dependent upon the state.

If it were possible to ensure the success of every investment of the frugal and saving youth who so loves his country that he does not wish to become a charge upon it, and therefore withholds from his present dependents and from himself, in order that he may give the fruits of the fruits of his labours to his future failing self and his future failing dependents; if it were possible to ensure that these investments would give satisfactory returns to this intrepid youth, there might be something in what the minister has said. In effect, however, the youth is exhorted to withhold from his present fullness in order to cast it into the whirlpool of investment, the major force of which is purely speculative, and the vortex of which is very largely disorder and loss.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. J. S. TAYLOR (Nanaimo): Mr. Speaker, when the house rose at six o'clock I was in process of questioning the minister's exhortation to thrift, and I did question that word thrift as being scarcely applicable in its true etymological sense. I think it was rather intended to convey the idea which in its tenor from comparative to superlative runs through savings, frugality, parsimoniousness, penuriousness, niggardliness, miserliness and sordidness.

Mr. DUNNING: I didn't mean that.

Mr. TAYLOR (Nanaimo): But if that is the meaning of thrift in its mild form, which the minister implied, then I want to draw attention to some facts. The minister still believes in the virtue of thrift, and I want him to understand that I am not in any sense unkindly or cynical in the sense in which Mark Antony was, when I say that the minister is an honourable man, and so are they all, all members of the government, all honourable men.

But still believing in the virtue of thrift let me read what thrift did to a man in Vancouver. This is a letter I received shortly after the date it was written:

> 2930 Granville street,
> Vancouver, B.C.,
> Jan. 4, 1937.
>
> Mr. J. S. Taylor, M.P.
> House of Commons,
> Ottawa.
>
> Old Age Pensions
>
> Dear Sir:
>
> Knowing that you are especially interested in the general welfare of old age pensioners, I am taking the liberty of calling the attention of parliament, through your representation, to one or two weaknesses, or injustices, of the Old Age Pensions Act, and also of asking the question why it is our Canadian government penalizes thrift.
>
> To state my own case briefly, and there must be many others in a similar position, I am in my seventy-second year and have been receiving a small old age pension during the past fifteen months. I worked at my trade, lithography, in Scotland and in Canada close on fifty-five years. On January 27, 1931, while still employed, my wife and I purchased a Canadian government annuity, policy number 13078, which cost $2,980.80, and which brought us in the sum of $20 monthly, which sums were immediately transferred to the savings bank, as they came to hand. On August 16, 1933, being now permanently unemployed, my wife and I withdrew from the bank the $620 received in cheques from the above mentioned Canadian government annuity, and added to that sum the balance of our savings, $2,827, making the sum of $3,447, and purchased another Canadian government annuity, policy number 17354 value for the sum of $25 monthly which, the two policies combined, bring us in a total of $45, or $22.50 each per month.
>
> On attaining the age of seventy on October 1, 1935, I made application for old age pension and discovered that, because my wife and I for fifty years (just passed our golden wedding

anniversary) had been thrifty and saved wherever we could, and then handed all ($6,427.80) back to the Canadian government, this same government in return penalizes me to the extent of $12.18 per month or in other words, I am awarded an old age pension of $7.82 per month instead of the recognized $20 per month. The British government does not penalize good citizenship and thrift!

In conclusion, I may say that our income and expenses per month are as follows:

Income—		
Canadian government annuities		$45 00
Canadian old age pension		7 82
		$52 82
Expenses—		
Rent		$20 00
Gas, light, etc.		2 82
		$22 82
Income	$52 82	
Rent, etc.	22 82	
Divided by two people	30 00	
	$15 00 each, or 50 cents a day.	

Fifty cents per day each for food, clothing, incidentals. What a glorious achievement for fifty years of self sacrifice, plus a sum of nearly $6,500.

I am,
Yours sincerely,
Henry Jas. Rhodes.

Let me earnestly ask the minister if he considers that Henry James Rhodes and his wife, who have metaphorically toiled all night and caught nothing, should be satisfied with the sacrifice they made for their country to save it the expense of $12.18 per month—$20 less $7.82, for the absolutely unpredictable life of this worthy citizen now already seventy-two years of age.

Is it not realized that Mr. and Mrs. Rhodes would have been far better off if they had spent their savings in a leisurely trip all round the world for nearly two years—let me say two years less one day, in order to put them within the provisions of the act—returning to the shelter of the unworthily called old age pension, for the evening of their days? What benefits could they not have conferred upon those they were destined to meet if they could have related all their experiences, and said that their country honoured them for their long service, their honesty of effort, their sterling citizenship and those qualities which reflect the highest worth of its people? To-day, every month they receive another painful reminder of the ashes of effort which too often render miserable the worthiest people. And the government of this country can enter a wedge which will change all that. Is it too much earnestly to implore them to consider it and do it—and do it quickly?

Many points remain to be spoken about in connection with the budget speech, but I want now to refer to one which appears at page 1216 of Hansard. Having partially explained the obvious failure of employment to keep pace with the striking gains in business activity previously reported, the minister (Mr. Dunning) goes on to say:

> For the rest, the explanation rests upon the progress of invention and the improvement in technical and managerial processes. To this extent it is a phenomenon which is usually met with in the early stages of recovery from depression. As it indicates an increased efficiency in the productive mechanism, its results are not to be deplored. Its ill effects are temporary; in the long run it increases employment by cheapening production and expanding consumer purchasing power. As recovery gathers momentum, increases in employment will tend to conform more closely to expansion in business activity.

With all due respect to the minister, I fail entirely to understand how he can make that statement without fear of being accused of terminological inexactitude. Invention and discovery grow like snowballs rolling down a mountain slope. Machines become more effective and more labour-displacing. Our present economy indicates no possible way by which the wage earners can avail themselves of the products which increase the complexity of our already too complex lives. I quote again briefly from page 1223 of Hansard:

> The sales tax is now the largest single source of governmental revenues.

This tax meets with strong abuse and opposition. It is for that reason that it gains a certain amount of consideration from me, because nothing induces me to study a thing more than the realization that it is opposed. I am disposed to believe that it will be many years before we can get rid of the sales tax. Having considered the matter carefully, I have come to the conclusion that if we must have this tax, I doubt if there is a better tax, provided it is properly levied. It is by all odds the easiest and the simplest tax to levy, and the easiest and the simplest tax to collect. It is a tax placed directly at the point of consumption, and thus is prevented that woeful pyramiding which lies between the importer of dutiable goods and the ultimate price to the consumer, where importer, jobber, manufacturer, wholesaler and retailer all exact percentages of profit on the moneys they spend for duty as well as on the money they spend for goods. This is not

pure taxation, and some method should be devised by which all charges should be assessed for payment at the point of purchase for ultimate consumption. I confess that the question bristles with difficulties, but I want to draw the attention of the house to the facts as they exist.

The minister has told us that approximately $80,000,000 is received in customs duties. I dare say that an undefined and probably undefinable amount less than $80,000,000 could be recovered if the minister could devise a method by which it could be levied at the point of ultimate consumption. It is quite possible that at least $20,000,000, and probably up to $50,000,000, could be secured if machinery could be devised to handle it. Unquestionably it would represent an increase in the amount of duty, but it could be tried out in connection with certain commodities which could be easily traced by the government, such as motor cars or other large and costly items.

However, the sales tax itself is very effective and is relatively complete, but I suggest to the minister that if he must continue this tax, he should preserve this ideal and remove all present tendencies in any other direction. I further suggest that whole or at least partial relief from sales tax should be granted on those commodities which are the necessary subsistence items of the poor. The crumbs that fall from the rich man's table should neither be grudged nor minished, nor should they be made difficult to gather. That, sir, is the least kindly way of expressing a very real idea.

The next point I noticed in the budget is one to which I draw attention with considerable pleasure. It is a welcome innovation and constitutes an almost epoch-making provision. Its advantages should be demonstrated to every minister of finance who will follow the present minister. I refer to the issuance of perpetual bonds in the field of the nation's debt. The minister states at page 1231:

> The issue of perpetual bonds in the Canadian market represented a new departure in dominion financing. It was intended as the initial step in a program which is designed to provide for the consolidation and simplification of our public debt structure.

All efforts of big business to prevent the encouragement of these Canadian consol issues should be strenuously resisted, for the minister will find that they mark the peak of security and acceptability, with low interest, ruling in our dominion. However, I desire to say that I do not agree with the minister when he says that he wishes to set up a general sinking fund for amortization. As a general principle I do not favour sinking funds. If a security is not good at the end of its term, it is really not good at the beginning. Too frequently the investment of sinking funds is made in securities which have proved to be very insecure, such as many of the bonds of defaulting municipalities in British Columbia and elsewhere. The best security can admit of no better, and consols need no support from a sinking fund lying sleeping in a less secure resting place. Therefore, I suggest to the minister a policy of repurchase in the open market when the price of the bonds falls below a predetermined figure. This would be easy of accomplishment through the ordinary operations of the Bank of Canada and would establish the reliability of the investment for long term investors, and ensure its relative translatable utility when in the nature of things it must find its way to the market.

Mr. DUNNING: I think the hon. member has mistaken the meaning of my remarks regarding a sinking fund. The object was not so much to enhance the value of the investment in the hands of the investors as it was to have a definite plan for the gradual reduction of our debt, somewhat along the lines the hon. member has indicated.

Mr. TAYLOR (Nanaimo): In any case I think the point is well taken. Another move in the right direction is the sealing down to Canada of a call and short term money market. Congratulations to the minister. The enlarged field of operations of the Central Bank of Canada should very early show its worth in this aim and bring the whole financial situation of the country into more favourable acceptance throughout the world.

And so I pass along to the pleasure with which the minister reviews the rising credits abroad. This in moderation is an excellent sign but taken in excess, like salt it nauseates and poisons, and at this period of our country's growth we do well not to encourage foreign credits to the point where we are compelled to invest abroad. The days when such a condition was a compelling advantage are gone. We live to-day in a world where even a negro in central Africa can become an expert aeroplane mechanic, and the successful exploitation of any country is particularly well attended to by its own nationals.

I will finish on one note prompted by the rising note of cheer and challenge with which the minister closed his speech. Let us truly see to it, as he said, that we qualify as a people in continued endeavour, individual, corporate and national integrity, to a keener sense of trusteeship in carrying out our every day business and civic responsibilities; but,

here I say, let us not lose sight of the fact that in doing all these things our paramount duty is to do them first in Canada, first for Canada, and first by and with the amazing resources of Canada and the no less amazing resourcesfulness of the Canadian people.

And so, Mr. Speaker, I end, having both praised and blamed. I do not want the minister to feel like that excellent old character, Dick Fennell, in Pinero's Sweet Lavender, when he said, "Blame, blame, blame—oh yes; but praise—oh dear no." I want the minister to feel that there are many things in his budget which we have good reason to accept and be satisfied with, but the eternal concession to the orthodox in economic situations worries me so that I cannot understand why it is that he so slavishly follows it. However, taking it all by and large, I shall have very much pleasure in voting for the motion.

Mr. MARSHALL: Mr. Speaker—

Mr. SPEAKER: Before the hon. member proceeds with his speech I should like to draw the attention of the members of the house to the point of order which was raised by the hon. member for St. Lawrence-St. George (Mr. Cahan) before six o'clock with reference to a statement made by the hon. member for Three Rivers (Mr. Gariepy) in the course of his speech. The hon. member for St. Lawrence-St. George said this:

> Mr. Speaker, on a point of order; I would ask for your ruling whether it is open to members of the house at this time to discuss a subject now under investigation by a royal commission with respect to which no report has as yet been received or laid before the house.

I should like to ask whether any hon. member wishes to speak to the point of order? Then I will proceed to render my decision.

I refer to standing order No. 41. We find under this standing order that paragraph 293 states as follows:

> Besides the prohibitions contained in this standing order, it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not:
> (m) discuss messages or reports which are not regularly before the house.

And reference is made to Bourinot, at pages 358 and 474, and to May, at page 292.

By reference also to the order in council which was adopted in the year 1936, a copy of which will be found at page 84 of Hansard, February 11, 1936, it appears that the commission known as the Turgeon commission was appointed under chapter 99 of the revised statutes of Canada, 1927, and in the last part of the order in council it is stated:

> The minister further recommends that the commissioner be instructed to make his report as speedily as possible.

[Mr. J. S. Taylor.]

As no report appears as yet to have been made by the commissioner the house cannot very well discuss the matter now. I think therefore, that the point of order raised by the hon. member for St. Lawrence-St. George was well taken, and that it was not competent for the hon. member for Three Rivers to proceed to discuss the matter.

Mr. J. A. MARSHALL (Camrose): Budgets may come and budgets may go, but the problems of the returned soldier, of railways, of interest and debt, and of unemployment seemingly go on for ever. It is an old Canadian custom when hon. members are speaking to the budget, to extend to the Minister of Finance (Mr. Dunning) congratulations upon his presentation. This, with certain reservations, I do. I believe that we should reserve most of our congratulations for the taxpayers of this country who have striven valiantly through the medium of taxation to assist the Minister of Finance to balance his budget this year. They have taken upon themselves increased burdens, and they have done it with a smile. I say to the minister and to the party in office that no budget can be balanced unless the taxpayer takes out of his pockets the wherewithal to balance it.

Mr. DUNNING: That goes without saying.

Mr. MARSHALL: What long-suffering patient mortals the taxpayers are! They are patient almost to a fault. It is necessary that they give the shirts off their backs almost to uphold the sanctity of interest contracts. The interest burden now resting upon the Canadian people is one under which they are going to crack one of these days, and the responsibility for such a situation will fall upon us in this parliament. I fear the time is not far distant when we shall have a revolution on our hands. Of course, we shall blame it upon the communists and the fascists, but we shall not be right in so doing. That revolution is coming, just as surely as night follows day, unless we awaken to our responsibility. Apparently we are not yet awake; I hope we shall awaken before it is too late.

I was interested in a statement which the minister made some little time ago when the bill covering home improvement loans was up for discussion. He stated at page 750 of Hansard:

> I am just coming to the joker. The main reason why people who have $500, and who could get a home of that kind of which they would be proud, are not going into the scheme, is not because of any interest factor . . . but because the local taxes are what they are, and again I say that is within provincial and municipal jurisdiction.

I ask the minister: Are the municipalities and provinces alone in this matter of high taxation? I suggest to him that the reason for the high taxation is that a large portion of our tax dollar goes to pay interest. You cannot divorce taxation from interest or interest from taxation, no matter how you try. At least 25 cents of every dollar that the minister raises under the terms of his present budget go to pay interest charges. It was said the other day that over 40 cents goes to this one item, so I think I am safe in saying 25 cents. Interest is indeed an important and alarming factor in our whole business life to-day. It faces us at every step from the cradle to the grave. It has assumed such large and serious proportions that even governments all over the world, whether municipal, provincial or national, recognize that before we can hope to cope with any national problem we must tackle interest.

May I now give a few moments to the question of unemployment. I realize, of course, that the amendment covered this point; but we cannot discuss the railway problem, or the problems of the returned soldiers or any other problem without bringing in the problem of unemployment and poverty, so closely are they connected. It is not only a national problem; it is international in its scope. It is not a disease, but a symptom of a disease.

Mr. LAPOINTE (Quebec East): I do not wish to interrupt my hon. friend, but this house has discussed unemployment on an amendment which has been disposed of, and I do not think he has the right to discuss it now.

Mr. MARSHALL: I submit, Mr. Speaker, that the question is embodied in the budget, and for that reason I think I have a right to continue to discuss unemployment. It is closely allied to all these other problems, and I wish to show the connecting link between it and some of the other problems we have been discussing to-day.

Mr. LAPOINTE (Quebec East): The rules of the house say otherwise.

Mr. MARSHALL: As one hon. member said a few days ago, unemployment is a sign of progress.

Mr. SPEAKER: The point of order raised by the Minister of Justice (Mr. Lapointe) is well taken. The question of unemployment was discussed on an amendment which has been submitted to the house and disposed of, and the hon. member is not in order now in discussing it.

Mr. MacINNIS: On the point of order, Mr. Speaker, I submit that any subject matter of the budget is a matter of debate on this motion. The Minister of Finance dealt with the question of unemployment in his budget speech.

Mr. VIEN: The ruling of the chair has been given; it is not now in order to speak to a point of order.

Mr. BENNETT: The point taken by the Minister of Justice (Mr. Lapointe) would undoubtedly be sound if this were other than the budget; but though the motion with respect to the attitude of the government towards employment has been negatived there still remains the right of a member of the house to allude, by way of illustration or analogy, to conditions respecting unemployment, though he cannot make that the subject matter of his address. I fancy that is what the minister meant when he pointed to the rule of the house. It would be a serious curtailment of the right of speakers if it were to be said that the use of illustrations or analogies in reference to the problem of unemployment was not available to them.

Mr. LAPOINTE (Quebec East): My right hon. friend was not listening to the hon. member. The hon. gentleman did not say that he was referring to unemployment or drawing an inference; he said that he was going to speak on the subject.

Mr. BENNETT: What the minister said with respect to that is undoubtedly true, but I thought that the hon. member said in effect: I now propose to deal with unemployment, not as the subject matter of my speech, but for the purpose of showing it to be one cause of the many evils from which the country is suffering. I did not understand that he was making unemployment the subject matter of his address but rather that he was touching upon it by way of analogy or illustration. I would not venture to discuss the matter, but I do think that to narrow the debate by precluding such references to the question of unemployment would be going farther than the rules have thus far gone. I wholly agree, however, that the amendment having been disposed of, the right of a member is restricted with respect to the question of unemployment, so that he cannot make it the subject matter of his address. I thought that the hon. gentleman was making the question merely incidental to the discussion of an evil which he was suggesting should be remedied.

Mr. MARSHALL: If I have your permission to proceed, Mr. Speaker, unemployment, as one speaker said a few days ago, is a sign of progress, and that means that man is rapidly escaping from the era of slavery and bondage into one of leisure, brought about to a large degree by the mechanization of industry. I know that many do not agree with the Social Credit party in that regard, and that is why it is difficult for us to solve some of these other problems that arise out of it. I am indeed disappointed that the National Employment Commission has done so little. Some members try to insult our intelligence by saying that it has done a great deal, but I, for one, cannot accept this conclusion. It has done nothing, and so far as I can see it will do very little in the future. Someone from the depths of his wisdom has said that you get what you pay for, meaning, of course, that a good article will command a better price than a poor one. I think there is a lot of truth in that statement. The chairman of the National Employment Commission is Mr. Purvis. For his work as chairman of that commission he receives nothing, according to the returns which have been brought down. Up to the present we have had practically nothing from that commission. We have got what we paid for. Of course, I realize that the expenses of the commission have totalled somewhere in the neighbourhood of $85,000—

Mr. LAPOINTE (Quebec East): Mr. Speaker, I think this point must be decided. I claim that the amendment on the subject of unemployment having been discussed and voted down, the hon. member has no right now to discuss unemployment as the main subject of his address. I refer to paragraph 491 of Beauchesne, dealing with the situation where an amendment has been negatived on the motion to go into committee of supply or ways and means:

> If that amendment is negatived, a discussion on other questions may be raised but no other motion can be proposed.

"A discussion on other questions." Surely my hon. friend cannot discuss the amendment again after it has been disposed of.

Mr. FAIR: When the amendment to this motion was being discussed we had a wide open debate, and the deputy speaker at that time ruled in favour of a wide open debate. We discussed almost everything and anything we wanted to on that amendment, and I do not see any reason why we should not be allowed to discuss unemployment on the budget. This is just one more way of putting this question under the table.

[Mr. Bennett.]

Some hon. MEMBERS: Order.

Mr. LAPOINTE (Quebec East): That also is absolutely out of order, and unfair.

Mr. STEVENS: There is nothing out of order there. You cannot put a gag on everybody in the house.

Mr. BENNETT: I think we agree that with respect to discussions on the budget the rules are framed so as to give the widest possible latitude. The general rule that when an amendment has been negatived the discussion shall not centre about it is a perfectly sound one, because otherwise there would be no termination to discussion at all. On the other hand during the progress of the discussion on the amendment, much of the debate was not referable to that point at all, and the deputy speaker indicated that in his judgment the budget debate had generally been regarded as the opportunity, shall I say, for hon. members to indicate their reasons for believing that all was not well in the state, and that the government had not done all that might be done. That I think is putting it correctly.

I wholly agree with the minister that a speech on unemployment at this time would not be within the rules, but surely freedom of speech in this house is so important that any hon. member who desires to do so may amplify and illustrate his point, and by analogy press it on the attention of the house in any way he pleases. The hon. member, I think, started out with the statement that he was dissatisfied with conditions, and he said: If you examine all these conditions you will find that ultimately they are traceable to a cause. And he gave that cause as unemployment. Now if he continued to discuss unemployment only, I would wholly agree with the minister, but when he is discussing the whole situation and mentions unemployment only for the purpose of indicating a failure on the part of the government to grapple successfully with other problems because this is the root problem, I am inclined to think that freedom of speech must permit of that being done. I say it with deference to the Speaker, but if we are going to apply a rule of order narrowly it should have been done some days ago.

Mr. LAPOINTE (Quebec East): This afternoon.

Mr. BENNETT: Quite so. On the other hand, to narrow it too much would destroy the whole purpose of the budget debate, namely, the right of the subject, through his member, to make known his grievances to the throne; that is to the government in this case. I am inclined to think that on recon-

sideration the minister will agree that so long as a member is dealing with the whole subject matter he may amplify and illustrate his remarks in any manner he thinks desirable.

Mr. LAPOINTE (Quebec East): As far as freedom of speech is concerned, I do not think I am one who could ever be accused of desiring to curtail it, and I very seldom raise a point of order, even though at times there might be occasion to do so. In this matter my right hon. friend is perfectly right in saying that if the hon. member was simply alluding to unemployment and drawing some analogy nobody would think of raising a point of order against him. I also agree that in the budget debate one may refer to almost anything and everything. But when there has been an amendment on a special subject, moved to the motion, and full discussion has taken place on that special subject, and the amendment has then been disposed of, no hon. member has the right to revive entirely the debate on the amendment and make a new speech on it. That is the whole point.

Mr. MacINNIS: With all due deference to the Minister of Justice (Mr. Lapointe) I do not think he read the rule applicable in this case. He should have read paragraph 490 instead of 491. Paragraph 490 reads:

> When an amendment for the Speaker's leaving the chair has been negatived, as it has been decided that the words proposed to be left out shall stand part of the question no further amendment can be moved thereto; though general debate on the main question can be maintained by those members who have not exhausted their right to speak to that question.

This does not rule out a general debate on the subject matter of the budget. I maintain that the hon. member is quite in order in making his remarks on unemployment part of his general comment on the budget.

Mr. NEILL: With a view to promoting harmony and letting us get on, I suggest that the hon. member for Camrose (Mr. Marshall), might exercise a little diplomacy and save the situation. I recall in years gone by the hon. member for one of the Battlefords had a resolution on the order paper in connection with a Canadian flag, and the hon. member for Huron North, I think at that time Mr. Spotton, insisted on making a stump speech on the tariff, on the motion. A point of order was naturally taken, and the Speaker ruled that he would have to keep his speech strictly in line with the resolution concerning the flag. The hon. member went on making his stump speech on the tariff, and whenever he saw the Speaker or some member rising to protest he hurriedly said, "All in connection with the flag, Mr. Speaker," and that saved the situation. He made a regular stump speech on the tariff under that resolution. Of course, he carried it to an absurd and unreasonable extent, but he got away with it. So if the hon. member for Camrose would modify his statement by occasionally interjecting that he is dealing with unemployment only in a general way, he would probably save a lot of the time of the house.

Mr. HARTIGAN: I think an hon. member is perfectly entitled to discuss any item in a budget debate, even though he has spoken on an amendment to the motion which probably covered a vast range of subjects. All last week in the budget debate there was scacely any item that could be debated that was not debated. I take it that the member who was speaking was discussing unemployment from the point of view of departmental expenditures, and any member of this house is perfectly at liberty to discuss that matter. Right is right and wrong is wrong. I think if we put too many inhibitions and restrictions on the members of this house we will have good cause to worry as to what is to become of our parliamentary institutions.

Mr. QUELCH: I should like to point out, Mr. Speaker, that the hon. member for Camrose (Mr. Marshall) had desired to speak on the amendment, but in order to expedite matters he agreed to wait until the main motion was called. He refrained from speaking previously in order to assist the house in getting on with its business.

Mr. SPEAKER: I must say that the point raised by the hon. member for Quebec East (Mr. Lapointe) is well taken. There is merit also in the point raised by the right hon. leader of the opposition (Mr. Bennett), and perhaps even more in the suggestion of the hon. member for Comox-Alberni (Mr. Neill). I think perhaps the latter suggestion is about the best, and now that the hon. member for Camrose (Mr. Marshall) has commenced to make a speech on the budget perhaps he would try as best he can not to speak about unemployment.

Mr. MARSHALL: I wish to thank you, Mr. Speaker, for your very kindly suggestion. I do not wish to transgress any rules either of propriety or of this house; I simply want to make a few general remarks, and I wonder if I would be in order if I used the word "employment" instead of "unemploy-

ment." It just happened that I was coming to something that really would touch upon the point that has been under discussion.

In his speech the other day one member of the Liberal party pleaded eloquently for cooperation. I should like to ask that hon. gentleman what kind of cooperation he would like to have from the Social Credit party. From time to time we have made suggestions, some of which have been met with ribald laughter, and others with scorn and derision. In my opinion such conduct will not promote cooperation. To-day the Liberal party holds the reins of office in most of the provinces of the dominion, and they have 170 seats out of a total of 245 in this house. They have control of the central bank, and by this time they should have had control of currency and credit. The government have had at their beck and call innumerable commissions, yet they plead for cooperation from a few of us on this side of the house. It seems to me that instead of crying out for cooperation they should get on with the job entrusted to them—the solution of the employment problem. We are most anxious to assist, but I am afraid the cry for cooperation is nothing more than idle talk.

I have a suggestion to offer to the Liberal party to-night. I suppose it will be relegated like many others to the waste paper basket, but still I am going to make it. Last Sunday I was privileged to listen to a broadcast entitled "What Is Behind the News"?—sponsored, I think, by the life underwriters' association. In discussing some of the matters relevant to the situation prevailing at present the speaker was very definite in some of his conclusions. I have listened to him on many occasions, and apparently he has an excellent grasp of some of our problems. As he concluded his talk I wondered if it would not be possible for us to get that gentleman to give us the benefit of his knowledge. Then I thought of another individual who a short time ago went out to the province of Alberta, stayed a week or so, then came back and became an expert on conditions out there. This gentleman held the chair of economics at one of our leading universities, but lately he has been able to do a little better by writing humorous stories. Sometimes I wonder if he does not think that his teaching of economics is a joke. But could we not get hold of him and have him help us deal with this problem? Then I thought of a lady who has been writing very excellent articles in the Financial Post, and who now holds a position in the employment commission, and I wondered why we could not get her to help us solve our problems.

It occurs to me, Mr. Speaker, that we should be able to form a commission to end all commissions, and I would suggest that this commission consist of the leading business men of the country. Why not try to solve these business problems in a businesslike way by the use of business methods? Why not form a committee consisting of economists like the governor of the Bank of Canada, the president of the Bank of Montreal, the president of the Royal Bank, two or three representatives of the mortgage companies and three or four representatives of business, and entrust to that committee the problem of unemployment? You can go on appointing commissions from now to doomsday without result, unless you provide penalties for their failure to carry through what may be given them to do. Why can we not run our government as a man runs his business, in a businesslike way? I venture to suggest that if we actually commanded these people to come to Ottawa and form a committee, and made them responsible and attached penalties for any failure to find a solution of this problem, we would solve it—and it seems to me that is the only way we will ever solve it.

I am talking from the standpoint of orthodox economics, not from the standpoint of the new economics. I would solve it in a different way if I were speaking on the problem from the standpoint of the new economics. I venture to say that if we adopted such a suggestion as I made we would solve the problem in a very short space of time. It would be the representatives of business against the forces of poverty and everything else that goes to degrade civilization. If those men and women did not solve the problem, they would admit they were unable to solve it, and would stand condemned in the eyes of all the people of Canada. In my opinion that is the way the problem can be tackled and solved.

Let me make a few observations on the railway problem. I ask the government this question: Why have almost two sessions been permitted to pass without tackling the railway problem? Are we afraid of it? If so, of what are we afraid? Is it not time that we did something about the problem? I say that if we appoint a committee of business men charged with the responsibility of solving this problem, with penalties attached, they will solve it.

I was interested in a statement made last year by the hon. member for New Westminster (Mr. Reid). I want hon. members of the Liberal party to listen carefully, because I really believe he touched the core of the problem. The hon. member is reported as follows, at page 3377 of Hansard for 1936:

Every member of parliament is aware of the heavy load which the country is carrying and the heavy interest charges which have to be met each year on the Canadian National railways, and in all our deliberations with a view to finding a solution of the problem, no one seems to have put his finger on the one spot which, if properly taken care of, might lead to a betterment of conditions and the bringing of our railways up to date. I speak of the labour element. Every attempt that has been made by either of the railways to amalgamate services has brought numerous telegrams and representations from every labour organization in the country, and rightly so, because they fear, the dismissal of the railwaymen. If more serious note were taken of this labour aspect of the question, and an investigation made into it as was done in the United States, where there is provision in all their railway mergers for compensating by way of pension the employees dismissed, if we similarly made provision or set up a commission to take care of the men dismissed—

There is the point.

If we . . . set up a commission to take care of the men dismissed in any amalgamation or merger of the railways, I believe we might find a solution of this great railway problem. But that aspect of the situation has never been touched. It is true the financial aspect looms largest in the minds of most hon. members. Nevertheless, every time we approach this problem we are met with the question: What shall we do with the men who are dismissed? I am strongly of the opinion that if we set up a commission to look into the possibility of taking care of the men so displaced, we might bring about a solution of our railway situation. I know that this question has been gone into in the United States and some such plan is afoot there.

Is not that the reason why we are afraid to tackle the railway problem at the present time? The suggestion I made in connection with the employment situation I make again in connection with the railways—that we appoint a commission charged with solving the problem, a commission not of those attached to any political party but rather one composed of business men, and attach penalties for their failure to solve the problem. Do that and we will get somewhere. If the appointed head of a business concern is not successful, he is removed without hesitation. But to-day when we appoint a commission they go on and on indefinitely, without any solution.

In closing may I say that these questions are of paramount importance to the people of Canada. They are not being solved. To use an ordinary, common term the Liberal party to-day is passing the buck, and in the very near future will have to answer for its actions. I hope and sincerely trust they will do something before it is too late.

From day to day I have heard nothing but talk about high and low tariffs. May I leave a thought with those hon. members who still consider that tariffs are the important factor in the solution of our problems? I would refer them to a sentence written by Abraham Lincoln, who said "I know very little about the tariffs, but this I do know, that if we buy rails from Europe, then Europe has our money; but if we buy rails in the United States, then we have the rails and we have the money, too." That is a fact I should like some hon. members to ponder over carefully. I earnestly beseech the Liberal party to get busy and solve these very important problems now confronting us.

Mr. J. M. TURNER (Springfield): Mr. Speaker, I rise for the first time in this house, and wish at the outset to congratulate the Minister of Finance (Mr. Dunning) on his able and early presentation of the budget. I have been told and believe that old wines improve with age. I understand that in that respect they are similar to the budgets brought down each year, because they too improve with age; each year they become better.

The constituency I have the honour to represent is one of the largest in Canada, and covers almost all of eastern Manitoba. At the north end of the constituency of Springfield is the central Manitoba mining area, a great gold producer. South of that are the large paper mills situated at Pine Falls. The company at that point has this year contracted to take out nearly 100,000 cords of pulpwood from the surrounding district, an enterprise which will be helpful to the farmers and settlers.

Continuing in a southerly direction we find five of the largest power plants in the province, all situated on the Winnipeg river, and supplying all the electric power for greater Winnipeg and other points in Manitoba. Continuing farther we come to the five municipalities of Lac du Bonnet, Whitemouth, Brokenhead, Springfield and St. Clements, where a total crop failure has never been known. This area is noted for mixed farming, truck farming, and for its numerous beaches and tourist parks. Next we come to Beauséjour, the largest town in my constituency, and the county seat, situated on the trans-Canada highway, where the farmers hold a semi-monthly market. Here every two weeks one may see from 1,000 to 2,000 farmers trading and selling their produce.

Next we come to the towns of Garson and Tyndall, where the famous Tyndall stone quarries are situated. This stone needs no introduction here, for the interior of this beautiful building is built of it. Just in passing, I may say that it makes very good tombstones, but I am not soliciting any orders at the moment. Lastly, we have East Kildonan, a suburb of Winnipeg. This is usually a great labour centre, but at the present time there are many unemployed in that municipality.

What we need to help solve the unemployment problem in Springfield is more mining roads and a greater development of our mining areas. I want to take this opportunity of thanking the Minister of Mines and Resources (Mr. Crerar) for the help he gave to this district last year. We need better rural roads to help our farmers and to increase the very important tourist trade. We need industries, such as sugar beet factories, to absorb our surplus man power as well as our surplus electrical power. I might mention that the provincial government of Manitoba has gone on record as being willing to guarantee the bonds of a sugar beet company to the extent of $600,000. We need the extension of our power lines to all important points in Springfield, for the two reasons I have just mentioned. We want the federal government to specify Tyndall stone for all future buildings. This should be done on account of its well known qualities.

Mr. L. A. MUTCH (Winnipeg South): Mr. Speaker, when I first decided to take part in this debate I had thought perhaps that I would be speaking shortly after the amendment, and I had intended to draw attention then to some of the things at which I was much surprised during the debate on the amendment. A stranger dropping into the gallery at that time might well have asked, "Where and when is the election"? Now that that thunder no longer shakes the edifice of government, perhaps a whisper from within may be heard for a few moments.

It is perhaps presumption on the part of one so new in politics to compliment the Minister of Finance (Mr. Dunning) upon the splendid budget he has presented, but I do want to take this opportunity of saying that in spite of the fact that the paeans of praise that went across the country have died down, there is still in the hearts of most of the people, not only in my constituency but throughout Canada, appreciation for a job well done.

I do not propose to recount again the virtues of this government. All that they have done—and much has been accomplished —is only what the people of Canada expected of them. It is not, then, of things they have done that I would speak at this time. In the few minutes allotted to me I would speak of the fights not fought, and of the campaigns as yet uncharted. Last summer I had the opportunity of travelling from Montreal to British Columbia. I made that journey in a leisurely way; I walked and talked with many of those who sent us here, and I brought back with me a picture which I would like to give to the house to-night. It is a picture which I hope we might all carry clearly in our minds during our deliberations.

The endless struggle to keep on an even keel while the world around us is reeling is taking its toll of our people. Young men are greying at thirty-five years of age or younger, and perhaps I am ungallant in mentioning that their women folk for the first time in two decades are showing their age. Even the great war failed to place its impress so clearly upon the faces of our people as has this depression. It has been said that anxiety is the architect of new lines on the faces of humanity. Anxiety and fear and want ride with us in these days and it is our task to find relief from their soul-destroying blight. War terrifies; but it also exalts. I would not minimize the anxious horror of those who sent their dear ones into battle, but there was a veil of glamour about it which relieved even the starkest tragedy. For the combatant there is always the thrill of uncertainty and the chance of a sudden end. Add to that the exuberance of perfect physical condition, and the singing soldier is no mystery.

But in the grim, relentless and unrelieved struggle of depression there are no non-combatants, or at best very few. No glamour veils, even thinly, the raw stuff of failure, misery, want and hopelessness. No cheering muffles the sobs of women or the cries of children. No poet sings the praises of the worker who wages a losing fight with poverty. His failing hand holds no torch to fling to those he leaves behind. For him no cenotaph is raised. He will be known, if he is remembered at all, as a futile thing—a man who failed. Not daring, these men, with nothing to dare, are simply hopeless, struggling creatures just plodding along, their only motive spark the dim embers of their former enthusiasm for life.

Dare we in our deliberations put from our minds for an instant the real problem of these our fellow Canadians? No one realizes better than I do that appeals to fellow Canadians have been traded upon in this house, and yet I can frame no better phrase to describe them. We are most of us of a generation under whose

leadership the fruits of folly matured, a generation which cannot even yet realize that the depression is the result of a combination, if you like, of those mistaken policies inherited and nurtured—a generation which still believes that the depression settled upon us unheralded, like the visitation of locusts in the Egypt of biblical times.

Having failed to see and heed the warning signs, having been content just to wait and wait, serene in the belief that the storm would pass, people now at last fearful of a condition which they yet fail to comprehend turn like fear-stricken sheep to mass objectives and try to find in various "isms" collective courage and collective authority for change. They seek in collectivism the means to stem the tide of the affairs of men. I am persuaded that most of the "isms" of the world are bunk. They miss the vital truth that the actors in this world drama are men and women. We can never really face up to the problems of society until we learn to think and speak and calculate in terms of men and women. The weakness of every "ism"—I exclude Liberalism—is that it puts emphasis on the system and its machinery, and disregards the human factor. We must ask and answer this question: Are we men or are we puppets? If we are men, then it is we who matter and not the system.

We have sought too long a magic formula by the application of which we hope to restore society to the good old days that never existed. The world has given position and power to men who promised, not a fuller life but a life which in retrospect seems all good. It gives ear to such men now. When will we learn to turn to ourselves, to forsake false counsel, to know what it is that we seek, and to seek it in the one place where it is to be found—in ourselves?

To the government front benchers I would say this: The opportunity for leadership is in this house. The qualities of leadership are not lacking. The courage of leadership will give to the men who exercise it opportunity and reward unparalleled in history. Moses the lawgiver has been remembered in brass and stone, but Moses the man who led his people out of captivity is enshrined as a living model in the heart of every man who would be free.

And now, Mr. Speaker, to be more specific—now that we are resolved to examine ourselves, first, in relation to our problems—where shall we begin? It seems to me that one great problem overshadows all others, and sir, I hasten to say it is not the problem of a balanced budget, although it is related to that. To me there is no problem of a balanced budget. The determination of the hon. gentleman who presides over the treasury will balance the budget. There is no doubt of that, but at what cost remains to be seen. But we shall see, and the people will judge, and I for one, am hopeful that the result will not be a worse horror than an unbalanced budget. Most of the people by whose grace I am here have unbalanced personal budgets, and most of them are worried about it. But there is a great and ever-growing number of people who feel the hopelessness of their situation and, realizing that they cannot cope with the arithmetic of their misfortune, are entirely indifferent to the arithmetic of the Minister of Finance. But let that pass. The greatest problem is the problem of the economic emancipation of the individual. As always, misfortune begins at the bottom, and restoration begins at the top.

There are those who view this situation and cry out that socialism is the answer, that we should begin restoration by levelling down the top to the standard of the lower strata. I have said that to me the collectivism of socialism is nonsense. To many, debt adjustment seems to be the answer. Obviously a measure of debt adjustment was and still is essential to a program of recovery. But to me it is a means, not an end. It is much easier for me to go along with the Minister of Finance when he states that the real and abiding recovery comes from an increase in the national income. The government has realized in this matter that the critical thing is the problem of the reality of recovery. The immediate need can be, has to be, and will be, met.

We in Canada have been much concerned with the problem of keeping the farmer producers on the land. The Farmers' Creditors Arrangement Act was drafted and is being administered to that end. While the act is far from perfect in its application, it has served, despite abuses, to effect some real relief.

So far no government has recognized by any action the plight of that great taxpaying body, our urban and suburban home owner. No other section of the Canadian public bears anything remotely approaching the tax burden borne by these people. They pay the biggest percentage of the property tax; they contribute generously to the income tax; in almost every centre in Canada their school taxes are extremely high. As salaried men and wage earners they were the first to absorb the shock of the depression; as such they are likely to be the last to gain by any improvement. They are for the most part unorganized

for their own defence; indeed they cannot hope to be otherwise. We have, on the one hand, capital, comparatively small in numbers, organized, compact, served efficiently by the ablest of advisers; on the other hand, organized labour, with a tradition of unity, the machinery of cooperation, and compact units based on mutual interest and mutual objectives. Contrast with this the great mass of urban and suburban workers in professional and clerical occupations; add to them the men and women on the farms, on small holdings, and in the villages. They are not, nor can they ever be a compact unit, socially or economically. If we in this house do not raise our voices in their behalf, they are voiceless, and it is our duty to see that these people, the same people who sent so many of us here, are not forgotten while the battle rages between those who would strengthen the present social order and those who would tear it down.

Mr. C. R. EVANS (Maple Creek): As one of the new members from western Canada, and having listened to the debate on both the amendment and the budget, I shall try for the few minutes of time that I occupy to keep as nearly as possible within the rules of the house.

First I congratulate the Minister of Finance (Mr. Dunning) upon his presentation of the budget and his comprehensive survey of Canada's improved condition in world trade and in our economic and financial relations. While all these improvements may not be due to government policies, in a large measure they are so. The government has taken the lead in promoting world trade. Shortly after it assumed office in 1935 the Canada-United States trade agreement was consummated, and from that time on our government has extended the hand of friendship to all the nations of the world and has been successful in promoting and increasing empire and international trade. It has come to be widely recognized that the Ottawa trade agreement of 1932 was not sufficiently favourable to Great Britain, and that the lowering of certain duties might tend to expand trade currents not only in one direction but in both. The general effect of the new trade agreement should be to render more effective the policy of this government—to canalize more trade in inter-imperial channels.

The constituency which I have the honour to represent is entirely rural. Being primary producers we are naturally free traders. Therefore tariff policies mean dollars and cents to us. We are pleased with the reductions of

tariff put into effect by the present government, but look forward with the present tendency to freer trade to greater reductions in the future. Being primary producers we have to sell our products in open markets, while everything we purchase is bought in a highly protected market. That is a condition that cannot continue if farmers are to stay in business. Unless there is a levelling of the spread in prices of the articles we have to sell in relation to those we purchase, it will be difficult for the farmers of western Canada to carry on.

It is true that in the past six or seven years we have met with disastrous crop failures through drought and other causes beyond our control, but the fortitude and courage of our people through the period of drought and depression have been wonderful. Picture a farmer putting seed in the ground year after year, without ever reaping a harvest, while each year he sees his assets dwindle until he is finally forced to come to governments and other agencies for assistance, and then you may realize in a small measure the problems with which we in the drought area of the west are faced. It is encouraging to know that the federal government now recognizes the gravity of our problems and is taking steps under the Prairie Farm Rehabilitation Act to combat the ravages of drought and bring these vast areas back into production.

The Maple Creek constituency produces great numbers of cattle, sheep and horses. In the year 1936 we shipped out of this constituency 36,000 head of cattle of all classes. In passing, I would mention that the feeder policy of the government increased by about 10,000 head the shipments of feeder cattle out of our district. We also shipped around 22,000 sheep and lambs, and about 2,700 head of horses.

I desire to draw to the attention of the Minister of Agriculture (Mr. Gardiner) the importance of stimulating in some way the horse industry in the south west country. For the information of the house and the people of Canada generally, I would point out that the Maple Creek and Willow Bunch constituencies produce perhaps more horses than any other district in the dominion.

It is encouraging to note the increase in the exports of cattle in 1936 over 1935. The total exports to the United Kingdom in 1936 were approximately 39,000 head, as compared with about 7,000 head in 1935, while to the United States in 1936 we shipped approximately 225,000 head, as compared with about 106,000 in 1935. Exports for the twelve

months of 1936 showed the heaviest volume in many years, reaching a total of 264,000 head, as compared with 116,000 in 1935.

The other day, in the course of the debate, the hon. member for Lanark (Mr. Thompson) made references to the vast amount of new wealth which had been created in western Canada in the past fifty years, and he went on to say that had it been properly handled that wealth would have been sufficient to tide the western provinces over any ordinary difficulty. At page 1453 of Hansard he is reported as follows:

> Ontario and Quebec, where the great majority of these protected industries are located, pay seventy-five per cent of the taxes collected in Canada. I ask this house: How long are Ontario and Quebec going to remain a pair of placid milch cows to be stripped dry to pay the bills of provincial governments over whose expenditure they have no control? . . . In all fairness I say it is high time that these western provinces were told quite frankly that they must put their own houses in order to balance their budgets and live within their means.

The hon. gentleman's criticism is in order, no doubt; but if he would consider what became of the great wealth that we made in western Canada during, say, the past thirty years, and consider where the feed came from that kept those cows, he would realize that if it had not been for the wealth we poured into the industrial centres of eastern Canada to the extent of millions of dollars each year through tariff duties, those placid cows he talks about would have been dry long ago.

It is true that we did produce a vast amount of wealth, and it is equally true that the provincial governments in the west find it difficult to-day to carry on, with the financial problems that face them. But there is a story behind the provincial problem in western Canada, and I should like to put it before the house for consideration. In 1905 our province was formed, and from 1905 to 1929 we had a Liberal government in power; and during all those years that Liberal government never once failed to balance its budget. At the end of 1929 the public debt of Saskatchewan was $66,000,000. What did we receive for that $66,000,000 of bonded debt? We got all the services which a new and growing province demands, such as parliament buildings, gaols, sanatoria, mental hospitals—and by the way we have built one at Weyburn—a system of highways, bridges, the university, three normal schools, court houses and many other services that are required to carry on the functions of government. In 1929 a change of government took place, and after five years of Conservative administration we found that our public debt in Saskatchewan had increased to $154,000,000. True, $18,000,000 of this was spent for relief, but the rest has been spent extravagantly on commissions and many other unnecessary investigations. During their five years of office the Conservative government did not at any time balance its budget, and I would point out to the hon. member for Lanark particularly that that is the reason why the province of Saskatchewan to-day is in financial difficulties.

Last July I made a survey of the constituency I represent. I interviewed municipal and urban councils, school boards, live stock associations, farmers' organizations, and also held public meetings in order to get first hand information as to what our people thought would be the best means of giving to the needy assistance until such time as crop conditions improved. In every instance a works program was suggested whereby our people might be able to earn a living, instead of being demoralized by direct relief. Suggestions were made that the federal government cooperate with the provincial government in the construction of highways, the hard surfacing of main highways, the elimination of dangerous level crossings, increased activity in our water conservation program and improvements in our provincial and national parks.

This afternoon the hon. member for Rosetown-Biggar (Mr. Coldwell) referred to the stand which the federal members in western Canada took with regard to the action of the government last summer. I made one statement which I wish to confirm in this house to-night. At a meeting I attended, on invitation from many of my constituents, I said that I felt that the dominion government should have continued the operation of the wheat board during the crop year 1936-37, and I still think so; but I qualified my statement by saying that I was not in favour of governments being in business because that was the first step towards state socialism.

Let me say this in conclusion. The people of western Canada face the future with optimism and confidence, believing that nature will this year supply sufficient moisture once again to produce a bountiful harvest.

Mr. WILLIAM HAYHURST (Vegreville): The keynote of the budget speech of the Minister of Finance (Mr. Dunning) was one of cheer and confidence, or cheer and challenge, I believe the actual words are. These two words evidently influenced the general tenor of his speech, the peroration of which was dramatic. No problem, he said, is insuperable.

Seeing that the minister is so optimistic, I should like to mention the subject of slum clearance. I suggest that the government should start in the near future an active campaign for slum clearance. Most of our cities must be subjected to some type of slum clearance, because there is much overcrowding, and the people in these districts have to put up with living conditions that should be abolished. In England Sir Hilton Young called these areas in the centre of the cities the bad old cores of the inner areas of our great towns. We find these bad old cores in the inner areas of all our cities in Canada. We feel, Mr. Speaker, that every family should have such housing as is essential for decent and healthy living. The whole country is sadly neglected in this respect. So a strong effort should be made by the dominion government to bring about slum clearance. This subject has been before the house in a resolution, and I mention it here merely to drive home to the government, if possible, the gravity of the situation. It cannot be too often reiterated. Bad housing conditions are the supreme social evil of our time, poisoning life from infancy, and undoing much of the good results which education and medical science would otherwise achieve. Thousands of our young people have no home in any real sense of the word, but dwell in these ill-constructed, vermin-infested, insanitary old houses, in foully overcrowded districts. If this malignant growth is not excised it will drag us down as a nation in body, mind and soul. Slum clearance, of course, involves planned development, and team play amongst owners, architects and the government; but planned housing in some form must come if the bad conditions brought about by present happy-go-lucky methods are to cease.

I have listened with a great deal of interest to the discussions in this house and in this debate on the budget, of the problems which face western Canada. I noticed that sometimes the wheat problem was discussed when we were speaking of unemployment. The wheat problem of the past few years, the wheat problem of the future, and the present problems of the farmers are vitally important. I was very much interested in the remark of the previous speaker that western Canada had produced such enormous quantities of wealth in the last few years. To-day and yesterday something was interjected into the debate regarding the wheat marketing schemes of the present government and the preceding government. I have in my hand a pamphlet published in Calgary in February 1936, by the former chairman of the wheat board, Mr. John I. McFarland. That is over a year ago. Sometimes we hear it said that the wheat marketing situation had not been thoroughly discussed prior to the present government taking office. I should like to read a short paragraph from this pamphlet, to illustrate what the previous speaker has mentioned about the great amount of real wealth which western Canada has produced in recent years, and in relation also to the marketing of this our greatest primary product. Mr. McFarland said:

> In the years before the depression our public men were proud to describe Canada as the "bread basket of the empire." From November, 1930, until 1934, the whole world had become a bread basket, but, despite that obstacle, Canada supplied more bread in the past five years to the great consuming centre of this empire than we did prior to 1930. From 1930 until 1935 inclusive, this dominion produced over two billion bushels of wheat. The farmers have marketed their surplus from these crops and have received prices which have been denounced as higher, and much higher, than so-called "world prices." Broomhall and others have recently made the statement that our carry-over next fall will be down to normal or near normal. Why? Simply because Canada is now the only country from which import countries of Europe can secure supplies except for a moderate quantity from Australia.

When Mr. McFarland wrote this pamphlet the Argentine had suffered from drought and its crop was already harvested, or at least most of it. They knew at any rate the amount of wheat available in that country. He goes on:

> The scene has now so changed that until another crop is harvested Canada is, in large measure, the "bread basket" not only of the empire but of the world. In the face of these facts the Winnipeg Free Press maliciously refers to me as the man who says, "Don't Sell Wheat." I ask you, is that fair play?

This prediction by Mr. McFarland in February 1936 came to pass. The world to-day is facing more or less of a shortage of wheat, owing to successive bad harvests in various countries. I did not bring with me to-night a copy of the Manchester Guardian which I had, containing an article written just about that time. The article said that the British crops in February last year were very badly damaged, as were the French and German crops—that is the winter crops—through too much precipitation. This would suggest that the main areas of Europe which need large importations of wheat were then realizing that their crop conditions were bad and that they would probably harvest a smaller crop than usual.

It is not only western members who should be interested in the wheat situation. Practically every farmer realizes that some just price—and when I say just price I mean a price which will give to the farmer the cost of production—must be accorded to the farmer not only for wheat but for dairy products and cattle, hogs and other products. The trouble is that for all the goods which the farmer has to sell he must accept the price offered by the buyer, but for everything he purchases he must pay a stipulated price which is based upon factory cost, plus the profits of wholesalers and retailers. It is evident that during periods of depression farmers' prices are below the cost of production; therefore a just price must be established for farmers' products which will give them at least the cost of production. The great majority of farmers in this country are most eager to obtain the economic equivalent of what the tariff gives to industry. That means that the farmers not only of eastern Canada but western Canada should have the prices of their goods to some extent stabilized, because the prices of factory products are stabilized through tariffs and through selling organizations. Farmers in western Canada are severely handicapped by reason of the fact that machinery costs them so much more because of the tariff. The investigations that are proceeding at the present time would seem to indicate that the tariff is not the only factor, and that selling organizations and factories seem able to put up prices to their own satisfaction.

When the hon. member for Selkirk (Mr. Thorson) was speaking the other day he quoted figures regarding Switzerland and other European countries in an endeavour to show that the Bennett administration had lost our European markets. Of course, the hon. member was not really analysing the entire European situation. He knows, as all hon. members know, that a period of economic nationalism, brought about by fear, affected the entire import and export trade of every European country. At one of the conferences held by the international wheat committee a delegate from Switzerland remarked that wheat in that country was grown at altitudes much higher than was the case in other countries, and in very poor soil. Naturally the wheat was of very poor quality. But the Swiss government subsidized the growing of this wheat, just as the French government and the governments of other European countries subsidized their home products. In regard to the subsidy on Swiss wheat a British expert composed the following verse to illustrate the conditions that existed in most European countries:

Red is the wheat, denatured,
On which the fowl is fed;
Red the impending ruin
About the farmer's head.
Red glow Helvetia's harvests
Amid the glaciers cold
Where every frozen wheat ear
Has cost its weight in gold.

In 1934 even South Africa produced a surplus of wheat amounting to about 860,000 bags. In other words, the nations of the world, whether belonging to the British Empire or in Europe, were intent upon raising more of their own products and becoming as self-sufficient as possible. Because of the change in economic conditions and the determination of importing nations to become as self-sufficient as possible, flour milling standards were altered very radically; lower grade wheat was used, and other foods were substituted for bread. Prohibitive tariff walls against foreign wheat and the ever-increasing domestic production enabled European countries so to reduce their import requirements that the entire world situation was affected. I should like to place on Hansard figures of the wheat imported by all European countries from 1930 to 1935:

	Bushels
1930-31	786,000,000
1931-32	770,000,000
1932-33	615,000,000
1933-34	523,000,000
1934-35 (to June 30, 1935)	525,000,000

The importing countries of Europe were endeavouring at all costs to become self-sufficient, and the high grade wheat of western Canada, which formerly commanded high prices because of its quality, became more and more ignored. At the same time cheaper wheats of lower quality from other countries were being substituted on a larger scale. This resulted in the building up of a huge surplus in Canada, but practically all political economists were agreed that the day would come when this surplus would be needed.

In their mad desire to become self-sufficient, practically every European country subsidized its farmers; and improved methods of land fertilization brought about increased yields. Even Sweden had a surplus of wheat of inferior quality, which was sold on the English market. Our highly developed and efficient wheat producing areas in Canada were competing with Poland, Russia, the Argentine, Australia and Roumania. In addition, we were met with bounties on wheat in Great Britain,

amounting to 45 shillings a quarter up to a certain maximum, after which the bounty was reduced. Efficient advertising campaigns suggested that the people should eat less wheat and consume more fruits and vegetables. In such circumstances it is vital to the welfare of world agriculture that Europe be restored to its former status as an importer of food grains. With lower tariffs the consumption of wheat would be considerably higher, and that factor alone would automatically take care of world prices. We must endeavour in every way to increase world consumption, because we know that the goods can be produced.

In recent days Sweden has been held up as an example of what good government can do, and many people have been using the book, Sweden—The Middle Way, as illustrative of the prosperity of so-called prosperity in Sweden. The other day I clipped from the London Times of February 13, 1937, a report from its Stockholm correspondent, which says:

> Overcrowding in many Swedish towns and in most rural communities is worse than in England. Swedish architects and builders have produced a standardized tenement of "one room and kitchen." More than 40 per cent of all Swedish urban families with more than three children live in tenements of this type.
>
> The committee concludes that such improvement in the housing of the Swedish working classes, as has taken place in the past two or three decades, has been due not so much to the provision of better houses and tenements as to the birth of fewer children.
>
> In Stockholm conditions are even worse; an ordinary middle class couple cannot have more than two children without overcrowding. . . .
>
> So long as overcrowding remains so widespread and large sections of the Swedish people live around or below the poverty line, no increase in the birth rate is to be expected. The average income of each Swedish wage earner is £85 per year. Yet between two-thirds and three-quarters of all Swedish wage earners of fifteen years and over earn less than this and more than half earn less than £50; more than one-fifth of all Swedish families have a combined income of less than £50. In Stockholm this applies to only five per cent of all families, but in the rural areas it applies to about forty-four per cent. That explains why successive Swedish governments have pursued an aggressive agrarian policy, their aim being to raise the incomes and hence the purchasing power of the rural population.

It seems that we are always talking about export trade, and judging nations by the amount of such trade. If any nation in this world sells more abroad than it consumes at home, that nation is Sweden, yet we find that urban families with three children consume on the average only fifteen pounds of butter a head a year. The same trend is found in the consumption of milk and eggs, fresh vegetables and fruits. As in Sweden, we in Canada are facing a new era, whether we like it or not. If export trade were the criterion, Sweden should have a happy and prosperous population, because she produces nearly three times as much as she consumes. The report goes on.

> The facts and figures presented by the committee show that Swedish prosperity has as yet only touched a fringe of the Swedish population. In terms of industrial development, Sweden is still in the pioneering stage; great advances have been made in some directions but in others conditions have remained so bad that effective birth control is now the only way whereby the poorer classes can protect themselves against being completely submerged.

And so we come to what is probably the most vital factor in Canada. We recognize that people are the main wealth of our nation, and from various sources we hear that we should adopt some type of immigration policy, when we are really not endeavouring to the best of our ability to favour the full development of our own people. Instead of recognizing that moral rectitude, good homes, and children are the great asset of the nation, many people place before us the idea that we must make money and get rich. For that reason we are always considering the possibility of making money on the stock market. In this connection I should congratulate the government because they must be to some extent behind the attempt to stop the present gambling on the markets. I do not believe, however, that they have succeeded as well as they might have done.

The question of population is one which the Canadian people must face. One of the determining factors in the solution of our difficulties will be the attitude we take towards home, the building of homes, and the encouragement of our people to establish homes. We must recognize that our little children are our main asset, and that we must love them, and if we do Canada will become a place worthy of Canadians. We must rise to the occasion and realize that the people born in Canada are the ones who must receive a just and decent living. If those facts were urged upon the government and the people at all times, there would not be so much talk about immigration.

The district from which I come is a pressure population centre, and in that respect is something like Quebec. I admire Quebec because it is a pressure population centre of real Canadian people. If we are to develop a real Canada we must recognize that to make a home-loving people we must encourage the building of homes, the abolition of slums, and the encouragement of early marriages, which are usually happy marriages. If we were to do these things we would be taking a great step in the right direction.

As I travel across Canada I cannot help realizing that we are faced with the major problem of properly populating our vast areas. Yet in this country there are thousands of people seeking employment. Surely, as the minister said, the problem of wandering transients is not an insuperable one. These people are in the prime of life. Thousands of young people leaving high school are at a loss to know what occupation to follow. There does not seem to be any vocational guidance—at least very little of it. Otherwise there would not be that note of tragedy in these young lives. We should devote ourselves to the problem of seeing that our young men and women are encouraged to establish themselves in homes to raise families. Canada must be developed having in mind a proper attitude towards life. It does not matter whether we discuss the breaking of laws, the speed of motor cars, or the killing of people on street corners by people who have little respect for the law, but we must direct our attention to the attitude of our people towards our laws and the vital questions affecting the dominion.

I feel keenly about these matters and believe that in the next few years the government must do all it can to help the provincial governments in their educational programs and to help rehabilitate people who may become useful citizens. If we devote our attention to those matters we shall not need to worry so much about the great immigration problems which seem to hold the attention of some people.

May I close my observations by reading a short extract from Stevenson's Virginibus Puerisque, El Dorado—with boys and girls.

> A strange picture we make on our way to our chimaeras, ceaselessly marching, grudging ourselves the time for rest; indefatigable, adventurous pioneers. It is true that we shall never reach the goal; it is even more than probable that there is no such place; and if we lived for centuries and were endowed with the powers of a god, we should find ourselves not much nearer what we wanted at the end. O toiling hands of mortals! O unwearied feet, travelling, ye know not whither! Soon, soon, it seems to you, you must come forth on some conspicuous hilltop, and but a little way further, against the setting sun, descry the spires of El Dorado. Little do ye know your own blessedness; for to travel hopefully is a better thing than to arrive, and the true success is to labour.

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, when it was suggested to me a week or ten days ago that I should take part in this debate I welcomed the opportunity as there were certain items in the budget which affected the eastern maritimes, and about which I desired to make a few remarks. However, after having listened to the various speakers who have spoken on the main motion and the amendment, and having heard the various items in which I was interested discussed in considerable detail, I have decided that perhaps the best thing I can do is to follow the lead of the Minister of Finance (Mr. Dunning) and review the financial picture of this country. Before doing so, I should like to refer to the remarks of one or two speakers.

I should like to compliment the hon. member for Royal (Mr. Brooks) upon the stand he took. He is the only member from the maritimes on his side of the house. The hon. member referred to many matters affecting our section of the country, such as apples, fish, potatoes and lumber. I do not propose to deal with them.

I hesitate to touch upon the question of fisheries after the excellent manner in which it was dealt with by the hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier). He painted the background of this industry in such glowing water colours that I am sure his suggestions will carry weight with the members of the government and with other hon. members in this house. He outlined the conditions which existed in the fishing industry many years ago, and referred to the decrease in production and the decline of markets. He left with the Minister of Fisheries (Mr. Michaud) many constructive thoughts and recommendations which I am sure will receive the attention they deserve. If they do, the fishermen will benefit in the future as they have never benefited in the past.

I should like to refer particularly to a statement made by the hon. member for Royal. He is generally fair in the statements he makes, and I am sure he would not want to put a different complexion on the picture of unemployment from the one that really exists. I am keeping in mind the point of order raised this evening and I shall not deal with the unemployment except to make what I feel is a needed correction of the figures quoted by the hon. member. The other evening he said:

> That is the situation, Mr. Speaker, as regards unemployment in the city of Saint John. The same was true of the cities of Moncton and Fredericton, and other municipalities of New Brunswick. It is very interesting to note, in a report for the year 1936 issued by the dominion commission for unemployment relief, that in October, 1935, when the late government left office there were 14,438 on relief in New Brunswick. In February, 1936, the latest month for which I can get records, the number has more than doubled. There were 35,300 on relief in that province. I am sure the situation as regards unemployment in the dominion must be recognized by all.

In business when we desire to make a comparison, we usually take a week or a month of

one year and compare it with the corresponding period in another year. In order to be fair, I think the hon. member (Mr. Brooks) should have followed the same procedure in giving his figures. When he gave the figures for October, 1935, he should also have given the parallel figures for October, 1936.

Mr. BROOKS: I stated that the latest figures I was able to get were for February, 1936.

Mr. ISNOR: I quite appreciate that the hon. member made that statement. I should like to give the house the correct figures so that it will have the true picture before it of unemployment in our section of the country.

The hon. member stated that in October, 1935, there were 14,438 on relief in Nova Scotia. Those are the figures submitted to me by the unemployment relief branch. They are divided as follows: 2,804 heads of families and 11,634 others. The figures for October, 1936, show 6,171 unemployed, made up of 1,396 heads of families, and 4,775 others. There is a marked difference. Hon. members will see the decided improvement which has taken place when the figures for October, 1936, are compared with those for October, 1935. I know the hon. member had no desire of presenting these figures in an unfair way, and I hope he will pardon me for making this correction.

I turn now to the budget. It was my privilege during the past ten days to make a visit down east. When I travel on a train I do not make a habit of using a drawing room; I like to mix with people from whom I am likely to gain information. I go from the smoker to the first-class coach, and then into the pullman, and so on, and so I was able to get, in an interesting way, the reaction to the budget presented by the Minister of Finance. The reaction was such as to give me as a business man a lot of encouragement to carry on.

This afternoon the hon. member for Waterloo South (Mr. Edwards) said that he wanted to deal with the budget in a strictly business-like manner. I desire to speak, not as a representative of one of the important centres of eastern Canada, Halifax; nor as one who has always taken an active interest in board of trade matters in the city of Halifax; nor do I desire to speak as a business man; I desire to speak simply as a citizen of Canada and to express my appreciation to the Minister of Finance for his very able presentation of the budget. There are many pleasant things from a business standpoint disclosed in that budget. Not alone should the Minister of Finance be complimented; I believe some of the credit belongs to the Prime Minister (Mr. Mackenzie King) and the members of his cabinet, who by their cooperation in concluding trade agreements with the United Kingdom and our neighbour to the south have made it possible for the minister to present a financial picture which certainly should, to use his own words, bring cheer and prosperity to the whole nation.

I am going back a few years to review the financial structure from the time of the golden era which began in 1896. In 1897 a budget of $38,000,000 was presented by the late Hon. W. S. Fielding, that Nova Scotian who stood so high in the esteem of the people of Canada. In 1913 a budget of $112,000,000 was presented by Sir Thomas White. Passing along to the year 1932, we find that the budget was presented by the Hon. E. N. Rhodes, who estimated revenues at $311,735,000. Finally we come down to the Dunning budget of 1936, amounting to $452,123,000. I wish to show that the present budget represents a surplus this year. In doing so, I would mention that in 1932 the total revenue was $311,735,000, and ordinary expenditures $354,643,000, showing a deficit for the year of $42,908,000. Turning to the picture to-day we find an estimated revenue of $452,123,000, and an expenditure of $391,860,000, leaving a surplus of $60,307,000. Over the short period of four years there is a change in the financial picture from a deficit to a surplus representing a turnover of $103,171,000. Surely the people of Canada placed their trust in the right man as Minister of Finance when they sent to parliament the Hon. Charles A. Dunning.

Hon. members on the other side will immediately turn their thoughts to where the revenue comes from. I admit it comes from the pockets of the people. You cannot get it otherwise than through taxes. If you are going to spend a certain amount in business you must take it in before you can spend it if you are doing business on sound lines.

May I point out one or two items which naturally will come to our attention. First, there is an increase in income tax from approximately $82,000,000 to $102,000,000, and in sales tax from $77,552,000 to $115,500,000. It seems to me that this increase is necessary if the government is to carry out the request made to the Minister of Finance by the Canadian chambers of commerce that no unnecessary expenditures should be undertaken and that a closer relationship be established between revenue and expenditure, even if this necessitated increased taxation. That request was made last year. But what do we find this year? Not a single tax has been added,

and yet a very much brighter financial picture is presented to the Canadian people. I believe that business men throughout the dominion will welcome this budget and will regard it as having done much to restore confidence in our business institutions.

The hon. member for Waterloo South (Mr. Edwards) questioned to-day the wisdom of restoring the five per cent salary cut to the civil service employees. I take an altogether different view. I believe it will be accepted generally throughout the dominion as a move in the right direction. It will release something like $3,000,000 of purchasing power, to be disposed of by large numbers of people who are not hoarders of gold but who will put into circulation their increased spending power. On the whole, from a business standpoint, instead of being criticized the government should be commended for restoring the cut. I am reminded of some words of Ella Wheeler Wilcox which I copied from the wall of a restaurant the other evening, while waiting for my meal:

> Don't look for the flaws when going through life,
> And even when you find them
> It is wise enough to be somewhat blind
> And look for the virtue behind them.

I commend the thought contained in those lines to hon. members opposite who during the last ten days have persisted in looking for flaws and searching for omissions in the trade agreements, rather than recognizing the benefits to be derived through them in increased business and employment.

May I briefly touch upon the matter of grants for assistance to the prairie provinces, and more particularly to the agricultural interests, as compared with the amounts provided to help the fishermen or the fishing industry. I have the figures since 1920, but I do not propose to read them all. For instance, in 1920-21 we find that $1,275,000 was devoted to fisheries; as against that we spent $3,903,000 on agriculture. Right down the line one finds very little variation in the votes so far as fisheries are concerned, until in 1936, as compared with 1935, we find a decrease instead of an increase. In 1935-36 the amount voted for fisheries was $1,753,012, and for 1936-37 the amount was only $1,407,900.

Let us compare that with the increases for agriculture. In 1921 we spent $3,903,000 on agriculture, and last year $7,117,341.39. If there is need for this amount of money I have no objection. I am not one of those who believe in bonuses and subsidies as a rule, but if the prairie provinces need the assistance then I say it is good business. But if you do it in the one case, it is also good business to do it in the other, when our fisheries show such a decline in production. We do not ask that these moneys be given to our fishermen in the form of a dole or relief. What we do ask, what we press for—and I support the hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier) in his plea—is enlarged markets. We believe that if the government makes provision whereby we can secure enlarged markets then the fishermen will take care of themselves.

Possibly we in the maritime provinces have not said enough; perhaps we have not said as much about the fisheries as the prairie provinces have said about wheat. We may be to blame in that regard, but this year we are united. We are demanding of the government more serious consideration for the maritime provinces in the east, and that applies also to the maritime province in the west. We are asking for serious consideration, and if markets are provided for us we will take care of ourselves.

Just one more figure in connection with agriculture. I find that including the special supplementary estimates, the sum of $10,090,481.65 is to be expended this year on agriculture. What do we find in connection with the fisheries? Compare $10,000,000 for agriculture with $2,194,582 for fisheries, including the fishing bounty and the supplementary estimate. And when the $500,000 is brought forward in the special supplementary estimates for promoting the fisheries of the maritime provinces, the statement is at once made: Once again the maritimes are digging into the treasury. These figures will show what we have to contend against. We have no fault to find with the west, but we do ask in all sincerity that the west give us its support.

An hon. MEMBER: We have been keeping the east too long.

Mr. ISNOR: Somebody says, "We have been keeping the east too long." I do not know who said that, but I dare him to stand up and repeat it. All I can say is, I am glad he is alone on the other side, for I do not believe his colleagues share that opinion. I am surprised that any hon. member should take the stand in this house that we in the east have been treated in too friendly a manner, that we have been treated too kindly. Surely the hon. gentleman who made the remark cannot mean that. Where would the west be if it were not for the east? We have sent able men from the east to every part of Canada. We, in the east, are not conceited, but in years gone by we did send the brains of the country to different parts of Canada. I hope the hon. gentleman will read a little history and become acquainted with what the east has done for the rest of Canada.

I should like to discuss the railways and the national harbours board, but I will leave that until the appropriate estimates are before us. I believe, however, that it is very necessary, as one member said this evening, that we should face the problems of the railways and taxation.

Before getting away from the budget I wish to refer to a matter I discussed when the post office estimates were before the house. Looking at the expenditures tabled by the Minister of Finance, I find a surplus shown in the Post Office Department. I repeat, that until we have a true financial picture showing on one side of the balance sheet the total revenue, derived from all sources, credited to the Post Office Department, and on the other side the total expenditures, including all rentals and all incidentals, the people will not have a proper idea of the financial standing of this branch of government. If it is necessary to set up, as has been done in the public accounts, a balance sheet reflecting the affairs of the dominion as a whole, then I suggest that each one of the departments should be shown in a similar manner so that we might know whether a particular department was paying its way or not.

On behalf of the people of Halifax I extend to both the former and the present administration their thanks for the splendid new building recently erected in our city to house the post office and other government branches. So often we fight for some particular project, and then forget to thank those who provided us with that facility. In Halifax we have a very fine building. It was badly needed, although I doubt very much whether it will be large enough; but in any case I wish on behalf of the people to extend our thanks for it.

On behalf of the people along our rugged coast line I should also like to thank the Minister of Public Works (Mr. Cardin). A great many members do not realize the hardships, which the fishermen undergo. This has been touched on upon more than one occasion, but I wish that hon. members could travel with me along those rugged shores of Nova Scotia. I was privileged last summer, when the Canadian Bar Association held its convention in Halifax, to welcome several members of this house and to show them some of what we at any rate regard as scenic beauty spots in our province. I should like to take hon. members into the fishing villages, so that they might see for themselves just how our fishermen exist. The conditions were described by the hon. member for Shelburne-Yarmouth-Clare yesterday.

[Mr. Isnor.]

I mention this to bring home to the Minister of Public Works the fact that in providing breakwaters for these people he and the government have on more than one occasion saved the life savings of the fishermen of these communities. Let me picture a small settlement of perhaps fifteen fishermen. Gradually a wall has been raised which closes them in with the exception of a very small opening through which they sail out to the fishing grounds. I can point to any number where there is just enough space to enter and leave that shelter. I particularly stress this, in order that when we make a request on behalf of these people, the minister may give it very favourable consideration, not looking solely at the dollars that it is going to cost, but rather to the effect it is going to have in making it possible for those people to continue to provide for themselves and their families. I wish to express my thanks to the minister for what he has done, looking also to building in the future those breakwaters that are so sorely needed along certain sections along our coast line.

I have mentioned one distinguished Nova Scotian this evening, the late Hon. W. S. Fielding, and I should like now—and I know I am speaking the thought in the minds of many hon. members—to express our regret at the illness of a former Minister of Finance, Hon. E. N. Rhodes.

In conclusion, Mr. Speaker, may I be permitted again to express appreciation to the Minister of Finance, the Prime Minister, and the members of his cabinet for a budget which I believe signifies great progress towards the solution of two great problems, those of reducing the annual deficit and lessening the need to expend huge sums on unemployment. I would ask that further consideration be given to these two subjects during the present year, as unless we find a solution for them we shall not see the happy and prosperous days that we hope are before Canada. Even a partial solution of these two great problems would give great hope to the taxpayer and a sense of cheer to all Canadians. I believe a door of hope and cheer has been opened by the Minister of Finance, and I congratulate him upon his splendid forward step in the direction of recovery.

Mr. W. G. CLARK (York-Sunbury): The budget speech of the Finance Minister (Mr. Dunning) was great in its clear delivery, great in its cheerful tone, great in the figures of trade extension, and may I add, great in its encouragement for the future balancing of outgo with income.

Having been elected on the Liberal policies over the former Minister of Trade and Commerce, who in the previous election in 1930 had a majority of 5,600, I am a profound believer in the importance of the efforts being put forth to extend the trade of this dominion. I heartily congratulate this government on what it has accomplished in this respect since taking office. The results have indeed been so considerable as to have imparted a measure of confidence to business. Of this I can speak from personal knowledge, being connected with companies doing business throughout the province of New Brunswick. My principal companies showed an increased volume of business of over 25 per cent in 1936 as compared with 1935, and a great recovery from the loss years of 1931, 1932 and 1933. I am interested in farming and manufacturing too, and can testify to the benefits from the United States trade treaty. Many cattle from my county have been sold in the United States at good prices. In most lines of produce, prices are better. Much lumber has been shipped to the United States since the reduction in duty. In my constituency there is a cotton mill which before the election of 1935 was working half-time. Shortly after the election, the working time was increased until for a period the mill was running overtime, and it is now on full time at increased wages. The government's closing of the relief camp that was near the city of Fredericton has also been much appreciated.

I have said that we are dependent upon Liberal policies, and may I point out the importance of changing some of the late government's unfortunate acts as promptly as possible. New Brunswick is largely an agricultural province, and the act which did most harm to the credit of the farmers and injury to the tradesmen was the Farmers Creditors' Arrangement Act of 1934. I should like to picture the harm that this can do. A hard-working, thrifty and honest farmer—and most of our New Brunswick farmers can be so described—a few years ago had his farm and stock fully paid for, and it was a good farm. That was about all he had except what he had given his children. When he was about fifty-five years of age his health became poor, and being urged by his wife to visit a married daughter living in the west, he thought he would sell his farm. Buyers were hard to find. One day a man came and proposed to buy the farm and stock for $10,000, paying $500 down and giving a mortgage at 6 per cent, and a bill of sale on the stock for the balance. The farmer thought it would be as good as renting the farm, but being careful he went to town and consulted the best lawyer there, saying to him: Will I be sure to get my farm and stock back if this man does not pay? The lawyer assured him he could, by taking a mortgage on the farm, and that in case of default he could get the stock back also by taking a bill of sale, both of which would be placed on record. He added that nothing was more secure in such circumstances, because under the British North America Act property and civil rights were under the control of the province, and each county had its registrar's office where the records were kept in a fireproof vault.

The transaction was completed and the man went away, expecting to receive payments in due time, but none came. On writing back he found that instead of looking after the farm, the purchaser had bought a hay press, paying only a small portion down and giving a lien for the balance, and he was going around the country pressing hay instead of looking after his farm. He made some money from the hay pressing, but instead of paying his debts he bought a car and sported about; he became careless in his habits; he sold some of the stock off the farm and did not replace it; some stock died from neglect, and the farm rapidly deteriorated in value.

Mr. BROOKS: Would the hon. member say that this would apply in every case in New Brunswick?

Mr. CLARK (York-Sunbury): No, it would not apply in every case. In the latter part of 1934 the original owner, having recovered his health, returned home and took a look over the farm. He was greatly worried, and said to the purchaser, "Why, you have not done as you agreed, and I must take back this farm and the stock right away." But the purchaser, under bill of sale and mortgage, replied, "Oh, you cannot get back the farm now; I have come under the Farmers Creditors' Arrangement Act. The official receiver was here and he said I did not have to pay for the farm, that I could keep it and keep the stock as well, and that I could make the implement firm stand a heavy loss on the hay press." By the way, the official receiver who did the greatest business in my county was an organizer for the Conservative party. He went about soliciting business under the Farmers' Creditors Arrangement Act.

So the original owner went to see his good friend the lawyer, and said, "Surely it cannot be true that I am going to lose my farm and stock." But the lawyer said, "I am afraid it is true. The Bennett government passed an act making it possible for farmers in debt to hold the farm and the stock." But, he was told, the board of review still had to consider

the matter. The board of review, however, took a narrow view of the law; they did not agree with their lordships of the privy council, who said:

To deal first with the last contention, their lordships are clearly of opinion that section 7 does not enable any creditor to be deprived of his security.

Under the view taken by the board of review in New Brunswick, however, creditors were deprived of their security and could not get their property back at all. The New Brunswick board has changed its views slightly now, but the same judge is still chairman of the board. The case was considered by that board one day; it was adjourned to another day, and judgment was rendered on still another day. When judgment finally was delivered the board said there should be a reduction of the mortgage by $1,000, that the interest should be reduced to five per cent, and that the man who had bought the farm should pay $125 within a year, making further payments at a later time. No arrangements were made to see that this was carried out, just as in hundreds of cases no arrangements have been made to make sure the decisions of the board were followed. It simply means that dishonest people consider that they do not have to pay at all when they come under the Farmers' Creditors Arrangement Act. In this case the original owner saw that it was hopeless to expect ever to get his farm or stock back again, so he lost the living he had worked so hard to obtain. The farm was really given to one who was unworthy of it, and the original owner fairly worried himself to death. And during a campaign speech in 1935 the then leader of the government referred to this act as the one of which he was proudest.

Mr. BROOKS: If I may interrupt the hon. gentleman, his objections to the Farmers Creditors' Arrangement Act seem to be on account of the fact that he is a dealer in farm machinery, and for that reason he has lost a very considerable amount through the act.

Mr. CLARK (York-Sunbury): That is not my only reason. There is no doubt that I have lost a great deal of money, but I know of many other cases. Tradesmen throughout New Brunswick have spoken to me time and again about the difficulties they have had and the injustices they have suffered under this act.

Mr. POULIOT: And the farmers have lost their credit.

Mr. CLARK (York-Sunbury): The act brought about a drying up of credit on the part of private individuals having money available. They would not accept farm mortgages, nor would they give credit to farmers. Many of our people who have money leave it in the banks at one and a half per cent because they are afraid to put it out on mortgages. Personally I do not believe the government should be loaning money on mortgages; in fact, I do not believe the government should be lending money at all. It is all right for the government to spend money on public works in order to keep people employed; it is all right for the government to have great schools in which to train supervisors to show people how to farm, how to market, how to cook and how to live, but what good does it do to make loans to farmers who come forward with proposals such as those I am going to mention?

[Mr. W. G. Clark.]

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

Friday, March 12, 1937

The house met at three o'clock.

BUSINESS OF THE HOUSE

WEDNESDAY EVENING SITTINGS

On the order for motions:

Hon. ERNEST LAPOINTE (Acting Prime Minister): Mr. Speaker, with the consent of the house I should like to move a motion which appears in to-day's votes and proceedings providing for sittings of the house on Wednesday evenings. I understand the whips have conferred about this matter, but if there should be any objection I shall not press the motion.

Right Hon. R. B. BENNETT (Leader of the Opposition): I think perhaps if the motion was made operative as of Wednesday the twenty-fourth instead of Wednesday the seventeenth, it would be all right, I happen to know that engagements have been made for Wednesday the seventeenth which it would be difficult to break.

Mr. LAPOINTE (Quebec East): Then I move:

That on Wednesday the 24th of March next and all subsequent Wednesdays until the end of the session the sittings shall in every respect be under the same rules provided for other days.

Motion agreed to.

CRIMINAL CODE

PROVISION AGAINST REFUSAL TO EMPLOY OR DISMISSAL OF EMPLOYEES FOR MEMBERSHIP IN TRADE UNIONS

Mr. J. S. WOODSWORTH (Winnipeg North Centre) moved for leave to introduce Bill No. 62, to amend the criminal code.

Some hon. MEMBERS: Explain.

Mr. WOODSWORTH: The purpose of this bill is to prevent employers from refusing to employ, or from dismissing employees, or conspiring with others therefor for the reason that they are members of a trade union. As it is lawful for workmen or employees to form themselves into trade unions and to bargain collectively, as a matter of public policy it should be unlawful for employers to seek, by overt acts or intimidation, threats or conspiracy, to prevent them from belonging to such trade unions.

Mr. LAPOINTE (Quebec East): Increasing the number of crimes.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 59, for the relief of Eva Schiller Lightstone.—Mr. Heaps.

Bill No. 60, for the relief of Ruth Jessica Kimpton Shiells.—Mr. Jacobs.

Bill No. 61, for the relief of Grace Ellen Doris Newman.—Mr. Lennard.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR EXPENDITURE, INDEBTEDNESS AND THE REFUNDING OF MATURING OBLIGATIONS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to authorize the provision of moneys to meet expenditures made and indebtedness incurred by the Canadian National Railways Company during the calendar year 1937, to provide for the refunding of certain maturing financial obligations and to authorize the guarantee of securities to be issued by the said company to an aggregate amount of $30,721,700.

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

Motion agreed to.

NATIONAL HARBOURS BOARD

FIRE-BOAT PROTECTION FOR VANCOUVER WATERFRONT

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, yesterday, in answer to a question I had placed on the order paper, the Minister of Transport (Mr. Howe) disclosed that the National Harbours Board has ceased to operate the fire-boat "Pluvius" in Vancouver harbour. This means that the water-front is now without fire protection except from the shore, and a fire starting on the water-front might lead to a great disaster. What steps are being taken by the National Harbours Board to provide fire-boat protection for the Vancouver water-front? I understand that the minister, whom I saw last night, is out of the city to-day, but I would ask that an answer be given as quickly as possible.

Hon. ERNEST LAPOINTE (Minister of Justice): I will draw the attention of the Minister of Transport to the question of the hon. member.

GRAIN MARKETING

WHEAT BOARD SELLING POLICY—STATEMENT OF MINISTER OF AGRICULTURE RESPECTING TELEGRAM OF MR. MCFARLAND

On the orders of the day:

Hon. J. G. GARDINER (Minister of Agriculture): Before the orders of the day are proceeded with, I wish to take just a moment to deal with the telegram which was read to the house yesterday by the leader of the opposition (Mr. Bennett). The telegram was as follows:

Newspapers report Hon. Gardiner's statement in Commons in defence of wheat board selling policy wherein he said McFarland estimated crop four hundred millions on June 24. Please insist on my behalf that Mr. Gardiner gives direct authority for that statement. I never informed any newspaper man of my opinion of prospective crop at that or any other time and no one had authority to make any statement for me. It was obvious before the end of June that all hope for a crop had been destroyed.

I had on my desk the other evening while I was speaking the authority for the statement I made, but owing to the fact that we have a forty-minute rule I thought I could state it in a shorter time than it would take to read it from the authority, and I stated the fact as it was reported in the press on June 24 last. I have now before me the same authority which I had the other night. It is a Canadian Press report which appeared in the Montreal Gazette, and in that report this is stated:

Lethbridge, Alberta, June 24.—John I. McFarland, of Calgary, former head of the Dominion Wheat Board, expects a good wheat crop this year.

Then in quotation marks:

"As far as one could forecast at the moment it looks like a 400,000,000 bushel crop," he said here.

I brought that item with me because in June last, when I was going west at the end of the session, I had read in a western paper the same statement with a little added to it. In the Manitoba Free Press of June 24, 1936, is this article:

"J. McFarland sets new wheat crop at 400,000,000 bushels."

That is the heading.

Lethbridge, Alberta, June 24.—A 400,000,000 bushel wheat crop for Canada this year was the prediction of John I. McFarland, of Calgary, former head of the federal wheat board, who visited here following an inspection of southern Alberta grain lands.

Then in quotation marks:

"As far as one could forecast at the moment," said Mr. McFarland, "it looks like a 400,000,000 bushel crop."

After the reading of the telegram yesterday I had other papers examined, and I find that this statement went right across Canada. More particularly, it appeared on June 24 in the Calgary Herald, which is the newspaper of the city in which Mr. McFarland lives. I quote:

Lethbridge, June 24.—A 400,000,000 bushel wheat crop for Canada this year was the prediction of John I. McFarland, of Calgary, former head of the federal wheat board, who visited here following an inspection of southern Alberta grain lands.

"As far as one could forecast at the moment," said Mr. McFarland, "it looks like a 400,000,000 bushel crop."

Then I had examined yesterday the records of the paper at Lethbridge, where Mr. McFarland was assumed to have made the statement, and I find his picture on the front page alongside of the article, which reads like this:

McFarland is impressed with south Alberta crops.

That is the heading. Next:

Sees chance for Canada harvesting 400,000,000 bushels this year.

Optimistic over western crop conditions, John I. McFarland of Calgary, well known Canadian grain man and former manager of the central selling agency for Canadian wheat, was a week-end visitor in Lethbridge and district. Mr. McFarland has important business interests in this city and expressed his gratification at the good showing these are making.

Mr. McFarland said he was impressed with the evidence of good times in Lethbridge and surrounding farm areas. "Lethbridge is one of the most thriving cities in western Canada," he said.

With A. G. Baalim and others, Mr. McFarland saw southern Alberta's fast growing wheat and beet crop and he was delighted with what he saw. Speaking of the Canadian wheat crop, Mr. McFarland said as far as one could forecast at the moment it looks like a 400,000,000 bushel crop. He did not comment on wheat prices.

I may add that when I was in the old country last July I was confronted with this statement when I was discussing grain matters on the floor of the Baltic exchange, on the floor of the corn exchange in Liverpool and in the offices of grain men in different parts of London, and I was interviewed by newspapers with regard to the condition of the crop. I find that there appeared in the Ottawa Citizen a Canadian Press report sent from London under date of July 28, in which this statement appears:

The Daily Mail also quotes the ministry—

That is the British ministry.

—as saying: "It seems at present that Canada, the source of our main supply, likely will have a good crop with conditions there mainly favourable."

Nevertheless, Canadian Minister of Agriculture Gardiner is reported by the Daily Express as saying: "The latest information is not cheerful. Drought has reduced the crop nearly fifty per cent."

These are my authorities, Mr. Speaker, for the statement that I made. I wish to add that, if Mr. McFarland did not make the statement, in view of the fact that it appeared all across this country and also appeared in Great Britain, where our wheat is being sold, he should have denied it about the twenty-fifth of June last and not this year after the statement was again repeated in this house. To my knowledge it has been quoted at least a score of times across Canada, and never before have I heard it denied. My own opinion is that statements of that kind at that time had more influence upon any keeping down of the price that might have been brought about during July than any sales of wheat that were made in that month.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I placed upon Hansard yesterday a telegram which I had received from Mr. McFarland, and I desire to express to the minister my thanks for the full and ample way in which he has dealt with that telegram and for the reasons he has given for the statement he made. The fact that it was issued by the Canadian Press would in itself ensure that it would have publicity wherever the connections of the Canadian Press went. Personally I know nothing of it. Until to-day I had not heard the statement to which reference has been made, and I have had no communication beyond the telegram itself. But I felt that in fairness to one who had served this country and was a friend of mine I should put his denial upon the record. The answer that has been given to the inquiry made by Mr. McFarland is a very full one. The only criticism I have to offer is that the privileges of this parliament were utilized to make deductions which I think are hardly warranted under the rules.

Mr. POULIOT: Will the leader of the opposition (Mr. Bennett) be good enough to table the original of the McFarland telegram which he quoted yesterday if it has not already been destroyed?

IMPERIAL CONFERENCE

PUBLICATION AND TABLING OF AGENDA—FOREIGN POLICY AND DEFENCE

On the orders of the day:

Mr. THOMAS VIEN (Outremont): I wish to call the attention of the government to articles that appeared in the press last night with reference to the agenda of the forthcoming imperial conference, and also to the fact that this agenda was published in London and in the dominion capitals at the same time. I note in the same article that empire defence is foremost on the agenda. I would ask the acting leader of the house (Mr. Lapointe) whether it is the intention of the government to table this agenda for the information of members.

Mr. BENNETT: I believe the Prime Minister said he would.

Hon. ERNEST LAPOINTE (Minister of Justice) The hon. member kindly sent me notice of his intention to bring up this question to-day. The announcement of the agenda in the House of Commons in London yesterday was appropriate, because the conference is meeting in London on the invitation of the government of the United Kingdom. This announcement was made at 3.45 p.m. London time, which is 10.45 p.m. here, and as the press was to have it at the same time that it was tabled in the House of Commons it was arranged that at 10.45 the agenda should be communicated to the press in the various dominions. I notice that on other occasions the agenda has not been tabled in the house, but in accordance with my hon. friend's request I have had copies prepared and am now laying them on the table of the house.

With regard to the matter of defence, I see that on the agenda of the imperial conference of 1926 the very same words appeared in an item of the conference—"foreign policy and defence." The same is true of the conference of 1930. The placing as usual on the agenda of this subject of foreign affairs and defence means that there will be discusison and consideration and that information will be given regarding the matter. I need not remind the house, however, that the parliament of Canada is the only authority on matters of defence when they concern this country, and that any recommendation that may be made by the imperial conference on the subject will be of no effect unless and until submitted to and approved by the parliament of Canada.

Right Hon. R. B. BENNETT (Leader of the Opposition): I think the Minister of Justice (Mr. Lapointe) will recall that I asked the Prime Minister (Mr. Mackenzie King) a question about the production of the agenda before this house should rise, and I understood him to say that he would look into the matter. The truth is that on some occasions the agenda has not been completed at the time of prorogation and therefore has not been laid on the table. I think the government is to be commended for having laid the agenda before the house, thus enabling the house as a whole to have an understanding of the problems with which the governments of the dominions and the United Kingdom will have to deal. For myself and those associated with me I thank the minister for having made that possible, and probably it might be desirable, as my hon. friend from St. Lawrence-St. George (Mr. Cahan) suggests, to have it incorporated in the votes and proceedings of to-day so that it may be available to all.

SOCKEYE SALMON FISHERIES

CANADA-UNITED STATES CONVENTION FOR PRESERVATION AND EXTENSION IN FRASER RIVER SYSTEM

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): The Minister of Justice (Mr. Lapointe) was kind enough to say that he would make a statement with respect to the Fraser river Sockeye salmon treaty.

Hon. ERNEST LAPOINTE (Minister of Justice): Yes. The question raised by my hon. friend the other day relates to a convention which was signed by the United States and Canada in 1930 with respect to the sockeye salmon fisheries in British Columbia in international waters. This convention was approved by the parliament of Canada in 1930. The senate of the United States consented to the ratification of the convention only in June, 1936, adding certain conditions to the ratification.

Mr. BENNETT: Reservations.

Mr. LAPOINTE (Quebec East): Reservations; they call them understandings. As the Prime Minister (Mr. Mackenzie King) said the other day in answer to my hon. friend, it was not considered here that these reservations were of sufficient importance to deter Canada from acceding to the treaty as it had been approved by the house in 1930,

but were merely matters of administration, interpretation of the convention and so forth. I am pleased to say that the ratification has not yet taken place, and as my hon. friend is of the opinion that these reservations are important, and as my right hon. friend the leader of the opposition (Mr. Bennett), has agreed with the view taken by the hon. member for Comox-Alberni (Mr. Neill), I have given instructions that a resolution be placed on the order paper for the approval by the house of these reservations before ratification takes place.

Right Hon. R. B. BENNETT (Leader of the Opposition): I suppose it is within the memory of some hon. members of the house that the treaty was originally negotiated some time prior to 1930 and certain objections were taken which, while the then government thought they were not very sound, enabled them to negotiate a new treaty. A new treaty was negotiated in 1929-1930 and it was the late government—the government of the now Prime Minister—that asked this house to ratify the treaty in 1930 before the general elections. I then suggested that when 11,000,000 people are negotiating with 125,000,000 or 130,000,00 people, it is desirable to have them ratify in their senate before we do so; for that relieves us of a good deal of difficulty. For five years we endeavoured to have the treaty ratified by the United States senate, and the president did in fact submit it on more than one occasion. The result is that now we have the ratification of three of the United States reservations—the United States used to call them reservations, but to-day in this treaty they are spoken of as understandings. It will be recalled that when the treaty of Versailles was before the United States senate they spoke of the conditions which they imposed upon it as reservations, and numbered them. For my part I cannot see very much difference between the reservations, now called understandings, imposed upon the sockeye salmon treaty and those of a similar character in connection with the treaty of Versailles. I desire again to thank the government for having placed upon the order paper a resolution looking to the ratification of these reservations or conditons or understandings; for frankly, as I read the original treaty and the understandings or reservations I think they cannot be read together into an intelligible whole, that one of the reservations negatives a provision of the treaty. However, it may be that after listening to the lucid explanations of the minister and the government I shall be able to revise that opinion. But it is because of the difficulty I have in reconciling the understandings or reservations with the terms of the original treaty that I was anxious that the matter should not be disposed of by ratification in a formal sense until such time as parliament had had an opportunity to deal with it. I think the government have taken the eminently proper course in permitting the House of Commons, which originally gave its approval to the treaty, to consider now whether it is disposed to give approval to these understandings or reservations.

IMPERIAL DEFENCE COMMITTEE

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): Before the orders of the day are proceeded with, Mr. Speaker, I should like to direct a question to the acting leader of of the government (Mr. Lapointe). The question is based upon a Canadian Press dispatch appearing upon page 10 of the Montreal Gazette, dated March 12, 1937, and reporting a debate in the parliament of the United Kingdom that occurred on March 11. The report states:

> Lord Stanley, parliamentary secretary for the admiralty, said the dominions were being kept in the closest touch, through their representatives at meetings of the committee of imperial defence.

May I ask the acting leader of the government what statement he has to make by way of reply to that report?

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, Canada is not a member of that committee on imperial defence and does not sit on it. I presume Lord Stanley had reference to New Zealand and Australia, which I understand take part in the proceedings of the committee.

THE BUDGET

INSTRUCTION TO COMMITTEE OF WAYS AND MEANS RESPECTING CANADA-UNITED KINGDOM TRADE AGREEMENT

On the order:

> Resuming debate on the motion of the Minister of Finance that Mr. Speaker do now leave the chair for the house to resolve itself into committee of ways of means (subject to the instruction given by this house on February 25, 1937).

Right Hon. R. B. BENNETT (Leader of the Opposition): Before this order is proceeded with I have to make a few observations, lest there be any misunderstanding in connection with the matter. It will be recalled that, in an endeavour to expedite the business of the house, without comment or discussion a reso-

lution was moved by the Minister of Finance (Mr. Dunning) on February 25, 1937, as follows:

That it be an instruction to the committee of ways and means that they have power to consider the terms of the trade agreement entered into on the 23rd day of February, 1937, between the government of Canada and the government of the United Kingdom together with the modifications in the customs tariff therein mentioned and to report to this house on the whole agreement prior to the introduction of a bill respecting the said agreement.

This resolution was introduced into the house on the authority of a notice of motion given by the Prime Minister (Mr. Mackenzie King) on February 23, the day on which the treaty was executed. It was adopted without question or discussion, with the view that we were doing something to expedite the business of the house. In other words, if hon. members are interested in comparing this with what took place in connection with the United States agreement last year they will find that if we proceed as contemplated we shall have saved a great deal of discussion—in my judgment futile discussion—because it is not the manner in which we have discussed trade agreements with other countries. I notice for instance that on February 13 of last year, on the motion of the Prime Minister, we set up the committee of ways and means, and then on February 21 the Prime Minister submitted a statement of the tariff changes resulting from the Canada-United States trade agreement signed at Washington November 15, 1935. That was followed by a notice to this effect:

Resolved, that it is expedient that parliament do approve of the trade agreement entered into at Washington on the 15th day of November, 1935, between His Majesty's government in the Dominion of Canada and the government of the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

This resolution was moved by the Prime Minister, seconded by the Minister of Finance, on February 25 of last year. The debate proceeded for a long time—it is reported again on March 6, for instance—and we have a further report of it; finally the resolution is adopted and a bill framed upon it, as will be found in Hansard of March 19, indicating that the whole subject matter was then placed before the house, including the schedules and the terms of the articles themselves, which constituted the agreement. That was discussed in committee as I say for some time until finally the resolution was passed and a bill framed upon a further resolution providing for the ratification of the agreement and the introduction of the bill. The house then divided upon the resolution as such and a division was taken upon the acceptance or rejection of it.

The other day I spoke to the clerk of the house with respect to the terms of the resolution, because there was nothing on the order paper that indicated that this instruction had been given. Thereupon I noticed the next day in the order paper we had these words:

. . . subject to the instruction given by this house on February 25, 1937.

If, for instance, by voting against the resolution it is suggested that one votes against the agreement between the United Kingdom and Canada, obviously that would be a highly improper thing. I propose to vote for the agreement and not against it, as I indicated the other day. Those associated with me have criticisms to offer with respect to some of the details, but as far as the agreement is concerned we propose to follow the course which we followed in 1932 and support the agreement. That is the reason I put the parallel paragraphs upon the record.

I am sure the government would not endeavour, however innocently, to deceive those of us who sit to the left of the Speaker, but the effect might be—and I have heard it whispered about that it was intended it should be—because of the addition of these words, "subject to the instruction given by this house," that by voting against the budget we vote against the agreement. It is perfectly clear that that must be cleared up, or we cannot vote at all. We are not, in an effort to expedite the business of the house, going to be put in the impossible position of its being said that in voting against the budget we have voted against this agreement. I cannot suppose that any such thought was in the mind of the Minister of Finance. I think he was good enough to thank us for having helped him to expedite the business.

One of two things must now be considered. One would be that the vote on the agreement be deferred until such time as the motion is made by the government for ratification. As far as my present knowledge goes there is but one member of the house who will vote against it; there will therefore be no recorded vote. Or, secondly, the motion as it now stands could be taken as carried without division, and then on the next motion made by the Minister of Finance, that the Speaker do now leave the chair and the house resolve itself into committee of ways and means, we can take the vote against the budget. That is one way to deal with it. I mention this because of what is, I trust, merely an idle rumour, that there was in the minds of hon. members opposite the thought that they were placing us in an embarrassing position.

Mr. LAPOINTE (Quebec East): Oh no; my right hon. friend is wrong.

Mr. BENNETT: Well, at times the urbanity of the Minister of Justice embarrasses me. At any rate, Mr. Speaker, I thought it my duty to bring this matter to the attention of the house at once so that there should be no possible opportunity for misunderstanding in connection with it.

Hon. CHARLES A. DUNNING (Minister of Finance): I can assure my right hon. friend at once that no thought of trickery was intended—

Mr. BENNETT: I did not use the word trickery.

Mr. DUNNING: The sole object was to endeavour to expedite consideration of the trade agreement. I spoke to my right hon. friend before determining to make the Canada-United Kingdom trade agreement a part of the budget itself, and he was kind enough subsequently to agree to facilitate the manner of discussion. The question arises very largely because of the addition of those words to the resolution now before the house. In that connection I am bound to say that the government was not consulted in regard to their being added. I did not know how they came to be added. If they were deleted, quite obviously it would be the ordinary resolution for the Speaker to leave the chair for the house to go into committee of ways and means, and the point therefore would not arise.

As far as the government is concerned of course it is presenting the budget as a whole and in this motion now under discussion is asking that the house, by approving the motion that the Speaker leave the chair and the house resolve itself into committee of ways and means, approve the budget. That never means that every member so voting approves of everything in the budget; that is quite clear. Individual members of the house on both sides, I am quite sure, will take full advantage of the liberty which is theirs in committee of ways and means to criticize individual proposals in the budget, each of which will be dealt with subsequently in the appropriate manner. That is to say, there must be a bill founded upon the resolutions of the committee of ways and means with respect to each separate matter dealt with in the budget, under the various statutes. there will have to be a bill to approve specifically the trade agreement—

Mr. BENNETT: Quite so.

[Mr. Bennett.]

Mr. DUNNING: —and I presume, though I would not like to be absolutely certain, that there will not be a motion of ratification, although it occurs to me that the second reading of a bill approving of a treaty or agreement is itself a motion for ratification.

Mr. BENNETT: Quite so.

Mr. DUNNING: That might be the occasion of recording the approval or disapproval of the members of the house with regard to the principles of the agreement as a separate part of the budget. In the same manner amendments are made to the Special War Revenue Act, to the customs tariff and other matters contained in the budget and dealt with by separate bills. It has happened in my experience, and I am sure in the experience of my right hon. friend, that members have voted for the budget but against the second reading of certain individual bills founded upon the budget resolutions. That, I take it, can occur on this occasion, but in asking that the discussion be facilitated there was no thought whatever of putting anyone in the house in an embarrassing position in relation to the agreement.

Mr. BENNETT: With your permission, Mr. Speaker, I should like to make the observation that the terms of the motion that was agreed upon are very important:

> On motion of Mr. Dunning, it was resolved that it be an instruction to the committee of ways and means that they have power to consider the terms of the trade agreement entered into on the 23rd day of February, 1937, between the government of Canada and the government of the United Kingdom together with the modifications in the customs tariff therein mentioned and to report to this house on the whole agreement prior to the introduction of a bill respecting the said agreement.

That involves three things: (1) That the agreement is considered by the committee of ways and means; (2) that a report is made to the house, and (3) that a bill is founded upon it. In fairness to the clerk at the table I should say that I spoke to him at the table pointing out that there was nothing on the record that indicated that this was to be dealt with, and next day I noticed that these words were added. In view of the statement made by the minister I think it would simplify matters if, with the consent of the house, the words were deleted and the matter considered as having been on the order paper continuously, that the instruction had been unanimously agreed upon and given to the committee of ways and means.

Mr. DUNNING: Agreed.

Mr. BENNETT: Then as I understand it, Mr. Speaker, the clerk is to eliminate those words from the motion as it now appears, with the consent of the house.

Mr. SPEAKER: Yes.

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

The house resumed from Thursday, March 11, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. W. G. CLARK (York-Sunbury): Mr. Speaker, at adjournment last evening I was referring to the Farmers' Creditors Arrangement Act of 1934, which, as far New Brunswick is concerned, is an iniquitous law. The hon. member for Royal (Mr. Brooks) tried to make it appear that I was taking up this matter because of personal losses. It is true that my company has lost thousands of dollars through this act, but that would not trouble me if any good resulted. I am speaking, however, for many tradesmen and a host of reliable farmers.

One cannot dissociate oneself from experience, and my experience has been that in many of these cases advantage has been taken of the act to aid dishonesty and increase unreliability. I mentioned that in my opinion the government should not make loans. Under the Farmers' Creditors Arrangement Act debtors may get clear without a cent of cost, and when it is so easy at first why should they bother about their debts thereafter? Here is a sample proposal made under this act:

> I propose to retire my obligations both secured and unsecured by apportioning amongst my creditors the annual sum of $200 for a period of ten years with interest on interest-bearing claims at the rate of five per centum per annum.

Included in this farmer's statement of debts amounting to some $5,000 is an amount of $1,895 owing the Canadian Farm Loan Board, which I take it means the government of this dominion. This man proposes to pay only $200 per year on his debts for the next ten years. Here is another farmer, with liabilities of some $13,000. He says:

> I propose to ask for an extension of time of four years without payments on account of my indebtedness, in order that I may have an opportunity of improving my land and effecting repairs to the buildings on the farm.
>
> At the expiration of the four-year period I propose to convene a meeting of my creditors to consider my situation at that time.

I have many other similar proposals with which I need not trouble the house at present. I only wish to point out that this legislation has made it too easy for some people to get clear of paying their debts, and has deprived creditors of their security.

With reference to unemployment I desire to say only this: Unemployment can be cured by the adoption of policies that will restore true value to farm lands and to the products of our fisheries. Then with the return of complete confidence on the part of all classes in our country there will be active business, prosperity, good wages, and contentment for all.

Mrs. MARTHA LOUISE BLACK (Yukon): Mr. Speaker, the Minister of Finance (Mr. Dunning) occupies a most difficult position. He must provide the actual moneys to be paid out for pressing needs, and he must look to the future in order to provide the staggering amount required to pay the interest on those moneys. No matter whether we agree with his policies or not, we all realize that he lives in an atmosphere of horrible anxiety, and is weighed down by enormous responsibility. I believe that all hon. members, irrespective of party lines, will acknowledge that under the circumstances the minister has done the very best possible.

Returning to my constituency last summer I was anxious to find out how some of my Liberal supporters would take the fact that I voted against the trade agreement with the United States. I spoke to one of our very dear friends, a hide-bound Liberal, if there is such an article, who had supported me because of a great favour the previous member for the Yukon had done him. I said, "What did you think of the stand I took?" His reply was, "Oh, I don't know; it all works out the same way in the end. Dunning put on an eight per cent sales tax, and after all what you loses on the swings you gains on the roundabouts."

The isolation of the Yukon will make whatever remarks I have quite different from any of the speeches of other hon. members. We are separated by a land belonging to another nation. We are separated from Canada by seas, mountains and rivers. Since I have sat in the gallery and in the house, in those years from 1921 to the present, I have heard hon. members one after another cast little slurs on the Yukon, with its small population, which they said was always coming to the government asking for money. It was only a few days ago that the hon. member for Pictou (Mr. McCulloch) asked what the government of the Yukon had cost in 1935 and 1936 in-

clusive. He also asked for information about the population. The answer he received was that the moneys for all expenditures by the federal government during 1935 and 1936 inclusive amounted to $568,081.54. The population of the Yukon on June 1, 1931, according to the last census, was 4,230. It is probably the same at the present time.

I ask the government and hon. members if it would not be just as fair to ask for information as to what value the Yukon has been to Canada. From 1898 to 1936 inclusive the Yukon has produced in gold alone $193,578,489. From 1925 to 1936 the production of silver in the Yukon territory has amounted to $11,195,090; there is no record of silver production prior to that time. I believe a moderate estimate would put previous production at $1,000,000. The production of lead from 1925 to 1936 amounted to $2,312,772, and prior to that time amounted to possibly $125,000. Customs duties collected on imports entered for consumption in the Yukon territory, from 1898 to 1936 inclusive, totalled $7,262,994.41. Then we must not forget for one moment the great market the Yukon territory has afforded Canadian goods. Millions of dollars have come to Canada from the Yukon every year. The Canadian packers, wholesale firms and machine manufacturers have benefited. From 1898 to 1936 the expenditures of the Department of the Interior in the Yukon territory amounted to $11,489,883. Other expenditures made by the government for the Yukon territory include those for public works, post offices, justice, Indians, telegraph lines—there has always been injustice in connection with that item, because much of the cost was charged to the Yukon when it should have been charged to British Columbia—miscellaneous expenses and mounted police. From 1898 to 1936 expenditures on these items totalled $20,895,649. These, added to the expenditures by the Department of the Interior, make a grand total of the cost of the Yukon to Canada of $32,385,532. I would ask in all reason if we have not returned that amount of money, in view of the fact that we have produced almost $225,000,000. I should say that was very good interest for the government of Canada.

It is said that Seward, Secretary of State under Lincoln, who purchased Alaska from Russia for the United States for the sum of $7,200,000, died of a broken heart because of the ridicule heaped upon him. Alaska was called Seward's icebox and Seward's folly, and yet we all know that within recent years that territory of Alaska in one year alone returned to the United States as much as $120,000,000. Hon. members must try to realize the significance of the fact that the Yukon, a much smaller territory of only 200,000 square miles, in less than forty years has produced at least $225,000,000, and I believe I am safe in saying that the land has not yet been scratched. That amount seems to me somewhat more than a fair return on the national expenditure of $32,385,532. The return is almost $200,000,000 greater than the expenditure. From the first rush in 1898 the Yukon has never asked for mercy, but has asked only justice in all things. When Lord Byng, as His Excellency the Governor General, came to the Yukon, after he had visited the various mining camps, he said to the then member, "Captain Black, I believe you represent the only truly socialistic community in the British Empire to-day," to which the member replied, "No, we are not socialists up here." "On the contrary," was His Excellency's reply, "you are ideal socialists. You have no very rich; you have no very poor; you have no social distinction. Both the men and the women must work, or go without. You take care of your sick and aged, if they have no means of their own." That, of course, is true.

It is in this connection that I want to speak about the old age pensions as they are applied to the Yukon. Many of our men and women have been in that country for from thirty to forty-five years and have not at the present time sufficient to keep them in their old age. Some of them had money and went through it, while others worked steadily almost beyond human endurance for that length of time and yet have not sufficient to take care of their old age. The local government gives these people $20 a month. It is not called a pension; it is referred to as a dole, which is a most offensive thing to every self-respecting man and woman. No matter how poor we may be, we all have a right to honest pride. The great majority of these men and women have worked hard while in the Yukon. They receive this $20 a month in the form of a dole and, unless they are absolutely helpless, under the conditions that prevail there they are able to live even on that small amount. Wood can be had for the cutting, there are fish in our waters and game in our woods; there are plenty of moose and caribou, and during the summer months our gardens produce almost anything that anyone might want. Then there is a great spirit of comradeship and generosity among Yukoners which I do not think can be equalled anywhere else in the wide world. I have lived

in the Yukon since 1898 and I cannot recall having met half a dozen truly mean men or women.

Many of our people who are entitled to old age pensions would like to go outside where they could be near relatives and friends. At present they are forced to remain in the Yukon because they are deprived of this dole when they leave the country. I contend that the dominion government should pay the whole cost of pensions for these people. If a man or woman lives for five years in British Columbia, after spending twenty-five or thirty years in the Yukon, he or she can obtain only $5 per month, an amount hardly sufficient for even an old person to live on. The government pays the whole cost of these pensions in the Northwest Territories, and if the same could be done in the Yukon it would help our people greatly. They could then go outside where they would be more comfortable, where they would be close to relatives or friends and be able to enjoy some of the amenities of outside life. Sections 1, 2 and 3 of chapter 156 of the revised statutes of Canada give to the residents of the Northwest Territories the right to receive a pension from the dominion government, and I ask this government to consider giving the same right to Yukoners. These men and women have worked hard and have been a credit not only to the Yukon but to Canada as a whole. I ask the government to give the same consideration to the people in the Yukon as is given to residents of the Northwest Territories.

Once again I must refer to the superannuation paid to civil servants in the Yukon. The superannuation act was changed by the government in office prior to 1930, and this change has been continued down to the present time. When the government announced through an order in council that Messrs. George MacLean and George Mackenzie, former gold commissioner and acting commissioner in the Yukon, were being paid superannuation on their combined salaries and living allowances, I looked for the same justice to be shown the other civil servants in the Yukon. For years the following civil servants have been contributing on both their salaries and living allowances:

Interior department: Messrs. Jeckell, Grant, Burton, Faulkner and Gillespie.
Justice department: Mr. Blankman.
Customs department: Mr. Betts.
Public works department: Mr. Wyness.

The above list does not include any post office employees, the three officials in the White Horse customs or the eight or ten men who have been retired from the various departments. It is on record that these members of the government service have paid into the superannuation fund on the basis of salaries and living allowances. Section 2 of the Civil Service Superannuation Act provides as follows:

(1) "salary" of a contributor means the regular salary paid in respect of his service, together with the value of living and residential allowances but does not include allowance or payment for overtime or other extra allowance or pay or any gratuity.

It will be seen by this section that the government promised the payment of superannuation on both salary and living allowance and the employees paid accordingly into the fund. For some time the government retired employees on this basis. Later when certain civil servants from the Yukon and the Northwest Territories were brought down they realized that they would be retired only on their regular salaries. Accordingly they made application to the government for a return of the money they had paid into the fund on their living allowances, which application was granted. I think all hon. members will agree that by that act rank injustice was done to those civil servants who remained in the service in the Yukon and the Northwest Territories. Members of the service who for years had been paying on both living allowances and salaries, on retirement, either compulsory or voluntary, found to their consternation and despair that the government had betrayed its trust. In many cases incomes were reduced below the actual cost of living necessities. We would have the same thing in a widow going to an insurance company for the $5,000 or $50,000 of insurance for which her husband had paid and being told by the company that as they could not afford to pay all that had been paid for, she would receive only half. That is just what is being done to the civil servants in the Yukon. The Yukon civil servants made their payments when they were due, but the government, in order to make a few friends, changed the act over night and has failed to meet its obligations. I am asking only for justice for these men and women who have worked so hard in the north.

Labour organizers are beginning to work among the workmen of Canada, and it behooves the leaders among the employers as well as those among the employees to meet each other on a footing of reason and equity. The fight that is going on in the United States between the leaders Green and Lewis for control of the powerful labour organizations under one head is already finding a repercussion in this country and in my own land to the north. When one realizes that many

of the labour unions in Canada are so closely bound with those of the United States that before making any settlements regarding policy permission must be given by union headquarters in the United States, the time has come when thoughtful men and women must ask, "Whither are we drifting?" Would it not seem strange to ask Italy or Germany or Russia for permission to carry on our business? As an integral part of the British Empire, would it not be more sensible to have an imperial labour organization?

Times are changing; they have changed. Laws accepted as a matter of course to-day would have been revolutionary fifty years ago. The same will be true of development in another half century.

For a number of years in the north my closest associates and best friends have been the working men and women of that country. At one time I myself cooked for sixteen men, baked bread for as many more, and did all of the work with the assistance of my twelve year old son, taking time off on Saturday afternoons to have candy pulls or other parties for the boys in the Sunday school class I taught at the Forks. I know what work is; I know what luxury is. Hard work never hurt anyone, given good health.

My heart goes out to the women who at the present time must watch their children deprived of the necessities of life. I know that in addressing hon. members of this house I am talking to many who have children of their own; in a special degree they must realize their responsibility for the well-being of our children and our grandchildren. The Minister of Labour (Mr. Rogers) understands as well as if not better than any member of this house the dangers and anxieties of our present situation.

On the whole, labour conditions in the Yukon have been fairly good. Hitherto we have been free from the strikes that trouble the outside world, but this spring, to my shocked surprise, a strike occurred in the silver district. At first a "sit-down" strike was intended, but better counsels prevailed. One mounted policeman visited the camp: he said, "Boys, this is, after all, private property; I think you had better go down to Mayo"; and the boys moved off. I am told that the citizens of that town, the strikers' committee, and the mounted police communicated with the present acting commissioner asking that he order the government liquor shop be closed during the period of the strike. These requests were either ignored or refused—I shall be very careful to obtain exact information upon my return to the Yukon in the spring. But to the credit of the strikers, they themselves organized a committee to see that there was no disregard of the decencies of life. I believe that the mining company met practically all of the demands of the workers, at least sufficient of them so that the men went back to work. Can anyone in this part of the country or in the United States imagine a strike of several hundred men carried through with absolutely no rowdyism in spite of the fact that there was only one police officer in the entire district? I wonder how many people in this part of Canada appreciate what the Royal Canadian Mounted Police have done in the isolated districts of our great country? Surely high tribute must be paid to the strike committee and the men generally, and also to the lone member of the mounted police who represented the federal authority.

Governments must move with the times, and learn to face new conditions. For the first time in the history of the Yukon I have come to realize that we must meet labour conditions such as exist all over the world. Fortunately we have had almost invariably strict observance of law and order. I have known one mounted policeman to go among a milling mob of several thousand men, including "bad men," as we call them, from the south of the line in Alaska, and step up to one of these men and say, "Boys, I don't think you want those guns with you here. You won't have any use for them. We don't have any use for them." In the early days the mounted policeman was never armed, but no harm was done; men who were known in Alaska as bad men readily gave up their guns. This they did not because of fear of that stripling, not because of the way they expected law and order to be executed in the Yukon, but because everyone in that country knew that the entire force of the Canadian government was back of that one lone mounted policeman. We thank our justice department, we thank our governments—no matter under what regime—for the execution of law and order in the north. True, many times in the early days the police protected the unjust as well as the just, but after all these things work out in the long run.

In closing, Mr. Speaker, may I say that my remarks are wholly inadequate to the love I bear for that great north land. From the bottom of my heart I thank every member of the government and every member in this house—the Prime Minister (Mr. Mackenzie King), the leader of the opposition (Mr. Bennett), and the Minister of Justice

(Mr. Lapointe), and every private member—for the great kindness and consideration that they have shown me in the last few weeks.

Mr. P. J. ROWE (Athabaska): During the past few days the house has listened to a great deal of destructive criticism of the government. Much of it is fully justified, but a surfeit of that kind of thing, unless accompanied by helpful and constructive criticism, leaves one cold. It leaves me cold for the reason that sometimes the stone throwers live in fragile glass houses. I am fully aware of the value of a vigorous and well informed opposition. In the words of Gladstone, given a strong overwhelming majority with a weak and ineffective opposition, you can corrupt a government of angels. I believe that is so, and yet it seems to me that the evils of the party caucus system outweigh the good points. I would express my appreciation and commendation of the revolts against that system which have been staged in three Canadian legislatures within the last few days. Naturally, of course, I do not want to be interpreted as criticizing or condemning any individual; but this system, which subordinates free and untrammelled thinking, is an evil that must be ended. In view of the circumstances surrounding my own case within the last few days I ask the indulgence of the house to make that remark before beginning an analysis of the budget. I am tired of this never-ending squabble between the ins and the outs under our parliamentary system, the ins of course enjoying all the benefits and spoils of office and the outs everlastingly trying to take their place in order that they may enjoy these benefits. Our objective here should be the creation of an informed, enlightened, intelligent public opinion which in my opinion would unquestionably support a sturdy, individual open-mindedness on the part of the members. I commend and support the remarks of the hon. member for Kootenay East (Mr. Stevens) the other day in which he deplored this situation.

There is something else I should like to refer to. As one of the new members I feel appreciative of the detachment, impartiality and courtesy extended by all members of the house, particularly the government members, when some of us have to indulge in destructive criticism. I believe we all here have on these questions an open mind, a mind which has tried to rid itself of prejudices and prepossessions and tried to understand and evaluate the good in every one of the conflicting economic philosophies that are presented to this house, a mind that is susceptible to new truths, a mind that can forget and live down opinions and put opinions beneath it. I believe that type of mind, with the council form of government which I am advocating, would ensure greater progress in parliamentary government. And it is just as well to remark that instead of thinking too much about the next election in our policies we should give some thought to the next generation; and instead of thinking in a calculating way about what the country can do for us, we should sometimes think about what we can do for the country. A man should also try to be careful to distinguish between his honours and his honour. There again I do not wish to be misunderstood; I merely lay that down as a general principle.

We of the Anglo-Saxon and the Latin races have an especially precious heritage to guard and keep inviolate against the assaults and encroachments of dictatorships both political and economic. The thousand year old struggle of the Anglo-Saxon race and the French race for freedom, magna charta, trial by jury, freedom of assembly, of the press and of religion, and the secret ballot will have been in vain if we permit much longer the subjection of the world's real fruitfulness to the will of a purely instrumental mechanism, the money system. The fantastic veto, which the political leaders who acquiesce in, agree to and accept this present money system, are placing upon life, the frustration of everyone and the denial of the inalienable and legitimate aspirations of our young people, is becoming dangerously close to a matter of life and death.

I wonder if the unemployed, over a million in this country, who are unemployed because of the policies of sound money governments, can look with the same degree of detachment, impartiality and freedom from prejudice and passion and fear that we can when we come to study these questions. And this very directly links up with the budget. Every four or five years in Canada under our present democratic parliamentary system we have an election. My grandfather and my father used to tell me about it and they used to describe it in this way. It was really a kind of circus and we all dressed up and went to it, and while the political balloon was going up into the heavens and our eyes were fixed upon it some adroit gentlemen were picking our pockets through the device of watered stock, monopolistic control and all that sort of thing. That brings us to the conclusion that preelection pledges are made primarily and specifically for the purpose of getting into office, and once we get into office the science of successful government seems to consist in trying to convince everybody that nothing can be done about anything. That is the layman's point of

view, because we have the result of the system of our budgeting bearing fruit in a million and a quarter of honest, decent, good citizens compelled to endure the heart-breaking degradation of public charity in the form of the dole and unemployment relief. It is therefore an inescapable fact that the fruits of the system are the result of the methods employed in handling the production and distribution of the country.

I will now discuss the farmers under the present budgeting system, and I merely point out that a system based as the present one is upon privilege and power is distorted and strained in every direction by inequalities which arise out of the system itself. The unjust property laws and regulations placing in the hands of irresponsible persons who neither toil nor spin the power of life and death, power over the destiny of those who toil unceasingly for small returns, pathetically inadequate returns—such a system, I say, to refer once more to Gladstone's saying, would "corrupt a government of angels". I do not want this government to seek refuge or find consolation in the comparison. I am merely attempting to prove that this government is trying to perform a hopeless and impossible task. Think for a moment of the plight of the farmers in this country. The only purchasing power they have is the proceeds of the sale of their products—grain, fruit, vegetables, hides and wool—and the prices they receive for their production are fixed by the vagaries of chance and the weather in countries beyond the seas where they have to compete in world markets. Farmers therefore have no say whatever about the price that they shall receive, except as they begin to develop cooperative organizations which will in some measure protect them and guarantee an adequate return for the services which they render in the production of indispensable necessaries which we of other classes consume from day to day.

On the other hand when the farmer comes to buy, every single thing that he buys is likewise produced in a market beyond his control. When he buys machinery and clothing and shoes and furniture and building material the price is dictated by people who simply say to him: that is what it is going to cost you, and that is all there is to it. Is it then any wonder that in the absence of any regulatory control of these things we find the farmers flat on their backs in this and every country which operates under that system? Actually it means that the farmers and the workers and the fishermen who produce our goods are regarded as a means to an end, which end is the enrichment of those who own and control and exploit them. The harder they work, the more skill and energy they put into their efforts, the poorer they must become. It is a fallacy to say, as the Minister of Labour (Mr. Rogers) said in this house a little while ago, that consumption and purchasing power are determined entirely by production. That is not true. Year after year when we had good crops in this country and other countries, down went the price. A good crop is a calamity, and the harder we work and the more skill and energy we put into our undertakings the poorer we must become.

In spite of our vaunted humanity and Christianity and our glorious empire upon which the sun never sets, the vast majority of our people live in the shadow of a nameless terror, while the privileged few riot in unimaginable luxury. The submerged masses live in a famished world, a world in which they have always toiled for small returns. They go to bed at night haunted by terrible nightmare dreams of penniless old age, and wake in the morning often pursued by the gaunt wolf of hunger and harassed by a thousand fears and worries over rent, food and clothes, possible sickness with no one to care for the children, and not enough insurance to protect the family in case of sudden and always ignominious death.

Let us not be deceived by signs of a false prosperity, if we can speak of prosperity while over a million of our people are on relief. This country is now experiencing a slightly increased activity, due in part to the swing of the boom and depression pendulum, the replacement of depleted stocks consequent upon the years of depression, and in part to the enormous increase in the manufacture of armaments and munitions of war, the preparation of a rich harvest for death's sickle, the way of annihilation for multitudes of the humble and nameless of earth's children. This is all being done on borrowed, debt-creating and debt-increasing money and credit, and as sure as to-morrow's sunrise the day of judgment will come in higher taxes and lowered standards of living when we come to pay off the money hucksters, gamblers and belt-tighteners of the money system.

Can the government prevent all this? Certainly it can. It can at once take control of the issue of currency and credit, it can restore to parliament its sovereignty, which has been usurped by the chartered banks of this country. That was the mandate upon which this government was elected to office. Why has it not been carried out?

Then we have this gold business. To me it is simply idiotic to talk about gold as wealth.

Gold is not wealth. It cannot be eaten, it cannot be worn, it cannot be used to heat houses; all the energy employed in the production of gold is wasted energy. That is equally true of the production of armaments. If we would consider for a moment the diversion of that wasted energy into the beneficent channels of production of clothing and shoes and furniture and building material, what a difference it would make!

I want to review rapidly and briefly what I believe to be constructive suggestions for the assistance of the government in next year's program. I appreciate that this year's program is pretty well defined and that nothing I can say now will have much effect on the policies of the government. But I want to present the point of view of the common people with respect to what the policies of this government seem to be for this year—people who are unemployed and who realize that their unemployment is no fault of their own, no fault of the fertility of the soil; people who are willing to go to work on the idle land and in the idle factories, producing wealth for themselves and their children. It seems to me if you were to bring in from the streets an unemployed man who sees all that, and who is keenly aware of the attainable possibilities of a planned economy in which is envisaged the maximum application of engineering energy to the production of wealth and its equitable distribution among the producing classes, he would say this, probably with a great deal more bitterness than I say it. I say it with bitterness against the system, not against the government of course. This is true of any government that pretends to defend and acquiesce in and operate a system of this kind. I have already said that a government of angels could not do any better, because the system is in reverse—it works backwards. We must say that the government has done nothing for the common people of this country, unless it is to shatter for all time their faith in party politics, in government, and in God and man.

The first thing I want to condemn is the restoration of the reduction in the indemnity to members and senators. When the low bracketed income people who are rendering indispensable services for our daily well-being witness the spectacle of a group of well-paid people with the power to do it increasing their own salaries while there is a very palpable and evident lack of equity in the distribution of the national income, when the former are compelled to try to balance their personal budgets on a pathetically inadequate income, I say it is an exhibition of un-Christian savagery. Again, to any member of the government or of this house who might be inclined to resent that, I say I do not mean it in a personal sense. But it is wrong and unmoral and un-Christian, and I protest against it.

We had, then, the wage demands of the railway men, which were refused, and we have speculators making millions out of wheat at the expense of the debt burdened farmers. We have the increase in the price of bread. We have enabled loan companies and banks to charge usurious rates of interest on housing loans. We have filled the pockets of armament and munitions racketeers, placing one of them, Arthur B. Purvis, of the du Pont dynasty, at the head of an employment commission which in my opinion is utterly useless. We have ruined the building industry by allowing the prices of base metals to climb to impossible and heartbreaking heights, affecting plumbing, heating and wiring. The reason for that, of course, was clearly stated by the hon. member for Kootenay East the other day; it is the result of the export of material to meet the demands of countries which are building up war defences. We have failed to bring back the value of the dollar. We have allowed millions of feet of lumber and other building material to be shipped out of this country while large numbers of our people are living in uninhabitable shacks.

Indeed, Mr. Speaker, we are even boasting about our increased foreign trade, while we have allowed hundreds of millions of dollars' worth of living necessities to be shipped out of this country at a time when our own people are in dire need of these things. I must repeat that the present faulty financial system which fails effectively to develop a home market—which could be done by the issue and control of debt free consumer credit—gives rise not only to the shocking abnormalities I have just mentioned but, by causing needless poverty at home, creates war and international anarchy abroad. Most if not all of the moral diseases of modern society are due to the abnormal conditions under which people past and present have been compelled to live, and of necessity the cure is the removal of the cause. There is one major cause; that is, poverty. Remove want and the fear of want and you automatically dry up the poison-breeding springs of vice and misery and make both tyranny and anarchy impossible. A free, happy and contented people is a peaceful, sober and law-abiding people. When we take the proper, intelligent, scientific steps to remove forever the causes of poverty from our land there will be no more talk of "subversive ele-

ments" from within, because "subversive elements" are caused by two things, poverty and injustice, and those two things alone.

There is no physical reason for poverty in this country to-day. We have vast resources in Canada. With regard to my own riding, a few days ago a competent engineer gave me the estimate that the Athabaska tar sand area contains approximately seventy-five hundred billion gallons of oil, or enough to furnish the entire world at the present rate of consumption for 1,800 years. We live in a country that has concentrated within its borders a greater body of vital natural resources than any other land on earth, and I say there is no physical reason for poverty here. The sole reason at present is that we have failed to implement a sound, sane and rational scientific control of the production, distribution and exchange of wealth within the country. The problem of production has been solved; the problem of distribution alone remains, and that is a money problem. Since the dawning of the era of economic plenty, which was ushered in with mass machine production in the nineteenth century, the financial system has operated haltingly and with periodic breakdowns, yet scientific control of the financial system is the only means by which we can benefit from power machine production. The only way to do this is to apply engineering principles to finance. This is the constructive suggestion I wish to offer to the government. I suggest that scientific control of the mechanism of money constitutes the most significant contribution which this or any other government could possibly make in this power age of mass production and potential plenty, but the time is very short; there is none to lose. If we are to win in this race between ordered planning and imminent chaos we must act quickly.

In looking over the budget I can find very little reason for congratulation. No attempt has been made to survey the capital assets of Canada, either actual or potential. There is no balance sheet showing what we have in the way of wealth, or what standard of living would be possible for our people if we were to put our machinery to work creating goods and services. We have but a summary and list of our debts and expenditures for the coming year, with the amount required to meet these expenditures and the service charges on the debts. Then on the other hand we have a survey of the possible taxation that can be heaped on an already overburdened people.

The present system of finance takes care of production only. It must be adapted to take care of consumption as well. May I suggest to the government that they take the first constructive step by appointing a potential products capacity commission to make a survey similar to the one conducted by Mr. Harold Loeb in the United States two years ago. I should like to refer to my remarks in this house on March 10 of last year, concerning this question. I want to quote again, as I did on that occasion, from the foreword, written by Mr. Stuart Chase, the eminent industrial engineer and chartered public accountant, to a book called Plan of Plenty, published by the Viking Press, New York. He used these words:

> This study is destined, I believe, to have historical importance. It has furnished comprehensive statistical proof for a possible era of abundance; proof which has long been wanted. It gives the lie to the scarcity men, the hucksters, gamblers, and financial jugglers who once promised the end of poverty, and who now, their system in reverse, foretell an America of industrial serfs, peasants, and belt-tighteners, into a bleak and undated future. Where are you going to get the money? they cry. If the abundance men can carry the findings of the National Survey to every hamlet in the land, there will be in the end no question of where the money is coming from. Americans will not be content to idle in semi-starvation because the rules of an antiquated money game demand it, when they know that the good things of life are theirs for the taking—and, mind you, the working. An income of $4,400 a year in sound goods and services is not affluence, but it looks like paradise to most families in this country to-day. And it is only a beginning; only the first indication of what the power age can do for mankind, if once it be given an opportunity genuinely to serve mankind.

May I suggest to the Minister of Finance that we have a scientifically controlled means of rectifying our national accounts so that they will present a true picture of the facts of production. Then if we follow this up by financing consumption we make our home market fully effective; we abolish poverty and by the same token we abolish war, because we abolish the necessity of fighting for foreign markets. Remember the words of the late King George V at the opening of the economic conference in London in 1932:

> It must not be beyond the power of man to utilize the vast resources of the world to ensure the material progress of civilization.

It is not beyond the power of man, and it is not beyond the power of this government. If this government wants to stay in office indefinitely I suggest that it should turn its attention to this problem, and deal with it along these lines. As far as I am concerned the government is entirely welcome to remain in office. I do not know that I

have any particular ambition to remain in parliament, because once we develop the proper scientific system of handling governments and the control of production, then I think parliamentary and civil service jobs will be the least desirable, because you have to please so many people. I am suggesting a plan. We call it social credit. It does not matter what you call it, so long as its engineering and scientific principles are recognized and applied. We must not only apply them but translate them into action by effective legislation and enforcement.

As I said in the house last year—and I shall quote my words on this occasion:

> If Canada would exhibit before the eyes of all mankind the spectacle of a great people liberating themselves from financial and economic bondage in this way, there is not a government on earth that could resist the demand of its own people, that a similar thing be done for them.

In other words, one example would be worth a thousand sermons. I do not believe that Canada can participate effectively in the entanglements of other countries, but I do believe we can make a significant contribution at this critical point in human history by giving an example to the world of a people deliberately planning the creation of wealth and its distribution, so as to put an end to these maladjustments of poverty and war. The only way we can pay our debt to the pioneers and trail blazers of the past is to assert, not only by words but by effective deeds, that the earth and the fullness thereof belongs to the living. Are we going to pay that debt by handing on to those who follow us across the years a better, happier world than the one we had left to us? The choice is ours.

In conclusion, Mr. Speaker, I have been thinking a great deal about the position of this country in relation to the rest of civilization. It seems to me that a civilization founded upon tyranny and injustice has no more right to continue than had the civilizations of Babylon, Nineveh, Rome and Greece. Indeed, a traveller from Mars standing among the ruins of ancient cities and empires, and seeing on every hand the fallen pillars of prostrate walls reminiscent of ancient glory, must ask the question—and this question must be asked by our own civilization—"Why did these cities fall; why did these empires crumble?" The ghost of the past or, if you like, the wisdom of the ages, answers, "These cities, these palaces and these temples, upon the ruins of which you stand, were founded upon tyranny and built upon injustice. The hands that built them were unpaid. The backs that bore the burdens also bore the marks of the slave-drivers' lash. Those civilizations were destroyed as this civilization will be destroyed because they bought and sold the bodies and souls of men, women and children." And if there is any lesson to be gained from history, and any challenge to us in this generation, it is that no nation or no institution founded upon slavery or injustice can expect to survive.

Mr. DUFFUS: Mr. Speaker, I did not wish to interrupt the hon. member when he was speaking, but if I understood him correctly he said that the increase in salaries and in indemnities of members was unmoral. I should like to ask him if it is his intention to accept the increased indemnity?

Mr. ROWE (Athabaska): If the house would give me permission to answer the question, I should be very glad to do so. I said that, and I meant it. In answer to the query as to whether I shall accept the increase I say that I will, and I intend to use it in disseminating information among the people of Canada with respect to the infamies of this system.

Mr. RALPH MAYBANK (Winnipeg South Centre): Mr. Speaker, perhaps I might first, in addressing the house in the budget debate, congratulate the hon. member for Athabaska (Mr. Rowe) both upon the manner of his speech and upon one expression which I noted as he went along. When he came to what I fancy would be called his peroration, and quoted his peroration of last year—had he been here earlier there might have been others to quote—I could not help envying both his facility of speech and his flair for phrase making. In all sincerity I congratulate the hon. member upon his presentation this afternoon. I must be frank to say that in so doing I refer more to the form than to the matter of his speech.

I commend to the house the hon. member's approval—and he spoke, I thought, somewhat feelingly—of the tolerant attitude which he stated had always been shown both by the official opposition and those sitting on the government benches with reference not merely to himself but to other members of his party. I agree that there has been a tolerant and kindly attitude shown by the house. I am glad of it, and I am glad to be numbered among those so described by the hon. member who has just taken his seat. He may think we have been more tolerant than the members even of his own party. So far as I am concerned, I know that I can disagree at any time I like with my party on a matter

of principle; so long as I do not get angry enough to walk out, I am pretty confident they will not throw me out.

I wonder, however, if the hon. member would permit me to suggest that upon further consideration he must agree he was wrong in saying that one of the difficulties in Canada is that there are too many people without those things which we are in the main exporting. All hon. members will agree that there is too much misery in the country, but surely the hon. member for Athabaska cannot contend that the fundamental difficulty is that we have not enough wheat, nor indeed unreasonable distribution so far as we need wheat for consumption—and so with practically all other products we export.

The hon. member spoke about certain economic philosophies. He no doubt is aware that the economic philosophy which we in this section of the house are endeavouring from time to time to put before parliament is the exchange of surpluses, in order that we may get more of the things we lack and in that way help to relieve misery; it is not an endeavour to load upon the backs of our people more wheat, more copper, more nickel, more pigs, more hides, and so forth. Surely that is a sound economic philosophy. But no philosophy can be expected to better conditions overnight. I think he ought to remember that ours is a philosophy in contradistinction to his own, which is essentially, as he said, a distribution or diffusion of the monetary unit of the country, which he wrongly described as purchasing power.

Mr. ROWE (Athabaska): May I ask the hon. member a question, because I am interested in his analysis? Is the economic philosophy he is now advocating producing good results?

Mr. MAYBANK: I am glad the hon. gentleman has asked that helpful question. I shall first give my answer, and then during the course of my speech I shall give reasons for my answer. My answer is: Yes, it is producing results. The exchange of our surpluses is improving conditions, but I am just as impatient as the hon. member over the fact that the improvement is not as rapid as I should desire. The only difference between us is that possibly I have better control over myself and am still able to think even though I am impatient.

I should like to join with others in offering my congratulations to the Minister of Finance (Mr. Dunning) upon the picture he has presented this year of the country's affairs. Last year he presented a rather sombre picture, but we had hope at that time that changed policies would bring about an improvement. We were faced with the necessity of having to pay a thousand million dollars, or thereabouts, of new debt put upon us during five years of rule by the present opposition. The minister's statement this year has shown that our hopes at that time were justified. The minister apologized for the length of his speech, but in order to offset that he said he would try to offer something of a cheery nature. The house, I think, will never weary of long speeches from him provided he can make as many cheerful statements as he did in his presentation this year.

There are two general observations I should like to make with respect to the budget. There will be perhaps a sequel to one of my statements later on in my remarks, while the sequel to the other will appear in the budget of next year. The minister forecasts the probability of a deficit next year of not more than $35,000,000. He hopes that our revenues will come to within that amount of meeting our expenditures. I am inclined to think that he may perhaps be puling the composite leg of this house. I have a feeling that he is perpetrating a gentle joke upon us. He predicted a deficit of $100,000,000 last year, and when I realize how much he bettered that, I cannot but think that he is now playing a little joke when he says that he expects a deficit of not more than $35,000,000 next year. I fancy he expects to do better than that.

The minister would have done much better this year had it not been for what might be called certain acts of God,—a legal phrase with a blasphemous smack about it, but sanctioned by usage. I refer particularly to the drought in western Canada. I suspect that the minister is holding back some good news now in order to give it to us next year. A Scotch member of this house referred to the minister as being a Sassenach but that he had a good deal of the canny Scot about him. Needless to say that Scotchman thought he was paying a compliment to the minister in attributing to him the qualities of a canny Scot. I said to him I thought he was trying to take some credit to his own race, and then I walked away from him as quickly as I could.

I think the whole country is gratified with the announcement that the improvement is such that there is no necessity for new taxes. We sometimes forget that when increases are announced in the budget they are really taxes which are spread over the whole country. Likewise, when reductions are announced, there is a proportionate tax reduction. I think

the present budget, with its treaty appendage, is notable for its tax reductions. This is what I was referring to when I said I hoped to give a sequel to one of my statements later on this afternoon. It must be gratifying to all to see the manner in which the patient is recovering under gentle, beneficent Liberal rule and the application of Liberal doctrines. Our trade has advanced more rapidly than the trade of the rest of the world. The improvement last year for the rest of the world was about eight per cent, whereas Canada's trade improved twenty per cent. The fact that we came up to fourth place as an exporting country was doubtless due in large part to our policy of selling wheat for export rather than continuing the silly system of hoarding it in elevators and paying storage tolls.

The deficit this year is $19,000,000 greater than it might have been because of the return of certain moneys to the farmers of western Canada. There has been a writing off of certain debts of Manitoba and Saskatchewan upon the condition that the benefit be passed on to the farmers. This is an act of far-sighted governmental administration and will benefit all Canada. As a representative from the prairies I think it behooves me to express my gratification.

As a general justification of this policy of the government I should like to present to the house a picture of the disaster which has overtaken the prairies during the last five years. Such a picture has been given to the house in one way or another many times, but there is no harm in presenting it again. I hold in my hand a graph which was prepared by Mr. Mitchell Sharp, of the Sanford Evans Statistical Service, for the Actimist, the organ of the junior board of trade of Winnipeg. The story of the disaster which overtook the prairies is indeed startling. Agricultural wealth in the year 1928-29 is shown in the chart as having a value of $528,254,010. The following year it had dropped to $380,131,404. The next year there was a further decrease to $212,761,271. The next year another decrease took place to $158,179,522. The following year, 1932-33, there was a slight increase to $159,717,822. The next year another increase occurred, bringing the value up to $159,820,270. The next year, 1934-35, it increased to $197,139,780. In 1935-36 it had increased further to $201,431,932. But it will be seen that even though there has been an improvement in the last two or three years, the fact remains that for every dollar obtained from this source to-day, over two dollars was obtained at the beginning of the period to which I have referred. The mineral development of the country has not been such as to act in any way as a counterpoise for this dead loss in agricultural wealth.

During that same period, as I think everyone knows, the dollar has been sweating off some of its value. In the light of the tremendous losses to the country as a whole, the fall in government revenue can be easily appreciated. I make these remarks with a view to again expressing gratification, as one representative from the prairies, at the action of the government in respect to this remitted debt of $19,000,000. In spite of the hard times that have befallen that part of Canada in recent years, the prairie mind is both buoyant and optimistic. The west will prosper again and will become once more—and gladly so—the mainstay of Montreal, Toronto and other eastern cities.

A heavy attack has been made since the commencement of this parliament upon the Minister of Finance (Mr. Dunning) by the apostles of what is sometimes called soft money. The minister thinks, no doubt, that he has confounded his critics. I do not know about that. I should be inclined to wait for the reply of my genial though passionate friend from Rosthern (Mr. Tucker), and of the redoubtable member for Vancouver-Burrard (Mr. McGeer) before being sure about that.

Arising out of this budget presentation there is a wage question to be considered. I wish to say a word or two upon the theory of hard versus soft money, because I think it has a close bearing upon the general wage question. My own opposition to what may be called the soft money theory does not arise from any horror through contemplating the fate of the assignats of France, nor the chaos that resulted in the United States at the time of the greenback issue, nor the confiscation in Germany which followed the inflation of the mark, nor yet the Russian ruble orgy. After all, our advocates of soft money argue for what they call controlled inflation, with emphasis upon the adjective. I do not think any person can deny that there might be merit in a controlled inflation. It would be bound to have certain benefits. One of those benefits—perhaps the one which is chiefly spoken about—is that it would make it more easy to pay debts. The value of the dollar would be less in relation to goods, and therefore it would not be so difficult to pay debts contracted some time ago. My disinclination to fall in with that doctrine does not arise from a consideration of various money debacles which have occurred in the world, but rather because I regard it as a scheme to cut wages and other income payments. When in this way we depreciate

money ten per cent for the purpose of making it, shall we say, ten per cent easier to pay debts, we at the same time cut all wages and salaries in the same degree. The old age pension, instead of being twenty dollars, is immediately cut to eighteen dollars. Every war-earned pension is automatically reduced ten per cent. The insurance which people are keeping up for themselves or their loved ones is reduced ten per cent. Even the aid we are now endeavouring to work out for the blind would have ten per cent less value in terms of purchasing power than we now expect. Such schemes are frankly experimental. I am opposed to experimenting in this way with the wages and salaries of our people and with the pittances granted to the blind and the infirm. To my mind those who advocate action of this kind should be required to make out an overwhelmingly compelling case.

It was a surprise to me to learn of the civil service salary restoration at this time; I had not expected it until next year—which shows what a poor forecaster I would be. Nevertheless I am very pleased, as I believe every hon. member must be, that it has been made. The payment of full salaries will have beneficial effects for the country at large out of proportion to the actual amount thus restored, because the esprit de corps of the service will be improved by more than a mere five per cent. When the government reduced wages it gave a lead to industry in wage cutting; that, I think, is within the memory of us all. I trust that this action by the government will be a counter-signal to all employers of labour, and I hope the government will do all in its power to urge restoration of wage cuts whenever the opportunity occurs, and particularly in industries which have not yet done justice to their workers in this regard.

I notice by the newspapers that the government is acting even now, as it should, as mediator in the railway wages dispute, consequent upon the strike vote which the employees have taken. I believe that at the moment majority opinion in the country is against the men on this wage issue, believing that the men should wait a while. Frankly, I am not in accord with that opinion, whether or not it is the sentiment of the majority. The railway men see that profits everywhere are increasing; the fact was referred to in accents of satisfaction by the Minister of Finance. They see themselves doing work for a wage seventeen per cent below that paid to other men doing the same class of work. They know that the railways, both the publicly, and the privately owned one have paid their bond coupons without regard to whether enough money has been earned to meet that obligation; and they feel that their wages ought to be just as much a charge upon the industry as the bondholder is. I confess that I see much justice in their position. If the employers will take the risk of restoring the wage reduction, putting it up to the men to make all possible savings and eliminate wastage, I believe that sufficient money for the restoration of these wages can probably be found.

May I point out that a very large proportion of the work of the railways is done without supervision. Has anyone ever stopped to think how much loss there would be on a railway if a three per cent slowing up of trains were to be effected? That ought to bring home the fact that when there is esprit de corps among the men in this particular industry you will probably have a prosperous industry; and no doubt the converse of that is true. You cannot have a good spirit in labour when there is a sense of injustice, and in all its mediation I would urge upon the government to keep this concept in mind.

I have spoken once or twice, once anyway, about the effect of the shrunken dollar. May I give my authority for the statement? The Labour Gazette for January indicates an upward trend in prices and a downward trend in the dollar. At the beginning of 1933 the wholesale price index was 67·2, and at the end of 1936 it was 85·1, a difference of nearly 18 points. True, this is not the last nor only criterion in estimating the dollar value, but it is important, and no one will dispute the fact that the wage-earner's dollar, and everyone else's dollar for that matter, has been losing some of its purchasing value in recent years. In considering the question of wages that is something that should be kept in mind.

A proper appreciation of the trade agreement which has been brought down in the budget cannot be had until we study it in committee, but enough can be seen to show that this is a great forward step in the direction of trading sanity. It is not inappropriate to refer to the agreement which the new one replaces, in view of the fact that there is much desk-thumping on the part of the present opposition when any supposed benefits of the former agreement are referred to. I do not suppose that anyone would deny that some benefits resulted from the old agreement, nor do I think anyone would have been disposed to deny that at the time

that agreement was negotiated. However, it is not at all clear that the benefits are such as are claimed.

Mr. H. V. Hodson, writing in the last bank letter of Lloyds, makes a significant statement. On page 69 of that letter he has a table which I am not going to ask to have placed on Hansard without reading it, and it would not be convenient to read the whole table. I shall therefore give the comments of Mr. Hodson himself upon his own table. At the bottom of page 69 he observes:

> An inspection of this table points to several facts as outstanding. First of all, the most sudden and remarkable change of all, the rise in the empire's share of United Kingdom imports, took place chiefly between 1931 and 1932, and therefore is to be ascribed far more to the protective tariff itself and the depreciation of sterling than to anything that happened at the Ottawa conference.

Perhaps I should guard myself by pointing out that the protective tariff he there refers to is the protective tariff of Great Britain, which was adopted without any reference to and indeed long before the time of the Ottawa agreement. Again on page 69 there is this comment which I commend to the house:

> Unfortunately it is next to impossible to tell from the statistics which of them was dominant in the actual effects of Ottawa; for the figures are influenced by a great many other factors, some of which, like world recovery and the rise of prices, are far more powerful than any adjustment of tariffs in the commonwealth whether upward or downward. The consequences of Ottawa cannot be isolated from the consequences of currency realignments, changing price levels, the pursuit of self-sufficiency by foreign countries, and other outside forces.

Consequently it would appear that the benefits of that trade agreement have probably been grossly overstated. In any event it ought to be perfectly clear to any reasonable person that they have been considerably less than they should have been had the agreement been negotiated in a different fashion. We have still in our memories Baldwin's plea that we should give preferences not by building fences against other people, but rather by levelling them down in respect of ourselves. That plea fell on deaf ears at that time. All the handicaps of 1930, and others, were left against the British. We simply said, "We will treat others worse that we treat you, and that ought to make you feel better." There was no positive, independent benefit to the Englishman with whom we were dealing, nor was there any benefit to the Canadian consumer. There was no lessening of tariff taxation at that time so far as the Canadian consumer was concerned. Not only that, but it is within the memory of all of us that Britain signed the agreement under duress; she felt she had to sign it. It did not do us any good to force an agreement of that kind. All the journals of England witness to the fact that people who endeavour to deal in that way never do themselves any good. Neither in the case of individuals nor in the case of nations does it do any good to try to drive hard bargains and to overreach. As a matter of fact our endeavour to overreach at that time reacted on us in the psychological way I have been trying to point out, and we never obtained the benefits that we should have had. The present method is different. We have on the one hand actual reductions in favour of those with whom we are dealing, the exporters of the old country, and on the other hand actual benefits in the way of tax reductions for the Canadian consumer.

There are about this new agreement several things which I fancy it would be just as well to point out at this time. In the first place I am struck by the amount of the reductions. I have not had an opportunity to make all the arithmetical calculations I should like to in connection with reductions in duty, but I have gone through the first twelve pages of the schedule and the results are indeed gratifying. I find several 100 per cent reductions, a good many 50 per cent reductions, and many of 33, 25, 16 and 11 per cent. I believe 11 per cent is the least. This is a large tax reduction, aside from everything else. True, not everyone gets the benefit of each one of these reductions, but in view of the fact that all or practically all of the articles in the schedule I am discussing are important in the daily lives of the Canadian people, the general effect of this agreement is an important lowering of taxes for every man and woman in Canada. A few specific items will make this plain. One or two have perhaps been mentioned already, but I took from some newspaper this statement regarding 329 pounds of woollens. I did not rely entirely upon the newspaper report but checked it up myself with the schedule as it was and as it is. On a shipment of 329 pounds of woollens having a value of $114, the buyer was mulcted to the amount of $78; that now is reduced by $20. Woollen socks worth $8 were levied upon to the amount of $5.54; that is reduced by over 50 per cent. Practically all housewives —and their husbands of course, since the housewife would be buying the socks for him —will benefit by that 50 per cent reduction. I take from the Winnipeg Free Press of Saturday, February 27, a sentence which will indicate to the house the importance of these reductions:

> Woven dress linens bearing 25 per cent minus 10 per cent plus 3 cents a pound, an

effective duty of from 30 to 40 per cent, depending on price and quality, are now to come in free of duty. Fabrics of cotton with cut weft pile, wholly of cotton, or of cotton and artificial silk, formerly taxed 15 per cent and 30 per cent, depending on the composition, now enter at 5 per cent.

Now sir, in many items the tariff is still quite high and for the textile industry ample. We hear a great deal from time to time about the forgotten man, but no one seems to say anything about the forgotten woman. Perhaps the finance minister has discovered her, because there is a great deal in this budget of benefit to the housewife. Perhaps it would be as well if the husbands of the country did not find this out too soon—perhaps I should have said nothing about it—so as to allow the housewives, the forgotten women, to get along somewhat more easily for two or three months on their budgetary allowances before their husbands find out about it and cut the allowances, to buy for themselves perhaps razors and fishing tackle and things of that sort, which also come in cheaper under the agreement.

The dropping of article 11 will, I think, be admitted by most people to be a good thing. That must have looked to the Englishman like a trick clause. He expected to have a chance to be heard by the tariff board and in that way get redress from unfavourable rulings previously handed down. But, of course, he little realized the kind of tariff board which had been rigged up against him, or the lead given to departmental officials. These people seem to have developed a doctrine of import prohibition. They do not think of the consumer last, they simply do not think of him at all. The sooner there is some brooming done in regard to the tariff board, and some readjustment of the officials in the Department of National Revenue, the better it will be not merely for this government but for all concerned. I have not forgotten the nefarious inside job of tariff jacking attempted last summer when officials tried to make loggers and farmers pay from $200 to $300 more than they ought to pay for tractor tires, until they were forced by public opinion to return to their earlier and truer judgments.

Another thing. In examining the schedules you realize what a pampered child of government paternalism is the textile industry. Its protection was indeed prodigious, amazing; one wonders that any person could ever have thought that such a protection could last—$75 carpet carrying $33 protection; hose to the value of $7 protected by a tax of $3.26. That, of course, meant that a woman paid $1.50 for a dollar's worth of hose, if these are the right prices for hose—other hon. gentlemen will know more about that than I do. At any rate they will agree that when a pair of hose is worth a dollar no woman, and no man buying them for her, should be called upon to pay $1.50. I think the hon. member for Rosthern (Mr. Tucker) drew the attention of the house a few days ago to a tax of $1.81 on an auto rug having a value of $2.92.

The reductions, of course, are excellent. I do not propose to discuss the evidence given before the Turgeon textile commission or the report that may perhaps be made, but I hope that when the report comes down we shall be able to go forward and make still greater cuts in the textile items. I recall, for instance—of course, this does not exist now—a tariff of $1.53 on a 25 cent article.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. gentleman, but he has exhausted his time.

Mr. MAYBANK: May I ask the indulgence of the house to present this short argument?

Mr. SPEAKER: With the unanimous consent of the house.

Some hon. MEMBERS: Go ahead.

Mr. MAYBANK: I thank you, sir, and the house, for this privilege. It is patent that the benefits of protection have not been passed along to the textile employees, and that furnishes a striking example of the futility of trying to improve the standard of living of the worker by giving protection to the employer. I have worked out a few examples relative to protection and wages which I should like to place before the house.

In 1930, before the change of government, a pound of yarn worth 31·5 cents had a wage content of 8·02 cents; that is the wage that had to be paid in making a pound of yarn. The protection at that time to the industry in relation to that one pound of yarn worth 31·5 cents amounted to 4·09 cents, which is close to half of the whole wage bill. In October, 1930, by which time we had a change of government, two changes had come about. First the wage content had decreased, doubtless from causes internal to the industry itself. The wage content was only 6·6 cents, but the protection at that time on a pound of yarn, was 8·2 cents. In other words we, the people of Canada, were paying the whole wage bill of the industry and 25 per cent more. The industry was on relief, but on a magnificent scale. As I say, we not only paid the wage bill of the industry; we paid an additional 25 per cent for profits to the employers. That, it would seem to me,

is a demonstration of the futility of endeavouring to improve the wage standards of workers by giving protection to employers.

There is perhaps a great deal more that might be said on this phase of the subject, directly related to such remarks as I have made so far. I am appreciative, however, of the fact that a concession has been granted to permit me to present this aspect of my argument, and I do not desire to trespass further upon the time of the house.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, let me say that I heartily agree with the latter part of the speech of the hon. member for Winnipeg South Centre (Mr. Maybank). Undoubtedly protection of an industry is no guarantee that the worker in that industry will be protected.

According to the rules governing this debate we cannot offer an alternative to the proposals of the government. A subamendment must be strictly an amendment to the amendment, and no other amendment is admissible. However, I should like to criticize certain features of the budget. Some are good, of course; some are bad. In determining which way we should vote we have to ask ourselves whether the budget is generally satisfactory and whether it is moving in the right direction. An unusual feature is the inclusion of the trade agreement between Canada and the United Kingdom. To-day we were told that this agreement will be presented in the form of a bill, so we propose to study the agreement and vote on it on its own merits.

In this connection, I should like to compliment the hon. member for Ontario (Mr. Moore) upon having brought before the house some of the fundamental considerations which should guide us in judging an agreement of this character. With two points raised by the hon. member I heartily agree; first in his objection to tariffs being made by way of treaty, and second that this agreement looks in the direction of economic imperialism. I take it that imperialism is simply an extension of the protective system into the international field.

I looked over the debate which took place in 1932 in connection with the first agreement, and I may say that at that time our group took a position somewhat similar to that outlined in this connection by the hon. member for Ontario. I quoted a passage by Sir Arthur Salter, a passage which had been quoted by the then leader of the opposition, the present Prime Minister (Mr. Mackenzie King). Sir Arthur Salter said:

> The world as a whole will either move toward a system in which each country can exchange the products which it is best qualified to produce for those in respect of which other countries have corresponding advantages, or it will move toward an organization, national, imperial or regional, in which each unit will pursue the idea of self-sufficiency, with their standard of living poorer for the loss of world trade. . . . We shall move as a whole to a world order in which each national unit will be a unit in the general commonwealth, or to a system of closed and, it may be feared, increasingly hostile units which will add immensely and incalculably to the risk of further wars.

Then at page 428 of Hansard for that year I commented as follows:

> I submit that the conference is a move in the direction of an organization, national, imperial or regional; that we are still pursuing the ideal of self-sufficiency, and that, in the words of Sir Arthur Salter, this will inevitably involve lower standards of living and it will develop hostile groups with undoubtedly war at the end of the road. Who can read history and believe there can be a continued increase of tariff walls and of alliances such as we are making without these leading inevitably to war?

And a little later, referring to freer trade relations:

> This agreement is not a step in that direction. It is a step backwards, towards less free intercourse between Canada and other nations. No one will doubt this. The Prime Minister himself said in his Calgary speech:
>
> "Nations outside of the empire would be asked to pay some tribute for the privilege of trading within the empire."

Then I concluded with these words:

> We are not voting against every particular item in it; let no one make that statement. We are forced to say yes or no, and looking at the matter in a large way, from a Canadian standpoint, we must say no; looking at the matter from the international standpoint, we must say no.

At that time the Liberals in the house stood solidly with us and voted with us. I wonder why to-day the Liberals are taking an altogether different position. The Liberal government brings forward an agreement not very different from that which we all denounced in 1932. There are two, or perhaps three questions I should like to have answered. Have the Liberals changed their minds? Has the agreement worked so well that they have been converted to the Conservative policy? I think we have a right to expect an answer to that question. Again: Is this agreement sufficiently different from the former as to indicate a getting away from the policy of protection and the policy of imperialism? I have not heard that question answered, and I think we have a right to an answer. Or are we in such a tight corner in our international affairs that Canada must adopt a second-best policy whether we like it or not? I think the government should be frank with us and tell us exactly why a policy similar

to that which was denounced by the Liberals in 1932 should now be put forward as their policy.

Let me point out that in the budget the sales tax and sugar tax remain. Further, in spite of the revelations of conditions existing in the textile industry, there is no very material lowering of the tariff. Those conditions are known to exist, although a report has not yet been presented. Further, there is no increase in the higher brackets of income tax. I think under those circumstances the government can hardly expect independent members to vote in favour of the budget.

I have considerable sympathy with the Minister of Finance. There is no doubt that he must raise large revenues. We all do, or at least should recognize that fact. That means heavier taxation. The question is: By what method shall he raise the revenues, and upon whom must the taxes fall? He has said that the budget offers "greater cheer." I submit that it may offer greater cheer to certain industrialists and financial operators, but that it does not offer much cheer to the great body of the people in Canada. Let me quote the minister:

> An obvious indicator of the general state of our economic health is the volume of dividend distributions by corporations. It is gratifying to report therefore, that reliable estimates of profits for the past year were the highest since 1930, and reveal an increase of more than thirteen per cent over the 1935 total.

And again:

> Profits are the mainspring of economic activity in the system under which we operate.

Undoubtedly that is altogether too true. But he goes on to say:

> Increasing profits therefore are the best augury for increasing employment.

And the minister nods his head in approval. Personally I do not think that anything like that conclusion follows.

Mr. DUNNING: Would the hon. member admit the converse, that decreasing profits are an augury of decreasing employment?

Mr. WOODSWORTH: We are not discussing the converse; we are discussing the statement of the minister, and I am quite sure he is sufficient of a logician not to think that because the converse is not true, that therefore his statement is true.

Let me illustrate the situation which exists. I turn to some of the figures given before the price spreads commission. Let us take tobacco, for instance. Dividends rose from a usual rate of 7 per cent to 10½ per cent in 1933. In the three depression years, 28 executive officials were paid a total of $1,500,000. The company's own figure is understood to be

$1,146,923.65. On the other hand, we find that in six united cigar stores the total wages dropped from $4,600 in 1931 to $2,900 in 1933.

Or, if you like, let us turn to meat packing. Since the merger in Canada, Canada Packers made a yearly profit at the Toronto plant of $900,000. On the other hand, from 1927 to 1933 over 1,600 employees were let out. By 1933 the wages had fallen by 16·9 per cent and the average annual wage in the packing plants was $933.

Turn again, if you will, to the canning industry. In 1933, when the lowest price in five years was paid for tomatoes, the company gave a bonus to certain stockholders, largely its own officers and directors. In the depression years the profits of the American Can Company rose from 9·0 per cent on sales in 1931 to 21·1 per cent in 1933.

Turning to the investigation into milk we find the investigating committee discovered that in 1932, while prices paid the farmers for milk had been reduced, dairy company profits as a whole had been maintained at pre-depression levels. In the opinion of the committee, profits in some cases were even greater than those shown on company balance sheets. Items listed as "depreciation reserves" and "bad debts," it was thought, were sometimes merely disguises to cover hidden profits. But the milk prices did not reflect the dividends paid.

Let us look at conditions in connection with agricultural implements. From 1927 to 1929 the four large companies made profits of $16,000,000. That did not mean that higher wages were paid.

Let us turn to merchandising. The commission learned that chain stores had weathered the depression in fine shape. Between 1929 and 1933, six large chains increased gross profits from $11,840,935 to $14,421,416, and net profits from $1,568,845 to $1,730,592. Dividends paid increased from $823,690 to $1,243,597—all on net sales which fell from $64,182,714 to $62,616,029.

In the year preceding that in which the investigation took place, the net profits of the Woolworth Company amounted to $1,960,959, or 21·95 per cent of the cost of goods sold. Dividends paid annually on the basis of $5 per share amounted to $3,750. What about the wages. Fifteen men averaged $7.34 and 120 women $6.78 for a full week's work. Another organization paid 194 grocery clerks from $4.50 to $25.00 for a sixty-one-hour week, and 110 women clerks $7 to $15 for forty-eight hours work, with an average wage for men of $10.69 and for women $10.85. Delivery boys worked sixty-

six hours for $1.50. Employees of a grocery and fruit chain worked from sixty-five and a half to eighty-four and a half hours per week. A married man was employed as a dish washer at $6 a week and his meals, and a girl as a waitress for $10 and meals.

I give these figures because they refute the statement of the Minister of Finance that increasing profits are the best augury for increasing employment. There seems to be no connection between large profits and wages or large profits and employment. In a number of the cases I have set out, all the profits went to the country south of the boundary line.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 24, for the relief of Joseph Neilson Blacklock.—Mr. Plaxton.

Bill No. 25, for the relief of Francis Hector Walker.—Mr. Hyndman.

Bill No. 26, for the relief of William Edward Connor.—Mr. Jacobs.

Bill No. 27, for the relief of Annie Nemchek Cohen.—Mr. Jacobs.

Bill No. 28, for the relief of James Gordon Ross.—Mr. Jacobs.

Bill No. 29, for the relief of Florence Anna Iverson Salberg (without amendment).—Mr. Jacobs.

Bill No. 36, for the relief of Charles Marsh Doxsey.—Mr. Walsh.

Bill No. 37, for the relief of Phyllis Stanners Kitchin, otherwise known as Judith Stanners Kitchin.—Mr. Walsh.

Bill No. 38, for the relief of Ivy Jackson Beaulne.—Mr. Jacobs.

Bill No. 39, for the relief of Charlotte Opal Moore Norton.—Mr. Jacobs.

Bill No. 40, for the relief of Mildred Tannenbaum Sufrin.—Mr. Jacobs.

INDUSTRIAL LOAN AND FINANCE CORPORATION

Mr. THOMAS VIEN (Outremont) moved the second reading of Bill No. 57, respecting Industrial Loan and Finance Corporation.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. WOODSWORTH: No.

Hon. CHARLES A. DUNNING (Minister of Finance): With reference to this bill and the one which follows it, my own views with respect to small loan bills have not changed since one year ago. I must, however, recognize that the bills now before the house—my remarks on the one will in some respects apply to both—differ from bills previously presented in that they purport to have the effect of reducing the rate of interest which the companies are at present allowed to charge under their existing acts. I say they purport to do that. The bills have been examined with some care by the banking and commerce committee of the Senate, and I think that we are warranted in at least allowing an examination of these two bills by the banking and commerce committee of this house. Personally I should be content if the second readings were given without prejudice to the ultimate fate of the bills, which could then be referred to the banking and commerce committee for examination and report; for as I have stated, the companies concerned are already in existence and are permitted by existing law to charge a higher rate of interest than seems to be contemplated by the bills. We might, therefore, at least examine them in committee where interested parties both for and against may be heard.

Mr. HEAPS: May I ask the minister, did he not last year promise to consider legislation under which all such companies would be brought, and has the government or the Department of Finance taken any action along this line?

Mr. DUNNING: I am sorry I omitted to mention that matter. A year ago that was the intention of the government. A considerable amount of work has been done departmentally, but not such as would lead us as yet to any satisfactory conclusion on the matter. In the meantime I am bound to say that the volume of demand for this type of small loan appears to have grown rather than lessened; in fact, I believe I am correct in saying that one of our chartered banks is now making such loans upon terms considerably more favourable to the borrower than are contemplated in any of the statutes now existing incorporating companies for the purpose. From the best information available, however, I do not believe that the experience of that chartered bank is yet sufficient to enable us to base intelligent conclusions upon it. Certainly such examination as we have been able to make departmentally during the year does not point the way to positive conclusions as to the character of such general legislation as I had in mind a year ago, and which, I may say to the hon. member, I still have in mind if a basis can be arrived at which will enable

people needing this kind of accommodation to get it upon less extortionate terms as I regard them, than now prevail.

Mr. THORSON: May I ask the minister a question?

Mr. DUNNING: It is the second reading, Mr. Speaker.

Mr. THORSON: A moment ago the minister said that the bills now before the house apparently reduce the rate of interest which these corporations now are actually charging. Would the minister explain what he meant by "apparently"?

Mr. DUNNING: Of course, Mr. Speaker, that is one of the reasons why a committee examination is desirable. It is rather too complex for me to enter into at the moment. That I have my doubts was indicated by the language I used.

Mr. THORSON: That is why I asked.

Mr. DUNNING: At least in the case of one of the bills.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, it has been suggested publicly, and I heard it elaborated last year before the committee of the other house, that these bills are designed especially to benefit small deserving borrowers; and around these bills and that other bill which was introduced a year ago but was dropped there has been spread, shall I say, a sort of halo of righteousness. I have given this subject study over a great many years. One of the first things I did twenty-six years ago when I came into the house was to bring up the subject of extortionate rates of interest; and I did so on several occasions. If parliament passes these bills in their present form, or entertains a general bill of this character that permits a rate of interest around two per cent per month, parliament, in my opinion, will be putting its sanction upon extortion, or as the minister says, upon extortionate rates of interest. Borrowers from this class of money lending concerns are the most needy people in the country.

Mr. DUNNING: That is right.

Mr. STEVENS: They are the people least able to pay high rates of interest. It cannot be contended that the risk is such that these companies must charge a high rate of interest, because they are particularly careful, I notice, to exact from borrowers the most ample security they can get in the way of endorsements, besides assuring themselves that the borrowers have lucrative occupations.

[Mr. Dunning.]

Another thing I very definitely object to, and some years ago I brought it to the attention of the finance department, is that some of these companies issue literature in which they wisely advertise that they are operating under dominion government sanction. The impression of the average citizen, particularly women and others who contemplate borrowing from these institutions, is that they are in some way or other allied to the government. It is not so—

Mr. DUNNING: I agree so thoroughly in that regard with the hon. member that just a few months ago, upon one of these advertisements coming to my attention, I instructed the superintendent to take it up with the parties concerned and have it stopped. Whether the effort has been entirely successful I cannot say. The companies can at least announce, as my hon. friend says, that they are incorporated by special act of the parliament of Canada. They can and do say that, and of course we cannot object, because it is a simple fact.

Mr. STEVENS: They go further than that.

Mr. DUNNING: They do.

Mr. VIEN: My hon. friend will allow me to point out that when he was in the cabinet a public bill was introduced in parliament to enact that the maximum to be charged by these small loan companies would be two and a half per cent per month; this bill purports to reduce the rate to two per cent, and the other bill, to two and a quarter per cent.

Mr. STEVENS: I am no more in favour of this than I was of the other.

Mr. VIEN: Except that my hon. friend says we are sanctioning the principle. It has been sanctioned by parliament long ago.

Mr. STEVENS: In my opinion it is time we withdrew the sanction. As far as the hon. gentleman's interruption is concerned, for the twenty-six years I have been in parliament this thing has been going on to a greater or less extent, varying from time to time, and it is all wrong. It is time parliament took into consideration the erection of a loaning body that would take care of this class of loans. As a matter of fact, in the great majority of cases they ought not to get the loan. That may be misinterpreted, it may be misunderstood; but those who know the business know perfectly well that in the majority of cases, at any rate in nearly half of them, they should not get the loan at all. Some of the most pitiful stories may be told of the way in which corporations of this kind are exploiting not

only the needs but the bad habits and difficulties some people get into by having this resource available to them.

Mr. MACDONALD (Brantford): Why should not the poor man have an opportunity to borrow money when the rich man has?

Mr. STEVENS: Here is an illustration of what I warned the house against ten seconds ago. If a highly intelligent gentleman like the hon. member who interrupts me misunderstands what I said, it demonstrates how careful one has to be. If he will do me the courtesy to read what I said about ten seconds ago, he will get the answer to his question. Certainly poor people have a right to borrow money; but poor people have a right to borrow at a rate of interest that they can bear, and not at two per cent a month. I am trying to point out that by passing this type of legislation we are surrounding institutions of this kind with an air of sanctity that does not belong to them. That is my objection to this class of legislation, and personally I should like to see parliament turn thumbs down on all bills of this kind. I am as well aware as any member of the house of all the arguments that can be made in support of the bill—the difficulty of controlling small loans, the cost, and all that sort of thing—but I still believe that it is within the common sense of members to devise a law that would give protection to the poorer borrower, much better than is given either in the general interest act or in these special bills. Personally I will vote against this bill, just as I have always voted against divorce bills, on general principles. I am against the thing, absolutely.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): The minister has suggested that if these bills passed the second reading they could then go to the committee without prejudice. Personally I object to that way of doing business. We are here deciding on a principle, and we should not allow these bills to be proceeded with if the principle on which they are founded is unsound. Last year, with reference to certain bills very similar to these—

Mr. DUNNING: No, different.

Mr. WOODSWORTH: —the minister said:

> We can only look forward to dealing with the situation effectively at another session, in the meantime preventing the further spread of the evil by refusing to pass bills incorporating more companies to do business along these lines. Certainly the house, having been unwilling to pass Bill No. 86, cannot consistently vote for the one now under consideration.

That will be found at page 3552 of Hansard, 1936. Now if that was true last year, when there had been a very general discussion and the house had refused to pass the bills then before it, it is just as true to-day when another set of bills are before us, very similar to the ones we dealt with then.

Mr. DUNNING: On a point of order, Mr. Speaker, I am sure my hon. friend does not intentionally misrepresent me. I was dealing last year with bills to incorporate new companies. The bills now before us are amending bills with respect to companies that are doing business at this moment and will continue to do business unless this house repeal their charters. I mentioned a moment ago that the only reason I suggested that they should go to the committee was that they purport to reduce the amount of interest which these existing companies are now charging and may charge under their charters. That is quite a different thing.

Mr. WOODSWORTH: It is somewhat different but the principle is the same.

Mr. DUNNING: No, it is different.

Mr. WOODSWORTH: I think it is the same. In the explanatory note to one of these bills it is stated that:

> The reason for this amendment is that the company, though originally incorporated in 1928 and still locally managed and staffed by Canadians, was acquired in January, 1933, by and is now virtually a wholly owned subsidiary of Household Finance Corporation, incorporated under the laws of the state of Delaware.

Mr. BENNETT: Whose charter is also before us.

Mr. WOODSWORTH: Yes; but why should we seek to give some vested interest to what is virtually a new corporation?

Mr. DUNNING: Oh no.

Mr. WOODSWORTH: It is the old corporation but now, although managed and staffed by Canadians, it is virtually a wholly owned subsidiary of Household Finance Corporation, incorporated under the laws of the state of Delaware. If we in this house have made mistakes in the past—and I think we have—in giving charters to corporations of this kind, we should do nothing further to give any sort of vested interest to any of those now operating or allow any of them to have what may become more or less of a monopoly of this kind of business.

I believe it was brought out last year, and again before the committee in another place, that there were large fees charged and two per cent a month, which means nothing but extortion on the part of these companies and

a very great hardship for poor people. I cannot see where the pressure comes from that induces any member to advocate the perpetuation of this kind of thing, and I hope that right now on the second reading the house will refuse to allow these measures to go any further.

I should have been glad if the minister could have introduced at this session legislation which would lead to the repeal of all charters of this kind. As I said last year, I should hope that before any further bills of this kind are allowed to become law we should do something definite, as the hon. member for Kootenay East (Mr. Stevens) has suggested, to provide some means by which the poorer people might obtain credit. I call attention to the wonderful growth of the credit unions in certain sections of Quebec and the maritime provinces. The department might do something to encourage that kind of organization.

Mr. DUNNING: The caisse populaire?

Mr. WOODSWORTH: Yes. I do hope that the house will refuse to give second reading to these bills.

Mr. PAUL MARTIN (Essex East): I am glad that the hon. member for Winnipeg North Centre (Mr. Woodsworth) has referred to the credit unions. I have given this whole problem a good deal of study, particularly from the point of view of the credit unions, and especially those in the maritime provinces operating under the auspices of St. Francis Xavier university. The credit union as it is known in the maritime provinces, as it is known under Mr. Desjardins' auspices in the province of Quebec, should be studied. These credit unions effectually operate where there is a certain amount of homogeneity, which is not possible in the case of companies operating as I believe these companies contemplate operating and are operating in localities where there are all sorts of people and all sorts of occupations.

I know nothing about these two bills, but I do know something about the problem of borrowing from the loan companies. I have particularly in mind those companies which advertise in the Toronto and Montreal papers. I cannot say I have seen any advertising in the Windsor Daily Star, but I know there are companies operating in that city charging as high as 200, 300 and in one case I know as high as 600 per cent. The way companies of that sort can be eliminated is not by an emotional appeal, but by a clear examination of this whole problem.

I would like to have seen general legislation, but the Minister of Finance (Mr. Dunning) has given the reasons why that is not possible this year. I am glad to know he still hopes it will be possible before long. In the meantime the whole problem requires consideration, and this house cannot escape its responsibility. We at least should set in motion the banking and commerce committee to make an exhaustive survey of this whole problem. It is true it was dealt with by a committee of the Senate, but I suggest, with great deference to that body, that possibly our point of view may not be theirs. I for one am anxious to eliminate loan companies operating without restriction and imposing an excessive burden of interest. It seems to me that one very effective way of eliminating them is by giving the kind of regulation which we can give.

I inquired the other day from the department of the superintendent of insurance about the character of outstanding obligations in these respects. If this matter is allowed to drop without a thorough examination there will be a number of people in the province of Ontario who will suffer. I understand there are some 30,000 outstanding loans in respect of one of these companies alone. I do not know whether the company is charging a high rate or a low rate, but having in mind that there is a market for this kind of loan, and as a considerable number of people have been affected, I should like as a member of this house an opportunity to examine in the committee the superintendent of insurance, whose job it is to supervise these things, and to get from him his point of view, and information which it is not possible to get in this house. I want to see a complete and thorough examination of this whole matter, and at once.

Mr. R. J. DEACHMAN (Huron North): A young man came to me a few days ago wanting to borrow $41. I thanked him for the compliment. He had purchased a bill of goods in this city amounting to $120, and he owed $41 and was behind in his payments and they were pressing him. But they offered to carry on, letting him pay it off at the rate of $5 a month, providing he would renew the contract for $61. That is, he owed them $41, and they wanted him to promise to pay $61 at $5 a month. I do not know how much of that sort of thing there is going on in this city, but that instance suggests that there ought to be some provision for loans to these people on fair terms. So I rise to support the suggestion of the previous speaker that this be referred to the committee on banking and commerce, so that some examination may be made of it. It would have been much better for that young man to pay 2 per cent a month, because as I figure it the proposed rate which

these gentlemen were offering was 75 per cent a year. If this bill went to the banking and commerce committee it would give members a chance to examine it. They need not decide in favour of this company; they might decide upon some broader course of action based upon future legislation. Something ought to be done because whatever evils there may be in the present system there are perhaps greater evils in the charges which are made in connection with instalment sales and transactions of that kind.

Mr. DANIEL McIVOR (Fort William): Would it not be possible to have before the committee to give evidence one of those who have had to pay 24 or 30 per cent or have lost their goods? If I were asked now to vote on this bill I would vote it sky-high because of experiences of which I have knowledge. I have read the speeches in the Senate, and the Senate are not whole-heartedly in favour of the bill, and hope that the commons will defeat it. I think the whole thing should be thoroughly examined. There is no risk in bringing it back into this house. Sharks of this type should not be tolerated and allowed to take advantage of men who are cornered, as some are who have to avail themselves of small loans.

Right Hon. R. B. BENNETT (Leader of the Opposition): I quite appreciate and sympathize with the position of the Minister of Finance (Mr. Dunning). It was my unpleasant lot to occupy somewhat the same position with respect to somewhat similar measures. These measures were submitted to the house between 1930 and 1935, and we endeavoured to do something towards providing a general code to govern the operations of these loan companies.

An hon. MEMBER: It was 1934.

Mr. BENNETT: Yes, I say between 1930 and 1935; I was not sure of the date. The library contains a number of volumes, notably the report of the Russell Sage Foundation, dealing with the problem of these small loans. From what I was able to learn, the history of them is certainly not creditable and not desirable to have continued. The Minister of Finance however is in the same position to-night as I was then. One of his own supporters has proposed a measure, and the minister does not want to kill it. He says he is opposed to it, says it is reprehensible, but like all party chiefs he desires that his supporter shall not be annoyed by any action taken by the government, and therefore he proposes to send it to the banking and commerce committee. Well, I speak from a wealth of experience when I say that it should not be done. It is putting the imprimatur of our approval upon a principle to which I believe we are opposed. If the minister had not expressed himself so strongly—

Mr. DUNNING: I thought I was moderate.

Mr. BENNETT: The minister says his language was moderate, but he denounced the measure as reprehensible. What stronger language he could have used may be left to the imagination rather than the memory. At any rate the position is this: the Finance Minister of Canada asks us to do something which he condemns.

Mr. DUNNING: No.

Mr. BENNETT: He asks us to give second reading to a measure which he condemns as reprehensible. If that is not asking us to do something which he condemns I cannot understand the value of language as a medium to express thought. To send the bill to a committee in view of the minister's opinion that this is undesirable legislation, is to compromise with the principle which he asserts. I do think we should not do it.

I am not going to traverse the matter to-night. One of these bills provides for 1½ per cent a month, another for 2 per cent, and one of them says the experience has been that they had a reduction in gross revenue from 2·45 to less than 2·25 per cent. We have three rates in the bills before the house. One rate is 1½ per cent per month, another is 2 per cent per month, and the third is 2¼ per cent per month. According to one of these bills we find that this business has become so attractive that we are asked to increase the capital of one company to the enormous sum of $5,000,000. It is a corporation owned in Delaware, with a present capital of half a million dollars. Now we are asked to increase that capital to $5,000,000, to be put out in loans that cannot exceed $500 each.

I must say that when I came in here I was somewhat hesitant as to what view I should take about the matter. Having heard, however, the minister who is charged with the conduct of the financial affairs of this country denounce the principle, I cannot bring myself so to depart from his advice, his wisdom, and his experience as to attack the feeling which I must confess any man situated as he is probably would have: We will not annoy our supporter and follower who has moved the bill, so we will just send it to the committee on banking and commerce. In the closing days of this session, having regard to the time now at our disposal, there will be no opportunity to

consider the matter in all its bearings, or to study that close analysis made of the whole situation which we could find by going to the library and getting the report of the Russell Sage foundation.

Under these circumstances I think we should let these companies worry along with the powers and capital they now have. We will have done them no harm, and they will realize that this parliament proposes to pass general legislation that will be effective, I trust, in regulating their operations.

Hon. ERNEST LAPOINTE (Minister of Justice): If this were a public bill, Mr. Speaker, I would agree with my right hon. friend (Mr. Bennett) and would be disposed to vote against the second reading. I am under the impression, however, and I believe I am right, that voting for the second reading of a private bill does not mean approval of the principle of the bill. There is a difference between a public bill and a private bill in this respect. Sending this bill to a committee will merely have the effect of permitting members of the house to receive the report of that committee as to the reasons for the introduction of these bills, which do not seem to be approved by many members of the house. The principle seems to be abhorrent to many hon. members. By sending the bill to a committee we will permit consideration of the very matters which were discussed a few moments ago by my hon. friend from Essex East (Mr. Martin). I know that has been done on other occasions. The second reading of a private bill has been voted in order that it might be sent to a committee, without approving or in any way committing ourselves to the principle of the bill. As far as I am concerned I absolutely reserve my right to vote against the bill if the report of the committee justifies me in doing so.

Mr. VIEN: Mr. Speaker, I should like to point out to the house—

Mr. SPEAKER: I would direct the attention of hon. members to the fact that if the hon. member for Outremont (Mr. Vien) speaks now he will close the debate.

Mr. MACDONALD (Brantford City): If this bill is not sent to the committee, will this company, and the other company dealt with in the next bill, automatically pass out of existence?

Mr. DUNNING: No, they will continue as they now are.

Mr. VIEN: I can tell my hon. friend that they will continue to charge 2½ per cent interest under the general legislation now on the statute books. These bills tend to reduce the rate and to change the basis of their operations.

Mr. WOODSWORTH: They could reduce the rate if they wished to do so.

Mr. ROBERT FAIR (Battle River): This is legalized robbery. Instead of helping these fellows increase their profits I think we should pass legislation, and do it quickly, to get rid of these corporations which at the present time are bleeding the poor by charging them from 1½ to 2½ per cent per month. It is our job; let us do it now. I think we should get busy and cut out this highway robbery.

The house divided on the motion (Mr. Vien), which was agreed to on the following division:

YEAS

Messrs:

Bouchard	Kirk
Chevrier	Lacombe
Clark (York-Sunbury)	Lacroix (Quebec-Montmorency)
Crerar	Lalonde
Damude	Leclerc
Deachman	Macdonald (Brantford City)
Deslauriers	MacKinnon (Edmonton West)
Donnelly	MacLean (Prince)
Duffus	Martin
Dunning	Mercier
Dussault	Michaud
Emmerson	Mullins
Evans	Mutch
Fafard	Parent (Terrebonne)
Farquhar	Pinard
Ferron	Plaxton
Fleming	Power
Fontaine	Rennie
Furniss	Rhéaume
Gardiner	Rogers
Gariépy	St-Père
Glen	Sinclair
Gosselin	Sylvestre
Gray	Vien
Hartigan	Winkler—53.
Hurtubise	
Ilsley	
Johnston (Lake Centre)	

NAYS

Messrs:

Barry	Howden
Beaubier	Jacobs
Bennett	Kuhl
Bertrand (Prescott)	Leader
Blackmore	MacInnis
Blanchette	MacMillan
Brooks	MacNeil
Brown	MacNicol
Cahan	McDonald (Pontiac)
Clarke (Rosedale)	McIvor
Coldwell	McNiven (Regina City)
Fair	Marshall
Fournier (Hull)	Mulock
Green	Needham
Hayhurst	Neill
Heaps	Perley (Qu'Appelle)

Pouliot	Thompson
Quelch	Thorson
Reid	Tolmie
Stevens	Weir
Stewart	Wermenlinger
Stirling	Woodsworth
Taylor (Nanaimo)	Young—46.

Motion agreed to and bill read the second time.

THE BUDGET

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

The house resumed consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, when the house took recess at six o'clock I was passing some criticisms on certain passages in the speech of the Minister of Finance (Mr. Dunning). I had suggested that contrary to his statement, increasing profits did not necessarily involve increasing employment.

In referring to certain industrial activities the minister emphasized the increase in forest products and in mining. May I suggest to him that the increase in lumbering activities and pulpwood production does not necessarily involve anything of great value to Canada, because according to the methods on which logging is now carried on there is no replacement of our timber resources.

Only a few evenings ago, in connection with another debate the hon. member for Davenport (Mr. MacNicol) told us of the very successful precautionary measures against floods being instituted in certain parts of the United States. I am sure all hon. members appreciate the benefits of that kind of work, but in this country we are passing through the stage where we are denuding our hillsides. If this goes on much longer undoubtedly it will mean floods in this country, as it has meant floods in the country to the south of us. Now is the time when floods may be effectively prevented, and at the same time our forest wealth conserved. Further, I think we must recognize that the great stimulus which has been given to mining has been in connection with those metals required mainly for war purposes, such as nickel and copper, and in connection with gold, which occupies a peculiar position in our economy. I have wondered why the minister cannot see his way clear to tax more heavily the minerals being produced in this country. I am informed that in South Africa the larger mines pay almost fifty per cent of their profits into government revenues. I cannot for the life of me see why a very small proportion of our people should be able to make huge profits out of the war preparations and war scares of Europe. Some of us would like to see the government take over the monopoly of production of these essential war materials. Failing that, it seems to me that the least the government could do would be to place a heavy tax upon the profits being made in this way. If we must spend public money for war preparations, that money should come out of the industries which are making huge profits out of the war scare.

Gold occupies a very curious position in our economy. To a certain extent it is the measure of everything else. It is because of that unique position that it is necessary for the government to treat it in a special way. Under these circumstances I cannot see why this country as a whole should not benefit directly from our gold production.

Referring to the proposed royal commission to investigate dominion-provincial financial relations, the minister said:

> That decision followed investigations which demonstrated what had long been recognized as a fundamental weakness in the allocation of financial powers and responsibilities to the provincial governments by the fathers of confederation seventy years ago.

I should like to ask: Why ignore the tremendous problem of unemployment, the great problem of public health, the pressing problem of housing and the urgent problem of education? All these problems are not being solved to-day, largely because of the position in which our provinces and municipalities find themselves under the existing interpretation of the British North America Act.

Mr. DUNNING: Is my hon. friend suggesting that those problems are not being considered? They are all included in "and responsibilities." That is precisely the point my hon. friend is making.

Mr. WOODSWORTH: I understand that this commission will be charged with the investigation of the situation existing in connection with provincial jurisdiction and federal jurisdiction.

Mr. DUNNING: Jurisdiction, no; but responsibilities. They are all included in that. Jurisdiction is a different thing. The provinces now have certain responsibilities, and we have been told by the privy council just what they are. It will be within the purview of the commission to review the responsibilities which the governmental bodies, dominion and provincial, are under by virtue of the constitution.

Mr. WOODSWORTH: I suggest that in practice it will be difficult to do the one without doing the other.

Mr. DUNNING: A bit difficult, that is right.

Mr. WOODSWORTH: I do not know whether the inference can be taken from the decisions of the judicial committee of the privy council that unemployment is a provincial matter, but supposing it is, what will be done? What is needed to-day is some rearrangement, not only of the responsibilities but of the jurisdictions of the dominion and the provinces.

Mr. DUNNING: That is involved in what I suggested.

Mr. WOODSWORTH: I want to impress upon the minister the absolute necessity of this commission being charged with wider duties. The commission should not have to confine itself narrowly to financial relationships.

Mr. DUNNING: Quite.

Mr. WOODSWORTH: Then the commission could perform valuable functions.

Mr. DUNNING: It would be useless otherwise.

Mr. WOODSWORTH: Practically so. Let me turn to another matter. In criticizing monetary fallacies the minister said:

> Fundamentally our need is an increase in our aggregate national income—an increase in material wealth, not a different yardstick by which to measure it.

In making that statement the minister ignores the fact that because of the inflation and deflation which has taken place during the last few years tens of millions of dollars have been transferred from one set of pockets into another. The yardstick is a very important matter and it cannot be ignored, even although some of us cannot agree with all the policies put forth by certain monetary reform groups. The hon. member for Winnipeg South Centre (Mr. Maybank) suggested this afternoon that the wages of our railway workers should be restored. He also mentioned that the dollar had shrunk in value. I think that is true. He denounced soft money, and so on, but he did not apparently recognize the relationship between real wages and monetary control. After all, the dollar as it is to-day does vary from time to time. I think we ought not to fail to recognize that fact. But aside from monetary control I suggest to the minister that fundamentally our problem is not so much an increase in our aggregate national income, much as that is to be desired, as a just system of distribution. I am convinced that if that took place there would follow a release of productive energies.

According to the Canada Year Book of 1936 the total value of the productive activities of the Canadian people in 1933 was $3,340,000,000. How is that distributed? Some indication is given by the income tax returns. According to the year book of 1935, income tax payers receiving under $2,000 per year numbered 85,385, and paid a tax of $950,120. Taxpayers receiving from $2,000 to $3,000 numbered 41,918, and paid total taxes of $938,923. Going to the other end of the table, we find that those receiving from $10,000 to $15,000 numbered 2,815, and paid a total income tax of $2,402,696. Those receiving $15,000 and over numbered 259, and paid a total income tax of $6,458,127. I recognize that a different rate applies to those in the higher income brackets, but nevertheless it is astounding how few people are able to pay an income tax of any large amount. A footnote in the Canada Year Book states that the reports are presented in a way "to conceal net income and identity of taxpayers." I cannot see why people who are receiving such large incomes should be so much afraid of having their identity disclosed, nor why governments should pander to that fear. It seems to me that we should know or have at least an approximate idea of what the incomes of these large income taxpayers really are.

The fact is that the vast majority of Canadians are too poor to pay income tax. This is said to be largely an agricultural country, but agrarians who pay income taxes number only 416—an astounding situation!—and pay only $824,083. On the other hand, those who come under the class "financial" number 11,673 and pay $6,379,503—thus clearly demonstrating that in Canada we are witnessing a widening breach between those who labour and those who live on other people's labour; and unfortunately the budget does not seem calculated to lessen that breach very much.

Let me suggest to the minister and to the house that the gaining of wealth is not necessarily an indication of ability. Sometimes it is largely a matter of chance. Often it is merely an indication of cunning and greed and heartlessness. May I suggest to him that the opportunities to make money are very largely dependent upon the artificial arrangements of our national economy; for example, our tariffs, the protection of corporations, and such matters. As indicated in this budget, the government is doing very little to check this tendency. The sales tax remains unaltered, although it bears very

heavily on the masses of the people, and the income tax also remains unaltered, although it does not take as much as should be taken from those who are wealthy.

Speaking of unemployment and invention and technical improvement, the minister said:

> As it indicates an increased efficiency in the productive mechanism, its results are not to be deplored. Its ill effects are temporary; in the long run it increases employment by cheapening production and expanding consumer purchasing power.

I am not at all sure that those statements, for many years accepted by economists, are to-day endorsed by some of the very best economists. The minister however says that this development is not to be deplored. Looking down from Olympian heights upon the struggling masses, he may be so aloof from the petty worries of the ordinary man that he can utter such a sentiment. Can it be forgotten that over a million people are unemployed to-day? Surely at least the immediate results are to be deplored. The minister says the ill effects are temporary. Well, that is not very much consolation to the million-odd people who are under relief, or to the 400,000 odd who are out of work.

Mr. DUNNING: A moment ago you said a "million."

Mr. WOODSWORTH: Under relief.

Mr. DUNNING: You said, a million unemployed.

Mr. WOODSWORTH: If I said so I correct it. I should have said, in the first statement, "under relief," and I said just now that there were 400,000 unemployed. The minister suggests that these ill effects are very temporary. I suggest that to a doctor, symptoms—

Mr. DUNNING: I think you inserted the word "very." I do not think I used the word "very."

Mr. WOODSWORTH: That the ill effects were temporary.

Mr. DUNNING: You said "very temporary."

Mr. WOODSWORTH: The minister said:

> Its ill effects are temporary; in the long run it increases employment by cheapening production.

Mr. DUNNING: That is right.

Mr. WOODSWORTH: Well, I do not think we can take very great consolation out of the fact that in the course of the next twenty, thirty, forty or fifty years these effects will have passed. We are dealing with things as they are to-day, and under these circumstances it seems to me that this budget should contain some cheer for those who are unemployed or under relief. Again, the minister says:

> It is probably true that a hard core of unemployment and relief will always remain.

And he added that some may become permanently unemployable.

> The depression will leave us with a new problem which will demand new methods of treatment from the appropriate authorities.

Here, again, the solution is left indefinite. Who are the "appropriate authorities"? Certainly in the last year the government has been trying to shift very largely the responsibility for the unemployed from the federal government to provinces and municipalities who are ill prepared to care for it. Again—and I criticize these statements because I believe that very often we take for granted the truth of a great many of these general statements,—the minister calls special attention to the expansion of our foreign trade. Canada has moved from fifth to fourth place among the nations of the world. I should like to ask the minister whether that fact is in itself very significant. What are we doing with our huge exports? Paying debts; very largely paying debts. The minister himself says that we have had a total credit balance of $617,000,000. This, to use his own words—

> —gave Canada an ample supply of foreign exchange funds with which to meet interest and dividend payments to foreign creditors as well as other invisible debit items in our balance of payments, and at the same time enabled us to effect a very substantial reduction in our net capital indebtedness abroad.

Mr. DUNNING: That is the point. We paid off debt.

Mr. WOODSWORTH: Yes, quite so. There are two or three things we do—pay interest, pay dividends, and pay debt.

Mr. THORSON: And pay for imports, necessary imports too.

Mr. WOODSWORTH: Yes, but this is the credit balance over and above the payment for imports to which, I think, reference is being made. That is where our balance goes. It is of tremendous significance that Canada has to pay such huge debts, such huge interest, such huge dividends when at the same time many of our own people are unemployed and their families are suffering.

Mr. DUNNING: My hon. friend will recognize that it was a good thing for Canadians to pay off outright last year something like $145,000,000 which they owed abroad. At least they will not have to pay interest on that much any more.

Mr. WOODSWORTH: It is a good thing in itself. It is not a good thing when it had to be done at the cost it has involved to tens of thousands of homes in this country.

Mr. DUNNING: But it is not the government that I am speaking of.

Mr. WOODSWORTH: Well, I am speaking of the government.

Mr. DUNNING: The $145,000,000 was paid off by the Canadian people.

Mr. WOODSWORTH: Quite so—under arrangements that have been established by the government.

Mr. DUNNING: No, no.

Mr. WOODSWORTH: We try to get decent amounts paid to the unemployed; we try to get decent wages for employed people; we try to get adopted various schemes that will raise a little higher the standards of living of our people, and had those standards been raised a little we should not have been able to pay off so large an amount of our debts; I think that is true.

Let me turn to another matter which perhaps throws some sidelight on our foreign investments. A few weeks ago a labour deputation from Cuba came to see me. Unfortunately I have not been able to check the statements they made, because our bureau of statistics can give very little detailed information with regard to foreign investments; but according to this delegation almost a hundred million dollars are invested by Canadian interests in Cuba. The delegation made this statement:

> The Royal Bank of Canada controls more than eleven sugar mills through the Sugar Plantation Operating Company; the Bank of Nova Scotia controls three sugar mills and the Canadian Bank of Commerce controls Central Covadonga sugar mill.
>
> Canada is the fifth buyer of Cuban sugar; the United States, Great Britain, France and Belgium are first in importation in order as set above.
>
> Although there is a law setting a minimum wage of 80 cents per eight hours, due to the help given by the army to the large sugar interests, they pay only 25 to 40 cents per day of eleven or twelve hours and labour cannot protest.
>
> Workers are paid chiefly in vouchers and script money good only at the company general store, with prices 10 to 20 per cent above prevailing prices in nearby towns.
>
> The military dictatorship has continuously increased its stranglehold on the Cuban people with the help of powerful United States, British and Canadian financial interests who use him as a tool to force labour and others to work for practically nothing.

Mr. DUNNING: What is the hon. gentleman quoting from?

Mr. WOODSWORTH: I am quoting from a memorandum which was presented to me by a delegation of Cuban labour people.

Mr. DUNNING: Cuban?

Mr. WOODSWORTH: Cuban, yes. I am giving this as a side light on our foreign investments and what they may really involve. We have Canadian banks chartered primarily to do business in this country but doing business abroad. Not only have we low standards of living in Canada, but if this statement is at all correct, Canadian institutions are assisting in keeping down the poorer people of other countries as well.

Mr. DUNNING: Has the hon. gentleman verified those statements?

Mr. WOODSWORTH: If the minister had been following closely he would have observed that I said I had not had an opportunity to check carefully the financial side of this matter, since our own bureau of statistics had no accurate information with regard to the details of foreign investment. I suggest that the Minister of Finance ought to have control over investments made outside Canada.

Mr. DEPUTY SPEAKER: I do not want to interrupt the hon. gentleman, but his time is up.

Mr. WOODSWORTH: May I have two or three minutes longer?

Mr. DEPUTY SPEAKER: With the unanimous consent of the house.

Some hon. MEMBERS: Go on.

Mr. WOODSWORTH: My time was split at six o'clock. I want to call attention briefly to one or two other matters involved in the budget speech. Our revenue from all tax sources will amount to $384,618,000. May I point out that this amounts to nearly $35 per head, or $175 per family of five. Our sales tax, now the largest single source of government revenues, amounts to $115,500,000, which is about $10 per head or $50 per family of five; and undoubtedly it falls most heavily on the ordinary people of the country—and all this in addition to monopoly exactions and tariff robbery. I wish I had time to discuss some of the hidden profits of the textile firms, but I do not suppose I should be permitted to do that until we have the actual report of the commission.

Our public debt charges amount to 26·23 per cent of our expenditures, debt charges due very largely to the war. War pensions amount to 10·22 per cent; national defence 4·36 per

cent. In other words we have a total, on account of the last war or prospective war, of 40·81 per cent of our expendtiures.

Mr. DUNNING: I did not say that.

Mr. WOODSWORTH: No, the minister did not say that, but I am saying it. I think I am correct; I hope I am. In addition to this we have under the estimates for public works, votes for armouries and so on, and grants to provinces for relief. What I should like to point out is that a very large proportion of the amount which we expend in Canada to-day does not go to any service to the public but rather in payment of debts. Our net debt is $3,993,495,000.

I will abruptly conclude, thanking the house for its courtesy in extending my time.

Mr. JOSEPH NEEDHAM (The Battlefords): I am sure, Mr. Speaker, that by now you are thinking that everything that should be said on the budget has been or ought to have been said, and that induces me to be as brief as possible in order to comply with the wish to bring the debate to a close.

In every session there are two items that are of particular interest to the citizens of this dominion. One is the speech from the throne, which gives an outline of the measures that will be presented to parliament, and the other is the budget, which gives us a financial statement showing the success or otherwise of the past year and the estimated revenue of the year upon which we are entering.

Many things have been said both for and against the budget and I shall touch on only a few that have impressed me. Much has been said about the sales tax. I have not the least doubt that thousands of our people were expecting a little relief from this tax, and I would point out to the minister that on this side of the Rocky mountains there is a province that has a sales tax, the manner of enforcing which I wish the dominion would copy. I wish the dominion government would do as that province does in connection with the sales tax. With each purchase that is made the amount of the tax must be registered on the sales slip so that the purchaser knows exactly what he is paying in the form of sales tax. If that were done in connection with the dominion tax, the feeling towards the tax would be far different from what it is at the present time. People would see red quite often. But, hidden as it is in the cost price, the tax is apt to be less impressive.

The minister in the budget speech, at page 1214, deplored the low commercial loans that were being issued. Looking up the Year Book I find that in 1935 commercial loans amounted to $878,748,000; I find also that $915,076,000 was loaned to governments; and I ask this question: What must be the opinion of the people when more money is being loaned to government for government purposes than is loaned for the commerce of the country? That seems to me a very serious situation. The minister's statement to which I referred reads:

> Our banking system currently finds itself with ample reserves for the accommodation of commercial borrowers. While the volume of commercial loans is abnormally low, there have recently been indications of growth, and a moderate increase is expected during the present year. Contrary to the prevailing belief in some quarters, the banks will heartily welcome the opportunity thus provided to invest their funds at somewhat higher rates than have recently been available on gilt edged securities.

I wonder what are gilt-edged securities at the present time. There has been a great change in the last twenty-five or thirty years in that regard. It used to be that a borrower's moral character counted largely when it came to getting a line of credit or a loan at the bank. If he had collateral security, that was considered good; if he had real estate, that was considered gilt-edged. But to-day it is not so. If he has a life insurance policy in good standing, that is what is demanded to-day. But if it is not in good standing it is not accepted.

The minister in his budget speech said:

> Real estate taxes are high, for instance, because relief costs are high; relief costs are high because unemployment is heavy; and unemployment is heavy, to an important extent, because the building industry is inactive.

I want briefly to analyse the home improvement plan, which is offered as a means of stimulating the building industry. There is no doubt that thousands upon thousands of homes need improving and enlarging. But we are also forced to acknowledge that there are thousands and thousands of homes being lost to the owners. If the tax sales in both rural and urban municipalities had been enforced in the last few years it is estimated that in many places over 50 per cent of the homes and property would be in the hands of the municipalities. That is a very serious situation. Thomas Jefferson said:

> If the American people ever allow private banks to control the issue of currency, first by inflation and then by deflation, the banks and corporations which will grow up around them will deprive the people of their property until their children will wake up homeless on the continent their fathers conquered.

That statement is just as applicable to Canada as to the United States. I have

been very much discouraged the last year or two in going about and finding people renting the houses in which they were born, and not renting them from their parents either. So this home improvement plan seems to me to be just another attempt to patch up for a little longer the present system. I do not believe it can succeed, with an interest rate of 6·3 per cent. How can a person who cannot save out of his earnings sufficient to repair and improve his home pay for it with interest added? It does not seem to me to be common sense. Besides, prices are going up. I got two letters this week, one from a lumber merchant who tells me there have been two raises already in the last six months, and one from a hardware merchant telling of the large increase there is at the present time in hardware, which is largely used in the repair of homes. I understand that next week there is to be held in this city a conference of the mayors of the various cities, so no doubt we shall hear something then about the condition of the people in the different communities.

Speaking of municipalities I see from the figures of the bureau of statistics that in 1919 the municipal debt of the dominion totalled $729,000,000. In 1929 it was $1,193,000,000, an increase of $46,000,000 a year. From 1932 to 1934 showed an increase of over $50,000,000 per year, with 1934 showing an increase of $70,000,000 over 1933. Bearing out what I was saying in regard to the condition of the municipalities, the North Battleford paper dated last October states that Canada's municipal debt has increased during the last fourteen years by $484,259,000 or an average of 69 per cent. The Financial Post recently compiled a table of the total of municipal bonds in default, which shows to what extent Canadian cities have been unable to meet their financial obligations. Ontario showed $98,000,000 defaulting, out of a total of $494,000,000; Quebec $15,000,000 actually in default, and more in doubt; Manitoba $12,000,000 in default, out of a total of $92,000,000; Saskatchewan $4,000,000, out of $46,000,000; Alberta $5,000,000, out of $76,000,000 and British Columbia $12,000,000, out of $129,000,000. So it does not seem a very hopeful course to load up the citizens of these municipalities with additional debt.

There is one other very serious feature in connection with this home improvement plan, and that is that it will enslave a lot of our citizens who have so far escaped. I have in mind particularly the wage earner. Heretofore he has not been in a position to borrow because of not having the necessary security, but now a special arrangement is being made whereby he can be brought into circumstances which have caused so many to lose their homes and their holdings.

I turn to the question of debt and interest. The budget last year reported the national debt at $3,008,000,000 and this year the addition is estimated at $87,395,000, which makes a total of $3,095,395,000. The estimated interest charge on this debt for the coming year is $137,405,000. That is a tremendous burden of added debt to pay. Interest is the big millstone around the necks of the Canadian people at the present time. Take the figure of the national debt, and then add up the interest that has been paid on the national debt from the very first, and you will see that the two just about balance. In other words, taking the interest that has been paid since confederation, and adding to it the national debt at that time, it will be found that we have paid just about the same amount in interest up to the present time.

To me that indicates two things which I do not think anyone can dispute. The first is this: Had there been no interest there would have been no national debt, and you can apply the same statement to provincial and municipal debts as well. The other point is that we are going into debt annually by the amount of the interest we owe to financial institutions. If anyone can dispute those two facts I hope they will do so, but the figures are there. So you see where we are going with this added national debt, which means added interest; and the accumulation goes on.

If I had time I should like to show this house that in the final analysis, under our present system, interest cannot be paid. In the seventeenth century the world debt increased by 47 per cent. In the eighteenth century it increased by 466 per cent, and in the nineteenth century by 12,000 per cent. Still it goes on; still we hope to get out of this difficulty under the same system that got this dominion into it. If you attempted to apply that principle to business I do not think you would find anyone who would accept it. Last year the Minister of Labour (Mr. Rogers) stated that in the previous five years the dominion government had paid $200,000,000 for relief purposes. That is a staggering amount, but if you will look up the figures you will see that in the same five years we paid $638,500,000 in interest. That did not impress us so much as paying $200,000,000 for relief.

I think the thing that most impressed me last session was a statement by the hon. member for Vancouver-Burrard (Mr. McGeer),

in which he showed this house that for some reason or other our coin and currency issue at the present time is only 50 per cent of what it would have been if the rate of advancement from 1915 to 1935 had continued in the same ratio that prevailed from confederation up to 1915. That seemed to me a very serious state of affairs. I should like to know what is the power behind the throne that can so regulate our coin and currency issue as to interfere with its normal growth. To me these are very serious matters.

I suppose all the activities of life can be said to be directed to three things, and I have not the least hesitation in saying that it is the concern of the government to recognize those three things. They are production, consumption and distribution. Taking a bird's eye view of the activities of the world, what would we see? We would see people ploughing and sowing and reaping and mowing; people struggling down in mines; people going out to sea, and all the other everyday activities that go on the world over. Then if we could come a little closer we would see the anxiety, the worry and the strain shown by the people, and if we were to ask the reason the only answer would be: That we may live; that we may be enabled to consume. So we acknowledge the right of people to live the best possible life according to the tme in which they live, and it is the duty of every citizen to live the highest possible type of life. It is also our bounden duty and privilege—and we all want to do it—to create conditions under which succeeding generations may have a higher type of life than we had. Look how parents strive and deny themselves the necessities of life in order that their children may have a better chance than they had. So I say one of our principal tasks is to look after the consumption needs of the people.

Some time ago an investigation was made in the United States with regard to money, and I should like to place before the house a table showing the relationship between coin and currency in circulation, per capita, and bank deposits, also per capita:

Year	Coin and currency	Bank deposits
1834	$ 5 24	$ 7 11
1860	9 76	9 85
1880	13 93	44 30
1900	17 10	111 57
1915	18 56	218 48
1930	29 76	485 57

You will notice, Mr. Speaker, how the one has increased in relation to the other. I cannot understand, and I hope the minister will enlighten me as to why the government should hold down the issue of coin and currency in order to force, shall I say, people to bank money which as a rule they can only secure by borrowing. Why that is, I do not know. There is a reason why the banks can withdraw money from circulation and cause deflation or inflation, as the case may be. But we never hear anything about inflation, if it is a bank credit that is issued. On the other hand, when one talks about the government issuing currency, it is called inflation.

May I point out one thing? I said that interest could not be paid. It can be paid if there be put into circulation, without debt attached to it, the amount of interest that has to be paid each year. And so I say that all economic questions should be studied from the standpoint of the consumer, for the consumer's interests are those of the human race, and in the long run the consumer will be master.

So there is nothing wrong with consumption. Production should be divided into three parts —machines, equipment or plant, and production by hand. Then you have labour with which to operate, supervise and maintain that plant, and you have raw material to use in your production. In the system of production there have been great changes in the last fifty years. In early history there was no doubt what production was for, because it was consumed almost as soon as it was produced. Conditions to-day, however, are different. The idea now is that production is for money, and production and consumption have become divided. The labour end of production is playing a lesser and lesser part as time goes on, because to a great extent the machine is taking the place of the worker. Something will have to be done whereby the machine which takes the work from the worker, and produces the wealth the worker would otherwise produce, must provide for the worker who has been deprived of the opportunity of producing that wealth.

There is a somewhat different problem in connection with raw material, and in some countries the problem is serious. In Canada we are most fortunate in having an abundance of raw materials, and for the benefit of succeeding generations we should be careful how the raw material is distributed. So I say, Mr. Speaker, there is nothing wrong with production, and there is nothing wrong with consumption.

But when we come to distribution, we find the greatest problem. This was emphasized again and again during the debate. Here is where we come up against what connects consumption with production, the final link between them. The purpose of all production is consumption; there is no doubt about that.

If production and services were purchasing power, there would be no poverty in Canada; but it is the lack of this purchasing power which is the reason for many factories standing idle, and for goods being piled up, and people on relief. As I said a little while ago, this purchasing power can be withdrawn, and to a great extent between 1930 and 1934 it was withdrawn.

We listened this afternoon to an address by the hon. member for Yukon (Mrs. Black) in which she pointed to the tremendous wealth which the Yukon has produced, and the expenditures which had been incurred in that territory. But when she referred to the condition of the people there we had cause to wonder where that wealth had gone. And the same with province after province; what are we going to do about it?

I find that in 1934 Tasmania appointed a committee of their legislature to inquire into and report on subjects which I shall set out in a moment or two. These are matters we should consider. We ought to be familiar with what steps are being taken in other places to solve this serious problem. If we took the time to find out what others are trying to do, and followed the success or otherwise with which they had met, we would have a guide. The committee were to report on the following:

(1) Whether the people are being prevented by any removable banking or financial circumstances, factor, law or condition from possessing, consuming or utilizing and enjoying the increase of wealth, or the actual increase of production over the last thirty years. And if so, the cause, and what steps should be taken to remedy it.

(2) All matters and things pertaining and incident thereto.

The committee held meetings, examined witnesses and found that there had been great increases in actual production. They found that this increase had come with machines and fewer workers; that displaced workers were left without incomes, and that those working had lower purchasing power than in 1907; that small retailers and firms were driven out of business, and were taken over by monopolies closely identified with banks and financial institutions.

The committee's findings are as follows:

That the people are being prevented from possessing, consuming, utilizing and enjoying the increase of wealth or the increase of production over the last thirty years; that the cause of this shortage of purchasing power in the hands of the people can be effectively remedied only by,—

1. Restoring to the sovereign community of effective control over money in all its forces;

2. To establishment by parliament of machinery which would secure regular equation between the community's production and the community's purchasing power.

That is one problem upon which we need to concentrate. We must find the equation between production and consumption. The report of the committee continues:

The opinion of the committee is that the government should control all forms of money and equality of production and purchasing power. This should be attained and maintained right through.

That is what was promised during the last election campaign in Canada. I am going to make an appeal to the Minister of Finance, because I can remember when thirty years ago west, east, and north from the homestead at Willowbrook he electrified the whole countryside with his ideas on conditions as they then existed, and his predictions of what would come if those conditions and that system continued. He stated then that it was the duty of the federal government never to allow a shortage of legal tender money to exist; that if such a policy was permitted, debts would accumulate that never could be paid, and interest would eat up the new wealth faster than it could be created; that we would be poorer in the next twenty-five years than we were at that time. He has the chance now to make good his contention of years ago. I want to assure him that I am behind him to the utmost of my ability in every move he may make for the welfare of the citizens of this country.

Mr. G. T. PURDY (Colchester-Hants): Mr. Speaker, twice have I listened to the hon. Minister of Finance (Mr. Dunning) deliver his budget speech, and twice have I gone away filled with pride and thankfulness that in 1935 the Hon. Mr. Dunning was prevailed upon to reenter public life. We of the maritimes are proud that he chose a maritime riding for his seat. Again history repeats itself—a wise man comes from the east.

I voted against the amendment of the right hon. leader of the opposition (Mr. Bennett) not solely because I was true to my leader and to my party, but because I felt that it ill became the party of which the right hon. gentleman is the leader to try at this early date to embarrass this government regarding a problem which the last administration tried to solve for five years, only to leave it in far worse shape than they found it, and particularly when it has been clearly demonstrated that the present government is making substantial headway in its endeavours.

If a further amendment had been introduced against the government's wheat policy, I would have opposed it because I feel that in this matter the government is acting in the best interests of the taxpayers of Canada. When friends to my left try to make political capital out of this matter in their particular sections of the country they show little appreciation of what Canada has done and is doing for the west. It seems to me that this move is in bad taste, and my suggestion is that their short-sighted policy will have repercussions even in their own districts.

The other night the hon. member for Royal (Mr. Brooks) took occasion to refer to the Canada-United States trade agreement. He gave certain figures in connection with exports from the maritime provinces, and his conclusion seemed to be that the agreement had been of no use to the people of the maritimes. I have before me a table showing the exports of twenty-four of the principal items dealt with in the agreement for the years 1935 and 1936. I find that the value of the total exports of these twenty-four items in 1935 was $1,933,429. In 1936 the exports had increased to $3,796,885, or almost double. Yet the hon. member dares to say that an increase in trade of that proportion is of no benefit to the maritime provinces. Apparently he looked up what he had said a year ago and realized that he would have to show that he was right at that time, when he said that such a trade agreement would be of no benefit to us. I place the figures on Hansard and he can read for himself.

The hon. member claimed that the increase which has taken place in the exports of lumber to Great Britain from the maritime provinces since 1933 was due to the Ottawa agreements. I should like to place on Hansard certain figures I obtained from the Bank of Canada showing the average price in Montreal of the pound sterling for the years 1932 to 1936 inclusive. These are as follows:

1932	$3·9801
1933	4·6073
1934	4·9891
1935	4·9267
1936	4·9745

If the hon. member will note the increase in the average price of the pound sterling, he will see that the largest increase occurred at the same time as the increase in our exports of lumber. The increase in the price of the pound sterling between 1932 and 1933 was equivalent to from $4 to $5 per thousand feet of lumber. While our lumber operators could not operate at a price of $15 per thousand feet alongside the ship, they could operate at a price of $19 or $20. The increase in the price of the pound sterling was the reason for the increase in the exports of lumber from the maritime provinces. If my hon. friend can show me that the Ottawa agreements were responsible for the rise in the value of the pound sterling, or if he can show me that those agreements were responsible for the increased demand in Great Britain for our lumber, which has become quite marked during the last few years, I will agree with him that those agreements are all he said they were. Otherwise, I shall have to disagree.

I had intended to ask hon. members to bear with me while I attempted to change the trend of the discussion from the drought areas of the west to what I would term the forgotten areas of the east. However, as my time is limited I shall have to consign that part of my remarks to that place where so many good speeches have been consigned. While a large number of our population are engaged in fishing, lumbering and manufacturing, yet we have a large acreage of good farming land and with the same density of population as Sweden, a country very similar in climatic conditions and products, we could maintain on our land a population of approximately 1,000,000. To-day our farming population is somewhere around 230,000. I contend that in Nova Scotia we should have a forward policy to encourage the growing of more of our grains at home. In passing, I should like to quote a statement published by the experimental farm at Nappan, as follows:

> By utilizing home-grown feeds to a large extent, as outlined above, the cash outlay in rearing dairy heifers is kept at a minimum and the intelligent feeder can develop them properly to producing age at a minimum of expense.

I shall not deal further with agricultural problems this evening, but will confine myself to putting on Hansard certain facts and figures about our position. I should like to show what we have contributed to confederation and what we are doing to maintain our place in the dominion.

At the time of confederation our per capita national wealth was reported to be the highest of any of the four provinces which entered confederation. However, for the purposes of our argument I will say that it was equal. Yet in 1932, while the average per capita wealth of Canada was $2,413, that of Nova Scotia stood at $1,514, the lowest of any of the provinces. In spite of that fact, however, let me put on record the cost of unemployment relief of the Dominion of Canada as a whole, and to Nova Scotia, for the years 1930-1936 inclusive. In 1930-31 the

total cost to the dominion was $4,431,655. I do not think it worth while to go all down the line, except to mention that the total expenditure for the six years was $255,422,528, or $24.62 per capita. I should like hon. members to bear in mind that per capita figure.

I now come to the figures for Nova Scotia. In the six years referred to, the total payments to Nova Scotia for direct unemployment relief were $5,566,208, or $10·854 per capita. In other words, had we in Nova Scotia received the average aid, the average per capita amount paid in the dominion, we should have received an additional $7,650,240, or more than double the amount of the coal subvention we received in that time, and to which such strong objection was taken in this chamber a few days ago by some of the western members.

Coming to the estimated expenditures for 1936-37, the total relief expenditures by the dominion for that year were $80,429,000; the estimated share of Nova Scotia is $1,160,473. In other words, with approximately one-twentieth of the population, we will receive one-seventieth of the direct relief. Putting this in another way: had we received the same percentage as Canada as a whole we should have had the additional sum of $2,840,000.

In connection with our low relief costs, there are some facts and figures which I should like to put before the house to show that things are not going along quite so easily with us as some may assume. First, however, let me refer to the evidence given on the transport bill before the standing committee of the Senate. According to the record, in 1934 Nova Scotia collected 29 per cent of its provincial revenue from automobiles and automobile taxes; Alberta collected 24 per cent, Manitoba 19·6 per cent, Saskatchewan 22 per cent. Had those three provinces collected from automobiles the same percentage of their revenues as we in Nova Scotia, Alberta would have had an additional revenue of $750,000; Manitoba, $1,300,000; Saskatchewan, $980,000. If our revenues had been collected on the same basis as those of the prairie provinces, I wonder whether we should have to-day been able to present a balanced budget.

May I point out further that an important element in keeping down our relief costs in Nova Scotia is that in 1934 the provincial government entered into an extensive program of hard-surfacing roads, extending over four years, and involving an expenditure of well over $15,000,000. It can easily be seen that if we had not undertaken such a heavy expenditure, our relief costs would have been much greater than they are. A further feature which I think is not generally known to hon. members is that a great many of our towns and municipalities do not participate with either the provincial or the dominion government in direct relief. For instance Truro, the town from which I have the honour to come is this year taxing the ratepayers direct $25,000 for relief. Neither the provincial government nor the federal government is asked to share in any way in this burden.

There are some other figures relative to our province which I will put on the record. In 1935 the average outstanding taxes as compared with total taxes in the municipalities of Canada was 52·30 per cent; the percentage in Nova Scotia was 54·9 per cent. Yet in our province not a single municipality is in default, whereas the average of municipal indebtedness throughout Canada is 9·9 or almost 10 per cent.

For the few moments that are left to me I will revert to the matter of our population at the time of confederation. From 1871 to 1881 our population showed a healthy increase, and by the end of 1931 we had reached a figure of 512,846, whereas in 1891 our population was 450,396. In arriving at the figures I propose to put before the house, I take the average increase in our population between 1871 and 1881. Had that ratio of increase continued, to-day we should have a population of 847,000. That may seem a large figure, but it is approximately the same increase that has taken place in Ontario and Quebec. At the time of confederation we were given to understand that we would have equal chances of development with those provinces, which, I assume, would have resulted in a corresponding increase in our population.

A few minutes ago I mentioned that our loss in per capita wealth from the time of confederation to 1933 was $900 per capita. Taking the figure 512,000, our present population, and multiplying it by $900 gives the sum of $460,800,000. Take the 335,000 of our population which we contend we should have had if reasonable chances of development had been afforded us, and multiply that by $2,400, the per capita wealth of Canada, and we get the sum of $804,000,000. Add together these two sums, and we have a total of $1,264,800,000 that Nova Scotia has contributed to the rest of Canada or that she has suffered in loss of the national wealth because of her place in confederation. I submit these figures merely to show that when we of Nova Scotia come to this house for some assistance we do so not without reason.

Those of us from the maritimes take off our hats to our friends from the west, but we will not lay them down for fear they will go the way of our shirts. We have a few traders left in the maritimes and we may need the hats—in our hands at least—when we commence to negotiate. If, however, our western friends are really in need of them, they may be sure they will get part at least.

There is one thing which we from the maritimes are very thankful to the west for, and that is that they have demonstrated that when the will exists the constitutional barrier between province and dominion is not insuperable. I would ask hon. members to study what took place in the maritime proinces from 1881 onwards, and see how our population was driven from our shores by policies over which we had no control. Our trouble was not lack of production, but lack of markets. I venture to say that if a small percentage of the assistance now being given to the west had been given to the maritime provinces in their time of greatest need, then instead of twelve Liberal members sitting in this house from Nova Scotia we would have twenty-four to-day, and instead of twenty-five Liberal members from the maritime provinces we would have fifty-two.

Motion (Mr. Dunning) agreed to, on division.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

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

Progress reported.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.25 p.m.

Monday, March 15, 1937

The house met at three o'clock.

GOVERNOR GENERAL'S SPEECH

ACKNOWLEDGMENT OF ADDRESS IN REPLY

Mr. SPEAKER: I have the honour to inform the house that I have received a message from His Excellency the Governor General, signed by his own hand, reading as follows:

I have received with great pleasure the address that you have voted in reply to my speech at the opening of parliament, and thank you for it sincerely.

Tweedsmuir.

Government House,
Ottawa,
9th March, 1937.

VETERANS' ASSISTANCE COMMISSION

Hon. C. G. POWER (Minister of Pensions and National Health): I desire to lay on the table of the house interim report of the Veterans' Assistance Commission, with correspondence relating thereto and supplementary recommendations, together with a list of members and secretaries of the honorary local committees. Five copies of this report have been tabled, and I have also arranged that copies shall be distributed to all hon. members of this house who were members of the pensions and soldiers problems committee of last year.

CANADIAN NATIONAL RAILWAYS

TABLING OF REPORTS, RAILWAYS, STEAMSHIPS AND AUDITORS—REFERENCE TO STANDING COMMITTEE

Hon. C. D. HOWE (Minister of Transport): I desire to lay on the table the annual report of the Canadian National Railways for the year ended December 31, 1936; the annual report of the Canadian Government Merchant Marine Limited and the Canadian National West Indies Steamships Limited for the year ended December 31, 1936; the report to parliament of George A. Touche and Company, auditors of the accounts of the Canadian National railway system, for the year ended December 31, 1936. These accounts are tabled in both languages. The annual reports of the railways and the steamships are being distributed this afternoon through the post office to each hon. member. These reports, together with the railway estimates and the auditors' report, will be referred to the standing committee on railways and shipping; and, Mr. Speaker, if I may obtain the unanimous consent of the house, I will move, seconded by Mr. Crerar:

That the resolution passed by this house on the 18th January, 1937, referring the following estimates to the committee of supply, be rescinded, and that the said estimates be now referred to the select standing committee on railways and shipping:

Vote 96 M.F.R.A.—Canadian National Railways, eastern lines, 20 per cent reduction in tolls, $1,800,000.

Vote 97 M.F.R.A.—Railways other than C.N.R., 20 per cent reduction in tolls, $700,000.

Vote 293—Canadian National (W.I.), S.S. capital, $48,500.

Vote 361—Canadian National Railway, deficit 1937, $35,000,000.

Vote 362—Canadian National W.I., S.S. working capital, $500,000.

Right Hon. R. B. BENNETT (Leader of the Opposition): I think it will be found desirable, if not necessary, that the items should continue in the supply bill; otherwise it will

be essential that a separate bill be provided dealing with these matters, and they would not then be in the supply bill itself. The Prime Minister (Mr. Mackenzie King) has indicated that it was his wish that appropriations should all appear in a supply bill if possible, and I think the resolution would be better if in terms it indicated that these items were to be referred to the standing committee and reported to the house without taking them from the supply items at all. The Minister of Finance (Mr. Dunning has placed these items in his estimates and, being in the estimates, they will therefore form part of the supply bill. I quite agree with the minister that it is desirable to refer them to the committee and I thought possibly he would make the motion broad enough to refer to that committee as well the report that he has just tabled, so that the one resolution would cover it all. If he would reconsider the resolution he might frame it in somewhat different terms. Possibly it would suit his purpose to let it stand and refer back to this order of business later in the day, making his resolution comprehensive enough to include the report in the reference to the committee and to ensure that the items would still remain in the estimates for consideration with a view to the framing of a supply bill when the time came. That, I gathered, was the policy laid down by the Prime Minister with respect to matters of the kind. The Minister of Finance will be able to correct me if I am wrong.

Mr. HOWE: The clerk of the house advises me that these estimates cannot be before two committees at the same time but that the report goes to the railways and shipping committee and is then referred back to the committee of supply. However, I should be glad to allow it to stand.

Mr. BENNETT: Oh, no—if that is understood.

Motion agreed to.

TREMBLAY DIVORCE BILL

Mr. S. W. JACOBS (Cartier) moved:

That the petition of Maurice Tremblay, presented on the 4th instant, praying for a bill of divorce from Jeanne Réné de Sales La Terrière Tremblay, together with the report of the clerk of petitions thereon, be referred to the standing committee on standing orders for the purpose of considering the suspension of standing orders 92 and 93 (3) (a) and (b).

Mr. BENNETT: Explain.

Mr. JACOBS: I understand that there has been some irregularity with regard to the delays in connection with this bill, and in order to correct it I am moving that the petition be sent to the standing orders committee for the purpose of having their decision thereon. It will be reported back to the house.

Mr. LAPOINTE (Quebec East): Has this bill gone through the senate, where all these bills originate?

Mr. JACOBS: Yes.

Mr. POULIOT: It must be on account of certain irregularities that the divorce is asked for.

Motion agreed to.

PRIVILEGE—MR. JACOBS

DIVISION ON INDUSTRIAL LOAN AND FINANCE CORPORATION BILL

Mr. S. W. JACOBS (Cartier): I rise to a question of privilege. In the votes and proceedings of Friday, March 12, I note that a vote was taken on Bill No. 59, with reference to the Industrial Loan and Finance Corporation, and I am declared to have been present and to have voted on this bill. I may say I was not here during the whole of last week, having been confined to my house through illness, and I am a little surprised to find that some person in my stead voted for me. I wish to say that the voice was not the voice of Jacob although the hands were the hands of Esau.

LORD'S DAY ACT

Mr. H. E. BRUNELLE (Champlain) moved for leave to introduce Bill No. 63, to amend the Lord's Day Act.

Some hon. MEMBERS: Explain.

Mr. BRUNELLE: The proposed amendment has reference only to section 14 of the act dealing with penalties. The purpose is to make corporations which violate the law in question liable to penalties more severe than those now in force.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PROSECUTION OF UNEMPLOYED VAGRANTS

Mr. ROWE (Athabaska):

Are criminal prosecutions taking place on the charge of vagrancy as the result of unemployment?

Mr. LAPOINTE (Quebec East): No information. Enforcement of the criminal law rests with the provincial authorities.

CENTRAL PLACE OF EXECUTION—QUEBEC

Mr. GARIEPY:

Is it the intention of the government to refer to the committee considering the execution of the death penalty the advisability of having in the province of Quebec a central place of execution?

Mr. LAPOINTE (Quebec East): The government has no power to refer anything to the committee. The bill before the house does not deal with the place of execution.

CANADIAN BROADCASTING CORPORATION

Mr. CHURCH:

What are the names, occupations, addresses, salaries, living and travelling expenses of the present federal radio commission?

Mr. CHURCH:

1. What are the names of the staff of radio station CRCT, in Toronto, and the length of service, rank, remuneration of each, and what were their respective living and transportation expenses during the past year?
2. How many musicians and other officials are drawing federal pensions as well as salaries, and who are they?
3. Who are the announcers at this station, and are they related to any musicians or others employed there? If so, what is the relation?
4. How many of the musicians are: (a) union men; (b) non-union?
5. What are the names of the announcers and musicians, and of the choir leader and quartette?
6. How long has Mr. Lucas been employed; and are any members of his family also employed?
7. Have any other officials relatives employed?
8. Do the choir leader, quartette, and the minister draw government pensions?
9. Are any members of the family of Mr. Waddington, known on the radio as Frank Gladstone, employed? If so, what are the names?

Mr. HOWE: These two questions refer to matters of internal management in connection with the Canadian Broadcasting Corporation, having to do with salaries of major and minor employees. It has always been the practice in the house to decline to bring down details of this kind in connection with the Canadian National Railways, and I think that a similar policy should be adopted with respect to the Canadian Broadcasting Corporation. I realize that these questions can be presented to a special committee in the case of the Canadian National Railways, and in my opinion the government must consider whether a special committee of the house should not review the position of the Canadian Broadcasting Corporation. That can be taken up another year.

Mr. BENNETT: From the date of the establishment of the radio commission until last year this house insisted upon having presented to it every detail with reference to the persons who occupied positions in that commission—what salaries they received and the dates of their appointment, and many other questions as well. I regard it as wholly erroneous and at variance with the general principle that governs the Canadian National matter to say that that rule should apply in this connection. The house has a right to all the information it is possible to receive with respect to the radio commission, which stands on a basis entirely different from that of the Canadian National Railways. I protest against this question not being answered; I protest against the attitude taken by the government in connection with it. It is at variance with their own established policy during five years. One recalls by looking at Hansard the attacks that were made upon the commission and the salaries paid, and to say that this house should not have that information now is to say that when in opposition we can insist on receiving information which under different circumstances we decline to give to the house. I think that on reconsideration the minister will conclude that the house has a right to the information. If he lets the question stand it would perhaps serve the immediate purpose.

Mr. LAPOINTE (Quebec East): I ask that these two questions be allowed to stand.

Questions stand.

RAILWAY GRADE CROSSINGS

Mr. LANDERYOU:

1. How many railroad crossings are there in Canada protected by: (a) gates; (b) automatic bell; (c) automatic bell and wigwag; (d) watchman; (e) flashing lights; (f) any other form of automatic protection?
2. What was the total number of accidents on railroad crossings in Canada, in 1936?
3. How many people were killed, and how many were injured on the above-mentioned crossings in 1936?
4. How many people were killed or injured on unprotected crossings in Canada during the year 1936?

Mr. HOWE:

1. (a) Gates, 204; (b) automatic bell, 159; (c) automatic bell and wigwag, 717; (d) watchman, 90; (e) flashing lights, 10; (f) flashlight and bell, 17; bell and illuminated sign, 4; wigwag and watchman, 4.

2. Total number of acidents, 1936, 243.

3. At protected crossings; persons killed, 15; persons, injured, 45.

4. At unprotected crossings: persons killed, 98; persons injured, 322. Total at all crossings: persons killed, 113; persons injured, 367.

BANK OF CANADA—SHAREHOLDERS

Mr. TAYLOR (Nanaimo):

1. What was the total number of shareholders of the Bank of Canada at the date of its last annual report?

2. How many transfers of shares were effected during the year under review in the said last annual report of the Bank of Canada?

3. What was the largest individual holding of class A shares of the Bank of Canada at the date of its last annual report?

Mr. DUNNING:

1. Class A shares, 10,423; class B shares, 1.

2. Information regarding transfers not in the the possession of the government. According to returns tabled in the House of Commons on February 12, 1936, and February 4, 1937, the number of class A shareholders was as follows: December 31, 1935, 11,021; December 31, 1936, 10,423.

3. 50 shares—maximum permitted by the Bank of Canada Act.

*IMPERIAL CONFERENCE—AGENDA

Mr. CHURCH:

1. Will migration within the empire be on the agenda for the coming imperial conference in way for discussion and settlement in view of improved empire economic conditions?

2. If not, will Canada's delegates bring it up for discussion?

3. What steps will be taken there by Canada to promote British-born immigration to the dominions?

Mr. LAPOINTE (Quebec East): The hon. member will find an answer to his question in the Votes and Proceedings of Friday, March 12, where the agenda of the conference appears.

Mr. SPEAKER: Answered.

ALBERNI-PACIFIC LUMBER CO.—RIGHT OF WAY THROUGH INDIAN RESERVE

Mr. MacNEIL:

Has the Alberni-Pacific Lumber Company secured or arranged to secure right-of-way through the Indian reserve situated on the Alberni canal immediately south of the municipality of Port Alberni, British Columbia?

Mr. CRERAR: No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

BANK OF CANADA

Mr. TUCKER:

1. What constitutes the "other assets" of the Bank of Canada valued at $5,417,407.96 as set out in the statement of assets and liabilities of the bank filed this session as sessional paper No. 84?

2. What individual items make up the amount of $350,718.63 given as the value of "bank premises" in said statement?

3. What items make up the item "other liabilities" $1,273,197.48 in said statement?

4. What were the total gross receipts of the said bank since it commenced business, and what expenditures have been made from said gross receipts which reduced the said gross profits to the net profits shown in the two annual balance sheets filed to date?

5. What are the details constituting said totals of gross receipts and expenditures?

Mr. TUCKER:

1. Was any amount of money paid to the Bank of Canada by the government during the years 1935 and 1936 on account of: (a) interest on short term securities issued by the government; (b) interest on bonds issued by the government; (c) interest on the loan of money by the bank to the dominion; (d) any other item or items?

2. If moneys were paid in respect of the item or items mentioned in question No. 1, what was the amount paid in each of the said years and in respect of each of the said items (a), (b), (c) and (d) as set out in the above question No. 1?

3. Was any amount of money paid to the chartered banks of Canada during the years 1935 and 1936 by the government on account of: (a) interest on short term securities issued by the government; (b) interest on bonds issued by the government; (c) interest on the loan of money by the banks to the government; (d) any other item or items?

4. If any money were paid in respect of the item or items mentioned in the above question No. 3, what were the names of the chartered banks receiving payment, and what amount was received in each of the said years of 1935 and 1936 by each of the chartered banks in respect of the items (a), (b), (c) and (d) as set out in question No. 3?

5. Did the chartered banks of Canada or any of them during the years 1929 to 1936 hold securities issued by the government?

6. If the said chartered banks or any of them did during the years 1929 to 1936 hold securities issued by the government, what were the names of such banks, and what amount of securities issued by the government did each such bank hold in each of the said years of 1929 to 1936 showing the amount of: (a) short term securities; (b) bonds; (c) other securities so held?

Mr. DUNNING: With regard to these two questions, in asking to have them made orders for returns I point out that some of the information therein requested is not in the possession of the government. As much information as possible will be brought down.

Mr. BENNETT: The hon. member for Rosthern (Mr. Tucker) has asked a question on which for some time I have had it in mind to seek information. But I realize that there may be some difficulty as to whether we should ask the Bank of Canada to dis-

close to the house its internal operations, if they are subject to competition from the chartered banks. I do not know to what extent that may be so in this particular matter. But I saw that item get into its present form of "other assets" and I have a shrewd suspicion what it is, and I therefore think this house is entitled to receive the information.

Mr. DUNNING: Do you think it is?

Mr. BENNETT: I certainly do, because we provided for a fund to be utilized in a certain way, but an order in council was never passed to enable that fund to function. I am not strictly in order, Mr. Speaker, but I desire only to make this statement: the minister will recall that in 1935 we passed an act by which the bank was permitted to revalue gold, and the difference between the statutory value at that time and the market value was to be used for an exchange stabilization fund.

Mr. DUNNING: I may tell my right hon. friend at once that any difficulty I had in mind does not relate to that item.

Mr. BENNETT: Well I am glad to hear that. We provided by order in council that the fund thus created might be utilized for exchange stabilization purposes. I asked whether any order in council had been passed and the reply was in the negative; therefore this item does not refer to that. But as I say, I have a shrewd idea to what it does refer, and this house probably is entitled to receive the information. I say "probably"—I would modify that view if it were made apparent to me that in any way the effect of giving the information to the house would be inimical to the efficient operation of the bank.

Mr. DUNNING: That is the whole point.

Mr. BENNETT: If the minister on his honour as a minister is of the opinion that it is inimical to the interests of the bank to give it, I think the bank's position would be one in respect of which the information would not be furnished to the government for that purpose.

Mr. DUNNING: There is no doubt at all that with respect to the possibility of interfering with the internal management of the bank at this time the governor of the bank must be the judge whether to answer the question would hamper the operations of the bank. That is the view that the government take with respect to questions regarding the bank. Subject to that qualification the information will be brought down as asked for.

Mr. BENNETT: If I may be pardoned, it seems to me the minister's position—

Mr. LAPOINTE (Quebec East): The whole thing is out of order.

Mr. BENNETT: Just one word I think might be said without being out of order, on a matter touching the privileges of this house—the question whether the minister should not say he or the government is advised by the governor of the bank that it is not in the public interest that the information should be given.

Mr. DUNNING: That is the position.

Mr. BENNETT: Well, I think that settles it.

Mr. SPEAKER: Order for return.

DEPARTMENT OF THE INTERIOR—LAY-OFF LIST

Mr. MULOCK:

1. How many permanent appointments from the lay-off list of the Interior department, not including transfers, were made by the Civil Service Commission in each year from January 1, 1932, to January 1, 1937?
2. How many returned men under 40 years of age on the lay-off list of the Interior department, have not been re-assigned to any position; what are their names, age, number of dependents and date of superannuation in each case?
3. How many employees on the lay-off list of the Interior department have died in each year from January 1, 1932, to January 1, 1937?

SWEDISH LANDRACE PIGS

Mr. BLACKMORE:

1. When were Swedish Landrace pigs first brought into Canada?
2. How many were brought in?
3. How many are now in Canada?
4. At how many agricultural stations in Canada are there at present Swedish Landrace pigs?
5. What is the name of each station, and the number and sex of pigs at each?
6. Do these pigs mature earlier than Yorkshire pigs?
7. If so, how much earlier?
8. Can farmers get these pigs from the stations at present?
9. If not, how can they be obtained?

GERMAN REPARATIONS PAYMENTS

Mr. HALL:

1. What was the amount of money paid by Germany to Canada by way of reparation?
2. What amount was turned over to the consolidated revenue fund?
3. What amount has been distributed?

4. How many claims were paid?
5. How many applied for reparation?
6. Do the claims of the ex-prisoners of war come out of this same fund?
7. How many ex-prisoners of war sent in claims?
8. How many of these claims were accepted?
9. How many of these claims were rejected?
10. What was the basis of payment on these claims?

DREDGING AND DRAINAGE WORKS

Mr. FERLAND:

1. Has the federal government carried out drainage works on cultivated lands, or dredging works in non-navigable or non-floatable waters, during the years 1934, 1935 and 1936: (a) in the province of Quebec; (b) in other provinces; (c) alone; (d) in cooperation with provincial governments?
2. If so, for what amounts in each case?

DEPARTMENT OF TRANSPORT—ST. LAWRENCE RIVER—MARINE EMPLOYEES

Mr. GARIEPY:

What were the names, occupations and domiciles of the persons engaged by the Department of Transport for governmental marine work on the St. Lawrence river during the months of January, February, March, and April, 1936, respectively?

MOTIONS FOR PAPERS

HARBOURVILLE, N.S., WHARF

Mr. BROOKS:

For a copy of all payrolls showing money expended, and to whom it was paid, on certain repairs made by the Department of Public Works to the government wharf at Harbourville, Kings county, Nova Scotia, during the year 1936.

HALLS HARBOUR, N.S., WHARF

Mr. BROOKS:

For a copy of all payrolls showing money expended, and to whom it was paid, on certain repairs made by the Department of Public Works to the government wharf at Halls Harbour, Nova Scotia, during the year 1936.

SASKATCHEWAN CENSUS ENUMERATOR

Mr. ELLIOTT (Kindersley):

For a copy of all correspondence, letters, telegrams and other documents dated from January 1, 1936, relating to the appointment of Thomas Annett of Fairmount, Saskatchewan, as enumerator.

NATIONAL DEFENCE DEPARTMENT—CIVIL AVIATION SENIOR MAP DRAFTSMAN

Mr. MULOCK:

For a copy of all correspondence exchanged between the department and the Civil Service Commission in connection with the temporary appointment on August 25, 1936, and the permanent appointment on November 2, 1936, of the senior map draftsman in the Civil Aviation branch of the National Defence department.

BLACK ROCK, N.S., WHARF

Mr. BROOKS:

For a copy of all payrolls showing money expended, and to whom it was paid, on certain repairs made by the Department of Public Works to the government wharf at Black Rock, Kings county, Nova Scotia, during the year 1936.

CANADA CREEK, N.S., WHARF

Mr. BROOKS:

For a copy of all payrolls showing money expended, and to whom it was paid, on certain repairs made by the Department of Public Works to the government wharf at Canada Creek, Kings county, Nova Scotia, during the year 1936.

WHITE SETTLEMENT, N.B., POSTMASTER

Mr. BROOKS:

For a copy of all reports, telegrams and correspondence exchanged between the Post Office Department, the Postmaster General, the district superintendent of postal service at Saint John, New Brunswick, and others, recommending the dismissal of the former postmaster and the appointment of the present incumbent at White Settlement, Kent county, New Brunswick.

EXCISE OFFICERS' EXAMINATIONS—MONTREAL

Mr. BEAUBIEN (for Mr. Deslauriers):

For a copy of the examination papers of the under-mentioned candidates who participated in the civil service examinations for excise officers, grades 1 and 2, held in Montreal, June 10, 11 and 12, 1936: grade 1, Bélanger, Jean Paul; Duval, J. A. O.; Faucher, Philippe; Désève, Joseph Charles; Lagacé, J. L. S.; Lacas, Joseph Jean; Déchène, Gaston E. Grade 2, Tessier, J. A. W.; Denis, M. J. A. L.; Duquette, Emilien; Leblanc, Damien; Roy, J. Francois. Also a copy of all correspondence. letters, telegrams, reports and other documents pertaining thereto, in the possession of the civil service commission, the Department of National Revenue at Ottawa and at Montreal.

Mr. RINFRET: I have been in communication with the civil service commission, and I am told that at no time has the commission submitted to the house the answer papers of candidates in an examination. It is believed that it would not be in the public interest to furnish this material in a form in which it would become a public document, as would be the case in some measure in response to an order of the house. It is further pointed out that these papers may be shown privately to an hon. member on his request, but that it would be highly improper and undesirable that they be made public in the way of a return. Therefore I will ask that this order be dropped.

Mr. SPEAKER: Dropped.

UNEMPLOYMENT

PROVISION FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

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

That it is expedient to bring in a measure to provide for the alleviation of unemployment and agricultural distress and for such payments appropriated by parliament as may be necessary for all or any of the purposes of the proposed legislation.

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

Motion agreed to.

SOCKEYE SALMON FISHERIES

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): Will the leader of the opposition be kind enough, in order that we may adequately consider the Fraser river treaty, to lay on the table the correspondence in connection with the proposed modification, particularly in relation to the reservations that have been suggested?

Mr. DUNNING: The leader of the opposition?

Mr. NEILL: The leader of the government.

Mr. LAPOINTE (Quebec East): My hon. friend is looking to the past.

Mr. BENNETT: No, he is looking forward.

Hon. ERNEST LAPOINTE (Minister of Justice): Anything that is not contained in the document itself certainly will be tabled as my hon. friend suggests.

BRITISH IMMIGRATION

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): May I direct a question to the Minister of Mines and Resources (Mr. Crerar). In a widely circulated memorandum it is stated that the question of the resumption of British immigration on a considerable scale is now under examination by his department. I should like to ask the minister whether he will give the assurance that no new immigration policy will be adopted without the matter being presented to parliament.

Hon. T. A. CRERAR (Minister of Mines and Resources): I understand that the memorandum to which my hon. friend refers was submitted to the officers of the department for such study as they might care to give it. With regard to the latter part of the question, I think my hon. friend may rest assured that he will have notice sufficiently in advance to enable him to say anything he wants to say on the question either within or without the house.

Mr. WOODSWORTH: I think I asked a perfectly reasonable question, and I believe the minister should state whether the government propose to go ahead with this immigration policy without consulting parliament. I think I have a right to ask that question. It does not merit merely a facetious reply.

Mr. CRERAR: I certainly do not wish to be facetious with my hon. friend, but I think the reply covers the question sufficiently.

Mr. WOODSWORTH: I do not so understand it, Mr. Speaker.

Mr. LAPOINTE (Quebec East): The question is improper, in any case.

WAYS AND MEANS

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

CANADA-UNITED KINGDOM TRADE AGREEMENT

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Chairman, I had thought, subject to the desire of the committee, that the most convenient way to proceed would be to take up the text of the trade agreement clause by clause, and that when we reached an article relating to a schedule, it would be an appropriate time to consider that schedule. Every member has been supplied with a copy of the trade agreement and with another document containing statistical information in relation to the volume of trade in connection with each item which will be under discussion by the committee. I think, then, we should start with the trade agreement itself and consider it section by section.

Mr. BENNETT: My own view, Mr. Chairman, having regard to some of the provisions of the agreement, was that possibly we would be further advanced if we considered the schedules first, particularly the schedule that has to do with rates of preference. I say that, for instance, because of the vague and uncertain terms of the paragraph that deals with dumping. I can conceive of nothing more difficult to appreciate and understand than the clause in this agreement dealing with dumping. It is an invitation to dump in Canada and then, if that invitation is accepted, Canada may do certain things. In the light

of the schedules we may be better able to appreciate and understand exactly what is at issue, and I had thought possibly it would be preferable to go through the schedules first and then have our discussion on the text of the agreement. I have no very fixed preference in the matter, however. It may delay the measure a little to follow the minister's suggestion; perhaps we would have a better understanding as we went along, if we took the items as they appear.

Mr. DUNNING: I want to meet the convenience of the committee, and particularly the opposition, in every possible way. I had thought the method I proposed would be perhaps simpler, in that it would relate all the clauses of the agreement to the schedules to which they referred, as we reached them, and possibly help us avoid being at cross purposes later in connection with the matters which will be dealt with. As to the method, however, I am entirely at the disposal of the committee.

Mr. BENNETT: That is all right.

The CHAIRMAN: This is the trade agreement between Canada and the United Kingdom, signed at Ottawa on February 23, 1937:

The governments of Canada and of the United Kingdom, recognizing that the revival and development of trade is an essential feature of the prosperity and well-being of all countries and to this end desiring further to facilitate trade and commerce between Canada and the United Kingdom, and having resolved to replace by the present agreement the agreement concluded between them at Ottawa on the 20th August, 1932, have agreed upon the following provisions:

Article 1: The government of the United Kingdom undertake that goods grown, produced or manufactured in Canada and consigned from any part of the British Empire which are now free of duty, shall continue to enjoy entry free of customs duty into the United Kingdom, subject, however to the reservations set forth in schedule I appended hereto.

Mr. DUNNING: I would ask you, Mr. Chairman, to read schedule I.

The CHAIRMAN: Schedule I is as follows:

As regards eggs, poultry, butter, cheese and other milk products, the government of the United Kingdom reserve to themselves the right, if they consider it necessary in the interests of the United Kingdom producer to do so, to review at any time the basis of preference so far as relates to the articles above enumerated and after notifying the Canadian government either to impose a preferential duty on Canadian produce whilst maintaining preferential margins, or in consultation with the Canadian government to bring such produce within any system which may be put into operation for the quantitative regulation of supplies from all sources in the United Kingdom market.

[Mr. Bennett.]

Mr. BENNETT: Mr. Chairman, the items mentioned in the schedule may be dealt with by the United Kingdom in a manner different from that in which they are now dealt with. I take that to be the sense of it. The old agreement contained a provision whereby, by mutual consent, there could be a modification of the agreement then made. This schedule provides that if there is a duty imposed by the United Kingdom they will consult with us and that we may have a preference; is that right?

Mr. DUNNING: No; schedule I compares with schedule A of the former agreement, and refers to certain dairy products. The provisions of schedule I are similar to the provisions of the old schedule A, with the difference of course that the three years certain mentioned in schedule A expired two years ago. Since that time the United Kingdom have had the right to do what schedule A empowered them to do, but they have not yet done so. They continue to reserve the right to do so.

Mr. BENNETT: I suppose the minister does not place upon schedule I the construction the present Prime Minister placed upon it in 1932—that this is an intimation that England proposes to do it. I placed upon Hansard the observations in that regard made by the right hon. gentleman. He said it was quite clear that that was what England proposed to do. Has the minister any reason for believing that Great Britain has any greater intention to do it now than she had formerly? Has the government any reason to believe that the United Kingdom does contemplate taking such action?

Mr. DUNNING: The position in that regard, Mr. Chairman, is not dissimilar from what it was in 1932, in that the United Kingdom then and since was engaged in a highly technical inquiry into industries covered by these commodities. At the time of the negotiations last summer the inquiry had not been concluded. Certain advances had been made, but the United Kingdom desired to be left as free in the new agreement as in the old one. I believe I am correct in saying that the report on one phase of the matter has been presented—the British milk report is now down, and of course it is available to the British government for consideration in formulating its own policy. It was with respect to that report particularly, and detailed examinations which were taking place with respect to other phases of the industry, that the British government desired under the new agreement to reserve its freedom of action, in the same degree as they had possessed it under the old one, after the expiry of the first three years.

Mr. BENNETT: Yes; in other words, there were three years in which we had the preference, that is, to 1935. The five years do not expire until 1937, but on August 20, 1935, the three years expired. After that Great Britain had freedom of action with respect to eggs, poultry, butter, cheese and milk products. But that freedom of action was limited to (a) imposition of a duty with a preference in favour of Canada, or (b) regulation by quota of importations from this country; or possibly both. The investigations to which the minister has referred were concluded, I believe, some time ago. I believe they were completed before we left office, as a matter of fact, but the report was not made. The investigations with respect to some matters have been completed for some time. The question of a report is another matter altogether. This we regarded, and do regard, as a matter of very great importance.

Mr. DUNNING: Yes.

Mr. BENNETT: If Great Britain is to regulate by quota the extent to which we may export eggs, poultry, butter, cheese and milk products to that country, then of course it becomes important, from our standpoint, lest the quota limited to Canada be such as to make our further operations very much restricted. That is one point we had under consideration.

The question of duties was very strong in the mind of one member of the British government. And the agricultural population of Great Britain, as indicated by the farmers' organization, is strongly in favour of a tariff against colonial and dominions produce. Of course this would probably apply equally to New Zealand or Australia. If it were applied to Canada it might become of transcendant importance. I do not know to what extent the minister is able to give further information about it, but certainly in the fall of 1935, at the time the late government left office, the end of the three years had almost been reached. Since that time the government of Great Britain has been carrying forward these investigations, looking towards the inauguration of a new policy. Whether or not that policy will come into being—of course it is entirely speculation on my part—I am asking the minister if he has any reason to believe that we might contemplate the imposition of a duty on Canadian eggs, butter, cheese or other milk products or, in the second place, the restriction of the extent of our exports by quantitative regulations in the form of quotas, or a combination of both. That is the only point to which I wish to direct attention; perhaps the minister can enlighten us upon it.

Mr. POULIOT: Do the numbers of these items correspond with the numbers of the items in the agreement passed at the session of 1930? If not, would it be possible to have such a list?

Mr. DUNNING: The hon. member will notice in the Votes and Proceedings of February 25 that there is a column containing figures in black type; then another column shows the existing rates which are the rates of the 1932 agreement between Canada and Great Britain. I understand the comparison my hon. friend wants to make is with a prior period?

Mr. POULIOT: With 1930.

Mr. DUNNING: There was no agreement in 1930. I did not think of bringing down comparative material of that type; it would have represented a considerable amount of work. I suggest to my hon. friend that he can obtain that information by having before him the Hansard of 1930 giving the budget. That would be a simple way of doing it. Any information I could furnish would simply be a reproduction of the Hansard of that date. It is a little difficult to answer the leader of the opposition as one cannot know the mind of the British government with respect to the report which is before it.

Mr. BENNETT: I only wanted to know what had been expressed.

Mr. DUNNING: There are certain things that may be gathered from the report itself. The recommendation now under consideration by the British government does not deal with import duties; it is a rather non-committal report in that regard. It emphasizes the domestic market situation rather than import control. It cannot be said to be conclusive with respect to either of the alternatives contemplated in schedule I of this agreement or in schedule A of the old agreement. I notice my right hon. friend emphasized, and quite properly, the fact that the word "or" is used in schedule I, as it was used in schedule A of the old agreement. That is to say, the qualification involves either a preferential duty on Canadian produce, or, in consultation with the Canadian government, the bringing of such produce within any system which may be put into operation for the quantitative regulation of supplies from all sources in the United Kingdom market. That appears in schedule I, but it may not be adopted by the British government. I cannot say to my right hon. friend that I have any information that the British government is intending to adopt either alternative.

Mr. BENNETT: That is all I want to know.

Mr. DUNNING: Perhaps I may tell him that the report is rather comforting from that point of view.

Mr. SENN: Except with respect to the quantitative regulations in connection with supplies coming from the other dominions. It seems to me that we are in a different position with regard to butter and cheese from that which we occupy and have occupied for some time with respect to bacon and hog products.

Mr. DUNNING: We will reach bacon and hogs under another section.

Mr. SENN: Has there been any consideration as to the quota Canada will receive should quantitative regulations be placed on imports of butter and cheese? In these products we are competing directly with other parts of the empire whereas in the case of bacon and hog products we are competing with outside countries.

Mr. DUNNING: I think my hon. friend will understand that at no time did I desire to intimate to the British government that there might be a possibility of quantitative regulations in connection with Canadian produce embodied in this schedule. The schedule itself involves consultation with the Canadian government and I thought it was far better to cross the particular bridge to which he refers when we got to it. I can say quite frankly that I viewed with horror the possibility of the imposition of quantitative regulations on these commodities, and I told the British government so. They are well aware of the views of the Canadian government in that regard.

Mr. BENNETT: I think it is fair to say that those views are shared by the representatives of the other dominions. I am not quite certain, but I think the observations I made a moment ago might have suggested that they would utilize both. What I intended to say was that they could not utilize both.

Mr. DUNNING: That is what I understood.

Mr. BENNETT: They could utilize either one or the other. The words used are "either" and "or." All I wanted to get from the minister was any intimation he might have as to whether the British government was considering the utilization of either. I know about the milk report and also about the others, in a general way. This agreement cannot be changed unless you consent to it, but schedule I goes further and says that after consultation they can change entirely this portion of the agreement, first, by providing for a duty on our products, giving us a preference, or, second, by imposing quantitative regulations.

Mr. DUNNING: There is a slight difference, if my right hon. friend will permit me. They can impose a preferential tariff after notifying us, but they obligate themselves to consult us before imposing quantitative regulations. There is an important difference there.

Mr. BENNETT: There is a distinction without a difference.

Mr. DUNNING: I regard it as important.

Article 1 agreed to.

On article 2:

The government of the United Kingdom undertake that the goods the manufacture of Canada enumerated in schedule II appended hereto when consigned from any part of the British Empire shall not on importation into the United Kingdom be subject to duties of customs higher than those specified in that schedule.

Mr. BENNETT: I take it that those are the McKenna duties.

Mr. DUNNING: Schedule II should be read before we adopt article 2.

The CHAIRMAN: Schedule II reads:

Motor cars (including motor bicycles and motor tricycles) and accessories and component parts of motor cars, motor bicycles and motor tricycles: rate of duty, 22½ per cent ad valorem.

Stockings and socks of natural silk or where the value of the natural silk component exceeds 20 per cent of the aggregate of the values of all the components of the article: rate of duty, 28% per cent ad valorem, or 8s. per pound, whichever is the greater.

Reed organs (including harmoniums) complete: free.

Mr. DUNNING: There is no parallel to article 2 in the former agreement. This is a binding by Great Britain of the existing rates of duty applicable to the articles mentioned in the schedule. They undertake not to increase the present duties on motor cars, stockings and reed organs, the products of Canada.

Mr. BENNETT: The McKenna duties, which govern there, were for a fixed time. I have not the English statute before me, but I should like to know how long it provides for the maintenance of this 22½ per cent duty on motor cars.

Mr. DUNNING: My understanding is that they are intending to maintain the rates.

Mr. BENNETT: You will remember that the McKenna duties expired at a certain period. Whether they were renewed for a term of years, or just renewed, I cannot say. This article corresponds with the McKenna duties, against which the greatest

agitation has been carried on for a long time by free traders in England. It is a principle to which Mr. Asquith is supposed—whether he did or not I do not know—to have given his approval in Paris upon one occasion, and later the so-called McKenna duties were introduced. So far as we are concerned, all we know is that the rate cannot be higher than it is here.

Mr. DUNNING: It cannot be higher, no matter what is done about the McKenna duties. The important fact is that the duty on silk stockings and socks made of real silk is reduced to 28% per cent ad valorem, or eight shillings a pound, whichever is the greater. This reduction results in a preference of one third as compared with the existing preference of one sixth, and it is important from the point of view of Canada, as our exports last year, 1935-36, were $327,000 worth of silk stockings falling within this classification. In fact fifteen per cent of our total exports of those commodities went to Great Britain.

Mr. BENNETT: Our export of motor cars was, I suppose, limited.

Mr. DUNNING: Last year it was $2,725,000. Again, fifteen per cent of our total exports of motor cars went to the United Kingdom. Our exporters much feared an increase of this duty against us, and they regard as an assurance of some value the binding of it for a three year period.

Article agreed to.

On article 3:

The government of the United Kingdom undertake in respect of the goods the growth, produce or manufacture of Canada enumerated in schedule III appended hereto that the difference between the rate of the duties of customs on such goods on importation into the United Kingdom when consigned from any part of the British Empire and the rate upon similar goods the growth, produce or manufacture of any foreign country shall not be less than the rates set out in that schedule:

Provided that the duty on either wheat in grain, copper, zinc or lead, as provided in this agreement, may be removed if at any time empire producers of wheat in grain, copper, zinc or lead respectively are unable or unwilling to offer these commodities on first sale in the United Kingdom at prices not exceeding the world prices and in quantities sufficient to supply the requirements of United Kingdom consumers; and,

Provided further that while the arrangements contained in the report of the import duties advisory committee of the 2nd July, 1935, are in force, the duties on lead and zinc shall be in accord with the proposals in appendices B and C of that report.

Schedule III
(See Article 3)

Article	Margin of Preference
Wheat, in grain	2s. per quarter.
Butter	15s. per cwt.
Cheese	15 per cent. ad valorem.
Apples, raw (excluding apples consigned direct to a registered cider manufacturer for use in making cider)	4s. 6d. per cwt.
Pears, raw	4s. 6d. per cwt.
Apples, canned	3s. 6d. per cwt., in addition to the difference in the rates of duty in respect of sugar content.
Eggs in shell—	
(a) Not exceeding 14 lbs. in weight per great hundred	1s. per great hundred.
(b) Over 14 lbs. but not exceeding 17 lbs	1s. 6d. per great hundred.
(c) Over 17 lbs	1s. 9d. per great hundred.
Condensed milk, whole, sweetened or slightly sweetened	5s. per cwt., in addition to the difference in the rates of duty in respect of sugar content.
Condensed milk, whole, not sweetened	6s. per cwt.
Milk powder and other preserved milk excluding condensed milk, not sweetened	6s. per cwt.
Honey	7s. per cwt.
Copper, unwrought, whether refined or not, in ingots, bars, blocks, slabs, cakes and rods	2d. per lb.
Timber of all kinds imported into the United Kingdom in substantial quantities from Canada, in so far as now dutiable	10 per cent. ad valorem.
Fish, fresh sea, excluding fish livers	10 per cent. ad valorem.
Chilled or frozen salmon	1½d. per lb.
Salmon, canned	10 per cent. ad valorem.
Other fish, canned	10 per cent. ad valorem.
Asbestos	10 per cent. ad valorem.
Zinc	10 per cent. ad valorem.
Lead	10 per cent. ad valorem.
Patent leather not forming part of another article and goods composed wholly of patent leather	15 per cent. ad valorem.

Mr. BENNETT: It seems to me that from the standpoint of the future it is desirable that the minister make some statement as to the last proviso of article 3. I fancy that very few hon. members have had an opportunity to read the report of the import duties advisory committee of July 1935, and it might be desirable, inasmuch as we are perpetuating these arrangements, that such a statement be given by the minister so that it might appear on the record and references be made to it at any time.

Mr. DUNNING: Anticipating that difficulty, Mr. Chairman, the nature of which my right hon. friend is aware—

Mr. BENNETT: I know, but it is not on Hansard.

Mr. DUNNING: —I draw attention to the fact that in appendix B, on page 40 of the copy of the trade agreement and connected papers, will be found the proposals for the modification of the import duty on lead and the provisions of the Ottawa agreements relating thereto, under which we are at present operating. The article of the agreement as just read ensures that the provisions contained in this appendix B shall be continued in force so long as the arrangements contained in the report of the import duties advisory committee of July 2, 1935, which are the arrangements contained in the annex on page 40, are in effect; the duties in this schedule regarding lead and zinc shall be modified in accordance with those arrangements. For reasons which they state to be connected with defence, there is a strong desire on the part of the British government to build up a zinc and lead industry in England itself. That is, indeed, part of the reason for the annex to which I have just made reference, and is further clarified by reading letter No. 1 on page 38 of the document now before members of the committee, which is a letter on this matter from the Prime Minister of Canada to Sir Francis Floud, High Commissioner in Canada for the United Kingdom. Perhaps I had better read it so that it may be on the record in Hansard.

Mr. BENNETT: Might it not be well for the minister to permit Hansard to place on record the annex on pages 40 and 41, so that the material may be there for those who desire to know how this restriction comes about?

Mr. DUNNING: Yes.

Mr. BENNETT: A number of hon. members may not have followed the details of the lead and zinc items of 1932 and the dealings with them. This committee was set up and made a report. In addition to that, some problems with respect to rearmament have arisen, notably questions of refining zinc and lead in England—that is bringing in pig lead and rough zinc and refining it. As a matter of fact a large refinery for that particular purpose was built in England. If the minister thinks it desirable, as I do, that he shall offer the explanation he has here and state that details will be found in the annex, I suggest that it be printed as part of Hansard, and if he proposes to read letter No. 1, which is an amplification of the explanation, I think that it, with the two annexes referred to, should be available for the purpose of completing the record.

Mr. MARTIN: I think it would be helpful if the minister would tell us what the import duties advisory committee is, and whether Canada has a body corresponding to it.

Mr. BENNETT: Yes.

Mr. DUNNING: One might say that it corresponds, though not in all particulars, to our tariff board. It is a body which advises the British government with respect to import duties. Its functions are, however, wholly advisory.

With respect to the suggestion made by the leader of the opposition, I think it would help subsequent discussion to place upon Hansard, with the consent of the committee, the information appearing on pages 40, 41 and 42 of the printed copy of trade agreement which is in the hands of hon. members, being the complete record with respect to lead and zinc, and also the letter, signed by the Prime Minister of Canada, which appears on page 38.

Annex
(See Article 3)

Appendices B and C of the Report of the United Kingdom Import Duties Advisory Committee on the Working of the Agreements concluded at the Imperial Economic Conference at Ottawa regarding Lead and Zinc.

(Cmd. 4983)

Note: The following recommendations were accepted by the governments concerned and applied by the import duties (general ad valorem duty reduction) (no. 1) order, 1935, effective August 27, 1935.

Appendix B
Lead

Proposals for the Modification of the Import Duty on Lead and the Provisions of the Ottawa Agreements relating thereto

The governments of the United Kingdom, Canada, Australia and India should be asked to agree to the suspension of the provisions of the Ottawa agreements relating to lead, and to the following arrangements being brought into operation at the earliest possible date:

(1) In substitution for the present customs duty of 10 per cent ad valorem on lead of non-Empire origin entering the United Kingdom there should be imposed a duty of 7s. 6d. per ton subject to the following provisions.

(2) At any time after the commencement of the duty, representatives of United Kingdom producers, of other empire producers, of United Kingdom consumers and of the London metal exchange, either jointly or separately or any section thereof, may approach the import duties advisory committee in regard to any matters relating to these arrangements, and it will be open to the committee, after enquiry, to recommend such variation in the arrangements as appears to them desirable. In particular, following such enquiry, the committee may, after the expiration of a period of twelve months, recommend the suspension of the duty either wholly or in part, if they are satisfied that the price of good soft pig lead, as indicated by the London metal exchange daily settlement price (duty for buyer's account), is likely for a reasonable time to remain at not less than £13 a ton.

Provided that in considering any such matters the Committee shall have regard to the principle embodied in the relative clauses of the Ottawa agreements, viz., of assuring to the empire producers overseas a preferential position in supplying the needs of the United Kingdom market without at the same time imposing a handicap on United Kingdom trade and commerce.

(3) Arrangements shall be made in accordance with the supplementary provisions appended hereto for mitigating any adverse effects on the trade and commerce of the United Kingdom.

Supplementary Provisions

1. While the duty is in operation the committee of the London metal exchange undertake:—

(a) to maintain the existing provision in the standard contract for "good soft pig lead" that the duty payable is for buyer's account;

(b) to amend the above-mentioned standard contract so as to enable sellers, at their option, to deliver empire brands of lead at a premium above the London metal exchange contract price equal to the rate of duty for the time being in force.

2. The agreement between representatives in the United Kingdom of empire producers of lead and certain United Kingdom consumers dated July, 1933, shall be abrogated as from the date of first imposition of the duty of 7s. 6d. per ton.

3. The producers and consumers, recognizing that it is in the interest of both parties to make the London metal exchange an effective market for lead, will transact more business through the exchange.

4. During periods when a duty is in force arrangements shall be made between the representatives of the producers and the United Kingdom consumers whereby the former will provide, in respect of exported goods in which the cost of lead is an important consideration, for the payment of a rebate equivalent to the duty on the lead used therein, irrespective of its origin.

5. The producers and consumers agree that it is in their joint interest to support one another and that they should not act in a manner calculated to prejudice the interests of each other. In particular, the empire producers overseas undertake not to supply manufacturing consumers within their domestic territories at more favourable price than United Kingdom consumers, and to take all reasonable steps in their power to see that United Kingdom manufacturing consumers are not prejudiced by the action of other empire manufacturing consumers.

In the event of negotiations taking place for the regulation of the world production of lead, the producers will, in such negotiations, safeguard the interests of the United Kingdom manufacturing consumers, who, on their part, will take all reasonable steps to assist the producers and promote their interests.

Appendix C

Zinc

Proposals for the Modification of the Import Duty on Zinc and the Provisions of the Ottawa Agreements Relating Thereto

The governments of the United Kingdom, Canada and Australia should be asked to agree to the suspension of the provisions of the Ottawa agreements relating to zinc, and to the following arrangements being brought into operation at the earliest possible date:—

(1) In substitution for the present customs duty of 10 per cent ad valorem on zinc of non-empire origin entering the United Kingdom there should be imposed a duty of 12s. 6d. per ton subject to the following provisions.

(2) At any time after the commencement of the duty, representatives of United Kingdom producers, of other empire producers, of United Kingdom consumers and of the London metal exchange, either jointly or separately or any section thereof, may approach the import duties advisory committee in regard to any matters relating to these arrangements, and it will be open to the committee, after enquiry, to recommend such variation in the arrangements as appears to them desirable. In particular, following such enquiry, the committee may, after the expiration of a period of twelve months, recommend the suspension of the duty either wholly or in part, if they are satisfied that the price of zinc, as indicated by the London metal exchange daily settlement price (duty for buyer's account), is likely for a reasonable time to remain at not less than £15 a ton.

Provided that in considering any such matters the committee shall have regard to the principle embodied in the relative clauses of the Ottawa Agreements, viz., of assuring to the empire producers overseas, a preferential position in supplying the needs of the United Kingdom market without at the same time imposing a handicap on United Kingdom trade and commerce.

(3) Arrangements shall be made in accordance with the supplementary provisions appended hereto for mitigating any adverse effects on the trade and commerce of the United Kingdom.

Supplementary Provisions

1. While the duty is in operation the committee of the London Metal Exchange undertake:

(a) to maintain the existing provisions in the standard contract for "virgin spelter" that the duty payable is for buyer's account;

(b) to amend the above-mentioned standard contract so as to enable sellers, at their option, to deliver empire brands of zinc at a premium above the London metal exchange contract price equal to the rate of duty for the time being in force.

2. The price of empire electrolytic brands of zinc of a purity of 99·9 per cent up to, but not including 99·99 per cent shall not exceed £2 10s. per ton above the mean of the London metal exchange spot and forward quotations.

3. The producers and consumers, recognizing that it is in the interest of both parties to make the London metal exchange an effective market for zinc, will transact more business through the exchange.

4. The producers and consumers agree that it is in their joint interest to support one another and that they should not act in a manner calculated to prejudice the interests of each other. In particular, the empire producers overseas undertake not to supply manufacturing consumers within their domestic territories at more favourable prices than United Kingdom manufacturers of similar products, and to take all reasonable steps in their power to see that United Kingdom manufacturing consumers are not prejudiced by the action of other empire manufacturing consumers.

In the event of negotiations taking place for the regulation of the world production of zinc, the producers will, in such negotiations, safeguard the interests of the United Kingdom manufacturing consumers who, on their part, will take all reasonable steps to assist the producers and promote their interests.

Mr. DUNNING: I shall now read the letter signed by the Prime Minister of Canada which appears on page 38 of the printed document setting forth the trade agreement and connected papers, so that the committee may have clearly before it the understanding that was reached:

Letter No. 1

Ottawa, February 23, 1937.

Sir,

With reference to article 16 of the trade agreement signed this day, I have the honour to inform you that the Canadian government, having taken note of the statements of the United Kingdom government in the course of the recent discussions:

(1) that it is essential to the national security that the production of the zinc smelting industry in the United Kingdom should be maintained at a satisfactory level;

(2) that at any enquiry into the question of the effects of imports of zinc from oversea empire countries on the maintenance of the production of zinc in the United Kingdom at a satisfactory level having regard to the needs of national security, the Canadian zinc producers would have the opportunity of submitting evidence, and

(3) that the government of the United Kingdom would consult the Canadian government before taking any decision to impose a customs duty on imports of Canadian zinc into the United Kingdom,

agree that it will be open to the United Kingdom government, after such enquiry and after consultation with the Canadian government, and notwithstanding the provisions of article 1 of the trade agreement, to impose a customs duty on imports of zinc produced or manufactured in Canada, without prejudice however, to the provisions of article 3 of the agreement.

[Mr. Dunning.]

Mr. BENNETT: I should like to know what that means.

Mr. DUNNING: The maintenance of the preference.

It is understood that no customs duty will be imposed on Canadian zinc which is not equally applicable to zinc from other oversea empire sources.

I have the honour to be,
Sir,
Your obedient servant,
W. L. Mackenzie King.

Present market conditions with regard to lead and zinc completely eliminate this problem for the immediate future from the standpoint of the British government; but the letter I have just read, together with the annex which is placed on Hansard, clearly covers the ground with respect to any possible occasion upon which the British government may desire, for the purpose stated in clause 1, national security from their point of view —among other things that the production of zinc, in the smelting industry in the United Kingdom, should be maintained at a satisfactory level. Provided action is desired by the British government the letter indicates the basis upon which it must be taken. My right hon. friend says he cannot understand the relation to article 3.

Mr. BENNETT: No; perhaps I had better amplify that. It does seem strange to talk about a letter modifying an article and then to say that it is without prejudice to that article. It is absurd. Perhaps I did not use the proper terms with respect to it, but these are the words in the letter:

—agree that it will be open to the United Kingdom government, after such inquiry and after consultation with the Canadian government, and notwithstanding the provisions of article 1 of the trade agreement, to impose a customs duty on imports of zinc produced or manufactured in Canada, without prejudice however, to the provisions of article 3 of the agreement.

So that we have a letter which will modify, without prejudice, the whole of the article. What it was desired to do was what the minister said, namely, to make it without prejudice to the maintenance of the preference; but what is contained in this document is without prejudice to the provisions of article 3.

Mr. DUNNING: I can scarcely believe that my right hon. friend has missed the first sentence in the letter:

With reference to article 16 of the trade agreement signed this day . . .

Mr. BENNETT: Quite so.

Mr. DUNNING: Article 16 is the one that enables either government to take up with the other the question of the modification of any part of the agreement. The Canadian government is agreeing in this letter in advance, under the provisions of article 16, as to the manner in which the peculiar situation in zinc and lead may be met. That is really the whole point.

Mr. BENNETT: It is an odd way to express it.

Mr. MacNICOL: I understand the minister to say that in connection with the article pertaining to lead and zinc the British government for security purposes hope to build up a lead and zinc industry.

Mr. DUNNING: No; if my hon. friend understood me to say so I could not have conveyed my meaning properly. There has been established a refining industry for lead and zinc in the United Kingdom, and the British government deems it of importance from the standpoint of national defence that this industry should operate, and that is the consideration which they desire to have kept in mind at all times and upon which they can approach us in accordance with the terms of the annex and the letter.

Mr. MacNICOL: I congratulate them upon the maintenance of the industry in the old country and I hope that this government will follow that principle and not be so hard on the industry in Canada.

Mr. BENNETT: The provisions of the agreement in article 16 are merely the provisions, in other words, of the old one, the old language not having suited the critical attitude of mind of those who drafted the present agreement. Not being perhaps quite scholarly enough for them it is expresed in other terms. The old agreement, in part was written or approved, I believe, by a lord chancellor, but this is obviously an improvement upon it, because it provides in article 16 that if they desire to vary the terms of the agreement then they may do so! The old agreement conveyed exactly the same meaning but in different words; something in the language "lacked the cool repose of Vere de Vere."

Mr. DUNNING: The language is identical.

Mr. BENNETT: No, there is a slight difference. If it is identical, I am glad to hear it, because it is the only instance in which there has not been a verbal change in order that it may be said that a different agreement has been prepared. That is the reason I put the articles on Hansard side by side, so that there might be no misapprehension. There is, however, something that does affect us. The Canadian consumer must not be forgotten, and with respect to zinc and lead I think the Canadian consumer is forgotten. I had considerable difficulty and some differences of opinion, very acute differences of opinion—so acute as to bring about rather strained relations for a time—between certain gentlemen and myself. It is monstrous that Canadian consumers of zinc and lead should have to pay for that zinc and lead the price in London plus freight back here on it.

Mr. ROSS (Moose Jaw): Hear, hear.

Mr. BENNETT: Now I know I am wrong.

Mr. ROSS (Moose Jaw): I am glad the right hon. gentleman admits for once that he is wrong.

Article agreed to.

On article 4:

The government of the United Kingdom undertake that until the 19th August, 1942, tobacco grown, produced or manufactured in Canada and consigned from any part of the British Empire shall enjoy on importation into the United Kingdom the existing margin of preference over foreign tobacco, so long, however, as the duty on foreign unmanufactured tobacco does not fall below 2s ½d. per lb., in which event the margin of preference shall be equal to the full duty.

Mr. DUNNING: This continues the present arrangement, with a very slight difference in drafting. I was pleased to hear my right hon. friend's remarks with respect to the drafting and shall convey them to the British and Canadian draftsmen who were engaged somewhat critically in this task. It is interesting and useful from a lawyer, because as a layman I sometimes feel diffident with respect to bills that are drafted for me for presentation to the house and which when they get to another place receive the attention of another expert draftsman who sometimes deems it desirable to make changes. I believe we can regard it as, shall we say, a disease of draftsmen to attempt to improve on the work of each other—or perhaps it is not without merit that they should try to do so. Of course from time to time it is possible to improve even language, I believe.

Mr. BENNETT: That is hardly a correct statement, but it is not a matter of great importance. The late Lord Bowen made an observation which might be applied with some force to what the hon. gentleman has said. It was with reference to the address presented to the late Queen Victoria by the judges of

England on the opening of the new courts of justice. "Conscious as we are of our limitations and failings," Lord Bowen said. I suggest that we substitute "conscious as we are of the limitations and failings of each other." Possibly that might apply here. What I desire to point out is that if hon. members of the committee who now sit to the right of the Speaker desire to have a correct appreciation of this article they should read the comments of the present Prime Minister when he was leader of the opposition. When they have done that I fancy they will hesitate to vote for it, because many of them voted against it in 1932 and gave reasons for doing so. There have been no changes since; in fact it continues until 1942. It is one of the clauses of the agreement that is covered by a British statute which provides for a preference not for five years but for a period of ten years, from 1932 to 1942, and the present Prime Minister then pointed out how terrible it was to make a matter so important as tobacco subject to the condition that it should be effective:

> . . . so long, however, as the duty on foreign unmanufactured tobacco does not fall below 2s. 0½d. per lb., in which event the margin of preference shall be equal to the full duty.

He explained at some length how iniquitous such a provision was and the effect it would have on the Canadian producer, subjecting him to a contingency that never should be contemplated. I assume the members of the committee are in no such state of mind today; they have seen a great light. There is my friend the Minister of Justice; I can remember how he voted — —

Mr. DUNNING: But he does not smoke.

Mr. BENNETT: No, but not as to this particular item alone—all of them. It was so offensive to hon. gentlemen that we should have any such thing as this, but now they all with one accord give their approval. They have seen a great light. I do not know whether they travelled from Jericho to Jerusalem, or just to Damascus.

Mr. LAPOINTE (Quebec East): I am listening to my right hon. friend—to some extent.

Mr. BENNETT: They have agreed with me now.

Article agreed to.

On article 5:

The government of Canada, recognizing that it is the present policy of the government of the United Kingdom to promote the orderly marketing of bacon and hams and of meat in the United Kingdom with due regard to the normal development of trade, declare their willingness so far as their power extends to continue to assist the government of the United Kingdom in carrying out this policy and, in particular, to furnish from time to time estimates of forthcoming shipments of bacon and hams and cattle and beef.

As regards bacon and hams, the government of the United Kingdom undertake:

(1) that any duty or levy which may be imposed on bacon and hams imported into the United Kingdom shall not apply to imports of Canadian bacon and hams when consigned from any part of the British empire;

(2) that there will be no regulation by them of such imports unless the rate at which the trade from Canada progresses towards two and one-half million hundred-weight per annum should become abnormal and such as to endanger the effective working of the system of supply regulation;

(3) that no such regulation would be put into effect without prior consultation with the government of Canada.

As regards cattle and beef, the government of the United Kingdom undertake:

(1) that any duty or levy which may be imposed on cattle or beef imported into the United Kingdom shall not apply to imports of Canadian cattle or beef when consigned from any part of the British empire;

(2) that, if so requested, they will make themselves responsible for Canadian interests in any international conference that may be set up to arrange for regulating supplies imported into the United Kingdom and will use their best endeavours to ensure that Canada secures an equitable share in the trade in cattle and beef;

(3) that any agreement for the setting up of such a conference, to which they may become a party, will not provide for any reduction in imports of Canadian fat cattle and beef into the United Kingdom below recent levels;

(4) that any such agreement will recognize that special provision may become necessary for increased shipments of fat cattle and beef from Canada and will provide for specified reductions, if necessary, in shipments of chilled beef from foreign countries;

(5) that there will be no regulation of imports of cattle or beef from Canada unless, after consultation with the government of Canada, it appears to the government of the United Kingdom that the effective working of a general scheme for the orderly marketing in the United Kingdom of meat cannot otherwise be secured.

Mr. BENNETT: I wonder if the minister has fancied what his leader would have said in 1932 in view of what he said about the rest of the agreement. Having in mind their previous arguments and votes, the attitude of those who sit across from me is most amazing. Let us look. First of all the government of Canada says it recognizes that the policy of the United Kingdom is a certain type of policy, and desires to help them carry out that policy. That is No. 1. They are to continue to assist the government of the United King-

dom. We undertake to assist them by giving them information. But this says in particular:

. . . to furnish from time to time estimates of forthcoming shipments of bacon and hams and cattle and beef.

Cattle and beef are added.

Mr. DUNNING: Which we have been doing under the old arrangement.

Mr. BENNETT: We were not under the same obligation in respect to cattle and beef.

Mr. DUNNING: But we have been doing it.

Mr. BENNETT: Yes, we were doing it before this government came into office, but that was not a treaty obligation as it now is. There is no doubt that if we are to continue to occupy a place of any importance in the market of Great Britain with respect to bacon we shall have to do two things: (1) maintain a standard of quality beyond question; (2) assure the British government that they shall have some idea of what we can supply in order that they may know how they are to meet their requirements. I quite agree with this provision of the agreement. In other words we have the most valuable market in the world, which we can only keep if we play cricket with the British government in connection with the requirements of their people. Shortly put, that is the story. And it is an extremely difficult thing to do in a country the size of this.

Mr. DUNNING: Very difficult.

Mr. BENNETT: I recall that I obtained figures from the Department of Trade and Commerce to answer one cable from England, and figures also from the Department of Agriculture, and they were not the same. The endeavour to coordinate the figures, as was done, involved a good deal of difficulty. In the end we made the best guess we could —I use the word "guess" with hesitation, but that is what we did. I think we must try to do something better than that.

I recall a discussion in England with a representative of the Danish government. England has been a great customer of Denmark. This agreement of 1932 to a very considerable extent deprived Denmark of a market for her bacon and gave it to Canada. This gentleman said: "The only thing I can say is we have lost part of our market, but we are nearer to England than you are, and we perhaps study their requirements a little more closely than you do."

Mr. DUNNING: There is no question about that.

Mr. BENNETT: That is the essential thing that the government must keep in mind. The former minister of agriculture did everything in his power to establish a uniform quality. Only this morning I received a letter from one of our western producers, who ships not in a very large way, in which he said: "The difficulty we have is that there is no cooperation in Canada with respect to the shipment of bacon to Great Britain. It will go on for a time; then someone in Great Britain will suggest that the price is going to be lowered. The producer here is discouraged; the result is that the supplies which should be maintained at a constant level fall to a lower level, and provision has to be made to supply English bacon requirements from Denmark or Poland, or, in these latter days, Russia, which has been supplying some; and that is not easy to do." I do urge upon the government that they continue as far as possible some form of effective control over the conduct of the Canadian industry to ensure (a) uniformity, (b) a steady flow or supply of bacon to the British market, and, (c) the preventing of the class of competition which has been destructive of this industry in Canada in so far as it relates to British imports. I cannot dwell on that too strongly, because I live in a community where there are two, three or four packing plants. This is an unfortunate tendency that manifests itself in Canada; if one man is making a little money at something, somebody else says, "I am going to start right in that business, too," and in the end you get them exchanging a new dollar for a new one; then a receiver comes in and you have all the consequent trouble that we have had in connection with some of our enterprises in Canada. If I were asked to say what I regarded as the most important matter to bring to the attention of the government, in order that it might be impressed upon the people at this time in connection with this business, which under this agreement in one year Mr. McLean said meant over $30,000,000 to the Canadian people—I would not have put it so high myself; but he has the widest possible knowledge and he put it at over $30,000,000—

Mr. DUNNING: Between $25,000,000 and $30,000,000.

Mr. BENNETT: He put it at $36,000,000, to be exact, for one year, which is a tremendous increase in new wealth. But I want to dwell upon this point, that when you get to beef and cattle you are in an entirely different realm. As sure as we are here, Mr. Chairman, this idea of using the British market as a convenience and using the United States as the market that serves you, is entirely wrong. When you find some difficulty, because of tariffs or otherwise, you turn to the British market, but you give them no constancy or

certainty of supply, and that is the most ruinous thing that can happen. It is right on us now.

Mr. DUNNING: That is our difficulty.

Mr. BENNETT: Of course it is; as I pointed out last year, I felt that when we negotiated the agreement with the United States. You see, if we could look to the United States with the same degree of certainty as we can look to Great Britain in connection with the marketing situation it would be entirely different, but we do not know what sudden changes may take place in the attitude of the legislators to the south of us, whereas with respect to our own country we have every assurance that nothing will be done that will be prejudicial to the interests of the dominions or their market in Great Britain without complete discussion and timely notice. I can only say that I look upon the addition of beef and cattle to this agreement as representing the effort the English consumer has made to ensure some steadiness of supply from this country, but it does appear to be fairly clear that as things now are the number of cattle that will go from Canada to Great Britain will not be very great. As a matter of fact our cattle exports have been getting smaller, as compared with the days when we had to deal with the problem of the relaxation of regulations and restrictions that tied us up. I was looking up the figures not long since. I wonder how many members of this house realize that at one time we shipped over 200,000 head of cattle to Great Britain in one year.

Mr. DUNNING: We shipped 216,000 head in 1927.

Mr. BENNETT: If you go back to the eighties, when we were relatively a poor country—

Mr. DUNNING: No, I am wrong; the figure I gave was the total exports.

Mr. BENNETT: I thought it was rather prior to that.

Mr. STEVENS: 1922.

Mr. BENNETT: In 1922 we sold over 200,000 head to Great Britain. That trade was carried on in the old days until some low tariff man such as President Cleveland of the United States would come into power and say, "I guess we will let Canadian cattle in." Then for three or four years Canadian cattle would be sent to that market, and the British market would be lost. Then President Wilson came along and we got free entry. After that everything went south; then one morning we found ourselves without a market at all, and people were ruined. Those familiar with ranching in western Canada know that some of the largest ranchers went bankrupt. One gentleman, whose assets at one time were estimated at $7,000,000, did not leave an estate large enough on his death to pay the costs of probate, and that was brought about by the emergency United States tariff on our cattle.

If the government can do anything to assure a steady supply of cattle to the British market, I think it should be done. I know how difficult it is, because certainly I have tried. We should not allow the idea to develop that the only market for Canadian beef and cattle is the market to the south. If we could induce our people to ship a steady flow of even 50,000 head of cattle per annum it would mean a great deal, so long as 50,000 head went forward each year. But when you have 50,000 one year, 25,000 another year and 75,000 another year, with uncertainty as to the flow of cattle across the ocean, you will have just the condition that confronted us. I have no hope, for instance, that under changed conditions we shall continue to have ready access to the United States market. That may continue to be the case during the term of the Democratic party, but you must look a good deal further ahead than that. It is not a matter of five or six or eight or ten years; you must take the long view of it.

I am sorry to see this item extended to include beef and cattle, but on the other hand I quite appreciate the reason for it, and since it is here I think we must do our very best to assist the British government. But I am quite sure that if conditions were reversed the welkin would ring in this parliament, as it rang in 1932. We would be told that to take our policy from the United Kingdom or to undertake to assist Great Britain to carry into effect its policy, which is its business, would be so very contrary to the whole spirit of our institutions that I would almost expect them to fall.

Mr. LEADER: I think the remarks of the leader of the opposition are very timely. Only the other day I noticed in the Commercial Intelligence Journal that we were not keeping up a constant supply of live stock for the old country market, which made it difficult to secure the confidence of those engaged in that trade there. Speaking from memory I believe that last year we exported to the United Kingdom about 33,000 head of cattle, though we had the privilege of shipping at least 50,000 head to that market. This year I believe the number is even smaller, due to the fact that prices have been much better in the United States. You cannot blame the breeders of cattle for selling in the best market, and that is why cattle are going to

the United States at the present time. I do believe, however, that it is very important that we should strive to maintain our market in the old country, which after all is the most stable of all export markets. I think the government might very well undertake some scheme under which a fund would be created—

An hon. MEMBER: Subsidies.

Mr. LEADER: Pay a subsidy, if you wish, so that a situation such as exists to-day might be looked after, and so that we might guarantee to the old country market at least 10,000 head of cattle per month the year round. Then, when the price dropped in the old country, or when the price in the United States or any other market exceeded the price in the old country and the Canadian producer desired to get all he could out of his cattle, the government could step in and subsidize the breeder of cattle so that at least those 10,000 head per month would go forward to the old country market. I think that suggestion is worthy of consideration. I believe it will have to be done unless we are prepared to reestablish that market every few years, which is very hard to do. We should endeavour to maintain that market, and it seems to me something could be done in the way of undertaking to furnish a continuous supply of cattle to the old country.

Mr. BLACKMORE: I think the suggestion that has been advanced by the hon. member for Portage la Prairie (Mr. Leader) is an excellent one. Really I cannot see how we can maintain a steady flow of bacon without some such scheme. I was wondering whether the leader of the opposition would tell us what ideas he had in mind for stabilizing the market. If there is something better than a subsidy, we are ready to listen to it.

Mr. STEVENS: Referring to the remarks of the hon. member for Portage la Prairie, and the desirability of maintaining a supply of beef cattle in the British market, may I say that I entirely agree with the desirability of achieving that end. In the past, one of the great difficulties has been the securing of shipping equipped to carry cattle. A shipping concern wishing to carry cattle must maintain stalls on its ships, and the equipment for handling cattle, and by installing that equipment they find it difficult fully to utilize their space on return cargoes. For this reason shipping companies have been somewhat loath to fit out their ships, because the original cost runs about $14 to $16 per stall. They do not wish to make this expenditure unless they are assured of a continuous supply of cattle.

That is one factor, a very important one, with which we have had difficulty in the past. I agree that we have used the British cattle market as a convenient market or, perhaps I should say, a convenience market—a market to suit our convenience.

Mr. DUNNING: That is better.

Mr. STEVENS: When we have a surplus we supply it, but when the United States market opens up and other conditions are advantageous, we desert the market in the old country. That is a bad state of affairs, and one which I believe could be overcome by organization among the larger shippers, who export cattle in substantial quantities, of which there are only about half a dozen. So far as the number engaged is concerned, the matter could be handled easily. I believe there could be cooperation among the larger shippers, and shipping companies, and perhaps the government would sit in. The question of subsidy might arise, but I believe the problem could be overcome without going that far. When subsidies are paid a condition is immediately created which very often in the long run will do more harm than good. I believe the matter could be dealt with without resorting to subsidies.

I rose to speak particularly with regard to the British bacon market, which is of vastly more importance to the Canadian producer than is the cattle market. One of our difficulties in the British market lies in the fact that Canada has not made a genuine effort to put on that market the best bacons she can produce. I am not making that statement carelessly, because I hold in my hand the sworn statement of Mr. E. J. Smith, the president of the packers' association, who at the time in question admitted that grade A bacon, which fixes the price of Canadian bacon on the British market—and incidentally, on the sworn evidence of Mr. Stanley McLean, fixes the price of hogs in Canada—consisted of sides varying in weight from 50 to 70 pounds. They are grouped 50 to 55 pounds, 55 to 60 pounds, 60 to 65 pounds and 65 to 70 pounds, and all go into grade A. He further admitted, according to his evidence which I have under my hand, that the hogs which went into the production of those sides included selects, bacon, lights and heavies. Any farmer who sells hogs knows that when he sells a heavy or a light he is penalized a dollar or a dollar and a half, and sometimes as much as two dollars for that hog, as against the base price which is based upon bacon hogs.

Someone may say, "Well, the difficulty is to get selects and bacons." Again I refer to the sworn evidence of Mr. Stanley McLean, in which he admitted that fifty per cent of the hogs would grade selects or bacons. If our export business were composed more largely of selects and bacons the Canadian farmer would be getting a better price in Canada for his hogs. Even with the tremendous in-

crease in the last two or three years, the export of bacon to the United Kingdom does not exceed more than thirty per cent of the total production. A very few years ago it was only about five or ten per cent. If the price of bacon on the British market fixes the price of hogs in Canada, as the sworn evidence declared, we have a condition whereby the thirty per cent exported determines the price of the hogs which go into the production of the other sixty or seventy per cent in Canada. That is a tremendously important point. In my opinion it far outweighs the added value of the British market, which I do not minimize a particle. In fact I take a great deal of pride in the thought that in 1932 I supported the agreement. I believe the bacon arrangement was one of the best features in it, so that I am not by any means minimizing the importance of it.

I am trying to point out how certain conditions work back to the Canadian farmer. I hold in my hand the result of a year's careful study; some may say that it does not amount to very much, but it was very difficult to compile. It has been verified by actual references to officials of the Dutch, Polish and Danish governments. I shall refer to the statement in my hand at sufficient length, Mr. Chairman, to satisfy the rules and to warrant its inclusion on Hansard, because one cannot read a statement of this kind in its exact form. May I say that I am now referring to the statement that the price of bacon in England determines the price of hogs in Canada. I suggest therefore it is reasonable to say that the price of Danish bacon in London fixes the price of Danish hogs, and that the price of Dutch bacon in England fixes the price of Dutch hogs. I offer these statements as reasonable deductions.

The table contains a comparison of hog and bacon prices, which have been carefully worked out. The information contained therein has been analyzed by the best advisers I can get, both here and in the countries to which reference was made. I hold in my hand some of their comments. The information is for the year 1934-35. I am sorry my study covered a period a year ago and that because of the time taken to make the references I could not bring all the figures down to date. The first column shows the prices of Danish bacon in shillings and the second column shows the prices of Danish hogs in Canadian cents. These prices have been reduced to Canadian money in order to make a comparison with Canadian prices. The third column shows the prices of Dutch bacon in London while the fourth column shows the prices of Dutch hogs in Canadian cents. The fifth column shows the price of Canadian bacon in London while the sixth column shows the prices of Canadian hogs. The statement then shows the differentials between Dutch and Canadian hogs. I shall refer to the differential between Danish and Canadian bacon before I take my seat, but for the moment I am disregarding them. The statement is as follows:

Comparison of Hog and Bacon Prices

Month	1 Danish bacon (London)	2 Danish hogs	3 Dutch bacon (London)	4 Dutch hogs	5 Canadian bacon (London)	6 Canadian hogs	7 Hogs equalized			8 Differential Dutch hogs over Canadian
							—	Dutch	Canadian	
1934										
Jan.	.....	.....	71	15	81	8·2	10%	16·5	8·2	8·3
April	96	15·5	82	15	71	8·2	12	15	8·9	6·1
May	79	17·5	73	14·5	74	8·6	OK	14·5	8·6	5·9
June	.....	.....	74	14	81	9·2	10	15·4	9·2	6·2
July	90	18	88	13·5	79	9·4	8	13·5	10·2	3·3
Aug.	88	15	86	12·5	89	8·6	5	13·1	8·6	4·5
Sept.	.....	.....	80	12·5	97	8·6	20	15	8·6	6·4
Oct.	.....	.....	94	12·5	81	8·2	15	12·5	9·4	3·1
Nov.	83	19	79	12	81	8·2	OK	12	8·2	4·2
Dec.	.....	.....	84	12	78	8·3	10	12	9·1	2·9
1935										
Jan.	86	19·5	84	13	78	8·7	10	13	9·5	3·5
Feb.	.....	.....	84	13	74	8·6	15	13	9·8	3·2
Mar.	.....	.....	86	14	79	8·2	8	14	8·9	5·1
April	.....	.....	78	14·5	73	8·8	5	14·5	9·2	5·3
May	.....	.....	83	15·5	78	9·3	5	15·5	9·8	5·7
June	.....	.....	88	15·5	84	9·8	5	15·5	10·3	5·2
Aug.	.....	.....	94	13·5	86	9·9	10	13·5	10·9	5·6
Sept.	.....	.....	90	14	82	9·4	10	14	10·3	3·7

Average differential—4·7 cents per lb.

Loss to Canadian farmers:

1934 bacon to Britain 119,717,600 lbs. at 4·7 cts. lb. = $5,626,727.00

1935 " " " = $5,852,331.90

(But, all Canadian hogs are paid on basis of London, although less than 15% of total bacon production goes to Britain.)

I do not know what the figures were last year, but prior to that time ninety per cent of the exports of bacon to Great Britain were made by one concern. It has been declared that the British market fixes the prices for hogs in Canada, but I am putting this statement on Hansard to show that if that is correct, there is something wrong with the price the Canadian farmer is getting for his hogs as compared with the prices the Danish or Dutch farmers receive. Reference may be made to the differential in freight, but on the other hand the matter of exchange operates the other way. There is not very much difference in that respect.

Mr. DUNNING: Has my hon. friend allowed for the time factor? I was told in Great Britain that that is important.

Mr. STEVENS: In order to adjust the time factor all that one has to do is to compare the Canadian hog price with the bacon price of two months away. It will be seen upon examining the statement that there is little difference. There is such a uniformity in the prices for hogs that the variations in the prices of bacon are not reflected properly, apart altogether from the comparison with Dutch prices. All one has to do is to adjust the time between the purchase of the hogs and the production of the bacon, which is well determined. There is no difficulty in doing that.

Why is it that the Danes get from 10 to 14 shillings, and not very long ago as high as 19 shillings, above the Canadian price? We know that Canadian bacon made from select and bacon grade hogs is on a parity with the best Danish bacon. The chef at the Picadilly hotel at London made a test of Russian bacon, Canadian bacon, Danish bacon and another type. This gentleman is one of the most noted chefs in London and without knowing the origin of the different bacons he was testing, he gave first place to the Canadian. This bacon was produced by Schneider's of Kitchener, a very good company but shipping only comparatively small quantities. There is a point I should like to draw to the attention of the government at this time, one which is vital to this transaction we have made with Great Britain. We have the bacon hog grades of lights, heavies, bacons and selects, and then we have four definite grades of bacon ranging from 50-55, 55-60, 60-65 and 65-70. Why is that done? I will tell you. This matter was brought to my attention some years ago when I was Minister of Trade and Commerce. I had a conference with the representatives of the Canadian packers and against my wishes they gained their argument that there was a market for number two bacon in England. Therefore, they insisted on this differentiation in the classes of hogs. No man can say that a heavy hog will produce as good bacon as a select or bacon type hog, especially for a discriminating market such as Great Britain. They insisted upon this variation in the grading of hogs.

This brings us to another point. How is the price of bacon fixed in England, or in the London market? The price of Canadian bacon is fixed by a committee composed exclusively of Britishers, representatives of British importers and distributors. I do not for a moment suggest that they are not fine people and good businessmen; I think it will be found that they are among the best. But I submit that it is absolutely unfair, bearing in mind that the price of British bacon fixes the price not only of the hogs that are shipped overseas but of the sixty or seventy per cent that are not so shipped, to have the price of Canadian bacon determined by a committee composed entirely of representatives of distributing houses in England. I know it will be answered that some of these gentlemen represent the Canadian distributors. That is true: Canada Packers have as their agents some of these gentlemen who are in business over there, making their profit out of the bacon they sell in England, and I certainly should expect them to look after their own interests first. The packers are protected, because, on their own statements, according to a letter written by Mr. McLean in January of this year, they know what to expect on the British market; they know how that market declines in certain months in the autumn, and they anticipate that decline; and the price of hogs in Toronto, in Winnipeg and in other Canadian markets drops in anticipation of the decline they anticipate, based upon their knowledge over a period of years of the British market.

My reasons for saying what I have said are these. First, I want to emphasize the value of the British market to the Canadian producer, but I lay upon this government the responsibility of seeing that the producer gets the full value of that market. That, I think, is a duty which rests upon us as a parliament, and particularly upon the government. I believe that, as the price spreads report recommends, we should inquire carefully as to this committee which fixes the price of Canadian bacon in the British market; we should ascertain definitely whether the Canadian farmer is getting a return equal to that of his competitors in other countries.

There is no differential in the practice of packing. We can cure and pack these products just as cheaply as any country in the

world. Of that there is no doubt; or if there is, let us know it, because there is no secret about dealing with these products. I say emphatically that we owe the producer of this country the full measure of the return made available for us by this excellent agreement, and I congratulate the minister on this particular section for having continued the earlier agreement. I should like to refer briefly, before sitting down to this clause respecting—

Mr. CLEAVER: Mr. Chairman, before the hon. member leaves the subject of bacon and hogs, would he mind indicating what steps he thinks should be taken to confine the grade within the limits to which in his opinion it should be confined?

Mr. STEVENS: Yes. I am not pitting my judgment against that of others; I am basing my statement on the views of experts; and I have no hesitation in saying that the weights fifty-five to fifty and fifty-five to sixty, which is the way they are now graded, should be included—but none others—in grade A.

Mr. ROSS (Moose Jaw): And only from selects.

Mr. STEVENS: And they should be from selects and bacons. I should like to say a word or two about grading. We have a very good grading system, particularly where hogs are sold on open markets, but great numbers of hogs are delivered direct to the packing plants. The system may have been changed in the last year or two—if it has I do not know—but formerly they were not graded or weighed under government supervision when they were delivered direct; and we recommended definitely, and I have an idea that the recommendation was adopted, that they should be weighed by government weighers when delivered direct to the packers. I would put only these two particular grades under grade A, and I would classify the others as grade B, and let grade B have the lower price. If we did that, grade A would be well up to the Danish price, and what a difference it would make to the Canadian producer, even on the present allocation of price in Canada by the packers, if instead of getting 79 shillings he got 89 or 92 shillings, which would be ten or twelve shillings more for the higher grade. So long as you have in grade A heavies and lights and other classes which have no business there at all, the whole grade gets a lower price than Danish bacon; whereas if the selects and the bacons only were included in the grade A class you would get ten to twelve shillings, and in some cases more than that, above the present price, which would be reflected in the return to the producers.

I intend to conclude with a word on this particular clause. On the face of things it might look as though we were blindly complying with an agreement to restrict, or permitting one party to the bargain to impose arbitrary restrictions. But that is not at all the point at issue; it never has been. The point at issue is that, due to propinquity and its standard of quality, Danish bacon secured a very strong hold on the British market, as also did the bacon of Poland, Ireland, Holland and some other countries. They were improving their standard of products, were in close touch with the British market, and gave good service. By reason of distance we were at a considerable disadvantage. But in 1932 the British, very generously, I think, with respect to an item of this kind, because as the Minister of Finance knows, from time immemorial bacon has been looked upon as a favourite item almost a sacred, on the British breakfast table—

Mr. DUNNING: Particularly bacon.

Mr. STEVENS: Particularly bacon. Great Britain gave us a quota of two and a half million hundredweight on the British market, which was far beyond anything that we were then equipped to supply; in fact, up to the present we have supplied, I think, not more than half that quantity in any one year. In doing that the British government had to impose a quota on other countries, that is, notify other countries that they could not exceed a certain amount. If we had suddenly increased our production without notice to them, and without any assurance that it would be maintained, it would have disturbed their whole internal market as well as their relations with other countries. Therefore they asked that Canada advise them from time to time what she could supply; I believe the request was that we should indicate for three month periods, as long as six months ahead, what the probable supply would be.

Mr. DUNNING: That is the present arrangement.

Mr. STEVENS: It is simply a common sense, businesslike request from the British government to ourselves, and everything possible should be done as no doubt is being done, to comply with it.

The fixing of the price of Canadian hogs by the price of bacon in Great Britain lays upon the government as well as upon those who control the packing business a most onerous responsibility. Personally I do not

believe that the Canadian hogs slaughtered and marketed as Canadian bacon should necessarily be on the same basis as export bacon. I know that the general law applies; but after all, in these days the general laws of supply and demand and so forth are being shot to pieces, to use a colloquialism, by every country in the world, and we are faced with these conditions everywhere. My opinion is that we should study these matters first from the standpoint of the producer, because if there is one class that has suffered it has been the producer, particularly producers of live stock and wheat.

I have one further observation to make; I do not like to say this, but perhaps it ought to be said. The argument is advanced that if you look at the profit on meats you will find that it is only a quarter of a cent per pound, or something like that; and of course, if you accept that at its face value, you are silenced; there is no answer. But this is what I cannot get over. During the last six years Canadian farmers as a class from coast to coast have been suffering perhaps more than any other class because of the low prices of cattle and hogs. The Canadian farmer has been suffering hardships which he ought not to be asked to bear. But during these same years the packing industry has passed through the most prosperous period in its existence. It will be observed that in a four year period—it may have been a five year period prior to 1935—they set aside, in addition to these depreciation reserves to which I have referred, reserves equal to one-half their total capital and had further reserves that were not disclosed until uncovered by an investigation. Again, I am not for a moment saying that merely for the purpose of calling attention to this healthy condition shall I say among the packers; but I do say that in the light of all the other points I have raised it is due to the farmer that this house should scrutinize, and scrutinize with a degree of attention approaching suspicion, some of the statements that are made to farmers as an excuse for the low price of their products.

Mr. BLAIR: I appreciate the remarks of my hon. friend (Mr. Stevens). The difference between what the Dutch farmer gets for his bacon and the price in England, and the difference between what the Canadian farmer gets and the price of Canadian bacon in Britain, is a question that should be very seriously considered by this house. Unquestionably the Canadian packers are making it difficult for the Canadian farmer to raise pigs. I am sure that those who have raised pigs in Canada must realize that they have been doing so at a loss for a number of years. I have here a letter from Mr. Stanley McLean of Canada Packers, an outstanding man, who disagrees with some of the opinions that have been expressed. He says:

> In other words, if Canadian hogs had been as good as Danish hogs, the Canadian farmer in the last three years would have received for the hogs he produced an additional $12,000,000 per year.

That is an important statement.

> The fact that the Canadian farmer did not receive this extra $12,000,000 per year was a misfortune.

That is from Mr. Stanley McLean of Canada Packers. It is believed that the spread is too great between the price paid in Great Britain and the price paid here to the Canadian farmer. The hon. member has referred to the differential in prices, and I was going to bring that up. I have figures—they are the same as he has given—showing an average of about 4·7 cents as the differential between what the Canadian farmer gets and what the Danish farmer gets in relation to the profits made by the packer. Our packers seem to take all the profits, leaving a small margin of loss for the farmer.

There is another matter to which I would call attention, something I have been working at for the last eight or nine years. I started nine years ago and made a poor success. At one time I was in touch with certain Danish professors; in fact, these gentlemen from Copenhagen were at my home. They said I would never get good bacon and hams from Yorkshire hogs. I had two hundred of them, and these gentlemen laughed at me and said, "These hogs have no hams on them; they have just two posts for hind legs and you will never get hams from them." I got reports from Denmark, and this professor gave me the differentiation between the shoulder and the side. Danish hogs have a larger ham than shoulder. Our Yorkshire hogs are wild animals; they have not been really domesticated. The Danes have beaten us in bacon, eggs, and butter on the British market. Their industry is highly specialized, and I suggest we take advantage of specialization along these lines.

Eight years ago I appealed strongly to the Minister of Agriculture of that day (Mr. Motherwell). One of his assistants was named Arkell, and they wrote to me that they had tried Canadian bacon on the British market and that it tasted better than any Danish bacon. Well, I do not care what they like or do not like. If they want Canadian bacon, we can keep a few Canadian hogs for them; but what we want to know is what the British market wants. It was from that point of view that I argued with them eight

years ago. Then the Hon. Mr. Weir got in, and by persistent efforts he imported the Swedish Landrace. It is not a Danish pig but it is far superior to our Yorkshire. It is different from the Danish landwehr which is a better type. I received from Copenhagen a statement comparing the two types with our own Yorkshire. The Swedish is midway between, but is a part Red York, and in the British market it is priced exactly between the price of Canadian bacon and Danish bacon. Danish bacon is generally ten shillings per hundredweight—112 pounds—above the Canadian; Swedish runs about five shillings above Canadian. You will find by your weekly reports that that keeps fairly steady. The trick is here. If we in Canada are going to compete with Denmark on the British market why should we not secure a type of pig that the British people want, and then try and cure that pig by the system they require?

Another thing. Hon. Mr. Weir imported some fifty or sixty of these Swedish pigs from Sweden, and I believe he would have brought in the Danish pig but for the interference of the oligarchy in the Department of Agriculture here. I believe they prevented the Hon. Mr. Motherwell bringing them in. I never blamed him; I blame the department. I blame the department for not allowing Mr. Weir to bring them in, and I blame the same department for not allowing Mr. Gardiner to bring them in. I am not sure of the personal views of the minister, but it is from that department I got the opinions. To show how brilliant they are in the Department of Agriculture, I was there the other day and I said to the man in charge of the publishing, "You should send to the members of the agriculture committee the live stock market report." He said, "We do; we send them every week." I said, "You do not." He said, "I will show you," and he got out the list of names. The first was Shaver, the next Eccles Gott. I said, "They are out of the house." The next was George Spotton and the next Tom Cayley. I said, "They are dead. Your list has not been revised for the last six years.

Mr. BENNETT: That is right.

Mr. BLAIR: I should like to know why the members of this house are not getting that report. That shows how they are conducting their affairs. I touch my hat to the Minister of Agriculture (Mr. Gardiner). I have great appreciation of the service he has rendered already, but I will take my hat right off to him if he will go there and dismiss about one-third of them. They are simply deadbeats, not alive to the world, but dead as Caesar's ghost.

Mr. BENNETT: Then they do not need the lethal chamber.

Mr. BLAIR: They say it is impossible to bring these pigs in because of the foot and mouth disease. I said, "I will go to the books and see what you have in your department." I wanted the latest on foot and mouth disease, but I could find nothing less than thirty years old. If you go to the library over there, I doubt if you could find anything more modern now. The foot and mouth disease is not a congenital disease; the department well knows it, and the man talking to me well knew it—he was a veterinary. Those pigs could be removed at birth with perfect safety. I said, "I will pay the expense of keeping these pigs under quarantine for two generations. You bring them in and leave them here, and surely by that time if they have any disease we shall know." But he said no; for the welfare of the animal husbandry branch he would not.

I am indebted to Hon. Mr. Weir for bringing in these Swedish pigs. I believe he was conscientious and made a noble effort to help the Canadian farmer. Here is the first report on those pigs, and I have followed them carefully since they came in for experiment. I want to draw attention to how these six York pigs compared with the two Landrace pigs. The average age of the York pigs was 189⅔ days, and the average weight was 208 pounds. The average age of the Landrace pigs was 161 days, and the average weight 212 pounds. The Landrace pigs, in 28⅔ days less time, were four pounds heavier than the Yorks. That is the poorest report we have of the Landrace pigs.

The next experiment took place in Hull; I followed them to Hull. These men have told the truth as far as I know, although they were opposed to the pigs. Here we have six Yorks and two Landrace. The Landrace, 55 days younger than some of the Yorks, weigh as much as the Yorks. Hon. members who are not farmers surely can appreciate this: You have two pens of pigs, Yorks and Landrace; you have finished feeding the Landrace pigs and 55 days after they have been shipped, you are still feeding a bunch of Yorks. The cream, the profit, is all gone. With the permission of the house I should like to put these tables on Hansard.

Mr. MacINNIS: On a point of order. A few evenings ago the hon. member for Weyburn (Mr. Douglas) wanted to put some figures

on Hansard and the Minister of Justice, leading the house, said it was out of order. A few days later someone else on the government side got away with it. If it is not good for us on this side it is not for the other side.

Mr. BLAIR: I will read them.

Mr. DUNNING: On the point of order, I think on reflection my hon. friend will admit that he was wrong in the case he refers to with regard to hon. gentlemen on this side of the house. My recollection of the incident is clear; no objection was taken.

Mr. MacINNIS: I did not say there was any objection taken, but the leader of the house could have objected as he did when we on this side tried to do it.

Mr. DUNNING: Further, without trying to limit the generality of the discussion, may I say that some of it at least would more properly take place on the estimates of the Department of Agriculture than on the clause of the agreement. Not that I can urge it to a final ruling, because I suppose one could say that anything connected with ham, bacon or cattle might be discussed, and of course Landrace hogs might become Canadian bacon which might be sold in the British market. While I suppose my hon. friend can connect it up, I do suggest to him and others who might follow the same line of discussion that a more fitting time for much of the material would be on the estimates of the Minister of Agriculture.

The CHAIRMAN: Any hon. member has the privilege of placing any documents on Hansard provided he has the unanimous consent of the house. If not he can read them if he has time.

Mr. SPENCE: I suggest that the hon. gentleman be allowed to put them on Hansard without reading them. It will take less time, and be more accurate.

Mr. HEAPS: I have no objection to the hon. member putting these figures on Hansard by consent of the house, but if he is going to do it we want the same privilege extended to every hon. member of this chamber.

An hon. MEMBER: This is very important.

Mr. HEAPS: The figures are no more important to the hon. member for Wellington North than the figures of the hon. member for Weyburn last week were to him. If it is understood that every hon. member will have the same privilege, I have no objection.

Mr. BENNETT: This is a very important statement. Perhaps the hon. member might read part, and then let it go in.

Mr. BLAIR: I suppose I am obliged to read these figures, Mr. Chairman.

The CHAIRMAN: The hon. member has received unanimous consent to place the tables on Hansard without reading them.

Mr. BLAIR: Thank you, Mr. Chairman. The tables are as follows:

Test by Experimental Farm, Ottawa

Yorks			Swedish Landrace		
No.	Age in days	Live weight	No.	Age in days	Live weight
1	193	227	1	163	212
2	204	210	2	159	212
3	189	195		322	424
4	200	204			1,316
5	181	210			1,097
6	171	202			
	1,138	1,248	In 1,000 days, increase over Yorks	.....	219 lbs.
		1,097			

	Days	Average weight lbs.
Average age of Yorks	189⅞	208
Average age of Landrace	161	212
Landrace ..... in ..... heavier than the Yorks.	28⅞ days less time are	4 lbs.

The average number of Landrace born per litter was 9·16 pigs.
The average birth weight of the Landrace is 3·26 in comparison to 2·48 and 2·68 of the Yorkshires.

Carcass Data at Swine Field Day, Guelph, June 15th and 16th, 1936

Hog			Carcass										
Tattoo No.	Wt.	Age	Wt.	Dressing	Rail Grade	Length	Back fat	Belly	Shoulder	Middle	Ham	Official Placing	Comment
				%					%	%	%		
1	227	193	172	75·7	A	32½	2 7/8	G+	28·3	49·3	22·4	2	York
2	210	204	163	77·6	B	31¾	2¼	F	31·1	45·5	23·4	7	York
3	195	189	155	79·4	B	31	1¾	G−	29·9	44·0	26·1	8	York
4	202	200	155	76·7	A	31	1 1/8	G−	31·3	44·8	23·9	4	York
5	210	181	168	80·0	A	31½	2 1/4	G+	30·1	46·6	23·3	5	York
6	202	171	159	78·7	A	31	1⅛	G+	29·5	47·6	22·9	1	York
Two Landrace Pigs Slaughtered at Hull, June 5, 1936													
7	220	149	168	76·4	A	31	1¾	.....	28·9	46·0	25·1	.....	Landrace
8	210	149	160	76·2	B	31	1½	G−	28·7	46·8	24·5	.....	Landrace 262P

Kindly notice the age, weight and grade of the Landrace pigs compared with the Yorks.

Carcass Data at Swine Field Day, Guelph, June 15th and 16th, 1936

Hog			Carcass										
Tattoo No.	Wt.	Age	Wt.	Dressing	Rail Grade	Length	Back fat	Belly	Shoulder	Middle	Ham	Official Placing	Comment
				%					%	%	%		
1	227	193	172	75·7	A	32¼	2 7/8	G+	28·3	49·3	22·4	2	Yorks
2	210	204	163	77·6	B	31¾	2 7/8	F	31·1	45·5	23·4	7	Yorks
3	195	189	155	79·4	B	31	1¾	G−	29·9	44·0	26·1	8	Yorks
4	202	200	155	76·7	A	31	1⅞	G−	31·3	44·8	23·9	4	Yorks
5	210	181	168	80·0	A	31½	1 2¼	G+	30·1	46·6	23·3	5	Yorks
6	202	171	159	78·7	A	31	1⅛	G+	29·5	47·6	22·9	1	Yorks
Two Landrace Pigs slaughtered at Guelph, June 15th, 1936													
7	205	163	163	79·4	B	30¾	2 1	G−	27·8	48·4	23·8	6	Landrace 256P
8	195	151	159	81	A	30½	1⅝	G−	31	45·5	23·5	3	Landrace 258P

Kindly notice the age, weight, and grade of Landrace pigs compared with the Yorks. The farmer has to feed the York pigs 30 days longer to be the size of the Landrace. This partly explains why the Danes buy our grain and drive us off the British market. Last year we only filled half our quota.

I should like to direct attention to the experiment at Guelph. Six pigs were taken there and slaughtered one day, cut up the next day and examined carefully. The weight of one Landrace pig yas 195 pounds, as compared with a Yorkshire weighing 210 pounds. The Landrace pig was fifty-five days younger, but dressed four pounds more than the Yorkshire. What is more, I saw a professor there lecture to two hundred farmers and tell them to raise the Yorkshire pig, one of which took fifty-five days longer to grow and dressed four pounds less than the Landrace. I was very angry at the professor: I asked him, "Have you no consideration for the farmer or are you simply considering the grading of pigs for Canada Packers?" He said, "Yes, the time required in growing these pigs should be taken into consideration."

[Mr. Blair.]

There is just one other point I want to mention. I would like hon. members to notice the age and weight and grade of the Landrace pigs as compared with the Yorkshires. The farmer has to feed a Yorkshire pig for thirty days longer in order to get a lower dressed weight. I could have made it much more than thirty days, but if I am lying I want to be lying on the right side. This partly explains why the Danes are able to buy our grain and drive us off the British market, as they have been doing for years. Last year we only half filled our quota, because we could not afford to feed our pigs. What with the differentiation mentioned by another hon. member, and the type of pigs we are compelled to grow, we cannot compete with the Danes on the British market. I may be wrong,

but it seems to me a real crime against our farmers that this should be permitted. The Swedish pigs should be distributed among our farmers.

Mr. FURNISS: Mr. Chairman, I have been very much interested in the discussion this afternoon, particularly in what has been said by the hon. member for Kootenay East and the hon. member for Wellington North. I am a farmer, and I am interested in seeing that the farmer gets as much as possible for his hogs. Perhaps a conversation I had last fall with a pork packer might interest this committee. That conversation was induced by a market report appearing in the Farmer's Advocate, which was called to my attention by one of my neighbour farmers. Under the heading Hog Prices Drop, the article says:

Last week hog prices tumbled from 35 to 50 cents, closing at 8.50 for bacons off trucks at Toronto.

Then several other quotations are given which I need not read. The significant part of this report follows:

Canadian bacon in the old country held steady with the previous week, which was 7 shillings below the same week a year ago. On the other hand Danish bacon was quoted for the week ending September 18 at 15 shillings above the same week a year ago. English, Irish and Swedish bacon were all quoted, the week above mentioned, from 8 to 10 shillings above Canadian.

I wrote the editor of the magazine and asked if that statement was correct, and the reply I received was that he had no reason to think it was not correct. So I went to a pork packing plant not far from where I live to inquire into the matter, and in the course of our conversation I referred to the price spreads committee, to which the hon. member for Kootenay East referred. Mind you, I hold no brief for the pork packers, but there may be some merit in his reply, which was: "There was something about the production of bacon that the price spreads committee did not get at. He explained it in this way: "We will never have bacon in Canada as uniform in quality as they have in Denmark, because they import all their feed, and they feed to a formula in order to produce pork of the best quality as cheaply as possible. The quality of pork or bacon that we get in Canada depends largely on the grain grown in the locality where the hogs are fed."

I think there is something in that argument, because as long ago as I can remember I heard farmers discussing the relative qualities of bacon from hogs fed on corn and hogs fed on peas. It may be that there is something in the quality of Danish bacon which cannot be seen or told by the weight of the bacon in the particular grade. I think that is something the Department of Agriculture should take up: Perhaps I should have mentioned these points when the estimates of that department were under consideration, but when the discussion turned this way I thought it would not be improper to introduce this question.

There is just one matter about which I should like to ask the hon. member for Wellington North. Was any record kept of the amount that was fed the Yorkshire pigs and the Landrace pigs?

Mr. BLAIR: Records were kept, but I have not an accurate record here. It is in terms which I do not very well understand.

Article agreed to.

On article 6:

The government of Canada undertake that the goods the growth, produce or manufacture of the United Kingdom enumerated in Schedule IV appended hereto, when conveyed without transhipment from any part of the British Empire enjoying the benefits of the British preferential tariff into a sea, lake or river port of Canada, shall not be subjected to duties of customs higher than those specified in that schedule.

The government of Canada undertake as regards goods the growth, produce or manufacture of the United Kingdom other than those enumerated in Schedule IV that, under the British preferential tariff, no new protective duty shall be imposed and no existing protective duty increased except after an inquiry at which United Kingdom producers shall enjoy full rights of audience.

Mr. MacNICOL: I should like to say something wth regard to article 6 of the budget. What the industrial worker in Canada wants more than anything else is permanency and stability in his job. I quite realize that some of the items contained in schedule IV do not reduce the rates of duty to any great extent, though of course others do. Perhaps the effect on industry just now will not be anything like as detrimental as might have been the case but for the fact that, as everyone knows, every pound of steel that possibly can be imported into Great Britain is being secured by that country, and their shipments of steel are not very great. On the whole the steel industry, on account of the war scare in Europe, is not affected as adversely as it would have been. But what everybody in industry is frightened to death over is this: How far is it going to go? Every year for the last ten years or more of Liberal rule the whole industrial fabric, including hundreds, thousands, and up to a million workers in industry have been alarmed by the constant,

never-ceasing tariff tinkering. The party now holding office, the Liberal party, brought in a budget in 1922 in which it reduced the tariff on some 50 items, more or less.

Mr. GOLDING: Hear, hear.

Mr. MacNICOL: The hon. member says "Hear, hear," but he is not talking for the industrial worker.

An hon. MEMBER: Hear, hear.

Mr. MacNICOL: Thank you for that, sir—although I thought it was another hon. member. Thank you for your "Hear, hear." Then in 1923 the Liberal party gave a ten per cent discount on all British preference items imported from Great Britain. At that time the country had a very able Minister of Finance, and I will not say we have not such to-day. I confess I think a great deal of the Minister of Finance.

Mr. ROSS (Moose Jaw): Carried.

Mr. MacNICOL: He has improved very materially since he came east.

Mr. ROSS (Moose Jaw): That is the worst knock he ever got.

Mr. MacNICOL: His association with business in the east has broadened him out a great deal. May I quote what the late Mr. Fielding said in 1923, as it appears at page 18 of a pamphlet containing his budget speech:

> There is a thought which does not receive as much consideration as I think sometimes it should be given in public discussions, and that is the desirability of something like tariff stability. Business men do not like to be always threatened with changes in the tariff. There is no finality in legislation either as respects that tariff or as respects anything else.

Further on he says:

> Speaking broadly, it is possible to give the country a reasonable assurance of stability of tariff.

I say the very same thing about the workers in industry. I know something about industry, and about the attitude of mind of the worker. He is just as much interested in tariff schedules as any industrialist, because he knows his job depends on the tariff protecting the plant in which he works. How can there be any permanency in employment if we are going to have anything but permanency in tariff schedules?

Here we have a new set of tariff schedules. The government of the province of Ontario has adopted or is about to adopt a minimum wage regulation. How can they carry out any minimum wage regulation in that province if there is a constantly changing tariff? I submit it would be very difficult to do. When in office in 1924, the Liberal party cut the tariff on a long list of items. I shall not enumerate them, but will content myself with saying that the list was long, and the change seriously interfered with employment in industry.

Mr. GOLDING: No.

Mr. MacNICOL: The man who says "No" does not know what he is talking about.

Mr. GOLDING: That is your opinion.

Mr. MacNICOL: I can prove it right now. That is my opinion.

Mr. ROSS (Moose Jaw): Give your figures.

Mr. MacNICOL: I will give them; I did not intend to do so, but I will. In September, 1924, J. R. Shaw of the Canadian Manufacturers' Association, appearing before the unemployment conference in Ottawa told the government of the day that their tariff policy was ruinous to employment in industry, and backed up his statement with a long list of industries which had closed from 1921 to 1924. Among those industries there were 240 making foodstuffs of one kind and another, which in the previous three years had closed their doors as a result of the tariffs imposed by the dominion government. There were 24 tobacco industries; 19 fertilizer industries; 85 connected with oils, chemicals and drugs; 43 making pulp and paper supplies of one kind or another; 271 engaged in the preparation of lumber and wood products; 49 furniture manufacturers—and quite a number of furniture factories are ready to close their doors to-day; 81 engaged in making building materials, and all kinds of materials in connection with the building industry; 31 concerns manufacturing agricultural implements and tools—

Mr. ROSS (Moose Jaw): What about this year? Are they going to close this year too?

Mr. MacNICOL: —18 making carriages; 172 engaged in some kind of iron and steel fabrication; 23 manufacturing leather products and 24 in the footwear industry.

Mr. BEAUBIEN: What is the hon. member reading from?

Mr. MacNICOL: I am reading from a report submitted in Ottawa on September 4, 1924, to the government of the day by the Canadian Manufacturers' Association.

Mr. BEAUBIEN: Oh.

Mr. MacNICOL: Someone says "Oh"; it is all very well to say "Oh".

Mr. DONNELLY: Can the hon. member tell us how many factories were opened in that time?

Mr. MacNICOL: I will tell the hon. member this—and other hon. members from Saskatchewan—that the workers in Ontario are becoming alarmed. The Prime Minister of Canada represents a Saskatchewan constituency. The Minister of Finance is a former premier, as is the Minister of Agriculture. Parliament has done little else in the last year or two but vote for the province of Saskatchewan. The worker in Ontario wants some stability in his job; otherwise he cannot put up the money to help Saskatchewan. In 1925 the list of reductions to the tariff by the present—

Mr. GOLDING: Will the hon. member permit a question? He has told us about the industries which closed up. Would he now give us the total number employed in industry between the years 1921 and 1930?

Mr. MacNICOL: No, but I will do better than that for the hon. member. In a few minutes I shall make a statement in reply to something said a day or two ago by the Postmaster General, because I must set him right. At the same time I will set the hon. member right. The statement was with reference to emigration, and men being thrown out of work.

Mr. GOLDING: Give us the number employed.

Mr. MacNICOL: I would like to proceed in chronological order. May I repeat that in 1922 there were cuts on some 50 odd items. In 1923 there was a ten per cent cut, or a ten per cent discount. In 1924 there was a long list of tariff cuts on all kinds of manufactured goods made by Canadian workers. In 1925 also there was a short but very important list of items cut. In 1926 there were 40 important items cut, but by 1927 the wise words of the late Hon. Mr. Fielding, as uttered in 1923, had apparently sunk in. The castigation and severe thrashing which the government received in the 1925 election for its tariff cuts apparently had sunk in, with the result that in 1927 there were no tariff cuts. In 1928 there were 169 reductions in the tariff, affecting commodities most of which were made by Canadian workers. In 1929 changes were made in 35 items. When the present Minister of Finance came into office in 1930, changes were made in from 250 to 300 items. In the 1936 budget, 150 items more or less were affected, while in connection with this agreement there are 27 pages of items. As one who has been long associated with industry I say it is about time the Canadian workers and the Canadian manufacturer were given a little relief from attack by the government through the cutting down of tariffs and the cutting out of jobs.

Perhaps I have not gone through the items as closely as I should have, but I have noted some of the changes. The agricultural implement manufacturers are not the bandits and robbers they have been called in this house. In any event, their workmen are as fine as can be found in the world. Those workmen use Canadian products. I am opposed to any interference with the jobs of Canadian workers. What do we find? We find that in 1922, 1923, 1924, 1925, 1926, 1928, 1929 and 1930 there was an attack, either small or large upon the agricultural implement manufacture and his employees.

Mr. GOLDING: In the number employed?

Mr. MacNICOL: If the hon. member will look at the Canada Year Book he will get the figures of employment in the agricultural implement plants.

Mr. DONNELLY: There have been very few employed in the manufacture of implements since 1930.

Mr. MacNICOL: The hon. member knows that a world depression has existed, but even during that time the manufacturers kept quite a number of men employed. In connection with the manufacture of blankets, cottons, flannels, woollens and knitted goods changes were made in 1922, 1923, 1927 and 1928. The same thing has happened in connection with the manufacture of boots and shoes. The tariff on these articles was cut in 1922, 1923, 1928 and, while I am not sure, I believe it is being cut again this year. There are a lot of plants in this country making machinery of one kind or another. I find that the government now in power has always taken delight in crucifying the worker in the machinery plants of this country. Reductions in the machinery tariff were made in 1924, 1925, 1926, 1928, 1929 and 1930. I am not referring to the manufacturers of agricultural machinery; I am referring to the manufacturers of woodworking machinery, iron working machinery, mining machinery and other types.

A moment ago I said that I wanted to refer to what the Postmaster General said a day or two ago, and in doing so I shall reply to the hon. member for Huron-Perth.

The Postmaster General lives in the city of London, and perhaps he can make a manufacturing establishment out of a school house. Here is a report of his meeting in Hamilton a day or two ago:

Hon. J. C. Elliott, Postmaster General for Canada, who also spoke, dealt extensively with explanations of Canada's new trade treaties and with statistics showing an increase in international trade.

"Tory rule in Canada has always brought with it a depression and an exodus of our youth to the United States when opportunities here became scarce," Hon. Mr. Elliott said.

Some hon. MEMBERS: Hear, hear.

Mr. MacNICOL: Hon. members say "hear, hear," but no one knows better than the Postmaster General that that last statement is not based on facts. What happened when the party of the Postmaster General came into power in 1921?

Mr. ROSS (Moose Jaw): Prosperity.

Mr. MacNICOL: I represent thirty to forty thousand workers, and when they are out of work they do not consider there is any prosperity. That may be the kind of prosperity the hon. member for Moose Jaw wants, but it is not the kind I want.

Mr. ROSS (Moose Jaw): I take objection to the remarks of my hon. friend. There was prosperity between 1921 and 1930.

Mr. MacNICOL: I am going to give a little picture of how prosperous the workers were in 1922, after one year of Liberal rule and tariff cuts. Emigration to the United States increased. The number of Canadians leaving this country for lack of something to do here increased. In December, 1921, the number of Canadians who left Canada for the United States was 3,057. In June, 1922, a total of 4,899 left Canada. In December, 1922, the number increased to 7,468, and in June, 1923, it had increased to 18,879.

Mr. ELLIOTT (Middlesex): I should like to say to my hon. friend that at no time during my remarks in Hamilton did I use the words "Tory rule." What he says now as to what I said then about Tory rule applies to Conservative rule.

Mr. MacNICOL: The Postmaster General knows—

Mr. BENNETT: That it is six o'clock.

Mr. MacNICOL: I shall continue after six.

At six o'clock the committee took recess.

[Mr. MacNicol.]

After Recess

The committee resumed at eight o'clock.

Mr. DUNNING: We are on article 6, Mr. Chairman.

The CHAIRMAN: On schedule IV.

Customs tariff—ex. 8. Extracts of meat and fluid beef, not medicated: rate of duty, 10 per cent.

Mr. MacNICOL: When the house rose at six o'clock I had nearly finished. I was speaking about the report of the speech made by the Postmaster General in Hamilton on, I believe, March 13, and was analyzing the statement that "under Tory rule—

Mr. ELLIOTT (Middlesex): The 12th, it was.

Mr. MacNICOL: —"there was a great exodus to the United States." I pointed out that from 1930 to 1935 migration to the United States was prohibited, and Canadians could not have gone into that country even though they wanted to. Shortly before that I was pointing out what happened under a Liberal administration following 1921. I gave the figures of emigration from Canada to the United States for several different months in three different years. I will add this, that for the whole of the year 1922, under Liberal rule, the average monthly emigration of Canadians to the United States was 5,190, and for the whole of the year 1923 the monthly average of Canadian emigration to the United States was 15,165. The total for 1922 was 62,289, and for 1923, 181,973. I have not the totals for 1924, but for the first six months of that year, under Liberal rule—and, I maintain, largely as a result of the constant slashing of the tariff by the Liberal party in the years 1922, 1923 and 1924—the emigration from Canada to the United States was as follows: January, 15,513; February, 13,993; March, 13,409; April, 17,517; May, 17,216; June, 19,177. Those figures do not at all bear out the statement quoted as having been made by the Postmaster General at Hamilton. Perhaps he did not make it, and the newspaper report is wrong; but if he did, it is founded on an error as far as the Conservative party is concerned.

I was asked earlier in my speech by an hon. member, and neglected to answer, how many businesses were started under the Liberal administration in 1922, 1923, and 1924 up to the time of the report made by John R. Shaw, of the Canadian Manufacturers' Association, to the unemployment conference

which met in Ottawa on September 4, 1924. There were 934 businesses started and 1,351 closed.

Mr. DEACHMAN: What year was that?

Mr. MacNICOL: Up to 1924.

Mr. DEACHMAN: Between 1922 and 1924?

Mr. MacNICOL: 1922, 1923, and 1924.

Mr. McINTOSH: Is that actual or speculative?

Mr. MacNICOL: I doubt very much whether a responsible citizen, the head of a great organization, would come to Ottawa and present to an unemployment conference, called by the government, fictitious figures. They are not mine; I take them as they were quoted. At that time I was in business and attended more than one such conference. The meaning of those statistics is that during the three years mentioned there was a net contraction in Canada of 417 businesses. During the dinner hour my attention was called to the fact that I had not completed the list of the businesses which closed. It is not in the notes of Hansard, and I must have left it out. This report shows that six rubber goods factories and twenty-three factories for autos and auto supplies were closed.

Mr. DUNNING: Automobile factories?

Mr. MacNICOL: Automobile and automobile equipment factories.

Mr. DUNNING: Twenty-three?

Mr. MacNICOL: Well, the number twenty-three was given by the chairman of the Canadian Manufacturers Association on the occasion I refer to. He may be wrong. As to that I do not know.

Mr. DUNNING: Sounds exaggerated.

Mr. MacNICOL: Well, maybe, but if you consider bumpers and wheels and—

Mr. ELLIOTT (Middlesex): Nuts.

Mr. MacNICOL: —cushions and other articles that enter into an automobile, I suppose it may be correct. There were also closed seven toy factories, six glass parts factories, 156 textile factories of one kind and another, including wearing apparel, and 73 miscellaneous. I give that list as it was given at the unemployment conference. I assume that the government of the day would check it over, and I never heard that its accuracy had been disputed.

I may be asked how many factories started in Canada as a result of the beneficial tariff introduced by the present leader of the opposition when he was prime minister of this country. The Ottawa correspondent of Business Week—I do not seem to have the date—says 272 branches of United States industries were established in Canada between 1930 and 1935: these included 23 manufacturing vegetable products; 8, animal products; 20, textile products; 25, wood and paper products; 73, iron products; 33, non-ferrous metal products; 10, non-metallic mineral goods; 63, chemical products; and 17, miscellaneous.

Mr. DUNNING: Can the hon. member give us the number of factories that closed during that period?

Mr. MacNICOL: The report does not give it and I have not the figures here, but the facts are probably as stated here. But the minister knows just as well as I know—and I know personally—that a great number of splendid factories were started in Canada during the time the leader of the opposition (Mr. Bennett) was Prime Minister.

Mr. YOUNG: Is my hon. friend trying to prove that employment was greater between 1930 and 1935 than between 1925 and 1930?

Mr. MacNICOL: Oh, no, I am not trying to prove that, but I do say that as a result of the beneficial tariff policy of the ex-Prime Minister, between 1930 and 1935, there was much more employment in Canada than there would have been but for that policy. I do not want to get into an argument with my hon. friend for Huron North (Mr. Deachman); he and I are as far apart as the poles. He may have been secretary of the Consumers' League, but that does not mean a single solitary thing to me; that did not give any employment. The only man that I want to get into an argument with is the man who can tell me how many men he gave employment to.

Mr. DEACHMAN: How many men did the hon. member's policy give employment to? Take a typical Canadian city, Hamilton. Let him tell us how many men his policy gave employment to in that city. That would be interesting.

Mr. MacNICOL: I certainly can, and I am glad the hon. gentleman has asked that question because I can plainly see that he is so far removed from employment and industry that perhaps he cannot grasp the situation. I will mention only one factory.

Mr. DEACHMAN: Give all.

Mr. MacNICOL: No, one will do. I could give a great number, and in fact I have given the list before so that it is not necessary to repeat it now. He has spoken of Hamilton so I will mention the Dominion Foundries and Steel Company. As a direct result of the tariff policy of the late government, giving protection on steel plate over forty inches and I believe up to sixty-six inches, in that one plant alone a goodly increase of men were employed making steel plate which would not have been made in Canada had it not been for the fact that steel plate under sixty-six inches was protected. I will go further. I believe the present Minister of Finance has the best interest of the country at heart, as he sees it, but with due respect to him I will say that the number of men in the Dominion Foundries and Steel Company's plant in Hamilton can be increased materially if his government will increase the protection on steel up to seventy-eight inches, twelve inches more than at present. A short time ago I saw a statement which perhaps the hon. member for Huron North also has seen.

Mr. DUNNING: Perhaps my hon. friend will be interested to know that the plant he mentions was never so busy as it is to-day.

Mr. MacNICOL: Yes, and the minister knows why as well as I do. It is because the British companies that make steel plate are at present as busy as they can be making steel plates for battleships, cruisers, destroyers and so on. The minister knows very well that there is not much, if any, construction steel coming to Canada to-day from the old land. There may be some, but I believe the quantity is shrinking. And for the same reason.

Mr. DUNNING: That is not the only thing they make.

Mr. MacNICOL: Construction steel may not be shipped out of England at present because of the insufficiency of steel at home for the manufacture of necessary war equipment, and therefore it is no wonder that the steel business is active in Canada. During the late government's administration the company in question equipped their plant to make steel plate over forty inches, and the very fact that they were able to roll steel up to sixty and seventy inches resulted in employment for a good many more men.

The Minister of Agriculture on March 9 last, made the following remarks as reported in Hansard:

> I am one of those who believe that if we want to sell our wheat in the old country market we should be prepared to bring back [Mr. Deachman.]

to this country the shirts we wear when we are producing that wheat, the pants we wear when we grow that wheat, and the boots and shoes we wear when we grow that wheat.

I venture to suggest that the Minister of Justice does not agree with the Minister of Agriculture that boots and shoes should be imported.

Mr. LAPOINTE (Quebec East): I did not hear the argument, but on general principle I would side with the Minister of Agriculture.

Mr. MacNICOL: The Minister of Justice knows that they make very fine shoes in the city of Quebec. I do not blame the Minister of Agriculture for speaking as strongly as he can for his agricultural friends and trying to get material for them at as low a price as he can, but he is a minister of the crown now, and he must think of all Canadians. He has to think of the workers in the factories throughout Canada, and if he goes to Hamilton to make a speech he may not say to the workers in that city: How would you like to have your boots and shoes, your clothing, textiles and cottons, brought in from Great Britain? He cannot ask that question in Hamilton because in the audience there will doubtless be a good many textile and cotton workers listening to what he has to say. No; that is not sound doctrine. We have all got to work together in this country, and if the hon. member for Huron North does not know it—and I do not suppose he does—I may tell him that there are hundreds of thousands of men employed in industry throughout Canada. There are, of course, some men working in Huron, but because there are not many thousands of men working there is no reason why the hon. member should persist in season and out in attacking the workers of Hamilton, Oshawa, Toronto, and other cities throughout Canada.

I would ask the hon. member for St. Johns-Iberville-Napierville (Mr. Rheaume) whether the bringing in of sewing machines from Great Britain, as no doubt some will be brought in under the lower duty, will provide employment in the city of St. Johns. I would ask the hon. member for Wellington South (Mr. Gladstone) whether the bringing in of lawn-mowers from Great Britain, providing employment for workmen over there, will help the workers who make lawn-mowers in Guelph. I would ask the hon. member for Brantford City (Mr. Macdonald) whether chocolate imports will help the chocolate workers in Brantford City, or whether helping the biscuit makers in Great Britain by means of imports from that country will help the

biscuit makers in the city of London, Ontario. Will the bringing in of hollow-ware from Great Britain at a lower duty give plenty of work to the hollow-ware workers in London, Ontario.

Take the fine paper workers in Cornwall and Mille Roches, Montreal and other paper making cities; will this give work in those cities? Suppose steel girders were admitted at a lower rate of duty from Great Britain; it is not going to happen at the moment on account of the war scare, but if the war scare passes they would be admitted, some coming perhaps from Belgium, processed a little in Great Britain; would that provide work for the steel workers of Hamilton and Sault Ste. Marie? And I ask hon. members in whose constituencies there are textile mills whether the bringing in of $25,000,000 worth more or less of British textiles will help the textile workers in Sherbrooke, Montreal, Hamilton and Kingston—I wish the Minister of Labour (Mr. Rogers) were here to get that last. I do wish the hon. member for York North (Mr. Mulock) were here to-night, because I should so like to ask him whether the bringing in of lead pencils from Great Britain in large quantities will help the pencil makers in Newmarket—a new industry.

Mr. DUNNING: I take it my hon. friend is in favour of this trade agreement with Great Britain?

Mr. MacNICOL: Yes.

Mr. DUNNING: I understood so. I know he wants to be helpful. Perhaps he would be good enough to indicate what he suggests we should take from Great Britain in exchange for our exports of wheat, metals, motor cars and all the other things we send there.

Mr. MacNICOL: As I am not the Minister of Finance I do not propose to tell the minister what he should do.

Mr. DUNNING: But I want advice.

Mr. MacNICOL: I am first for the Canadian worker, because I was one of them for a long time.

Mr. DUNNING: And are yet.

Mr. MacNICOL: I try to keep their interests paramount, because sitting in this house there are too many free traders from Saskatchewan, and I am sorry to say we have one from Huron North, Ontario. What business wants, and what the workmen want, is stability in the tariff. We all know that during the ten years more or less when hon. gentlemen opposite were in power there was a constant procession of tariff cuts. It is surely time to end that, and to let business get set, so that the worker who stands at the machine can feel that that machine is going to continue in operation, and not be put out of business by a tariff cut. I realize the problem the minister is up against, and I want to help in any way I can—

Mr. DUNNING: That is the line I want.

Mr. MacNICOL: Labour and capital are crying out for stability. Industry and labour ask that the government cease the constant cutting of tariffs; let them become stabilized, and get on with production along established lines. To-day they are all scared to death. A man said to me when I was home over the week-end, "There is the Prime Minister down in Washington. He will be coming back with a bag full of tricks, and next year we shall have an onslaught of tariff cuts."

Some hon. MEMBERS: Hear, hear.

Mr. MacNICOL: It is interesting to observe hon. members thumping their desks in anticipation of another onslaught of tariff cuts. I will tell them what will happen to them, the very same as happened in 1925, when they were trimmed to a frazzle. But they did not go out of power then because we had free trade groups from the west at that time and they kept them in power. But they were trimmed to a frazzle in 1930—

An hon. MEMBER: What about 1935?

Mr. MacNICOL: Keep right on along the road you are going and out of power you will go the first chance.

Mr. GOLDING: Mr. Chairman—

The CHAIRMAN: I think I had better remind the committee now, in order to clarify the situation, that we are on schedule IV, item ex 8, extracts of meat and fluid beef, not medicated.

Mr. GOLDING: There were some statements made to which I wish to refer. Since the question has been discussed I think an answer should be permitted. Let me say at the outset that I appreciate the addresses given in the house by the hon. member for Davenport (Mr. MacNicol) because I believe he is absolutely sincere in what he says, and also that he makes a careful study of any questions before he speaks. This afternoon he said that thousands of industrial workers were thrown out of employment by the tariff reductions in 1923. I asked the hon. member to give a statement of the number employed for the years from 1922 to 1930 in order that

we might know whether thousands were thrown out of employment. I think the leader of the opposition will agree with me that that is a fair question to ask. It has not been answered.

Mr. MacNICOL: I did not have the figures. I am not a walking encyclopaedia.

Mr. GOLDING: I quite agree. The point is that any hon. member who makes such a statement as that should have the figures. He ought to have the figures before he makes the statement.

Mr. MacNICOL: I made the statement that thousands were leaving this country to look for work in the United States.

Mr. GOLDING: What I want is the number employed in industry in those years. I think that is fair.

Last year when the reduction in agricultural implement duties was being discussed the hon. member for Greenwood (Mr. Massey) made a statement, and the hon. member for Davenport supported him, as to the disastrous results that were going to happen from the reduction in the tariff on agricultural implements. Here is what the hon. member for Greenwood said:

> I am sent here by an industrial riding; I am sent here to represent the industrial worker, and so long as there is breath in my body and red blood in my veins I will plead his cause. And I say to-day that the jobs of eighteen thousand men are at stake. Yes, and how many more jobs are there at stake in industries which contribute the raw materials?

His statement of eighteen thousand jobs being at stake related to the number of employed in the industry itself. Now I have the figures here, and I want my hon. friend to notice these figures. I want to put them on Hansard once more so that our friends will have them to refer to. I am going to try and get the figures for all industry so that we may know what we are talking about.

In 1922 there were 6,221 employed in the agricultural implement industry. What does that take in? I am quoting from a report given to the price spreads committee. It included the factory worker, the factory administration, the clerks, the selling agents, and the executives. They are all included in this number. The numbers for the succeeding years were as follows:

	Number employed
1923	7,792
1924	6,700
1925	7,559

[Mr. Golding.]

Here are the disastrous results!

	Number employed
1926	10,091
1927	11,011
1928	10,867
1929	11,408
1930	7,405
1931	4,471
1932	2,758
1933	3,039
1934	3,706
1935	4,989

In other words from 1931 to 1935 the average number employed in the industry was 3,773, yet the hon. member for Greenwood rose in his place and told us that eighteen thousand jobs were immediately placed in jeopardy, which I submit is quite an exaggeration. I have followed these arguments for years and years, and I am satisfied that statements of this kind are made for one purpose only, and that is to intimidate the industrial workers.

Let me refer to what actually happened in connection with the Massey-Harris Company, for example, in 1936. We have not the figures for the other companies as yet, but we hope to obtain them later. Instead of all these employees and thousands more, as my hon. friend said, being out of work in 1936, we have the statement of the company that last year they employed 451 more persons than in 1935.

Some hon. MEMBERS: Of course; why not?

Mr. MacNICOL: May I interrupt the hon. member? The hon. gentleman is an industrial worker, and I am sure he knows the reason for that situation. The greatest pork barrel in the history of the world was the $400,000,000 that the United States gave the farmers of that country as a bonus in 1936. Probably every farmer throughout the western states is buying machinery, and they cannot make enough machinery in their own country, so our factories are shipping machinery to the United States. That $400,000,000 was a huge pork barrel.

Mr. GOLDING: That is a nice way of getting around a ticklish question, but I am afraid my hon. friend will not be able to put that sort of thing over on the country. I want to say to my hon. friend from Davenport that I am an industrial worker and, further, that I am just as much interested in every industrial worker as he is. But I am also interested in the consumer.

Let me say this further. If there is going to be a trade agreement at all someone has to make concessions. Let me ask the agricultural implement maker this: If in 1936 we were able to lift some 220,000 head of cattle out of this market and sell them at a profit to our neighbours to the south, was that not worth while for his customers? What would have happened if there had been no agreement and these cattle had been left on this market? You can imagine how many implements these farmers would have been able to buy. I submit that the first concern of the implement manufacturer should be the position of his own customers. I submit further that if, instead of linking up with the manufacturers association and wanting a duty on everything, including his raw material, which is bound to increase the cost of the implement to the farmer, the implement manufacturer had gone with the farmer and tried to get lower duties on the materials entering into the manufacture of the implements, he would have served his own purpose and that of his customer very much better.

I am not going to conclude until I have also placed on record the amounts paid in salaries and wages during those years, starting with 1922 and giving only the even millions:

	Salaries and wages paid
1922	$ 7,000,000
1923	9,000,000
1924	8,000,000
1925	9,000,000
1926	12,000,000
1927	13,000,000
1928	13,000,000
1929	14,000,000
1930	9,000,000
1931	4,000,000
1932	3,000,000
1933	3,000,000
1934	3,000,000
1935	5,000,000

Those figures are supplied by the Dominion Bureau of Statistics. I have not the figure for 1936, but I am quite sure it will show a very substantial increase over 1935. As an industrial worker, anxious to see every other industrial worker prosper, I should like any member who reads those figures to tell me how the increase in duty on some of these implements in 1930, amounting to some 300 per cent, helped the position of the industrial worker at all. If these figures indicate anything, surely they indicate that the tariff reductions did not destroy the industry. I am quite satisfied they helped the consumer and also the industrial worker. That is my opinion.

Mr. DEACHMAN: The hon. member for Davenport has had nearly forty minutes in which to discuss this question, and I crave your attention, Mr. Chairman, for less than ten minutes. My hon. friend suggested that I was not interested in labour. Let me suggest that he reconsider this question and face it honestly, as we ought to face it. I am interested in labour; I accept his word that he is interested in labour; I believe that every man in this house—I include also the women—is interested in the employment of Canadian labour at the highest possible wages that can be obtained. But we differ as to the method which will bring about the desired result. My hon. friend thinks a doctrine of exclusion is the proper one; he thinks we must retire from the main street and do business on a back road. I think we should do business in the markets of the world. That is the distinction between Liberalism, on the one hand, and Conservatism on the other. The Conservative looks forward to a contracting world, but the Liberal looks forward to an expanding world. I stand for the expanding world, and my hon. friend stands for a contracting world.

Permit me to prove my assertion, and as an example I take the city of Hamilton. I take Hamilton because it is a great, proud industrial city, which has made great progress. It is a splendid city. I have been there once or twice, and I like it much better than Toronto because occasionally it returns a Liberal member to this house. In 1922, at the very time when fate struck the Dominion of Canada, when a Liberal government was coming into power and when every man in Hamilton ought to have shivered for fear of losing his job, there were 23,475 industrial employees in that city. In 1930, after eight years of that policy, just before the Liberals retired, there were 31,033 workers. I ask my hon. friend to check my figures. He will have time to do that and come back to this chamber before this debate is ended, and he can refute my contentions if I am wrong. Let me go over the figures again. In 1922 there were 23,475 workers; in 1930 there were 31,033 workers. Then lightning struck this country, with a change of government; a gentleman came into power who was going to wipe out all unemployment. We were going to have factories on every corner and prosperity such as men never knew before. In 1934, however, the number of industrial employees in the city of Hamilton had dropped to 24,072, a decrease of nearly 7,000. We were back almost to the level of 1922,—twelve years lost. The progress gained in eight years was

thrown aside—and then the backward movement. Let us consider the salaries and wages. In 1922 the figure was $26,000,000—I am leaving off the odd hundred thousands. In 1930 it was $39,000,000, and then in 1934 it went back to $25,772,000, or less than in 1922.

I put it to you another way: Between 1922 and 1930 the increases in wages in the city of Hamilton under a Liberal administration, under a low tariff, and under what the hon. member describes as a policy of ruin, was one-half as great as that which took place between the invasion of England by William the Conqueror and the coming into power of William Lyon Mackenzie King in 1922. We gained $13,000,000 in that period. When we started in 1922 the salaries and wages paid in Hamilton were only $26,000,000. At the end of that period, in 1930, it was $39,000,000.

Let us take the value of products—and here of course, price level has something to do with it. In 1922 production was only $100,000,000. In 1930 it had risen to $166,000,000. Why do not the hon. member for Davenport and those who support his view throw out their chests and cheer at that good news? Why do they not cheer an expansion to the extent of $66,000,000 in one city of the Dominion of Canada under eight years of freedom? I challenge the hon. member now to take any other city he chooses to take. Let him go to Vancouver and from there follow down to Calgary, Edmonton, Winnipeg, and right straight through to the Atlantic. What does he find? I know all this is useless; there is no use arguing with the hon. member. Macaulay said of James II that when he made a statement which was perfectly absurd and his court corrected him, he would always repeat the same statement in exactly the same words, believing that by repetition he had given a complete answer to those who took the opposing view.

The hon. member (Mr. MacNicol) will come before the house time and time again and he will have with him the hon. member for Danforth (Mr. Harris). There will be the hon. member for Lanark (Mr. Thompson), and the hon. member for Greenwood (Mr. Massey), who never fails to offer a prayer in defence of protection. They will all be here, and they will repeat these statements time and again before the debate is ended, telling us of the losses and the destruction which will come from lowering the tariffs.

I ask the hon. member again to go over the record; take it city by city, town by town, province by province—take the dominion as a whole, and what would he find? He finds progress under Liberalism; not because it is Liberalism—oh no, progress because Liberalism accepts in part the way of freedom, and if Liberalism moves forward as it ought to do, in a still wider broadening of the opportunity for trade, then even the hon. members in the corner would be afraid to rise in their places and suggest that progress under Liberalism has been lacking. Lower the tariffs. I say to my hon. friends on the opposite side, who are with me spiritually but not physically: You have not gone far enough. If you go farther, if you expand Canadian trade, if you lower the tariffs, then your progress will be so clearly marked that even those gentlemen on this side who suffer, if not frailty of sight, at least a certain touch of intellectual strabismus, will be able to see the vision clearly, and understand the progress we are making.

Mr. HARRIS: The hon. member for Danforth wants to make one or two observations.

The CHAIRMAN: The hon. member for Winnipeg North (Mr. Heaps) has the floor.

Mr. HEAPS: I think hon. members in both major parties are over-emphasizing the importance of tariffs on our internal and external trade. I listened, with a great deal of interest, as I always do, to the hon. member for Huron North (Mr. Deachman), who has just taken his seat. When he spoke with such enthusiasm I think he failed to realize that when he endorses this trade agreement to-day he is endorsing exactly what the Conservative party did in 1932.

Mr. BENNETT: Absolutely; take Hansard and try to deny it.

Mr. DUNNING: What about the reductions?

Mr. HEAPS: The amount of reductions between this agreement and the old one is not very great. Those reductions are extremely small. I think it goes without saying that they will not be contested too strongly by those who were here in 1932 and listened to the hostile criticism which the agreement introduced in that year received. They will not go so far as to say that they will not have anything to do with this agreement. I voted against the agreement in 1932 and I am not very anxious to support it in 1937, for the reasons I gave earlier in the year. When I see what the Liberal party objected to in 1932 and what they endorsed a few years later, I cannot take their arguments too seriously.

This afternoon and this evening the hon. member for Davenport (Mr. MacNicol) spoke at length and attempted to point out that

tariffs were a great protection for workers in Canada. From the day I came to the house I have maintained that tariffs are practically no protection for the workers. It cannot be shown where they have been a protection by way of keeping their jobs, nor can it be shown that through tariffs the workers have been protected with respect to the wages they have received.

I remember well that at the short session of 1930 tariffs were increased to a great extent. The tariffs on textiles went up; I believe the tariffs on furniture were increased, as were those on many other items. Yet it was not more than a year or so later that the employees engaged in these industries were subjected to reductions in their pay. Not only that, but in spite of the fact that the industries had received increased protection, the workers were unable to retain the jobs they had held in 1929 and 1930.

For these reasons I say that no great amount of importance can be attached to the question of whether a tariff goes up a little or down a little. Sometimes I am amazed at the amount of discussion engaged in by hon. members on the question whether the tariff should go up or down a few points. Of course, I realize that tariffs may be good talking points at election times. I remember what happened at the by-election in Hamilton in 1931, and I would not be afraid to repeat in 1937 exactly what I told the workers in Hamilton in the earlier year when I visited that city during the course of the by-election. I told them then that protection does not protect them at all. The hon. member for Davenport is in his seat, and I will tell him it neither protected them in their jobs nor in their wages, because had it done so there would have been no need for trade unions. If protection worked as some hon. members believe it does, when a tariff is put up wages should go up; but we have had the very reverse. When tariffs went up, wages went down. When tariffs went up in the textile industry, even the volume of employment went down. Volume in industry in the last two or three years has increased when tariffs were high, up to the year 1935, and will probably increase still more after 1935 simply because world volume of trade is increasing. The world volume is of far greater importance to Canada than the question of whether a tariff goes up or down a little bit.

Mr. HARRIS: Mr. Chairman, I notice that article 6 is as follows:

> The government of Canada undertake that the goods the growth, produce or manufacture of the United Kingdom enumerated in Schedule IV appended hereto, when conveyed without transhipment from any part of the British Empire enjoying the benefits of the British preferential tariff into a sea, lake or river of Canada, shall not be subjected to duties of customs higher than those specified in that schedule.
>
> The government of Canada undertake as regards goods the growth, produce or manufacture of the United Kingdom other than those enumerated in Schedule IV that, under the British preferential tariff, no new protective duty shall be imposed and no existing protective duty increased except after an inquiry at which United Kingdom producers shall enjoy full rights of audience.

The question I should like to ask the minister is this: In passing article 6 do we automatically admit or pass schedule IV?

Mr. DUNNING: I can understand how my hon. friend has become confused. We cannot pass article 6 until we have passed every item in schedule IV. The first item in the schedule covers extracts of meat and fluid beef, but I do not believe my hon. friend thinks that this item has been before the committee since before six o'clock. The Chairman called attention to the item shortly after eight o'clock. I do not want to try to limit the general discussion on the tariff because I know I would not succeed in doing so.

Mr. HARRIS: I should like to make just one observation. Apparently the hon. member for Huron North (Mr. Deachman) has forgotten that there was a world wide depression. Having said that, I come back to the item under discussion and ask the minister: what were the imports?

Mr. BENNETT: If the hon. member will pardon me. I have listened with great interest to the discussion that has taken place on the question of a tariff or no tariff. The objection I have is that when in opposition the government of the day adopted a free trade attitude, while in office they practise protection.

Mr. McINTOSH: Freer trade.

Mr. BENNETT: If freer trade means having closer alliances with the manufacturers, then you have freer trade. The hon. member for Huron North (Mr. Deachman) made one error which I could hardly imagine a man of his intelligence making. He compared conditions in boom days with conditions that existed eight years prior to that, making no allowance for increases in population, expansion of industry and increases in trade. I wonder if he knows that between 1930 and 1934, the year he last quoted, world trade shrunk 66 per cent? Is he also aware that the most outstanding fact between 1930 and

1935 was that free trade England adopted protection, and that under protection there were fewer unemployed in England than there had been during the last quarter of a century? I merely mention these facts lest they have been overlooked by hon. members of this house. Merely to let these statements pass uncontradicted might indicate acquiescence.

I do not propose to follow the argument further, although a great deal might be said with respect to it. I could not permit these points to pass unnoticed in view of the character of the observations that were made.

The trade agreement which we are now discussing deals with a number of items contained in the particular schedule now before the committee. I put this question to the committee: To what extent does the government think the consumer in Canada is going to profit by a reduction of 2½ per cent in the duty? I wonder if the minister is aware that on analysis our English friends have taken advantage practically to the limit of the preference granted to them? Their sales price has been the sales price of their competitors, with the exception of possibly a half or one per cent difference. A 2½ per cent reduction is useless so far as the consumer is concerned. It only enables those who sell their goods in Great Britain to make a little larger profit on them. That is the experience I have gained from talking to people throughout this country. I have asked why there was not a larger sale of British goods in this market, and that is what I have been told. I have seen goods on store shelves that came from other countries and I asked why English goods were not being sold when there was a preference. I found, unfortunately or fortunately as you may want to put it, that the price at which English goods were being offered was the price at which other goods were being offered, with a slight reduction in some cases.

That is not the general principle upon which we have operated with respect to our preference in the English market. I have suggested to the manufacturers in Great Britain that if they expect to seek a market here, they must expect competition. The preference was not meant to inure wholly to their benefit; part of it should be passed on to the consumer, and the consumer would then buy more of their goods. I think that on analysis the minister will find that that is a very mild statement of the case.

Mr. DUNNING: I am pleased to hear these observations from the leader of the opposition (Mr. Bennett), and I commend them particularly to the attention of the hon. member for Davenport (Mr. MacNicol). Obviously if what the leader of the opposition says is true, the consequences feared by the hon. member for Davenport cannot possibly occur.

Mr. BENNETT: Quite so.

Mr. DUNNING: In general terms, I would say that all that we heard in the budget debate as to the harm that was to be done to Canadian industry through this agreement cannot be so, if what the leader of the opposition now says is the fact. I submit that neither he nor I can correctly present a matter of this sort in general terms. I think he will agree with me when I say that the test of the situation to which he refers is to be found in a discussion of the individual items under review. I am quite sure that before we get through this schedule the leader of the opposition will be the first to point out the tremendous seriousness of some of the small cuts to which he has now made reference. I would point out that from the consumers' standpoint there is already evidence of benefit in connection with certain items. I qualify that, as I must, in the light of the general situation to-day in Great Britain, where we have a generally rising price level and a general rise in the cost of production. There has been an even more pronounced rise in the price level in the republic to the south than has occurred in either Great Britain or Canada. Canada seems to be lagging behind somewhat in the general increase in the price level which has become, with one or two notable exceptions, almost world wide. Because of that fact I submit that no government could adopt the attitude which the hon. member for Davenport recommended we should adopt with respect to tariff matters.

The world is not stationary with regard to matters of trade, or with regard to matters of exchange, which is important; matters of trade restrictions, quotas, quantitative regulations and so forth. I do believe that if one could generalize correctly he would say that the tendency throughout the world is more toward the development of international trade than it is toward the restricting of trade, as was the case during the major portion of the last five years. However, that general tendency needs to be qualified by a detailed study of the effect upon the major items of international trade. What one might say with respect to steel, for instance, would not be equally true with respect to textiles. What one might say with respect to textiles, might not be true with respect to some other major classification in the tariff. What is required, and what this government intends

to continue to give with the machinery at its disposal, is a continuous study of the world trade situation, and the empire trade situation. We shall continue to do what we consider is in the best interests of the Canadian people as a whole. If we can, we want to take account of the best interests of all Canadians. I would be the first to admit that every Canadian government is actuated by the same desire.

As I said in introducing the budget, the difference between us are differences as to the method of the attainment of objectives which we all have at heart, and which we can debate as much as we wish. The hon. member for Winnipeg North (Mr. Heaps) takes a somewhat superior attitude with respect to both of the old parties in connection with this question; he says it does not really matter to the worker. Well, there is plenty of evidence that the terms upon which international trade are carried on do matter in many countries,—matter profoundly to the worker. Those of us who are responsible for government cannot adopt the detached attitude of the hon. member for Winnipeg North, and if he occupied a seat in the government I am quite sure that his air of detachment would speedily leave him and he would be quite as conscious as we are of our responsibilities and of the necessity of continuously studying the major factors of international trade.

Now, Mr. Chairman, If I could give a little information regarding extracts of meat, and get on with the job—the proposal is to reduce the tariff against Great Britain with respect to extracts of meat and fluid beef, not medicated, from the present rate of 15 per cent to 10 per cent. Our total imports of these articles in 1936 were valued at $229,000, of which $208,000 came from the United Kingdom. The concession is confined to that portion of the present item 8 of which the United Kingdom is the principal source of supply. As to the balance of tariff item 8 which includes among other things, canned meat, poultry and game, our principal sources of supply apart from our own country are Uruguay and the Argentine. An extract is being made from the item of the tariff of the article in which the United Kingdom is particularly interested, and a reduction of five per cent is proposed in connection with it.

Mr. WARD: I had not intended to speak at this time, nor did I take part in the budget debate proper, but in view of some of the statements made by certain hon. members opposite, particularly the hon. member for Davenport (Mr. MacNicol), and the other by the hon. member for Waterloo South (Mr. Edwards), I was led by the expressions of fear and the wails of woe that came from that quarter of the house to examine certain figures, which I proposed to put on Hansard.

I should like to deal with a point which arose a few moments ago when the leader of the opposition spoke of what he called the inconsistency of the hon. member for Huron North (Mr. Deachman). In 1928 the income from our farms was $1,533,000,000, but by 1932 that had dropped to $528,000,000, or about one-third. When we hear of the condition of the workers in our factories, the unemployment they have suffered, and the losses the manufacturers themselves have sustained, may I remind hon. gentlemen that the answer is that the income from their consumers has dropped to about 35 per cent of what it was prior to 1930. The other day the hon. member for Waterloo South spoke of hundreds of men and women having been given employment in Kitchener because of the policies of the present leader of the opposition when he was in office. I would remind him that during the first three years the Conservative administration was in power, namely from 1931 to 1933, unemployment increased in Canada at the rate of about 200,000 a year. So that if the policies of the government of that day did increase employment in Hamilton or Kitchener or some other industrial centre, for each additional man or woman so employed at least six or seven must have been thrown out of work in some other part of the country. That, I think, is a reasonable deduction, and I believe that at all times it will be found that the increase in employment due to raising the tariff and any advantages it may bring to workers in the cities will be offset by the effects upon those in the farming sections of this country.

At this time may I answer some other questions that have been asked during the last couple of hours. It is with satisfaction that I compliment the government on their suggestion to appoint a commission to investigate the relationships between the provinces and the dominion. This allusion in this debate may seem far-fetched; I see the leader of the opposition shaking his head.

Mr. BENNETT: We are getting so close to the item; that was the reason!

Mr. WARD: I hope to show in the next few moments that there is a very direct relationship.

Mr. DUNNING: If my hon. friend will permit me, there will be a splendid opportunity later to discuss that matter. This is going farther away from the item, I think, than we have ever got yet.

Mr. WARD: I should like to agree with the Minister of Finance. Of course, all these matters are closely connected with tariffs and their relationship to the economic life of the community. It seems to me—whether it is meat extracts or farm implements or cotton goods—it is pretty hard to separate them.

Mr. BENNETT: Butter and fluid beef!

Mr. WARD: I come now to a statement which I think will be a fairly adequate reply to some observations of the hon. members for Davenport and Waterloo South. It comes from no less an authority than the present Minister of Labour (Mr. Rogers), who was formerly on the faculty of one of our great universities as professor of economics. Using his figures, I find that in 1936 Manitoba paid in the form of tariff bonuses to the manufacturers in a very small part of central Canada no less a sum than $20,775,000, or $277 per capita. When hon. members speak, as I think the hon. member for Davenport did, of Ontario and Quebec being a milch cow for the western provinces—

Mr. BENNETT: It was Sir Richard Cartwright who some years ago made the remark about the milch cow. You are getting a little mixed up.

Mr. WARD: Hon. members from Toronto and other industrial centres need to be reminded that western Canada has been feeding that cow very well for a long time, and the fact that in all these years we have had no recompense for the feed given to this cow explains very largely, I think, the condition of the western provinces to-day.

Mr. STEWART: You are getting a pretty fair amount of feed just now.

Mr. WARD: Well, I do not know. Manitoba has paid in one year $20,775,000 in the form of tariff bonuses to the manufacturers of this country; we have never had any such amount paid back either in relief or in any other form. I think it behooves us all to recognize that Canada is a great dominion made up of many parts, and that we cannot have a prosperous country by continuously bonusing and subsidizing the secondary industries and giving no consideration to the foundations of our wealth; that, in fact, is what we have been doing in this country from the beginning of its history.

Our financial and railway and fiscal policies have been always in the interests of the secondary industries. No wonder that the western provinces, far removed from tide water, with long rail hauls, high freight rates, and paying enormous sums in the form of tariff bonuses without any compensating factors, are becoming poorer and poorer. I hope it will come to be generally recognized that agriculture must be put in a position where the farmers will be able to buy the things they need. The trouble to-day is that agriculture is not in that position. All one has to do is to visit the farms on the prairies and see the worn-out equipment the farmers are trying to carry on with. No wonder the implement manufacturers are not selling the number of implements they should; they would sell more if the farmers could afford to buy them. If we are going to continue subsidizing and bonusing every little industry in Canada, then I suggest that we shall have to subsidize and bonus agriculture. There is no escape from that. At a later day I shall have something to say with regard to bonusing or in some way compensating agriculture for the maintenance of the huge machine we call secondary industries.

Mr. MAYBANK: Will the minister at some convenient time explain the loss in imports under this item? In 1931, the exports amounted to $63,000, and in 1932 they were $30,000. The next year they dropped to $20, the next year something less, and finally to nothing.

Mr. DUNNING: I can give the answer now. The hon. gentleman is quoting the figures relating to the whole of item 8, whereas what we dealt with from item 8 was only that part of the present item comprising extracts of meat and fluid beef, not medicated.

Item agreed to.

Customs tariff—20a. Butter produced from the cocoa bean: rate of duty, free.

Mr. DUNNING: There is no change in this item, but I would point out that while it was bound free in the 1932 agreement it was also bound with respect to the margin under that agreement, but is not so bound under the new one.

Item agreed to.

Customs tariff—23. Preparations of cocoa or chocolate, n.o.p., and confectionery coated with or containing chocolate, the weight of the wrappings and cartons to be included in the weight for duty: rate of duty, 12½ per cent; and 2½ cents per pound.

Mr. DUNNING: This is a reduction in the rate.

Item agreed to.

Customs tariff—34. Mustard, ground: rate of duty, 17½ per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—41. Salt, n.o.p., in bags, barrels and other coverings: rate of duty, free. Bags, barrels and other usual coverings used in the importation of the salt specified in this item: rate of duty, free.

Mr. DUNNING: No change since 1906.

Item agreed to.

Customs tariff—65. Biscuits, not sweetened: rate of duty, 12½ per cent.

Mr. BENNETT: Will the minister make a statement as to what effect, if any, is anticipated?

Mr. DUNNING: The rates in the tariff at present are 15 per cent, 22½ per cent and 25 per cent respectively on unsweetened biscuits. The proposal is to reduce this rate to 12½ per cent. The leader of the opposition will remember that in 1935 a tariff board recommendation was made proposing to grant the United Kingdom free entry of biscuits either sweetened or unsweetened when valued at not less than twenty cents a pound wholesale in the United Kingdom. In the present negotiations the United Kingdom requested a rate of 12½ per cent on unsweetened biscuits, and under the agreement the request is being met, having regard to the information available from the former examination of the matter.

Item agreed to.

Customs tariff—65a. Diabetic breads and biscuits, under regulations prescribed by the minister: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—66a. Biscuits, sweetened or unsweetened, valued at not less than 20 cents per pound wholesale, f.o.b. any port in the United Kingdom, said value to be based on the net weight and to include the value of the usual retail package: rate of duty, free.

Item agreed to.

Customs tariff—ex 82. (d) Rose bushes, n.o.p., rate of duty, 1½ cents each.

Item agreed to.

Customs tariff—ex 90. Vegetables, prepared or preserved: (b) pickled or preserved in salt, brine, oil, or in any other manner, n.o.p.: rate of duty, 15 per cent.

Item agreed to.

Customs tariff—105d. Jellies, jams, marmalades, preserves, fruit butters and condensed mince meats; rate of duty, 2 cents per pound.

Mr. BENNETT: It is not suggested that the consumer will get any advantage from this?

Mr. DUNNING: Yes.

Mr. BENNETT: What?

Mr. DUNNING: The ad valorem incidence of duties paid on imports from the United Kingdom in 1936 was approximately 23 per cent after the usual deduction for direct shipment. The request of the United Kingdom was for free entry under this item in so far as it concerns high class marmalades and preserves. The Canadian government felt that apart altogether from the possible anomaly of providing a reduced duty on a luxury type of preserves, there might be considerable difficulty in determining what constituted high-class products. In view of the fact that the ad valorem incidence of duty last year was in the neighbourhood of 23 per cent, it was felt that the rate on United Kingdom products under the entire item might be reduced to 2 cents a pound, which is a reduction of more than one-third in the amount of duty to be paid. I have every reason to believe that the consumer price will be affected.

Mr. STEWART: Is there a substantial import to-day?

Mr. DUNNING: The total imports from the United Kingdom last year were 506,000 pounds out of a total importation of 590,000 pounds, the value of the imports being $53,000.

Mr. SENN: Are there imports from Australia or other parts of the empire?

Mr. DUNNING: There are none on record. The only other country given is the United States, with 81,000 pounds, which practically makes up the total.

Mr. BENNETT: There are imports from New Zealand.

Mr. DUNNING: A very small quantity.

Mr. BENNETT: The imports total 507,000 pounds from all countries, with a value of $53,000. So that if the hon. gentleman suggests that that little pot of high-class marmalade is going to cost the consumer less because the duty on a pound is reduced three-quarters of a cent, I think he is asking us to go too far. In view of where the imports came from and the character, it is quite clear that we are not going to buy it any cheaper.

Mr. DUNNING: I shall be glad to communicate that to those who are making representations.

Mr. BENNETT: They have had it communicated to them quite frequently.

Item agreed to.

Customs tariff—105e. Fruits and peels crystallized, glacé, candied or drained; cherries and other fruits of crème de menthe, maraschino or other flavour: rate of duty, 20 per cent.

Mr. DEACHMAN: Are these products produced in Canada or are they imported?

Mr. DUNNING: The last figure I have on Canadian production is for 1934. In that year we produced $231,000 worth of fruits and peels, candied, and $335,000 worth of fruits, glacé. Our imports last year under the whole item were $46,000 of which $31,800 came from the United Kingdom.

Mr. DEACHMAN: I should like to make a suggestion in regard to these items which I think would facilitate examination. My hon. friend has the figures of exports and imports, also whether they are produced in Canada or are entirely imported; that is whether it is a revenue item or a protective item. I would suggest that information should be provided to the committee as a whole in printed form; that is, we should know in regard to each of these items whether it is a revenue item, that is one not produced in Canada but imported, the tariff on it therefore being a revenue tax, or whether it is made in Canada and therefore subject to protection. I should like to know the imports with countries of origin, the exports with countries of destination, the production of each of these items and also the wages paid, together with the percentage relationship which the wages and salaries bear to the value of the product. The minister will see clearly what I am coming at. If an industry carries a wage cost of 25 per cent, and we should happen to discover by examination that it carries a duty rate of 50 per cent, I think it would be admitted that that industry is on relief; that is, the amount of protection we are giving it is more than the wages paid. That information in the hands of all hon. members, and in the hands of the people of the country, would certainly be a distinct help to understanding the nature of the tariff and its impact upon the trade of the dominion. I submit that in these matters you cannot go too far in telling the truth as to what the tariff means. Rather even than have a reduction in tariff I would have the truth in regard to it known from one end of Canada to the other.

Mr. BENNETT: Hear, hear. The only difficulty is it cannot be done.

Mr. DUNNING: I was about to say that I can give where it is on record in the bureau of statistics, the amount and value of Canadian production in connection with every item which comes before the committee; but I cannot, and I am sure no one can, get the information which my hon. friend requests with respect to the wages paid in relation to each item, the reason being that the classification of the tariff is not by employment, but by commodities. For instance, candied fruits and peels which we are now discussing, are probably produced in plants which are also producing several other commodities, and it would be utterly impossible to determine the amount of wages in any particular plant properly assignable to an individual tariff item. In connection with the major classifications which approximate at all closely to the statistical form of employment records it is possible to get the information asked, but I think my hon. friend will understand how utterly impossible it is with respect to the great volume of tariff items. We have different rates of duty upon many commodities produced in one plant, because conditions surrounding world trade in those commodities differ very widely. I agree that the more information we can get the better, but I think the committee will see at once how impossible it is to comply with the request of the hon. member with respect to the great bulk of tariff items.

Mr. DEACHMAN: As far as that is concerned I was not suggesting that the minister should go outside the field of possibility. I recognize that he can do it only within the limits of possibility, but no man could come closer to the limits of possibility than the minister. All I would ask is that these facts be given in so far as possible, so that we may have a closer understanding of the impact of the tariff upon the consumer and the wage earner.

Mr. DUNNING: I am prepared to go, as my hon. friend indicates, as far as possible, but that "as far as possible" must be with accuracy. If it is not accurate it is without value, and with respect to the great bulk of tariff items it is impossible to segregate the wages bearing on a particular item. I think we can take groups. I think you could take the cotton textile group, for instance, and work out the wage bearing on the cotton textile industry, and then I suppose you could make a calculation of the tariff bearing on the industry as a whole, although that would be attended by some difficulty. But with respect to the great bulk of the tariff items I could not produce information which I could guarantee to be of sufficient accuracy with relation to the particular item to be of any service to the committee, and I do not think anyone could.

Mr. MAYBANK: I understand that the last remark of the minister as to the impossibility of getting certain information, relates only to the wage cost. Am I right?

Mr. DUNNING: Not altogether; it goes beyond that.

Mr. MAYBANK: I thought there was special emphasis being laid upon that. My impression was that substantially the minister's answer was: I can give you in regard to practically all these items just about what you want except when it comes to giving the wage content of each item, and that I cannot very well do. I was going to suggest that what we should have, and it would be better to have it in printed form as soon as possible, not handed out item by item here in committee, is as much of that information as possible upon each item. When a member asks a question here in committee as to the amount imported, the place from which the imports came, volume, value and so on, the information is given quickly; it goes down on Hansard and it can be read there afterwards, but it cannot be analyzed unless there is a constant holdup all the time. It cannot be fully appreciated as we go along. Now knowing the sort of information that is really wanted, would it not be possible in effect to answer a great many of these questions in advance?

Mr. DUNNING: In practice I have never found that that helps.

Mr. MAYBANK: It might. I do not know what the minister means by saying that it does not help. He may mean that it does not help him get this particular legislation through with speed, and there should be no complaint simply because the minister desires to get this through the house as quickly as possible. After all, this is an agreement we have made; whatever it means, we have made it. But if, on the other hand, he means that it does not help those who desire this information, or in this particular case that it would not help the country at large, I think he is mistaken. I think all the questions that can be asked and all the information that can be given is distinctly to the advantage of every member of this house and equally to the advantage of every person in the country. I would recall to the minister a word he spoke within the last five or ten minutes, practically agreeing with that position. Of course, I know it may not help to get anything through very quickly, because one question answered very often leads to another, but nevertheless if that sort of information could be given in printed form now, it might save a great deal of the time of the house later on. Certainly it would be much more informative than answering questions one after another here in committee.

Mr. BENNETT: With respect to this particular item, I found some difficulty in understanding why we should have purchased practically none of the various articles mentioned from other than the United Kingdom and the United States last year.

Mr. DUNNING: A little from France.

Mr. BENNETT: A little; I was coming to that. At one time we purchased large quantities from France. It will be observed that this item also includes cherries, and I believe it will be found that the development of the British Columbia industry has had a very great deal to do with this result. I was amazed to find the extent to which the cherry has been developed in British Columbia and given the maraschino or creme de menthe flavour, so that it has become a very well known article of commerce in Canada. It must be that something has taken the place of the crystallized fruits and peels, because it is obvious that we buy practically nothing of that kind from England that is produced in England, though our importation from England amounted to 247,000 pounds, with a total value of some $40,000. There are two factors which must be considered, because I observe that at one time we purchased over 300,000 pounds from France. The fact is that the result, for some reason, has been the development of the industry in Canada and the apparent lessening of the quantity that is imported for any purpose at all. I do not know whether or not people have abandoned the idea of using candied or crystallized fruit, but at any rate the imports have fallen off and the business has become lessened.

With the best will in the world on the part of the minister to supply the information, as was suggested a moment ago, I do not see that the information would advance us any with respect to this item, for instance. In the past my difficulty has been, as I fancy the minister's is, that we do not break up these items in connection with importations or exports. We do not keep the records with regard to exports in such a way as to answer a question such as I put to the minister now: How much, if any, did we export? The only possible answer the minister can give is that the exports were so small that there is no record of them at all. That would be what he would have to say.

With respect to imports, all the various classifications within that item are bulked in a broad way for importation purposes, and

they cannot be divided except by guesswork. I remember asking the authorities to endeavour to do it for me on many occasions, and I was told that the cost of tabulating and keeping separate reports would be prohibitive. For instance, in connection with one of these items we find the total amount involved only $53. It would cost $53 to obtain and tabulate all this information that is suggested. There are, however, other large items, such as those dealing with steel and woollens and cottons, in connection with which I should think fairly accurate information could be supplied, but except through the inquiry carried on by the tariff board you cannot get information as to the cost of production and the wages paid outside this country. The briefs filed by the textile interests gave us some knowledge along that line, but certainly other than that I do not know where that information could be obained.

Mr. DUNNING: I do not want to pass by the hon. member for Winnipeg South Centre (Mr. Maybank). I did think, and my staff also thought, that this time I was insisting on rather more information being placed in printed form at the disposal of the members of the house than ever before in connection with an agreement, and if hon. members will look at the votes and proceedings for February 25 and then at the statistical data pamphlet and the agreement itself, I think they will agree. In order to point out the almost physical impossibility of complying with my hon. friend's request, let me say that with respect to each of these items I have at least one loose leaf page in this book before me, and if the item is important I may have three or four pages. Following the statistical data here given for my information, in case the committee desires it, is a lengthy note explaining the bearing of that statistical information, and from my knowledge and experience in dealing with tariff items in this house I can say positively that the presentation of the mere figures which was suggested by my hon. friend as being the maximum that could be expected in the way of statistical data would not convey to members of the house the information which the hon. gentleman desires they should have, unless the notes that I have with respect to each item were printed also. The notes give the figures meaning. My hon. friend no doubt is going to suggest that I might print the notes also.

Mr. MAYBANK: No, I was going to ask if there would be any chance of renting the book.

[Mr. Bennett.]

Mr. DUNNING: Perhaps my hon. friend will let me finish. Will he believe me when I tell him that for the purpose of putting through this agreement I have six books like this. Just imagine the physical labour that has been involved in the preparation of these books for my use in order that I may give the information to the committee! Then try to imagine putting that into printed form, to be supplied to every member of the house.

There is another point, and I say this with no personal egotism, because every man who has occupied this position has had the same experience: Of necessity it is very often presumed that I have knowledge beyond the actual notes, because of the fact that I have been engaged in the negotiations that brought about the result. I am pointing that out, not that it is my desire to deprive hon. members of information which would help them to come to a decision, but merely to emphasize the complexity of the whole matter. One cannot say that any general rule with respect to the information here given runs steadily through the whole item unless one has the whole history back of it, the various circumstances surrounding the production of this particular item in this country and the world at large; sometimes its movement; sometimes the exchange situation; sometimes volume and quantitative restrictions and so forth. All these things may have a bearing on the various items and, as I say, in order to get that information in sufficiently condensed form for me to handle in this house there are six books like the one I now have, and I may say that this one is fairly voluminous.

Now I should like to say a word with respect to the point made by the right hon. leader of the opposition. I know he will agree with me as to the difficulty of getting our Canadian statistics in any uniformity for the different purposes for which they are used. The preparation of the tariff is only one purpose served by the compilation of statistics. That I know has been his difficulty, and it has been mine. It is quite impossible to have the bureau of statistics set up to gather information on a tariff item basis. They must use broad groupings of exports and imports in order to get the volume of statistics which they reduce from time to time into a compass sufficiently comprehensive to be of use to the people using the information.

Mr. BENNETT: And to have any international value.

Mr. DUNNING: Yes, and to have any international value. Gradually our various bureaus of statistics, under the aegis of the League of Nations, are attaining a degree of

uniformity in presentation, something which for many years past has been badly needed. In fact there is room for very considerable further development along that line, in order that international statistics may be truly comparable with each other. They are not today.

For instance, you will find if you look at the records of Swiss imports that Switzerland imports Canadian wheat; but if you look at the records of Canadian exports you would be led to believe that we do not export wheat to Switzerland. I use that as an example, but there are scores of others. When an export leaves the country it is recorded as going to the place of destination allocated to it when it leaves the country, but before reaching that destination it may be diverted to another one. Then, upon landing at its destination it may stay in bond, and subsequently be transhipped to another country. That has the effect of confusing international statistics. I mention that as one of the difficulties of arriving at a sufficient understanding of all that is involved in order to be able to place it before hon. members.

Mr. MAYBANK: I appreciate the difficulties the minister sets forth when he waves the book before the house. It does seems to be a voluminous book. I know just about how many words would be in it, and I think when printed it would not be any more bulky than the sort of books to which hon. members have already been subjected, namely those books such as the tariff law and the report of the Department of Trade and Commerce. True, those books may not be so easy to understand, but members are given an opportunity to confuse themselves through reading them.

I feel that so far as printing the information is concerned, even with the very confusing notes at the bottom it would be an advantage. At any rate, to tell you the truth about it, I would rather have an opportunity of confusing myself with one of those books than to have to sit here listening to the minister confusing me by quickly answering a great many questions. He might answer so quickly that I should not grasp the significance of his answers, and would not have time later to read them. So I do not believe we should be so tender towards each other, as the minister has indicated he is towards us. There is a great deal of information regarding many of these items which I should like to get. As I cannot get it in printed form, the only way of getting it is to sit and ask, and ask, and ask—

Mr. DUNNING: Yes, that is what I am here for.

Mr. MAYBANK: And that is a very tiresome procedure; one which serves neither the questioner nor the person questioned. Personally I feel that in the future if we cannot have the information given orally, it would be best to supply the most voluminous information possible in regard to all these tariff changes. There should be a history of all the tariff items concerned, so that it would not have to be obtained by cross-examination. Then, where the wage content can be supplied, it ought to be. I am glad to learn that in connection with some of the present items we will be able to find out whether some industries are indeed on relief on a magnificent scale, or whether we are only paying their wage earners. I cannot help repeating that the more information we get in printed form, with which we may be permitted to confuse ourselves, the better.

Item agreed to.

Customs tariff—ex 120. Herring (not including kippered herring in sealed containers) packed in oil or otherwise, in sealed containers: rate of duty, 20 per cent.

Mr. BENNETT: Here is one of the best illustrations of what has been said with respect to the difficulties of obtaining information. The item refers to sardines, anchovies, sprats, pilchard and herring, except herring packed in tin boxes weighing eight ounces or less. Last year we bought 5,400,000 of these boxes of which 4,800,000 came from Norway. The total value was $335,000. Only 102,000 cases came from Great Britain. There is no attempt to separate herrings from others, because it cannot be done. The item is now separated, and obviously all the minister can say is that the British people desire that this item should be separated and given better treatment than the other part, because they might be able to supply herring, but they could not supply the others. The minister has done it, and that is all there is to it.

Mr. DUNNING: That is it exactly.

Mr. KINLEY: How does the 20 per cent compare with the 1½ cents originally charged?

Mr. BENNETT: I think it is a reduction.

Mr. DUNNING: Yes, it is a reduction. Unfortunately, for the reasons advanced by the right hon. leader of the opposition, the separation of the herring makes it practically impossible to give the information asked by the hon. member for Queens-Lunenburg, because the present tariff item covers a variety of fish such as sardines, pilchard, sprats and several others.

Mr. BENNETT: Yes, and we have very little from Great Britain.

Mr. DUNNING: Yes. We are now taking herring out and giving it a separate classification. I will be able to tell more about herring a year from now than I can to-day, because in future we will have statistics based upon the new item.

Mr. BENNETT: It might be suggested that the hon. member had in mind a red herring.

Mr. KINLEY: It will apply to sardines mostly, will it not?

Mr. DUNNING: No, it must be herring. The Minister of National Revenue and his officials have very strong views as to what is a sardine and what is a herring, and I would not presume, being a fisherman only by adoption—

Mr. BENNETT: And a temporary one at that.

Mr. DUNNING: No, I am not prepared to admit that.

Mr. BENNETT: Oh no.

Mr. DUNNING: I am finding the fish-eaters very good company.

Mr. BENNETT: They find their adopted citizen very desirable.

Mr. DUNNING: It has to do with herring only.

Mr. KINLEY: There is a herring called a sardine, although not officially so.

Item agreed to.

Customs tariff—123. Salmon and all other fish, prepared or preserved, including oysters, n.o.p.: rate of duty, 17½ per cent.

Item agreed to.

Customs tariff—141. Sugar candy and confectionery, n.o.p., including sweetened gums, candied pop-corn, candied nuts, flavouring powders, custard powders, jelly powders, sweetmeats, sweetened breads, cakes, pies, puddings and all other confections containing sugar, the weight of the wrappings and cartons to be included in the weight for duty: rate of duty, 15 per cent, and ½ cent per pound.

Mr. ROSS (Moose Jaw): I should like to ask the minister a question which would relate to other items as well. Is there any real necessity for having both a specific and an ad valorem rate? We are confused all the time by having not only one tariff which in many cases nobody can understand, but two tariffs, so that it is more difficult to know what exactly is being done in connection with a particular item. Surely we can simplify our tariff schedules by having the duties either specific or ad valorem, and not a combination of both.

[Mr. Dunning.]

Mr. DUNNING: Personally I would like to adopt either a specific or an ad valorem rate, but there are situations where the classification of the article is very wide as to value. That is to say, the same item may cover an article of a low value and an article of twenty times the value, and a combination of rates seems to be the only way to bring about an equalized condition. This is particularly so where one of the major components of the class of articles is another dutiable or excisable item. It is meant to bring about an equitable bearing in cases of that sort. My hon. friend will note that in recommending tariff changes to the house my endeavour is to get away from the combination rates wherever possible.

Mr. BENNETT: I think there is a great deal to be said about this item. Last year we bought a total of 4,600,000 pounds of confectionery, valued at $491,000. We bought 3,775,000 pounds from Great Britain, valued at $446,000. The only other country from which we bought any substantial quantity was the United States, which supplied us with 177,000 pounds, worth $34,000. These are the figures supplied by the statistical department. We do a substantial confectionery business in Canada, and it cannot be said to have been so highly profitable that they can resist any form of competition. For instance, in the city of Halifax—I notice one hon. member for Halifax present (Mr. Isnor)—one great firm was forced into liquidation for reorganization. The profits obtained by these confectionery houses have not been large during the last few years. Perhaps it is not desirable to mention particular firms and the extent of their profits, but I think we should note that they are being subjected to additional competition. The specific duty, to which the hon. member for Moose Jaw (Mr. Ross) referred, is still being left at one-half cent per pound, but the ad valorem duty has been reduced from 22½ per cent to 15 per cent. In other words, we have reduced it by one-third. Can our Canadian industry successfully meet that form of competition? Three great firms have established branches in Canada, and when I was in one of the other dominions I noticed that a combination of three British houses had been formed.

Mr. DUNNING: It is being formed here also.

Mr. BENNETT: I heard they were coming here.

Mr. DUNNING: McIntosh is one of them—perhaps I should not mention the name.

Mr. BENNETT: That was not the one to which I had reference.

Mr. DUNNING: That is one of the three.

Mr. BENNETT: Quite so. I notice that the measure of protection afforded to confectionery houses in other countries is somewhat higher than what is provided under this new arrangement. I suppose it is not unfair to say to the committee that the confectionery business utilizes substantial quantities of Canadian products. For instance, a large quantity of sugar, which is produced in Canadian factories, is used, but more than that is the benefit to the farmers through the use of eggs and other farm products. We have practically prohibited the importation of eggs from other countries, notably from China. I dare say hon. members will recall the discussion which took place in connection with that. In addition, large quantities of cream and whole milk are used. This industry does not strike the average observer as being one that touches the agricultural life of the country, and yet it not only touches its agricultural life but its horticultural life. Large quantities of fruit are used, but I shall not go into that in detail. The dairyman and the poultryman are both greatly concerned in what quantities of their products are utilized in the production of confectionery. This is especially true with regard to chocolates. Those who read the newspapers know how fond I am supposed to be of chocolates, so therefore I may be said to speak with some degree of authority.

Mr. DUNNING: Chocolates would not come under this item.

Mr. BENNETT: I just mentioned them.

Mr. DUNNING: This is sugar candy.

Mr. BENNETT: I was amazed to find the type of confectionery produced and sold as a domestic product in the other dominions, and to learn of the restrictions which had been placed by statute against importations from other countries. I was just asking whether the minister had satisfied himself that the effect of the reduction of the ad valorem duty by one-third, while still maintaining the specific duty of one-half cent per pound, would not be detrimental to the business in this country. Presumably he has so satisfied himself. I know exactly the representations which have been made with respect to it. I say to the hon. member for Huron North (Mr. Deachman), while it may be entirely wrong, there has been established in this country as the result of our clinging to a certain definite fiscal policy the branches of three British houses. I did not know they had yet come here, but I knew they were going to come. These three houses are operating as one enterprise. According to what they say, this move was attributable to the fact that we had offered a measure of protection to the industry. They are spending many hundreds of thousands of dollars in erecting their factories here and will give employment to a large number of people.

Mr. DUNNING: Sugar had something to do with it.

Mr. BENNETT: I know sugar had something to do with it, but it had not everything to do with it by a long shot. In Tasmania, the question of dairy products is the main factor in the manufacture of chocolates. There is also the fact that large quantities of eggs are available at reasonable prices. Although it may be adhering to false principles of political economy, the fact is that that has been the result. The factors can be seen by anyone who desires to see them.

Item agreed to.

Customs tariff—143a. Cigarettes, the weight of the paper covering to be included in the weight for duty: rate of duty, $3.50 per pound.

Mr. MALLETTE: The rate here is $3.50 per pound, but I do not think that will be very clear to the general public which buys its cigarettes in packages of ten, twenty and twenty-five, and tins of fifty and one hundred. This rate of duty of $3.50 per pound will not tell them what it amounts to per package; so could we know what the duty will mean for, say, one hundred cigarettes?

Mr. DUNNING: I have here information with respect to the amount per thousand which will clarify the matter in the hon. member's mind.

The bulk of Canadian production is made up of cigarettes weighing not more than three pounds per thousand. Apart altogether, therefore, from the fact that customs duties against United Kingdom products represented in 1936 a rate of one hundred per cent, it will be shown from the following calculations that, even with the ad valorem duty removed, the Canadian industry in so far as concerns the vast proportion of its products will still have what I think is quite sufficient in the way of a tariff. If we base the calculation upon domestic cigarettes blended of sixty per cent imported leaf and forty per cent Canadian leaf, and allow a weight of two and a half pounds of tobacco per thousand cigarettes, as an average, the relative imposts of duty are about as follow:

First, on cigarettes weighing not more than three pounds per thousand, the imported variety would pay a customs duty of $8.75

per thousand and the domestic would pay an excise of $4, plus approximately ninety cents duty on the leaf, or a total of $4.90. I hope my hon. friend is following this; if he cannot, he will get it in Hansard in the morning.

Second, on cigarettes weighing not more than four pounds per thousand, the imported variety would pay customs duty of $14 per thousand, and the domestic would pay total imposts, including the leaf impost and the excise, of about $12.40 per thousand.

Third, on cigarettes weighing not more than five pounds per thousand—that comprises the very large variety—the imported variety would pay customs duty of $17.50 per thousand, and the total imposts of excise and duty on the leaf on the domestic production would be $12.80 per thousand.

I think that answers the question.

Mr. MALLETTE: I confess I did not intend to cause the minister so much trouble. I thought it would be easier to answer on the basis of so much per hundred.

Mr. DUNNING: It is quite complicated.

Mr. MALLETTE: This information is much more to the point, and I am much obliged. Is this rate lower than under the old Ottawa agreements of 1932?

Mr. DUNNING: Oh, yes.

Mr. BENNETT: Lower, I suppose, by over $1.50 a pound.

Mr. DUNNING: The specific duty was reduced in 1932 from $4.10 to $3.50 per pound. There was a 60 per cent reduction under the former agreement from what had obtained up to that time, and the reduction here, as will be seen, is—

Mr. BENNETT: Twenty-five per cent ad valorem.

Mr. DUNNING: It is the removal of the 25 per cent ad valorem. I was trying to see if I had the information as to the bearing of that in terms of specific, but I have not.

Mr. BENNETT: I see that the value of the imports from the United Kingdom last year was $29,976, and the importations amounted to 6,177 pounds, which would be a little less than five dollars a pound of value; twenty-five per cent of that is $1.50; so what has been eliminated—roughly—is the $1.50 ad valorem per pound.

Mr. DUNNING: Roughly.

Mr. ROSS (Moose Jaw): You still have about a 300 per cent tariff.

Mr. DUNNING: Oh, no. It was only 100 per cent before.

[Mr. Dunning.]

Mr. STEWART: The difference between the Canadian excise and the duty certainly is not 300 per cent. You have overlooked the excise.

Item agreed to.

Customs tariff—144. Cut tobacco: rate of duty, 80 cents per pound.

Mr. BENNETT: No change.

Item agreed to.

Customs tariff—145. Manufactured tobacco, n.o.p., and snuff: rate of duty, 75 cents per pound.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—147. Ale, beer, porter and stout, when imported in bottles: rate of duty, 15 cents per gallon. Provided, that six quart bottles or twelve pint bottles shall be held to contain one gallon.

Mr. BENNETT: Here is an item presenting a little difficulty.

Mr. DUNNING: There is a change as regards ale and beer. The ale and beer duty is reduced to the same level as the duty accorded last year to the Irish Free State, from 30 cents to 15 cents per gallon.

Mr. BENNETT: The Irish Free State got that concession with respect to stout—Guinness' stout.

Mr. DUNNING: The whole item.

Mr. BENNETT: I mean that was the principal purpose of it, and this puts them on the same level.

Item agreed to.

Customs tariff—152. Lime juice, fruit syrups and fruit juices, n.o.p.: rate of duty, 15 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—156. Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine, n.o.p.; gin of all kinds, n.o.p.; whisky and all spirituous or alcoholic liquors, n.o.p.; amyl alcohol or fusel oil, or any substance known as potato spirits or potato oil; methyl alcohol, wood alcohol, wood naphtha, pyroxylic spirit or any substance known as wood spirit or methylated spirits, absinthe, arrack or palm spirit, brandy, including artificial brandy and imitations of brandy, n.o.p.; cordials and liqueurs of all kinds, n.o.p.; mescal, pulque, rum shrub, schiedam and other schnapps; tafia, angostura and similar alcoholic bitters or beverages; and wines, n.o.p., containing more than forty per cent of proof spirit: rate of duty, $5 per gallon of the strength of proof.

Provided, as to all goods specified in item no. 156 when of less strength than the strength of proof, that no reduction or allowance shall be made in the measurement thereof for duty purposes, below the strength of 15 per cent under proof.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—159. Spirits and strong waters of any kind, mixed with any ingredient or ingredients, as being or known or designated as essences, extracts, or ethereal and spirituous fruit essences, n.o.p.: rate of duty, $5 per gallon and 30 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—160. Alcoholic perfumes and perfumed spirits, bay rum, cologne and lavender waters, lotions, hair, tooth and skin washes, and other toilet preparations containing spirits of any kind:

(a) when in bottles or flasks containing not more than four ounces each: rate of duty, 30 per cent;

(b) when in bottles, flasks or other packages, containing more than four ounces each: rate of duty, $5 per gallon.

Mr. DUNNING: No change. That is the item to which my right hon. friend referred, I believe, in his remarks on the budget, where he spoke of eyewash being reduced from sixty to thirty per cent.

Mr. BENNETT: Skin washes.

Mr. DUNNING: I should like to tell him in this regard that it was he who, by his arrangement with the French republic, effected the reduction in question. I am now only putting the tariff rates in conformity with what the actual condition is; so that any credit for reducing the duty on eyewash must be reluctantly disclaimed by me and attributed to my right hon. friend.

Mr. BENNETT: Perhaps my hon. friend has slightly misunderstood the point. I said that there was a great desire on the part of the government to make it apparent that there had been fifty per cent reductions promised in 1919 and in 1935 in the House of Commons, as well as in 1933, and in order that the promise might be adequately kept we had resorted to this item, which was for tooth and skin washes, but actually it amounted to eyewash.

Mr. DUNNING: It includes eyewash.

Mr. BENNETT: Well, it is doubtful whether it included eyewash, but it certainly does now.

Item agreed to.

Customs tariff—168. Malt flour containing less than 50 per centum in weight of malt; malt syrup or malt syrup powder; extracts of malt, fluid or not: grain molasses—all articles in this item upon valuation without British or foreign excise duties, under regulations prescribed by the minister: rate of duty, 25 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—169. Books, viz: novels or works of fiction, or literature of a similar character, unbound or paper bound or in sheets, but not to include Christmas annuals, or publications commonly known as juvenile and toy books: rate of duty, free.

Item agreed to.

Customs tariff—171. Books, printed, periodicals and pamphlets, or parts thereof, n.o.p., not to include blank account books, copy books, or books to be written or drawn upon: rate of duty, free.

Item agreed to.

Customs tariff—178, 178c. Advertising and printed matter, viz: advertising pamphlets, advertising show cards, illustrated advertising periodicals; price books, catalogues and price lists; advertising almanacs and calendars; patent medicine or other advertising circulars, fly sheets or pamphlets; advertising chromos, chromotypes, oleographs or like work produced by any process other than hand painting or drawing, and having any advertisement or advertising matter printed, lithographed or stamped thereon, or attached thereto, including advertising bills, folders and posters, or other similar artistic work, lithographed, printed or stamped on paper or cardboard for business or advertisement purposes, n.o.p.:

(i) when produced in countries entitled to the British preferential tariff and relating exclusively to products of such British countries, but not relating to Canadian products: rate of duty, free.

(ii) n.o.p.: rate of duty, 5 cents per pound.

Mr. BENNETT: What is the effect of this item as it stands?

Mr. DUNNING: It has the effect of rewriting the two existing items and putting them into one, with two divisions in the one. It is really an item intended to facilitate customs administration, although it does bring about a reduction in rate. The import figures show $161,000 worth imported from the United Kingdom, actually representing last year the dutiable advertising matter which fell under item 178 and that which obtained free entry under items 178b and 178c. In 1936 some $92,000 worth of printed and advertising matter qualified for free entry, the greater part of it, no doubt, under 178c, which means that the residue, some $78,000, paid duty under the British preferential tariff on item 178. In so far as concerns that printed and advertising matter which did not

qualify for free entry under 178b and 178c ad valorem, the effect of the specific duty on last year's imports from the United Kingdom was about 12 per cent, and of course the matter arose during negotiations, as I am sure hon. members will understand, that the United Kingdom was anxious to get some concessions, which we could not meet. This does have the effect of clarifying the situation, inasmuch as it combines former tariff item 178, which was dutiable, and former tariff item 178, which was free, to afford free entry under the new wording for advertising matter of the kinds enumerated when produced in countries entitled to the British preferential tariff and relating exclusively to products of such British countries, but not relating to Canadian products.

Mr. BENNETT: The n.o.p. might have no application at all, but it covers possible cases.

Mr. DUNNING: Yes.

Item agreed to.

Customs tariff—180. Photographs, chromos, chromotypes, artotypes, oleographs, paintings, drawings, pictures, decalcomania transfers of all kinds, n.o.p., engravings or prints or proofs therefrom, and similar works of art, n.o.p.; blue prints, building plans, maps, and charts, n.o.p.: rate of duty, 12½ per cent.

Item agreed to.

Customs tariff—180c. Decalcomania transfers, when imported exclusively for use in the manufacture of vitreous enamelled products or of tableware of china, porcelain or semi-porcelain: rate of duty, free.

Item agreed to.

Customs tariff—181a. Pictorial post-cards, greeting cards and similar artistic cards or folders; rate of duty, 20 per cent.

Mr. DUNNING: The reduction is from 22½ to 20 per cent.

Mr. BENNETT: Under this item we have been endeavouring to build up this industry in Canada, and we have had a very substantial amount of success. I have been amazed at the character of the work being produced in Canada in connection with greeting cards and similar artistic cards and I daresay the minister, like myself, has read with some sense of pride the "Made in Canada" mark upon so many of them as compared with what it used to be. I was wondering whether we had in any sense imperilled the continuance of the industry by the reduction of 2½ per cent. It is a very trifling reduction in one sense and yet it might be sufficient to bring about the termination of the industry.

[Mr. Dunning.]

Mr. DUNNING: As my right hon. friend knows, the principal country from which we import this class of goods is the United States.

Mr. BENNETT: It has been except for Raphael Tuck & Sons, Limited, who have been supplying increasing quantities.

Mr. DUNNING: The imports last year from the United Kingdom amounted to $53,000. Our own production for the last year on record was over $1,000,000, and the class of production which comes and will come from Britain, the imports of which are facilitated here, comprises the more expensive variety which they are better equipped to produce than we are.

Mr. BENNETT: Then the minister believes that it will have no injurious effect on the industry?

Mr. DUNNING: I think the industry in Canada can compete in its field.

Mr. ROSS (Moose Jaw): I think the leader of the opposition asked a sensible question in regard to the item, when he inquired as to the possible effect of the tariff. Would it be possible for the minister in connection with such items to place on Hansard the imports in the last year?

Mr. DUNNING: I did so just now.

Mr. ROSS (Moose Jaw): He should also give the quantity made in Canada so that we may know a year or two from now whether the effect has been injurious or not.

Mr. DUNNING: The Canadian production in the last year of record was $1,001,000.

Mr. BENNETT: Is that for the calendar year 1936?

Mr. DUNNING: The last year of production figures with which the bureau can supply us on any item is 1934. The total imports were $382,000 from all sources, and the figure I quoted of $53,000 from the United Kingdom bears upon the item now before the committee.

Item agreed to.

Customs tariff—187. Albumenized and other papers and films chemically prepared for photographers' use, n.o.p.: rate of duty, free.

Mr. BENNETT: I believe our production has been very limited in Canada.

Mr. DUNNING: We have a tremendous export business; our production is large.

Mr. BENNETT: I am wrong then.

Mr. DUNNING: Under this item we imported last year $766,000 worth, of which $660,000 came from the United States, $60,000

from Belgium, $44,000 from the United Kingdom and $150 from Germany. Our exports total $3,768.000. That is to say, we exported more than five times the amount that we imported; and we exported to the United Kingdom $1,869,000 worth, or more than twice as much as we imported from all sources. We exported to the United States $1,415,000, more than twice as much as we imported from that country. I could go on and give the figures for Australia, Hong Kong, the Irish Free State and so on. This is one of those items that illustrate the peculiarities of trade, which is one of the reasons why one cannot dogmatize or produce standardized information with respect to it. It is an item under which in a measure the trade flows both ways. We are ourselves great producers and great exporters. We export even to countries from which we take a considerable volume.

Mr. BENNETT: The total imports are only $30,000.

Mr. DUNNING: They are $766,000.

Mr. BENNETT: Is that so?

Mr. DUNNING: Yes. I think my right hon. friend has the wrong item. This is item 187.

Mr. BENNETT: I am looking at the item in connection with albumenized and other papers chemically prepared for photographers' use, n.o.p.

Mr. DUNNING: The figure is $766,000.

Mr. STIRLING: Is it for the same year?

Mr. BENNETT: The total imports, as given for 1936, are: albumenized and other papers chemically prepared for photographers' use, n.o.p.—

Mr. DUNNING: If my hon. friend will look at the figures he is quoting from he will see that the word films is omitted from his description.

Mr. BENNETT: The value is given here as $117,000 odd, and the duty is $31,000. That is albumenized and other papers chemically prepared. Films are not in the item from which I am reading.

Mr. DUNNING: Is the right hon. gentleman referring to the trade statistics?

Mr. BENNETT: This does not cover films, so that the item to which the minister refers must be the film item.

Mr. DUNNING: The film item is the big item by all odds.

Mr. BENNETT: The film item is not 187.

Mr. DUNNING: It is a combination of two items.

Mr. BENNETT: The item as it is in the tariff is albumenized and other papers chemically prepared for photographers' use, n.o.p.

Mr. DUNNING: Yes; there must be added to that item $648,000.

Mr. BENNETT: Which item in the tariff is that?

Mr. DUNNING: It is all one item. They are two trade items in the trade statistics but they fall within the same item of the tariff. Statistically they are separate in the quarterly report of the Trade of Canada though the tariff item is a combined item.

Mr. BENNETT: In the figures prepared by the department the item is given at page 522, and it reads: "albumenized and other papers chemically prepared for photographers' use, n.o.p." Then follow the countries from which we imported—the United Kingdom, Belgium, France, Germany, Japan, the Netherlands and the United States. The value of total imports in 1936 is given as $117,524, and the duty is $31,525.20. Under the general rates there came in $60,000 worth, with duty of $18,000, and under the preferential, $8,670 worth, paying $1,300. Under the treaty rates, that is from the United States, we took $48,-630 worth, on which duty amounting to $12,-157.50 was paid. Those are the figures I have. That does not include films.

Mr. DUNNING: The tariff item does include films. When classified as trade paper it comes in under "paper and manufactures thereof."

Mr. BENNETT: Under wood products.

Mr. DUNNING: Under the general classification of wood products. Then on page 427 of Trade of Canada, of imports into Canada, "other drugs, dyes and chemicals n.o.p." that is the general classification used by the bureau —my friend will find "films chemically prepared for photographers' use." Perhaps my right hon. friend has not the same volume. It is under miscellaneous commodities, $648,-000, which if added to the $170,000 odd which my right hon. friend gave a moment ago, brings us to the $766,000 which I quoted, which of course combines the two import classifications.

Mr. BENNETT: What duty did films carry before?

Mr. DUNNING: Fifteen per cent.

Mr. BENNETT: Was that the same as the other item?

Mr. DUNNING: All one item, and we are now taking the 15 per cent duty off.

Mr. HARRIS: The minister just mentioned that the exports from this country to Great Britain are of some magnitude. At the same time it might be observed that the gelatin, the raw material for the photographic film, is all produced in Great Britain, shipped to this country and then shipped back to Great Britain, at which time they get the drawback to the extent of how much a year. No photographic gelatin is manufactured in Canada at all. The same remark applies to the United States.

Item agreed to.

Customs tariff—187a. Hypersensitive or supersensitive panchromatic films and infrared films, unexposed, for aerial photography: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff— ex 192. Electrical insulating pressbroad, not less than ·040 inch in thickness: rate of duty, free.

Mr. BENNETT: Do we make any insulating pressboard now in Canada?

Mr. DUNNING: No, we have no available data on the production of electrical insulating board. It is described as not manufactured in Canada, or not in a commercial way.

Mr. BENNETT: It certainly was not made in Canada. An effort was being made to produce it in Canada. I have not followed this in detail; I do not know how far it has gone, but I think one of the large concerns, either the one at Peterborough or at Hamilton, was experimenting in its production. If the minister says it is not made in commercial quantities, that is satisfactory from my standpoint.

Item agreed to.

Customs tariff—192b. Sandpaper, glass or flint paper, and emery paper or emery cloth: rate of duty, 12½ per cent.

Mr. DUNNING: A reduction in rate. Imports, $110,300, of which $79,000 came from the United States and $23,000 from the United Kingdom. The rate is reduced from 15 to 12½ per cent.

Mr. BENNETT: I am afraid that the consumer will not get much of that 3½ per cent.

Item agreed to.

Customs tariff—192c. Roofing and shingles of saturated felt: rate of duty, free.

Mr. DUNNING: There is no change.

Item agreed to.

[Mr. Bennett.]

Customs tariff—193. Paper sacks or bags of all kinds, printed or not: rate of duty, 15 per cent.

Mr. DUNNING: A reduction in rate.

Mr. BENNETT: Perhaps the minister will remember that when paper bags began to be used for cement and heavy products we were compelled to import them. I speak from a very indistinct memory but I thought we were beginning to produce these articles.

Mr. DUNNING: We are manufacturing them practically altogether.

Mr. BENNETT: The heavy bags of commerce?

Mr. DUNNING: Yes.

Mr. BENNETT: What were the importations last year?

Mr. DUNNING: Our imports of all paper bags and sacks coming under this item were $110,000 worth, of which $55,000 came from the United States and $54,000 from the United Kingdom. Our exports totalled $134,000, of which $29,000 went to the United Kingdom, $19,000 to the Straits Settlements, $17,600 to Trinidad, $16,000 to Newfoundland, $11,000 to Jamaica, and then a number of smaller amounts to British countries, and $2,500 to the United States. Our production in 1934 was $3,000,000 worth.

I can tell my right hon. friend from my personal knowledge that bags for cement, known as the Bates valve bag, to which he is referring, have been for some years now a Canadian product. But, of course, the use of those bags declined with the construction industry, and I would expect a considerable advance in the production of that type of bag as a result of the gradual increase in the construction industry.

Mr. BENNETT: That is exactly why I asked the question, and the difficulty in my mind was whether or not a 5 per cent reduction might have an injurious effect on the industry as it developed in this country. Increase of production should compensate for the reduction of duty.

Mr. DUNNING: It will, particularly in view of the point at which the reduction takes place. It is a reduction from 20 per cent to 15 per cent, and that brings it in the intermediate stage, so that the actual reduction effected is 3 per cent, not 5 per cent.

Item agreed to.

Customs tariff—194. Playing cards, in packs or in sheet form, n.o.p.; cards and sheets partly lithographed or printed, for use in the manufacture of such playing cards: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction there.

Mr. BENNETT: That is the difference between 5 cents a package and 15 per cent?

Mr. DUNNING: Ad valorem; that is right.

Mr. BENNETT: We have in addition an excise tax, have we not?

Mr. DUNNING: Yes.

Mr. BENNETT: Which is not touched?

Mr. DUNNING: Yes.

Mr. BENNETT: So that the effect really is negligible.

Mr. DUNNING: The 10 cents applies to both imported and domestic cards.

Item agreed to.

Customs tariff—195. Paper hanging or wall papers, including borders or bordering: rate of duty, 17½ per cent.

Mr. DUNNING: A reduction in rate.

Mr. BENNETT: Five per cent. That is an industry which we were endeavouring to develop in this country. There is a factory in the province of Quebec and one in Ontario.

Mr. DUNNING: It is in my opinion a very highly capitalized industry. Our exports are larger than our imports, of the class of goods represented, and I thought a considerable reduction there would not do any harm and might do the poor consumer some good.

Mr. BENNETT: Five per cent will hardly be passed on.

Item agreed to.

Customs tariff—ex 197 and ex 199. Hand made papers, not to include mould-made deckle-edge papers, valued at not less than 40 cents per pound wholesale: rate of duty, 10 per cent.

Mr. BENNETT: Limited use for the purpose of high grade note paper.

Item agreed to.

Customs tariff—197b. Wrapping paper of all kinds, not pasted, coated or embossed: rate of duty, 17½ per cent.

Mr. DUNNING: Reduction in rate. If anyone wants the figures I have them. I do not want my hon. friend from Winnipeg South Centre (Mr. Maybank) to feel that he is being slighted. Exports are very much bigger than imports.

Item agreed to.

Customs tariff—198. Ruled and border and coated papers, boxed papers, pads not printed, papier mâché ware, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: Reduction in rate, 2½ per cent.

Item agreed to.

Customs tariff—199. Papeteries, envelopes, and all manufacturers of paper, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: This item shows the same reduction.

Item agreed to.

Customs tariff—199c. Waxed stencil paper for use on duplicating machines: rate of duty, 10 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—200a. Regenerated cellulose and cellulose acetate, transparent, in sheets, not printed, and manufactures of regenerated cellulose or of cellulose acetate, n.o.p.: rate of duty, 20 per cent.

Mr. BENNETT: Is this our so-called cellophane?

Mr. DUNNING: That is it, and there is no change in the rate. The present rate is bound as a maximum.

Mr. BENNETT: Is it necessary to maintain a rate as high as 20 per cent on cellophane when we are the greatest producers of the raw material?

Mr. DUNNING: I am prepared to consider that. Of course, there is nothing in the British agreement that would prevent us from reducing the rate in future.

Item agreed to.

Customs tariff—203a. Chemical compounds composed of two or more acids or salts soluble in water, adapted for dyeing or tanning: rate of duty, free.

Mr. BENNETT: All the rest of the items on this page are free and were heretofore free.

Mr. DUNNING: Yes. This is binding free entry.

Item agreed to.

Customs tariff—203b. Aniline and coal tar dyes, adapted for dyeing, in bulk, or in packages of not less than one pound: rate of duty, free.

Item agreed to.

Customs tariff—206a. Biological products, animal or vegetable, n.o.p., for parenteral administration in the diagnosis or treatment of diseases of man, when manufactured under licence of the Department of Pensions and National Health under regulations prescribed by the Food and Drugs Act; and biological products, animal or vegetable, n.o.p., for parenteral administration in the diagnosis or treatment of diseases of animals or poultry, when imported under permit of the veterinary director general: rate of duty, free.

Item agreed to.

Customs tariff—ex 208a. Chloride of lime and hypochlorite of lime: 1. When in packages of not less than 25 pounds weight each: rate of duty, free.

Item agreed to.

Customs tariff—208e. Cresylic acid and compounds of cresylic acid, used in the process of concentrating ores, metals or minerals, n.o.p.: rate of duty, free.

Item agreed to.

Customs tariff—208j. Sal ammoniac and nitrate of ammonia: rate of duty, free.

Item agreed to.

Customs tariff—208l. Bichloride of tin and tin crystals: rate of duty, free.

Item agreed to.

Customs tariff—208m. Sulphate of copper (blue vitriol): rate of duty, free.

Item agreed to.

Customs tariff—208n. Sulphate of iron (copperas): rate of duty, free.

Item agreed to.

Customs tariff—208o. Cream of tartar in crystals and tartaric acid crystals: rate of duty, free.

Item agreed to.

Customs tariff—208r. Oxide of tin or of copper: rate of duty, free.

Item agreed to.

Customs tariff—208s. Sulphate of zinc and chloride of zinc: rate of duty, free.

Item agreed to.

Customs tariff—208t. All chemicals and drugs, when of a kind not produced in Canada, which were on August 20, 1932, dutiable at rates of 15, 25 and 25 per cent under tariff item 711: rate of duty, free.

Item agreed to.

Customs tariff—209c. Bichromate of potash, crude; red and yellow prussiate of potash: rate of duty, free.

Item agreed to.

Customs tariff—210. Peroxide of soda; silicate of soda in crystals or in solution; bichromate of soda; nitrate of soda or cubic nitre, n.o.p.; sulphide of sodium; nitrate of soda; arseniate, biarseniate, chlorate, bisulphite and stannate of soda; prussiate of soda and sulphite of soda: rate of duty, free.

Item agreed to.

Customs tariff—210d. Sodium, sulphate of, crude, or salt cake: rate of duty per pound, one-fifth cent.

Mr. BENNETT: With respect to this item, is this the same rate that has hitherto prevailed, and that has been regarded as ample for the development of the sodium deposits in Saskatchewan, to which reference was made previously? The other day I saw that one of these large deposits had changed hands, and I take it that this rate of one-fifth cent per pound which is continued must be regarded as ample to ensure the development of these deposits.

Mr. DUNNING: We have only the figures for the production in 1933, and in that year we produced 3,995,000 pounds.

Mr. BENNETT: Does the minister know where that was produced?

Mr. DUNNING: There are a number of salt lakes, so-called, in Saskatchewan. One, I remember, is south of Moose Jaw, at Dunkirk; another, which has been just sold to the International Nickel people, I believe, is near Crane Valley, further to the south and east. Then there is another lake near Humboldt, though I am not sure whether that is being worked at the present time.

Mr. BENNETT: Is the Canadian production entirely from Saskatchewan?

Mr. DUNNING: I am not aware of any production elsewhere. There is a certain synthetic production, however, of which my right hon. friend probably is aware, which has a bearing on the utilization of the natural product beyond a certain freight rate range. Really the freight rate is of more importance in connection with the utilization of our native product than the duty.

Item agreed to.

Customs tariff—212. Sulphate of alumina or alum cake; and alum in bulk, ground or unground, but not calcined: rate of duty, free.

Mr. DUNNING: This is free entry, bound.

Item agreed to.

Customs tariff—215. Stearic acid, n.o.p.: rate of duty, free.

Mr. HARRIS: What were the imports of stearic acid?

Mr. DUNNING: Total imports were 1,976,000 pounds, valued at $143,000. Of that total 1,589,000 pounds came from the United Kingdom and 320,000 pounds from the Netherlands. There is no record of any production in Canada, and I am informed that there is no production.

Item agreed to.

Customs tariff—216. Acids, n.o.p., of a kind not produced in Canada: rate of duty, free.

Mr. DUNNING: This is free entry bound.

Mr. BENNETT: I think all these were made free in 1933, were they not?

Mr. DUNNING: 1932.

Mr. BENNETT: A number of acids and things like that were added to the original agreement.

Mr. DUNNING: Yes, there may have been as many as five added in subsequent budgets.

Item agreed to.

Customs tariff—218. Acid phosphate, not medicinal: rate of duty, free.

Item agreed to.

Customs tariff—219. (i) Solution of peroxides of hydrogen, n.o.p.: rate of duty, 12½ per cent. (ii) Solutions of hydrogen peroxide containing 25 per centum or more by weight of hydrogen peroxide: rate of duty, free.

Mr. BENNETT: There is a reduction of 2½ per cent in the one case?

Mr. DUNNING: Yes, and in the second case the existing free entry is bound.

Item agreed to.

Customs tariff—219c. Non-alcoholic preparations or chemicals, such as are used for disinfecting, dipping or spraying, when in packages not exceeding 3 pounds each, in weight, the weight of such packages to be included in the weight for duty: rate of duty, 5 per cent.

Item agreed to.

Customs tariff—219d. Sulphuric ether; chloroform, n.o.p.; preparations of vinyl ether for anaesthetic purposes: rate of duty, free.

Mr. DUNNING: Free entry bound; no change.

Item agreed to.

Customs tariff—220. All medicinal, chemical and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:

(a) When dry: rate of duty, 17½ per cent.

(b) Liquid, when containing not more than two and one-half per centum of proof spirit: rate of duty, 20 per cent.

Mr. BENNETT: This is a 2½ per cent reduction?

Mr. DUNNING: Yes, on a wide range of pharmaceutical products.

Mr. BENNETT: This involves many preparations, such as those made by Smith Brothers. I am curious as to what will be the reduction in price to the consumer. They make a very fine quality peppermint lozenge, and things of that kind, and I am quite curious to see how much the consumer will benefit by this reduction. Being a consumer I am naturally rather curious.

Item agreed to.

Customs tariff—228. Soap powders, powdered soap, mineral soap, and soap, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: There is a reduction in the rate on soap powders and soap. This is a pretty important item.

Mr. BENNETT: I am rather curious here, too, as to just how much less the cake of soap is going to cost, or the soap powder.

Mr. DUNNING: It is a substantial portion of the duty in this case.

Mr. BENNETT: The hon. gentleman hardly means that. Two and a half per cent from 22½ per cent means only ten per cent of a reduction, or thereabouts.

Mr. DUNNING: A little more.

Mr. BENNETT: Ten times two and a half is twenty-five; therefore it is not ten per cent. There is also a discount of ten per cent, presumably in both cases. One is rather curious as to just how much soap powder, mineral soap and soap not otherwise mentioned is going to cost the unfortunate consumer by reason of this arrangement, which reduces the duty from 22½ per cent less 10 per cent, to 20 per cent less 10 per cent.

Mr. ROSS (Moose Jaw): I must say to the minister that I agree entirely with the right hon. leader of the opposition. The minister has not taken off nearly enough.

Mr. DEACHMAN: I would suggest that if these reductions are made in the duty, so far as the business man is concerned they constitute reductions in the cost of the products he buys. If his other charges remain the same as before, there will be a reduction to the consumer. But let us reverse this and put it the other way. Supposing that on a number of these items we raised the duty 2½ per cent. I wonder if my right hon. friend the leader of the opposition thinks there would not be an increase in price. Certainly it would follow. While I agree with him in his contention that in many of these items the reduction in duty has not been as great as it ought to have been—

Mr. DUNNING: He did not say that.

Mr. ROSS (Moose Jaw): He has been arguing that all day.

Mr. BENNETT: He did not say that.

Mr. DEACHMAN: —we are at least gaining ground mentally if we are not financially.

Mr. ROSS (Moose Jaw): We are gaining a recruit.

Mr. DEACHMAN: If year after year the Minister of Finance will continue this process now that he has made a beginning, and if he will remove the duty to the extent of 2½ per cent each year we will get rid of some of our troubles, and in the course of time will not be forced to carry them forward to the next generation.

Mr. MacNICOL: If the Minister of Finance follows the advice of the hon. member for Huron North (Mr. Deachman) he will lose his job as secretary of the consumers' league, because the poor workman for whom he thinks he is fighting will not have anything to buy with. Out he would go.

Mr. DEACHMAN: Do you see any tears falling?

Mr. KINLEY: The leader of the opposition has been stressing the point that some of these reductions are very small. I must remind him that in a competitive business it does not take much of a reduction to switch the trade and give it to somebody else. One per cent might destroy a man's business, because he might have just that much advantage. These reductions, though small, might mean that the whole business may go to the one who has the preference through duties.

Mr. BENNETT: Mr. Chairman, I would entirely agree with the hon. member if I were not certain of the facts; but I have had some little experience. No wonder the Minister of Finance laughs. The real truth of it is that under the old item, on an invoice of $100 a duty of $22.50 was paid. Under the new item he will pay $20.

Mr. KINLEY: That is 22½ per cent.

Mr. BENNETT: Yes; 22½ per cent of $100 is $22.50. But you have to be sure that he buys his goods from the producer in Great Britain at a price which in any sense reflects that position. My investigations to the moment indicate that they take advantage of the preference just as far as it is possible to do so, and instead of there being a reduction to the consumer the price would be regulated by the competitive duty. Instead of the consumer, or the purchaser here representing the consumer, getting the advantage in the laid down cost in the store, assuming that all other items were constant, he would find the goods on his shelves representing just what they did before. In other words, he sees that the traffic stands all it will bear.

Mr. DUNNING: Who does?

[Mr. Deachman.]

Mr. BENNETT: The seller in Great Britain.

Mr. ROSS (Moose Jaw): Presupposing that the man in this country is taking full advantage.

Mr. BENNETT: No, not presupposing the man here is doing anything, except buying and paying.

Mr. ROSS (Moose Jaw): No, but the man here would not reduce it.

Mr. BENNETT: No; he buys his goods from Great Britain, but so far as it is reasonably possible he is compelled to pay for them substantially what he would buy them for from his British competitor. The British salesman is taking advantage of this preference almost to the limit. In some cases my investigations indicate it is one per cent less, and sometimes less than that. In one case I am bound to say it was 99 and a fraction of the percentage.

The reason I looked into the matter was that it had been said that I made a hard bargain. I pass that by, because I think the minister's own experience has been that the man who represents Canada never makes a hard bargain, but rather has a hard job to maintain his position against the experience of, shall I say, very experienced traders. Of course, if you say we do not bargain—and of course that was said—I think I could give a fair reason why boots and shoes do not appear here, and if the Minister of Trade and Commerce were in his seat I think I could state why hides are not here.

Mr. DUNNING: Boots and shoes are here.

Mr. BENNETT: To the extent of the change in the tariff requested, of course, boots and shoes are here; we put them there. But I mention to the minister—

Mr. DUNNING: There is a reduction on them.

Mr. BENNETT: Yes, we will come to that presently. If the minister will investigate this matter, as I was compelled to do, I think he will find that the complaint as to the lack of business is not wholly attributable—not wholly attributable; I use those words—to conditions to which reference was made, but rather because sellers have endeavoured to utilize the preference to the limit for the purpose of getting out of the trade everything it would stand. I could give days and dates in support of the statement, but there would be no purpose in giving the details. I could have brought the papers down. I desire to make clear that we are not wholly to blame

with respect to it, and that this endeavour to take advantage of the preference is to no inconsiderable extent responsible for the lack of expansion of trade. Of course, as the hon. member beside me mentions, there is added to that the question of cartels, which cut both ways, and to which reference will be made before we finish the schedules.

However, I do mention this as important, and I always confront my friends with these facts when in England they say to me, "We do not get enough trade." "Well," I say, "you do not go after it."

Mr. DUNNING: I said the same thing exactly.

Mr. BENNETT: Well, Mr. Chairman, that shows that there is still some hope in Israel, because I always knew that in his heart the minister would support protection to the end. He is making an excellent job of it, and I congratulate him.

Mr. DUNNING: No, I must take the opportunity to correct that. My remark to the leader of the opposition was with respect to what we said to the British concerning trade with Canada. I may tell the right hon. gentleman that I said it to the Britishers even before I became a member of the federal government, and I believe my right hon. friend will do me the justice of admitting that fact. I was endeavouring to interest the British in a certain commodity which I hoped to see produced in larger volume in Saskatchewan, and that was one of the answers I had to make. I may tell my right hon. friend that I used then what I used this year as an illustration, namely, the farm implement industry in Canada, and the manner in which it had grown up, and the manner in which the British had lost what market they formerly had through failing to adapt their product to the necessities of a new country and a different system of agriculture. I do not think I was any less vigorous than my right hon. friend in pointing out to the British traders this summer at least some reasons why they do not enjoy more of the Canadian market. I would not accept in all cases the formula he lays down with respect to the British seller always taking advantage to the last degree of the amount of preference granted by our tariff. I admit that in all too many cases that has been true, but in going through the various items with which one had to deal I was surprised to find very many cases in which it was not true. I venture to predict that before the discussions on this schedule are over we will have pointed out to us by the hon. member for Davenport and others, who do not quite see eye to eye with their leader on this matter—

Mr. BENNETT: Of course they do.

Mr. DUNNING: —a position opposite to that stressed this evening by the leader of the opposition. I am quite sure the hon. member for Davenport is only waiting to point out instances where the British industrialist is a keen and destructive competitor of the Canadian industrialist. I am quite sure that will be his argument in connection with some of the major features of the agreement now before the house. We had only to listen to him this afternoon to notice that he was holding a strong rein upon himself until the proper item was reached to pour out the vials of his wrath upon the poor Minister of Finance, who is proposing something which it must be admitted benefits someone in Canada.

Generally speaking, the use of the term "bargaining" is somewhat of a misnomer when used in connection with the negotiation of an agreement of this kind. Obviously, it is ridiculous to say, "I will trade you a concession on boots and shoes if you will trade me a concession on textiles, on wheat or butter or something else," because you are not dealing with comparable articles. When we went horse trading in the old-fashioned sense, we traded one horse for another, or possibly a yoke of oxen or a mule for a horse, but there was always the suggestion of the common utilization of the objects being traded. In negotiating a trade agreement the approach is quite different. I cannot speak for my right hon. friend in this regard, but our approach was to find out what the other fellow wanted, having a very clear idea of what we wanted ourselves. The things were not related nor could the matter be approached in the spirit of horse trading. An effort is made to meet the other man's point of view, without injuring the interests of your own country, to a degree which will encourage him to go as far as possible in connection with what you want. It is a very complex kind of negotiation. So far as the remarks of my right hon. friend with regard to the approach aspect are concerned, let me say that the British are the shrewdest traders I know anything about, and are most dangerous when they are depreciating their own ability along that line.

Mr. MacNICOL: I do not want the Minister of Finance to get away—

Mr. BENNETT: With murder.

Mr. MacNICOL: I did not want to use an expression like that. I do not want him to get away with the idea that there is any

conflict in the positions taken by the right hon. leader of the opposition and myself, because there is none. I do not think the minister is very much concerned about anything I may say on any of the items. I think I have been very quiet so far because, as I said before, the reductions are not large.

Mr. DUNNING: I will apologize to my hon. friend if I have offended him. After getting a general jeremiad off his chest, he can now take up specific items.

Mr. MacNICOL: I have too much regard for the Minister of Finance to let him get into a class with the hon. member for Huron North (Mr. Deachman).

Mr. BENNETT: No fear, he is a protectionist.

Mr. MacNICOL: In many cases the reductions are small and they merely annoy people in business. What industry is alarmed over is whether the minister is going to go further on another occasion, and also as to what will happen next year in the United States. We do not know whether the government will follow the advice of the hon. member for Huron North who will not be satisfied as long as there is an industry left in the country. We want to know just where they are going to quit.

Mr. DUNNING: The minister will endeavour from time to time to negotiate such arrangements with other countries as will increase the sale of Canadian goods, at the same time having some regard for the interests of the Canadian consumer.

Item agreed to.

Mr. DUNNING: In moving that the committee rise and report progress I wish to express my thanks to the committee for the progress we have made to-day.

Progress reported.

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

Tuesday, March 16, 1937

The house met at three o'clock.

BANKING AND COMMERCE

First report of the standing committee on banking and commerce.—Mr. Moore.

UNEMPLOYMENT RELIEF

Hon. NORMAN McL. ROGERS (Minister of Labour): I wish to lay on the table of the house the final report on the unemployment relief scheme for the care of single, homeless men, as administered by the Department of National Defence, 1932 to 1936. I do so in the absence of the Minister of National Defence (Mr. Mackenzie).

CANADIAN NATIONAL RAILWAYS

REFERENCE OF FINANCIAL STATEMENT TO RAILWAYS AND SHIPPING COMMITTEE

Hon. C. D. HOWE (Minister of Transport): I lay on the table the Canadian National Railways budget for the year 1937. If I may have the unanimous consent of the house, I move, seconded by Mr. Michaud:

That the financial statements of the Canadian National Railways and Canadian National Steamships for the current year, laid on the table of the house this day, be referred to the standing committee on railways and shipping owned, operated and controlled by the government.

Motion agreed to.

SOCKEYE SALMON FISHERIES

CANADA-UNITED STATES CONVENTION FOR PRESERVATION AND EXTENSION IN FRASER RIVER SYSTEM

Hon. ERNEST LAPOINTE (Minister of Justice): I desire to lay on the table of the house the text of the resolution adopted by the senate of the United States on June 16, 1936, advising and consenting to the ratification of the convention respecting the sockeye salmon fisheries of the Fraser river system. I find there is no other correspondence to lay on the table.

BANK OF CANADA

REPORT ON THE FINANCIAL POSITION OF SASKATCHEWAN

Hon. CHARLES A. DUNNING (Minister of Finance): I lay on the table copy of the report made by the Bank of Canada on the financial position of the province of Saskatchewan dated March 8, 1937.

Right Hon. R. B. BENNETT (Leader of the Opposition): Several of my colleagues have suggested that it might be desirable to print the report of the Bank of Canada on the Saskatchewan situation. It is a matter of grave public interest and I think the suggestion is not unreasonable having regard to the importance of the matter from the point of view of the nation as a whole as well as of the community concerned. Perhaps the minister would consider whether or not the report can be printed.

Mr. DUNNING: I think the same remarks would apply to the report previously tabled with respect to Manitoba.

Mr. BENNETT: Quite.

Mr. DUNNING: The bank is now beginning an examination with respect to the province of Alberta. I will look into the question whether it is practicable and desirable to print the report separately. If any are printed I think it will be agreed that all should be.

BURLINGTON BEACH TUNNEL

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Before the orders of the day are proceeded with I should like to ask a question of the Minister of Transport (Mr. Howe). Did the minister promise federal aid to the extent of fifty per cent of the cost of the proposed Burlington beach tunnel?

Hon. C. D. HOWE (Minister of Transport): The minister did not. It is purely a provincial matter.

NATIONAL HARBOURS BOARD

FIRE-BOAT PROTECTION FOR VANCOUVER WATERFRONT

On the orders of the day:

Hon. C. D. HOWE (Minister of Transport): On Friday last the hon. member for Vancouver South (Mr. Green) asked a question about the fire-boat Pluvius at Vancouver. This boat was built in Norway in 1904 for use as a whaler, and was purchased and brought to Vancouver in 1931 for use as a fire-boat. Her annual cost of operation has amounted to $31,500. As will be seen from the date of construction, the boat is very old. It was condemned by the marine department as unsatisfactory, and repairs were ordered which would cost in excess of $28,000 before a certificate of seaworthiness could be issued after December 31, 1936. The whole situation was considered. It was found that the boat was totally inadequate for the service required. There had been two major fires in the harbour since the Pluvius was put in commission in 1931, and in neither case was this boat able to render the slightest service in checking the fire. The harbour commissioners therefore approached the city with the request that they join in considering some more efficient means of fighting fires in Vancouver harbour, and I understand the matter is still under consideration between them.

OLD AGE PENSIONS ACT

AMENDMENT TO INCLUDE CERTAIN CLASSES OF BLIND PERSONS

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 42, to amend the Old Age Pensions Act.

Mr. NEILL: Is the minister not going to speak now?

Mr. DUNNING: I did not intend to say anything further on the motion for second reading beyond what I said on the introduction of the resolution. The principle of the bill, which is adopted at this stage, is I think unanimously concurred in by the house, being the granting of pensions to blind persons at the age of forty years. The detailed provisions can be much more easily considered in committee than on the motion for second reading, and I was hoping we might go right into committee, when I shall be prepared to deal with every phase of the matter.

Mr. A. W. NEILL (Comox-Alberni): I should like to say something on the general principle of the bill—certainly not in criticism of the minister; rather I congratulate him upon bringing it down. There might be some possible criticism in committee as regards the provision relating to two blind people marrying, but that I realize is for the committee stage. And I know the minister will not allow us to open the act in so far as old age pensions generally are concerned. But there are phases of the situation, and the manner in which the Old Age Pensions Act is now being carried out, which could legitimately be debated now, because they will affect blind people, as they will be subject to the same conditions. Therefore I should like to draw attention briefly to two or three of them.

The act itself is the Old Age Pensions Act. There is little to find fault with in it except that I think we should all be glad if the government would allow the eligible age to be reduced say to sixty-five years; and there are some provisions as regards residence qualifications which we would like to see changed. I realize that it would be out of order to move an amendment of that kind to this bill. It is of the regulations made under this act, some of the conditions to which blind people will be subjected, that I wish more particularly to complain. I am free to confess, as far as I am concerned, that the objections and complaints are largely due to the manner in which the British Columbia government carry out their understanding of the regulations.

But this government furnishes seventy-five per cent of the cost, therefore it is possible for the Minister of Finance (Mr. Dunning), when he pays this seventy-five per cent, to attach conditions. I think one condition might well be, as far as British Columbia is concerned, that the act be administered in a fair and reasonable manner, which I do not think it is at the present time. But there are some general provisions applicable to the whole of Canada which might be amended.

Regulation 18 (b) provides that the income of applicants shall be considered, in so far as real property is concerned, to be at the rate of five per cent of the assessed or market value thereof, whichever be considered the more equitable standard. That creates a great injustice under certain circumstances. People often have what is known in British Columbia as wild land. They are paying taxes on it. By no possible stretch of the imagination can they be regarded as getting any money from it; on the contrary it is a source of constant and considerable expense in taxes. It is hardly fair that such property should be charged against them as though they were in receipt of five per cent of its assessed value. Suppose it is assessed at $1,000; they are charged with an income of $50. They are also paying $40 to $50 for taxes on that same property, but it is not bringing in a cent, so that they are out $100 on the deal. I submit that it is not fair and not in accordance with the provisions of the act, which are that people who are otherwise destitute, within limits should receive a certain pension. By this regulation that provision is violated and they are prevented from getting the pension which the act intended they should get. It is quite obvious that real estate which is nothing but an expense is of no value whatever to a destitute old person. One cannot eat tax bills.

There is another phase of that same regulation on which I should like to speak for a moment, and this I think is largely the fault of British Columbia. Originally the clause read "the assessed value," but it was discovered, I think in Ontario, that the assessed value is often lower than the market value; therefore the regulation was changed to read "the assessed or the market value thereof, whichever is considered the more equitable standard." In British Columbia conditions are different; real estate is notoriously over-assessed. The board which administers this act in British Columbia, purely, I submit, to save themselves trouble, have chosen to adopt and adhere to the assessed value, and the assessed value I repeat is not the true market value—nothing like it. I think it would be a reasonable thing to say—I know I can say it of myself—that ordinarily the assessed values in British Columbia are such that I should be glad to sell any real estate I have, except for some local value in connection with my home for instance, at about half the assessed value. I know on one occasion I was provoked into appealing an assessment, and I won all along the line, principally because the assessor refused to go into court and swear to his own assessment. He said: I will not go into court and perjure myself by saying that is the value of the land, because I know it is not. The result was that the assessment was pulled down from $10,000 to $1,800. That gives an idea of the wide difference there is between the real market value and the assessed value in British Columbia. And that was not in the hard time years, either. But simply to save themselves trouble, I submit, the British Columbia board has chosen to adhere to the assessed value, which results in very great unfairness.

I know one case of an old, old man, far above the seventy years, who had some property away back in the bush. I went out to see it, and it was nothing but a hill of sand. He did have a reasonable house on the property, which was the only thing that gave it any value, and that property was assessed at something in the neighbourhood of $8,000, if I remember rightly. In the ordinary market, $1,500 would have been an extravagant valuation, but this old man had to pay heavy taxes on that absurd assessment and in addition was deprived of an old age pension. I submit that this regulation should be applied in the most equitable way possible.

Then I should like to quote paragraph (d), which reads:

> Salary, wages or other means of livelihood, whether in money or in kind, which the pensioner may reasonably be expected to receive—

That is to be taken into consideration in arriving at the income of the applicant. In the old days, when the act was first introduced, the regulation read differently. I have not it before me, but I think the words "which the pensioner may reasonably be expected to receive" were left out. In other words, it was confined to the salary or wages or income actually received by the man or woman applying for pension. By the introduction of those words, however, a totally different interpretation has been given the act, at least in British Columbia. I hold that this legislation has been abused, and I know that the interpretation placed upon it out there has greatly delayed people in getting the pensions to which they are entitled. The most extraordinary circumstances have been

imagined and held to be something to which the pensioner might reasonably be entitled. It is like the Parents' Maintenance Act out there, which imposes an obligation upon children to support their parents. That act contains a provision whereby the children may be sued in the lower courts by the municipality, by any other body or by their parents in order to force them to contribute to the support of their parents. But the pension board in British Columbia have interpreted that to mean what I am sure it was never intended by this house to mean. This is how it is applied. An old man or woman—and I am talking with the knowledge obtained from many cases I have handled myself—applies for pension. I have one particular woman in mind at the moment. I was told that she had a son and that her son ought to support her; therefore they could not give that old woman a pension since she could be "reasonably expected to receive" money and support from her son. I investigated the circumstances of the son and found him to be living on relief, receiving $8 per month. I told the board the circumstances and they said, "That does not make any difference. She can be 'reasonably expected to receive' money from her son, because he is her son, and therefore we will not give her a pension."

In another case they put that decision in writing. They said, "We will not give this old man a pension unless he sues his son and obtains either a judgment of the court against him or a statement by the court that the son is not required to pay anything." I went to see the son, to see if I could arrange a friendly suit and get the matter adjusted. I found that he also was living on a relief allowance of $5 a month; he and his father were living in an old shack about six by eight.

Is it the right attitude for this board to take, to say to an old man or woman, "Go and sue your children"? Is that a nice idea? Possibly the only pleasure in the life of an old woman is the society of her son or daughter, and her grandchildren, and then these people say, "Go and sue your son." How does that affect the daughter-in-law, say, who has several children of her own and who is in difficult circumstances? She says the old lady, her mother-in-law, is trying to take the bread out of the mouths of her children. Look at all the trouble it makes in a domestic way, and what practical use is it? In one case the board said to me, "Tell them to sue their children." One child was living in Pittsburgh, another in Prince Rupert, and another in some equally remote place. Who is to do all this suing? Is it to be done by the old man, over seventy years of age, with no money, who is trying to get a pension of $20 a month? Where is he to get the money with which to sue his children, and what use is it when that is done? There is provision in the act under which anyone can sue.

Mr. DUNNING: Not under this act. My hon. friend is discussing British Columbia legislation.

Mr. NEILL: Quite so. The Parents' Maintenance Act of British Columbia contains a provision under which any body or any person can sue. I said to the pension board, which is under the control of the British Columbia government, "Give the old man or woman the pension to which he or she is entitled now. Then you go ahead and sue their children, whom you think should pay." There are very few cases in which there are children who are so unfeeling as to allow their old parents to accept the old age pensions if they can afford to support them.

Mr. DUNNING: There are a great many in Canada.

Mr. NEILL: There are not a great many in British Columbia, but in such cases I believe the mere threat of the board to sue would be sufficient to compel these children to look after their parents. In many other cases, however, the slightest investigation would show that the children were unable to contribute anything. A son may have three or four children of his own, and be living on relief.

Mr. DUNNING: And a man may have $40,000 or $50,000.

Mr. NEILL: I would suggest that the old man or old woman be given the pension, and that the board should sue such children and expose them in public. That would be far better than saying to the old woman, "You go and sue your son." She has neither the desire from the human point of view nor the money to sue her children. I am only suggesting that this act should be administered in a different way, so to speak.

Then there is another petty ruling—I cannot say it is a regulation, because this is purely a demand by the British Columbia board—which is used as a pretext to refuse or delay applications. I just came across it the other day, and I only mention it because it is one of many such rulings. To try and get an old age pension in British Columbia is like trying to get into the senate; it is just about as difficult and takes just about as long. Members of parliament have to do these things

for nothing, and they involve a tremendous amount of work. In the case I have in mind an old couple had been in Saskatchewan for a number of years, having come from Nova Scotia originally. They had gone to church in Nova Scotia and when they moved to Saskatchewan they met the same pastor there. Later they all came to British Columbia, and the old people came to the district which I represent. On their behalf I applied for an old age pension, and in British Columbia you must furnish an affidavit by someone who knew them for a certain period of years in the province where they previously lived. So I had this reverend gentleman, a minister of the gospel of high standing in Vancouver, sign an affidavit that he had known these people in Saskatchewan, and that they had been there for the required period of years. It took me some time to get that affidavit signed, and then it was returned to me by the board in Vancouver with an intimation that it would not suffice, that I would have to get such an affidavit from someone now resident in Saskatchewan. This old couple had been away from Saskatchewan for ten or fifteen years, and after the lapse of that space of time it was very difficult to find anyone who remembered them during the period they were there. This reverend gentleman, this man of God, of good repute, well known in Vancouver, swore that he had known them in Saskatchewan for a number of years, but that was not sufficient. Heaven only knows why: this could have been checked up very easily, since this gentleman lived only a few blocks from the board's offices in Vancouver, but his affidavit was not sufficient, so we had to dig up somebody in Saskatchewan, which was very difficult.

I do not see that public funds are guaranteed or made safer in this manner. Apparently these regulations are designed to make as much trouble as possible. Since I am on the subject, I remember taking up some cases with Hon. Mr. Gordon, when he was Minister of Labour. I named half a dozen cases in British Columbia, and he undertook to investigate them. I remember one particularly bad case. The answer that came to him was, "We have no evidence in this office that this woman is even seventy years of age." I had been citing her case in this house, and had said that this woman had been unfairly treated and discriminated against. They came back with the retort, "Why, Mr. Neill has not even proved that the woman is over seventy years of age," which, of course, is an elementary qualification. Mr. Gordon naturally put that up to me, and what was my explanation? She had put in her application and had sent in her birth certificate. Her application was refused, and they sent the certificate back to her, accompanied by a letter saying that they noted that she was over seventy years of age. But when the minister took up the case they were technically correct in saying there was no evidence in that office as to her age, because they had sent the certificate back to her. That was deemed sufficient answer to my complaint. I can give the minister particulars about it, if it will do good.

Then, I have here the form—it is an elaborate one—setting out some of the information required; it is not required by regulation or by the act. It takes about an hour and a half to fill out the sheet, and then the information given must be wrong, because it almost invariably comes back.

Mr. DUNNING: But it does not relate to this act.

Mr. NEILL: It relates to the carrying out of the act.

Mr. DUNNING: It is not under the act at all.

Mr. NEILL: And as I say, I am not attacking the minister or—

Mr. DUNNING: Or this act.

Mr. NEILL: I am trying to suggest that the minister should take power to tell the people in British Columbia that if they want to get their money they will have to administer the act according to our act. Is that not a proper idea?

This is some of the information they want: The name of the child; relationship; age; number of dependent children; full address; married, single, widower, or divorced; occupation; name of employer of each son, daughter or daughter's husband; his employer's address, and his earnings for the past twelve months. A woman may have a daughter married to a man with six children. They must have information about his employer, and the employer must put in a return of the employee's wages for the last twelve months, and for the last three months, month by month.

Mr. DUNNING: Not under this law, or under the regulations.

Mr. NEILL: That is what I am complaining about. I am glad to hear the minister say it is not under this law.

Mr. DUNNING: I just wish to say that what the hon. member has been saying has not been about the bill now before the house, not with respect to this statute, but with respect to some statute in the province of

British Columbia, which, it is true, to a certain extent ties in with the operation of the present old age pension law. That is one of the difficulties which arise where partnership arrangements exist between the dominion and the province. I must say however that it is conveying a false impression, because I think every complaint of the hon. member is with respect to British Columbia administration and British Columbia law, not the law we are discussing to-day.

Mr. NEILL: Then I have totally failed to make my meaning clear. I did mention the British Columbia law, namely the Parents' Maintenance Act, but that was only incidental. Now I am talking, and have been from the start, about the action of the British Columbia board under regulations made by this act.

Mr. DUNNING: My hon. friend said it was not under the regulations.

Mr. NEILL: I said it should not be; that is what I meant. Here it is, headed "Old Age Pension Act; application for a pension," and it is done by authority of this act.

Mr. DUNNING: No, no.

Mr. NEILL: And by regulations made under the act.

Mr. DUNNING: No; the hon. member forgets there are old age pensions acts in every province, by which each province may authorize its government to enter into an agreement with the government of Canada, under the provisions of the federal act. The province may and often does impose conditions in and for the province which are over and above the conditions imposed by the federal act and the federal agreement.

Mr. NEILL: Again that is not the situation. In the first place, the Old Age Pensions Act provides for agreements to be made between the provinces and the dominion.

Mr. DUNNING: Right.

Mr. NEILL: Specifications are made in an agreement which is arrived at, and signed. All a province does is to pass an enabling act, agreeing to the agreement.

Mr. DUNNING: No, it is more than that.

Mr. NEILL: It is not permitted under our act to impose any conditions in British Columbia different from those in Alberta. For instance, there could not be a provision for twenty years' residence in Alberta, and ten years' in British Columbia.

Mr. DUNNING: No; with respect to that kind of condition the hon. member is correct. But my statement is nevertheless correct with respect to conditions other than the one he has mentioned.

Mr. NEILL: The conditions about which I am complaining are not carried out under any British Columbia act. They are carried out under the powers of the federal act. When I say, "Who is administering the Old Age Pensions Act in British Columbia?" I am told it is the board in Vancouver. It is the workmen's compensation board that administers it. They say they are not bound by any law of the province. When they are administering our act they take advantage of the regulations under the act. What I am complaining about is that they go beyond those regulations and invent restrictions of their own, which are not under the dominion law or authority at all. That is the point I am trying to make.

Mr. DUNNING: But it is not correct.

Mr. NEILL: Our act does not allow them to ask about the earning of a son-in-law; there is no suggestion of that.

Mr. DUNNING: Would the hon. member permit me to speak?

Mr. NEILL: Yes.

Mr. DUNNING: But the British Columbia Parents' Maintenance Act does allow them. Under the British Columbia law the same board is administering that and other acts for the province.

Mr. NEILL: Yes, but this form I have in my hand is not sent out under the Parents' Maintenance Act.

Mr. DUNNING: Oh, well—

Mr. NEILL: As a matter of fact the Parents' Maintenance Act does not extend to sons-in-law and daughters-in-law. It is the pension board which puts it in, and that is the point of my complaint. I say they are not adhering to the dominion law, they are not adhering to the provincial law; they have a law unto themselves. They are making these fool regulations—

Mr. DUNNING: And they are responsible to the government of British Columbia, not to this government.

Mr. NEILL: When I ask that in British Columbia they say, "Oh, it is under the dominion act; you will have to go to them." I got into trouble with the minister there. He said I had no business going around blaming the province for the way they were carrying out the act, the way the Minister of Finance suggests I should. Then I went over to our Department of Finance and

they told me, "We only operate to the extent of seeing that they are making no unjust demands, but we cannot put any pressure upon them to do even what is right." I submitted certain cases to them, and said, "What do you think about these?" They said, "We would pass that in a minute. Why does not British Columbia O.K. it? We would do it." I said, "Can you not make them do it?" and they said, "Our authority goes only to the extent of saying that we will or will not make certain payments. We cannot say that they ought to pay something." I think that is correct—the minister nods his head.

Then I went back to British Columbia, and I was told that that was not so—passing the buck again. They said what their principal object appeared to be, and communicated it in a letter. They boasted that in a number of years past they had never had one case rejected by the dominion authorities, while they could point to other provinces where as many as four hundred had been rejected. The obvious answer was that that was exactly what I was kicking about. Because if a case came within a thousand miles of the limit they would not grant it; that was the trouble, and then they boast that never once were their cases turned down. They are leaning back so far in their fear that the dominion government might possibly refuse a case that they are rejecting cases that the dominion government would be willing to pay. That is one of my complaints.

I have a letter under my hand which I shall not read, but the contents of which I shall state briefly. One of these cases was to be put through, and the board said—not the regulations; not the act—"You must show us what your son-in-law and daughter-in-law earned in the last year, and in the last three months individually." One of the sons was teaching school up in the Peace River district, and it took a lot of time to get word back from him. His school trustee was really in the position of an employer. To shorten the story, may I say that he sent in his income tax return, but the people in Vancouver would not accept it, or the affidavit which came with it. They said they had to have a statement signed by the actual school trustee. By the time that had been accomplished, due to delays in winter service three months had gone by. The board then said, "You sent us in a return for the three individual months of January, February and March, but it is now May; we want another return for February, March and April"—and the whole performance had to be gone through again. Was anybody's interests or property protected by that? No, it was nothing but red tape from beginning to end.

I wish to bring to the attention of the house something which happened a few years ago under the present leader of the opposition. It will be remembered there was a lot of fuss about soldiers' wives and about red tape causing a great deal of trouble. We asked the right hon. gentleman about it across the floor of the house, and he said he would attend to it. Later in the session he was asked whether he was going to bring in legislation, and he said, "No, I do not think it is necessary; all that is needed is common sense application of the act. I have had a word with the chairman of the board." From that day to this we have had no particular trouble in that connection. It was not the act; it was not the regulation, but it was the foolish way it was carried out by the people concerned. That is the condition in British Columbia. There was an election in British Columbia in 1933 and at that time I told the people that perhaps with a change of government they would get a better deal. There is another election coming on and I am afraid I shall have to tell them the same thing.

I am trying to convey one point to the minister, but I do not appear to have succeeded. I am sorry if I have not succeeded, because I have been desperately in earnest about this matter. I suggest that these people should be told that if they are going to draw funds under this act they must administer the act in a reasonable, decent and common sense way. They must conform with the regulations of the act and not administer it according to their own private opinion. Apparently they have got the tip not to spend more money than they can help, and they are doing that.

Mr. DUNNING: There was no such tip from here.

Mr. NEILL: Not from Ottawa, from Victoria.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, if this is the proper time, I should like to make one or two observations. I listened to the remarks of the hon. member for Comox-Alberni (Mr. Neill), and if I understood him aright, he is asking that in interpreting the Old Age Pensions Act we should make it easier for the applicants to obtain pensions. I do not see why the authorities should take it for granted that these applicants are committing perjury or stating something which is not in accordance with the truth, especially when the local authorities are there to vouch for the declaration. Instead of making it harder for these people

to get a pension, we should make it as easy as possible, provided they are able to fulfil the first requirement of establishing that they are seventy years of age and entitled to a pension.

I understand there is a provision in the Old Age Pensions Act to the effect that an applicant must have lived in the province for five years immediately prior to making his application. There was some reason for that provision when the act was first drafted, because at that time only two or three provinces undertook to work with the dominion. It is quite easy to understand that old people in a province which was not taking advantage of the provisions of the act would drift into one which was. I understand that now all the provinces have come under the provisions of the act. If that is so, I think it should be sufficient when a person proves that he is seventy years of age and has lived in the dominion for twenty years without regard to any particular province. I know of one case where a man eighty years of age who had lived for the last thirty years in Alberta moved into my constituency in order to be near his son. This man is destitute and cannot get a pension because he has not been in Manitoba for five years. Because he preferred to come to Manitoba to be with his son, he cannot get a pension. I do not think that is right.

The other observation I want to make is in connection with the blind. I feel sure the minister will have every sympathy with what I am about to say. I understand that this bill provides that a blind person applying for pension must have had five years' residence in the province in which application is made. Is that right?

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I did not expect that this bill would start a discussion on old age pensions generally. If I had, I would have made a statement in that regard at the outset. I am debarred from speaking now, but I can answer my hon. friend's question very briefly. This bill assumes that a blind person is seventy years of age when he attains the age of forty. That is the sum and substance of it. There are one or two provisions which make it a little more favourable to blind persons than to others, but the main factor is the assumption of the age of seventy when the age of forty is reached. If a discussion is to be permitted on old age pensions generally, I would crave the indulgence of the house to be permitted to make a statement in reply, although I am out of order in so doing.

Mr. LEADER: I have been requested to bring this matter before the minister and I am doing it to the best of my ability. I think that anyone labouring under the terrible handicap of blindness should be able to obtain a pension provided he has lived in the dominion, without its being necessary to prove residence of five years in the province immediately prior to his application.

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

On section 1—Definitions.

Mr. GREEN: Mr. Chairman, I should like to make one or two suggestions to the minister and also express one or two thoughts with regard to this bill, which I trust will be helpful to him. I think every hon. member is in favour of the principle of the bill, and I believe it has the support of practically every person in the dominion. The thought in everyone's mind is that it will help a very deserving group of Canadians who are seriously handicapped in their struggle to take a worth while part in the life of the nation. This being the spirit in which the bill is received, I think that now is the time for us to make certain that the administration of the bill and of the Old Age Pensions Act which it amends will not defeat our intentions. We should make sure that the act will be administered in the way in which we intend it to be administered, and in the way in which the people of Canada believe that it will be administered.

This bill provides for pensions for the blind by extending the provisions of the Old Age Pensions Act. When the bill is passed, the Old Age Pensions Act will provide pensions, not only for our elder citizens who have reached the age of seventy years, but also for blind Canadians who have attained the age of forty. Ten years ago when the act was first before the parliament of Canada it received practically unanimous support both from the members of that parliament and from the Canadian people. They had much the same thought in mind as is in our minds to-day, that is, that the legislation would help a deserving group of our people, in that case the needy old who otherwise might be forced to spend their declining years in want and probably in suffering.

My submission is that the old age pension was never intended to be a dole or a form of relief. When the act was passed ten years ago we had no such thing as a dole or no such thing as relief. The old age pension was intended to be a pension payable to a worthy

group of our people. I refer the committee to the terms of section 8 of the Old Age Pensions Act, showing the class of people whom it was expected to help. Under clause (a) a person, in order to get this old age pension, must have been—

. . . a British subject, or, being a widow, who is not a British subject, was such before her marriage.

Under clause (c), the applicant must have—

. . . resided in Canada for the twenty years immediately preceding the date aforesaid.

And under clause (d) he must have—

. . . resided in the province in which the application for pension is made for the five years immediately preceding the said date.

But by reason of the regulations which were adopted under the Old Age Pensions Act, and the administration of the act and these regulations, the old age pension has come to be considered a form of relief. My suggestion is that that is not good enough, either for British Columbia or for any other province, and I suspect that the conditions are just as bad in the other provinces as they are in British Columbia.

An hon. MEMBER: No, they are not.

Mr. GREEN: Well, that is all to the good. The trouble arises not so much because of the terms of the act, which on the whole are fair and just, but, as the hon. member for Comox-Alberni has said, because of the regulations made under the act and the administration of those regulations; over the years in the hurly-burly of building up a system for administering the act and particularly during the depression, when cuts were made in services in all directions, the tendency has been to restrict the application of the act and to make these older Canadians feel that they are paupers when they apply for the old age pension. I should like to give the committee a few instances. I must refer of course more particularly to British Columbia. First I would quote regulation 18 (d). That is a regulation passed under the dominion act, not a regulation under an act of a province. It reads as follows:

For the purpose of determining the income of any applicant, the pension authority shall take into account any of the following sources of income:

In British Columbia the pension authority is the board set up by joint action of the provincial and dominion governments.

Mr. DUNNING: And this regulation also.

Mr. GREEN: Yes. But this board is or should be subject to some direction from the dominion government.

[Mr. Green.]

Mr. DUNNING: No. Where do you find that in our law?

Mr. GREEN: Well, they are administering the act for the dominion—

Mr. DUNNING: No.

Mr. GREEN: —and the dominion is paying three-fourths of the money. If we have not any authority over them it is time we did have some.

Mr. DUNNING: Well, that is the point.

Mr. GREEN: Clause (d) reads as follows:

Salary, wages or other means of livelihood, whether in money or in kind, which the pensioner may reasonably be expected to receive.

The pension authorities have worked that out in this way, that they require particulars of the children of the applicant for a pension, and then they say to the applicant: "Why do you not use the Parents' Maintenance Act and go to the courts and get an order against your son or against your daughter to the effect that he or she must maintain you?" As the hon. member for Comox-Alberni has said, a parent will not do that. There is authority under the provincial Parents' Maintenance Act of British Columbia for a municipality or the province to do that, and I think that regulations could be drafted to provide that it would be the duty of the province or the municipality to lay a charge of that kind, rather than requiring this drastic action to be taken by the applicant for an old age pension.

Mr. DUNNING: Does the hon. member realize, when he says that regulations should be devised to do so and so, that in connection with this matter such regulations must be the subject of agreement between the provinces and the dominion? He is missing the essential difficulty of legislation of this kind. We cannot compel the provinces to agree to a regulation which we, the dominion, suggest. Later on I shall make a statement with respect to the matter.

Mr. GREEN: My suggestion, Mr. Chairman, would be that the Minister of Finance call the provincial ministers of finance together and make some agreement on this point.

Mr. DUNNING: They have been together.

Mr. GREEN: The lead in all these questions must come from the dominion parliament. I suggest that this government should give the lead—

Mr. DUNNING: That has been done.

Mr. GREEN: —and call the finance ministers of the provinces together and see whether proper regulations cannot be drafted.

Mr. DUNNING: That has been done, not only by this government but by the preceding government.

Mr. GREEN: It would not do any harm to try it again. Another unfortunate thing that is done by the pension authorities is that where the daughter of an applicant is married—it may be, to a man who presumably has some means—the pension authorities will say to the applicant, "Your son-in-law must keep you." Just think what an impossible position it is—that a parent applying for a pension has to go to the son-in-law and ask him for support! Goodness knows how many of his own relations that son-in-law may be keeping or what his actual financial position may be. The ruling is simply ridiculous. Are the blind people of Canada to be subject to administration of this type? Are they to be subject to similar regulations? If they are, I am afraid they are going to be very much disappointed with this bill.

Then regulation 18 (b) provides that for the purpose of determining the income of any applicant the pension authority shall take into account any of the following sources of income:

(b) Real property at the rate of five per centum of the assessed or market value thereof (whichever be considered the more equitable standard), exclusive of encumbrances.

That, too, is a regulation of the dominion government, passed by the governor in council. I suggest that it is entirely unreasonable. The test should be whether there is any income earned from this property. Why should an old person lose out because he happens to have a vacant lot or a building that he cannot rent? There is no income from either. I suggest that this regulation should be altered. I believe, too, that the applicant for a pension should be allowed to own his or her own home up to a value of, say, $3,500, or, if that is too much, at least to the value of $2,500, and that home should not be taken into consideration in arriving at the amount of the applicant's income.

Mr. DUNNING: Does my hon. friend think that the provinces would consent to that?

Mr. GREEN: Well, the dominion is paying three-fourths of the amount of the pension. I do not see that the provinces have very much ground for objection to regulations that the dominion lays down. I believe the Minister of Finance will find that the provinces will not object very strenuously to such regulations.

Mr. DUNNING: I am afraid that my hon. friend does not know the provinces.

Mr. GREEN: Of course there is considerable pressure of public opinion brought to bear on provincial governments as well as on the federal government, and they may not be as unreasonable as the minister expects. Perhaps the minister might look more favourably upon a suggestion for a change in the definition of residence as contained in regulation 10 (b):

10. An applicant may be presumed to have been resident in Canada for the twenty years immediately preceding the date of the proposed commencement of the pension if he—

Then (a) sets out the time he must have lived in Canada:

(b) has not within the said twenty years been absent from Canada for more than 731 consecutive days . . .

And so on. My suggestion is that the test should be, not absence from Canada, but change of domicile—"should have been domiciled out of Canada for the period of 731 days," which means two years. In many cases applicants lived in England during the war for over two years, and the result is that they are now not eligible for pension although all the time their domicile was actually in Canada.

Mr. NEILL: In some cases they could not get back from England.

Mr. GREEN: If the Minister of Finance cannot consent to a change of that kind, I suggest that at most the pension should be reduced only by the proportion of time during which the applicant was out of Canada. Section 9 of the act is, I think, too stringent. It provides that:

The maximum pension payable shall be two hundred and forty dollars yearly, which shall be subject to reduction by the amount of the income of the pensioner in excess of one hundred and twenty-five dollars a year.

That means that the old age pensioner can only—

Mr. DUNNING: Mr. Chairman, this is out of order.

Mr. GREEN: —earn ten dollars a month, and I suggest that that should be increased to at least twenty dollars a month.

There is one other matter that should be dealt with by the government and that is the application of the Old Age Pensions Act to the Yukon.

Mr. DUNNING: This is entirely out of order.

The CHAIRMAN: I agree with the minister; the hon. member is out of order. He is discussing the Old Age Pensions Act and this deals only with pensions for the blind.

Mr. GREEN: This bill is an amendment of the Old Age Pensions Act, the terms of which I am therefore in order in discussing. Since the act is to be amended to provide pensions not only for the aged but also for the blind, surely I am in order in discussing the terms of the act itself.

Mr. DUNNING: I do not want to insist, but I did not anticipate a general discussion on old age pensions. I thought the principle of the bill was decided on second reading, namely, the question whether or not the provisions of the Old Age Pensions Act should be extended to blind people at the age of forty instead of at the age of seventy. I did not on second reading take the liberty myself of discussing the present position of the Old Age Pensions Act; I considered that I was discussing the principle of the bill before us. There is no provision in this bill for changing the provisions of the Old Age Pensions Act. This is simply a bill to extend the provisions of that act to blind persons at an earlier age than seventy. I will not block the discussion if the committee wants it to be free and to let everyone take part and go all over the place. We are now on section 1 of the bill. I shall abide by your own judgment, Mr. Chairman, or by the judgment of the committee, whether we shall go all over the place in considering section 1 of the bill in committee.

Mr. GREEN: I purposely refrained from speaking on the second reading of the bill so as to help the minister get it into committee.

Mr. DUNNING: It is a poor way of assisting.

Mr. GREEN: I did not expect that I should be told at this stage that I should have spoken on the second reading. However, I am about through and I should like to be allowed to finish.

Mr. BENNETT: In view of the terms of the bill the hon. member is perfectly within the rules in discussing the bearing upon this particular provision of the other provisions of the act.

Mr. DUNNING: That is the ground the hon. member for Comox-Alberni took in discussing it on the second reading.

[Mr. Green.]

Mr. BENNETT: We are now at the first section of the bill, which is an amendment to an existing section of the act, the substitution of another for it, and the hon. member is pointing out the relation of this change to the other provisions of the act. This section defines the word "pension," and we have right through the whole bill changes in the existing legislation. As I listened to the hon. member, he was only elucidating the point he desired to make by reference to other provisions and regulations of the act; that is all.

Mr. DUNNING: The discussion is now on section 1 of the bill. I agree at once that any relationship between the subject matter of section 1 of this bill and the section of the present act to which it refers is competent for discussion at this time, but I do suggest that the definition of the word "pension"—

Mr. BENNETT: That opens up the whole matter. "Pension" means a pension payable "in accordance with this act and the regulations hereunder." That is what the hon. member has been discussing.

Mr. DUNNING: That means that we have no rules of order in committee—

Mr. BENNETT: That is unfair.

Mr. DUNNING: —and that on any section of the bill one may discuss anything in relation to the act which it amends.

Mr. BENNETT: Depending entirely on the terms of the amendment. This amendment substitutes a new meaning for the word "pension," namely, that "pension" shall mean a pension payable in accordance with the act and the regulations thereunder. The hon. member has been analyzing what pensions were payable under the act and the regulations under the act; he has been analyzing the regulations for the purpose of ascertaining payments payable under (a) the act, and (b) the regulations.

Mr. GREEN: If I may be allowed to go on, I wish to speak briefly about the pensions that are payable to people who have been resident in the Yukon. The position with regard to these old Yukoners, old pioneers who went there in 1898, is this. Many of them as they have grown old have broken down and have come out to the cities of Vancouver and Victoria; then after they have been there perhaps six or seven years they reach the age of seventy years and apply for the old age pension, but they are told that though they are seventy and have been in Canada twenty years they can get only $6 or $7, depending on the length of time the applicant has been in British Columbia. The

applicant cannot get anything for the time he has been in the Yukon, because the Old Age Pensions Act does not apply to the Yukon.

I would refer the minister to the report of the Department of Labour for the fiscal year ending March 31, 1935, at page 63:

While legislation was enacted by the Yukon territorial council in 1927, which empowered the gold commissioner of the Yukon territory to enter into an agreement with the governor in council to make the system effective in the territory, the proposed scheme of administration, which must be approved by the governor in council before an agreement can be entered into, has not yet been submitted.

These old Yukoners are being deprived of their full pensions and yet the dominion government would be responsible for seventy-five per cent of the portion of pension which they cannot draw. Furthermore, I believe that the dominion government would be required to pay the whole thing because they finance relief in the Yukon. I put a question to the Minister of Mines and Resources (Mr. Crerar) last year and I would refer the committee to page 2782 of Hansard:

Mr. Green: If the old age pension scheme were made effective in the Yukon territory, where would the money come from? Would that money be raised by the Yukon territorial council or would it come from the dominion government? As the minister knows, the provinces pay one-quarter of the old age pension. If the scheme were made effective in the Yukon, where would that one-quarter come from?

Mr. Crerar: It would come from the territorial government, and I assume in the last analysis it might really be provided for by the federal government.

Mr. Green: The federal government would really have to pay the whole shot.

Mr. Crerar: It is federal government territory.

Mr. Green: That would not come out of local taxes raised by the Yukon council.

Mr. Crerar: I could not say, speaking offhand.

I suggest that these Yukoners are being deprived by the national government of the pittance which the people of Canada expected would be paid to them and which they believe is being paid. In my opinion the Old Age Pension Act should be made applicable in the Yukon from now on and provision should be made for paying the full pension to those whose applications have already been dealt with.

When the Old Age Pensions Act was passed it provided that the dominion should pay half the cost of pensions and the provinces half. In 1931 the late government increased the contribution of the dominion to three-fourths and provided for the examination and audit of all expenditures by the provinces and of the accounts of the provinces. This means that this national parliament is the body most directly concerned in the administration of the old Age Pensions Act and further that this parliament must assume the bulk of the responsibility for the administration of the act. Certainly we are going to take the whole of the blame if the act is not properly administered.

Mr. DUNNING: That is very evident.

Mr. GREEN: My suggestion to the minister is this—and I believe it is a constructive suggestion—that he should have a thorough investigation made at once into the administration of the Old Age Pensions Act in the different provinces, and that he then make any necessary changes in the regulations and in the administration. I would suggest further that that investigation be not made by a commission—we have had enough commissions, for a time at least. I suggest that it be made by an official of the department. I have far more confidence in the department—

Mr. DUNNING: It is going on all the time.

Mr. GREEN: Well, I ask that some representative be sent right across Canada—

Mr. DUNNING: It is done now.

Mr. GREEN: —and that he call in delegations from or representatives of the different old age pension associations. These old people have been getting together in the different cities in a social way, and I suggest that they be called in and given a chance to explain the points in the administration with which they are dissatisfied.

This government should spare no effort to make sure that the intention of parliament and of the Canadian people is carried out in the administration of the Old Age Pensions Act, namely, not that the act should be used to provide relief or a dole, but that it should help to make the lives of our blind people and the last years of our own old people happier than they have been.

Mr. MacINNIS: When this legislation is passed will it be necessary for the provinces to enact legislation to make this measure effective within their respective jurisdictions?

Mr. DUNNING: Yes. That is why I am trying to hurry it on now.

Mr. MacINNIS: If the provinces take advantage of this measure, by enacting provincial legislation, will the regulations now covering old age pensions be also applicable to pensions for the blind?

Mr. DUNNING: Yes.

Mr. MacINNIS: If that is so I think the remarks of the hon. member for Comox-Alberni (Mr. Neill) and the hon. member for Vancouver South (Mr. Green) were quite in order.

Mr. HEAPS: I am very sorry to hear the complaints of hon. members from British Columbia regarding the administration of the act in that province. I do not know that the complaints apply generally throughout this country. There are some provinces where perhaps the administration is not as rigid as it is in British Columbia. However, it is well to bear in mind that this act came into operation not quite ten years ago. It was in a way new legislation—

Mr. DUNNING: Experimental.

Mr. HEAPS: The legislation was not adopted as unanimously as the hon. member for Vancouver South thinks. There was quite an acrimonious discussion in this chamber before it passed. Not only that, but in the senate the measure was thrown out, and it was only in 1927, after the election in 1926, that it was passed by the senate. That, however, is past history. There are at present in Canada, including Quebec, about 150,000 people receiving the benefits of the Old Age Pensions Act.

Mr. DUNNING: At least that number.

Mr. HEAPS: When the Old Age Pensions Act was framed it was something new as far as Canada was concerned. Something had to be done to overcome the difficulties inherent in our constitution. I have no doubt that many of the regulations which have proven so irksome to some are the result of constitutional difficulties. The five year residence clause was one of the problems which provoked a good deal of thought and discussion at the time. But in view of the fact that all the provinces, with the possible exception of one, have adopted the principle of old age pension legislation and have come under the act, I feel that now is the time for the government to see whether changes could not be made in the regulations, as suggested by the hon. member for Vancouver South.

Mr. BENNETT: The agreement is for ten years.

Mr. HEAPS: Yes, but I think the provinces would not object.

Mr. DUNNING: I know four of them which would.

Mr. HEAPS: The five year clause?

[Mr. MacInnis.]

Mr. DUNNING: Yes, for obvious reasons. I know British Columbia would object because it would tend to increase the load on that province, which is a more desirable place for old people to live than some other parts of Canada. That is the whole story. The provinces consider these matters in relation to their own peculiar interests. I know, because I have discussed it with them.

Mr. HEAPS: I remember some arguments being used in this chamber about ten years ago—

Mr. DUNNING: It is not argument. I have discussed that possibility with the provinces.

Mr. HEAPS: Well, it is an argument controverted by the facts, because the percentage of old age pensioners in British Columbia is no greater than it is in other provinces. If the five year residence clause were abolished I doubt whether many old people would care to leave the old homesteads and familiar surroundings for the purpose of living in British Columbia. The number of pensioners in British Columbia at the present time is no greater proportionately than in Manitoba; in fact the most recent figures I could get showed that the number was somewhat less in British Columbia. If the minister through his department would confer with the provinces and see whether something could be done along that line, I would be content to abide by the decision so arrived at, and if the provinces objected to the deletion of the five year residence clause we in this chamber would have nothing further to say.

Another matter which the minister might take into consideration, and one that creates a good deal of feeling amongst prospective or actual recipients of old age pensions, is the right of provincial authorities to put a lien on property in the possession of pensioners. I do not know whether this would apply to the blind; if not, I need not refer to it, but if it does, the argument applies. Suppose an old person is in possession of property worth $2,000 or $3,000—I have known of many such instances. He may have a small home which he has owned for twenty or thirty or forty years, but before he is entitled to receive the benefit of the Old Age Pensions Act he is compelled to assign that property over to the provincial authorities. I do not think this parliament desires to be so harsh with old people as to compel them to give up such small properties. Many old people, being loath to part with their little possessions, resort to subterfuge in order to evade

that provision. I am wondering whether we could not be a little more generous now than we were in 1926 or 1927, and abolish that regulation.

Another point which I think also comes under the present bill relates to the question of earnings. Under the existing legislation a recipient of old age pension is allowed an income of $125 a year over and above his pension. He is entitled to have a total income of $365 a year, including $240 pension. If the pensioner has an income of $200 a year over and above his pension, the amount of pension is reduced. I think that restriction on the earnings of pensioners should be done away with. They should be entitled to a larger income under the act, and the same should apply in respect of the blind people who may come under the present proposals. I draw this to the attention of the minister and the government. I know they are sympathetic and I appreciate the bringing in of this legislation. It is one of the best things they have done since they came into office; for although the number of pensioners may not be great, it is because of the principle embodied, and the satisfaction it will give to so many people, that the bill has been received with interest and approval throughout the length and breadth of Canada.

May I say one further word. As I pointed out a moment ago, this bill is something new so far as this country is concerned, just as the old age pension legislation was something new when it was brought in. At that time the government had to find ways and means of overcoming the difficulties presented by the British North America Act, so they took the course of making an agreement under which the provinces could come under the provisions of the bill. Where there was a will there was a way, and I am pointing this out to the house and to the government for the simple reason that if there is the will to overcome the difficulties inherent under our constitution, ways and means can be found just as a way was found to bring in old age pension legislation. If our government really desired to bring in other social legislation, which is long overdue in this country—such as unemployment insurance, minimum wages and maximum hours of labour—they could find ways of overcoming the difficulties in that connection also.

Hon. CHARLES A. DUNNING (Minister of Finance): I wonder if I might be permitted now to say a few of the things I might have said on the second reading of the bill, and possibly thereby shortened the discussion. What has been said causes me to preface my remarks by saying that more than 150,000 people in Canada are now receiving old age pensions.

Mr. HEAPS: Has the minister the exact number?

Mr. DUNNING: I have not the exact number, because Quebec just came in a few months ago, and is adding to the number very rapidly month by month. We are anticipating some thirty thousand from that province by the end of April, which would bring the total closer to 160,000 people who are in receipt of old age pensions.

I think it is proper for the minister whose unpleasant duty it is to try to guard the treasury to point to that fact in view of the discussion which has taken place to-day, which to a casual listener would indicate that the Dominion of Canada has not been carrying out properly or generously the provisions of the law. The amount which will be required from the federal treasury commencing on the first of next month in order to pay old age pensions during that year will be $27,500,000. That sum of money represents the dominion's share only, and does not include anything for the cost of administration, which is borne by the individual provinces under the terms of the agreement and the legislation.

With these figures before it, Mr. Chairman, I think the committee will at least reach the conclusion that the cases which have been cited this afternoon by practically every previous speaker must be the exception rather than the rule, and that there is a much more humanitarian administration of old age pensions generally across Canada than the discussion in this house this afternoon would lead one to believe. In fact I am bound to say this: The administration of the act, in so far as it concerns the relationship of this dominion, until just prior to the change of government was entrusted to the Department of Labour. Difficulties between the provinces and between provinces and the dominion, as a result of the peculiar arrangement necessary under our constitution to make a scheme of this kind work, had accumulated down through the years, and I believe it was my right hon. friend the leader of the opposition (Mr. Bennett) who decided that in future the administration of the act should be under the Department of Finance, inasmuch as it concerned a financial contract between the provinces and the dominion. With that decision I have no quarrel, except that it does put on the Minister of Finance the not too pleasant task of

trying to deal with the awkward situations which develop because of differing conditions in different parts of Canada and different views taken by provincial governments and legislatures as to the manner in which their responsibilities under this act should be carried out.

Mr. BENNETT: Was it actually transferred before the government went out?

Mr. DUNNING: Yes, just before.

Mr. BENNETT: I know we appointed inspectors as well.

Mr. DUNNING: Yes. That brings me to the second point, and I am sure my right hon. friend will not find fault with me for saying that the reason for appointing federal inspectors was not from the point of view expressed in this house this afternoon, that the provinces were not sufficiently generous in their treatment of individuals, but from the point of view of protecting the federal treasury.

Mr. BENNETT: Hear, hear.

Mr. DUNNING: That is something it is necessary for me to say. During the short period I have been in office I have had an opportunity only from time to time, in the midst of pressing duties, to see how this inspection work is getting on. But as a result of that examination, on the last occasion on which the provincial ministers were together, at the meeting of the national finance committee, I advised that body—it being representative of the provinces—that from what we had discovered up to that time with respect to the administration of the act we hoped they would agree that there should be a meeting during the year 1937 solely for the purpose of going over the administration of the Old Age Pensions Act, taking into account what the dominion inspection—only recently instituted, remember—had revealed by way of, yes, by way of abuses, by way of disparities in administration in one place as contrasted with another; in short, with a view to taking account of the accumulated experience of nine years of experimental administration of this kind of legislation, in order to see if we could not agree on measures necessary to bring about improvement.

I frankly confess that from the point of view of the Minister of Finance there is much more to be said with respect to tightening up than with respect to loosening up, and I am bound to say that there can be produced not one but hundreds of cases where people having property—and not property worth one or two thousand dollars, such as has been mentioned here this afternoon—managed to obtain old age pensions. It had not been discovered until after they had died, and then only through a circumlocutory process, that they were possessed of real property and a real income. There are not a few cases, also, of people who have sons and daughters, not poor and with big families, but well off, who do not look after their parents but leave them on the old age pension.

It is unpleasant to say these things, Mr. Chairman, but it is my duty to say them. In my judgment there is a sufficient number of those cases to outweigh any cases of individual hardship such as those to which the hon. member for Comox-Alberni (Mr. Neill) referred. I say that without detracting at all from the point the hon. member made, that any injustice should be susceptible of cure. I do not dispute that for a moment. I only deprecate rather the tenor of the discussion this afternoon, which has been so one-sided, assuming that authorities all over the country were trying to deprive of the privilege people who ought to have old age pensions. I can assure the committee, on my responsibility as a minister, that the abuses—yes, I will say it—are very great in the opposite direction, and in my opinion demand the attention which can be given only by a conference of the contracting parties to the agreement. Let us not forget that there are two contracting parties. Our part is clearly set out in the law; it is the payment of moneys to the provinces. It has been said that we should make conditions with respect to the payments we make, and that we should say, "If you do not do this, we will not give you your money." I have had experience in trying to make that form of control—

Mr. BENNETT: You seemed to make it stick in the wheat board.

Mr. DUNNING: —effective, in connection with the provinces and old age pensions, and I am bound to say it is not a very effective sort of control. I am one who believes that the problem can best be solved by the kind of reallocation of powers, responsibilities and taxing powers as between provinces and dominion as would transfer the sole power, the sole authority and the sole responsibility in the matter to the dominion government. But I do say that in considering the suggestion hon. members should not for a moment think I am advocating the transference of a responsibility to the dominion without the transference to it also of the sources of revenue which would enable the dominion to carry out the responsibility so transferred. I say that because the figures involved in our present old

age pension scheme, without regard to any extension of it or any reduction in the age limit, which would obviously increase the expenditure, are large. Judging by an examination I had made a few weeks ago, from an actuarial point of view, even if we do not change the conditions or age limit at which pensions are payable, by 1941 if we continue on the present basis, and if the proportion of those over seventy now receiving old age pensions carries on through that portion of our population which in the future will attain the age of seventy, the expenditure will be $46,000,000. By 1951 it would be $62,000,000. I think I need not go farther than that, because the projection beyond 1951 involves an estimated increase in population, which of course is a debatable factor.

Mr. TAYLOR (Nanaimo): May I ask the minister whether these figures are estimated on an increase in population?

Mr. DUNNING: No.

Mr. TAYLOR (Nanaimo): Only on the administration of the present act?

Mr. DUNNING: Pension payments have been computed on the assumption that fifty per cent of the population aged seventy and over will receive pensions of the average annual amount now being paid. The average number of the population seventy and over will increase very considerably in the future, which will mean that a larger proportion will exhaust their own resources and a smaller proportion will be able to contribute to their own support.

Mr. HEAPS: Why does the minister claim that the number of people over seventy will increase so rapidly in the near future?

Mr. DUNNING: Mainly due to the fact that in the past the increase in population has to a great extent come from immigrant sources at adult ages. That is the actuarial reason. The sources of our population in the past having been immigrant sources, at adult age upon arrival in Canada, the certainty of increase in the proportion of population at ages over seventy to the proportion at productive ages means a rapidly increasing load for a country whose resources are not unlimited.

The figures I gave are on an actuarial basis, and the rapid increase is due to the fact I have just stated, namely that a larger proportion of the population came to the country as immigrants and had reached an adult age upon arrival.

Mr. BENNETT: Based upon the present records of the census department?

Mr. DUNNING: Yes; I cite these figures to indicate the prospective load. I may tell hon. members the occasion for asking for them; it was the very rapid increase during the current year, and the demonstrated necessity for what looked to me to be the very large sum of $27,500,000 for the next year.

Mr. TUCKER: According to the budget speech I think the amount is $22,500,000.

Mr. DUNNING: For the current year?

Mr. TUCKER: No, for the coming year.

Mr. DUNNING: For the coming year it is $27,500,000.

Mr. TUCKER: Then it is misprinted in the budget speech.

Mr. DUNNING: It is $22,500,000 for the current year which closes at the end of this month, and $27,500,000 for the next fiscal year. I think the hon. member will find it in the estimates now before the committee of supply. However I shall not speak with absolute assurance, as I am apt to make mistakes, and may have made one.

Mr. BENNETT: I thought the estimate was based upon the fact that the possibilities were unknown because of Quebec having recently come in.

Mr. DUNNING: To some extent that is true. Because of the facts I have endeavoured to state, and because of the statements made by hon. members who have spoken, statements which of course reach me from complaining parties in various parts of Canada, it is the intention, hope and expectation of the government to have a meeting with the provinces specifically devoted to old age pension administration, to old age pension regulations, and generally to the whole matter, between now and the next session of parliament.

There are many difficult positions to be cleared up. When in recent interprovincial gatherings old age pensions have been mentioned, the diversity of opinions at once became apparent, as did the diversity of experience, of desire and of conditions in the various provinces. That made it very difficult indeed to take old age pensions as one subject in a general conference and expect to get anywhere on a matter in connection with which there must be a substantial measure of agreement among the provinces on one hand and between the provinces and the dominion on the other, in order that improvements in connection with administration may be effected.

I do not think I can usefully add anything further in a general discussion, except to say that the government is fully alive to the

difficulties inherent in this class of legislative and administrative cooperation between two sovereign authorities. It is not easy to work it out. We in this parliament do not dominate the situation.

Mr. BENNETT: Do not call them sovereign authorities.

Mr. DUNNING: There might be some question; I believe we have had statements from high sources recently as to how sovereign they really are.

Mr. STEWART: Mr. Chairman, I think every hon. member is interested in the question of the administration of old age pensions. We have to meet it almost daily when we are at home. I hope there will be some good results from this discussion.

Conditions have changed since the act was placed on the statute books. As I recall it, at first the dominion and the provinces made equal contributions to defray the expenses of old age pensions. I think it is agreed by all that no deserving person should be deprived of an old age pension; on the other hand a designing person should not be able to get a pension unjustly, unfairly or improperly. The difficulty arises in finding a type of administration to cover both cases. As I said, the basis of contribution has changed since we started out. At first, when the provinces and the dominion contributed equally, it might be assumed that their interests were on an equal basis. Then the provinces passed on a certain amount of the expense to the municipalities, in some cases as much as half.

Mr. DUNNING: It varied.

Mr. STEWART: It varied from one province to another. I think the initial difficulty arose through the fact that the boards which determined who should be entitled to old age pensions were largely municipal. I am afraid that in some instances, for one reason or another, sufficient care was not exercised in the granting of old age pensions. Let the reasons be what they may, I think we know some of them. In some provinces the share contributed by the municipalities was decreased and their interest became different. Then the share of the provinces was decreased and their interest is not what it was. I suggest to the minister that a change in administration is necessary.

I have had people come to me and ask me to fill out their forms for old age pensions. I have examined them carefully and in some instances have declined to go any further because I was certain they were not entitled to pension. To my surprise they would go to someone else, get their forms filled out and obtain their pension. There is undoubtedly an impression abroad that if you work through the right political channels you will obtain an old age pension, and if you do not, you will not. Rightly or wrongly, that is the impression in the minds of many applicants for old age pensions.

Mr. YOUNG: Are you speaking of Ontario?

Mr. STEWART: I am speaking of what I know.

Mr. YOUNG: In what province?

Mr. STEWART: In Ontario, and I should not think it would be any different in any other province. We all think alike when it comes to getting something from the government for nothing. I suggest that it is necessary to make a complete change in the administration of the act. For a long time I have felt that applicants for old age pensions should be required to appear before a county judge in chambers and make out their cases. You would thus be able to get an impartial, honest and candid report, without political bias or political influence. I think the provinces would be safe in acting upon such a report, and the dominion could confirm the action of the province.

Mr. DUNNING: That is one of the suggestions coming up for consideration.

Mr. STEWART: I am glad it is to be considered. It seems to me that that would relieve men in public life of much embarrassment. We all know the pressure that is brought to bear to have these applications granted for old age pensions. People think that if you are a member of parliament you should be able to get an old age pension for everyone who applies for it. If you do not, well, look out—you will be punished next time.

Miss MACPHAIL: Mr. Chairman, I was not present in the chamber to hear the speeches to which the Minister of Finance (Mr. Dunning) referred, but I feel like agreeing with him, which I am sure will be a surprise. I believe that there are more people trying to get pensions who do not come within the scope of the act than there are people who do come within the scope of the act but who cannot get pensions. I do not think there has been any great difficulty in Ontario in connection with people who are entitled to pensions not getting them. The hon. member for Leeds (Mr. Stewart) suggested that political influence had something to do with it. If that is so, where would the independent old age pensioner come in?

Mr. STEWART: He would probably work both parties.

Miss MACPHAIL: I have not found that to be so. People who have supported me for many years have been able to get old age pensions.

Mr. DUNNING: I think that would be a help to them.

Miss MACPHAIL: I believe in some cases the pension is held down too much, due nearly always to information given by some person living close to the applicant. I have investigated some of these cases, but nearly always I have been able to get them straightened out. When a person reaches the age of eighty or eighty-five years, $20 a month is not sufficient to live on. There is generally an expense for some sort of attendant. Someone in the house where he lives has to spend a good deal of time taking care of him. Something additional should be paid to people of eighty-five and over. I have received many letters, and I dare say other members have also, from very old people who find they cannot manage because something must be paid out for some sort of nursing care.

I do not know how many of these elderly people would have got through the depression had it not been for the provisions made for them under this act. I congratulate the government upon bringing down this bill to provide for the blind, but I regret that the last government did not do it. Doctor Cotnam did excellent work in bringing this matter before the house again and again. It is true he was assisted by others, but he took the responsibility, and I should have liked to see his government bring down this measure when he was in the house. However, I am thankful it is being brought before us, and I am doubly thankful that the age limit has been reduced to forty years. I was afraid the age limit would be higher, in which case the bill would not have been as useful.

There is just one other thing I should like to say, and I do not think the Minister of Finance will enjoy hearing this. There is another class of people for whom we should provide. I refer to those who are totally disabled from increasing arthritis and such diseases. They are disabled sometimes quite early in life, and certainly, for a good many, around an age at which the blind are to receive pensions. There are a great many men and women who suffer intense pain and also the humiliation of not being able to do anything for themselves, and the feeling that they are a burden upon their families or their friends. I suggest that the minister should consider to provide very soon—I hope, at the next session—for an extension of this act to take care of totally disabled persons, for whom life would be hard even though they had a pension, and is almost unbearable when they have none.

Mr. DUNNING: In reply to the hon. member's last point, I know she will wish me to say this: the question of extending the act to the blind at the age of forty was made the subject of discussion at two provincial conferences; hence I am able to state to the committee that the provinces are unanimously willing to adopt it. My hon. friend can understand that with respect to any other extension along the lines suggested by her it would be necessary to secure a very considerable measure of assent, if not complete consent, on the part of the provinces. Having in mind that picture, I shall be glad to continue to give consideration to the classes she suggests.

Mr. McIVOR: Mr. Chairman, being one of those who most energetically urged the Minister of Finance (Mr. Dunning) to bring in this measure last session, now that we have it I should like to see it enforced in the same way that the Old Age Pensions Act is administered at Fort William. No political pull whatever is used. There are old people on pension who qualified when the former minster of railways was representing Fort William, and there is no flavour of politics at all in the administration. I pay my tribute to the responsible officer in Fort William—I venture to use his name; he is our city treasurer, Mr. McNaughton. He has three rules. The case must be deserving—and he knows; the applicant must produce his age certificate or be able to establish his age in some satisfactory way, and he must have lived in Canada for twenty years. Every individual whom I have brought in to the city clerk has been most courteously treated; we are never given the feeling that it is the city clerk's money we are after. When there has been some difficulty in getting a certificate of age, I have not found, as the hon. member for Comox-Alberni (Mr. Neill) seems to have done, that they would not take the word of a minister of the gospel; even his word is accepted when it is reasonably evident that the facts are as stated. I am profoundly thankful that the government have seen fit to introduce the bill at this time and not leave it to the year before election.

Mr. DUNNING: With respect to the figures I gave a few moments ago, it has been called to my attention that I might have left a wrong impression by giving, as

I did, the actuarial rate of increase and not stating that the amounts mentioned would be for the total cost of old age pensions, both dominion and provincial shares.

Mr. HEAPS: Could the minister give at this point the number of pensioners in the various provinces?

Mr. DUNNING: I have that information approximately with respect to all provinces except Quebec. As Quebec is so large and the act is just coming into operation there, the variation would be quite considerable. I have the information here and will give it as soon as I can lay my hands on it.

Mr. TUCKER: In regard to party politics entering into the administration of the Old Age Pensions Act, my experience is that in Saskatchewan it has been administered without any thought of intrusion of party politics, whatever may be the practice in Ontario.

I wish to bring to the attention of the minister a specific case illustrating a class to which hardship is caused through a regulation passed by dominion authority. I have it in mind that two people in my constituency, a man and his wife, went to California seven or eight years ago, intending to stay about a year, but one of them having fallen ill they remained about two and a half years. They then returned, and are now in destitute circumstances. They homesteaded in this country and with the exception of the two and a half years I have mentioned they have lived here over forty years, but now they are told that they must reside in Canada for practically another fifteen years before they can qualify for an old age pension. In other words if your stay outside Canada runs to two years and five days you have to wait after you come back for another twenty years before you can qualify for a pension. I think the rule is too rigid, and I have suggested and do suggest that, based on the present rule of allowing two years' absence from Canada out of twenty years—in effect one month out of Canada for every ten months residence in Canada—the rule should be modified so that if you have actually spent, say, two and a half years out of this country you should be able to qualify for a pension provided you have lived in Canada for, say, twenty-five years. In other words, you should be allowed an extra month's residence outside Canada for every ten months over twenty years of residence in Canada. That would provide for the people I have referred to, and others who, though they were out of Canada for a little over two years, have lived in Canada for twenty, twenty-five or thirty years, but cannot get a pension and have no hope of getting one for, in some cases, another fifteen years. Such a provision would cover quite a number of very deserving cases in Canada.

Mr. DUNNING: The residence rule is the most difficult of all rules to administer. My hon. friend will see at once, of course, that if we make some provision such as he suggests, immediately those who cannot quite fall within it will have the same ground of complaint. However, I have no doubt that even though I wanted to, I could not prevent a detailed discussion upon the application of the residence rule when the various provincial representatives confer with respect to old age pensions. I will admit at once that the feature to which the hon. member has referred has given the government much concern.

Mr. BENNETT: If the absence has been to set up a new home, of course they should not claim the benefit under the act.

Mr. DUNNING: But the difficulty is to prove these things. Then we encounter my hon. friend from Comox-Alberni (Mr. Neill), who objects to red tape, and red tape is a term used whenever an effort is made to protect the treasury by investigation; that is the charge which is made by everyone, of course.

In answer to the hon. member for Winnipeg North (Mr. Heaps), who wished to know the number of pensioners, I can give him only this information as of September 30, 1936, with an amendment which I will mention at the conclusion:

	Number of pensioners
Alberta	8,644
British Columbia	10,480
Manitoba	11,281
New Brunswick	8,728
Nova Scotia	13,410
Ontario	54,960
Prince Edward Island	1,693
Saskatchewan	11,259
Northwest Territories	7
Total	120,462

At the end of December the total was approximately 130,000, but since that time Quebec has reported 21,000, and we are advised that by the end of April there will be 30,000 from that province. So that I was quite within the mark when I said between 150,000 and 160,000 at the present time.

Mr. CLEAVER: The suggestion has been made by the hon. member for Leeds, I believe, that the administration of the pensions act in Ontario is under political influence. I do not think that suggestion should go unchallenged in view of the fact that some

months ago the administration of the act in Ontario was changed, with the result that it is now administered by the local municipal clerk and treasurer. I do not know of any class of officials who are less politically minded or less biassed politically than the local clerks and treasurers appointed by the municipal councils, and while political influence may have had much bearing in the past I do submit that we should give the present set-up a chance to function for a year or two before we start criticizing too freely.

Mr. STEWART: The hon. member has not quite caught the point I was endeavouring to make. I tried to make it clear that on the part of applicants for old age pensions there was a belief that the administration was political or that political influence could be used to advantage on their behalf. I did not openly charge that those in the municipalities responsible for making the report were actuated by political motives, especially more recently when, as the hon. gentleman says, the set-up has been improved. There is no doubt there is a temptation to make political capital out of the granting of old age pensions, and I would not want to tell my hon. friend of some experiences I have had in that respect. I hope that what he says is true and that conditions are improving. I do think, however, that it is desirable to remove any such temptation, and that can be done, I believe, by having the matter dealt with as I suggested, by the county judge. I think my hon. friend will agree that it is desirable that there should not be any suspicion or any belief on the part of the applicant or anyone else that the granting of an old age pension is dependent upon political influence. I do not think the hon. gentleman will deny that in some quarters there is that belief—that in some instances political influence may be used, should be used, can be used, or has been used, in support of an application for an old age pension.

Mr. CLEAVER: I have had that feeling in the past, but I understood my hon. friend to suggest that the applicants should go before a county judge and make out their case. I am pointing out that they now have to go before a local official who is just as independent and non-partisan as a county judge. They must go before the clerk and treasurer and make out a case. I say, let us give the present set-up a chance and see how it will work out before we criticize it too freely.

Mr. THOMPSON: Has the minister any record of the proportion of old age pensions paid to urban and to rural municipalities in the different provinces?

Mr. DUNNING: No, we have not.

Mr. THOMPSON: My own experience is that in the county where I live it is a rare thing for a farmer or a man living in a rural district to receive the old age pension. The great majority are from the urban municipalities.

Mr. McCANN: My experience in connection with old age pensions leads me to agree with the hon. member for Leeds (Mr. Stewart). I do not know of an election that has been held in the county of Renfrew since 1926, either federal or provincial, in which the administration of old age pensions has not been the subject of discussion, and people have been led to believe—both political parties have been sinners in this regard—that if this or that party were in power old age pensions would be more easily obtained. The suggestion which the hon. member for Leeds has made is in the right direction, and the very course that is being taken at present, the applicant having to go before the county clerk and a board of the county council, leads me to believe—

Mr. CLEAVER: No, that is out; it is the local clerk and treasurer.

Mr. McCANN: They are still passed on to the county.

Mr. CLEAVER: No.

Mr. McCANN: I beg your pardon. I believe his suggestion is a step in the direction of bringing people before the proper judicial authority in the county, namely the county judge. When that is done there will be more of the spirit of fairness and equity in the granting of pensions or in the recommendations that are made.

The fact that we have so many people getting old age pensions is to my mind an evidence of the absolute lack of recognition of moral obligation by the children of those who are receiving the pension. They lose entirely that sense of obligation to their fathers and mothers that was possessed by the children of two or three generations ago. To my mind, the reason for that is that perhaps we are indulging in too much paternalism in this country. There is no sense of obligation on the part of sons and daughters to-day, at any rate in a great number of instances,

and the sooner a sense of responsibility is brought home to them the better it will be for themselves, for their parents, and for the morale of the people in general.

The Minister of Finance has told us that as the years pass we are going to have an increased burden in connection with the payment of pensions. It seems to me that we tackle the thing at the wrong end. Why are so many people blind? In the schools for the blind in London, England, fifty per cent of those who are there are there because of venereal disease. What is this country doing, either through the Department of National Health or through the provincial departments of health, to educate the people so that they may ward off these diseases? We discuss the little tutti-frutti grants from the federal government to the national institute for the blind, and give only $13,000 for maternal and child welfare and to carry on education at a time when it is needed and when it might prevent that blindness. In that regard I think we should be much more careful than we are in the medical examination of prospective immigrants to Canada. If we are to cut down the ever increasing sum which it will take to pay pensions to the blind we must start a good deal further back and do something towards the prevention of those diseases that contribute so largely to blindness.

I am not in favour of the policy of this or any other government paying seventy-five per cent of the total expenditures and not having under its jurisdiction complete control of the expenditure of that money. It makes no difference whether you hand it over to a Liberal administration in Ontario or Quebec or to any other type of administration of whatever political colour. When you are paying 75 per cent of the money you should have complete and absolute control of how it is to be spent. If politics are entering into the administration, it is because provincial governments say: The dominion is paying 75 per cent; we are paying only 25 per cent, and heretofore we have passed on part of that to the municipalities; we can use it as a political lever. The whole system needs revamping, and anything we can do to prevent the diseases which cause blindness and to control the expenditure of the moneys which we collect from the people in taxes will be a step in the right direction.

Mr. MacINNIS: References have been made to-day to political influence in the getting of old age pensions; and the administration of the act in British Columbia was severely criticized, and I think rightly so. But as far as I know there is not any political interference with old age pensions in British Columbia.

Mr. NEILL: Hear, hear.

Mr. MacINNIS: From that point of view I think the act is very well administered. The same board that administers old age pensions administers workmen's compensation, and it has been very free from criticism ever since it was appointed in 1916 or 1917.

I listened with great interest to the hon. member for Renfrew South (Mr. McCann), but there seemed to be a certain contradiction in the statements he made. First he said that old age pensions and other kinds of pensions are paternalism going to extremes, and then he wanted paternalism in the prevention of disease. I am in agreement with him on that, but looking after old people is not a matter of paternalism; it is necessitated by the development of our social and economic institutions, which has made it impossible for people to provide for their old age themselves. In fact, it has made it impossible for people to provide for themselves in their youth and manhood; so how can they provide for old age? Not very long ago people working on a farm were able to do a little useful work until they died, but such is not the case to-day. If you read any of the reports of industrial institutions you will find that to-day people are put out of industrial employment, not at the age of sixty-five or seventy, but at the age of forty-five, and their chances of getting into employment again if they lose their jobs at that age are very slight. So this question of old age pensions and other pensions results directly from the development of our economic and social life, and we can no more avoid it than we can avoid the variation in the seasons.

Regarding venereal disease, I was going to raise that question when the estimates of the Department of National Health are before the committee. I read a lecture recently given by Professor C. E. A. Winlow, director of the Yale school of public health, in which he referred to the ravages of syphilis in the United States. There has been considerable discussion of this disease in British Columbia, and the minister of education, who is also provincial secretary, made the statement that some 150,000 persons in British Columbia suffered at one time or another from some form of venereal disease. In other countries they have taken steps to deal with this very important question. Professor Winlow said:

> Such free service reduced syphilis in England by about one-half. In the Scandinavian countries where registration of all venereal diseases

was compulsory, it has resulted in the virtual elimination of syphilis. "Syphilis is as rare to-day in Sweden as is typhoid fever in the city of New York."

I did not intend to bring that up at the moment, but it was injected into the discussion and I just wanted to call attention to its importance. It will have to be discussed at some time and provision be made for dealing with it.

Mr. DUNNING: Could we get back to section 1?

Mr. BENNETT: There are three points to which I wish to direct attention. The first is, can anything be done to provide for reciprocal benefits with respect to old age pensions? That is, to provide for our citizens continuing to receive old age pension if they go to England, and for New Zealanders, say, coming here still to receive the old age pension on the same conditions as would be granted to a Canadian who might go to New Zealand. I found that question engaging the attention of our friends in the Antipodes, and it has frequently been brought to my attention in connection with aged men and women who would like to go back to the homeland and die beside the old home. They cannot now carry with them their pension, but reciprocal arrangements might be provided. The matter has been considered, and I think there must be a considerable volume of correspondence in respect to it. I was going to ask whether it has been advanced any further than when I last knew of it.

The second point relates to the Yukon, to which reference has already been made. In the Northwest Territories seven pensions are being paid, and seven only. The Minister of Labour of that day, Mr. Heenan, thought he had accomplished a great deal when he negotiated an agreement with the government of the Northwest Territories, and it was spoken of in terms quite complimentary to the minister. Might I suggest that the position of the Yukon is somewhat stronger than that of the Northwest Territories. I think no one knows that better than the minister, because I gathered from something he said the other day that he had been giving attention to it personally and knew something of the number of people who would be affected.

The third point has to do with the administration of the act. No one who has been in the Finance department, as I was until 1932, would deny that the act has been badly administered. I wholly agree with what the minister said, and when I took steps to have the administration placed under the Minister of Finance—I had forgotten for the moment that it had been completed before we left office—I did so because of the abuses which had arisen. I use that word deliberately and carefully. The results of the investigations that were made would amaze this house if they knew of them.

Mr. DUNNING: Hear, hear.

Mr. BENNETT: If the Minister of Finance read to this chamber some of the cases of which he has record in his department it would amaze this house, using the word "amaze" in its proper sense. For instance, one of our leading citizens happened to be in western Canada, in the branch of a bank of which he was director, and it may amaze this house as it certainly did me, to know that a customer of the bank came in and cashed a Canadian bond coupon at one wicket and an old age pension cheque at the other—and the amount of the coupon was not trifling. I have known of transfers of property taking place on a scale that would arouse the interest of at least one collector of revenue in this country as applied to succession duties.

Mr. DUNNING: Hear, hear; numbers of them.

Mr. BENNETT: Yes, numbers of them; and what is more, taking them in the aggregate, a large number.

Mr. DUNNING: Yes.

Mr. BENNETT: I was amazed to find that in one case there was a substantial deposit in the savings account of a recipient of an old age pension.

The hon. member for Leeds (Mr. Stewart) has stated a fact that most of us are not quite fitted to discuss. When we get into the realm of political discussion of matters of this kind we each blame the other—it was a Liberal crowd that did it, or a Tory crowd. The fact is that efforts have been made in Canada to administer the Old Age Pensions Act for political purposes. I do not say that from hearsay but from investigations that were made. We endeavoured to check up. Every month, I think it is—and if I am wrong perhaps the minister will correct me—each province sends to the Department of Finance a list of all those who received old age pensions during the preceding month.

Mr. DUNNING: Quarterly.

Mr. BENNETT: We were endeavouring to have it done monthly, for reasons which I will explain, and I did not know whether or not it had been put on the monthly basis. We took that list; we appointed inspectors and checked up, and we did clear the list a

little. But, Mr. Chairman, there was still much to do when I last dealt with the matter, and the minister says there is still much to do. The reason is that we have not sufficient control. We can say this is a fraud or that is a fraud, but when you send men to remote sections of this country to check up these things, just watch the difficulties they encounter. When I saw the reports that came back from some of the men we sent out I began to realize for the first time the magnitude of the difficulties that confronted them in endeavouring to check these reports.

I recall very vividly the discussion in this house when this statute was passed providing for an agreement for ten years, not longer. It was to be experimental, and we were to pay fifty per cent of the cost. Subsequently we increased our contribution to seventy-five per cent, because the provinces were clamouring for more revenue and larger payments. The matter got into the realm of politics, just as it did in Australia and in Germany. The first old age pension act of Bismarck became a matter of political discussion very soon after it was introduced. The questions raised were two. They were the subject of agitation in Australia, and they are beginning to be the subject of discussion here. They are, first, the reduction of the age when pension will be paid to sixty-five or sixty; and, secondly, the increase of the benefits beyond $20 per month. Those are the same problems wrestled with in Germany, and later in Australia. As a matter of fact in Australia one government was defeated practically on that issue, though not wholly.

What did we do? We passed a statute that provided definitely that if one had attained a certain age, under certain other conditions which I need not take time to repeat, he or she was entitled to benefits; and unless there was compliance with those conditions, benefits were not payable. My colleague from Leeds made that abundantly clear. But human nature is human nature, and at the very beginning people began to say, Well, they are inquiring about my age, but my age is all right, and I have been quite a number of years in this country now. My hon. friend from Rosthern (Mr. Tucker) referred to a case, and I know of one somewhat similar. This man left the country and went to California, with no intention of ever returning. But the depression came along and he was practically driven out of California, so he came back and said: Oh, that was only a temporary absence and it should not count. There are many cases of that kind; I fancy there is not a member of this committee who does not know of them.

[Mr. Bennett.]

Then there is the other question, of age. It is said that the provinces are very stiff in requiring evidence of age. Well, those who have had to do with life insurance companies, and who know anything of the claims that are made on the basis of the establishment of age, will realize the ease with which people will stretch their imagination and advance or lessen their age as may be desirable. Those are facts; we have evidence of them right here in this house.

I think this committee should give the minister every possible support in the discharge of a most difficult task. If I say I know what that task is, I am but repeating what the minister himself has said. Perhaps I would not have referred to it if he had not done so, but I think we can purge these lists of a very substantial number of names. I regret to say that, but I think I know what I am speaking of when I say that the lists in some of the provinces could be reduced quite substantially. The other question, having to do with the means test, is of course one about which there may be differences of opinion.

Mr. DUNNING: And will be forever.

Mr. BENNETT: In England the acute differences of opinion with respect to the means test have aroused a great deal of bitter controversy, but I think the better leaders of the Labour party and others have agreed that the means test is a fair test and that the state should not pay where the necessity for payment is not apparent.

There is just one other point, which was raised by the hon. member for Renfrew South (Mr. McCann). It is not quite correct to say that all the people of this country are now looking to governments. I have been amazed at the number of people who are saving a little money, even in the face of great difficulties. On one of my recent visits to Calgary an old lady and her husband came to see me. He had worked in the shops all his life, and they wanted me to take their money and buy a government annuity for them when I returned to Ottawa. They had saved over $11,000, and they owned a little house. They were just average people who had come to Canada from the old country. They had saved their money steadily and in their old age, the husband having reached the time when he was retiring from service, they desired an annuity, which they now have. You will find many such people in this country.

I do agree with what was said by the hon. member for Renfrew South, however, that as a rule the farming class, the agricultural

population, took less interest in old age pensions than did the urban dwellers, for reasons that are apparent. Before the disaster I did contemplate, and drafted myself without calling on the law officers of the crown, a statute providing for contributory old age pensions. Under that statute a man would buy an annuity for himself with his savings, commencing at sixteen or seventeen or whenever he liked, and the state, applying actuarial rules to these savings, would be able to say that he had acquired the right to an annuity based entirely upon what his contributions had been. That might promote thrift. Certainly in Great Britain the effort has been in the direction of contributory benefits of all kinds. I am satisfied that if the state is to carry on the social services to which reference has been made this afternoon, without contribution on the part of those who will receive the benefits, we might as well make up our minds that the future of this country is the past. We might as well get right down to that—its future is its past. We cannot give everything, expect the taxpayers to make the whole provision, and administer successfully.

The only way in which I believe we can do it, and this is only an opinion, is through contributions for health, old age, and the social services to which reference from time to time has been made. When you have that, you have compulsory thrift. Whether a man likes it or not, he has to make his contribution. The question of the extent to which the state should make its contribution in connection with administration or any other factors, I am not now discussing; the extent to which employers should make contribution I am not now discussing. But I am pointing out that unless we are prepared to deal with the problem on a broad basis, I cannot see anything but disaster before us. In dealing with his budget Mr. Churchill pointed out that we have to take up the lag, and there is a period which must be dealt with by the state as a whole. We are doing it now. That is the reason I press for some form of social legislation without delay, because the lag is getting greater every day. The minister's figures indicate it. Mr Churchill pointed out that what he was doing then represented a capitalized value of £750,000,000; that is the capitalized amount, of course. The sum is so vast that we do not comprehend it. However, that is what he did at that time when he was dealing with the consolidation of the services on the one hand, and provisions for contributions on the other.

All this arises out of the agreement which was made ten years ago. I should like to remind the minister that he still has great power in dealing with it, because I satisfied myself we had great power to deal with it. The time of renewal affords him the opportunity to make it clear that there must be a purging of the lists on the one hand, and a revision of powers to exercise authority on the other. I wonder how many members realize that all those in the so-called institutions in the provinces are receiving old age pensions?

Mr DUNNING: In every province.

Mr. BENNETT: I was not speaking of every one, but I was speaking of some. I wonder how many hon. members realize that fact? In the beginning, that was never intended. The provinces got the money to maintain these so-called poor houses; I do not know what they are called in the various provinces, but in England they are known as poor houses.

An hon. MEMBER: Houses of industry.

Mr. BENNETT: They are getting the money for them. Obviously that was not the purpose originally intended, but the practice has grown up and has been extended. That is all there is to it.

Mr. DUNNING: I know of some provinces where an old age pension system without that money would be impossible.

Mr. BENNETT: Yes, that is the other side of it. They are able to carry on, because they do not exhaust that money in caring for the people who receive the benefits.

I had not intended to detain the committee so long, but the point I desired to make is that I am particularly anxious that the minister continue his effort in connection with reciprocal arrangements with the British dominions and the motherland, because I believe, indeed, I am sure, it would be helpful to us as well as to them.

I do once more urge upon him that the claims of the Yukon are as strong as, and in my judgment stronger than those of the Northwest Territories. I believe that with his sense of fairness, looking at the two, the minister will agree that the claims of the Yukon are the stronger.

Mr. THOMPSON: Mr. Chairman, I am pleased indeed that some provision is being made for the blind. I believe great credit is due Doctor Cotnam, the former member for Renfrew North, who so ably supported the cause of the blind on many occasions

in the house. He should be given the credit for doing the spadework in bringing the case for the blind before the house and the people. I agree too, with the hon. member for Renfrew South (Mr. McCann) that we are paying seventy-five per cent of the cost of old age pensions, and have no say in their administration.

Not long ago a change was made in administration. The county boards were discarded, and the work was handed over to municipal clerks. Hon. members must be aware that municipal clerks are never well paid. They were ordered by the Ontario legislature to do this work, for which they were to receive no remuneration. I know old people will sometimes come to these officials and take up half a day of their time filling out blanks, answering questions, and giving information as to age, and so forth. The clerks are obliged to receive these people, but are not paid for this work. I suggest that when the federal government is paying seventy-five per cent of the cost of pensions, it should have some say in the administration. In the province of Ontario I think a great injustice is done in commandeering all clerks to do this work for which they are not paid. They are helping in the administration of the Old Age Pensions Act, by filling out blanks and sending in applications.

Mr. CAMERON (Cape Breton North): Mr. Chairman, may I say at the outset without hesitation that I believe the Old Age Pensions Act has been administered without the slightest political tendency. I believe the head of our board, Mr. Blois, who was formerly a judge of the juvenile court, is absolutely impartial and absolutely fair in the administration of the funds which come under his control.

I have an idea that the Old Age Pensions Act should be administered and supported entirely by the dominion government, and I took that position before the original bill was introduced. At that time I was provincial secretary of Nova Scotia, and when consulted by the then Minister of Labour I said on behalf of the government of Nova Scotia that we did not propose to enter into any contributory scheme on a fifty-fifty basis, because the government of that province could not afford to make the contribution. Hon. members will recall that Nova Scotia did not enter into any agreement with the dominion until 1933.

I am amused at the turn which matters sometimes take in a discussion of this kind. I have had experiences somewhat like those of the hon. member for Leeds (Mr. Stewart). People have come to me and asked me to fill out applications. I have been told: My neighbour was a good Conservative and was getting an old age pension; why cannot I get one? I have been told plainly that I did not stand in well with the government, or otherwise the pension would go through. I had to tell this man that I did not know how the other man had secured his pension, but the probabilities were that he had not made a proper return. I told him I could not advise him to make an incorrect return, as that would not be worth doing. I said that if on a correct return he was entitled to a pension, I was quite sure the board would see that he got whatever he was entitled to under the regulations.

Something has been said about pensions being paid to the inmates of poorhouses. These pensions are of no benefit to the provincial government of Nova Scotia, as these institutions are supported by the municipalities. I had an experience with an inmate of one of these institutions. I told him I was surprised that he was looking for an old age pension, as I knew what he had received for a farm he had sold not more than a year before. He has not put in his application yet, but he is all ready to do so.

I believe the act is administered with reasonable honesty in Nova Scotia. The gentleman at the head of the department is conscientious and very capable. However, I am afraid that some of the inspectors who take applications throughout the province are not as careful in collecting data as they might be. I believe pensions are being paid in the province which should not be paid, but I suppose this is true of all provinces.

Mr. SPENCE: Mr. Chairman, as one of the members of the committee which brought in a report in 1926 recommending to the house that old age pensions should be granted, I have taken a deep interest in this matter. As the hon. member for Grey-Bruce (Miss Macphail) has said, I do not know how we could have got through the years of depression without this act being in force.

There have been many abuses of the Old Age Pensions Act. We are not amending the act this afternoon, so anything that any of us may say will be simply for the information of the Minister of Finance (Mr. Dunning). I agree with the hon. member for Renfrew South (Mr. McCann) and the hon. member for Leeds (Mr. Stewart) when they suggest that everyone wanting an old age pension should appear before a county judge. I would hate to tell this house just what happens

sometimes in order that pensions may be obtained by certain people. I know that in my own province many farmers and others signed over their property to their children just before the Old Age Pensions Act came into force in order to become eligible for a pension. I give a great deal of credit to the Hon. George S. Henry, former Premier of Ontario and Minister of Highways, for rechecking the pension lists. Many names were struck off, as it was found that many people who had lots of money to live on had been trying to impose on the public.

I do not agree entirely with the hon. member for Comox-Alberni (Mr. Neill) as to red tape in granting pensions. I think what is needed is a wider interpretation of the act. The boards should cut out a lot of red tape and administer the act in a businesslike manner. They should not try to inconvenience or humiliate an applicant for a pension, but at the same time the treasury of this country should be protected to see that it is not drained dry. It seems to me that everyone is after the Minister of Finance for something.

I do not agree with the provision in the act that a man receiving a pension of $20 a month cannot earn over $100 a year. That provision should be changed. A man of seventy or seventy-five years of age should be entitled to make a few dollars to buy himself some little luxuries. I think such a man should be allowed to earn more than $100 per year before his pension is reduced.

I cannot agree with the actuary who prepared the figures for the Minister of Finance, although he is generally correct. He says that the cost this year of old age pensions in Canada is $27,500,000, and he estimates that in 1951, about thirteen years hence, the cost will be $62,000,000.

Mr. DUNNING: I am afraid I misled my hon. friend.

Mr. SPENCE: Oh, no, you did not. That is what you said.

Mr. DUNNING: I may have misled the hon. member in the manner in which I used those figures. The dominion's share for the coming fiscal year will be $27,500,000. The figures which I gave and which were prepared by the actuaries, were the estimated total cost on an actuarial basis, both provincial and dominion, for old age pensions in 1941 and 1951 respectively.

Mr. SPENCE: I understood the minister to say that that would be our share. That makes quite a difference.

Mr. DUNNING: It is bad enough, even at that.

Mr. SPENCE: I am glad that the blind are going to receive consideration, but I think the pension should start below forty years of age. A few weeks ago I met a poor, unfortunate blind chap who was peddling some articles in a fire hall in Toronto where I go sometimes. He told me that a man of twenty years of age was more in need of a pension than one of forty years. He was twenty-nine years old, and had become blind when he was only twenty-one. When he had to go out to try to do something for himself he found he was afraid to cross streets, to go into buildings or to do anything of that sort. He told me that a man of forty who had had some experience was better able to make a living than a man of twenty. I think this pension should be paid to men of twenty who are blind, as well as to those of forty. I think such action would please a great number of people, and it would be a godsend to the blind. I think pensions should be paid to the blind of any age.

Mr. DUPUIS: Mr. Chairman, some reference has been made to the provision in the act whereby a man who has been absent from Canada cannot obtain a pension. I am sure the minister has had many cases of this sort brought to his attention. Could not the benefit of the doubt be given to a man who is seeking to obtain a pension and who gives evidence to the effect that although he was absent from the country he maintained a domicile in Canada? Power should be given to the minister or to those in authority in the provinces to decide these cases. I have in mind a man who is eighty-five years of age. He was one of those who took part in the Northwest rebellion. I discussed this case in the house when the Minister of Pensions and National Health (Mr. Power) brought in his estimates. Although this man was not wounded, he lost all he had during his absence in the army repressing that rebellion, yet he is told by the minister that he is not entitled to a pension. The minister, seconded by the leader of the opposition, told me that the applicant should have availed himself of the old age pension. He applied for an old age pension, only to be told in turn he was not entitled to it because he was absent from the country for a time during the last twenty years. He was engaged in prospecting in the Yukon territory. As a matter of fact he spent the largest part of his life in that territory, and in the course of prospecting he passed over the border and went into Alaska.

The CHAIRMAN: I do not want to interrupt the hon. member but if he would not mind, the committee might pass clause 1 before six o'clock, and he could then resume.

Section agreed to.

On section 2—Child.

Mr. DUPUIS: Shall I now proceed, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. DUPUIS: This man crossed the borders of the Yukon into Alaska, and was there engaged in the business of prospecting. Although he had his residence in a town in Alaska—Skagway, I believe—he always preserved his Canadian domicile, and after returning to the Yukon and again prospecting there for a few years, he came back to Quebec, and is now living at Marieville. I think his case illustrates the advisability of giving the minister jurisdiction to decide whether a man has retained his domicile in Canada although he may have been absent for one purpose or another. At any rate I should be very glad if such a decision could be arrived at. As other hon. members have told this committee, while many people abuse the law, I think the minister would be justified in giving sympathetic consideration to cases similar to the ones I have mentioned.

Mr. WEIR: May I follow the example of others in offering a suggestion for discussion at the coming conference with the provinces concerning old age pensions. I have in mind two cases which I think are of sufficient importance to establish principles as others may be similarly circumstanced. They have to do with the matter of desertion. In one case, a lady, a pioneer in this country, went out to western Canada when she was very young, and got married in her later years. After she had become quite elderly her husband left her and returned to France. She had no word from him for, I believe, six years. She then became destitute and tried to secure the old age pension. The department required assurance that the husband was either dead or presumed to be dead. An investigation was made and, unfortunately, the husband was discovered to be living in France, with the result that his wife is debarred from securing the old age pension in this country. If he had not been found, or could have been presumed to be dead, or had been dead, the lady would have been entitled to an old age pension.

The other case is of a similar kind. A French Canadian woman moved out to western Canada in her early years and there married a Swedish citizen. Before he was married he acquired Canadian citizenship; in fact, he took out a homestead in this country and farmed it for a number of years. Then, because of family quarrels or perhaps for other reasons, he left this country and returned to Sweden. It is now two and a half years since the case was brought to my attention, and we have been trying to find out the circumstances of the husband. I am told that if he has again applied for Swedish nationality his wife can revert to her Canadian status and become eligible for an old age pension; but if he has not done so, although he may remain in Sweden, she cannot qualify for a pension. Perhaps the principles which are involved in these cases could be dealt with when the minister meets with the provincial representatives to reconsider this legislation.

Mr. DUNNING: Mr. Chairman, I shall be glad to bear that in mind. We are now on a section which limits us specifically to discussion of the blind, and we could probably make better progress with other questions this evening on section 3, which deals with the qualifications.

Section agreed to.

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

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CENTRAL FINANCE CORPORATION

Mr. J. J. DUFFUS (Peterboro West) moved the second reading of Bill No. 58, respecting Central Finance Corporation and to change its name to Household Finance Corporation.

Some hon. MEMBERS: Explain.

Mr. DUFFUS: The bill which I am sponsoring known as Bill C, an act respecting Central Finance Corporation and to change its name to Household Finance Corporation, was passed by the Senate on March 9, 1937. There seems to be a widespread opinion that this is a new company, but that is at variance with the facts inasmuch as the company has been doing business in Canada for eight years on authority of the dominion parliament.

The corporation makes two requests, one to change the name to Household Finance Corporation, and the second to have a reduction in the prevailing rates. I desire to have it distinctly understood in the first place that

I have no interest financial or otherwise in this corporation except in so far as it benefits the borrowers of money on the plan set out. There is a large body of people whose borrowings are not attractive to our banking institutions. The bill admirably provides for exactly that type of borrower.

I am not asking that the house pass the bill. I am simply requesting that it be referred to the standing committee on banking and commerce where it may be thoroughly discussed.

The Central Finance Corporation was the first loan organization to ask for and secure government supervision, control and regulation of its business. It has by far the largest investment, and the most complete statistics in regard to this kind of business in the dominion. It was incorporated in 1928 by a special act of the Canadian parliament, which defines and limits its powers. I might give a typical example to show how some of our bootlegging finance corporations have been carrying on business in Canada.

I have here information with regard to one company making loans, including the sum of $200. The borrower receives $200 in cash, for which he pays $135 in charges, repayable in equal monthly payments over a period of one year. The rate charged by the lender was 124·4 per cent per annum or $10.38 a month. This is the very condition which this legislation is designed to end. Under the terms of Bill C the legal charges permitted on such a loan would have been $29.28 instead of $135. The charges indicated are not uncommon among unregulated lenders in all parts of the country, and unless this legislation is passed, permitting a rate sufficient to compensate for the expense in making these small loans, but preventing exorbitant rates of profits, the needy borrower who cannot qualify for a bank loan will have no alternative but to patronize these so-called bootlegger organizations and pay bootleg prices.

I have here a copy of the Toronto Star under date March 15, 1937, and there are twelve of these companies advertising small loans. There are only two of them under government regulation and control. I have another paper which is well known to some members of the house, the Toronto Telegram, and it carries advertisements from thirteen of these firms, only two of them being under government control.

My suggestion is that this bill be treated the same as the bill that was presented to the house last Friday evening; that is to say, that it be sent to the standing committee on banking and commerce, where it may be thoroughly discussed. To my mind the question is not whether this bill is right or wrong. The point is, does the house desire to have the bill considered in committee where it may be thoroughly discussed? I for one am eager to eliminate loan companies operating without jurisdiction and imposing any excessive burden of interest. I am satisfied that this bill is at least a step in the right direction, and hence my reason for requesting that it be referred to the standing committee on banking and commerce.

Contrary to the general opinion, all members of the house have the privilege of attending the committee and participating in its discussions, and also the right to ask questions. In other words, they have the same privileges as the members of the committee, except that they have no vote. Furthermore, Mr. Finlayson, an official of the finance department, whose duty it is to protect the general public in matters of finance and interest, is also in attendance at the committee. I therefore move that this bill be referred to the standing committee on banking and commerce where it may receive attention without delay.

Mr. SPEAKER: The motion for second reading will have to be disposed of first.

Mr. C. G. MacNEIL (Vancouver North): I sincerely hope that this bill will not be dealt with in exactly the same manner as the bill which was discussed on Friday night. This bill embodies certain decidedly objectionable features, and it seems to me regrettable that the stamp of the house should be placed upon it by giving it second reading and so perpetuating what may be termed shady business practices through various obnoxious features incorporated in the bill.

I would remind the house that this problem has faced hon. members for a number of years, and it has been generally agreed that the situation reveals that the people who must apply for loans to companies of this character are those who cannot obtain credit from chartered banks. They usually obtain these small loans when facing emergent circumstances such as death or sickness, when they cannot lodge any effective protest against the extortionate terms demanded by companies of this sort. I consider it highly significant that the amending bill is now brought before parliament because of certain objections lodged by the superintendent of insurance. I gather from evidence given before committees of parliament that the superintendent objected to the procedure followed by the company in demanding a fee of ten dollars in respect of all chattel mortgages. This particular company, I understand, specializes in a loan business in connection with which security is required under chattel mortgage.

Some irregularity was alleged concerning the fees they were charging, there being a maximum fee of $10 whether or not any actual disbursement had been made. I understand there is some doubt whether the annual licence may be renewed because of this alleged irregularity.

Furthermore, the explanatory notes attached to the bill are grossly misleading. They would lead one to believe that the company is voluntarily reducing the rates of interest. Opposite page 3 the note reads in part:

The maximum rate of charge provided in the bill is lower than the present maximum and constitutes a reduction in rate on the majority of loans made.

Lower down it states:

Two rates are suggested because the ordinary endorsed loan business costs less to operate than a chattel loan business.

It goes on to say:

The personal loan department of the Canadian Bank of Commerce is at present doing an endorsed loan business at an effective rate of slightly over 1 per centum per month.

We find upon examination of section 5 as it at present stands, that under its present charter, the company may charge a discount of 7 per cent. Referring to section 5 (i), the company may:

(i) lend money secured by assignment of choses-in-action, chattel mortgages or such other evidence of indebtedness as the company may require, and may charge interest thereon at the rate of not more than seven per centum per annum and may deduct such interest in advance and provide for repayment in weekly, monthly or other uniform repayments;

In addition, under subsection (ii) the company is empowered to charge:

—in addition to interest as aforesaid, for all expenses which have been necessarily and in good faith incurred by the company in making a loan authorized by the next preceding subparagraph (i), including all expenses for inquiry and investigation into character and circumstances of the borrower, his co-maker or surety, for taxes, correspondence and professional advice and for all necessary documents and papers, two per centum upon the principal sum loaned;

That means a total discount of 9 per cent, or an effective interest rate of 18 per cent per annum, or 1½ per cent per month. That, of course, is exclusive of the charge made for the chattel mortgage fee.

Under existing legislation no company is now permitted to charge more than 1½ per cent per month on the unpaid balance of loans of $500 or less. I am referring to the Loan Companies Act. The amending section provides a fixed rate of 1½ per cent:

(a) on loans made in whole or in part upon the security of co-makers, endorsers, sureties or guarantors other than one only of the following, the wife, husband, brother, sister or child of the borrower, at a rate not exceeding one and one-half per centum per month on the unpaid principal balance owing by the borrower.

And subsection (b):

On loans made without security or secured in any manner permitted by this act other than the manner described in the next preceding subparagraph (a) of this section, at a rate not exceeding two and one-quarter per centum per month on the unpaid principal balances owing by the borrower.

The proposed change, instead of lowering the interest rate, will increase the charges by 50 per cent from 18 per cent to a rate of approximately 27 per cent per annum. That is, the rate will be increased by ¾ of 1 per cent per month. Therefore I submit that the explanatory notes attached to this bill are grossly misleading, and this house should not countenance any such misrepresentation of the facts.

For many reasons this bill does not stand in the relationship of a private bill because of the discussion that has taken place during the years, and the likelihood that endorsement by second reading will be regarded as establishing vested privileges for companies of this character. I submit that such legislation should not be approved until a thorough investigation has been made of the whole problem. I suggest that such investigation might properly be conducted by a royal commission. The only evidence yet heard on this subject has been the evidence secured from the loan companies; no evidence has yet been heard from the borrowers before committee of this house. I find that assurances have been given in the past on this score. At page 3550 of Hansard of 1936 the present Minister of Finance (Mr. Dunning), discussing a similar bill, said:

It is evident, Mr. Speaker, that this matter of interest rates and the conditions applying to small loans must again engage the attention of parliament. It is the intention of the government to initiate, between now and the next session of parliament, a further examination of the matter with a view to amending the existing general legislation. In the meantime I must oppose the second reading of the bill now before the house which, to summarize, provides for effective annual rates of interest ranging from 24½ per cent up to 94 per cent. I am sure that the house will regard such rates as excessive. It is true that in the general legislation now governing the matter the rates are expressed in terms of monthly rates, but there are various other charges, such as chattel mortgages and so forth, which operate to add to the annual interest charge or the monthly interest charge which the borrower has to pay. In connection with this bill and the one that follows, the government suggests that the house should reject them at this

session on the principle that we should not incorporate any more companies of this kind until the general legislation can be brought more into harmony with present day conditions, so far as the cost of money is concerned.

I submit that although this company is already incorporated and operating in the dominion, the same argument applies, particularly in view of the objections which have been raised by the superintendent of insurance regarding its operations.

The matter was thoroughly discussed in the session of 1934. I find that on that occasion the then Prime Minister, the present leader of the opposition (Mr. Bennett) said in part, referring to the practice in other countries:

As they are the subject matter of much legislation in various countries my own view is that the enactment of this amendment will protect the public in the meantime, and that we could pass at next session of parliament a money lenders' act modelled along the general principle of the British legislation.

Further he says:

Under the circumstances I desire to assure the hon. member for Macleod that it is my intention to proceed with this bill immediately the opportunity offers, and to make all companies, which heretofore have been, are being or may hereafter be incorporated, subject to it. The limitation mentioned in the bill is 2 per cent, but after reading the British Money Lenders Act, and other legislation, I may say that when the time comes we may adopt a rate of 2½ per cent instead of 2 per cent.

But the assurance was given then, and subsequently, that the whole problem would be reviewed and legislation would be introduced governing the general practice. I think it was the intention of those who spoke on that occasion that such general legislation would to some extent govern companies obtaining charters under provincial legislation, such companies, it was alleged, being guilty of more serious sharp practice than has been attributed to companies such as the one now under discussion. It is interesting to note, during the discussion which took place in the session of 1934, as reported at page 4479 of Hansard, the advertising conducted on behalf of some of these companies. The then member for Macleod spoke of circular letters received headed, "Keep on the sunny side," with the text reading as follows:

Harassed by petty debts?

Are they impairing your ability to work? Clear them all this simple way.

Figure up how much you owe—then come to the Industrial Loan. We will advance you sufficient to pay them all at once. Take a year to repay us in small monthly instalments.

Do it now! Free your mind of worries and get out of debt on the convenient thrift plan. You will be surprised how easy and simple it is for any salaried man or woman to obtain a loan from $50 to $500 or more.

If you are keeping house and are able to make regular monthly repayments, you have all the security necessary for a loan. No negotiable collateral or real estate are required, the only signatures necessary are those of husband and wife.

Simplicity is the keynote of the thrift plan.

And the hon. member went on to say:

Then at the bottom appear the words, "Industrial Loan and Finance Corporation," and in brackets the words "under dominion government supervision." Then the circular goes on to give the name of the manager and the address of the Ottawa office. Then, in the corner, under the very pretty title of "Keep on the sunny side," I find the following:

Personal loans from $50 to $500.

1. The only investigations made are the questions asked of you.

2. The only signatures needed are those of husband and wife.

3. Lowest charge in Canada on loans of this type—our rate authorized by a special act of the dominion parliament incorporating the company.

He added:

My reason for bringing this circular to the attention of the Prime Minister and the government is to suggest that in some section of the bill we should incorporate a paragraph which would limit the type of advertising these companies may carry on.

Then he says:

I certainly think some of this advertising is misleading.

I submit that a bill of this kind tends to nullify existing legislation. I refer to the Money-Lenders Act, which forbids a rate of interest in excess of 12 per cent per annum in respect of loans of less than $500. This act has been honoured more in the breach than in the observance. As far as I can ascertain no definite attempt has been made to enforce this provision in connection with loan companies, all of which goes to show the need for a thorough investigation of the whole problem at this time.

As I have already said, the bill now before us distinguishes between two classes of loans, those secured by endorsement, and those secured by chattel mortgage. I understand that this company specializes in loans on chattel mortgages, and does very little business on loans secured by endorsements. By the explanatory note they would have us believe that the reduction to one and a half per cent in one instance, and two and a quarter per cent in the other, represents a general reduction in the gross revenue from loans, but this is of little significance when you consider that practically no business is done by this company on the basis of personal endorsements.

Furthermore, Mr. Speaker, the provisions of this bill make it liable to grave abuses. The parent company, to which the sponsor of the bill has referred, has stated very definitely on more than one occasion in the United States that it cannot profitably make loans of less than $200 at a lower rate than 2½ per cent per month. If the fixed rate suggested in this bill is secured, no doubt the Canadian company will follow the practice that has been adopted in the United States and refuse to make loans for sums of less than $200, confining their operations to the more profitable field of loans between $300 and $500.

Furthermore, I am reliably informed that when an applicant goes to an office of this company, having been attracted by the advertisement stating that loans may be secured at the exceptionally low rate of 1½ per cent per month, he is persuaded by various means to take a loan on the security of a chattel mortgage rather than on a personal endorsement. In discussing matters with the applicant the official usually informs him that of course they will make the loan at 1½ per cent if he secures more than one endorser, say his brother and another individual, but he cannot get the advantage of that low rate without the second endorsement. Then it is explained to the applicant that under the circumstances he can obtain a loan of, say $500 if he gives a chattel mortgage, and human nature being what it is, the applicant usually accepts the loan at an interest rate of 2½ or 2¼ per cent. I am informed also that the chattel mortgage given as security is usually for an amount far in excess of the total loan, so if through some further mischance foreclosure should be executed, the borrower is practically ruined.

I suggest that this paves the way to grave abuses. I believe public opinion demands an investigation such as I have urged, and I understand that on more than one occasion the Minister of Finance (Mr. Dunning) has received petitions from representative groups of people urging that a royal commission be appointed to investigate the whole question.

Mr. DUNNING: The petitions have been initiated by these very loan companies, may I say.

Mr. MacNEIL: At least I believe such an investigation would determine how far dominion legislation might regulate the activities of these companies now operating under provincial legislation.

Mr. DUNNING: It could not, unfortunately.

Mr. MacNEIL: I understand the dominion controls interest rates. However, as this bill stands, because of the very objectionable features to which I have referred, I suggest that it should not be given second reading until a more thorough investigation of the whole question has been made.

Mr. PAUL MARTIN (Essex East): Mr. Speaker, those who were in the house last week will recall that the discussion at that time largely concerned this and another similar bill that came from another place. It was only because of the question of time that this bill did not receive the treatment that was accorded the other, of receiving second reading before being sent to committee, where the whole matter might be thoroughly discussed. This morning in the committee a rather fruitful discussion took place. The hon. member for Winnipeg North Centre (Mr. Woodsworth) made what I thought was a very sensible suggestion when he pointed out the futility, until this bill reached the committee of discussing the bill which is now before the committee, and which, while not in all respects the same, nevertheless involves the principle with which this bill deals. I concurred with the hon. gentleman in that view, and the discussion was more or less suspended.

I had another reason for taking that position. Since the previous discussion in this house I have received a communication from the credit unions in the maritime provinces asking for an opportunity to present their point of view to the committee with respect to this whole matter. As I indicated last week, my interest in this question arises largely because of my belief in the real merit of the credit unions themselves. While I realize that the sphere of the credit unions is not altogether the same as that of these companies, I think the time involved considering this whole matter might be spent wisely and with great advantage.

There is a further reason. It strikes me that a parliament such as this would be eminently unfair if it gave one bill the privilege of full consideration by a committee while denying that privilege to another similar bill. While these bills may differ in some of their details the same principle is involved, and I do not think it would be fair to discuss one bill without at the same time discussing the other. On that ground alone, Mr. Speaker, I believe this bill should be referred to the committee.

There is also a further reason. The hon. gentleman who has just spoken (Mr. MacNeil) quite properly pointed to the need of an investigation into this whole question. The other night the Minister of Finance (Mr. Dunning) gave reasons which, with his knowledge of the situation, he considered good

reasons for not holding that general investigation at the present time. Personally I should like to see such an inquiry held, but I must take the minister's view that this is not the time for it. Failing that, is there not more to be gained by considering this matter in committee than by merely taking the attitude that it should not be discussed at all? Giving the bill second reading does not mean that the bill is adopted. I do not know whether or not I am in favour of the bill. I see some merits in it and a good many objectionable features, but all those can be brought out in committee.

This morning the superintendent of insurance appeared before the committee and discussed the general problem of borrowing, having in mind these two bills. There is no opportunity in this house of examining the superintendent of insurance; there is no opportunity of finding out what he thinks of credit unions; there is no opportunity of finding out what he thinks would be a proper relationship between credit unions as existing in the maritime provinces and the caisse populaire in Quebec. Failing a royal commission, the very examination which the hon. member is urging should be pursued in the banking and commerce committee. If this is not done, I want to point out to the hon. member what he is doing. The situation in respect to borrowing and lending is this: Human nature being what it is, the need for credit seems necessarily always to pursue individuals.

I agree with the remarks of the hon. member for Kootenay East (Mr. Stevens) when the other evening he took the view, having in mind this constant demand for credit and the classes of people who must look for credit, that possibly the time had come when the state should set up organizations to extend credit to people with low incomes. I agree with that suggestion, but I do not think that to-day it is possible to attain it. I do not want to criticize the government of the day. While I cannot speak for it, I do not suppose it would be prepared to accept the suggestion. Failing that, to dismiss this bill in the summary fashion in which the hon. member would have it dismissed would be to place the whole question of borrowing and lending in the hands of people who now escape supervision and regulation.

The sponsor of the bill pointed out that in current numbers of two of the Toronto papers several companies engaged in the business of lending sums from $500 down did so in every instance but one without being subject to any kind of regulation. Why? Because they operate in two ways, either under provincial charters, where there are no regulations, or without charters at all.

Mr. HEAPS: May I ask a question?

Mr. MARTIN: Yes.

Mr. HEAPS: Does the hon. member mean to say that companies incorporated under provincial authority operate without provincial regulation?

Mr. MARTIN: There is no regulation whatsoever. You may read their advertisements, and following that, go to their places of business and get a loan. You would find that their rates of interest vary to the extent of at least fifty per cent. I was told the other day of a transaction in my own community where the rate imposed was as high as 600 per cent.

I presume the companies concerned by this bill and the bill now before the senate have considered that it is good business to subject themselves to a measure of regulation. As a result they have taken out a dominion charter. The superintendent of insurance does in respect of these companies, and these companies alone, make certain regulations as to the rate of interest which can be imposed, the kind of advertising, and the like. What I would like the hon. member who has just spoken to realize is that it is not a question of supporting something you want; it is a question of trying to eliminate the bootlegger and the shark by recognizing something which you would prefer did not exist.

Mr. STEVENS: The hon. member surely does not argue that that very desirable objective will be advanced one iota by the passing of this bill?

Mr. MARTIN: I certainly do.

Mr. STEVENS: How?

Mr. MARTIN: As I said the other night, I am interested in the problem. When I went to St. Francis Xavier university last fall for a week seeking to interest myself in the subject, I was referred to the research in the matter already mentioned by the right hon. leader of the opposition (Mr. Bennett), namely, the works undertaken and prosecuted by the Russell Sage foundation. In answer to the question of the hon. member for Kootenay East I would say those works show the following: In those states in the union where the rate was reduced to a point lower than the present, the number of loan shark

companies increased so much that in the state of Maryland, and I believe also in the state of New York, the legislatures increased the rates, and the actual result was a decrease in the number of illegitimate companies operating. If the ordinary man with a small income can get money from companies such as those dealt with in these bills at a rate of interest lower than he can from the scabs or sharks, that is where he is going to go.

Speaking on this question the other night the right hon. leader of the opposition said his researches into the work of the Sage foundation—and I wish to be quite fair in quoting him—resulted in showing abuses of the very kind then under discussion in the house. I have gone through at least two books issued by the Russell Sage foundation since the right hon. gentleman spoke, and I say these companies do not come within the mischiefs contemplated by the foundation.

It is not a question of our approving the present situation or saying that it is the best. People will continue to borrow. They have always borrowed, and while it may be desirable to set up an agency where they can borrow at the lowest possible rate of interest, one has to recognize not so much what is desirable but what is immediately possible. If this measure were killed a difficult situation would arise. I made the statement the other night, on the basis of information I received from the superintendent of insurance, that some 30,000 outstanding loans not now paid by borrowers would thereby be affected. I have since learned from the superintendent of insurance that during the past four years some $15,000,000 have been loaned by this particular company. Just think what that means. If we dropped this measure suddenly we would only be placing a great burden on this company, and more particularly upon the borrowers.

The real issue in my opinion is this: A bill involving in substance this same principle has been referred to a committee. I supported the suggestion of the hon. member for Winnipeg North Centre (Mr. Woodsworth) to the effect that our committee discussion might better take place on both bills together. With him, I should like to see this bill referred to the committee, in order that the borrowers might be given the opportunity to present their point of view. I would suggest that we bring representatives here of the Russell Sage foundation, also the superintendent of insurance, and I personally would like to bring two individuals from my own constituency who have suffered from the operations of this very kind of a company which will be protected unless we exercise some measure of regulation.

While I do not think this is a full and proper way of regulating, yet under the circumstances and having in mind the observations of the Minister of Finance I would say it is the only way left open. I ask the hon. member who has just spoken to consider seriously what the results of his suggestion if adopted would be. In any event, whether or not what I have said is correct, I believe that any company given recognition by the government of the day, no matter what its business may be, should be accorded subsequent privileges consistent with that recognition. This company and the company dealt with previously were granted charters. The company now under consideration, as I understand it, operated under arrangements which were then acceptable but which, if the information of the hon. member who has just spoken is correct, are not now acceptable to the superintendent of insurance. Surely if our proud boast of democracy means anything, the individuals affected have the right to present their point of view. They have not the right to present those views in this house. I submit that the gentlemen who are prosecuting an endeavour in the maritime provinces, which I am sure hon. gentlemen will recognize as being a very desirable objective, should have an opportunity to come before the committee to state their views.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I can see just one good thing about this bill, and that is the fact that it is sponsored by an hon. member in this corner of the chamber. We in this corner, known as the honourable rump, feel that we are just as intelligent as those who sit on the other side—and perhaps we may be a little more worthy of being trusted. The government has no fear that we are going to be contaminated. I sat in the committee this morning when another bill of a similar nature was being discussed, and I feel I am taking no risk in saying that this bill should go through the mill the same as the other. I am convinced that this house is composed of Christian members—

Mr. JACOBS: Not all.

Mr. McIVOR: It would include the leader of the opposition (Mr. Bennett), who would take a foremost place. It is evidenced by the manner in which we open our proceedings. I am going to support the sending of this bill to the committee in order that I may have a little more time to prepare myself for hitting this bill in the way I think it

ought to be hit. When a man falls into a hole or a pit, even our Hebrew members would stop to pull him out even though it were on the Sabbath day. Anyone who is forced to borrow money at 24 or 30 per cent is in a hole, and any moneylender who comes along and shoves him in further should in my opinion be sent sky-high, and I am going to be one of those who will help to do that when this bill comes before the committee.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I think the position taken by the last speaker (Mr. McIvor) could hardly justify the second reading of this bill. He believes that the bill is essentially wrong. If that is the general belief, we cannot possibly agree to the second reading. Even the sponsor of the bill (Mr. Duffus) said it was not a question with him whether the bill was right or wrong, that we ought to let it go on to the committee in any event. I think it is the accepted rule of procedure in this house that the principle of a bill is decided on its second reading. Anyone who has been in the house for some time or who is at all familiar with the rules will recognize that fact. It is here and now that we should decide whether we are in favour of the principle of this bill. Still there are many hon. members who believe that this bill should be sent to committee without prejudice. Speaking to the bill which was before the house on Friday night, the Minister of Finance (Mr. Dunning) had this to say:

> Personally I should be content if the second readings were given without prejudice to the ultimate fate of the bills, which could then be referred to the banking and commerce committee for examination and report; for as I have stated, the companies concerned are already in existence and are permitted by existing law to charge a higher rate of interest than seems to be contemplated by the bills. We might, therefore, at least examine them in committee where interested parties both for and against may be heard.

Personally I do not think that was a sound way of dealing with the bill. However, the minister made his appeal and the house agreed to the second reading of one bill and referred it to the committee. But what did we in the committee find this morning? We found that the sponsors of that bill raised every objection to having both sides of the question presented to the committee. Their attitude was to hurry the bill through the committee, that it was a separate bill which should be judged on its merits, and that we should not take time to go into the fundamental principles involved, which some of us were trying to bring before the house and the committee. I tried to move an amendment in committee this morning that before any decision was given, the whole question should be gone into, as was suggested by the minister. But the sponsors of the bill did not want anything of that kind; they wanted to get the bill through.

Mr. JACOBS: I did not think the rules of the house permit us to discuss what has transpired in committee before the matter is brought back to the house.

Mr. BENNETT: Before the report.

Mr. WOODSWORTH: I think the hon. member's objection is well taken, but reference was made by the hon. member for Essex East (Mr. Martin), to what went on in committee, and I thought it was only fair that I should do likewise. I do not want to pursue the matter further because I recognize that it would not be the usual practice.

The sponsor of this bill made the astonishing statement that any member of this house had the same rights in the committee as a member of the committee itself, except possibly with regard to voting privileges. Those of us who have sat on committees for some years know that that is not the case. Members of the house are usually permitted to appear in committee, and sometimes they are given the right to participate in the discussion, but no member of the house has the same right in committee as the committee members.

The sponsor also suggested that if the bill went to the committee the superintendent of insurance would be present to safeguard the interests of the public. Since he has introduced the question, I think it is only fair to state that the superintendent of insurance, while he seemed to be in favour of the previous bill, was definitely opposed to the present bill. There is no use dragging in the superintendent at this time.

The sponsor of the bill also suggested that this was a step in the right direction. That might have been said for the bill which was before us on Friday night—in that case it was not a very long step in the right direction—but I do not think even this can be said with regard to the bill under consideration. If the bill is voted down, the company could continue to carry on its business in the old way.

Mr. MARTIN: I was under that impression but the superintendent of insurance advises to the contrary. The reasons he gave are reasons which should be discussed in committee.

Mr. BENNETT: It could carry on business provided it could get a licence at the end of the year, which the superintendent might or might not give.

Mr. WOODSWORTH: That is my point.

Mr. MARTIN: It is the same thing.

Mr. WOODSWORTH: It can carry on business if it is obeying the law, but it is not obeying the law. Why should this company which cannot obtain a licence under present arrangements come here seeking to have its privileges extended? The hon. member for Essex East (Mr. Martin) seems to take it for granted that if a company has once been established and recognized, it should go on and on.

Mr. MARTIN: No, I did not say that.

Mr. WOODSWORTH: Perhaps the hon. member did not say it in those words, but he implied that it should be given the privilege of having its affairs examined and of being allowed to make changes. It seems to me that if a company has not been complying with the existing regulations, there exists a very good reason why those privileges should be promptly withdrawn. Whatever may be said about the previous bill I do not think it can be said that this one is a step in the right direction.

I understand something of the reasons that may be alleged for having regulated companies. Admittedly there is something to be said for having a regulated company, even though its practices are reprehensible, but it is a desperate alternative that we are asked to adopt. If the small loan business is iniquitous, if it consists essentially in the practice of usury, why should we go on tolerating it to the extent of 24 per cent, or as in this particular case, I believe, 27 per cent per annum? Is that the alternative that we should adopt? I do not think so. There are possibilities of establishing other agencies to do this kind of work. The companies take the ground that their losses are so heavy that they have to charge this very heavy rate; that the carrying on of this business involves large expenditures and for that reason they must charge high rates. I can follow their reasoning though I cannot accept their conclusions. It may be essential for a company which goes into this business and pays its officials $6,000 a year and over in salaries, even though they charge a moderate rate of interest, say five or six per cent on their investment, to impose such rates as this in order to recoup themselves for the losses they sustain. That is all very well, looking at it from the company's standpoint. But we in this parliament should think not so much of the company's interests as of the interests of the borrower. I submit that no man can pay around two or two and a half per cent per month and remain solvent for very long.

Mr. DUNNING: Hear, hear.

Mr. WOODSWORTH: It is that principle that we are here considering, because this bill provides for the continuance of that kind of thing. It occurs to me that the situation is very much like attempting to rescue a man who is drowning. You say, "Poor fellow, he is going down; he ought to be thrown a life preserver." But if you throw him something which is in the shape of a life preserver but which is heavier than water, you are not helping him very much; your help is simply sending him down. And if the best this house can do is to provide that private companies, regulated and all the rest of it, can charge 24 to 27 per cent interest, we are not doing very much to help out the borrowers.

Mr. TAYLOR (Nanaimo): Might I suggest that this is not 27 per cent per annum; it is two and a quarter per cent per month, which amounts to a great deal more than 27 per cent per annum.

Mr. WOODSWORTH: Yes, I suppose that is true, although these loans are for short terms, and perhaps strictly we should not speak of them as 24 or 27 per cent per annum.

Mr. MARTIN: That is the difficulty. We are supposing. We don't know. Let us consider this.

Mr. WOODSWORTH: But we know it is not less than 27 per cent.

Mr. MacNEIL: The effective rate.

Mr. WOODSWORTH: The effective rate is not less than 27 per cent. I do not see why, because a somewhat similar bill was passed on Friday, we should pass another bill now on Monday. The bill that was passed on Friday was a great deal better in principle than this one.

Mr. MacNICOL: It only slipped through.

Mr. WOODSWORTH: It slipped through by a very small majority, and it went through on the express understanding that we should have the entire situation considered in committee. Let me emphasize that once more. The position as the Minister of Finance, said was that:

> We might, therefore, at least examine them in committee where interested parties both for and against may be heard.

But there was no disposition in committee this morning to listen to interested parties against the bills. There were a few who supported that idea.

Mr. MARTIN: I strongly supported it.

Mr. WOODSWORTH: Yes, the hon. member for Essex East supported that idea.

Mr. DUNNING: So would I have done, had I been there.

Mr. WOODSWORTH: I mentioned that the finance minister would have done it. But that was not the unanimous idea in the committee. I felt that before passing a single bill more, before giving one little bit of privilege more, we should have a full examination of the whole question.

The house is now considering another bill —each bill standing by itself—and we are back again into the question of principle. Personally I strongly urge, and I am quite prepared to call a vote on the question, that here and now this bill should be voted down. The principle involved is that of 27 per cent interest, or much more, as the hon. member for Nanaimo (Mr. Taylor) suggests. I think it is outrageous. In spite of the wretched conditions that prevail among a great many of the poor of this country, apparently the best thing parliament can do is to allow companies of this kind to go on exploiting, as I regard it—yes, exploiting the people. The fact that they do not exploit them to the extent of 30 or 40 per cent—someone suggested that certain companies have robbed borrowers to as much as 100 per cent, or was it 600 per cent?—that I suggest is no reason why we should permit this company to exploit people up to 27 per cent. I hope the house will vote this bill down now.

Mr. MARTIN: Mr. Speaker—

An hon. MEMBER: The hon. member has already spoken.

Mr. BLACKMORE: If there is any chance at all that this bill will not receive complete consideration from all angles in committee, I should certainly support the hon. member for Winnipeg North Centre (Mr. Woodsworth) in his view that we ought to kill it now while we have a chance at it?

Mr. MARTIN: Let us try to consider it first.

Mr. COLDWELL: Mr. Speaker, I should like to join with those who are opposing this bill. I believe that in passing the second reading of the bill we are adopting a principle that is absolutely vicious. I agree with the Minister of Finance (Mr. Dunning), or rather I agreed with him last June when he said that this whole matter of loan companies should be referred—

Mr. SPEAKER: It is nine o'clock. The hour for public and private bills having expired, the house will revert to the consideration of Bill No. 42, to amend the Old Age Pensions Act.

OLD AGE PENSIONS ACT

AMENDMENT TO INCLUDE CERTAIN CLASSES OF BLIND PERSONS

The house resumed consideration in committee of Bill No. 42, to amend the Old Age Pensions Act—Mr. Dunning—Mr. Sanderson in the chair.

On section 3—Pensions to the blind: conditions.

Mr. DUNNING: Mr. Chairman, section 3 (a) of the bill, defines blindness for the purposes of the act. The definition there used is the same as is used in the Blind Persons Act of 1920 of the United Kingdom. There are many definitions of blindness, and they vary considerably—

Mr. BENNETT: There is political blindness.

Mr. DUNNING: —even in the same countries. The definitions are different, depending on whether they have reference to census enumeration, education or pensions. After careful consideration the English definition has been adopted as the most satisfactory. It is recognized that this definition is general in character, and that it will be necessary to express what it means in terms which can be used and applied by medical examiners, and section 4 of the bill provides that that may be done by regulation.

It is, however, important to note that in the definition adopted the test is not whether the person is unable to pursue his ordinary occupation or any particular occupation, but whether he is too blind to perform any work for which eyesight is essential, and that only visual conditions will be taken into account, and other bodily or mental infirmities will be disregarded. I may amplify that by saying that in discussions with those interested in the problem, from the standpoint of the blind themselves, there is practical unanimity in expressing approval of the definition of blindness used in the British act, which has been adopted in (a) of the section now before the committee. I think it would be convenient if we adopted this section by

alphabetical subdivisions, as (a) does not relate to (b), (c) and (d). I shall have an amendment to (c) when we reach it, but for the moment I am dealing with (a), the definition of blindness.

Paragraph (a) agreed to.

On paragraph (b):

Mr. TAYLOR (Nanaimo): How does the minister arrive at forty years, if we are to assume, as he said this afternoon, that a blind man at forty is equivalent to an old man at seventy?

Mr. DUNNING: I did not say that.

Mr. TAYLOR (Nanaimo): The minister is treating them on parallel lines.

Mr. DUNNING: Oh, no.

Mr. TAYLOR (Nanaimo): Will he kindly tell us what he did say?

Mr. DUNNING: I said that this act assumes an age of seventy for a blind person of forty, which is different from what my hon. friend is saying.

Mr. TAYLOR (Nanaimo): I want to have that established so as to deal with the other clauses when we come to them.

Paragraph (b) agreed to.

On paragraph (c):

Mr. DUNNING: I have discussed paragraph (c) with the Minister of Pensions and National Health, who points out to me that the present wording might conceivably create some difficulty in connection with statutes under the jurisdiction of the Department of Pensions and National Health. I will, therefore, ask the Minister of Labour to be good enough to move this amendment to paragraph (c). The paragraph as amended will read:

Is not in receipt of a pension in respect of blindness under the pension act or an allowance in respect of blindness under the War Veterans Allowance Act.

The reason for that amendment is obvious. It avoids disqualification by reason of allowances which may be made under those acts for reasons other than blindness.

Mr. ROGERS: I move that the amendment which has been read be substituted for paragraph (c) as it stands.

Mr. HEAPS: Is it under this particular clause that the amounts of earning power which a blind person may have can be discussed?

Mr. DUNNING: Paragraph (d) deals with that.

Amendment agreed to.

Paragraph (c) as amended agreed to.

On paragraph (d):

Mr. DUNNING: Paragraph (d) allows a total income of $440 for a blind person who is unmarried, or a widower without a child or children, or a widow without a child or children, which means that the pensioner could have a permissible income of $200 over and above the maximum pension of $240 per year. In the case of a blind person who is married, or a widower or a widow with a child or children, the maximum total income is $640 a year, and the maximum permissible income is $400 a year, or just double that for an unmarried blind person. For old age pension the maximum total income is $365 and the maximum permissible income otherwise is $125, and no distinction is made between married and unmarried persons. The extra provision here contained for blind persons recognizes, by the permissible income, a more generous scale in view of the fact that the cost of living for blind persons is higher than for seeing persons, and encourages them to support themselves and their families by augmenting their pensions by earnings. This was the subject of considerable discussion with those organizations that have to do with the blind, and I believe the committee will recognize that there is naturally a certain extra expense falling upon a blind person. There is also the further factor of the training work, work peculiarly suited to blind persons which is carried on by various institutions and which does return a certain income for the blind. For these reasons it is intended to treat blind persons more generously with respect to permissible income than the old age pensioner at seventy.

Mr. HEAPS: I do not think that any member will suggest that we are treating the blind generously when we allow such a small earning power as this bill provides. According to the minister's statement and the terms of the bill itself, a blind single person is allowed to earn not more than $200 per year. If he earns more than that, his pension allowance is reduced accordingly. In other words, he is allowed to earn approximately $4 per week. Perhaps I might put it this way. His total maximum income, the amount he will receive as a pensioner and the amount he will be allowed to earn, will be about $8.50 a week or a little over. I do not suppose any one will claim that for a single blind person $8.50 per week can by any stretch of the imagination be called a generous amount. Would not the minister consider increasing the amount that a blind person should be allowed to earn?

It is not a question of what he may earn, as he may have an unearned income slightly more than is provided for under this bill.

The same might be said with regard to married persons. According to the provisions of this bill the maximum income would be $640 per year, including the amount of the pension. In other words, a married person would be allowed to earn $400 per year, or a total income of a little less than $12.50 per week. I do not think anyone will say that that is treating over-liberally a blind person of the age of forty-five who may have a dependent or partly dependent family. I plead with the minister to increase the amount which a blind person may earn and still be eligible for pension. One of the great hardships under the existing old age pension legislation is that the maximum amount of income allowed a person aged seventy or over is only $365 per year. As persons become older there are times when their requirements become greater on account of sickness and invalidity, and the same thing applies to some extent to the blind pensioner. Is it asking too much, or am I not in this instance voicing the opinion of all the blind people, that they should be allowed to earn more than the amount stated in this bill?

Mr. TAYLOR (Nanaimo): I wish to add my plea to that of the last speaker. It will be remembered that in the discussion on the budget resolution I read a telegram from the blind people in Vancouver, and one of their special requests was in connection with the earning allowance for blind people.

Mr. HEAPS: May I ask the minister if the persons he consulted as representing the blind were in favour of this clause in the bill?

Mr. DUNNING: I have naturally had representations from many quarters. One would expect those representing the parties who are to benefit from the bill to ask as much as possible; they would not be truly representing their people if they did not ask for enough. I may, however, tell my hon. friend that I have ample evidence that the blind people are very, very grateful indeed for the provision here made, as a start. More than that I shall not say at the moment.

To determine the relationship which shall exist in regard to income is not an easy matter. One has in mind, of course, the existing provisions of the Old Age Pensions Act. Whatever opinion there may be that the income permitted under that act should be increased, as was expressed this afternoon by many hon. members, the fact remains that the people of this dominion are putting up for the coming fiscal year $27,500,000 under that act. It is anticipated that this additional provision will require $500,000 more during the coming year. I say to-day what I said on the introduction of the Old Age Pensions Act in 1928, that I believe this represents a very fair start, and entirely without prejudice to the future of the legislation.

Mr. HEAPS: I have not the least doubt that the blind people of this country are extremely grateful for the measure now before the committee. I have had expressions to that effect from them, but I have also had communications expressing dissent from certain provisions of this bill, and while I have had no direct communication in regard to this particular clause, I know the hardship such a provision involves for those who come under the existing Old Age Pensions Act. I know how difficult it is for old people who take in the full amount allowed and then find that they have perhaps received in pension and earnings more than they are entitled to. I know this involves a good deal of work on the part of the government, and I have no doubt they have given the matter a good deal of consideration, but I am wondering whether pensions to the blind in other countries, particularly in England or Australia, are restricted by provisions of the same kind. I have an impression that those countries are perhaps a little more generous in their allowance for earnings than this. I am pretty sure such is the case in Australia, and I do not see why we in enacting legislation of this kind cannot be just as generous in our provisions as our sister dominions.

One question that occurs to me while I am on my feet is this: Would a blind pensioner who attains the age of seventy come under the provisions of this proposed bill or under the provisions of the existing act?

Mr. DUNNING: It would not make any difference.

Mr. HEAPS: It would in respect of earning capacity.

Mr. DUNNING: As far as earning capacity is concerned he would come under this provision, because he is blind.

Mr. LEADER: In speaking to this bill this afternoon I mentioned what I thought were some desirable features. I am sorry I had to leave my seat and attend the committee inquiring into the prices of farm implements and therefore did not hear the discussion after four o'clock. However, I am not coming to the rescue of the government; they do not need it. I feel more like congratulating them for establishing the principle of pensions for the blind.

I do not think my hon. friends on the other side are entirely fair when they ask for earnings to be permitted in excess of $200 a year, in addition to the $240 pension granted under this bill. I am more concerned about those blind persons who are not going to receive this pension, and who will receive nothing at all. I should like to make it a little easier for all blind people to receive this pension. I believe those who are entitled to come under this legislation have been taken care of, perhaps not generously, but fairly well under the circumstances.

I had a letter the other day asking me to suggest to the government that provided the applicant was a British subject, and a resident of Canada for twelve years he or she should be qualified for this pension for the blind. I do not know how the minister will receive that suggestion, but I think I would prefer that to increasing the pension, as advocated by some hon. members to the left.

Then what is going to become of blind people under the age of forty? It seems to me many of them are in a worse position than some who have reached the age of forty, and who perhaps have acquired knowledge of some trade and are able to make a living for themselves.

Mr. GOLDING: What is happening to them now?

Mr. LEADER: I want to follow up my argument. I had a letter from a constituent who said he knew of a young man seventeen years of age, not only blind but deaf also, and he wanted to know if any provision could be made for such a person. Under this bill no such provision whatever is made. I suggest that the right to get a pension be made easier, instead of imposing too many restrictions, and I therefore urge that the age be made less than twenty years provided the person is a British subject. Put it at twelve years, as my correspondent suggests. Before increasing the amount of the pension, as some hon. gentlemen are asking, let us consider the blind under the age of forty.

Mr. DUNNING: In the discussions which I had with those interested in the blind people, representing the institutions which deal with them educationally and otherwise, one of the strongest pleas put up to the government in favour of the legislation now proposed, with the age provisions now proposed, was that if provision were made by way of pension for the blind over the age of forty, the institutions now existing for the care of the blind would be able to do very much better work in the way of education, particularly along the lines of the vocational training of those who have not yet attained the age of forty. We are assured by those interested that the passing of this legislation will liberate the hands of these organizations and give assistance where it will do the most good, because generally speaking those who have passed the age of forty cannot readily acquire the ability to do work which will produce an income, while those under forty can be educated by the organizations interested in the welfare of the blind to enable them to earn quite reasonable sums for their own support. So I would point out to my hon. friend that the age of forty is quite acceptable to those who represent the blind in this country. I do not say they would not like a lower age, but in support of the proposal they point out that if the parliament of Canada will make provision for pensions to the blind at forty, it will enable them to do a great deal more work, and more valuable work, for those under forty than they are now able to do.

Mr. LEADER: Perhaps I should mention that I have received communications from those in charge of institutions for the blind, and they say they are very, very grateful and quite well satisfied to have these pensions apply at forty years of age.

Mr. DUNNING: The age in Great Britain is fifty.

Mr. LEADER: I know those in charge of these institutions believe that now that we have established the principle of pensions for the blind we have gone a long way in taking care of these people. But I should like to ask the minister how this will affect a case such as I mentioned, that of a young man who at the age of seventeen is not only blind but also deaf. Are there any institutions that take care of cases such as that?

Mr. DUNNING: I would point out to my hon. friend that normally the care of people of that kind is a provincial responsibility, and the provinces have institutions for the purpose of taking care of those who are deaf. In legislation of this kind the dominion is again taking upon its shoulders a responsibility which normally belongs to the provinces, and we are contributing seventy-five per cent of the cost of attaining that objective.

Mr. BENNETT: It is a grant in aid.

Mr. DUNNING: It is a grant in aid, and I think the tendency of this parliament to deal with problems as though this parliament alone was responsible, with respect to matters which under our constitution are committed to the provinces, should be made clear. This

is another grant in aid, and I would point out to the committee generally, not specifically to my hon. friend, that those grants in aid are creating more and more financial difficulties, not only for the dominion, but in some instances for the provinces as well. The dominion must deal with all provinces on the same basis, regardless of the ability of the individual province to meet the financial conditions laid down by the dominion. That is one of the factors, in my judgment, which require to be cleared up as between the dominion and the provinces in a constitutional sense, and it constitutes a major part of the problem which has been mentioned time and again in the house this session. Here we are definitely making a grant in aid towards meeting a provincial responsibility.

Mr. BENNETT: I think perhaps one word might have been added by the minister, and it is this: When the report was made it was indicated clearly that this was not within the power of this parliament under section 91; that it came within the exclusive powers of the provinces, and that, as far as we were concerned, we could not validly legislate with respect to the matter except by a grant in aid. This is a grant in aid, and the conditions and provisions with respect to how it is to be administered must be worked out by the provinces and not by the dominion. Until there is a constitutional amendment that power will not be ours.

Mr. BLACKMORE: I should like to commend the minister on having taken this step along a road which I am sure we will have to follow much further in future. Whether or not there is a constitutional difficulty in the way, this is a sound move, and I commend the minister for having made it.

Mr. MacINNIS: I wish to do two things, without taking up too much time. I wish to point out to the hon. member for Portage la Prairie (Mr. Leader) that we are not criticising the government at all. Surely we can ask that the bill be enlarged or improved without being accused of criticising the government. We ask one thing; the hon. member asks another. We are not criticising the government or being unfair to it any more than the hon. member is.

I should like to support what has been urged by the hon. member for Winnipeg North (Mr. Heaps) in this connection. We are not asking that the amount of the pension be increased; we are only asking for an increase in the amount of earnings allowed before a deduction from the pension is made. With earnings of $200 allowed in the case of an unmarried person and $400 in the case of a married person, the earning power of the blind would have to be very low before there would be any considerable increase in the amount the government would be asked to pay, even if the earnings allowed were increased considerably. We must understand that when we provide such a meagre living allowance people are continually on the border line of destitution. Consequently they cannot maintain their health; if they become ill there is no reserve, and they have no savings for an emergency. While I am quite appreciative of what the minister has been able to do, I wish he could see his way clear to increase the earnings allowed before any deduction is made from the pension.

Mr. GREEN: What is the total amount that may be received by a blind husband and a blind wife living together, including their income and the pension or pensions that may be payable to them?

Mr. DUNNING: It is $640.

Mr. GREEN: There would be no second pension for the wife?

Mr. DUNNING: Yes.

Mr. GREEN: Would she get $240 also?

Mr. DUNNING: My hon. friend is on the next subsection, I think.

Mr. GREEN: Paragraph (ii) provides "as much as six hundred and forty dollars a year." Over and above that would the husband be entitled to $240 and the wife to $240 if they were both blind?

Mr. DUNNING: No, that is the total, including both pensions. In the case of a blind person who is married, or a widow, or a widower with children, the maximum total income is $640 a year.

Mr. BENNETT: Not from the country.

Mr. DUNNING: Oh, no, the maximum permissible income is $400 a year, or just double that allowed for a single blind person.

Mr. GREEN: What is the possible total income for two old age pensioners, husband and wife, who are living together? They are allowed more than that, are they not? They are allowed $240 each, and earnings up to $125 each, are they not?

Mr. DUNNING: Earnings of $125 exclusive of the pension.

Mr. BENNETT: We do not deduct anything until they earn that much.

Mr. DUNNING: That is quite true; we do not deduct anything unless the two old persons have an income of more than $125 each in excess of the $240 each which is granted under the act. I think I have it right this time.

Mr. GREEN: Then the two old age pensioners would get more than the two blind persons? The blind persons can get a maximum of only $640, while the two old age pensioners can get a maximum of $730.

Mr. DUNNING: It cannot work out that way.

Mr. BENNETT: There is no doubt that an old age pensioner can get $365, and if they were both earning they would have $730.

Mr. DUNNING: Yes.

Mr. BENNETT: But so far as the blind are concerned, they get only $240 each, or $480 for the two of them. But if they were earning, conceivably under the statute they might get $640 only, and not $730.

Mr. STIRLING: If they are both destitute, the old age pensioners get $730 and the blind get $480.

Mr. DUNNING: No, if in both cases they are destitute and there is no income, then the blind person—let me get this straight—

Mr. BENNETT: They all get the same.

Mr. DUNNING: Yes, they all get the same, in the case of destitution.

Mr. BENNETT: But if they had incomes, the old age pensioners could get up to $365 a year each conceivably, if it were possible for a destitute man and his wife each to be earning $125 in addition to his or her pension. That is that. So far as the blind are concerned the limitation is less.

Mr. DUNNING: No.

Mr. BENNETT: It is $640, is it not—the maximum?

Mr. DUNNING: The two blind persons can get $240 a year each.

Mr. BENNETT: Yes.

Mr. DUNNING: Yes, and in addition they are allowed, without deduction from the $240 each, an income of $200 each.

Mr. BENNETT: Yes, quite.

Mr. DUNNING: That is $480 in the one case, plus $400 making a total of $880 which two blind persons could receive.

Mr. GREEN: Is not the figure of $640 wrong?

[Mr. Bennett.]

Mr. DUNNING: It should be $880.

Mr. HEAPS: Only in the case of two blind persons receiving pensions.

Mr. DUNNING: Yes.

Mr. HEAPS: In the case of only one the $640 applies.

Mr. DUNNING: I read the figure for one.

Mr. GREEN: Should there not be an amendment to cover that point? Otherwise it would be impossible for them to get over $640.

Mr. DUNNING: No, it is clearly dealt with in the section, if the hon. member will read it.

Mr. STEWART: I should like to ask a question to clear up a doubt which has arisen in my mind. "Income" is not defined in the act.

Mr. DUNNING: Under the Old Age Pensions Act?

Mr. STEWART: Would it include a pension? Assuming a blind person receives a military pension, either in respect of blindness or for some other disability, and that pension reaches, we will say, $600 a year, would he get anything under this act? In other words, is a military pension payable to a blind person treated as income?

Mr. DUNNING: Perhaps I had better read regulation 18 relating to income in connection with the present Old Age Pensions Act, to which the provinces have agreed.

For the purpose of determining the income of any applicant the pension authority shall take into account any of the following sources of income:

(a) annuity, and the amount thereof;

(b) real property at the rate of five per cent of the assessed or market value thereof, whichever be considered the more equitable standard, exclusive of encumbrances;

(c) the amount of Canadian government annuity purchasable by the personal property of the pensioner, after making due allowance for reasonable clothing and household furniture;

(d) salary, wages or other means of livelihood, whether in money or in kind which the pensioner may reasonably be expected to receive and

(e) net profit or gain or gratuity from any other source.

That is the whole of the income regulation.

Mr. STEWART: Would a military pension be taken into consideration?

Mr. DUNNING: Yes.

Mr. STEWART: It is not mentioned there. Just to clear it up, let us assume a person is receiving a pension for blindness; would that be taken into consideration?

Mr. DUNNING: With respect to a pension for blindness I would ask the hon. member to refer back to the amendment to paragraph (c):

Is not in receipt of a pension in respect of blindness under the pension act or an allowance in respect of blindness under the War Veterans Allowance Act.

The amendment was made for the reasons I stated.

Mr. STEWART: Assuming a blind person already has under the pension act a pension, not in respect of blindness but because of some other injury, such as the loss of a leg; how would he be treated?

Mr. DUNNING: That is taken into account in respect of old age pensions generally, and would be considered with respect to blindness.

Mr. STEWART: I should think it would be, but the regulations under the act do not so specify.

Mr. MacNEIL: I should like to be clear in connection with an explanation made a minute ago by the minister with regard to other earnings. May I present a hypothetical case? Two blind persons are already married, each over the age of forty years. Do I understand the minister to say that each will receive an old age pension of $240, and that each will be allowed to make other earnings up to $200, in which event the combined earnings and old age pension would amount to $880?

Mr. DUNNING: Perhaps if we would go along to another subsection which bears directly on the point I could, in the meantime, be making more sure of my facts.

Mr. MASSEY: This afternoon the hon. member for Portage la Prairie (Mr. Leader) brought up a point which I thought was peculiarly interesting. He referred to an old blind person who desired to move from his former place of residence to his son's place in another province, and was therefore unable to obtain a pension at that point. It seems to me that if the age is reduced from seventy to forty years there will be considerably more moving about than there was before; therefore cases falling under this clause affecting the pension paid a man who has recently become a resident in a province will be more abundant and more frequently encountered. I notice that in his explanation the minister states that one must be a resident of a province for five years immediately preceding a certain date. If a man receives a pension for five or ten years and then moves to another province, does his pension continue or does he have to reside for five years in the province to which he has moved before he receives a pension, thereby losing the pension he had received in the province from which he moved?

Mr. DUNNING: This afternoon I indicated that one of the most difficult things in connection with old age pensions was the residence feature as between provinces. All matters connected with the problem must be the subject of agreement not only between the provinces and the dominion but among the provinces themselves.

Mr. BENNETT: Inter se it is a question of the provinces themselves, unfortunately.

Mr. DUNNING: To deal with the case to which the hon. member has referred, five years residence in the place in which application is made is obligatory; there is no doubt about that. But where an individual has received a pension under the Old Age Pensions Act in one province, and subsequently has moved to another, that feature has been adjusted between the various provinces.

Mr. BENNETT: In the past.

Mr. DUNNING: Yes; there is now no difficulty with respect to a person who is qualified for a pension in one province, and subsequently moves to another. That degree of reciprocity, if I may call it such, we have succeeded in obtaining.

Mr. BENNETT: Only recently.

Mr. MASSEY: There is no break in the pension.

Mr. DUNNING: I am sorry I did not answer the leader of the opposition this afternoon with regard to reciprocity with other countries. Very little progress has been made in that regard. There has been some informal exchanges of views with those interested in Great Britain, but my right hon. friend knows as well as I the difficulties connected with this matter, not so much at the British end as in connection with our federal and provincial jurisdiction.

Mr. TAYLOR (Nanaimo): Subsection (c) requires a residential qualification of twenty years immediately preceding the application for pension. Pensions to the blind start at forty years of age, so this would mean that residence would have to commence at twenty years. In the case of an old age pension, residence from fifty to seventy years is required. This provision seems to be harsh on the blind people. The blind people have requested that the qualification as to residence should not be for more than ten years,

and I think the point is well taken. They claim that a man can be stricken blind at any age, but he cannot become seventy years old at any time. The situations are quite different and should be considered in that light. The application of a definite residential qualification which may be satisfactory for an old age pension, is not so satisfactory for a pension for a blind person. Would the minister consider reducing this qualification to ten years?

Mr. DUNNING: I am afraid I cannot undertake to give consideration to that matter in the passing of this bill. I would not care to undertake to do more than discuss the matter with the provinces. It is true that a man can be stricken with blindness at any time, but he cannot attain the age of seventy years without waiting.

Mr. BENNETT: This is only a question of residence.

Mr. HEAPS: It is residence in Canada, not in the province.

Mr. DUNNING: I should like to point out something on the other side. Under our immigration laws a person would not be permitted to come to Canada if there was any danger of his becoming a public charge because of blindness. My hon. friend is asking that any person who was stricken with blindness within ten years of his coming to Canada should be qualified for a pension. I want to be clear as to what he means before undertaking to discuss the matter with the provinces. I cannot answer definitely as to what my own view would be in that regard because it would require very careful consideration.

Mr. QUELCH: There seems to be considerable confusion with reference to paragraph (d). I should like to cite a case which was brought to my attention by the superintendent of old age pensions in Alberta. The man concerned was born in Canada in August, 1866, and has resided here ever since. In the last twenty years he has resided in the following places. From 1916 to 1925 in Fort Pitt, Saskatchewan; from 1925 to 1933 in Lloydminster, Saskatchewan, and from May 1933 to 1936 in Lloydminster, Alberta. From 1925 to 1933 he lived in Lloydminster on the Saskatchewan side of the boundary, and from May, 1933, up to the present date he has lived in Lloydminster, on the Alberta side of the boundary. This man is not eligible for an old age pension in the province of Saskatchewan because during the past five years he has not lodged 1,095 days in that province, as required by the dominion regulation. He is not eligible for a pension in the province of Alberta because, although he has lodged in Alberta for 1,095 days during the last five years, he did not lodge in Alberta at any time prior to the commencement of the five-year period, as is required by the dominion legislation. I should like to know if there is some flaw in the Old Age Pensions Act which makes it impossible for this man to obtain a pension, and which would apply to a blind person in similar circumstances. If that is so, would it not be possible to amend the act to overcome this difficulty?

Mr. DUNNING: I must compliment my hon. friend upon his ability to present a question so complicated that I cannot give him an immediate reply. He pays me quite a compliment in thinking that I can deal offhand with the case to which he has just referred. Perhaps it will be helpful to the hon. gentleman to know that years ago when I was premier of Saskatchewan the legislature of that province attempted to deal with the peculiar situation which exists in the town of Lloydminster. As is generally known, that town is situated on the boundary line between the provinces. There is a village of Lloydminster in Alberta on one side of the main street, and a town of Lloydminster in Saskatchewan on the other side. By arrangement between the two provinces a number of years ago legislation was passed which attempted to clear up the anomalous situation created by the then existing problems. That was prior to the passage of the old age pension legislation, which was not enacted by this parliament until 1928. My hon. friend has perhaps more time than I, and I would suggest that he look up that legislation. It is conceivable that it may provide an opportunity for him to help the individual to whom he referred. With regard to his suggestion that the act be amended, I cannot offhand suggest an amendment which would cover such a case.

Mr. QUELCH: This man is not getting a pension, and the provinces have been told by the federal government that he cannot get it under the regulations as now drawn. I am asking if it is not possible to amend the act to make it possible for that man to get a pension. This man has resided in Canada for seventy years and he cannot get a pension.

Mr. DUNNING: Certainly if a man moves around from province to province with sufficient frequency, no matter if he has been a resident of Canada for twenty years, he cannot qualify for a pension under the present law. As I pointed out, that is not a matter to be decided between the dominion and the

provinces; it is something to be decided between province and province. If my hon. friend will be good enough to give me particulars in writing of the case to which he has referred, I shall investigate it. An investigation will also be made to see whether the provincial statute to which I referred might not have some bearing upon the residential qualifications of the individual in question.

Paragraph (a) agreed to.

Paragraph (e) agreed to.

Subsection 1 agreed to.

On subsection 2 of section 3—Maximum pension.

Mr. MacINNIS: I think this subsection should be amended. As it now stands it is absolutely inhuman. This subsection reduces the pensions paid to blind persons if they marry after this legislation comes into effect. According to the explanation on the opposite page the purpose of this subsection is to discourage the marriage of blind persons. It may be desirable for various reasons—I do not know—to discourage the marriage of blind persons, but I assume that the desire to marry is just as strong in blind persons as in those who are not blind, and that possibly marriage is more necessary, for in a great many such cases one of the factors that leads to marriage is the desire for companionship. People who are denied their sight, and who cannot have access to interests that the rest of us enjoy, should not be denied these pleasures of companionship.

Mr. DUNNING: They are not.

Mr. MacINNIS: They certainly are not, but they are punished—

Mr. DUNNING: No.

Mr. MacINNIS: —and discriminated against if they do.

Mr. DUNNING: No. Evidently the hon. member does not understand the section.

Mr. MacINNIS: I hope I am wrong. I do not understand it, and I should like very much to have the minister explain it to me.

Mr. DUNNING: I know that the hon. member for Nanaimo is interested in this.

Mr. TAYLOR (Nanaimo): If the minister is going to explain it and point out that I am wrong in assuming that the money is the means by which we are going to prevent blind people from marrying, I shall be only too pleased to hear his explanation.

Mr. DUNNING: The hon. member for Nanaimo, refers, I know, to an exchange of correspondence which we had, in which I wrote a reply a little hastily perhaps, being rather hurt by the manner in which he referred to the lack of earnest consideration which he seemed to attribute to me in connection with this section.

The hon. member for Vancouver East (Mr. MacInnis) was in error in his statement that there would be discrimination with respect to blind people who married. Such is not the case. It might be urged that there is discrimination with respect to blind persons who marry blind persons, but it cannot be contended that there is such with regard to blind persons who marry sighted persons.

Mr. MacINNIS: That is what I meant.

Mr. DUNNING: That is not what my hon. friend said. He spoke of blind persons being denied the companionship which the rest of us get. I suggest that ordinarily the companionship of a seeing person is of very much more use to a blind person than the companionship of another blind person.

Mr MacINNIS: I suggest to the minister that it may be very much more difficult to get.

Mr. DUNNING: When my hon. friend has had the acquaintance with this problem and has given to it the study that I have, he will find that the very great majority of married blind persons are married to people who can see, and it is a godsend that it should be so.

I want to leave myself in the judgment of the committee with respect to this section. I am not going to insist upon the qualification in this subsection. I place the responsibility squarely on this committee. I am going to state plainly the reason why it is proposed that when two blind persons marry, they shall receive only the pension of one.

We are extending the privileges of the old age pension to people who are over forty years of age. Some forms of blindness are congenital. Those who are interested on behalf of the blind in promoting this legislation suggest to me that it is not desirable to say to two blind people just over forty years of age, "If you two get married you can pool your pensions, blind though both of you may be."

Mr. BENNETT: "Or whether you live together afterwards." That is the other side of it.

Mr. DUNNING: That is the other side of it. A blind person can receive all the benefits of the act if he or she marries a sighted person after the passing of this section. Blind persons, both parties to the marriage being already blind, are not discriminated against in the slightest degree.

Mr. SPENCE: That is fair enough.

Mr. DUNNING: But the proposal in this subsection is that if two blind people who are to-day unmarried, and who are over forty years of age, get married, they will receive not two pensions but one pension. I have attempted to state the reason. Hereditary blindness is a very difficult problem. I believe I am correct in saying that there is considerable dispute among experts with regard to the transmission of blindness from one generation to the next. But it is certain that in connection with many forms of congenital blindness the marriage of two blind persons so afflicted ensures that the children will be blind. So I am advised. If we say to two blind people, a man and a woman, that if they marry they can double up their pensions, we shall be encouraging by law that kind of marriage, and those who are interested in the welfare of the blind do not, for the most part, recommend such a provision.

The hon. member for Nanaimo (Mr. Taylor) quoted a telegram I had from the Vancouver branch of one of the main organizations dealing with the blind, protesting very much against what they call a discrimination. Reading the telegram, I wondered whether the sender of it imagined that the provision would apply to those who are already married. Such, as my hon. friend knows, is not the case. He thinks that I am trying to conduct an experiment in eugenics—that I believe is the term he used in his letter to me. Such is not the intention. I leave it entirely to the judgment of this committee whether we should provide that two blind people who marry and are suffering from congenital blindness shall be enabled to double up their pensions.

Mr. MacNICOL: I should like to ask the minister a question at this point, not with reference to those who suffer blindness from a congential condition, but regarding those who have lost their eyesight accidentally, as the result say of the Halifax explosion or some other disaster. Such people would not be suffering from any hereditary trouble, but their condition would certainly have occurred through no fault of their own or of their ancestors.

Mr. DUNNING: Of course, I had to give consideration to that possibility, and my medical friends tell me that the difficulties in connection with it are practically insuperable. If one could confine the provision to accidental blindness or to certain defined types of congenital blindness, it might be different. I was lost in a sea of technical terms—

Mr. HEAPS: You were blinded.

[Mr. Spence.]

Mr. DUNNING: —in endeavouring to find out from medical authority just where the division would lie. May I suggest to the hon. member and to the committee generally that we have not only to consider in connection with congenital blindness on the part of both parents the likelihood of blindness in the children, but also the very serious handicap that the children would be under in any event.

Mr. GREEN: Is not the position simply this, that if a blind man and blind woman lived together they would be entitled to get $240 each? There is nothing in this bill to prevent them getting it.

Mr. RYAN: The blind are not like that, I might tell the hon. member, if that is his suggestion.

Mr. GREEN: Is that not quite possible?

Mr. RYAN: That is rather a nasty imputation.

Mr. GREEN: There is no imputation on the blind at all.

Mr. RYAN: It is uncharitable, anyway.

Mr. GREEN: I am asking this question because I do not think this section is satisfactory. I ask the minister if that could not be the case.

Mr. DUNNING: I admit, of course, the possibility stated by the hon. member, but I wish he had not done so.

Mr. TAYLOR: Not only the possibility, Mr. Chairman—

The CHAIRMAN: The hon. member for Vancouver East has the floor.

Mr. MacINNIS: The minister referred to a telegram he had from an organization in Vancouver, a branch of the Canadian Federation of the Blind. I have no doubt that all the British Columbia members received a copy of that wire.

Mr. DUNNING: I may tell the hon. member that that was the only place in all Canada from which such a communication came.

Mr. MacINNIS: I do not think that is to its discredit.

Mr. DUNNING: No, of course not.

Mr. MacINNIS: We are a live people in Vancouver. This wire points out that although there are 650 blind persons in Vancouver, there have been up to the present only seven marriages in which both parties have been blind. It points out further that, taking the dominion as a whole, only approximately 70

such marriages have taken place up to the present time. There may be some dangers in allowing blind people to marry, as the minister has pointed out. They may propagate and have blind children. But when by law we try to prevent such things happening we are by law making possible other things that might be worse than what we are trying to prevent. I move, therefore, seconded by the hon. member for Vancouver North (Mr. MacNeil) that section three, subsection two, be amended by deleting all the words after the word "yearly" in the third line of the said subsection.

Mr. DUNNING: Much as I dislike to do so, Mr. Chairman, I must point out that the amendment is out of order inasmuch as it increases the charge upon the crown.

The CHAIRMAN: The amendment does not require a seconder. I must declare it out of order for the reason stated by the minister.

Mr. MacINNIS: I cannot see that it does increase the charge upon the crown. It might, but the minister cannot say that it would unless he can prove that marriages between blind people will take place. Consequently I submit that the amendment is not out of order. If in support of his point the minister can prove that marriages between blind persons would take place, my amendment would be out of order.

Mr. DUNNING: A few moments ago I expressed myself as willing in this matter so delicate, so very human, and one on which we all feel deeply, to take the sense of the committee. That, however, does not make it possible for me to encourage my hon. friend to break the rules of the house. If I find during the discussion a consensus of opinion in favour of some such action as that proposed by my hon. friend, and having undertaken to accept the sense of the committee, as a minister empowered to move such an amendment I would give consideration to doing so. The discussion so far has been confined to very few members. If I were any judge of the comments made by the committee generally, I should say that the sense of the committee was rather favourable to the section as it now stands in the bill. I am willing to listen to the discussion and, as I say, if I find a consensus of opinion along the lines indicated by my hon. friend's proposed amendment, which is out of order, I shall be pleased to deal with the matter in an orderly fashion myself. But on the basis of a snap move of that sort, I cannot do so. I think we should try to treat this matter without any thought of advantage or manoeuvre or anything of that kind.

Mr. MacINNIS: I object to the minister using such language. If my amendment is out of order, though I claim it is not, it is not necessary for the minister to say that I am trying to get a snap decision or trying to manoeuvre. That is decidedly out of order, and should be retracted.

Mr. DUNNING: I do not want to give offence to my hon. friend or anyone else. If my words have given offence to the hon. gentleman I shall be glad to withdraw them in so far as they did, and I hope he will do me the same courtesy.

Mr. MacINNIS: I have always tried to be as courteous as possible not only to the minister but to all other hon. members. In moving the amendment, even if it is out of order, I was only exercising my privileges in this house.

Mr. TAYLOR (Nanaimo): Apparently the committee has in a form expressed itself on this question, but I do want to bring one point before the minister, who to my mind shows a very evident intention of recognizing the difficulties that would be established by the passing of such a section. The minister knows as well as the rest of us do that propinquity is the law which will be established in this case, and that blind people already making friends of other blind people will tend to consort and to come together, and you cannot legislate against them with money or by depriving them of money. In connection with the correspondence which the minister referred to between himself and myself, if he will permit me to do so I should like to quote one excerpt:

> But in this matter we develop different points of view, and if you are attempting to introduce eugenical considerations into legislation it should not commence with the blind.

I think that point is very definite. We should not introduce into legislation for blind people matters which are better dealt with in a proper consideration of eugenics in the interest of advancing the physical condition of the people. For that reason I should very much like to see a definite expression to the effect that this paragraph should be cut out. I sincerely hope the minister will reconsider it.

Mr. MacNEIL: Some time ago I submitted to the minister a question as to income.

Mr. DUNNING: I am sorry to inform my hon. friend that a sheet on which I had worked it out and on which I had other notes I inadvertently threw away. I shall be glad to get the information.

Subsection 2 agreed to.

Subsections 3 and 4 agreed to.

Section as amended agreed to.

Section 4 agreed to.

On the preamble:

Mr. STIRLING: Is the minister going to give the information asked for?

Mr. DUNNING: Yes.

Mr. MacNICOL: I want to say a word or two before the preamble carries. I was a member of the committee that was appointed in the last house and I also supported the member for Wood Mountain (Mr. Donnelly) in this house in the projection of this legislation. I feel, therefore, that I should take this opportunity first to pay a tribute to the former member for Renfrew North, Doctor Cotnam. Although he was not a member of the committee, it was in pursuance of his resolution that the committee was appointed, and it inquired thoroughly into the whole question of pensions for the blind.

There appeared before the committee a number of witnesses who were well informed on the subject, and I think their names should be mentioned and that they should receive the compliments of the house.

I would place first Captain Baker of the Canadian National Institute for the Blind. He had made a very exhaustive study of the subject, and the evidence he gave was of great importance and assisted very much in inducing the committee to support the Cotnam resolution. Then there was Mr. Layton, of the Canadian Federation for the Blind, and a number of other witnesses whose names I do not remember.

I should like also to compliment the hon. member for Wood Mountain (Mr. Donnelly), who made an excellent speech on behalf of the blind in the house last session and well deserves the thanks of the house for the part he took in bringing this great boon to the blind.

Finanlly I want to compliment the Minister of Finance (Mr. Dunning) because the bill could not have been introduced into the house without his consent. I am very happy that the minister was able to find the necessary money, owing perhaps to the increase in revenues, to enable him to introduce this legislation. All hon. members are for the bill, and I am sure the whole house earnestly hopes that it will result in great relief to our unfortunate blind people.

Mr. HEAPS: I wish to associate myself with what has just been said, and I hope that when the bill goes on its final journey to another chamber it will receive the same sympathetic consideration as it has here. I well remember what happened to the first old age pensions bill sent to the other chamber in 1926. I hope this time there will be a different attitude towards this measure there. This is one of the few pieces of humane legislation that we have been privileged to discuss in this house, and I am more than pleased at the unanimity of the sentiments expressed regarding it. I should also like to compliment the Minister of Finance for the thorough grasp he has shown of this question, as he does of all questions.

Mr. DUNNING: I was asked for some information, and I have found the sheet on which it is worked out.

Blind persons married prior to the coming into force of this act could each receive a pension of $240 a year. Each of them could have, without disqualification, further income of $400 each, or a total income each before any deduction is made from pension of $640, or $1,280 for the two of them.

If married after the coming into force of this act, presuming subsection (3) of section 3 stands as it passed the committee, they could receive by way of pension $120 each. That amount would not be reduced unless they were in receipt of more than $400 a year independent income each, making a total of $520 each, which they might receive without deduction from the pension of $120 each, or a total income for the two of them, before any deduction would be applied, of $1,040. I base that upon the language of section 8A (1), paragraph (i) relating to a person who is:

(i) unmarried, or a widower without a child or children, or a widow without a child or children and is not in receipt of an income of as much as four hundred and forty dollars a year,

And paragraph (ii) relating to one who is:

(ii) married, or a widower with a child or children, or a widow with a child or children and is not in receipt of an income of as much as six hundred and forty dollars a year;

That is what I base the calculation on. With respect to those coming under the Old Age Pensions Act, these figures are modified to the extent that a married couple could each receive a pension of $240 and have an additional income of not over $125 each, or

a total of $365 each, making $730 for the two. In a comparable case of two blind persons already married the difference would be between $730 and $1,280.

With respect to two blind persons who marry after the coming into force of this act the difference would be as between $730 for the old age pensioners and $1,040 for the blind persons.

Mr. HEAPS: May I point out that by the figures just given, two persons who are blind and married are in a much more favourable position than those who are single. They could each have a total income including pension of $640 each, whereas a single person could have a total income of only $440.

Mr. DUNNING: That is right.

Mr. HEAPS: I do not know whether that is discrimination, but it does not work out fairly.

Preamble agreed to.

Bill reported.

Mr. SPEAKER: When shall the said bill be read the third time?

Mr. DUNNING: With the consent of the house I should like to move the third reading now by unanimous consent. That would enable the bill to go to the Senate and if passed there, to the various provincial legislatures which are sitting at the present time.

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

FEEDING STUFFS

REGULATION OF IMPORTATION, EXPORTATION AND SALE

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

That it is expedient to introduce a measure to control and regulate the importation, exportation, sale and other dealing with feeding stuffs by registration and inspection; the imposition of registration fees; and to authorize the Minister of Agriculture to appoint officers for the effective execution of the act.

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

Mr. GARDINER: Mr. Chairman, the present Feeding Stuffs Act which the bill founded on this resolution is intended to replace has been in effect without amendment, except with regard to wheat by-products, since 1921. The purpose of this measure is to provide for the control of additional feed products; to require guarantees suited to the different kinds of feed products now on the market; and to facilitate enforcement, and to consolidate and clarify the wording of the act where necessary or advisable.

It will be apparent to members of the committee that during the years since 1921 there have been a number of new feed stuffs for feeding animals placed upon the market, and it is intended to bring the act up to date. For the benefit of the committee I may say that when this bill is given second reading it is my intention to have it sent to a committee, in order that those interested may appear and make representations in connection with any changes that may be proposed. Therefore I would suggest that it might not be necessary to enter into any detailed discussion of the measure at this stage.

Mr. BENNETT: I am very seriously concerned about our power to enact legislation founded upon such a resolution, in view of the recent decisions of the court of last resort. It will be observed that we are selecting one article of commerce, namely, feeding stuffs. It will be observed that we propose to control and regulate (a) the importation, (b) the exportation and (c) the sale, and other dealings therewith. If the judgment to which I refer has any value at all it has the effect of saying that any attempt on the part of this parliament to regulate the sale would be an invalid exercise of our powers. I am not going to use technical language; I am speaking broadly and generally at the moment.

Further, these means are to be accomplished by registration and inspection. It will be recalled that the court said that it made no difference what method was used; if the purpose sought was what is sought here, then it was not a valid exercise of power by parliament to attempt to do it. The imposition of registration fees, and the authority given the minister to appoint officers and so on, are supplementary matters.

I am not going to raise the issue in any sense beyond directing attention to it at the moment. Perhaps a bill might be introduced based on this resolution, without prejudice to any position which may be taken subsequently; then the bill might be given first reading tonight and stand for second reading as soon as convenient thereafter. In the meantime I merely direct the attention of the Minister of Justice to the matter, for what it may be worth, because these words in the form in which they are now used, having regard to the language employed by the privy council, would seem to me to indicate a contemplated

measure that would be beyond the jurisdiction of this parliament to enact. I say that regretfully, because I should like to see this parliament have that power.

Mr. LAPOINTE (Quebec East): I think that was the reference on which there was a unanimous decision.

Mr. BENNETT: Yes, against us.

Mr. LAPOINTE (Quebec East): Quite so.

Mr. BENNETT: As a matter of fact, since the minister has mentioned it, that is the one I am least able to understand. Had this arisen through a concrete case I say to the minister frankly that I think the judgment might have been different, because that measure provided that there should be co-operation. The minister will remember that in the Crystal Dairy case the privy council said British Columbia could not impose fees that, according to the privy council, amounted to the exercise of the taxing power in an indirect manner, which was beyond their jurisdiction. The marketing act, to which reference was made by the minister just now, certainly shared the fate of previous acts, but on the ground that in this instance it was the exercise by this parliament of powers that belonged to the province. As I say, I can hardly reconcile that. But without going into the matter at any length, I think ample opportunity to look into it will be afforded after the bill has been printed and second reading given, since the bill is to go to a committee, which appears to me to be a very proper course to pursue with respect to a matter of this kind.

Resolution reported, read the second time and concurred in. Mr. Gardiner thereupon moved for leave to introduce Bill No. 64, to control and regulate the sale of feeding stuffs.

Motion agreed to and bill read the first time.

SEEDS

REGULATION OF TESTING, INSPECTING, SALE AND IMPORTATION

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

That it is expedient to introduce a measure to regulate the testing, inspection, sale and importation of seeds; to provide for the appointment and definition of duties of an advisory board; the appointment of inspectors and analysts; the licensing of new varieties of seeds and the imposition of licence fees, and to provide for penalties in consequence of violations of the act.

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

Mr. GARDINER: Mr. Chairman, I think probably the comment that was made by the leader of the opposition with regard to the last bill would apply here also. The purpose of the proposed bill is to amend and consolidate the Seeds Act, in the light of the experience gained in the administration of that act and the merchandising of seeds over a period of thirteen years. The act has been on the statute books for thirteen years. We have gathered certain experience from the administration of it, and think there should be amendments to it. It is mostly a consolidation of amendments which have been made during that period of time.

I intend to make the same suggestion with regard to this measure, that it be sent to the committee on agriculture, in order that those representing seed houses and producers of seed may appear before the committee and make their representations. I would therefore suggest that the resolution be passed and that the bill based upon it be read a first time, with the understanding that the whole matter will be open for discussion at a later stage.

Mr. BENNETT: Mr. Chairman, it will be observed that there is some slight difference between the two resolutions. The resolution dealing with seeds does not purport to control. That dealing with feeding stuffs does undertake to control as well as to regulate. Of course, there has been held to be a substantial difference between the use of the words control and regulate.

The word which I believe should be given special consideration in the resolution is the word "sale." I would not go to the trouble of mentioning it now, were it not for the fact that possibly the law officers of the crown may desire to look into the matter with care. I direct the attention of the house to the word "sale" because a decision of the court of last resort apparently is to the effect that sale is a matter which is regulated by the law of the province, dealing as it does with property and civil rights. It would seem to me, indeed, difficult to indicate under what branch of section 91 of our constitution this legislative power is conferred upon the parliament of Canada. Our claim that it came within property and civil rights fails, because the court has reasserted the view that we cannot consider a specific article of trade and commerce when we are dealing with a question of regulation.

With respect to sale, I have already indicated the extreme view taken by the court in recent cases. I certainly think, however, that this parliament has complete power to deal with questions of importation. Obviously that power is exercised and has been exercised every day. But the other questions which arise are not so free from doubt.

I believe the suggested method of dealing with the measure is to be commended. The bill could be read a first time and then after it has been given second reading—which probably would have to be without prejudice to the position which might develop after the discussion in committee as to its legality—it could be referred to the appropriate committee. Do I understand it is to be referred to a special committee or the standing committee on agriculture.

Mr. GARDINER: The understanding is to refer them both to the standing committee on agriculture.

Mr. STEWART: I notice the resolution proposes to appoint officers. How are they appointed under the existing legislation? Is it by the minister or by the civil service commission?

Mr. GARDINER: Speaking offhand I believe it is now by the minister, but I would not be certain.

Mr. STEWART: I do not think so.

Mr. GARDINER: That is a matter which can be discussed.

Mr. BENNETT: It depends on the grade of the office. Some of the day-to-day men and field men are appointed by the minister; others are appointed by the civil service commission.

Resolution reported, read the second time and concurred in. Mr. Gardiner thereupon moved for leave to introduce Bill No. 65, respecting the testing, inspection and sale of seeds.

Motion agreed to and bill read the first time.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.40 p.m.

Wednesday, March 17, 1937

The house met at three o'clock.

CRIMINAL CODE

PROPOSED ABOLITION OF HANGING AS DEATH PENALTY—REPORT OF SPECIAL COMMITTEE

Mr. G. W. McPHEE (Yorkton) presented the second report of the special committee appointed Tuesday, February 2, 1937, to study the subject matter of Bill No. 6, to amend the Criminal Code.

Hon. ERNEST LAPOINTE (Minister of Justice): This is rather a long report. I would suggest that it be printed in the Votes and Proceedings, in order to avoid the necessity of reading it.

Mr. LAWSON: What is the effect of it—for or against?

Mr. LAPOINTE (Quebec East): I think it is against the main purpose of the bill. No action may be taken to-day; I merely suggest that it be printed in the Votes and Proceedings.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN BROADCASTING CORPORATION—STATION CRCT, TORONTO

Mr. CHURCH:

What are the names, occupations, addresses, salaries, living and travelling expenses of the present federal radio commission?

1. What are the names of the staff of radio station CRCT, in Toronto, and the length of service, rank, remuneration of each, and what were their respective living and transportation expenses during the past year?

2. How many musicians and other officials are drawing federal pensions as well as salaries, and who are they?

3. Who are the announcers at the station, and are they related to any musicians or others employed there? If so, what is the relation?

4. How many of the musicians are: (a) union men; (b) non-union?

5. What are the names of the announcers and musicians, and of the choir leader and quartette?

6. How long has Mr. Lucas been employed; and are any members of his family also employed?

7. Have any other officials relatives employed?

8. Do the choir leader, quartette, and the minister draw government pensions?

9. Are any members of the family of Mr. Waddington, known on the radio as Frank Gladstone, employed? If so, what are the names?

Mr. CHURCH: I suggest that the minister let these questions stand until next Tuesday. I have some information to give him which I think will alter his opinion; also to give to the leader of the opposition, as both of them referred to these two questions last Monday.

Questions stand.

NATIONAL EMPLOYMENT COMMISSION

Mr. CHURCH:

Who are (a) the women's committee, and (b) the consultants of the national advisory committee, of the National Employment Commission, and what remuneration, living allowance and travelling expenses were paid for 1936?

Mr. ROGERS:

(a)

	Remuneration	Living Allowance	Travelling Expenses
Mrs. W. J. Lindal, Winnipeg, Man...	Nil	$292.50	$107.00
Mrs. L. G. Ferguson, Westville, N.S.	Nil	442.50	96.10
Mrs. A. J. Currie, Govan, Sask...	Nil	285.00	84.30
Mrs. M. Cormier, Montreal, Que...	Nil	142.50	23.68
Miss Ruth Low, Kitchener, Ont..	Nil	210.00	28.05

(b) There are no consultants to the national advisory committee. There were, however, two consultants to the National Employment Commission—Mr. Shepherd's employment terminated February 28, 1937.

	Remuneration	Living Allowance	Travelling Expenses
Miss Charlotte Whitton (from Nov. 16).. ..	$926.25	Nil	$84.48
Mr. D. Shepherd (from Sept. 1)..	$2,375.00	Nil	$904.72

FAIRMOUNT, SASK., CENSUS ENUMERATOR

Mr. ELLIOTT (Kindersley):

1. Who recommended the appointment of Thomas Annett, of Fairmount, Saskatchewan, as enumerator?
2. For how long was he appointed?
3. What salary has he received?

Mr. ROGERS: Mr. Thomas Annett was not an enumerator for the taking of the census of 1936.

FARMERS' CREDITORS ARRANGEMENT ACT—OFFICIAL RECEIVERS, MANITOBA

Mr. McDONALD (Souris):

1. How many official receivers are there in Manitoba?
2. What is the total cost of their services including any expense account?
3. What is the remuneration of each member of the board of review, including living expenses, if any?

Mr. DUNNING:

1. Under the Farmers Creditors' Arrangement Act, 14.

2. From appointment to January 31, 1937, $26,366.26.

3. Under the Farmers Creditors' Arrangement Act,—

Chief commissioner, living allowance $25 per diem applicable to each day's sitting.

Representative of creditors and representative of debtors, fees $25 per diem together with living allowance of $10 per diem applicable to each day's sitting.

QUESTIONS PASSED AS ORDERS FOR RETURNS

OLD AGE PENSIONS ACT—EXTENSION TO AGE SIXTY-FIVE

Mr. FERLAND:

1. What would be the approximate additional number of pensioners of the state, if the Old Age Pensions Act were made applicable to indigent persons of 65 years and over?

2. What is the approximate number of unemployed and indigent persons from 65 to 70 years of age?

QUEBEC FEDERAL SUBSIDIES AND FARM LOANS

Mr. FERLAND:

1. What are the amounts of the subsidies which the federal government has granted to the province of Quebec during each of the past five years in the following categories: (a) agriculture; (b) colonization; (c) fisheries; (d) education; (e) public works and unemployment relief, etc.?

2. What is the amount of farm loans, (a) approved to date; (b) granted, in the province of Quebec, by the Canadian Farm Loan Board?

GOVERNMENT PAYMENTS TO INDIVIDUALS AND FIRMS IN NOVA SCOTIA

Mr. PURDY:

1. What sums of money were paid to the following individuals and firms by the Dominion of Canada during the years 1930 to 1936 inclusive: (a) George C. Nowlan, barrister, Wolfville, Nova Scotia; (b) Parsons Limited; (c) Albert Parsons, retired lumberman; (d) Ralph Parsons, and (e) Arthur Parsons, contractors, Windsor (or Walton), Hants county, Nova Scotia; (f) Windsor Tribune Publishing Company Limited; (g) Mrs. P. M. (Jean U.) Fielding; (h) Miss Antoinette Forbes, Windsor, Nova Scotia; (i) Leonard W. Fraser, barrister, Halifax, Nova Scotia?

2. For what services, in each case, were moneys paid to these individuals and firms, and by what departments of the government?

3. What parts, if any, of the accounts of these individuals and firms against the Dominion of Canada were disallowed, and, in each case, why?

4. What accounts, or parts of accounts, of these individuals and firms against the dominion have not been paid?

MOTION FOR PAPERS

MR. H. B. WALKER

Mr. SPEAKER: Mr. Fair moves, seconded by Mr. Coldwell:

For a copy of the complaint or charge laid against Mr. H. B. Walker of Wainwright by Mr. Francis H. Morcom. Also a copy of the evidence given at the investigation held by Mr. Gariepy at Wainwright in September, 1936.

Mr. LAPOINTE (Quebec East): Will my hon. friend state what department is concerned with this matter?

Mr. MITCHELL: The hon. member is not in the house.

Mr. SPEAKER: Stand.

TORONTO POSTAL EMPLOYEES

On the orders of the day:

Mr. H. G. CLARKE (Rosedale): Mr. Speaker, I should like to direct a question to the Postmaster General (Mr. Elliott) in reference to a request I made for the names and addresses of the temporary post office employees in the city of Toronto. The Postmaster General said he would let me have this information, and I should like to know when I may expect it.

Hon. J. C. ELLIOTT (Postmaster General): I understand that the list is in course of preparation, and I hope to be able to give my hon. friend the names very shortly, though I cannot say just when.

Mr. CLARKE (Rosedale): As this will be a short session I should like to have this information as soon as possible.

Mr. ELLIOTT (Middlesex): I will look into the matter.

WAYS AND MEANS

AMENDMENT TO MOTION OF MINISTER OF FINANCE —CANADIAN WHEAT BOARD ACT

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of ways and means.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I should like to make a few observations, and to direct the attention of the house to chapter 53 of the statutes of 1935. Subsection (a) of section 8 deals with the duties of the wheat board, and provides:

8. It shall be the duty of the board:

(a) to fix a price to be paid to the producers for wheat delivered to the board as by this act provided, subject to the approval of the governor in council;

Section 7, subsection (e), reads as follows:

(e) to pay to producers delivering wheat at the time of delivery or at any time thereafter as may be agreed upon such fixed price per bushel, according to grade or quality or place of delivery, as may be determined by the board with the approval of the governor in council; and to issue to such producers when such wheat is purchased certificates indicating the number of bushels purchased, the grade, quality and the price, which certificate shall entitle producers named therein to share in the equitable distribution of the surplus, if any, of the operations of the board during the crop year, it being the true intent and meaning of this section that each producer shall receive for the same grade and quality of wheat the same price on the Fort William basis. Such certificate shall not be transferable—

Order in council P.C. 2202 was passed on the 28th day of August, 1936, a copy of which I hold in my hand. It is certified to be a true copy of a minute of a meeting of the committee of the privy council, approved by the deputy of His Excellency the Governor General on the 28th day of August, 1936. The order in council reads:

The committee of the privy council have had before them a report, dated August 27th, 1936 from the acting Minister of Trade and Commerce, stating that under clause A of section 8 of the Canadian Wheat Board Act, 1935, provision is made that it shall be the duty of the Canadian Wheat Board, established under the said act, to fix the price to be paid to the producer of wheat delivered to the board as by the said act provided, subject to the approval of the governor general in council;

That the Canadian Wheat Board established under the said act, has fixed a price of eighty-seven and one-half (87½) cents per bushel for wheat graded as No. 1 Northern at Fort William, as a basic price for wheat for the 1936-1937 crop year, effective from August 1, 1936, delivered to the board as provided by the said act, the price of other grades of wheat to be fixed by the board on the basis of the price for No. 1 Northern wheat delivered at Fort William as aforesaid:

The final paragraph reads:

The minister, therefore, recommends that the recommendation of the Canadian Wheat Board be not approved unconditionally but that approval be given only in the event of the closing market price for wheat dropping below ninety cents per bushel for wheat graded as No. 1 Northern at Fort William, in which event the price of 87½ cents per bushel as recommended by the board shall be approved, and this order in council be regarded as approving the same.

That order in council meant the repeal of the act. There is no conditional clause in the act; it contains nothing that states that the price of wheat must drop to a given level before the board shall set a fixed price. That order in council meant the sacrifice of the western producer to the open grain trade, and brought about a loss of several millions of

dollars to the farmers on the 1936 crop alone. It also took away from the producer the second choice of a buyer, which is important.

It is not necessary for me to take up the time of the house to-day in reviewing this question at length. Already this session much has been said in this regard. The other day in his speech on the budget the hon. member for Rosetown-Biggar (Mr. Coldwell) set out very clearly the result, as far as western Canada is concerned, of the passing of this order in council. I had something to say myself as well, and the situation created in the west by this action on the part of the government has been made quite clear. The language used by the Minister of Agriculture (Mr. Gardiner) in his reply on that occasion would indicate that he intends to stand by this order in council. Therefore, without taking further time, I desire to move the following amendment, seconded by the hon. member for Brandon (Mr. Beaubier):

That all the words after "that" in the said motion be omitted and the following substituted therefor:

"this house regrets that the government rendered the Canadian Wheat Board Act, 1935, inoperative in its application to the 1936 wheat crop."

I should like to know if hon. members opposite from western Canada, the hon. member for Saskatchewan (Mr. Young), the hon. member for Moose Jaw (Mr. Ross), the hon. member for Melfort (Mr. McLean), the hon. member for North Battleford (Mr. McIntosh), and others, approve of the action taken by this government in making the 1935 act inoperative last year. If they do, and if this house defeats this amendment, the farmers will know what to expect in the fall of 1937.

I am not going to argue the point further, except to give one more quotation. I think hon. members should be made acquainted with what happened on July 1, 1935, when the act was finally drafted and prepared for submission to this house. The last move made by the Liberal members of that committee was a motion proposed by Mr. Ralston and seconded by Mr. Stewart, as follows:

The operations of the board shall not extend beyond the fifteenth day of August, 1936, except for the purpose of sale and realization of assets, collections, payments and generally for the winding up of the affairs and business of the board, unless on or before the first day of July, 1936, the operation of this act be extended by order of the governor in council for one year from the date first mentioned in this section, in which event such operations with the exceptions above mentioned shall terminate on August 15, 1937, unless further extended by parliament.

Parliament is preparing Mr. Speaker, for prorogation in the near future. We should know where hon. members stand with respect to this important public question, and I say that without further argument of the point parliament to-day should declare itself.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the silence of the government with respect to this matter is, I suppose, purely for tactical purposes; therefore I shall proceed to make my observations.

Mr. LAPOINTE (Quebec East): The matter has already been discussed three times.

Mr. BENNETT: I rise to discuss the matter not as it affects the merits of the marketing of wheat. For the purpose of what I have to say I am not concerned whether or not the best that could be done has been done by those charged with the responsibility. I rise to deal with the matter purely as a constitutional issue, and one of far-reaching consequences, involving the usurpation of the powers of parliament by the executive—nothing short of that—and this is the most serious instance of it I know of, so far as I have been able to read the records of parliament.

In 1935 parliament passed a statute known as chapter 53, the Canadian Wheat Board Act, 1935. That act was the outcome of a report made by a committee comprising representatives from all sections of the House of Commons. In the end the act as submitted to parliament was as unanimously reported from the committee, of which I happened to be chairman. The act embodied the suggestions made by the various members of the committee, with respect to which little or no evidence was taken. I am not concerned with what transpired before that committee, nor at this time am I interested in how or why its conclusions were arrived at. For my purpose it is sufficient to indicate that in the exercise of its powers parliament saw fit to adopt the report in the form of a statute, which is now known as the Canadian Wheat Board Act of 1935.

There was discussion in the house upon the motion for the third reading of the bill; there was wider discussion as it was considered section by section in committee. In particular I direct attention to two or three sections of the bill. Section 7 of the act as it now stands provided for a wheat board, which was to be set up under the provisions of the statute for the purpose of buying, selling and disposing of the crop of 1935-36, or subsequent crops, and the large accumulated bushelage in the hands of the Canadian producers' association at the head of the lakes and elsewhere, and that section charged the board thus set up with various responsibilities.

Section 4 made the board a body corporate, with powers to sue and be sued, but section 7 is the one to which I desire to direct careful attention. The board was to undertake:

—the marketing of wheat in interprovincial and export trade and for such purposes shall have all the powers of a corporation and without limitation upon such powers the following:

(a) to receive and take delivery of wheat for marketing as offered by the producers thereof;

(b) to buy and sell wheat: Provided that no wheat shall be purchased by the board except from the producers thereof;

(c) to store and transport wheat.

That and succeeding subsections dealt with conditions which might or might not arise, depending on whether or not to make the act effective it would be necessary to take over the elevators of the country. But before the board could function, obviously it was important that it should have some regulation of price. And so in section 8 of the act we find:

8. It shall be the duty of the board:

(a) to fix a price to be paid to the producers for wheat delivered to the board as by this act provided, subject to the approval of the governor in council;

(b) to sell and dispose of from time to time all wheat which the board may acquire, for such price as it may consider reasonable, with the object of promoting the sale and use of Canadian wheat in world markets.

Those were provisions which dealt with (a) the acquisition of wheat, (b) the disposition of it; and (c) at the price fixed by the board and approved by the governor in council. Those were the conditions first suggested. But owing to the difficulty which, as was at once realized by all, must be experienced in fixing a price, the government and the members of the committee all agreed that it would be desirable to make provision whereby the farmers or producers of wheat might share in any subsequent increased price which might arise after the price was fixed through conditions which could not be foreseen. If Mr. McFarland was right in the belief that wheat would increase in price, obviously the farmer should share in it. If others were right in the belief that wheat would not increase in price, but might even diminish in price, obviously the country would have to pay because the price had thus been fixed and the producer would have benefited by reason of the fixed price.

In this connection, however, attention must be directed to paragraph (e) of section 7. This is what the board was directed to pay:

(e) to pay to producers delivering wheat at the time of delivery or at any time thereafter as may be agreed upon such fixed price per bushel, according to grade or quality or place of delivery, as may be determined by the board with the approval of the governor in council; and to issue to such producers when such wheat is purchased certificates indicating the number of bushels purchased, the grade, quality and the price, which certificates shall entitle producers named therein to share in the equitable distribution of the surplus, if any, of the operations of the board during the crop year, it being the true intent and meaning of this section that each producer shall receive for the same grade and quality of wheat the same price on the Fort William basis. Such certificate shall not be transferable, and a statement to that effect shall be printed on the face thereof.

The sections which I have read indicate clearly the principles embodied in the measure adopted by parliament which became chapter 53 of the statutes of Canada for 1935.

When the bill was finally before parliament on July 4, 1935, we spent much time discussing it in detail. True, it was suggested in committee that a provision should be inserted in the bill whereby the measure would lapse on a given date, and that its life might be extended beyond that date by the governor in council. That suggestion came from representatives in the committee of hon. members opposite. I took the view that it was not desirable that legislation of this kind should ever have its life determined by order in council, and at that time we successfully contended in the house that the measure should continue in force until rescinded or repealed by parliament.

Bear in mind the importance of that provision. Conditions were changing from day to day and month to month; what might be an emergency to-day might not be an emergency to-morrow, or new emergent conditions might arise. So we provided that chapter 53 should remain upon the statute books of Canada until such time as it was repealed by parliament. Parliament has not repealed that statute; it has not been repealed to this day. Of course, that principle is embodied in all legislation, namely, the right of parliament to repeal it unless the life of the measure is determined by the measure itself or by other legislation. Therefore, this legislation was of the type or character that continues in full force, validity, and effect until such time as it is repealed by appropriate action of this parliament. In order that there may be no doubt as to what was the real intention of parliament, I should like to quote from pages 4270 and 4271 of Hansard of 1935. At that time I clearly indicated what were the purposes of the measure. After stating that there were two principles involved, I said:

The first was the price to the producer to be fixed by the board with the approval of the governor in council. In other words, the government of the day must approve of the action taken by the board, ascertain the factors that

determine the action they take and arrive at a conclusion. It will be a very difficult conclusion to arrive at and one fraught with grave responsibilities and great implications, but it must be done. The argument with respect to the Argentine was developed during the progress of the examination of witnesses who spoke so highly of the system in use in that country. I thought that if they thought so highly of that system I would put questions to them as to why the same thing should not be done in Canada. The Argentine has a fixed price and anyone can buy wheat above that price. If a producer in a far distant locality is unable to sell his wheat he can sell it to the board at the fixed price and the board then makes provision for its export to the markets of the world.

That was the condition in the Argentine. Mr. Ralston, who was a member of the committee, asked many questions with respect to the system prevailing in the Argentine where a fixed price was provided and the wheat marketed under conditions which ensured that those who lived in far distant localities would receive the fixed price for their commodity if they so desired. But there was nothing that precluded the paying of a higher price if such a price was thought desirable by those who desired to purchase. I then proceeded to the second principle, as reported on page 4271:

There is a second principle in this bill with respect to the producer. It was decided that he should share in any surplus which might arise because of the operations of the board. Objections were made to the initial payment and it was pointed out that certain difficulties had arisen in the past and it was undesirable that a fixed price should be paid. That fixed price does not determine the ultimate price which the producer will receive as he is to share in any surplus which might result from the operations of the board. In connection with the producer there are two principles, the fixed price and the sharing in any ultimate profits which might be made. Through this equitable distribution every man will receive for a bushel of wheat the same price on a Fort William basis if he delivered it to the board.

I believe that those statements concisely and accurately indicated the principles that underlay this measure. There was to be a share in any ultimate profit and a certainty that the fixed price would be received by the producer in any event.

I shall not here refer to what transpired last session with respect to the taking over of a portion of the wheat of the Canadian producers, for that is not important from this standpoint as it has nothing to do with the constitutional issue here involved.

Now we find that action has been taken by the government of the day. Here is what was done by order in council, and if I raise my voice in protest against the executive thus repealing an act of parliament, I am doing it for no other purpose than to point out the danger of it. I should have liked to repeat, although I am not going to take the time, the language which has been used in this house from time to time with respect to an executive that arrogates to itself the exercise of powers that are vested in parliament. Let us look at this order in council. It is headed:

P.C. 2202

Certified to be a true copy of a minute of a meeting of the committee of the privy council approved by the deputy of His Excellency the Governor General on the 28th August, 1936.

The words that follow are words the like of which I do not think we have had in this parliament since confederation. These words in effect repeal the statute setting up the Canadian wheat board. It reads:

The committee of the privy council have had before them a report, dated August 27th, 1936 from the Acting Minister of Trade and Commerce, stating that under clause A of section 8 of the Canadian Wheat Board Act, 1935, provision is made that it shall be the duty of the Canadian Wheat Board, established under the said act, to fix the price to be paid to the producer of wheat delivered to the board as by the said act provided, subject to the approval of the governor general in council;

That the Canadian Wheat Board, established under the said act, has fixed a price of eighty-seven and one-half cents (87½) per bushel for wheat graded as No. 1 northern at Fort William, as a basic price for wheat for the 1936-1937 crop year, effective from August 1, 1936, delivered to the board as provided by the said act, the price of other grades of wheat to be fixed by the board on the basis of the price for No. 1 northern wheat delivered at Fort William as aforesaid:

Then follows this illuminating paragraph:

That the Honourable William Ferdinand Alphonse Turgeon, of Regina, Saskatchewan, a judge of the court of appeal of Saskatchewan, was appointed a commissioner under part 1 of the Inquiries Act, being chapter 99 of the Revised Statutes of Canada, 1927, to inquire into and to report upon the subject of the production, buying, selling, holding, storing, transporting and exporting of Canadian grains and grain products, and other questions incident to such matters, and in particular, but without restricting the generality of the foregoing terms, to inquire into and report upon:

The methods now or heretofore employed in marketing Canadian grains abroad, including government grain boards, cooperative or pool marketing, price stabilization measures and the open market or competitive method; and the effect of those various methods upon markets;

The measures which should be taken to retain and to extend the marketing throughout the world of Canadian wheat and other grains and their products.

Just why that is inserted I cannot make out, because up to the present there has been little or no investigation, the commissioner being otherwise engaged and no other commissioner having been appointed. Now follows

a paragraph of the order in council to which I ask my hon. friend the Minister of Justice (Mr. Lapointe) patiently to listen:

> The minister, therefore, recommends that the recommendation of the Canadian Wheat Board be not approved unconditionally but that approval be given only in the event of the closing market price for wheat dropping below ninety cents per bushel for wheat graded as No. 1 northern at Fort William in which event a price of 87½ cents per bushel as recommended by the board shall be approved, and this order in council be regarded as approving the same.
>
> The committee concur in the foregoing recommendation and submit the same for approval.
>
> E. J. Lemaire,
> Clerk of the Privy Council.

I have read the language of the subsection, and here in the order in council I find the executive of the government of Canada recommending that the recommendation of the Canadan Wheat Board be not approved unconditionally. There is no power for not approving conditionally or unconditionally, because if they do not approve they do not exercise the power. The power is to be exercised only in the event of approval. That is what the section says. You cannot give power by the mere exercise of it by the executive; there must be some foundation for the exercise of the power. In this instance the order in council states that they recommend it be not approved unconditionally. Let us assume for the sake of argument what I think is wholly erroneous, that you could have a conditional approval. But that is not what this is. This recommends that it be not approved unconditionally. It says that if wheat drops to ninety cents or lower it may be taken that that is an approval of 87½ cents. It is hardly necessary to say that the effect of that was to render the statute inoperative and no longer capable of being administered.

The second principle which I pointed out, namely the right of the producer to carry his load of wheat to the elevator and sell it to the wheat board and get for it 87½ cents, with a participation certificate, was gone—gone by executive action, destroyed by an order in council.

Mr. THORSON: Was it not rather gone by the rising price of wheat?

Mr. BENNETT: My hon. friend is too good a lawyer to argue for a single moment that a constitutional question depends for its solution upon the price of wheat; of that I am sure. Whether or not the farmer could exercise that right is the issue to which I am directing attention, and this order in council makes it impossible for him to do it as provided for by the statute.

And what have we? The farmers of this country were told when the wheat act was unanimously adopted in 1935 that they were to have an opportunity to share in the rising market which we believed was coming—whether rightly or wrongly is of no importance in this discussion. The question at issue is whether or not the executive of the country can by order in council destroy the operation of a statute that was passed by this parliament, there being no provision to that end in the statute itself.

We now find, from statements made by those who are familiar with the matter, that no producers have been selling any wheat to the board. The producer is deprived of that market; he has lost it because of this order in council. Rising price might indeed be a factor with respect to the situation. The farmer surely had the right to say, if the price went to a dollar: "I will wait and see whether or not I will share in the rise to the level of $1.30," as it is at present. That right was given to him; that right has been taken from him by executive action. It was his right to bring in a thousand bushels and say "I will take $1.10," or "I will take $1.15," and to get his participation certificate and await the ultimate distribution; but he is deprived of that right by the terms of the order in council.

I am glad the hon. member for Selkirk (Mr. Thorson) mentioned the matter of price, because I am trying to point out that this act contemplated the possibility of the farmer selling his wheat to the board at a low price or a high price—it mattered not. The price fixed was 87½ cents, and seeing wheat going to a dollar or $1.10, it was the farmer's right to say "I will take my 87½ cents, awaiting the rise in the market to share in that rise." But as matters are now he took his price, and he cannot and could not share in any increase that has occurred by reason of the conditions that exist.

It is to that, Mr. Speaker, that I direct attention. I repeat that I am not at the moment concerned about the question of marketing, about the merits or demerits of respective systems, or about the merits or demerits of those who managed or controlled the system. What I am concerned about is a statute passed by the unanimous consent of this parliament, which provided that any producer might take his chance with his second buyer instead of the grain trade, might take his chance with his participation certificate to share in the increased price of wheat, if there was an increase—as to which he himself must determine.

The board stated that they would buy all the wheat that was offered at 87½ cents. The government said: "No, we recommend that that recommendation be not approved unconditionally," and the conditions imposed made the position such that the board did not buy a single bushel of wheat and the farmer had no chance to avail himself of that second market. Had he done so, he might or he might not have shared in the increased price; that is not the point I am now discussing. What I am discussing is the usurpation of power by the executive, the arrogating to the governor in council of a power which belonged only to this parliament, and about which in days gone by, when there was a distinct delegation of powers to the governor in council to take such action, my friends used to talk so vigorously. Hour after hour they used to declaim against the exercise of this power by an executive which was authorized to exercise it because the power had been delegated to it by parliament under the relief act. Now, without delegation, without authority, without a semblance of authorization, they see fit to exercise through their function as governor in council the power entrusted under the constitution to this parliament—parliament having made no provision for the governor in council to exercise such power in any way. Against that unconstitutional use of power I am now protesting—against that violation of the terms of the statute itself, which not only had the effect of making it inoperative so far as the producers of wheat were concerned, but more, set at naught this parliament, treated us as being without authority, and usurped the exercise of a power which under our constitution rests only with parliament—the authority not only of the commons and the senate but of the crown itself. The real issue is whether hon. members are prepared to stand in their places and say that they approve of the executive making a statute inoperative when there is no power or authority so to do.

Mr. J. G. ROSS (Moose Jaw): Mr. Speaker, I have just listened to the leader of the opposition (Mr. Bennett), and I do not blame him at all for taking the position he has taken. Anyone whose record with regard to wheat in this country resembles that of the right hon. gentleman had better find refuge in a legal technicality of some kind, if there is any; that at least is true in western Canada, which is greatly interested in this question. The hon. member for Qu'Appelle (Mr. Perley) raised this question, I am sure, not merely to precipitate a legal discussion about it, but to attempt to prejudice the minds of some of the farmers in the west with regard to the policy of this government in the handling of wheat during the past year.

Mr. PERLEY (Qu'Appelle): They are already prejudiced.

Mr. ROSS (Moose Jaw): With regard to the wheat question we have heard a good deal in this house, and it was discussed in committee last year, but I do not think the whole subject has yet been covered. The other day, on the budget debate, the hon. member for Rosetown-Biggar (Mr. Coldwell) mentioned the stand taken by some hon. members while in western Canada. My hon. friend from Qu'Appelle wishes to know—and he mentioned my own name—where we stand on this question. That, of course, is the reason for his amendment. This question is not going to be debated simply on a legal technicality raised by the leader of the opposition but on a wider ground. In the first place we had better go back and find out what was said by the members of this party, or by some of them at any rate, in western Canada at the time this matter was discussed with the electors, and when they put us here on the basis of what we discussed with them. Perhaps I had better give my own idea as I expressed it then. Let me tell the house what I had to say and what I am willing to stand by inside or outside the house at any time. I claim that a large part of the trouble in connection with wheat in Canada was brought about by the refusal of my right hon. friend and his party, while they were in power, to trade with other peoples of the world. Their policy backed up wheat in the dominion until as a government they had to take action in regard to it. They even went so far as to negotiate with other nations in the restriction of world acreage, curtailing the production of wheat. On the platform in western Canada I told the people that if any such action were ever taken by a government in Canada it would mean that the equity of the people of western Canada would be gone, and I still stand by that.

One of the troubles during the regime of my right hon. friend was the fact that exchange rates between Canada and other parts of the world became so wide that these exchange rates alone decreased the price of wheat in Canada by fifty per cent or more. My right hon friend tried devious methods while he headed the government—

Mr BENNETT: The word "devious," I am afraid, the hon. member must withdraw.

Mr. ROSS (Moose Jaw): Well, various or different methods. He tried different methods in order to help out the situation which he himself had largely created. He tried, for instance, a bonus to the wheat grower of western Canada, and the effect of that bonus of five cents a bushel was this, that the more wheat the farmers grew the less bonus they needed, the more bonus they got the less money they needed, and the more money they needed the less bonus they got. In other words, the principle was: Give to those that have and give nothing to those that need.

In the election campaign, speaking as a Liberal in western Canada, I stated that if we were returned to power we would endeavour as rapidly as possible to open up trade routes in order that wheat might again be sold as it had been during the past Liberal regime. We were asked at that time whether the Liberal party would continue the wheat board and we said that of necessity we should have to continue the board until such time as the wheat held by that board was sold and business got back to more normal proportions in Canada and the farmer could get a reasonable price for his wheat. We said then that the policy of the Liberal party would be to sell wheat, not to hold it back; that it would be to sell it and if necessary take a loss upon the wheat that was held by the board at that time, but that the supluses must be got out of the way because they were largely responsible for the lower prices that we were receiving at that time. We also said on that occasion that we would endeavour to advertise and merchandise the products of the farmer in Canada and that we would endeavour in every way to increase the use of Canadian wheat in the world.

Last session when some of the estimates were under consideration I mentioned something in regard to the advertising and merchandising of farm products. Unfortunately for those engaged in agriculture, it is perhaps the one industry that is from twenty to twenty-five years behind the times in the sale of its products. For every other industry in the last twenty-five years has gone a long way towards advertising and merchandising the things which it produces. In agriculture we have endeavoured to produce better products but we have done little in the way of advertising to place those products to advantage before the different peoples of the world. In the election campaign we said that we would endeavour to merchandise and advertise our products and at the same time try to increase the use of Canadian wheat. The new board that was appointed by this government, as one of its first acts, sent a man to Great Britain to try to get the millers there to use a greater amount of Canadian wheat in their mix for flour, and they have been extremely successful in having that done. We were told at the last session, when the wheat board started to sell wheat, that it was a fire sale, that our wheat was practically being given away. We maintained at that time that if that surplus of wheat were sold prices would rise and the grain farmer would be again in a position to make a living, to secure a profit out of the production of wheat. Prices have risen; they seem to be rising all the time.

In regard to the statements made by myself, for one, in western Canada, after the action of the government last fall or summer, I was in Ottawa when the announcement was made of its policy. When I arrived in western Canada, mass meetings were being called by certain people, as former speakers have said, for the purpose of criticizing the action of the government. I was asked to speak at one or two of these meetings, and I agreed to do so. I stated that we had quite a problem in the drought area of western Canada, and that first of all we had to look after those who for several years had been badly hit, to see that they got through, that they got a proper amount for relief, for seed and for feed, before we asked the dominion government to go further in expending money on the people who had a considerable amount of wheat to sell. Besides, I said that a price such as they were asking the government to fix for wheat would be entirely unfair to those who had produced little or no wheat. At that time wheat was about 94 or 95 cents a bushel, which was the lowest it went during the season. The thought then was that because the government had taken this action wheat would immediately drop below 90 cents; that was the story told throughout the west at that time. They were asking the government to set the price at $1.12 to $1.15 per bushel Fort William as a minimum. In other words a man in the northern end of my constituency who had thirty bushels of wheat to the acre would be given $6 per acre over the market price, while a man in the southern end who had little or no wheat, perhaps one or two bushels to the acre, would be given 40 cents per acre. Surely that was an unfair proposition. I set that out to the farmers of that country, and I said: "You are asking that a board be continued indefinitely in Canada—what for? First of all you had a cooperative elevator company, which you formed not for the purpose of having a cooperative elevator company but to

try to get a better price for your wheat. You then had a board, during and just after the war, and although you may think that that board got you a better price for your wheat, it did not; on the contrary it held the price of your wheat down. Farmers in western Canada during and after the war would have had a higher price for their wheat if it had not been for the wheat board of that time. Wheat sold at as high as $4 a bushel on the Liverpool market just after the war, during the term of the former wheat board. After that you formed a wheat pool, not for the purpose of having a wheat pool but for the purpose of getting more per bushel for the wheat."

Then my right hon. friend and his party came into power, and they were willing to do almost anything to get a better price for wheat. Stabilization operations were undertaken, in an attempt to get a better price, but they were not successful. Finally the new wheat board was formed, and as a result of its action a better price was realized for the farmers, and has been ever since. I said to the farmers at those meetings that as a farmer and as a representative in the House of Commons I did not think, nor do I think now, that they have a right to a minimum set price for wheat. There was a reason for it when the government had gone into the grain business and mixed the business of the farmer all up so that he could not get a reasonable price. But the wheat farmer in the west—and I said this to the wheat farmers, as I am saying it here—has no more right to a minimum fixed price than the farmer who grows oats, barley, rye or flax, or than has the man in this part of the country who produces butter, cheese, cattle or hogs, or the man in the maritimes who produces fish or lumber. And by the same token those engaged in the manufacturing industries have no right to a bonus from this government. The other day I spoke against a subvention on coal. Why? Because it is identically the same in principle as a subvention on wheat. After all, Mr. Speaker, we cannot put every industry in this country on the dole. One of Canada's troubles is that for years we have had too many industries on the dole. In this highly industrialized area of central Canada the government have not given to the manufacturer so much per article produced, as they might have given the farmer so much per bushel on wheat, but they have given the manufacturer the right, by indirect methods, to tax the people of this country through higher prices for the things they have to buy. The greatest amount of relief, the greatest dole that has ever been paid in all Canada, has been paid to central Canada through the tariff taxation imposed for its benefit by the government of this country. We in western Canada do not want any dole; we never did want any—

Mr. SPENCE: You are taking a lot of it.

Mr. ROSS (Moose Jaw): No, we are not. There was a national emergency in western Canada as bad as or worse than the floods in the United States, and it continued without interruption for five or six years. Money was spent to keep those people in that part of the country until they could get back on their feet and produce again the millions of dollars that in the past have flowed to your industries in this part of Canada. Those people never were on relief; they were working just as hard throughout the dry period as they had been before, in many cases, harder. This government did the proper thing all the way through in endeavouring to hold those people there to produce not only for their own benefit but for the benefit of the rest of Canada as well. When my hon. friends mention the amount of money expended on the national emergency in western Canada they had better stop and check up the continual drain on the treasury for the many services that are rendered to the people of Canada as a whole, and they will find that in comparison with the rest of this country western Canada gets a very small proportion of what is drained out of the treasury. One of these days, if necessary, I am going to endeavour to obtain those figures and place them on Hansard so that everyone may know exactly what is the drain on this country, not to the prairie provinces or the maritime provinces but to the little old provinces of Ontario and Quebec, which are supposed to be so self-sustaining. Those are the provinces that have been criticizing the expenditures made in western Canada. They had better check up and find out what they receive from this dominion before they criticize us unduly.

The stand I took in western Canada and the stand I will always take, is that the farmer of western Canada has no right to a set minimum price that has to be paid by the government by way of subsidy, but that we should endeavour in every way—and the hon. member for Qu'Appelle should help—to see that some of the rest of the people of Canada get off the backs of the wheat growers of western Canada and give them a chance to live.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, I did not expect to find it necessary during this session to rise again to speak on the question of wheat, and it is not my intention to traverse the ground that has been covered in previous debates. But the right hon. leader of the opposition (Mr. Bennett) and the hon. member for Qu'Appelle (Mr. Perley) are justified in expecting some member of the government to make a statement with regard to the government's position in respect to the act that is under discussion at the present time. I say they are justified in expecting that, because of the statements that have been made in western Canada, by the hon. member for Qu'Appelle at least and I think by some other hon. members, with regard to the results of the action taken by the government in relation to the wheat board act of 1935.

The amendment that has been moved to the motion to go into committee of ways and means expresses the position of hon. gentlemen opposite in a few words:

> This house regrets that the government rendered the Canadian Wheat Board Act, 1935, inoperative in its application to the 1936 wheat crop.

The whole contention is contained in those words, "inoperative in its application to the 1936 wheat crop." In order to determine whether or not the government has acted contrary to the intention of the house in 1935 I should like to direct attention to what happened in that year. In 1935 the government, which was then under the leadership of the present right hon. leader of the opposition, brought into this house a bill which, if I remember rightly, provided for an initial payment, not a set price but an initial payment on the wheat of the farmers. In the second place I think it provided for compulsory delivery to a wheat board. That is, we were to have compulsory delivery of the farmers' wheat and an initial payment to be made on the wheat, with interim payments as the season progressed and a final payment at the end of the crop year. In other words the bill provided for a compulsory wheat board under the control of the federal government.

During the discussion in this house certain changes were made. I have never known a government, Liberal, Conservative or of any other political stripe, in any parliament anywhere, with a majority such as that possessed by the last government, to bring in a bill based upon such well-defined principles as I have just set out, which, merely on the word of the opposition, finally agreed to the adoption of a bill based upon principles entirely different. There is no doubt that this was the result. The wheat board act of 1935 did not provide for an initial payment in the sense provided for in the bill originally introduced in the house. It provided for what was intended to be a reasonable payment for the crop of that year, and, further, that if any losses were sustained as a result of that payment such losses were to be borne by the government of Canada. It provided at the same time that if any profits were made over and above that set price, those profits were to go to the farmers who produced the wheat.

If we examine the discussions that took place in 1935 we find that the reason for this change was twofold. In the first place there was decided opposition in this house, on both sides, to the compulsory principle contained in the original bill, that is, the compelling of all those who produced wheat to deliver that wheat to the board. Then there was also objection, particularly on the part of the then opposition in the house, to putting those who produced wheat in 1935 and succeeding years in a position where the enormous carry-over that had been piled up in the previous three or four years would have an effect on the marketing of subsequent crops. For that reason it was maintained that the price that would be possible under the board to be set up ought to be a price that would be considered reasonable for the crop then being produced. In other words, if selling the surplus that had been piled up in previous years resulted in driving the price below that set price, the government would assume the responsibility of paying the difference between the price obtained and the price the government undertook to pay the farmer during that particular year. In taking that position, however, every member of the house, at least every member on the Liberal side if not on other sides, presumed, and made the statement in so many words, that the board would go out and sell the surplus of wheat that had accumulated to the best possible advantage in the circumstances that existed.

With those ideas in mind an act was placed upon the statute books in 1935 known as The Canadian Wheat Board Act, being chapter 53 of the statutes of that year. In this amendment it is contended that the action of the government made the intention of that act inoperative so far as the crop of 1936 was concerned. Let us look at the sections of the 1935 act that have been mentioned by those who sponsor this amendment. In the first place let us look at section 7. In the previous sections provision is made for the setting up

of a board of three members, to be appointed by the governor in council. After appointment it is to begin to function. Under section 7 of the act we find:

> The board shall undertake the marketing of wheat in interprovincial and export trade and for such purposes shall have all the powers of a corporation and without limitation upon such powers the following:
> (a) to receive and take delivery of wheat for marketing as offered by the producers thereof.

I am sure the leader of the opposition is too good a lawyer to argue that any corporation in Canada, because it has the power to buy something, is therefore compelled to buy it. Section 7 provides that the board shall have all the powers of a corporation, and without limitation upon such powers the following: "to receive and take delivery of wheat for marketing as offered by the producers thereof." There is nothing in the act which compels them to take delivery of it. If there were anything in the act compelling them to take delivery of the wheat, it would not be just either to the producers or to the federal government. They have the power to take it, but they are not compelled to do so.

I might just as well argue that because under section 8 the board has the right to sell wheat and continuously through established channels to offer wheat for sale in the markets of the world, therefore the board had to sell wheat every day it was in existence, and must continue to do so. Hon. members know that the intent of the measure, namely to get rid of the surplus which had piled up for years and to put the farmers who were producing new crops in a position where the old wheat could not affect the price for the new crop, could not have been carried out if the position my right hon. friend takes were sound, namely that the wheat board, in all or any circumstances which might exist, at some price which might happen to be set either by themselves alone or by them and the government combined, had to take delivery of the wheat. It would be just as logical to argue that because of another section, at all times they had to have wheat in the market for sale at whatever price happened to prevail.

What did the wheat board do in carrying out the terms of the act? In the first place, on July 29, 1936, the board presented its opinion to the government and, as a matter of fact, set the price of wheat at 87½ cents. The producers of Canada delivered wheat under that set price from July 29 down to August 27. On August 27 the opinions of people who produced wheat were very obvious. Thirty-eight million bushels of wheat had been delivered, but only 600,000 bushels had been delivered to the board. The opinion of the people in western Canada was that if the price was to be set at 87½ cents, then so long as the price was above that figure the overwhelming majority of them did not want to and did not intend to deliver to the board. They intended to deliver some other way.

The argument is offered that because the act says it shall be the duty of the board to "fix the price to be paid to the producers for wheat delivered to the board as by this act provided, subject to the approval of the governor in council," therefore the governor in council had no right to disapprove. What is the use of a term such as that in a measure, if the government has no right to disapprove?

Mr. BENNETT: I did not say that.

Mr. GARDINER: The words used were "not approved unconditionally;" those were the words to which the objection was taken. The statement was made that the government had no right to disapprove of a price which had been set by the board, or to say that they did not approve of it unconditionally. Well, the statute definitely says that there really is no set price in existence until the government does approve of that particular price.

My right hon. friend would argue that when the government said—if the government did say, and they did not—that the price of 87½ cents was too high, then the board had the right to go back and set another price of, say, 75 cents, and bring that to the government. If the government said that was too high, then they had the right to go back to 50 cents—and so on, probably down to one cent per bushel. In other words, Mr. Speaker, we reduce the argument to an absurdity; we attempt to do indirectly under this measure what was intended should have been done under the bill which was thrown out of the house in 1935. Or, there is an attempt to set under this bill a price sufficiently low that there would not be any chance in the world of the government taking a loss on it—in other words, paying an initial price instead of paying what was conceived to be a reasonable price for wheat in that year, and then, starting with that initial price, realizing as a result of having done so that the farmer would not deliver a single bushel of grain to the board.

If that is what my right hon. friend is arguing for; if he is arguing that the government of Canada should have tried to fool the producers in western Canada into believing that they were actually setting a price for wheat, and at the same time were

putting them in a position where no wheat would be offered to the board, then I want to say to him that we have not a government in Canada to-day that is playing that kind of politics. Already in Canada there has been too much politics played in connection with wheat. If there is anything that will defeat a wheat board, certainly it is the extent to which wheat has been played with by governments in Canada at a time when they have been pretending to handle wheat in the interests of the producers. Wheat cannot successfully be handled in that way. It can be handled only on principles based upon sound business practice. Hon. members know how difficult it is for any government to handle a product as important as wheat without admitting political consideration in the handling of it.

Down to the time the present government took office, considerable politics had crept into the matter. As a member of the government from western Canada, where most of the wheat is produced, I for one do not intend to hide behind any decision of any government which would lead the farmers in the west to believe that we were setting a price for wheat which we thought would be a reasonable one, and then say to them at a later time, "Well, you did not deliver it." I could read the observations of no less an authority than the leader of the opposition himself to indicate what that kind of thing might mean to the people of Canada. Possibly I could state the position briefly; I believe he would agree with my statement. I hold in my hand a newspaper report of July 18, 1936, in which it is stated that the right hon. gentleman gave expression to the view that a fairly high price might be set for wheat in 1936. In making the statement he said that to set a price which was comparatively low would probably result in the price of wheat tending towards that particular price. I think he was right in that statement. I would say that for the government of Canada to come out on August 27, 1936, and say that the absolute set price for wheat was 87½ cents a bushel, would have tended to lower rather than to raise the price to the farmers in western Canada. If you are going to proceed in the opposite direction and put yourself in a position where you are absolutely certain you are above the market and above where the market is likely to be, every year the board is in existence you are asking the whole dominion to assume a position where, irrespective of what happens, it is going to take a loss. I might illustrate that by repeating one of the figures I gave to this house the other day. The average price received for wheat down to February 27, the last date for which I had figures when I was speaking, was $1.13 per bushel for this crop. Many of the resolutions which came in suggested that we should set the price at $1.15 per bushel. If that had been done, down to February 27 this government would have taken a loss of two cents per bushel on the price at Fort William, leaving out of consideration altogether the charges there would be against the operations of a board of that kind.

Without committing myself or the government or anyone else to a particular position in connection with the principle as to whether or not the wheat board should be continued, I want to repeat that if the wheat board is continued in Canada it should not be a board which submits the people of Canada, through the government, to a position of that kind. I would go into a further discussion of that issue in order to indicate the position I would take with respect to it, were it not for the fact that at the present time a commission is taking evidence upon these questions. That commission will finally give a decision and when that decision is brought down we will have some idea as to what those who have given evidence throughout the length and breadth of Canada think about the different policies that have been applied. We shall then be in a position to arrive at a more logical conclusion as to what should be done in connection with the marketing of the crop.

I do not think it is necessary for me to say more to indicate that the board has been operating all through 1936 in accordance with the spirit of the act of 1935. In acting in accordance with the spirit of the act, I think the board has been more nearly in accordance with the terms of the statute than had they followed the policies of any other organization which functioned since this act was passed by the house. The people of western Canada have not been nearly so much concerned about this matter as some of our hon. friends would try to lead this house to believe. I know the people of western Canada fairly well; I have contested eight elections in the province of Saskatchewan and have yet to lose one, and I think I can gauge fairly well the opinion of the public of western Canada.

When I sat in the house in Saskatchewan I saw many resolutions coming in from farmers' organizations and individual farmers throughout the province. They came in in such numbers on one occasion that I had to get a special secretary in order to answer them. Twelve months later I found that the people of the province did not agree with the terms of

those resolutions. They probably agreed when the resolutions were coming in, but with the experience of another twelve months they came to the conclusion that after all those who were acting upon the question were probably right.

It is true that resolutions came into the government immediately after the action was taken in connection with the recommendation of the board. I would have been more than surprised if none had come in. However, I must say that I was agreeably surprised at the small number. I wonder if the house knows how the audiences were obtained for these meetings which were held all over the province? They advertised the Minister of Finance (Mr. Dunning), and they advertised the then Minister of the Interior (Mr. Crerar).

Mr. DUNNING: Without consulting either of us.

Mr. GARDINER: They advertised the Minister of Trade and Commerce (Mr. Euler) and they advertised myself. They advertised the different members whose names have been read to the house. The bills were sent to me afterwards by some of my friends. They had yellow bills three feet long giving the list of speakers and there was not a single individual or organization in the province of Saskatchewan proud enough of those bills to put his or their name upon them. They were just bills which came from nowhere, run off in somebody's printing establishment, asking the people to meet to discuss this question.

I went into a hotel in a town in my old constituency one night at nine o'clock and they told me I was supposed to be in the town of Cupar. I said, "What am I supposed to be there for?" They told me that carloads of people had gone through to that town to hear me speak. I did not know anything about that meeting. It is true that the hon. member for Melville (Mr. Motherwell) spoke, as well as my successor in the local house, but I was not present for the very good reason that I did not know until nine o'clock that night that there was a meeting, and at that time I was down at the other end of what had been my old constituency.

Mr. DUNNING: You had not been asked.

Mr. GARDINER: They selected my political opponent, a man who had contested the election with me in that constituency, and they sent him up to Saskatoon to hear me speak at a meeting when it was known it was not possible for me to be there. Two or three hundred people gathered in Saskatoon as a result of these gatherings to discuss this question. Some have stated that I refused to attend that meeting. They moved the meeting from a church to the hotel so that I might be present after attending another meeting which was being held in the dining-room of the same hotel. I had only a few minutes to catch my train after the first meeting, so they sent a delegation up to my room. Before I left I discussed this question with them. To say that I ran away from them or did not see them is begging the question. I saw them and discussed the whole matter with them. I explained things very much as I have explained them to-day. As was said by the hon. member for Rosetown-Biggar the other day, two or three days later the same message was broadcast by me over the province of Saskatchewan.

Do hon. members know the number of resolutions I have had sent to me from that time to this in connection with the very issue which was up at that time? I could count most of them upon the fingers of my two hands. These men are talking in terms of four or five months ago, some of them in terms of six months ago; they are not talking in terms of how the people of Saskatchewan are thinking to-day. They are talking in terms of what some people thought on the spur of the moment. The farmers of Canada know that every political opponent of this government in western Canada, whether he calls himself a Conservative, a member of the Cooperative Commonwealth Federation or anything else, had been for twelve months previous to August last parading through the province holding up the little pamphlet, which two hon. members held up in this house last session, saying that the Liberals had promised dollar wheat to western Canada. We know what the farmer is saying to-day. He is saying, "I guess after all the Liberals were right." We have had dollar wheat for the first time since the Liberals went out of office. The Liberals did not say they were going to bring back dollar wheat by some magical means; they told the people that if they put them in office they would reestablish the confidence of the markets of the world in the fact that Canadians were going to grow wheat to sell and not to store up. One of the reasons why wheat is selling at such a high figure to-day is that a gentleman went over to Great Britain early last summer and discussed this whole question with the milling interests.

Mr. BENNETT: That is not what the milling papers say.

Mr. GARDINER: I will leave it to the leader of the opposition to speak for the milling interests; I am speaking for the farmers. It is not what the milling interests say and it is not what Mr. Ranke says. Mr. Ranke said at that time that from the point of view of the milling interests of Great Britain it would be a mistake to put more than thirty to forty per cent of Canadian wheat in their mixture. He had a very good reason for saying that. He knew that the Canadian farmer always produces at least enough wheat to put thirty to forty per cent of the Canadian product into the mix of the flour used in Great Britain. He knew that sometimes there is difficulty in scraping up enough Canadian wheat to keep the percentage at any higher level than that; and in the interests of the British milling industry it was better, of course, to maintain the content of Canadian wheat in British flour at a point not greater than forty per cent.

Then men representing the interests of the producer, members of the government; officials of the wheat board and of advertising agencies engaged by the wheat board, went over to Great Britain. When I went to London I ate my usual amount of bread, and it remained such a load upon my stomach that I could not sleep until twelve o'clock at night. I had been used to eating bread in this country, and I made my first meal out of bread when I got to London; but I felt the effects of it for a long time, and I did not eat so much bread afterwards. A week later I went over to France. I ate some bread there, but I had only one meal containing my usual amount of bread in that country. Then I went up to Scotland. I sat down at a table where the flour in the bread was made one hundred per cent of Canadian wheat, and I ate bread just as freely as I had done back in the province of Saskatchewan and felt no ill effects.

Mr. BENNETT: What about oatmeal?

Mr. GARDINER: As a result of the activities in Great Britain of those who are interested in the producers of western Canada, the content of Canadian wheat in British flour rose constantly during July, August and September, and now the British people like Canadian flour in their bread so well that they will not let even Mr. Ranke take our wheat flour out of it, and Mr. Ranke has to come to Canada and pay us premiums as high as twenty-seven and thirty cents per bushel over Argentine prices in order to get our wheat to put into his flour.

Mr. DUNNING: And he is doing it.

Mr. GARDINER: And he is doing it, Mr. Speaker. That is not to the disadvantage of the producer in western Canada. It may be to the disadvantage of the milling industry, although I doubt it. I believe that the milling industry in Great Britain will find in the end that if they increase the percentage of Canadian flour in their bread to seventy per cent, they will sell more; people will eat more bread, perhaps replacing some other foodstuffs, and we in Canada will be back in the position that every Liberal in Canada said at the last election we should be in. We said: "Let us go into the markets of the world and tell them we are willing to trade with them, and are willing to give them a product that is second to none, willing to show them that our bread is at least as good as bread made from the flour of any other country; and having done that we can build up a trade more than equal to the best years we have had in the past."

During the first year we were in office we sold into export trade 254,000,000 million bushels of wheat, and did so without putting the price down materially. It may have gone down a cent or two as a result of selling that quantity, but if it did, it merely proved our contention, that in order to get rid of this enormous carry-over we must have an act on the statute books which in the meantime would make it possible for the government to pay a set price which would save the farmer from loss on the crop of 1935. I admit I had not sufficient confidence in our own policy to believe that we should get rid of the 1935 carry-over in time for the crop of 1936. It is true as has been said we had Providence with us. But I still believed in the saying of Sir Wilfrid Laurier that it is better to have Providence with you than against you, and it is true that, with Providence on our side, we got rid of the wheat more quickly than we thought we would.

Does our friend now tell us that the wheat board of Canada should have sold wheat from the old crop into the markets of the world every day that the farmer in 1936 was marketing his wheat? One might just as well argue that as argue the opposite—that we should have bought wheat every day. The hon. member says the act gave us the power to sell wheat; therefore we should have sold it. But the board chose, under the terms of this act, not to sell wheat during the greater part of August, nor during the whole of September, nor until after the middle of October—only small quantities were sold in October—and not to come back into the market in an effective manner until November of last year. Does the hon. member tell me that I should go back to western Canada and tell the farmer that this board was not operating during that period? The board

was operating to hold wheat off the market and in not buying to prevent the piling up of another enormous surplus in Canada; and by operating in both those ways it was carrying out the intent and purpose of the act of 1935.

I can quite understand that some of the men who discussed the bill at that time did not understand the question. I realize that when I listen to the same people discussing it in western Canada. Many of those who have been criticizing us in the west because of the position we have taken do not live on the farms of western Canada. Those of us who do live on the farms, who have belonged to farmers' organizations ever since such organizations came into existence, who have lived with the farmer and have been of the farm, have some idea what he is thinking; and I am quite sure that the farmer would rather get for his wheat $1.34 a bushel, as he is getting to-day under a Liberal government and in accordance with Liberal policies, than have even some kind of board that meets somebody's desires, as a reason for propaganda; policy conceived of in the minds of certain people and not derived from experience. The farmer prefers $1.34 a bushel to some kind of board that might meet the principles laid down by a group of individuals, but which, from the very nature of it, could not function. What the farmer wants is a fair return for his wheat. To-day he is getting $1.34 per bushel Fort William, for No. 1 wheat. Some hon. member may say; Yes, that is for the wheat that he has yet to sell.

Mr. DUNNING: He is selling a million bushels a week.

Mr. GARDINER: May I tell him that the farmer is still selling a considerable amount of wheat? It is true that he delivered more this year in the early part of the season, but he delivered it in spite of these arguments that my friends are putting up in the house, and which were presented in school houses all over western Canada. Our opponents went out and talked to the farmer as they are talking now. They said: Why don't you hold your wheat? Elevator companies' representatives went around and said: We will give you eighty cents a bushel Fort William, advance on your wheat, and let you hold it in the elevators as long as you like. But the farmer said: No, I am going to sell. Why did he say that? He had had enough of this policy of holding. He had learned by experience, long before some of our friends became interested in him, that the time to sell Canadian wheat is between August and December in the year in which that wheat is produced, and to sell it in quantities. Why? Because the proper time to market Argentine wheat and wheat from Australia is in January and following months, and the farmer is not the kind of gambler that some hon. members try to lead us to believe. He does not believe that he can guess what the crop in the southern hemisphere is going to be next year. He knows from his own sad experience that he cannot even estimate the crop in his own country and he is not going to try to guess about the crops of other countries. Experience has shown him that, taking one year with another, he can obtain the best price for his wheat by getting it threshed fairly early, taking it into market and selling it early; and the only thing that might have prevented his doing that this year would have been for the government and the board to have followed the policy that the mover of this amendment (Mr. Perley) and the leader of the opposition (Mr. Bennett) suggest should have been followed in connection with one clause of the act—have insisted upon the board not only buying wheat all the time but selling wheat all the time too, and if they had sold in that market the price would probably have been kept down. But they did not sell in that market, and to-day the millers are out bidding for our wheat, and I am hopeful that we shall go into the next crop year without any surplus. We will go into it very much as we went into the market in every year previous to the war and during the greater part of the time the war was on. I hope that we shall go into the market without a surplus, but with the crop we grow this year. I am hopeful—I do not know whether it will happen but I hope it will—that we shall go into that crop year with a recommendation from the Turgeon commission which is now studying the question, and that that recommendation will be such that we shall be able to set up in the interests of the producers of wheat in Canada the best system of marketing that Canada has ever had. I am not at the moment anticipating that report and suggesting what that system ought to be; but I am here to say, along with every other member who comes from the western part of Canada—I believe I can include all members of the house—that the Dominion of Canada, through this government, should establish a system of marketing not only wheat but all the farm products of this country in a way that will bring the best returns to Canadian farmers.

Mr. M. J. COLDWELL (Rosetown-Biggar): This debate is, of course, upon a motion which is in effect a motion of want of confidence in the government's policy for the marketing of wheat. I should like to deal very briefly with some of the things that have been said this afternoon. For example, the hon. member for Moose Jaw (Mr. Ross) has stated what in his opinion was the attitude of the Liberal candidates in western Canada in October, 1935. May I point out that the gentleman who to-day leads the government, speaking in Brandon and subsequently in Saskatoon, though in his first address he was I thought more explicit than in the second, claimed that the legislation setting up the wheat board was in reality a Liberal measure, and that the government that was then seeking reelection could not properly take any credit for it. That was interpreted throughout the whole of the wheat-growing area of western Canada as an approval of that legislation. Whether my hon. friend from Moose Jaw took that position or not, I know perfectly well that the candidate in the constituency for which I was elected, and other Liberal candidates in Saskatchewan, did tell the producers of western Canada that the wheat board system of marketing would not be endangered by the return of a Liberal government. That, I believe, all members of this house from western Canada will recollect.

The member for Moose Jaw blamed the trade policies of the former government for the wheat accumulation. I am not going to enter into any defence of those trade policies because in 1930 I stated over and over again that in my opinion steps should be taken by any government elected to open up the channels of trade, and that any steps taken in the opposite direction would have dire results upon our political economy. In fairness, however, I would point out that in 1931 it was the economic committee of the League of Nations at Geneva that brought to the attention of the world this whole matter of accumulating wheat and other cereal surpluses. It will be recalled that in consequence of their report, and because of their insistence that something must be done, a wheat conference was called. The United States attended that conference, and the conference failed largely because of the attitude of the United States, the contention being made by that country that it was legally unable to make any wheat agreement.

The other reasons that were subsequently listed by the committee were these: (1) The large number of wheat exporting countries and the difficulties of reaching an agreement among those countries on the details of any plan regarding the world supply of cereals and particularly wheat; (2) the lack of a national organization in most countries to deal with the matter effectively; (3) the uncertainty at that time as to Russia being an exporter of wheat; (4) the possibility of setting up a British Empire plan of trade agreement.

Last Sunday evening I heard an interesting discussion between the well-known correspondent, Mr. Vernon Bartlett, and a British representative on the committee dealing with the world supply of raw material, sitting at Geneva at the present time. The British representative made this statement: We are having difficulty in reaching agreements because of types of agreement like the Ottawa agreements. In other words those agreements, in the eyes of the League of Nations economic committee, are evidently restrictive rather than expansive in their general effect. And because of the possibility of such an Ottawa agreement being reached there was a difficulty in arriving at any conclusion regarding wheat in that particular year. We recollect that some measure of agreement among the big four exporting countries was reached, but the Argentine broke the quota following a big crop shortly afterwards. In spite of what the Minister of Agriculture (Mr. Gardiner) said a few moments ago, I believe that the story of the wheat operations for 1936 will go down in our Canadian economic history as a story of opportunities sacrificed either by political partisanship or by economic blindness. If the holdings taken over by the Murray board in 1935 had not been pressed for sale as they were last year, I venture to suggest that the prices realized ought to have been considerably higher than they were. They ought to have been higher had the holdings been marketed in an orderly manner. The minister confirmed that a few moments ago in the speech he has just delivered. He said that Mr. Ranke, a British miller, was willing to pay a premium up to 27 cents a bushel above the Argentine product for Canadian grain, and yet in December, 1935, and in the weeks that followed our Canadian grain was selling below the Argentine levels. If our wheat could command a premium in 1937 it was, from the miller's point of view, worth a premium in 1935 and 1936.

Mr. DUNNING: In December, when there was no Argentine wheat.

Mr. COLDWELL: Oh yes, there was some Argentine wheat in December, 1935, and particularly in the three or four months that followed.

Mr. DUNNING: I hope my hon. friend will check that up.

Mr. COLDWELL: But for weeks on end our wheat was selling below Argentine wheat price levels. I say that was due to the dumping policy of the Canadian Wheat Board. I believe that a proper selling policy, a policy of orderly marketing, would have brought this country millions of dollars, and the Minister of Finance would have been able to report this year a much greater return for the carry-over than the $8,000,000 which he did report. As to how much the potential loss amounted to I am not going to hazard a guess. To my mind the pre-election speeches of some at least of our prominent Liberal members were interpreted as promising a fire sale policy for Canadian wheat should a Liberal government be returned to power; and the importing countries took them at their word, and I venture to say were not disappointed.

Credit has been taken by the government for acts of providence. It is true that disastrous droughts have changed the picture to a very large extent, but let us not forget that the wheat crisis was due to a glut, and that glut was turned into a shortage in a very short time by acts of nature; and, as an hon. member suggested a moment ago, the war scare also has been a contributory factor. In considering the situation in western Canada to-day we have to remember that the people there have gone through many years of depressed prices, and to-day when prices have risen, the relatively small amount of wheat which they had last year has passed out of their hands, and they have not the advantage of receiving any deferred payments by way of participation certificates. That is largely the cause of the present discontent in western Canada. The hon. member for Moose Jaw (Mr. Ross) emphasized the need for what I have called the fire sale policy of last year, which as I said was to some extent foreshadowed in the preelection speeches of some prominent Liberal candidates.

Now let us for a moment review the situation. Early in December, 1935, the wheat board took over some 300 million bushels of wheat, speaking in round figures, in various positions and forms. Foreign buyers knew that we had that wheat. In passing, let me say that to my mind it is a tragedy that an accumulation of wheat or some other raw material which may subsequently be of inestimable benefit to the world should be a depressing factor in our economic structure. That is one of the features of the present economic system which will have to be dealt with sooner or later in an intelligent manner. Even in ancient days, in the land of Egypt it will be remembered that a great leader stored up the corn in the years of plenty so that there might be corn for the lean years that followed. It seems to me we must institute a plan of that kind. Great Britain to-day is considering the storing of food within the country as a protection in the event of war. It is unfortunate that that policy was not put into effect in Great Britain two or three years ago when it was proposed by leading men of the labour movement there. However we know that under pressure of selling by the Canadian Wheat Board, wheat dropped below 75 cents a bushel. I wonder how much we sold at that figure. And it was not due to competitive selling from the Argentine or some other exporter, because Argentine wheat was being held at a price considerably higher than 75 cents a bushel—in fact, at 90 cents. Our people have a right to feel that the policy of the government and the wheat board played directly into the hands of the great speculators in grain and other foods.

Those of us who heard the evidence given before the committee last year by Mr. James R. Murray, chairman of the wheat board, realize fully that Mr. Murray was a believer in the grain exchange method of marketing. He contended that that was the method which the legislation setting up the wheat board compelled him to adopt. He explained that all board purchases were covered by sales of futures, and that when real wheat was sold, future options were taken by the board in exchange. Hon. members will remember that. He said that although the pools had endeavoured to arrange some direct trades—not many—with British millers several years ago, he did not intend to enter into exchanges of that kind. In other words, one of the things which undermined public confidence in the wheat board established by the present government was the fact that the chairman of that board was a thorough-going advocate of the grain exchange method of marketing.

Then in July of last year it was perfectly obvious that there was going to be a great drought, not only in the southern part of western Canada but throughout the whole of the spring wheat belt of the United States of America. I motored over that country three times, as I said the other day, and at the end of June, from Minneapolis to the neighbourhood of Weyburn, between 800 and 900 miles, the wheat had practically gone. About the middle of July when I went back over the route the countryside was like a veritable desert.

Mr. ROSS (Moose Jaw): Was that not true of 1934 as well?

Mr. COLDWELL: To some extent. But in 1935 according to the United States statistics the area was larger, and in 1936 was larger than in 1935.

Mr. ROSS (Moose Jaw): Not much.

Mr. COLDWELL: Yes, it extended right down into the southern states, into Kansas. That confirms my argument of course that after several years of drought, as the shortage developed the wheat board should at least not have dumped 63 million bushels of wheat on the market in July, 1936. Again may I refer to the memorandum presented to the government, or to the wheat advisory committee of the government, by the executives of the wheat pools on July 6, in which they pointed out the serious condition that was developing at that time. I never speculate in wheat; I never bought or sold a bushel of wheat on the grain exchange in my life. I do not believe in the system and I never use it, but had I been inclined to speculate last July, after what I saw I was convinced that there was a good opportunity to make some money out of such a speculation—although, as I say, I have never done it and I do not intend to begin.

Mr. DUNNING: My hon. friend mentioned $1.50 for wheat, I think, if I remember correctly.

Mr. COLDWELL: Oh, no. At the end of August, after the trips I have mentioned and in view of the world situation, I said I believed a price of $1.25 for wheat was justified. To-day the price of wheat is considerably higher than $1.25, and I venture to add that if an orderly method of marketing had been adopted the figure mentioned by the minister might have been approached if not exceeded. That, of course, is an opinion which may not be sound.

Mr. DUNNING: My hon. friend will forgive me if I tell him that he was certainly reported very widely in the newspapers as advocating a fixed price of $1.50. I should be glad to show him the extracts.

Mr. COLDWELL: I can assure the Minister of Finance that if I was reported as having suggested a figure of $1.50, that report was incorrect. I never saw that report, but I did see myself reported as having said $1.25, which was quite correct. I should be very glad to see the newspaper clipping mentioned by the minister.

To-day hon. members from western Canada sitting on the opposite side of the house have an opportunity of registering in this house the protests they made last August and September. They did make them, and I do not think they have any reason to feel ashamed of them. I believe they were made sincerely, and I do not think anything has happened in the intervening months that should have altered their opinion. On the other hand, I believe that during the months that have passed the events which have taken place in the market have confirmed the criticisms made at that time. The hon. member for Moose Jaw spoke of the fact that during the war a wheat board was established to prevent prices from rising unduly. The hon. gentleman was quite right, and I venture to say that the agrarian population of western Canada did not raise a vehement protest, if they raised any, against that action of the board. They felt that because of the war situation a certain measure of control had to be instituted, and they were prepared to accept it.

Mr. ROSS (Moose Jaw): My hon. friend says I stated that there was a wheat board during the war. I may have said that, but there was no wheat board during the war. There was a board of supervisors during the war and a wheat board just after the war.

Mr. COLDWELL: Yes; we usually speak of it as a war board. That is one reason why I think to-day, and have thought for some years, that a wheat board operating in exactly the opposite way is justified. If it was right to establish a board to protect society against high prices during a particular period it is equally sound to establish a board to protect the producer against unnaturally low prices. My hon. friend from Moose Jaw left out one fact in dealing with the history of the marketing of wheat up to the formation of the pools. He neglected to say that in 1922—speaking from memory I think it was in June of that year—the Liberal government placed legislation on the statute books providing for the formation of a wheat board. That legislation, however, never became operative, and that was one of the reasons, though only one, for the subsequent formation of the pools.

The hon. member was emphatic in his statement that the farmers had no right to a minimum fixed price for their wheat, and that the dairy farmers should have the same protection. I am in agreement with the latter part of his remark; I believe the dairy farmers and other primary producers should have precisely the same protection. They have that protection in New Zealand, under a Labour government. But I am going to point out that as long as there is an industrial

market receiving protection the farmers are entitled to protection for their products and for the prices of those products, and as long as the government supported by the hon. member for Moose Jaw and other western members maintain tariffs that are reasonably high, then the government must expect to give protection to those who have to sell in the unprotected markets of the world. If on the other hand the government implement their tariff policy, which they have never repealed, and which I hold in my hand, my argument might be discounted to that extent. Let me remind my hon. friend that in the tariff plank, which I understand forms the basis of the policy of the Liberal party and which was adopted in 1919, there is this statement:

> That the best interests of Canada demand that substantial reductions of the burdens of customs taxation be made with a view to the accomplishing of two purposes of the highest importance: First, diminishing the very high cost of living which presses so severely on the masses of the people; second, reducing the cost of the instruments of production in the industries based on the natural resources of the dominion; the vigorous development of which is essential to the progress of our country.
>
> That to these ends, wheat, wheat flour, and all products of wheat, the principal articles of food, farm implements and machinery and repair parts thereof; rough and dressed lumber, gasoline, illuminating, lubricating and fuel oils, etc., nets, net twines, and fishermen's equipments; cements and fertilizers, should be free from customs duties, as well as the raw material entering into the same.
>
> That a revision downwards of the tariff should be made whereby substantial reductions should be effected in the duties on wearing apparel, and footwear and on other articles of general consumption (other than luxuries) as well as on the raw material entering into the manufacture of the same.
>
> That the British preference be increased to 50 per cent of the general tariff, and the Liberal party hereby pledges itself to implement by legislation the provision of this revision when returned to power.

That is the Liberal tariff platform. If they are going to maintain protection for our industries then they must give protection to our farmers, who are at the mercy of an unprotected world market. If on the other hand they implement their tariff policy, remove all protection and let everyone take a chance, of course the situation is entirely different.

I should like to ask the hon. member for Moose Jaw one further question. Did I understand him to say that he was in Ottawa when the minimum price was set?

Mr. ROSS (Moose Jaw): Yes.

Mr. COLDWELL: The western newspapers carried a story to the effect that western members were in Ottawa endeavouring to get the government to establish a price of one dollar or more per bushel. I assume the hon. member joined in that request.

Mr. ROSS (Moose Jaw): No. I came down here, together with three other members of this parliament, with the ministers of the provincial government, to endeavour to have arrangements made in connection with the drought area. I happened to stay longer than the other members, and I was in Ottawa at the time the price was fixed.

Mr. COLDWELL: I am very glad to get that information; I asked the question in order to clear up that point in my mind. It is true that the government has appointed a royal commission to inquire into the whole matter of the marketing of wheat, and that a report will be made by that commission. But unfortunately the government, I think, made a grave error when they appointed Colonel Ralston as counsel for that commission. I said that before Colonel Ralston was appointed, because on the floor of parliament he was the chief opponent of the wheat board legislation.

Mr. BENNETT: Denounced everybody.

Mr. COLDWELL: He was the chief opponent in committee, and endeavoured to amend section 10 of the act so that the board would not function beyond August, 1937.

Mr. BENNETT: Except by order in council.

Mr. COLDWELL: Yes. And although the suggestion was defeated and the house subsequently unanimously adopted the wheat board act, it looks to me as if Colonel Ralston may have really represented the intentions of the party to which he belonged. I say the very fact that he has been appointed counsel for the commission has undermined the confidence which people might have had in any finding the commission could make. We must add to that, of course, the tremendous fee of $200 per day, and $20 per day for living allowances, especially in these times.

Mr GARDINER: May I ask the hon. member a question? Is he aware that the government asked Mr. Milliken to act along with Colonel Ralston?

Mr. COLDWELL: No.

Mr. GARDINER: Well, that actually did happen. The government asked Mr Milliken to act with Colonel Ralston, and after consulting with the pool he expressed a preference to act in his present capacity with the pool.

Mr. BENNETT: For whom is Colonel Ralston counsel?

Mr. DUNNING: He is counsel for the commission.

Mr. GARDINER: Colonel Ralston is counsel for the commission, and Mr. Milliken was asked to act as his assistant.

Mr. COLDWELL: But that does not alter the fact that the government is paying Colonel Ralston as chief counsel. Moreover, I was unaware of the fact that Mr Milliken had been invited to act, because as I said the other day, although I am generally accused of it I am not in the confidence of the pool, nor have I any connection whatsoever with it. But I would say this: If the government suggested that Mr. Milliken act, they must have understood that he is the pool's counsel, and if the pool was preparing a case for presentation before the commission the pools could not possibly allow Mr. Milliken to act on behalf of the commission. That would be a most difficult situation. The fact remains that the government's counsel is Hon. Mr. Ralston.

Mr. LAPOINTE (Quebec East): Hear, hear.

Mr. COLDWELL: And, as I have said, I think his appointment was a mistake.

Mr. LAPOINTE (Quebec East): He is an eminent man; we are proud of him, and he has the confidence of the people of Canada.

Mr. BENNETT: He must have, if he is attacked from the floor of the house.

Mr. COLDWELL: I am not saying he is not an eminent man; I am not saying he is not a well qualified man; but I do say that the man who was regarded as the principal opponent of the wheat board legislation when in committee and before the house cannot command the confidence of the people of Canada, no matter how eminent he may be.

Mr. BENNETT: Two hundred dollars a day, and expenses.

Mr. COLDWELL: May I ask my interrupters, from this point, to address the chair.

Mr. LAPOINTE (Quebec East): What about Tilley, Peter White, and those fellows?

Mr. COLDWELL: In spite of what may be said in this house I wish to state emphatically that the farmers in western Canada of all political persuasions want the wheat board continued. Secondly, they want producer representation either on the board or on the advisory committee. Thirdly, despite the observations of the hon. member for Moose Jaw (Mr. Ross) they want an adequate, set minimum price. If we are to set prices for other commodities by means of taxes and tariffs, then the western farmer has the right to expect that his price will receive an adequate measure of protection.

The Minister of Agriculture (Mr. Gardiner) questions the justice of a set price. Whether we like it or not—and I do not like it—when we look over the world to-day we notice that in practically every country, including the motherland, France, Germany and Italy, the producer is guaranteed a price for his cereal production and uneconomic production is encouraged. Under those conditions any group of producers in Canada, left at the mercy of a world market, is in a very awkward position indeed.

The minister has said that the purpose of the wheat board act of 1935 was to set up a board to sell wheat to the best advantage of the people of Canada. I am going to vote for the amendment because I believe the present wheat board has not sold wheat to the best advantage of our people. That is the main criticism of it that I would make. Again, in spite of what the Minister of Agriculture has said, I say the purpose of the board has been nullified by the order in council to which reference was made this afternoon. Of course, the fact that there was not very much wheat delivered to the board prior to August 28, 1936, does not mean a great deal, because already the then chairman of the wheat board, Mr. James R. Murray, had lost the confidence of the great mass of producers in western Canada. They did not feel like delivering to a board headed by Mr. Murray. I make that statement—

An hon. MEMBER: Cheap.

Mr. GARDINER: May I ask one further question? Why, under similar circumstances, did they not deliver to the board while it was under the chairmanship of Mr. McFarland?

Mr. COLDWELL: They did deliver to the board, in very much larger quantities.

Mr. GARDINER: I would call the attention of the hon. member to the fact that the figures I gave the other day show that during the 1935 period, while the price was above the set price, the farmers did not deliver, whether Mr. Murray or Mr. McFarland was there.

Mr. COLDWELL: That may be so. Of course, I agree with the statement made by

the minister the other day to the effect that the element of human nature enters into the picture. However. I would ask the house to bear in mind that the two situations were not analogous, because in 1936 the price of wheat was likely to remain above the set minimum price of 87½ cents a bushel.

Mr. DUNNING: The pool did not say so.

Mr. COLDWELL: I think they did. I believe their statement of July 6 clearly indicates that a price above the cost of production was warranted. We have frequently referred to a cost of production price; what does the Saskatchewan farmer mean when he speaks of the cost of production? We realize the cost must vary in different parts of the province, but the figure offered by Professor Hardy of the university of Saskatchewan, and confirmed by Professors Allen and Hope of the department of agricultural economics, shows that the total average cost per bushel in Saskatchewan to produce and ship to market is $1.03. Of that amount, 85 cents is stated to be the average cost of producing a bushel, and 18 cents the average cost of shipping. The amount would be lower or higher, according to the locality, type of soil and moisture content. Consequently they asked that a price above the cost of production should be approved by the board. The minister criticized those people in western Canada who were saying that prices would go higher. If I remember correctly, he said at Moose Jaw that we were in danger of creating some speculation.

Mr. GARDINER: At Regina. I did not say that prices would go higher. I stated that some speaker had said the price would go to $1.50, and I made the statement that they did not know any more about it than I did.

Mr. COLDWELL: I think you are quite right. I do not know of any speaker who said it would go to $1.50. The minister pointed out that the wheat board might conceivably result in a loss.

Mr. DEPUTY SPEAKER: I would point out to the hon. member that he has spoken forty minutes.

Mr. COLDWELL: I have been interrupted many times, and I should like to finish.

Mr. DEPUTY SPEAKER: It must be with the unanimous consent of the house.

Mr. COLDWELL: The minister, like other members of the Liberal party, minimized the importance of the meetings held in western Canada last autumn. I think that was a mistake. I believe the minister will give me credit for having done this. The only meeting I attended was the one at Saskatoon. That meeting was inclined to be not only critical but vehemently condemnatory of the minister. I made this statement then, and I make it again to-day that one of the things all hon. members from western Canada should do is to endeavour to interpret the needs of the people of western Canada to people of eastern Canada. One of the difficulties in asking for something for the west is the fact that the people of the east do not understand the situation in the west. Incidentally, I have been criticized for having made that statement, but I believe it to be true. Hence, I think it is a mistake to try to minimize the importance of those meetings. I did not see any of the bills advertising protest meetings to which the minister referred because I was not out there until the end of September. I had nothing whatever to do with the organization of those meetings, and I believe they were spontaneous. I do not know who printed the bills to which reference has been made and I had nothing to do with organizing protest meetings either through broadcasts or through public appeals. I confined my activities mainly to my own constituency.

I thank the house for the courtesy of allowing me a few additional moments, and I ask all hon. members from western Canada to join with those of us who intend to support this amendment.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, we are, and we always have been, in competition with the world. Other nations are protecting their industries by means of tariffs, quotas, subsidies, marketing boards and the like. All this is largely a development of the last twenty years. Therefore we should be particularly attentive to the necessity of bringing our method of procedure up to date. Canada has long protected generously her manufacturers, by means of tariff and a laissez-faire attitude to prices. It was because of this that we had a price spreads commission sitting not long ago, from which we have not seen many results.

Canada has all too recklessly left her primary producers to look after themselves. A heroic effort on their part to rise to the occasion was the Alberta wheat pool and the cooperative elevators, already referred to to-day. Canada in those times should have been solicitous of her farmers and primary producers, as they are less able to look after themselves than the manufacturers, especially when the manufacturers are able to form themselves into combines. There has never

been the need of a price spreads commission to investigate the machinations of those who produce our wheat, our dairy products; of our stockmen, our poultrymen, our fishermen or our miners. Rather are all these people the luckless and well nigh helpless victims of a wide variety of predators. Long has this condition continued until at last there is a cry for adjustment from end to end of this country. As the hon. member for Moose Jaw (Mr. Ross) would likely say, our Canadian industries have been on our backs. For many years our primary producers have suffered in impotent misery. How long are they to suffer?

The primary producers of other countries are receiving various forms of assistance. The leader of the opposition (Mr. Bennett) referred to the Argentine, which is a case in point. Our powerful neighbour to the south has for years been guarding her primary producers. The N.R.A. and the A.A.A. of the new deal would appear to be designed to overcome the inequalities which exist between the primary and secondary producers. Our primary producers consequently now find themselves the victims not only of our domestic predators but of the subsidized primary producers of other lands. How can we stand against the competition of the farmers of France, who in six years have received $1,321,020,000; or the farmers of Germany, who have received $754,370,000; or of Italy, who have received $1,211,490,000; or of Australia, who have received £12,548,000 between 1931 and 1935; or of the Argentine, who had the benefit last year of a minimum price of 92 cents per bushel; or of the United States, who received $255,624,699 up to December 31, 1935, through the agricultural adjustment administration? Hon. members who are interested in these figures will find them on page 27 of a pamphlet entitled Aid to Agriculture, published by the Alberta wheat pool. They will also find in that pamphlet an illuminating discussion of the whole situation. This pamphlet shows how Canada is lagging behind other countries. Apparently we think that our primary producers can stand anything, and that the only people who need protection are our manufacturers.

I hasten to add that I have no quarrel with our manufacturers. But if they are to be protected while the primary producers are not, then we have a situation which is impossible and which, if continued, will result in the complete destruction of our primary industries. I admire the rugged individualism and the self-sufficiency breathed by the hon. member for Moose Jaw, but facts are stubborn things. Let us not break our primary producers on the rocks of stern reality. We are now in an age of plenty. We shall be forced to study means of guaranteeing a just price. There are plenty of people who will scout that suggestion as to just price the minute we mention it, but, Mr. Speaker, as sure as we are in this house we are approaching an era in which one of the first considerations must be a just price for both producers and consumers, whether the producers be engaged in secondary or in primary industries. That is the end to which we are feeling our way—a just price for fish, for wheat and other grains, for butter, coal, meats, sugar beets and other primary products too numerous to mention. There are many who because of free trade notions which they learned from their fathers believe that we must not have such things as subsidies, for example; "Oh," they say, "these are terrible things, altogether contrary to Liberal principles." But I maintain that before long we shall be violating virtually every Liberal principle that we learned from our forefathers and shall be deeming that violation a good thing; and the sooner we begin to face realities as they are to-day, the sooner we shall find a solution.

I contend, therefore, that we must strive to have a just price—even if it means subventions in respect of Alberta coal; even if it involves tariff protection against imported sugar, in order that we may guarantee a fair living to our primary producers of sugar beets and those engaged in our sugar factories; even if it means the appointment of an effective board to market such of our products as wheat, oats, and barley; even though we have to subsidize bacon in order to supply the British market, as the hon. member for Portage la Prairie (Mr. Leader) suggested the other day.

Mr. LEADER: Beef.

Mr. BLACKMORE: We may even have to subsidize beef, although I would hesitate to say that, because at present it might be too big a task.

I deprecate any tendency to weaken the board that was established by the last government, either in its design to set a just price or in its efforts to enable the farmer to participate in such rises of price as a developing market throughout the year may bring about. I feel very resentful about the government's policy of 1936. I believe it was entered upon in good faith, but there is surely resentment regarding it in my district. I am much reassured, however, by the promise which the Minister of Agriculture (Mr. Gardiner) implied in the closing words of his

speech, and I believe that feeling will be shared by a good many people throughout the country. Nevertheless, to register my disapproval of what we believed the government's policy was leading to, I propose to vote for the amendment.

Mr. T. F. DONNELLY (Wood Mountain): For the last five or six years there has been a debate each session with regard to the marketing of wheat, and this year is no exception. The question arose back in 1929, when the pools got into financial difficulties and applied to the dominion government for assistance. At that time the pools were condemned for their policies with regard to wheat. I was then a member of this house, and I listened to many hon. gentlemen of the Conservative party expressing their objection to the policy of holding wheat. What was true as regards the pools applied also to every marketing facility employed in western Canada. The banks, those operating the ordinary marketing facilities, and many others, held wheat believing that the price would go up. In 1930 the pools, however, found themselves in such financial difficulties that they asked the then prime minister, the present leader of the opposition (Mr. Bennett) to assist them. Assistance was given.

Mr. BENNETT: The provinces assisted them, I believe.

Mr. DONNELLY: Yes, at first, but afterwards the federal government gave them help.

Mr. BENNETT: Not financially.

Mr. DONNELLY: Well, it assisted them to the extent that a man was put in charge, somewhat in the capacity of a receiver, to try to market their wheat. About 77,000,000 bushels were taken over by this official with the idea of selling it. From year to year we tried to get information as to what disposal was being made of this wheat, whether it was being sold or not, but we had a great deal of difficulty in finding out what was being done. At last it was disclosed that this man, who was supposed to be selling these 77,000,000 bushels, was also buying wheat, and by so doing was supposed to be stabilizing the market. On December 6, 1935, after the Liberal government came into office and a new board was appointed, we found that there were 175,000,000 bushels of wheat in the hands of the board or of John I. McFarland. The policy of the former government as carried out by Mr. McFarland was apparently to set a price for wheat and make the world pay that price whether buyers were willing to do so or not. The result was that year by year our surplus grew, and with every month and year that passed we were losing our markets.

Take the 1932 crop. There was sold at that time, under the Conservative government, 264,000,000 bushels. The next year, 1933, we sold 194,000,000 bushels, and in 1934, 165,000,000 bushels. This shows the extent to which year by year we were losing our markets. After the election of 1935 the Liberal government came into power, with a new policy. As I understood that policy and propounded it from the platform, we were to set a reasonable price which the farmers were to receive, and were to sell at the world price; that is, we were to compete with other nations in the marketing of wheat, to try to hold such markets as we had and get back those we had lost. Following out that policy, under the new wheat board, with James Murray at the head, we immediately began to regain what we had lost. To such an extent was that true that in the year following the appointment of the new board, whereas in 1934 we had sold only 165,000,000 bushels, in 1935 we disposed of 254,000,000 bushels. Take for instance our greatest market, that of Great Britain, where we have been rapidly losing ground. We exported to Britain, of the 1932 crop, 113,000,000 bushels; of the 1933 crop, 80,000,000 bushels; of the 1934 crop, 75,000,000 bushels, but in 1935, under the new board, we sold 105,000,000 bushels. Under the policies of the Liberal party, week by week and month by month our hold-over diminished and our prices increased. We made it clear that we were growing wheat in order to sell it, that we would clear out our bins and get rid of the accumulation, and that is just what happened.

I have listened for some time to the theories propounded by hon. members on the left. I believe that some of those who belong to the Cooperative Commonwealth Federation have a new policy; I hear the hon. members for Rosetown-Biggar (Mr. Coldwell) and Weyburn (Mr. Douglas) arguing that farmers should get the cost of production plus a reasonable profit. When I hear this talk about cost of production plus a reasonable profit, I begin to wonder what that is. I live in a district where for eight years farmers have had no crops. How much will it cost them to produce a bushel of wheat? Are you going to pay them cost of production where they have produced nothing for eight years?

In my opinion what the farmer in western Canada expects is a reasonable price. It is all very well to talk about cost of production; they are nice words to roll under the tongue; but to carry it into practice is a different thing. I can take you to my own constituency and show you two farmers, a

barbed wire fence separating their farms, one of whom had ten bushels of wheat for the year, and the other not a bushel. Are you going to give each of them cost of production? Where will you set the price? It absolutely cannot be done. This sort of thing is ridiculous; it is merely something to talk about.

Mr. DUNNING: No farmer ever lived on an average.

Mr. DONNELLY: No. It cannot be done. What we should talk about is a reasonable price for the farmer, a price that would enable him to make a living. But we find people talking about a higher price.

Mr. QUELCH: Will the hon. member define reasonable price? What is a reasonable price?

Mr. DONNELLY: Some people fancy that 87½ cents is a reasonable price. Personally I do not know how they arrived at that precise figure; I have often wondered how they got the half cent. I think it should be a round figure, 90 or 85. Perhaps the leader of the opposition will tell us how the 87½ cents is arrived at. I have grown wheat for many years at 87½ cents and made good money, and I have grown wheat at 85 and 80 and done very well.

Mr. BENNETT: I suppose one of those farmers was a Liberal and the other a Conservative.

Mr. DONNELLY: Those were the farms one of which I wanted to give you and which you would not take.

Mr. BENNETT: I suspect the farm you wanted to give me had no bushels.

Mr. DONNELLY: I hear a good many people saying they want a higher price. I was one of those who last fall talked about what should be done in regard to wheat, and I maintain that the fixing of a higher price is absolutely wrong. I will show you why. It is the very policy that broke the pool; it is the very policy on which the Conservative government got in wrong, by setting a price that was too high.

Mr. BENNETT: It broke us, too.

Mr. DONNELLY: Yes, that is right. I repeat, it is absolutely wrong. A reasonable price is the thing to expect, and I figure that the price we have here is reasonable. Many pool officials went throughout the country and I met them on the platform and talked with them, and I can say that the policy that broke them was the setting of a price above the world price when they knew that they could not get it. That is what broke them. In my opinion the price should have been left at 87½ cents; it should not have been raised above that figure.

I have heard some men talking about the board we had and saying that we put on a fire sale. The same thing was brought up last year in the committee, where reference was made to this so-called fire sale. We were told that we were selling wheat below the world price. I would refer the house to some of the evidence to show whether we were really selling wheat at a sacrifice. The board began to operate about the sixth of December, 1935, and began selling about the ninth. On the twelfth of December the Argentine fixed their price for home consumption, which was above the world price at that time, and the result was that the price of wheat that day went up and there was a great demand on the Winnipeg exchange. Mr. James Murray sold over twenty-two million bushels that day, and yet he was accused of sacrificing wheat and putting on a fire sale. My only criticism of Mr. Murray at that time was that he did not sell enough.

Mr. HANSON: How much did he sell?

Mr. DONNELLY: He sold twenty-two million bushels at an average price of 88·7 cents. That was the price he obtained that day, and I hold that he did not sell enough, because shortly after that the price of wheat began to fall. During the month of December he sold 49,000,000 bushels and obtained an average price of 88·6, and the May average price of wheat in that December was 88·3. In other words, for the wheat he sold in December he obtained ·3 cent more than the average price for May wheat at that time. That was not bad; in fact I call it good. During the month of January he sold something like 26,500,000 bushels at an average price of 88·483, and the average price for May during that January was 88·057.

Mr. BENNETT: January of this year?

Mr. DONNELLY: January, 1936. That was December, 1935, and January, 1936. In other words, in those months he was averaging a little better than the May average, so that there was no fire sale. I could go on and give the figures for the different months. He was doing exactly what we asked him to do; that is to say, he was selling our wheat at competitive prices in the world market, getting rid of the product and cleaning out the bins, so that we might be able to sell our wheat.

Will you call it six o'clock, Mr. Speaker.

BUSINESS OF THE HOUSE

SUSPENSION OF STANDING ORDER 28 FOR SITTING OF THURSDAY, MARCH 18

Hon. ERNEST LAPOINTE (Minister of Justice): In order that we may be able to proceed with this debate to-morrow I move, seconded by Mr. Dunning:

That standing order 28 respecting the committee of ways and means be suspended for the sittings of Thursday, March 18, 1937.

Motion agreed to.

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

Thursday, March 18, 1937

The house met at three o'clock.

BANKING AND COMMERCE

Second report of the standing committee on banking and commerce.—Mr. Moore.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 66, for the relief of Gretna Golden Laird Rankin.—Mr. Jacobs.

Bill No. 67, for the relief of Frank Horace Wood.—Mr. Sinclair.

Bill No. 68, for the relief of Edith Mary Bowers-Hill O'Hagan.—Mr. Jacobs.

Bill No. 69, for the relief of Isobel Jean Herbert Fleming Johnson.—Mr. White.

Bill No. 70, for the relief Emilie Letsch Rutishauser.—Mr. MacMillan.

Bill No. 71, for the relief of Miriam Silverman.—Mr. Jacobs.

Bill No. 72, for the relief of Alice Mary Hickman Ings.—Mr. Jacobs.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

QUEBEC SENATORS HOLDING PROVINCIAL PORTFOLIOS

Mr. GARIEPY:

What measure is the government taking to prevent a person who happens to be a member of the legislative council of the province of Quebec, or a minister of the crown for such province, with or without portfolio, or with or without emoluments of office, from holding a seat in the senate?

Mr. RINFRET: No measures.

[Mr. Donnelly.]

EASTEND, SASK., POST OFFICE

Mr. COLDWELL:

1. Has the Post Office Department purchased the Royal Bank building at Eastend, Saskatchewan, for post office purposes?

2. If so, what price has been paid or agreed to be paid for the said building?

Mr. CARDIN:

1. No.

2. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRINTING BUREAU—OVERTIME

Mr. PINARD:

What amount of extra moneys has been paid by the Government Printing Bureau for overtime during the year 1936-37?

PORT ALBERNI, B.C., ASSEMBLY DOCK

Mr. MacNEIL:

1. What was the total revenue secured in respect of the government assembly dock at Port Alberni, British Columbia: (a) during the fiscal year 1935-1936; (b) during the period of April 1 to December 31, 1936?

2. What was the cost of maintenance and interest charges in respect of the government assembly dock at Port Alberni: (a) during the fiscal year 1935-1936; (b) from April 1 to December 31, 1936?

3. What proportion of the revenue from this dock was secured from the Alberni Pacific Lumber Company during the periods referred to above?

PRINTING OF ELECTORAL LISTS

Mr. FERLAND:

1. What was the cost of printing the electoral lists which were used in the general elections of 1930?

2. What is the approximate expense incurred by the King's Printer for the printing of the electoral lists which were used in the federal elections of 1935?

BUSINESS OF THE HOUSE

EASTER ADJOURNMENT FROM THURSDAY 25TH UNTIL MONDAY 29TH MARCH

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, there is a notice of motion in Votes and Proceedings, in the name of the Prime Minister (Mr. Mackenzie King), concerning the Easter adjournment. Many hon. members have expressed the desire to know how long the adjournment will be in order that they may make arrangements accordingly. As the notice of motion indicates, it is proposed that when this house adjourns on Thursday, 25th March, it stand adjourned until Tuesday, 30th March, next. This would involve an adjournment from

Thursday night until the Tuesday after Easter; the house would not sit on Friday or Monday, so that only two sitting days would be lost. With the consent of the house I would move accordingly.

Right Hon. Sir GEORGE PERLEY (Argenteuil): Mr. Speaker, hon. members on this side of the house are quite willing to fall in line with any suggestion the government may put forward with regard to the few days of recess at Easter. I must say, however, that many hon. members feel it would have been just as well to take only Friday, in addition to the ordinary week-end, and to proceed with business on Monday as usual. They hold that view because we are all most anxious to have sufficient time properly to discuss matters, and still make it possible to prorogue early enough to permit of the necessary arrangements being made with respect to the coronation. But, as I said to the minister privately, whatever the government desires to do in the matter will be satisfactory to us.

Mr. LAPOINTE (Quebec East): Of course if it is the general wish of the house that we sit on Monday I shall be pleased to amend the motion accordingly, and have only Friday taken off the ordinary sitting time.

Some hon. MEMBERS: Agreed.

Mr. LAPOINTE (Quebec East): Very well; I move, therefore:

That when this house adjourns on Thursday, 25th March, it stand adjourned until Monday, 29th March next.

Motion agreed to.

TORONTO COLLECTOR OF CUSTOMS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, may I ask the Minister of National Revenue (Mr. Ilsley) a question based upon a press dispatch from Ottawa appearing in the Evening Telegram of Toronto, March 17. It is to the effect that Mr. E. D. Lennie, of Ottawa, chief inspector of the Department of National Revenue, has been appointed to the long-vacant office of collector of customs at Toronto, over all the Toronto staff.

Hon. J. L. ILSLEY (Minister of National Revenue): The answer is no.

Mr. CHURCH: I object to all these people being brought from all over Canada to Toronto.

WASHINGTON STATE SALMON TAX

On the orders of the day:

Mr. THOMAS REID (New Westminster): Mr. Speaker, according to a press dispatch appearing in the Vancouver Province it appears a bill has been passed in the state of Washington, placing what is designated as a privilege tax of five cents per fish on all spring salmon entering that area. As Canadian fishermen sell a considerable portion of their spring salmon catch south of the border, the five cent tax it is feared will operate as a tariff against this trade. I wonder whether the minister has any information on the matter, and if so would he be good enough to inform the house what representations if any have been made to the United States authorities protesting against the proposed imposition of any such tax?

Hon. J. E. MICHAUD (Minister of Fisheries): Mr. Speaker, in reply to the question of the hon. member for New Westminster (Mr. Reid) may I say that we have information that a bill was passed by the Washington state legislature on the twelfth instant, under which a privilege tax is to be imposed on all salmon irrespective of where they are caught. Details of the bill have not been received up to the moment. The United States tariff governs conditions under which fish may be imported into the United States, and so far as imports of salmon from British Columbia are concerned it would not appear likely that the proposed tax would apply, unless they were processed within the state and the tax were in the form of a process tax. The matter is now being closely followed.

VETERANS' ASSISTANCE COMMISSION

POSSIBLE LEGISLATION ARISING OUT OF REPORT RECENTLY TABLED

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, before the orders of the day are called I should like to ask the Minister of Pensions (Mr. Power) this question: In view of the great amount of suffering and consequent hopelessness, despair and even bitterness which are developing among many returned men in far too many portions of Canada, does the minister propose to bring down at an early date recommendations based upon the interim report of the veterans' assistance commission recently tabled in the house? If so, does the minister feel free to give the house any assurance that there will be in his proposal substantial hope of relief for distressed returned men?

Hon. C. G. POWER (Minister of Pensions and National Health): Mr. Speaker, the hon. member was courteous enough to give me notification of this question. The matter he brings to the attention of the government is one involving a question of government policy, and I fear that whether I answered in the affirmative or in the negative he would not be satisfied. I will say to him, however, that as soon as the estimates of the Department of Pensions and National Health are considered I shall do my utmost to answer the question he has put to me and in a manner which will be satisfactory to the Canadian people.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR EXPENDITURE, INDEBTEDNESS AND THE REFUNDING OF MATURING OBLIGATIONS

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, before the orders of the day are proceeded with may I say that last night unfortunately among the measures to be considered to-day we omitted to mention the financial resolution preceding the introduction of the usual bill to provide for the finances of the Canadian National Railways. I am asking the house to permit us to take the resolution now, in order that the bill in question, which is the usual one dealing with Canadian National Railways finances, may be referred to the special committee on railways and shipping and the work of the house thus expedited. Needless to say, if there is any objection from any quarter, in view of the fact that the item was not named last night, we will not proceed with it.

Mr. LAWSON: Is any part of the amount a new issue, or is it all refunding?

Mr. DUNNING: The amount is stated in the resolution. It refers to "maturing financial obligations, and to authorize the guarantee of securities."

Mr. LAWSON: That is new?

Mr. DUNNING: It ties in with the budget of the railways with respect to new expenditures, that budget already being before the proper committee.

Sir GEORGE PERLEY: Does the minister propose to deal with the subject exactly as it was dealt with last year?

Mr. DUNNING: Yes, exactly.

Sir GEORGE PERLEY: That is to say, that without discussion here it will go to the committee, the house having the right to discuss it as it pleases after it is returned?

Mr. DUNNING: Correct.

[Mr. Blackmore.]

Mr. DUNNING moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to authorize the provision of moneys to meet expenditures made and indebtedness incurred by the Canadian National Railways Company during the calendar year 1937, to provide for the refunding of certain maturing financial obligations and to authorize the guarantee of securities to be issued by the said company to an aggregate amount of $30,721,700.

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

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 73, respecting the Canadian National Railways and to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred during the calendar year 1937.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall the bill be read a second time?

Mr. DUNNING: With the consent of the house, I would move the second reading at this time and also that the bill be referred immediately to the railways and shipping committee.

Motion agreed to, bill read the second time and referred to the committee on railways and shipping.

WAYS AND MEANS

AMENDMENT TO MOTION OF MINISTER OF FINANCE —CANADIAN WHEAT BOARD ACT

The house resumed from Wednesday, March 17, consideration of the motion of Mr. Dunning for committee of ways and means, and the proposed amendment thereto, of Mr. Perley (Qu'Appelle).

Mr. T. F. DONNELLY (Wood Mountain): Mr. Speaker, just before the house adjourned yesterday I had dealt with the policy of the Conservative government in connection with the sale of wheat during their term of office. Previous to that I had dealt with the policy of the Liberal government prior to the last election. I dealt also with some of the suggestions put forward by hon. members of the Cooperative Commonwealth Federation as to what the policy of the government should be in the marketing of wheat. Many criticisms have been made of the actions of the present board, one being that our wheat was put up

at fire sale prices. I dealt partly with that criticism and for a few moments I intend to discuss more fully this so-called fire sale of our wheat.

The hon. member for Qu'Appelle (Mr. Perley) referred to a letter given to Mr. Lamont by the head of our wheat board when he was going over to England. It was a very fine letter and I recommend its being read by every hon. member. It is to be found on page 145 of the evidence given before the special committee on the marketing of wheat which sat in 1936. It must be remembered that our wheat was not considered in a favourable light in England and that we had lost much of our market for wheat in that country. Yesterday I referred to the fact that we had lost many of the markets for our wheat, especially the market in England. The letter to which I refer was written by Mr. Murray and given to Mr. Lamont before he went to England in an endeavour to get back our market for wheat. I should like to read one or two paragraphs from that letter, as follows:

It is the desire of the board to permanently regain for Canadian wheat a full share of the import requirements of wheat in the British Isles and elsewhere. It is recognized by the board that a proper price relationship with other wheats must be maintained. With the good will of millers and consumers we feel that a better share of the available markets can be obtained for Canadian wheat.

I do not see anything wrong with that section; that is just what we were after. I continue:

You are authorized to assure the millers that in the event of their increasing the percentage of Manitobas in their flour blends that the policy of the board will be consistently that of making Canadian wheat available at fair competitive values. It is recognized by the board that the millers require, and must be given, assurance that when they do revert to the use of greater quantities of Canadian wheat in their flour blends that sufficient Canadian wheat will be constantly available to enable them to maintain the standard of the product supplied to their clientele of bakers and that no attempt will be made to hold them up in obtaining the needed supplies. The fixed minimum price paid producers by the board does not necessarily bear relationship to the board's selling price. Particular emphasis should be laid on regaining, through the British millers, the good will of the bakers for the use of a flour containing increased volume of Canadian wheat.

That is the very thing we were after. We wanted to get back the English market for our wheat which we had lost and which we had been losing for the past two or three years. The letter continues:

A fair premium should be considered what the millers of the world will pay for Canadian wheat, based on its season-to-season value compared with other wheats, and allowing for the free use of Canadian wheat in volume.

The principal reason the board are sending you to England is to cultivate the cooperation and good will of British millers towards the use of Canadian wheat.

I think anyone who reads that letter must come to the conclusion that that was the very thing that needed to be done. Under the conditions that existed then, I think the letter was well prepared and very well written. There is no suggestion in it that our wheat was going to be sold at prices which were not competitive with other world prices. We did regain our markets and we did sell our wheat. There is no doubt that this letter written to Mr. Lamont, and the other letter sent to the British millers, which will be found in the same place in the evidence, indicating to them that we were intending to compete with other wheats of the world, and that we would do everything we possibly could to see that they got our wheat at fair competitive prices, did much to get back for us the market in the British Isles which we had lost.

Another criticism in connection with this matter has to do with the amount of money which the western farmers are said to have lost because of the fact that the price of wheat went up last year. I listened to the hon. member for Rosetown-Biggar (Mr. Coldwell) say that he had told people last year that the price of wheat was going up to $1.25—at all events he said it was reported in the press and that the report was correct. I wish I could have been sure that the price was going up to $1.25 last year; had I known that I would have made some money. The hon. member for Qu'Appelle says: "They were so certain in Winnipeg that the price of wheat would go up that you did not even have to put up any hedges; the banks allowed you to buy wheat without having any money at all." Just think of having an opportunity like that—knowing that the price of wheat was going up and knowing that you could get all the money you wanted for nothing. Why, a man could be a millionaire—that is, a man who had brains enough to get into this house should have been a millionaire. I should like to ask the hon. member for Qu'Appelle how much money he made. Surely he made a lot. I am not much impressed with the remarks of a man who relies on the course of the markets, whether the stock market or the wheat market, for his political arguments. How can he tell what is going to happen? I wish someone could tell me what the price of wheat will be next fall.

Mr. ROSS (Moose Jaw): Or to-morrow.

Mr. DONNELLY: Yes, or to-morrow. I should like to get into the market if I could tell what the price of wheat will be next October. I wonder whether those who prophesy these prices are ready to back their opinion with their money.

Mr. DUNNING: Or with their wheat.

Mr. DONNELLY: If they are not, I do not think much of their predictions. There is one sure way for a man to show that he is sure of a thing, and that is by spending his money to prove it. As the saying is, if our foresight were only as good as our hindsight, we would be all right. A lot of us would like to be in that position.

I should like to say a word or two with regard to a criticism made by the hon. member for Rosetown-Biggar. He said yesterday:

> Mr. James R. Murray had lost the confidence of the great mass of the producers in western Canada. They did not feel like delivering to a board headed by Mr. Murray.

All I want to say in that regard is that any man who sat on the committee last year and listened to Mr. James Murray giving evidence must have been convinced, if he knew anything about the grain trade, that Mr. Murray knew his business, that he was a capable man and that he was the right man to do the job that he was doing.

Mr. DUNNING: And an honest public servant.

Mr. DONNELLY: Not only that, but a man who had supported the wheat pool policy—who was one of the first to advocate it and still supports it.

Mr. GARDINER: And drafted the contract.

Mr. DONNELLY: If we had had a man like Mr. James Murray at the head of the wheat pools when they were started, it is my firm belief that they would be operating successfully yet. What was wrong with our pools was that we did not have at the head of them a man who knew his business, who knew how to carry them on. That is why they went broke; that is why they are in the position they are in to-day. If there is any truth at all in the suggestion that Mr. Murray has lost the confidence of the producers, it must be because there are cheap politicians going around among the farmers and abusing Murray, saying that he does not understand his job and is trying to work against their interests.

The hon. member for Rosetown-Biggar, speaking here yesterday, referring to the Turgeon commission, also said:

> The government, I think, made a grave error when they appointed Colonel Ralston as counsel for that commission.

[Mr. J. G. Ross.]

I am not going to say anything about the compensation that is paid Colonel Ralston, but I will say that I sat for three years on the committee which investigated the mixing of wheat, and I know we tried to get the services of a counsel to write amendments to the grain act: we had the greatest trouble in obtaining one who understood the grain act and the wheat business well enough to rewrite the statute in its present form. We practically had to dictate the terms which our counsel was required to write into the act, and to amend and reamend the draft in order to get it right. I repeat that it is one of the hardest things imaginable to find an unattached lawyer who is fully conversant with the workings of the act. We could, I suppose, have got lawyers who were tied up with the Winnipeg Grain Exchange, but what a howl would have gone up from western Canada if we had asked them to assist us. It would have been said, "We know now what we are going to get; we shall get a report in favour of the grain exchange."

Another point to be borne in mind is that wheat marketing is a national problem, not one confined to western Canada. Only last year the leader of the opposition (Mr. Bennett) said in the committee that the greatest problem with which we had to deal was that of marketing wheat, that it was as important as our railway problem. I remember remarking at the time that I thought the growing of wheat was just as great a problem as the marketing of it. But I agree that marketing is of national importance; and we wanted to engage someone in whom eastern as well as western Canada would have confidence. That can be said of Colonel Ralston. He is an able man; he knows wheat, and he knows the grain act as well as any man in eastern Canada. I was astonished at the knowledge he displayed both of the law and of the handling of wheat.

Having dealt with some past criticisms, I will refer briefly to what happened at the last session of the house. At that time the leader of the opposition criticized the chairman of the wheat board and laid certain charges against him. The government saw fit to appoint a special committee to deal with those charges and also to study the best ways of marketing wheat. That committee sat and looked into the various charges that were made against the head of the wheat board. After the hearing of witnesses a report was drawn up with reference to those charges. I remember that the adoption of that report was moved by the man who made the charges, namely, the leader of the opposition, so that he must have been satisfied that his accusations against Mr. Murray had not been proved.

With regard to the marketing of wheat, we as a committee did not feel that we were in a position to investigate and bring in a report as to the best method. We came to that decision for several reasons. We could not go to England, to Australia, to the Argentine and elsewhere to examine the systems in operation there and decide whether they were applicable to our Canadian situation. Another reason was found in the constitution of the committee. Some of its members, being Liberals, believed in the Liberal policy of marketing wheat: "Let the world know we have wheat to sell at a fair price." Others, who belonged to the Conservative party, apparently thought the best way to sell was: "Set a price and make the world pay that price before they can get our wheat." Also on the committee were some of our Cooperative Commonwealth Federation friends, who suggested, "Let us take over all elevators and boats and the marketing of our wheat all over the world, and let us have our agents who will carry on that marketing business." I presume it would be a socialistic form of marketing wheat. There were those who believed in a one hundred per cent pool, those who believed in a compulsory pool, and those who believed in the open marketing of wheat. With all these divergent views it was impossible for us to come to a definite decision, and we therefore suggested that a royal commission should be appointed to look into the whole matter, and advised the government accordingly. A commission was then appointed, in the person of Mr. Justice Turgeon, and the investigation is still in progress. I held, and I am still of the opinion, that the government made a mistake when it altered the marketing of wheat in the absence of a report from that commission. I submit that the board should have been allowed to function until such time as the commission brought in its report. I do not think that the price of wheat should have been raised until that time. The minimum payment, or whatever you choose to call it, was 87½ cents and it should have remained at that level until the submission of the report by the royal commission. I do not believe that the marketing of wheat as it was carried on under that board should have been changed in any respect until the commission gave its report. I may be wrong, but that is the view I expressed at home before coming here and it is the view I hold now.

The amendment which has been moved to the motion before the house expresses regret that the government rendered the Canadian Wheat Board Act of 1935 inoperative in its application to the 1936 wheat crop. So far as that is concerned, I suggest that the wheat board was not altogether inactive; at any rate its inactivity with regard to the 1936 crop helped the farmers of the west. It helped in the marketing of the 1936 crop because when the crop began to come on the market the wheat board did not press for sale of the old crop which it had on its hands. In that way it kept the 1936 crop from becoming a burden on the market and forcing prices down. For a considerable time the wheat board refrained from selling wheat and therefore did help in the marketing of the 1936 crop.

If I were in the house—I do not expect to be here when the vote is taken—I should feel obliged to vote for the amendment. I will say this, however. As far as this motion is concerned, it does not represent, to me at any rate, a loss of confidence in the government. I still have confidence in the government and I believe that it will do what is right with respect to many other matters. This particular question may be one of the things in respect to which I differ from the government, but that is to be expected in human affairs. People are apt to differ in many ways but in this respect only do I differ from the government so far as its wheat policy is concerned.

Mr. HARRY LEADER (Portage la Prairie): In rising to speak to the question before the house I intend to be as brief as possible having regard to the importance of the subject. By way of introduction I may observe that I have been a producer of wheat all my life and therefore I should know something about the production end of the business. And having operated a public elevator and bought and sold wheat in the grain trade I think I should know something of the selling end of it. In addition to that I was selected as a member of the special committee last year which inquired into the marketing of wheat. But what is of more importance to me is that this is a vital question to my constituents.

I believe it was the Minister of Agriculture (Mr. Gardiner) who pointed out yesterday that there had been altogether too much politics in connection with the marketing of wheat. With that statement I heartily agree. Wheat is the most important food of all the nations of the world and is the very lifeblood of the farmers of western Canada. It seems to me therefore that we should get away from the political aspect in the marketing of wheat and try to get together to see if we cannot decide on a policy which will be in the interests not only of the wheat producers but of all the people of Canada. I regret therefore that there is a political side to this great question.

I suggest however that politics is not altogether confined to one party; I believe we have it more or less in all parties. In my opinion the Conservatives have seized upon this opportunity to make political capital out of the wheat question and they must be content if we judge them by their actions when they had responsibility. It is quite easy to offer criticism when you have no responsibility, and that is what has been done by my genial friend for whom I have much respect, the hon. member for Qu'Appelle (Mr. Perley).

Politicians have the inclination when they have not the opportunity, and very often when they have the opportunity they have not the inclination. When I was out on the farm a few years ago I wondered why our government had not made an attempt to get our money on a parity with the English pound. Britain was our market; that was where we had to sell our products; and in 1932 when the price of wheat reached the lowest point on the Liverpool market in over 400 years; and when it was selling in Fort William at a little over 38 cents per bushel, we were selling that wheat in the markets of Great Britain when the English pound was worth only $3.60 compared with a normal value of almost $5—$4.86 and a fraction to be exact. That was a serious handicap and the result was a very small price for our farm products. It struck me at that time that something should be done, and I remember picking up our family bible, which was the Winnipeg Free Press, in which I noticed on the financial page a double column article giving a speech made by Senator Sharpe in the Senate of Canada. The remarks reported in that article were made by a supporter of the then Conservative government, and they were interesting to me because it is so unusual for the supporter of a government to criticize the powers that be. I should like to read an extract from Senator Sharpe's speech. It will be found in the debates of the senate of November 24, 1932 at page 178:

> I cannot believe that the Prime Minister understands the real condition of the people. Our farmers are facing ruin because of the disparity between buying and selling prices. The British pound is now at $3.60, a discount of 25 per cent. If we went off the gold standard and brought our currency to the level of the British pound the result undoubtedly would be an increase of from 12 cents to 15 cents a bushel in the price of wheat; we should get $20 more for a 1,200 pound steer, and butter, cheese, eggs, pork and all other farm products would command higher figures. Virtually all our important competitors in agricultural products throughout the world, except the United States, have gone off the gold standard.

[Mr. Leader.]

I believe it was the following year that President Roosevelt of the United States decided to desert the gold standard, and thereby Canada's money was brought to a parity with the British pound. But it was only through the action of the President of the United States that this came about. Judging by events taking place at that time, if the Conservative party were in power in Canada at the present time the British pound would still be worth only $3.60 to the Canadian producer.

Senator Sharpe went on to say:

If we were tied up to the British pound—

Mr. DEPUTY SPEAKER: I must remind the hon. member that it is not permitted to quote here a speech made in another house.

Mr. LEADER: Well, I shall abide by the rules, but I am sorry, because it is very interesting.

Mr. STEVENS: Quote the Free Press.

Mr. DOUGLAS: Was it not made outside of the senate?

Mr. LEADER: With this reference I will conclude. Senator Sharpe declared, according to the Free Press report, that $125,000,000 was lost to the producers in Canada in 1932 in selling their products on the British market on account of the difference in exchange.

I am sorry that the leader of the opposition (Mr. Bennett) is not in his seat to-day; he was prime minister at the time. I am sure he would agree it is a fair statement that he did not place our money on a par with the British pound because he thought it would ruin Canada's credit, and as usual the farmers of western Canada paid the price.

I want to compare the actions of the former wheat board under Mr. McFarland with the actions under the present manager, Mr. Murray. Mr. McFarland's policy was to stabilize the market, to hold for a higher price. I cannot understand his attitude in view of the experience we had under the pooling system, because that is exactly what the pool did, and it proved disastrous. Our customers were not going to pay any more than they had to, and to hold a gun to the head of our best customer, demanding a higher price, was a disastrous policy. That, however, is exactly what the pool did, and Mr. McFarland, after all that experience, adopted the same policy. When Mr. Murray was made manager of the wheat board he adopted the opposite policy; he assured our customers that there was Canadian wheat for sale every day at the market price. Thus he won their confidence. Between the two I have no hesitation in saying that Mr. Murray's policy is the better.

The fact that he sold that huge surplus is the greatest factor in the better price prevailing at the present time. There are other factors I know, but buyers know that Canada has got rid of that huge surplus and it will not come into competition with the crop that we hope to produce this year.

It seems to me that the present wheat board is going out of business. I can come to no other conclusion. But the farmers of western Canada are not going to give up the fight they have made for twenty-five years for a better marketing policy, and if this wheat board goes out of business something else will have to take its place. I made that statement in Winnipeg this year at the annual meeting of the pool elevator companies of Manitoba. They asked me to say something and I did so very hesitantly, because at that time the government was not in very good repute with the Manitoba pool elevator companies. I spoke of course without assuming any responsibility except for myself. I said that I believed the government's action was wrong, that I felt that the wheat board was going out of business and that we should rebuild on the foundations of the old wheat pool another selling agency. I told them that we have in Canada two farmer organizations dealing in wheat, the pool elevator companies and the United Grain Growers' Grain Company. The latter company, although owned by the farmers, is a commercial institution pure and simple, yet it is regarded by the people of eastern Canada as a farmers' organization; therefore they say to us: You people in western Canada do not know what you want; you have got two farmer organizations out there and cannot agree among yourselves; there is cutthroat competition. And it is the truth. I suggested that the United Grain Growers' Grain Company and the western pool elevator companies get together and prove to eastern Canada and to ourselves that we have a policy, that we can cooperate to sell our products on the world markets, assuring our customers that we have a good product for sale and are willing to sell it at the market price. I took the same attitude at the convention of the United Farmers of Manitoba at Neepawa. I told them the same story and I am telling it to the house to-day, because I want the house to know that I am consistent. At their annual meeting held in Calgary on January 20 the United Farmers of Alberta instructed their executive to study the possibility of a merger between the pool elevator system and the Grain Growers' Grain Company.

There has been a good deal said in regard to resolutions passed at meetings of farmers in the west. Some of the resolutions referred to were stereotyped, some were different, some could not be vouched for, others were suspicious, and they were rather up in the air in general. But I hold in my hand a resolution passed at the convention of the United Farmers of Manitoba at Neepawa last fall, which I should like to read to the house:

> Wheat marketing: In considering the matter of wheat marketing we discover a very wide spread for opportunity to market western wheat under a dominion grain board. This view, which prevailed almost if not quite unanimously among our delegates, is expressed in the following resolution:
>
> Whereas the opinion prevails almost universally among producers of grain that the operations of a grain board in Canada may prove in future of very great practical value;
>
> And whereas we are convinced that the grain board should operate regardless of the market price of wheat;
>
> Therefore the United Farmers of Manitoba puts itself on record as urging that the wheat board set up last year be retained in operation, that it function independently of the figure at which the market price stands, and that thus there be secured to the farmers the privilege of placing their wheat with the board at any time.

That is the resolution passed by men and women who are engaged in this business of producing wheat. I was present at the convention and I voted for the resolution.

The government must take full responsibility for their action in changing the Canadian Wheat Board Act. They did not consult me, therefore I have to make my stand clear. I intend to support the amendment proposed by the hon. member for Qu'Appelle. The amendment is regarded by some as a vote of want of confidence in the government. I do not regard it as such. I still have confidence in the government, but I do not believe in the course they took in regard to this measure. I do not believe it was justified; I do not believe it was in the best interests of my constituents, and Mr. Speaker, my constituents come first.

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, as I understand the question as it has been placed before the house by a member of the official opposition, the hon. member for Qu'Appelle (Mr. Perley), the action of the government is being criticized because it is said to be legally unsound. The right hon. leader of the opposition (Mr. Bennett), who I suppose speaks for the opposition, concluded his remarks with this statement, appearing at page 1870 of Hansard:

> The real issue is whether hon. members are prepared to stand in their places and say that they approve of the executive making a statute inoperative when there is no power or authority so to do.

I presume we may take it that the right hon. gentleman was speaking of the true intent of this motion, so in effect he said that anyone who voted for this motion would be declaring that the government acted illegally in the course it took; that it is not a question of whether the government's action was right or wrong or whether or not it was justified. The straight charge is made that the government had no power to do what it did, and this parliament is asked to criticize the government for that reason.

Mr. DUNNING: That is right.

Mr. TUCKER: If that is the issue upon which we must vote, every hon. member should carefully consider the situation, and I have endeavoured to do so. I must admit that when I heard the first report of the government's action I was inclined to take the position that the government had no legal power to do what they did. As a matter of fact, Mr. Speaker, even to-day I am inclined to doubt whether they had such legal power, but I am prepared to take this position: I recognize that in this house we have in the person of the right hon. leader of the opposition a lawyer of very high standing in this country, and that his opinion is entitled to a great deal of consideration and respect. I also realize, however, that advising the government we have a lawyer of equal standing in the country whose opinion is entitled to the same consideration and respect. I refer to the Minister of Justice (Mr. Lapointe), and I take it that he advised the government in this matter. I have no doubt that the government would not have taken this action if they had not been advised by the Minister of Justice and the law officers of the crown that they had a legal right to do so.

Faced with that situation, with the leader of the opposition giving it as his opinion that the government had no legal right to take that action, and with the opinion which I must assume has been given by the Minister of Justice that the government had a legal right to take the course that was taken, what am I to do, as an ordinary and rather young member of the legal profession sitting in this house? I must bear in mind the debates which took place in connection with the so-called new deal legislation of the last administration, which I followed closely. At that time the present right hon. leader of the opposition was positive that the legislation he was introducing was intra vires of this parliament and so would receive the approval of the judicial committee of the privy council. At the same time the present Minister of Justice was very doubtful whether those acts were within the power of this parliament. What was the opinion of the highest judicial authority in the British Empire? Right along in its decisions as to whether those acts were intra vires or not it upheld the opinion of the Minister of Justice as against that of the right hon. leader of the opposition. How does that affect me in judging which opinion, in the present case, is likely to be upheld by the highest court of this empire? I must say that under the circumstances I am forced to take the position that, until something different has been proved, I can follow the opinion of the Minister of Justice with more confidence than that of the leader of the opposition.

But there is something else I think should be mentioned as well. We know that the wheat pool of western Canada has become a powerful organization, retaining some of the best lawyers in the west. We know that the suggestion was made at once that the government had no legal power to pass the order in council in question. I confidently expected that if the wheat pool held that opinion they would immediately challenge the action of the government in the courts, as they had a right to do. They could have brought an action or made application for a mandamus forcing the wheat board to accept wheat as they alleged it was required to do under the wheat board act. I waited, confidently expecting the pool to back up their statements by an action to test the validity of their opinion. After all, Mr. Speaker, we who are lawyers are hesitant about being over sure as to the interpretation of a statute. We are inclined to let the courts express opinions rather than state our own with too much certainty ahead of time and, as I say, I confidently expected that the position of the government would be challenged in the courts at once. I waited day after day and week after week, but when the most powerful organization in western Canada which was vitally interested in the matter, did not see fit to resort to the courts I must confess in all sincerity that I began to have doubts as to the soundness of my own opinion that the government had acted without legal authority.

That is my position. At the time the government made this decision I thought they had acted without legal authority, as the leader of the opposition said. When no action was taken by the wheat pool I began to have my doubts. Then when I thought the situation over and considered the history of the two men whose opinions I should value, I had further doubts, so that I am in this position: I am asked

by the official opposition to vote against the government because they did something without legal authority, illegally, but to-day the whole matter is in doubt. No one can say with any assurance that the action was legal or illegal, so in effect the official opposition want the members of this house to vote against the government before they have proved their case.

That is the legal point of view, and I think that is a fair attitude to take. If they want us to find the government guilty, let them prove their case. Unsupported statements are not sufficient before a court of law, and they should not be sufficient before this parliament. That is the bare legal ground, and the right hon. leader of the opposition has placed the matter on that ground. I do not think that is altogether sufficient for this house, however, and for a few moments I should like to refer to the effect of this amendment. What was the proper thing for the government to do last fall. Well, the question may be considered from many angles, but this was my attitude: Having set up a royal commission to investigate the whole question I felt that the government should not have made any change in the operation of the act until that commission had reported. But there was another point to be considered. Every farmer in western Canada, especially those who believed in cooperation, wanted to see the wheat board get a fair chance. Would the wheat board have had a fair chance if the initial price had been set at 87½ cents a bushel? I noticed that the hon. gentleman who introduced this amendment did not mention what initial price he would have liked the government to set. I take it that he would have liked the government to continue the wheat board, setting the initial price at 87½ cents. He has not said differently; the official opposition have not said differently, so I take it that is their attitude.

What would have been the effect if that had been done? Well, the other night the Minister of Agriculture (Mr. Gardiner) in effect said this: Considering the attitude of those who believed in the wheat board and who wanted it to have a fair trial, we realized that if we had continued the wheat board as in the previous year and set a price of 87½ cents, very few people would have delivered wheat to the board. There is no doubt about that being correct, because the price on the open market was very much higher than 87½ cents. Very few people would have delivered to the wheat board. The expenses of running the wheat board would have come out of the small amount of wheat delivered to it. Those who wished to destroy the board would have been able to come to parliament the following session and say the people in western Canada do not want the wheat board because they did not deliver to it, and therefore we should do away with it. The question is this: Who is the greater friend of the wheat board, the man who is ready to give it a chance or the man who pretends to give it a chance, under conditions that he knows will cause it to be destroyed? That is something for the people of Canada to consider.

We have to be fair about this matter. I heard someone say—not loudly, but I was just able to hear it—

Mr. PERLEY (Qu'Appelle): I will say it loudly.

Mr. TUCKER: I hoped the hon. member would.

Mr. PERLEY (Qu'Appelle): In setting a ninety cent conditional figure a situation was created under which absolutely no wheat would be delivered to the board. They had no opportunity, even if they so desired.

Mr. TUCKER: That is just my point. The government prevented a situation developing whereby the farmers would have had the right to deliver to the wheat board, knowing that they would not do so as would have been the case if the price were left at the old figure of 87½ cents. Very few would have done it. The figures were given by the Minister of Agriculture. In the time they could have delivered to the wheat board, 38,000,000 bushels were marketed and only 600,000 bushels were actually delivered to the board.

Then we have the proof from the people who should know most about it, namely the wheat pools themselves. What is their opinion about it? I should like to place it before the house, because we want to be fair. This is the considered statement of the executives of the three Canadian wheat pools, as issued on July 6. Here is what they said:

> If the minimum price for wheat is set below the futures market price, the Canadian wheat board might be crippled, if not destroyed—

Is that what my hon. friend wants?

> —as farmers after the experience of the present crop year would be reluctant to deliver their wheat to the board if they could secure a higher price on the open market.

That is the opinion of the wheat pool officials themselves. They believed that if the government had permitted delivery to the wheat board at an initial price of 87½ cents it might have destroyed the wheat

board. Will anybody stand here and vote for that sort of thing, while pretending he is supporting the wheat board and the wheat board idea?

But I am asked, "What attitude did you take in the country"? My answer is that I tried to take the attitude in the country that I thought was the right one. The proper idea, it seemed to me, should be for the present to continue the wheat board in operation. The only chance in the world it had to get a fair trial was to set its price sufficiently high that the farmer would feel able to deliver to it. I advocated that the initial price should be $1.01, which was slightly under the existing market price at that time. I figured that on that basis the farmer would deliver in reasonable quantities to the wheat board, and in that way the board would be given a fair chance. Again, on that basis, it seemed to me, the government would not stand to lose much. I hoped the government would take that attitude, and made representations accordingly. They decided, however, not to take that stand—and mind you, Mr. Speaker, if they did not see fit to set the price high enough to give the wheat board a chance, it was better to take the attitude they did take. Anybody who says he prefers to see the wheat board continue, while setting a price of 87½ cents, is voting for something which in the words of the wheat pool officials themselves, might have killed the wheat board. I tried to take a consistent attitude. I said the price should be set high enough so that the wheat board should have a chance, and made representations accordingly. When the government decided it would not do that I expressed my disappointment. If that is a crime, if it is a crime to say one is disappointed in the attitude of a government on a specific question, then I am guilty of it. But—

Mr. DUNNING: That is a virtue.

Mr. TUCKER: Probably I have been guilty of it more than once. However, to say that I am disappointed in some action of the government, and to say it not only to the country but on the floor of the house, is entirely different from saying that I am going to vote lack of confidence in the government. Ever since there has been a Liberal government in Canada and ever since I have taken an interest in public affairs, I would have liked to see those Liberal governments cut the tariff to a point a good deal lower than it was at the moment. But government in Canada is a matter of compromise. Just because it does not go as far as one would like to see it go, should one throw out people who are going farthest in your direction in order to bring in others who will not go any distance in your direction? That is the question one must answer.

Mr. THORSON: Or will go in the wrong direction.

Mr. TUCKER: Yes. The hon. member is certainly not referring to the Liberal party when he makes that observation.

Mr. PERLEY (Qu'Appelle): He would not admit it if he were.

Mr. TUCKER: In regard to the attitude taken that we might have lost some money, may I say, in passing, and by way of putting myself on record, that I think no harm would have been done by setting the price at $1.01. That is only my opinion. In justice to the western farmers I feel a reasonable price should be fixed or ensured for our wheat production. It is my view that when western Canada has come through such hard times and has suffered a succession of crop failures or poor crops that last year the government might very well have set an initial price at $1.01, so that those farmers who wished so to do could have delivered to the wheat board and obtained some benefit from any subsequent rise in price.

In that connection however there is something I should like to draw to the attention of hon. members. There seems to be the idea that if the wheat board had been permitted to operate, the grain exchange or the grain dealers would not have got the wheat delivered to the wheat board. May I invite your attention, Mr. Speaker, to the fact that one of the first things Mr. McFarland did, as head of the wheat authority set up by the last administration, was to force the pools to close their direct selling agencies in Europe and to deal through that very grain exchange, through the established selling agencies. And so last year, had the wheat board been taking the delivery of wheat from the 1936 crop, under the specific direction of the last parliament in the wheat board act, that wheat would have had to be sold through established channels to the grain trader members of the grain exchange, and the grain exchange would have got just as much of it as it has already got. That is something which should not be overlooked.

Then, suppose wheat had been delivered to the wheat board: under that condition they would have had to turn round and sell it on the grain exchange through established channels. What would have been the effect? They were supposed to sell their wheat in an orderly fashion. The members of the grain exchange would have been able to buy it up

and if they had thereby gambled successfully they would have made their half million dollars which the leader of the opposition mentioned the other day. The only thing was that it would have gone from the farmer to the wheat board and from it to the grain exchange, instead of direct from the farmer to the grain exchange. Is that something to raise an issue about? Is there much difference in that? I am asking hon. members that question.

Then, there is the question whether or not the farmers of western Canada, the primary producers, are entitled to some consideration under our present economic set-up. The hon. member for Moose Jaw (Mr. Ross) gives it as his opinion that the farmers in western Canada are entitled to no subsidy, no protection, nothing of that sort. I would say to him that if it were within the realm of pracical politics to do away with tariffs and subsidies, then the wheat farmer of western Canada would have to take his chance with the rest and would be willing to do so. But who in parliament will say that to-day that is within the realm of practical politics? Who will stand in his place and say there is any chance of our doing away with tariffs, within the lifetime of any hon. member? We know that a certain measure of protection for the secondary industries of this country is a permanent part of our fiscal set-up. It has not been quite so high under the Liberals as it has been under the Tories, thank goodness. I pointed out recently that in 1931 in one year the tariff subsidies had cost the provinces of Manitoba, Saskatchewan and Alberta a total of $54,925,000. If that should be taken as a normal year, in six years the cost to the three prairie provinces of tariff subsidies to protect our secondary industries would total $329,552,000. Through failure to place our money on the same basis as Australia during those years the prairie provinces lost another $229,000,000 in the selling price of their wheat alone, so that the total loss to western Canada under these items was $558,000,000. Then somebody says that the western farmer is not entitled to a fixed price for his wheat, sufficient to ensure him a fair standard of living which might cost the government half a million, a million or even ten million dollars. That is the situation as it appears to a lot of people in western Canada and as it appears to myself. I say: Go as far as you can in lowering tariffs, go as far as our party is willing to go—goodness knows I should like to see them go farther than they have gone yet—and when you have gone that far, in justice to those who are engaged in our primary industries, give them some compensation for the loss they suffer because of that tariff policy. That is only just.

We are asked to vote non-confidence in the government. Is it better for the farmers to have wheat selling at $1.31 with marketing machinery not quite as perfect as it might be, than to have the price forced down to 50 cents per bushel through your trade policies and have the most wonderful marketing machinery that could be devised by the mind of man? We are asked to vote non-confidence in this Liberal government, but what is the record? I predicted in 1930 at more than one of the election campaign meetings that if the Tory government got into power and carried out its tariff policies, there would be reprisals, quotas and so on on the part of countries with which we refused to trade. I told my listeners that as a natural result wheat would pile up in this country until the price dropped to 25 cents a bushel. I was fortunate, or perhaps lucky, in 1935 when I again made a prediction that has already almost come true that if the Liberal party came into power and the tariff was lowered so that we could sell our wheat in the markets of the world, inside of two years wheat would be back to $1.25 per bushel. What does the record show?

In 1926 there was grown in this country 407,000,000 bushels of wheat, in round figures. In 1927 the crop totalled 479,000,000 bushels and in 1928, 566,000,000 bushels. What was the carry-over after such large crops? On July 31, 1929, the carry-over was only 104,383,000 bushels. In 1929 the crop totalled 304,520,000 bushels. In four years while the Liberals were in office there was a crop of 1,758,000,000 bushels. The carry-over on July 31, 1930, was just 111,094,000 bushels. What is the history of the time the Conservative government was in power? We find that in 1931 the crop totalled 321,000,000 bushels, in round figures. In 1932 it totalled 443,000,000 bushels; in 1933, 281,000,000 bushels, and in 1934, 275,000,000 bushels. In other words, in 1931 to 1934 inclusive the total crop of wheat amounted to 1,322,000,000 bushels. Even with those comparatively small crops the carry-over had increased to 203,000,000 bushels as at July 31, 1935. During these four years of Conservative administration there was 449,000,000 bushels less wheat grown in this country than the four years of Liberal administration, but the carry-over had increased by 92,000,000 bushels. Can anyone say that there is nothing in trade policies? What was the result? Prices responded accordingly. If enormous carry-overs are built up in this country, the inevitable result is that prices

go down. When your trade policy is such that you can get rid of that carry-over and continue to show signs of getting rid of it year after year, prices go up.

This brings me to the last step. Is it not better for the farmers of this country when they do grow a crop to be able to get well over a dollar a bushel than to have a perfect wheat board operating and get only 35 or 40 cents a bushel? We have to get down to fundamentals. What is the situation? When the government announced its policy last year I suggested to some members of the wheat pool directorate that the pool was set up to carry on cooperative marketing. I told them that in the past they had been hampered due to the fact that when they wanted to make an initial payment they had to go to the banks to borrow the money and the banks insisted that they hedge their wheat. The purpose they had in mind, that of orderly marketing, was thus defeated. I told them that with the policy of this government of guaranteeing 87½ cents a bushel they could establish at once a voluntary pool and offer the farmers 80 cents a bushel as an initial payment. I told them they would not need to hedge their wheat, that they could once more get their pool going and if it was destined to be the success it should be, if they had confidence in it themselves now was the time to start it under such favourable circumstances, they would then have one year of successful marketing operations to take before the Turgeon grain commission.

Mr. DUNNING: They were guaranteed against loss.

Mr. TUCKER: As the Minister of Finance (Mr. Dunning) says, they were guaranteed against loss. That was a golden opportunity for the wheat pools of this country if they had seen their way clear to take advantage of it. With all due deference to eastern members, I must say that I have more confidence in western people when it comes to handling our wheat. It is their own work and they should know it intimately. I feel they are better able to do that than any grain board which might be appointed by the government. After all a grain board appointed by the national government would have to consider questions affecting eastern Canada as well as western Canada. It seems to me that we should try to handle our own business as much as possible. People might be placed upon that wheat board who would not be satisfactory to western Canada. I suggested that under the pool system they could see to it that the men they wanted were appointed. They could appoint whom they liked and they would thereby have control over their own business. They had their opportunity. That was laid before the wheat pools and their first answer was that they did not have time to set it in motion. There might have been something in that argument; it is unfortunate that the decision of the government was not made sooner. However on the basis of the government's decision, the other grain handling concerns in western Canada said to anybody who wanted to deliver wheat to them, "We will give you an advance of 80 cents per bushel on your wheat." I think the wheat pools should have been able to do just the same as these other grain marketing organizations. They are just as well organized and just as ably managed. But they also gave another reason. They said in effect, "We have been fighting for a wheat board, and if we start a voluntary pool going again it will be more or less an admission that we do not stand firmly for a wheat board." In that regard, I think, the executive of the wheat pool did not represent the real wishes of their people. Their members believe in cooperative marketing, not in state socialism. That is where this house is perhaps split. Do you believe in cooperation, in people handling their own business, or do you believe in placing it in the hands of the government and asking them to handle it for you? That is the situation.

I may have disagreed with things the government did at the time. But while I might disagree for the moment with some step that was taken, I believe they are moving in the right direction. I believe that there is a great opportunity, upon the basis of the policy the government have pursued so far, of setting cooperation in motion again. I hope the government will again guarantee a price during the coming crop year, so that the pool will have another opportunity to commence again the pooling of wheat and that the policy will be announced at an early enough date that it will not have to be said again that there is not time to get it in motion to handle this year's crop.

In conclusion, I am inclined perhaps more than some other members are to speak out, to criticize, when I do not agree with something. But there is this to be remembered. A man may give his whole life to the service of the people; he may be right ninety-nine times out of one hundred, but let him make one mistake and people will sometimes pay more attention to the one mistake than to the ninety-nine times he was right. That is a tendency which has caused many people to refuse to have anything to do with public life. This I bear

in mind when considering the attitude I should take towards the present government: while there are certain directions in which I should like them to go further than they have; while sometimes I have not agreed with all they have done, I think they are moving a good deal further in the direction I would have them go than would conceivably be the case with the official opposition that moved this amendment, and so I have no hesitation in saying that I intend to vote against the amendment and to vote confidence in the present Liberal government.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I do not wish to impede the passing of the motion that you, Mr. Speaker, do leave the chair; therefore I shall be brief. I am anxious to get along with the business of the ways and means committee. My task is rendered easier by the remarks of the hon. member for Rosthern (Mr. Tucker) to which we have just listened, because he developed a number of the points which I had it in mind to make.

First, I should like to point out that the address of the leader of the opposition (Mr. Bennett) on the amendment the other day did not call in question in the slightest degree the wisdom of the government's policy; it merely called in question the legality of the government's action. As to that legality, the hon. member for Rosthern has developed the obvious legal answer. I can only say on behalf of the government that in legal matters we are and must be guided by the opinion of the Minister of Justice (Mr. Lapointe) and the law officers of the crown, and with respect to the legality of the course taken there is no doubt whatever in the mind either of the Minister of Justice or of the law officers. I know, of course, that the leader of the opposition dealt with the legality, leaving it to his colleague the hon. member for Qu'Appelle (Mr. Perley) to speak with respect to the advisability. The reason is apparent. The leader of a great national party could not make an address having to do with the affairs of merely a section of the country from the standpoint of the advisability of the policy. He had to approach it on some broad, national ground, and the only such ground available to him was that of legality. However, he left the hon. member for Qu'Appelle and others quite free to develop their own sectional arguments with respect to the advisability of the policy followed, and of course the gentlemen concerned have done so.

I am not going to evade in the slightest degree the question of the soundness of the policy followed by the government; I am prepared to meet the issue of the soundness of the policy at the time it was determined. In saying that, Mr. Speaker, I feel conscious of my limitations. I am not a wheat expert like the hon. member for Rosetown-Biggar (Mr. Coldwell) and some of the other hon. members who have spoken. I have only been dealing with wheat, growing it, buying it and selling it long enough to be sure of one thing, and that is that the man who projects his course upon an opinion as to what the price of wheat will be three months ahead is headed for disaster. It is easy to come into this house now and say how sure we were six months ago of what was going to happen in the wheat markets of the world to-day. I wonder whether the hon. member for Rosetown-Biggar would not help those of us who have an interest in wheat by telling us what the market is going to be three months hence. If he and the hon. member for Qu'Appelle—who, I think, has some claim to knowledge with respect to the marketing of wheat, because he has been engaged in it as a farmer and to some extent as a merchant over a long period of years—were so wise last fall, will they not be good enough to tell us poor ignoramuses now what the price of wheat is going to be three months hence, six months hence? Is it going up or is it going down?

Mr. PERLEY (Qu'Appelle): Mr. Speaker, will the minister permit me—?

Mr. DUNNING: Why, surely. If I can get an answer to that question, it will mean a lot.

Mr. PERLEY (Qu'Appelle): If the evidence now were as plain that the price is going up as it was in July last that it was going up, I should be glad to give the minister the advice at once.

Mr. DUNNING: Surely that is begging the question.

Mr. ROWE (Dufferin): Not so far off.

Mr. DUNNING: This is a continuous problem.

Mr. ROWE (Dufferin): So was that.

Mr. DUNNING: Along the line of the argument advanced by my hon. friend—if his line of policy is to be followed—someone will have to predict what is going to be done three months hence. It is not sufficient merely to take action when the evidence is plain. You are not in this business for one day or one week. What faced the government of Canada last fall was that it was in the wheat business to a greater extent than any other organization in the world had ever been. Joseph in Egypt was a piker compared with the government of Canada. We

had a very great volume of wheat, and who owned it? The people of Canada. They had taken delivery of it. They had paid a price for it, a price which was greater than the price which up to that time they had been able to obtain in the markets of the world when they went to sell it. The people of Canada were holding the bag for the farmers of western Canada. I am not quarrelling with the policy in that regard. In a national crisis such as was involved in relation to the wheat business it was necessary for this nation to take some action with regard to a national asset of such tremendous importance. But the people owned that wheat—nearly 300,000,000 bushels of it, as the hon. member for Qu'Appelle indicated. There are two peculiar things about wheat. One is that wheat is ripening somewhere in the world all the time. The second is that the wheat that you did not eat last year you cannot, increasing your consumption, eat this year. With respect to some commodities a decrease in consumption during a period is followed by increased consumptive demand at some later period. It is not true of wheat. That people were deprived of wheat or did not eat it a year ago does not mean that they will eat twice or one and a half times as much this year. These are two important facts to bear in mind in connection with wheat.

The government had this enormous liability. It had another problem—which brings me to my second point. Another crop was coming along in western Canada, a crop which at that time and until its disposal was owned by the individual farmer producing it. It was in the highest national interest that the individual farmer who owned the growing crop of 1936 should be put in a position to get the best possible price for it. Who was the greatest competitor with that growing crop? The government of Canada, owning the vast quantity of wheat to which I have made reference. In the light of those circumstances what was the best policy to follow? To make provision for further increasing the load of wheat carried by the government, or so to handle that load as to give the farmers of western Canada the maximum possible opportunity of disposing of their new crop? The course the government took involved two or three major advantages of a national character, and some considerable advantages to the farmers of western Canada. I will deal with the latter first.

What was the advantage to the farmer of western Canada? First, the announcement of the government policy rendered utterly impossible bear raiding during the process of rush marketing. There was no possibility of organized bear speculation forcing down the price of wheat for the farmer's new crop. Why? Because the world had notice that the government of Canada was prepared to take delivery at any time the price was forced down to ninety cents. That was a degree of protection which the farmers of western Canada have never enjoyed during all the period of their marketing—never in the world. In consequence, for the first time during a period of free marketing, there was no attempt at a bear raid during the time of rush marketing of the 1936 crop. That was one advantage reaped by the farmers of western Canada. As the Minister of Agriculture (Mr. Gardiner) reminds me, the development of bear raiding was already apparent before we took action. It was plain to be seen.

What was the second point? The greatest competitor of the farmer of western Canada in the marketing of his 1936 crop was the wheat board holding these hundreds of millions of bushels of old wheat. Always in the past the size of the carry-over from the preceding crop has had a bearish price influence upon the new crop—always. The larger the carry-over of old wheat the more likelihood is there of successful bear raids on the price of new wheat. What happened? By the development of the government's policy, for the first time in the history of open market wheat trading, there was from the farmer's point of view no carry-over in competition with the marketing of his new wheat. Why was that? It was because the wheat board did not sell any old wheat in competition with the rush marketing by the farmer of wheat of the new crop. The government continued to hold back, as it had been holding back for years; it kept out of the farmer's way and left him a free rein to sell his 1936 crop without the bearish influence of any carry-over from the old year.

That, I believe, was a major service rendered by the people of all Canada to the people of western Canada, and the only reason that there is criticism to-day is that the gentlemen who are criticizing now have the advantage of hindsight, which, of course, in argument is converted into foresight. The price of wheat has gone up. It has gone up very largely because of the steady, persistent selling policy adopted as a result of this government's wheat policy. It has gone up largely by reason—

Some hon. MEMBERS: Oh, oh.

Mr. DUNNING: I should like to answer the question but I cannot hear it.

An hon. MEMBER: What put the price down?

Mr. DUNNING: The hon. member for Rosthern (Mr. Tucker) gave us several very sound reasons why the price went down in previous years, but I do not intend to be diverted from 1936 into previous years. I am discussing the amendment now before the house, which relates to the government's policy with respect to the marketing of wheat in 1936 as set forth in the order in council. In addition, we performed, by reason of this policy, a further great service to the farmers of western Canada, and without injuring the national well-being in so doing. The hon. member for Rosthern touched on it. For the first time in the history of marketing in western Canada cooperative marketing on the pool plan was made possible, insured against any loss on the part of the pools. Think what that means. We are all aware of the great disaster which overtook the pool marketing organizations in consequence of having made during one year a larger initial payment than they were afterwards able to realize from the wheat. We know that the provinces concerned, which undertook a part of the load resulting from that occurrence, became financially embarrassed. We know that subsequently the former government of Canada had to come to the rescue, and we know that because of that the tremendous load of wheat developed.

Now in 1936 for the first time the wheat pool could have said to all farmers, "Deliver your wheat to the pool; you will get 87½ cents as an initial payment and whatever else we may make out of the wheat as a result of its disposal in due course." I am not criticizing the pools for not taking that step; that is their business. Nor am I foolish enough to overlook the fact that they are one of the greatest business organizations in Canada, one of the most powerful in point of size of assets and control of volume of commodity—because it has been said repeatedly that the wheat pools control normally forty-seven per cent of the wheat. See what an opportunity was given by the government of Canada to the cooperative organization controlling forty-seven per cent of the wheat to operate a pool and make an initial payment without any fear of loss in so doing, because the government would come in and take delivery of the wheat at 87½ cents. Why that was not done remains a matter of policy with the pools themselves; they had a perfect right to make a decision. But I have a perfect right to point out that the policy of the government would have enabled the wheat pools to give to all of their customers all of the advantage, if any, which has come about by the increased price of wheat since that time and without any risk of loss to the pools, for the first time in the history of cooperative marketing in the west.

Mr. PERLEY (Qu'Appelle): When was that offer made to the pools on the part of the government?

Mr. DUNNING: No offer was made; the order in council itself constituted the offer.

Mr. PERLEY (Qu'Appelle): What was the date of it?

Mr. DUNNING: August 28, I believe. But it does not matter what the date was, the effect is just the same. Prior to that date every farmer marketing his wheat had a right to market with the board at 87½ cents initial payment. The extent to which he did so prior to that date was indicated by the Minister of Agriculture. There were 38,000,000 marketed and 600,000 delivered to the wheat board. Those figures constitute in my opinion the main reason why the pool organization decided not to continue, not to go ahead as a pooling organization on the same basis. I am not questioning their wisdom; that is an internal matter for themselves; but I do point out that they are very powerful organizations. If anything in Canada can be described as a truly big interest, then the western cooperative marketing organization engaged in the marketing of wheat can truly be described as a big interest—and I am not using that term in any critical or disrespectful sense. The wheat pools, with their expert knowledge gained by experience in this business, aided as they might have been by the advance knowledge of the hon. member for Rosetown-Biggar and the hon. member for Qu'Appelle, have some responsibilities. The government of Canada have many other responsibilities besides wheat. The cooperative organizations are organized specifically to deal with this problem, and when the government of Canada by order in council under the wheat board act, lays down a policy saying to these organizations: "Go out and market your wheat cooperatively; make an initial payment of 87½ cents a bushel, being insured against loss by the fact that the government of Canada will take delivery at that figure," it seems to me that the people of Canada are supporting in a very fair way the cooperative marketing of wheat in western Canada.

I think there is nothing further I wish to say, except that, as one who believes in cooperative marketing and not state socialism,

I believe that the government of Canada on behalf of the people of Canada should extend to wheat growers or anyone else the maximum assistance in the way of promoting self-help on the part of those directly interested. I believe that the order in council of last August was truly cooperative in the spirit of what I have just said. It represented a degree of cooperation on the part of the people of the whole of Canada with those who are joined together in an effort to market a commodity, and I doubt very much if we whose hearts are in the life of western Canada shall make any progress by attempting to follow the line of state socialism, by attempting to dragoon the whole of Canada into applying the principles of state socialism to the marketing of our chief product; because quite obviously if we insist on support for that we must be content to move in the direction of state socialism in the marketing of many other commodities as well as wheat. I believe that governmental assistance in the marketing of all these commodities can best be given by helping those who are engaged in the cooperative marketing of their own products to help themselves.

Mr. W. G. WEIR (Macdonald): I am one of those who rather appreciate the amendment moved by the hon. member for Qu'Appelle (Mr. Perley). I say so for this reason—and I offer this as a criticism of the government: I do not think the story of the reasons for the action that was taken last fall with respect to wheat board legislation was sufficiently told. The debate on this amendment will do a good deal towards clarifying the situation with regard to the action taken when the government declared its wheat board policy of last year. This I think will be appreciated not only by hon. members of this house but by all who are particularly interested in the problem as far as western Canada is concerned.

I think it will be readily apparent now, if it was not before, that there is a wide diversity of opinion, not only in western Canada but throughout the whole dominion, as to the best policy for marketing wheat. During the past twenty odd years we have had in reality three different marketing systems. First we had the war-time wheat board, which was really set up for the purpose of keeping the price of wheat down. I think the opportunities and accomplishments of that board, under circumstances which were unique, have led a good many people to think that the same things can be done by a wheat board under very different circumstances. Many people to-day having those results in mind, think of another wheat board as being able to accomplish similar results.

[Mr. Dunning.]

Following that wheat board we had the voluntary pool. When the government of Canada and the provincial governments failed to implement the legislation creating the wheat board, farmer organizations in the three western provinces set about establishing a voluntary wheat pool. In that they were reasonably successful. It was followed a few years later by an attempt to create a one hundred per cent pool owned and controlled by the farmers' organizations. That attempt was not successful. Then we have had the open market system, sometimes called the speculative market, in which the grain is moved into the different positions by open market trading. May I digress for a moment with respect to the so-called speculative marketing of wheat? I cannot for the life of me see how we can get away from it. When you look at the market page of any newspaper you find quotations for products throughout the world, reflected in markets in different places. They have to come to some point where a price is established. Even last year when the crop which is at present being marketed was in its growing season Mr. McFarland made a forecast as to what in his judgment that crop would amount to. I am not going to argue whether his judgment was right or wrong, but in that sense he speculated as to the prospects of the crop. Unfortunately he was in error.

Crop prospects throughout the world, particularly with respect to wheat, have a definite effect on the prevailing price. When the different markets of the world have an opportunity of forming a judgment with respect to the conditions and requirements of the world these judgments converge in some quarter, and the recognized place is the Liverpool market. We have had argument as to whether a wheat board under government control, or the pool, farmer-owned and farmer-controlled if you like, is the more desirable to establish in this country. As far as I am concerned I subscribe to the policy of the farmers owning and controlling their own marketing organization, and I think our western Canadian farmers have an opportunity to establish for themselves a very creditable marketing organization. The only difference I see is that probably a government wheat board backed by the resources of the state might be stronger financially than would the farmers with their own resources alone. But in that regard there is the possibility that the government could assist to some extent a cooperative grain marketing organization.

The hon. member for Qu'Appelle undoubtedly had something in view in moving this amendment, and no doubt it was that the

prices of wheat and other grains have improved considerably since the beginning of the crop season. I am wondering where my hon. friend and those associated with him, particularly the hon. member for Rosetown-Biggar (Mr. Coldwell), were in 1932. Were they shedding the same crocodile tears at that time when the price was ranging in the neighbourhood of 30 cents a bushel? That is when something should have been said by way of protest, and an attempt made to establish a reasonable price. Here I wish to make a further observation with respect to government policy at that time. The government in its wisdom decided to adopt the policy of sound money, and I agree with the argument of previous speakers this afternoon that that policy had a decided influence on the prices received for the primary products of this country, particularly those sold on the English market.

I think all of us are inclined to reflect the opinions expressed in our home districts and communities, and give a good deal of thought to the observations that come to us from time to time. I am one of those who were obliged to attend one of the so-called pool protest meetings last year. But before I touch on that I should like to make one other observation. No doubt the policy of a government where a democracy is working properly should reflect in legislation what are the desires and wishes of the people. I do not mean that as supposed leaders of public thought we should not use every possible opportunity to guide that thought; but when we go home we listen to the observations and representations made by various individuals and organizations with respect to different questions. In regard to the marketing of wheat we find perhaps as many differences of opinion throughout the length and breadth of this country as there are upon any other question.

As I said a moment ago, I attended one of these wheat pool protest meetings, and this afternoon I intend to take here exactly the same position I took there.

May I go back just one step? This meeting I suppose was similar to those attended by other hon. gentlemen, protesting against the government's action in passing the order in council which prohibited the wheat boards accepting wheat unless the price dropped below 90 cents per bushel. But may I tell you, Mr. Speaker, that in 1930, a few days after I accepted the nomination as candidate for the constituency of Macdonald, and when the wheat pool was probably at the height of its power, I attended a meeting in my home town attended by some four or five hundred people who were there to protest against the payments that the pool were making and to protest also against being tied to their contracts and forced to deliver further wheat to the pool organization.

In my district, as in other districts, opportunity was afforded to the growers to organize a one hundred per cent pool. That proposal was turned down. An attempt was made to establish a poultry marketing organization in western Canada, and it will be remembered that these same people turned that down very decidedly. So I think you will agree, Mr. Speaker, that sometimes because of the many divergencies of opinion it is very difficult to know exactly what is in the minds of people who are carrying on an agitation to promote certain marketing policies or, as a matter of fact, policies of any kind. Sometimes it is impossible to get enough of these people to put their names on the dotted line to bring about the desired result.

With regard to last year's crop, undoubtedly the early prospects were reasonably good. That must have been recognized by those who travelled through the west, particularly through the northern sections of Manitoba. Even Mr. McFarland, who is undoubtedly a man of considerable experience in the grain business, realized that fact. The observations I am about to make have been made before, but perhaps it will do no harm to repeat them. The government made no change in the marketing policy of the board during the first twenty-seven days of this marketing season; in other words the board was free to accept wheat at the initial payment of 87½ cents a bushel. During that period, with a guaranteed price of 87½ cents and an opportunity provided to deliver to the board and to participate in any increased price, the board received only one and a half per cent of the deliveries made.

Going a step further and referring to the crop of 1935-36, when the price of wheat was above the board's price only forty-seven per cent of the elevator deliveries were sold to the board; but when the price fell below the board's price sales to the board increased to one hundred and forty per cent of the deliveries to the elevators. I submit, Mr. Speaker, that when a board is so uncertain what its deliveries and what its opportunities for selling that wheat will be, its opportunity to accomplish results that might be comparable with those obtained through open market operations or otherwise, is certainly very limited.

I have not been in this house very long Mr. Speaker, I admit, but I have been here long enough to learn to recognize the realities

of a situation. Hon. members opposite, particularly my hon. friend from Qu'Appelle (Mr. Perley) and my hon. friend from Rosetown-Biggar (Mr. Coldwell), if they realize anything at all must appreciate that there is a very decided difference of opinion on the question of the government's being in the grain business at all. Undoubtedly that difference of opinion is reflected in this house, as well as throughout the entire dominion. What I wish to point out to my hon. friends, the reality which I should like them to face, is this: Even supposing it was possible to secure the support of every member from the four western provinces for a government wheat board, you would have only seventy-one members out of a house of two hundred and forty-five members. To me that is the practical side of the situation. I do not say that you would be able to get the support of every western member for such a proposal, but even if you could get all the members from the four western provinces to support a measure providing for the marketing of wheat through a government board you would have only the number I have indicated. That to me is the crux of the situation, and I can quite appreciate the position in which the government found themselves last fall when they attempted to deal with this matter.

If we are to adopt a policy of state assistance in the marketing of wheat I should like to ask my hon. friend who proposed this amendment how we can refuse the same assistance in the marketing of fish, live stock, lumber and other primary products that are sold on the markets of the world. So I say that if we are going to give assistance in the marketing of wheat we should consider all the factors involved, and particularly what the consequences may be in connection with the marketing of other commodities. Many hon. members of this house from eastern Canada have protested strongly against the prices being received for fish, dairy products and other commodities, and they have said very unkind things to me at least, and I am sure to other hon. gentlemen, with respect to the action of the government in regard to wheat.

There is another point that I think is of sufficient importance to be referred to at this time. Since 1930 this country has been accumulating large surpluses of wheat. At the same time we were coaxing and begging European countries to purchase additional quantities of Canadian wheat. Many protests have come to the government against their action in interfering, as the buyers claimed, with the normal flow of wheat; in other words, the buyers did not think they were being given the chance to buy Canadian wheat at a price that had any relation to open market competition. This year, when the condition is completely reversed and there is a possibility of greatly increased prices, I think that having in mind the desirability of selling our wheat in the export market, the government of necessity must take notice of that sentiment that exists abroad. They are in a very much better position to say to the European buyer, who, after all, is the most important factor in our established price structure, that with prices increasing the government has nothing whatever to do with the situation, and that they are buying their wheat in open competition on the same basis as all other buyers.

I believe we cannot emphasize too strongly the fact that Canada must maintain the goodwill of those who are purchasing wheat. Any action, particularly on the part of the government, which would in any way cause ill feeling and react to the detriment of this country, or any action by the government to maintain prices higher than they should be, would be a dangerous policy for us to follow.

Some hon. members have gone so far in their accusations as to say that the present chairman of the wheat board was a grain exchange man. It has been my privilege to know Mr. Murray for a considerable time. I believe I do not overstate it when I say that he was one of the men who many years ago recognized the possibility of pool marketing methods. He was one of the men who promoted in its early stages the pool idea among farmer organizations. He was one of those who helped to draft the first contract and, as I recall it, even went so far as to prepare the agreement used in the initial stages by the pools in their dealings with the elevator companies, whereby the elevator companies would handle pool grain on the specific basis set out in that agreement. For these reasons I submit that the reflections on Mr. Murray's ability and character have not been to the good; certainly they have not been fair to him. I suggest, on the other hand, that the house must recognize that Mr. Murray has done a good job in marketing wheat. Through his operations he has relieved the market of the surplus standing over, one which undoubtedly would have had a bad effect on the price for this year's crop.

When he took over in his official capacity the board held 298,000,000 bushels of wheat. He received a further 48,000,000 bushels, which meant that he had to handle over 346,000,000 bushels. That being so, and with a crop to be marketed, if he could get into a position

where the carryover or surplus at the end of this crop year was down to reasonable proportions, a good deal of the credit must be due to his activities.

Many hon. members have criticized the actions of the government, and have suggested that it could have foretold what the price trend was going to be for this season's crop. May I place this observation before them: Even as late as the end of June Mr. McFarland made a forecast. At that time the size of our crop was by no means known—at least not definitely. Of course it was known that the United States crop had been somewhat damaged. May I point out, as was done this afternoon by the Minister of Finance, that we cannot limit our operations to a month-to-month policy or, if you like, to a three-month policy. There has to be a long range view taken of the situation. Had there been a normal crop in the United States last year, and a reasonable crop in Canada, one can readily appreciate the different circumstances that would have existed.

Through the board, I believe the government has recognized the position of the wheat farmers. We must give them credit for their action in at least this one respect, that they refrained from selling while the delivery season was at its height, thus leaving the market wide open for the farmers and giving them an opportunity to sell without government wheat board competition and as well with a guaranteed price of 87½ cents per bushel. One cannot help smiling at the reflections made by hon. gentlemen opposite and at their claims that everybody could have been sure that the price of wheat was going to go up. I had no such assurance personally, and I gave no advice. But with the sure knowledge these hon. gentlemen now claim to have had, certainly they could have made good fellows of themselves if they had gone out and urged their friends to hold their wheat, and buy futures. That might have been a good way of definitely guaranteeing re-election. However, if the price had gone the other way the results might not have been so good.

Turning to the amendment of the hon. member for Qu'Appelle (Mr. Perley) I note that he was careful to draft it in a cute manner. It is in these words:

> This house regrets that the government rendered the Canadian Wheat Board Act, 1935, inoperative in its application to the 1936 wheat crop.

In other words, he has attempted to limit the discussion to that particular phase of the question. He knows it is a want of confidence motion, and that those who support it declare themselves to be totally lacking in confidence in the policies of the government. May I say to him that I, too, regretted the action which the government took last year. I thought they had made a mistake. At the same time I am not prepared to say that to date all the government's policies have been wrong. His proposal is undoubtedly designed to place western members on the spot. In confining his amendment to one specific question he is attempting to limit discussion to that one phase of government policy.

I shall not attempt to say anything on the constitutional issue raised by the right hon. the leader of the opposition (Mr. Bennett). I believe his observations were effectively met this afternoon by the hon. member for Rosthern (Mr. Tucker). His explanation has been the clearest that has been given so far, and I, for one, am grateful for the contribution he has made.

As I have said, I regretted the action of the board at the time, but I must say that I am grateful to the hon. member for Qu'Appelle for moving the amendment, for by so doing he has forced, if you like, or has obliged, if you care to use that word, some ministers and some hon. members to come forward and tell their stories.

Mr. PERLEY (Qu'Appelle): They have not told it all, though.

Mr. WEIR: I say again I had hoped that the wheat board would operate, but the difficulty which presented itself in connection with establishing a price was one of the important factors which had to be taken into account. It is all very well for some hon. members to argue that a price should have been set sufficiently high to ensure that a considerable quantity of grain would be delivered to the board. May I say in that regard that if I understand anything about the marketing of grain and the establishing of a price, it would be necessary to do it at the beginning of a crop year. No one can deny that an initial payment of 87½ cents per bushel at the beginning of last year's season would have been considered a reasonable price at that time. I do not believe even the wheat pools, had they been functioning as formerly, would have set a higher initial payment. I doubt if many people in Canada were disposed seriously to urge the government to set a higher price at a point higher than 87½ cents per bushel, having regard to the future and the possibility of the state being obliged to make contributions if there were losses.

I regret the action which the government took at that time. I think they made a political blunder so far as western Canada is concerned. At the time I thought it was an error, but I recognized the facts of the situation. I say to the hon. member for Qu'Appelle (Mr. Perley) who moved this amendment that the majority of the people in this country are not very sympathetic toward the government being in the grain business. That being so, all the strength that hon. members opposite can muster will not be sufficient. When the government of Canada goes into the wheat marketing business, it has to take into consideration the viewpoints of different parts of the country. If western Canada can claim the support of only 71 members out of 245, there is a situation which ought to be faced.

I am one of those who appreciate what the hon. member (Mr. Perley) has done. He knows perfectly well that his amendment is a want of confidence motion. Had he not made it a want of confidence motion as applied to the entire policy of the government I should have been inclined to support him. I would not trade the wheat marketing policy of this government for the wheat marketing policy of its predecessors in office.

Mr. C. R. McINTOSH (North Battleford): Mr. Speaker, I should like to place a few words on record in regard to the stand I took in my own riding with reference to the continuation of the Canadian wheat board. The amendment before the house reads:

> This house regrets that the government rendered the Canadian Wheat Board Act, 1935, inoperative in its application to the 1936 wheat crop.

The hon. member for Qu'Appelle (Mr. Perley) who moved that amendment put the word "regrets" in it, but I doubt very much whether his regrets are as substantial as he would like to make them appear.

Mr. PERLEY (Qu'Appelle): Speak for yourself.

Mr. McINTOSH: I'm doing that. It has been said that some men are born great, that others aspire to greatness while others have greatness thrust upon them. I should like to parody these statements and say that some men are born destructive, others aspire to destruction while others have the methods and policies of destruction thrust upon them. As I read this amendment, it is purely destructive. I think the one outstanding idea in the back of the head of the hon. member who moved the amendment was to divide the western members of this house on this wheat board issue—divide and destroy. The hon. member is actually attempting to destroy the influence of the Liberal party in western Canada. His desire to put me on the spot does not make a bit of difference to me. I rather like to think that a member of the Conservative party thinks he can put me on the spot, and then gives me an opportunity to prove that he cannot.

I have no hesitation in saying that this amendment is a motion of want of confidence in everything the government has done since it came into office and in every policy and principle sponsored and accepted by the Liberal party. I feel sure that when this amendment is put to a vote it will not command any support worth speaking of on this side of the house.

Mr. McIVOR: Or on this side.

Mr. McINTOSH: There is no doubt that the vote will be overwhelmingly against the motion.

I was surprised the other day to hear the right hon. leader of the opposition (Mr. Bennett) say that he opposed the policy of this government on the wheat board and supported this want of confidence motion. He argued that what had been done was unconstitutional and illegal. That does not come with very good grace from the leader of the party which opposed a report brought down in 1928 and again in 1929 by the industrial and international relations committee dealing with a matter of great social importance; that is, insurance against unemployment, sickness and invalidity. The view of the committee was that they should take the advice of the law officers of the crown in drawing up their report, and their final report was that this measure could be worked out only by following along the orbit of provincial jurisdiction. Hon. members of the Conservative party got up in this house and staged a debate opposing the report of the committee. They said the report was not sound, that the jurisdiction rested with the federal parliament.

But they did not stop at that. When they were in power between 1930 and 1935 they enacted legislation which in effect announced to the country that the federal jurisdiction was sufficient. Their position in this respect has been rendered untenable by the decision of the privy council, which has recently declared this legislation to be ultra vires. We are now back to where we were in 1928 and 1929. Eight or nine years have been thus wasted in inaugurating necessary

social legislation, and I place the responsibility where it in a great degree belongs—on the present opposition in this House of Commons.

When that was their stand a few years ago in connection with social legislation of outstanding national importance, what must we say to them to-day when they tell us that the stand taken by this government on the wheat board is unconstitutional? Since the Conservative party and its leader were wrong before, I do not think we can go far astray if we conclude that they are wrong again. The stand which this government has taken is legal and constitutional—not illegal and unconstitutional as hon. members say. We have the opinion of the law officers of the crown, and not to follow out that opinion is only an excuse for delay and inactivity. It is said that for every action there is an equal and opposite reaction. There has been no equal and opposite reaction in a judicial way, in a constitutional way or in a legal way to the action taken by the government. That being the case up to the present time, I think I am on sound ground when I say that there is not much to the argument of the leader of the opposition that the stand of the government was unconstitutional. Yesterday the hon. member for Lethbridge (Mr. Blackmore) in discussing this question, made a few statements to which I should like to draw attention. He said:

> We are, and we always have been, in competition with the world.

I think he is correct in that statement. I do not think there is any doubt but that the world is the ultimate economic and industrial reality and that a country which does not fit its policies into the world as a whole will certainly not go very far in the race, nationally or internationally. The same applies to a party. If—and this statement cannot be challenged—the world in an economic and an industrial sense is ultimately a single reality, then to be effective a party's policies must be in accord as far as possible with that world entity or reality. To the degree in which that principle is carried out the policies of any party will be efficient and successful. I believe the Liberal party has always tried to recognize that objective, that its outlook is for world trade linked with national business established on a sound and progressive basis.

A little later the hon. member said:

> Other nations are protecting their industries by means of tariffs, quotas, subsidies, marketing boards and the like. All this is largely a development of the last twenty years.

So far as Canada is concerned, it has not been a development of the last twenty years. Our protective policies have been a development of the years since 1878. When in that year the people pronounced upon economic policies they pronounced in favour of high protection, and they have had just what they asked for, ever since that time. We talk a lot about freer trade and free trade. Yet even in 1930, when in western Canada the leader of the opposition (Mr. Bennett) courageously told the people that if he were returned to power he would raise protection to a high level, thousands upon thousands of votes in every constituency in Saskatchewan and throughout the west were cast in support of that policy—which would almost lead me to the conclusion that if we are to have progressive trade policies the people themselves will have to take a more determined stand. As I have pointed out, protectionism has been a development not merely of the past twenty years but of the much longer period since confederation.

The hon. member for Lethbridge comes practically to the conclusion that since we have high protection in Canada—the Liberal party is trying to pare it down, but it is more easily raised than reduced—we should accept the other alternative of setting to work to nationalize the marketing of every primary product and adopting a system of state socialism. As far as I am concerned I could not accept a policy of that kind. Neither can the Liberal party.

Mr. BLACKMORE: Mr. Speaker, I never said at any time that we should have state socialism, nor have I advocated any such thing. The hon. member is giving his own conclusions, not mine.

Mr. McINTOSH: I am very happy to hear that, and I accept the hon. member's explanation. It was high tariffs instead.

Mr. LAWSON: It is not an explanation; it is a straight denial.

Mr. McINTOSH: All right. The hon. member went on to state that we had a price spreads inquiry from which, he inferred, practically no results flowed. I would draw his attention to the fact that, outside of the publicity which the inquiry gave to social and industrial conditions in Canada, it resulted in the passing of the Trade and Industry Commission Act, which was declared intra vires by the privy council.

Mr. THORSON: Only in part.

Mr. McINTOSH: Well, if only in part, it would go to show that the investigation was along the right lines, and that we might

well add to that power of investigation and regulation, as we are doing in amending the Combines Investigation Act.

The hon. member further says:

> Canada has all too recklessly left her primary producers to look after themselves.

Is not self-preservation the first law of nature? My own opinion is that when it comes down to a vote on fiscal, industrial and financial policies, if the primary producers go wrong and vote for a protective policy, what can you do for them? Nothing. It is hard to assist a class of people who say one thing to-day and perhaps the opposite to-morrow.

Mr. DOUGLAS: Vote for a free trade government!

Mr. McINTOSH: You mean freer trade. The primary producers of this country must take a definite stand against high protection, and not do what has been done too often before in the last seventy years. They must nail their colours to the mast and say that they want more free trade, more exchange of commodities, and a policy in harmony with the fact that after all the world is the final economic entity that must be reckoned with.

I now pass on for a few moments to some statements made by the hon. member for Rosetown-Biggar (Mr. Coldwell). At page 1879 of Hansard he stated that—

> Liberal candidates in Saskatchewan did tell the producers of western Canada that the wheat board system of marketing would not be endangered by the return of a Liberal government. That, I believe, all members of this house from western Canada will recollect.

As one member, I do not recollect it because I did not say it. I put my confidence in the Liberal party, its leaders and the people. I was satisfied that if the people returned the Liberal party to power without it having made too many promises or indefinite statements, the right type of policy, financial and industrial, would be inaugurated and a new era for the industrialist, the producer and consumer would result.

The hon. member made another statement which I should like to contradict. He said:

> . . . I stated over and over again that in my opinion steps should be taken by any government elected to open up the channels of trade, and that any steps taken in the opposite direction would have dire results upon our political economy.

I have always understood that the group to which the hon. member for Rosetown-Biggar belongs is opposed to free and freer trade. They believe in policies of self-sufficiency, of narrow nationalism and state socialism, and they are absolutely opposed to international trade. I had to meet that issue in my own riding in 1935; I demolished those who took the opposite viewpoint, and I am ready to do it again.

Mr. DOUGLAS: Will the hon. member give his authority for stating that the group to which we belong is opposed to international trade? That is, will he quote the statement from our platform?

Mr. McINTOSH: It is not necessary. It is plastered all over your platform and characteristic of all your public utterances.

Mr. DOUGLAS: Over what?

Mr. ROWE (Dufferin): He is trying to plaster it now.

Mr. McINTOSH: It is not necessary—the job is complete. I want to hurry on. I am astonished at the temerity of the hon. member in coming into this house and making assertions of that kind, when every member of his incoherent group, himself included, made statements of policy of a direct opposite nature. Further, the hon. member says:

> To my mind the preelection speeches of some at least of our prominent Liberal members were interpreted as promising a fire sale policy for Canadian wheat should a Liberal government be returned to power.

There was no suggestion whatever of anything in the nature of a fire sale of wheat so far as the North Battleford constituency was concerned. The people of that constituency knew precisely what legislation had been enacted and they inferred that the legislation setting up a wheat board meant that the board would continue. But as to any suggestion of a fire sale policy, I say emphatically that no such thing was discussed in my riding. There was nothing of that kind suggested in connection with the sale of wheat, and therefore this statement of the hon. member for Rosetown-Biggar is at variance with the facts.

An hon. MEMBER: As regards your constituency.

Mr. McINTOSH: That applies to the whole of western Canada.

Mr. DOUGLAS: You cannot speak for all western Canada.

Mr. McINTOSH: I can speak as well as you can and perhaps a little better. The hon. gentleman makes this further statement:

> To-day hon. members from western Canada sitting on the opposite side of the house have an opportunity of registering in this house the protests they made last August and September.

There is not very much in an argument of that kind. There is absolutely no reason why a member of parliament may not take a

definite stand on any matter of government policy in his own riding without regarding it as incumbent upon him to come to Ottawa and re-hash the whole thing over again. I say, Mr. Speaker, there is no gumption in an argument of that kind; and if the hon. member for Rosetown-Biggar (Mr. Coldwell) tries to put me on the spot in that regard he is simply wasting his breath because I am delighted to stand here and answer him in his own coin. But if it comes to a question of any member's attitude on matters of policy, I can go back a little in history and tell the house what my stand has been on some important matters. I do not know where the hon. member for Rosetown-Biggar stood in 1917 on one particular question, but I can assure him that at that time I opposed the iniquitous War-Time Elections Act. I opposed national conscription, and was practically alone in my opposition to it in Saskatchewan. As a newspaperman I stood alone.

Mr. SPENCE: Are you proud of it?

Mr. McINTOSH: Yes, I am; conscription was not necessary. Again, when the party opposite put through the gerrymander in Saskatchewan in 1933 I was the first member to go home and tell my people what had been done, and took a definite stand in my own riding in opposition to such a policy. With regard to the action of the government last summer, I should like to tell the house exactly what my position was at that particular time. When the government made its decision my own opinion was that they had made a great mistake, though I admit that the opposite view may, in time turn out to be a short range view and that from a long range point of view the decision of the government may prove to be the correct one. At any rate when the government made their decision—and they had a perfect right to decide the matter, for the people sent them here for that purpose—as the member for the North Battleford constituency I took the stand that as an emergency measure the wheat board should have been allowed to function for another year. I took the view that it should function as an emergency board, not as a permanent institution. Before the government made their decision there came to my office in North Battleford a telegram from the pool organization at Regina, as follows:

Regina, Sask.
Aug. 20, 1936.

C. R. McIntosh, M.P.
North Battleford, Sask.

Press dispatches in Leader Post this morning state that federal government has decided to allow minimum wheat price paid by wheat board to remain at 87½ cents basis one Northern Fort William according to report from well informed quarters. Dispatch ends quote Western Liberal members appear to be satisfied with the continuation of the old minimum price unquote. Our organization vitally interested amount initial payment and believe that should be set in relation to production cost which is substantially higher than amount indicated. Our board would appreciate your reaction on this statement.

Sask. Co-Op. Wheat Producers Ltd.

I have been in business in North Battleford for twenty-five years, and altogether apart from politics I have always supported the pool. As a public man, though not as a politician, I stood by them, and throughout that period of twenty-five years I have come in contact with the leading grain growers of the province as well as the leading officials of the pool. Our relations have been quite friendly and indeed we have been co-partners in the upbuilding of the province. So that the stand I took on this occasion was nothing new; in fact, I could not follow any other course and be consistent with my past action. If I had done anything else it would have been opposing the pool to no good purpose, and therefore when this telegram came I wired back—

An hon. MEMBER: What are you quoting from?

Mr. McINTOSH: I am quoting from a copy of my own newspaper, the North Battleford News; of course it cannot be contradicted. The telegram I sent in reply reads:

North Battleford, Sask.
August 20, 1936.

Sask. Co-Op. Wheat Producers Ltd.
Regina, Sask.

Wire fixed minimum wheat price received. Nothing final heard regarding decision federal government fix minimum price 87½ cents bushel. Am Western Liberal member and represent large farming population but do not "appear" nor am I satisfied with continuation old minimum price. Agree with your organization fixed minimum price should be higher and that an initial payment certainly should be set, possessing fair and definite relationship with cost of production. Production costs higher in north. Take stand fixed minimum should run from dollar ten to dollar fifteen cents bushel thus assuring farmers satisfactory initial payment.

Cameron McIntosh.

That was one step I took; I should like to put another on record. After that telegram had been dispatched, the decision of the government being far from satisfactory, a large mass meeting was held in North Battleford. It was quite spontaneous, for I saw no large bills advertising the meeting; the only bills I came across were very small ones of the dodger size.

An hon. MEMBER: Printed in your office?

Mr. McINTOSH: No, in my opponent's office. About four hundred persons, farmers and business men, attended the meeting, and the chairman was Mr. W. A. Campbell, manager of the Western Groceries.

It is only fair to say that that audience was made up of Liberals, Conservatives and those who supported policies of socialism and other isms of that kind. After the matter was discussed the meeting decided to put a resolution before the gathering and have it accepted. That resolution was unanimously, passed, handed to me and I wired it as quickly as possible to Hon. J. G. Gardiner, the Minister of Agriculture, coupling with it the following words:

Public meeting farmers and business men held here Saturday strongly protested government's announced wheat policy tantamount destruction wheat board because of failure to establish fixed minimum price guaranteeing cost production plus fair profit. Preferred treatment manufacturers compared with shabby consideration given agriculturists has aroused much resentment and bitter opposition. Personally consider government emergency policy far from satisfactory and would therefore respectfully urge immediate and serious consideration same.

Then the resolution follows:

Resolution unanimously endorsed by gathering approximately four hundred as follows:

"This meeting protests the action of the dominion government in discontinuing operation of the wheat board by leaving a stop loss price of 87½ cent per bushel basis No. 1 northern Fort William and prohibiting delivery to the board unless market closes at 90 cents per bushel or less.

"Therefore be it resolved that this meeting demand the federal government authorize wheat board to announce immediately a minimum price of $1.15 basis 1 northern Fort William, and further that this wheat board establish its own sales agencies with a view to marketing wheat direct to final purchasers, and further that this meeting requests C. R. McIntosh, M.P. to present this resolution and opinions expressed at this meeting to the government, using his influence to have same accepted by the government.

That was signed by myself.

That was the stand I took in my own constituency on that question. And my stand in that regard was nothing new, nothing strange. I have already said that for the twenty-four years preceding that date I had always done my best to support the pool when it could be done, not that I accepted their policies a hundred per cent but because as a business organization backed by the farmers it was desirable to give them support and strengthen their hands in the solution of the many problems confronting them.

[Mr. McIntosh.]

Mr. PERLEY (Qu'Appelle): Would the hon. member mind putting on record the answer he received to that wire?

Mr. McINTOSH: I have not the answer here, but it was that the government would give the matter its consideration, as asked by the meeting. I take it for granted that that is all that could be expected as an immediate answer to any such wire.

Before and after that meeting resolutions came in from all over the riding. I shall just mention a few that came, I shall not read them. They came from wheat pool committees at Maymont; Ruddell; Radisson; R.R. 2, North Battleford; Hafford; Brada; Redfield; Keatley; Krydor; Mullinger; Paradise Hill; Struan; Rabbit Lake; Belbutte; Bapaume; Bolney; Hatherleigh; St. Walburg; Cleeves; Whitkow; Medstead and Langham, and from the Radisson town council, the North Battleford board of trade, Rural Municipality No. 407 Round Hill, a public meeting in the town of Radisson, North Battleford rural municipality No. 437, Spiritwood rural municipality, Hamlin district farmers, Maymont district farmers, Borden district farmers, a mass meeting of Krydor farmers and Douglas rural municipality.

These are practically all the resolutions I received on the decision of the government. After the mass meeting in North Battleford and after the stand I took in my constituency, and after these resolutions were received, the farmers in the riding took it for granted that all was done that could be done, and since that time I have heard of very little opposition in that constituency. Everything done was done above-board, was reported in the press, and my own stand as a member was given to the people in such a way that I do not think there was much doubt as to where I stood in the entire matter.

In closing, you may ask what is to be my stand on the amendment before the house? It can be readily understood from what I have said. My stand will be to oppose the want of confidence resolution and to support the Prime Minister of this country and every member of the cabinet, and especially the Minister of Agriculture in his arduous duties, and to uphold the policy of the Liberal party as a policy which in the long run and even now must work out beneficially to the whole nation. The improvement in exports and imports, the prosperity which is evident on all sides, and the new encouragement that is being given to the people everywhere is I think complete proof that the trade and agricultural policies of the government are in

line with its traditional policy of freer trade, getting into all the markets of the world and thereby giving the rank and file of this country purchasing power which is sure to bring prosperity.

The house divided on the amendment (Mr. Perley, Qu'Appelle), which was negatived on the following division:

YEAS

Messrs:

Anderson	Kuhl
Baker	Leader
Barber	Lockhart
Beaubier	MacNeil
Blackmore	Macphail, Miss
Brooks	McGregor
Cahan	Marshall
Casselman	Massey
Church	Mitchell
Clarke (Rosedale)	Needham
Douglas	Pelletier
Edwards	Perley (Qu'Appelle)
Elliott (Kindersley)	Perley, Sir George
Esling	Quelch
Graydon	Ross (St. Paul's)
Green	Rowe (Dufferin-Simcoe)
Hansell	Senn
Harris	Spence
Heaps	Stewart
Hyndman	Thompson
Jaques	Tolmie
Johnston (Bow River)	Tustin
	Woodsworth—45.

NAYS

Messrs:

Barry	Emmerson
Beaubien	Evans
Bertrand (Prescott)	Fafard
Black (Chateauguay-Huntingdon)	Farquhar
Blair	Ferland
Blanchette	Ferron
Bothwell	Fournier (Maisonneuve-Rosemont)
Bouchard	Fraser
Brunelle	Furniss
Cameron (Hastings South)	Gardiner
Campbell	Girouard
Cardin	Gladstone
Clark (York-Sunbury)	Glen
Cleaver	Gosselin
Crète	Goulet
Damude	Hamilton
Deachman	Hanson
Denis	Hartigan
Deslauriers	Howden
Dubois	Howe
Duffus	Hurtubise
Dunning	Ilsley
Dupuis	Isnor
Dussault	Jacobs
Elliott (Middlesex West)	Jean
Lacombe	Johnston (Lake Centre)
Lacroix (Quebec-Montmorency)	Kinley
Lapointe (Matapedia-Matane)	Mills
Lapointe (Quebec East)	Mullins
Leclerc	Mulock
Leduc	Mutch
Little	Neill
Macdonald (Brantford City)	O'Neill
MacKenzie (Neepawa)	Patterson
Mackenzie (Vancouver Centre)	Plaxton
MacKinnon (Edmonton West)	Pottier
MacLean (Prince)	Pouliot
MacLennan	Power
MacRae	Purdy
McCuaig	Reid
McCulloch	Rhéaume
McDonald (Souris)	Rickard
McDonald (Pontiac)	Rinfret
McIntosh	Robichaud
McIvor	Rogers
McKenzie (Lambton-Kent)	Ross (Middlesex East)
McKinnon (Kenora-Rainy River)	Ross (Moose Jaw)
McLean (Simcoe East)	Ryan
McNevin (Victoria, Ont.)	St-Père
McNiven (Regina City)	Sinclair
Mallette	Sylvestre
Maybank	Taylor (Norfolk)
Michaud	Telford
	Thauvette
	Thorson
	Tomlinson
	Tucker
	Turgeon
	Veniot
	Verville
	Vien
	Ward
	Weir
	Winkler
	Wood
	Young—119.

PAIRS

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

Messrs:

Donnelly	Hall
King	Bennett
Gray	Lawson
Brasset	Cahan
Ahearn	Black, Mrs.
Golding	MacNicol
Hill	White
Factor	Lennard
McLean (Melfort)	Brown
Bradette	Walsh
Lacroix (Beauce)	Betts
Tremblay	MacInnis

Mr. LAWSON: I was paired with the hon. member for Lambton West (Mr. Gray). Had I voted I would have voted in favour of the amendment.

Motion (Mr. Dunning) agreed to and the house went into committee of ways and means, Mr. Sanderson in the chair.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

CANADA-UNITED KINGDOM TRADE AGREEMENT

The CHAIRMAN: Schedule IV.

Customs tariff—229. Soap, common or laundry: rate of duty, 50 cents per 100 pounds.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—230. Castile soap: rate of duty, free.

Mr. DUNNING: Binding free entry; no change.

Item agreed to.

Customs tariff—232. Glue, liquid, powdered or sheet, and gelatine, n.o.p.: rate of duty, 17½ per cent and 2 cents per pound.

Mr. DUNNING: Present rate bound; no change.

Item agreed to.

Customs tariff—232c. Gelatine, edible: rate of duty, 10 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—ex 232d. Mucilage and adhesive paste: rate of duty, 15 per cent and 1½ cents per pound.

Mr. DUNNING: Reduction in rate.

Mr. STEWART: What is the reduction?

Mr. DUNNING: It was a combination rate previously, 17½ per cent as against Great Britain, plus 2 cents per pound. Under the amendment it will be 15 per cent and 1½ cents per pound.

Mr. STEWART: A very slight reduction.

Item agreed to.

Customs tariff—234. Perfumery, including toilet preparations, non-alcoholic, viz., hair oils, tooth and other powders and washes, pomatums, pastes and all other perfumed preparations, n.o.p., used for the hair, mouth or skin: rate of duty, 15 per cent.

Mr. DUNNING: A reduction in rate.

Mr. STEWART: What was the former rate?

Mr. DUNNING: Twenty per cent.

Item agreed to.

Customs tariff—236. Surgical dressings, antiseptic or aseptic, including absorbent cotton, lint, lamb's wool, tow, jute, oakum, woven fabric of cotton weighing not more than seven and one-half pounds per one hundred square yards, whether imported singly or in combination one with another, but not stitched or otherwise manufactured; surgical trusses and suspensory bandages of all kinds; sanitary napkins, spinal braces and abdominal supports: rate of duty, 10 per cent.

Mr. STEWART: Is that a reduction?

Mr. DUNNING: There is a reduction in the rate on surgical dressings. Prior to the agreement it was 12½ per cent, and it is being made 10 per cent.

Mr. STEWART: What were the importations last year from Great Britain?

Mr. DUNNING: From the United Kingdom, $230,000 worth out of a total import value of $268,000.

Item agreed to.

Customs tariff—238a. Manufactures of celluloid, or of which celluloid is the component of chief value, n.o.p.: rate of duty, 10 per cent.

Mr. DUNNING: There is a reduction in the rate. Before the agreement the rate was 15 per cent and it is being reduced to 10 per cent. The total imports were valued at $389,000, of which only $21,000 came from the United Kingdom. It is felt that this is a field into which the United Kingdom may enter.

Item agreed to.

Customs tariff—240. Ultramarine blue, dry or in pulp; whiting or whitening; Paris white and gilders' whiting; blanc fixé; satin white: rate of duty, free.

Mr. DUNNING: No change; binding free entry.

Item agreed to.

Customs tariff—241a. Litharge, other than for battery purposes: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—242. Dry red lead; orange mineral; antimony oxide, titanium oxide, and zinc oxide such as zinc white and lithopone; white pigments containing not less than 14 per cent by weight of titanium dioxide: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—243. Dry white lead: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction in rate. Prior to the agreement, the rate as against Great Britain was 20 per cent and it is being reduced to 15 per cent. The imports were quite small, being valued at only $1,071 from all countries. The imports from the United Kingdom were very small.

Mr. HEAPS: I have noticed the reductions being made and I was glad to hear the minister say that in some cases they were very substantial as compared with the agreement of 1932. Could the minister give us the rates in effect when he introduced his budget in 1930? It may be a little difficult to make comparisons as between 1930, 1932 and 1937, as I understand that since 1930 certain items have been split up. I voted against the agreements of 1932 for the same reason that hon. members of the Liberal party voted against them. I felt that as between those agreements and the tariff which the Minister of Finance made effective by his budget of 1930, there was a great increase in the tariff rates. I was just wondering how much greater our tariff is at the present time than it was when the minister introduced what has commonly been called the Dunning budget, increasing the preference to Great Britain.

Mr. DUNNING: It is difficult to generalize, and it is particularly difficult to give a comparison of the rates affecting the different items. Since 1930 there have been between 400 and 500 additions to or alterations in the items in the tariff. I can tell my hon. friend that in connection with many items the rates provided for in the present agreement are below what was being charged on United States goods under the budget of May 1, 1930. However, that would be an inaccurate generalization if it were taken to be true all through. There are cases where it does not apply. While I think a great deal of the budget of 1930 and its proposals applied to conditions prevailing at that time, I would not say that in connection with every item I would be inclined to do the same thing in view of the conditions which apply in 1937. I have tried to view the matter objectively and deal specifically with each item in accordance with the conditions that prevail to-day, having regard to our trade situation.

My hon. friend must remember that in 1930 the United States came under our general tariff, whereas under the agreement of a year ago it automatically came under our intermediate tariff with respect to all its exports to this country. That is a consideration which must enter in relation to the tariff schedules we are now discussing, particularly in relation to the marginal aspects of the matter as between the British rate on the one hand, and the intermediate rate on the other. I can only suggest to my hon. friend that if on a particular item he is interested in knowing what the rate was in 1930, in some of my notes where the items are comparable in language and incidence to the item of 1930 I have the information, and shall be glad to give it when I have it. But there has been so complete a recasting of many of the items themselves, that comparison is impossible.

Mr. STEWART: The hon. member for Winnipeg North (Mr. Heaps) has addressed to the minister a question which calls for a statement in addition to that which the minister has made. On the part of many hon. members there is an assumption that since 1930 the tariff has been raised all round the board. It was undoubtedly raised in 1930 and in 1931 in some instances, but as the minister says, a general statement like that cannot apply to the whole tariff, and I think he will agree with me that a very large number of items have been reduced since 1930 and a good many placed on the free list. I do not remember in which year the budget effected this change, but I know that a large number of items, particularly those coming from Great Britain, were placed on the free list. So, as the minister says, it is difficult to make a general statement applicable to the tariff as a whole: there have been increases and there have been reductions; items have been broken up and redistributed; some have been raised and some have been lowered. I think the minister will agree that that is a fair statement.

Mr. HEAPS: I think the minister's statement is eminently fair. I did not and could not expect him to have under his hand at the moment information about all the items to which I have referred. But as regards the larger items which Great Britain exports to Canada it is quite possible that the minister may have the information I have requested. What I have in mind at the moment is the textile schedules.

Mr. DUNNING: When we come to them.

Mr. HEAPS: When we come to them I hope the minister will be able to give the information to the house. A few moments ago the minister suggested that the British preference has been considerably reduced through the United States coming under the intermediate tariff.

Mr. DUNNING: Well, that depends on what I may call the datum point. The degree of British preference was reduced, of course, immediately the United States came under the intermediate tariff, but only by comparison with the degree of preference which existed immediately prior to that time. It would be equally difficult to make comparisons of the degree of preference in 1930 with the degree of preference to-day, for the reasons I have indicated.

Mr. HEAPS: That may be true, which shows how difficult it is to generalize on this question.

Mr. DUNNING: That is right.

Mr. HEAPS: But I am under the impression, perhaps wrongly, that the preferences granted under the 1930 budget are probably greater than those granted at the present time, for the possible reason that the intermediate tariff to-day is applicable to goods that are coming in from the United States.

Mr. DUNNING: But my hon. friend must recognize, of course, that between 1930 and 1935 the intermediate tariff was raised. That is, the intermediate tariff of 1930 applicable to intermediate countries as at that time is not the intermediate of to-day. In many cases the intermediate was increased in 1931. As the hon. member for Leeds said with reference to the tariff generally, and his remarks in that regard apply with greater force to the intermediate than, certainly, to the British rates, and very probably with as great force to the intermediate as to the general tariffs of 1931 and 1932, it is awfully difficult; I doubt if months of study could reveal exactly the situation throughout the whole tariff, and what applies to one item cannot possibly apply to another.

With respect to the item now before us, for instance, I may point out that the rate of 20 per cent which we are now reducing to 15 per cent has been 20 per cent against Great Britain since 1906. I have the information and therefore I can give it on this item. But to say that because this is so with respect to this item, the same thing applies throughout the whole tariff, would not, as the hon. member for Leeds says, be accurate.

Mr. STEWART: I think the minister did not desire to leave the impression that the intermediate tariff had been increased all along the line since 1930.

Mr. DUNNING: No, no.

Mr. STEWART: There have been reductions as well as increases.

Mr. DUNNING: Yes, but—

Item agreed to.

Customs tariff—244. White lead ground in oil: rate of duty, 20 per cent.

Mr. DUNNING: A reduction in rate, Mr. Chairman. The rate on this item as against Great Britain has been 30 per cent since 1906, and the proposal before us is to reduce that rate to 20 per cent.

Mr. STEWART: What are the imports?

[Mr. Dunning.]

Mr. DUNNING: Imports 16,710 pounds, of which 15,000 pounds came from the United Kingdom. We have a tremendous production in Canada, the last figures of which, I believe, are 9,400,000 pounds.

Mr. ROSS (Moose Jaw): Have we exports?

Mr. DUNNING: No export figures. They are included in the figures given for the previous item, which were $14,000 worth, 2,228 hundredweights of exports, chiefly to the United Kingdom.

Item agreed to.

Customs tariff—245. Ochres, ochrey earths, siennas and umbers: rate of duty, 5 per cent.

Mr. DUNNING: No change.

Some hon. MEMBERS: Carried.

Mr. STEWART: Do not try to rush us on this side, and we shall get along a little faster. Do not call "carried" before the Chairman announces the number of the item. Will the minister tell us what the present rate is, and what is the reduction?

Mr. DUNNING: Under 245 there is no change.

Mr. STEWART: What are the imports and exports?

Mr. DUNNING: Ochres, ochrey earths, siennas and umbers, $54,000 of imports, principally from the United States. Our exports do not accurately reflect this item. "Mineral pigments, iron oxides, ochres etc." is the description in the trade of Canada for the exports: they amounted to $111,000, some of which went to the United Kingdom. There is a two-way trade in these commodities.

Item agreed to.

Customs tariff—246. Oxides, fireproofs, rough stuff, fillers, laundry blueing, and colours, dry, n.o.p.: rate of duty 12½ per cent.

Mr. DUNNING: This is a reduction in rate. The existing rate is 15 per cent, which is being reduced to 12½ per cent. Here again, the hon. member for Winnipeg North will be interested to learn, the rate has been 15 per cent since 1906. Our imports total 6,458,000 pounds, $616,000 in value; from the United Kingdom, 1,204,000 pounds, valued at $170,000. Our exports—again that general item of "mineral pigments, iron oxides, ochres etc." covers it—were 39,009 hundredweights, valued at $111,000, of which only $10,000 worth went to the United Kingdom.

Item agreed to.

Customs tariff—246b. Stains and oxides, valued at not less than 20 cents per pound, for use exclusively as colouring, constituents in the manufacture of vitreous enamels and pottery glazes; and liquid gold paint, for use exclusively in the manufacture of tableware of china, porcelain or semi-porcelain: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—247. Liquid fillers, anti-corrosive and anti-fouling paints, and ground and liquid paints, n.o.p.: rate of duty, 17½ per cent.

Mr. DUNNING: A reduction in rate, Mr. Chairman. The existing rate of 20 per cent, as will be noticed in the sheet, is reduced to 17½ per cent. The 20 per cent rate has existed since 1926. Our imports from the United Kingdom last year were 27,000 gallons, valued at $38,000. Our exports are included in the general item. We exported 571,000 gallons, on which 301,000 went to the United Kingdom.

Mr. STIRLING: Is there any Canadian production?

Mr. DUNNING: The latest figures are for 1934. I can give each item but the quantity is large.

Mr. STIRLING: Considerable quantities?

Mr. DUNNING: Yes. It amounts to seventeen or eighteen millions.

Sir GEORGE PERLEY: Do we import any from the United States?

Mr. DUNNING: We imported 106,000 gallons valued at $172,000.

Item agreed to.

Customs tariff—ex 247, 247a. Artists' and school childrens' colours; fitted boxes containing the same; artists' brushes; pastels, of a value of one cent per stick or over; artists' canvas, coated and prepared for oil painting: rate of duty, free.

Mr. STEWART: This would appear to be a subdivision of the other item.

Mr. DUNNING: It is a rewording of two items. In giving the figure of between sixteen and seventeen millions of Canadian domestic production I was including all of the production comprised within these three items of tariff description. The item with regard to artists' colours, et cetera, is intended to take that portion out of the general item and reduce the rate.

In tariff item 247a the rates of duty are free, 27½ and 30 per cent. This item was inserted in the budget of 1935 to provide free entry under the British preferential tariff for artists' and school childrens' colours, artists' brushes, pastels and canvas. As it has stood in the tariff, the item defined artists' and school childrens' colours as being in tubes, cakes, pans, and vials, and during the negotiations last summer it was represented by the British government that this reference in the wording to method of packing or nature of container was having the effect of excluding from the tariff item considerable quantities of artists' colours. Presumably when the rate was inserted in 1935 the intention was to permit the entry of artists' colours, and the government feels the wording then introduced regarding the nature of the container was meant to be descriptive rather than restrictive. In order that the presumed original intention may operate in administration, opportunity is being taken of the present negotiations to reword the item, leaving out the restrictive words regarding the style of package. This item is therefore one of seven in this agreement which bind or freeze an existing rate on United Kingdom goods and incidentally enlarged the scope of the item, to this extent reducing the rate of duty on the part of the commodities affected.

Mr. STIRLING: What has happened to the duty?

Mr. DUNNING: It was carrying twenty per cent. Of course, it was scattered through the tariff. The qualification in the old item as to the nature of the container determined what particular tariff item it would fall into, because of the contents in the container plus the container. I am informed that most of those which could not get in under the item of 1935 carried twenty per cent.

Mr. STIRLING: Now all are free.

Mr. DUNNING: Yes.

Mr. STEWART: What were the imports last year?

Mr. DUNNING: There was $88,000 worth of imports of which $67,000 came from the United Kingdom, and in addition there was $17,000 worth of artists' brushes, of which $9,700 came from the United Kingdom. There was $2,386 worth of artists' canvas, of which $2,200 came from the United Kingdom.

Mr. STEWART: Some of that would come in free under the item and some would bear a duty?

Mr. DUNNING: I should say that between 80 and 90 per cent would come in free.

Item agreed to.

Customs tariff—248. Paints and colours, ground in spirits, and all spirit varnishes and lacquers: rate of duty, 75 cents per gallon.

Mr. DUNNING: There is a reduction in rate.

Mr. ROSS (Moose Jaw): What are the imports and exports?

Mr. DUNNING: The imports of lacquers were 14,544 gallons, valued at $46,000, of which 1,352 gallons came from the United Kingdom, valued at $4,500. The rest came from the United States. We were also large exporters of varnish, which in the export classification includes this item of lacquers. I suppose the description is really the same. We exported 17,700 gallons or slightly more than our total imports, and our exports were valued at $23,000. Some went to the United Kingdom; practically all of it went to different countries of the British commonwealth.

Item agreed to.

Customs tariff—249. Varnishes, lacquers, japans, japan dryers, liquid dryers, and oil finish, n.o.p.: rate of duty, 15 cents per gallon and 10 per cent.

Mr. DUNNING: This is a reduction in rate. Perhaps it will serve the purpose of the committee if where there is a reduction in rate I give information with respect to imports and production without being asked. The existing rates are twenty cents a gallon under all tariffs plus an ad valorem of fifteen per cent in the case of Great Britain. The reduction is from twenty cents a gallon to fifteen cents specific, and from fifteen per cent ad valorem to ten per cent on the ad valorem incidence of the item. Last year we imported 90,000 gallons, valued at $174,000, of which 83,000 gallons came from the United States and 5,800 gallons from the United Kingdom.

Mr. ROSS (Moose Jaw): Is there the same reason in each case for the ad valorem and specific?

Mr. DUNNING: Yes. The variation in value of these commodities would render either one of the forms of duty alone very variable in incidence as applied to different articles. The combination does have an equalizing tendency with respect to different values of commodities comprised within the item.

Mr. STEWART: Do we export goods of this class?

Mr. DUNNING: They are included in the varnish figure.

Item agreed to.

[Mr. Dunning.]

Customs tariff—250. Paris green, dry: rate of duty, free.

Mr. DUNNING: We imported from the United Kingdom 33,500 pounds valued at $5,500. The present rate from the United Kingdom is five per cent, which has been unchanged since 1906, and the item is made free from Great Britain under the agreement.

Sir GEORGE PERLEY: As the whole importation is from Great Britain, this would be a very good test case to show whether the consumer gets any benefit from the reduction in rate.

Mr. STIRLING: Is there any Canadian production?

Mr. DUNNING: It is not separately recorded; there are not three concerns manufacturing it. As my hon. friend knows, unless three concerns are manufacturing, the bureau of statistics does not keep any record. It is manufactured in Canada, however.

Sir GEORGE PERLEY: As the whole import is from the United Kingdom I wonder if the minister does not consider it rather curious that we should be taking off this five per cent unless it will give some benefit to our own people. Evidently it will not help the British exporter.

Mr. DUNNING: Well, it is one of those things that helped me a great deal in asking for continued free entry into the British market for Canadian goods. There are many such items as to which I could not advance very strong arguments against lowering the duty when asked to do so. Some of them are very much a matter of good will.

Sir GEORGE PERLEY: One of the many concessions the minister was forced to make.

Mr. DUNNING: I would not say "forced" to make. There was not any force, but I did evince a willingness to consider what was in the interests of the British so far as it did not, in my judgment, conflict with the interests of Canadian producers and consumers.

Sir GEORGE PERLEY: Strongly urged, may we say.

Mr. DUNNING: I do not remember strong urging on paris green. It is not a pleasant subject.

Mr. LAWSON: What puzzles me is why they should want a reduction, even on the basis of good will. If they have the market and have the business, any tariff on it would surely be a matter of revenue for Canada. Apparently it is purely a tariff for revenue.

Mr. DUNNING: The intermediate tariff is 7½ per cent; their margin was only 2½ per cent from the intermediate.

Mr. LAWSON: But I understood the minister to say that all our importations came from Great Britain.

Mr. DUNNING: Yes, with a margin of 2½ per cent. With their generally rising costs of production in all lines, there was a disposition on their part to ask for an increase in margin wherever it could be arranged, and this was one of the cases.

Mr. KINLEY: How many pounds were imported?

Mr. DUNNING: 33,510 pounds.

Mr. ROSS (Moose Jaw): As the hon. member for Argenteuil (Sir George Perley) said, this is a good chance to find out whether or not the consumer gets the benefit. If he does not get the benefit during the next year, I suggest that the minister reduce the other rate to free in order that the consumer shall get the benefit. This article is important to agriculture in this country; it is used in primary production. My hon. friends on the other side always think of the producer, seldom of the consumer.

Some hon. MEMBERS: Oh, oh.

Mr. ROSS (Moose Jaw): My hon. friends a moment ago asked: What advantage are the producers of Great Britain going to get? Why can they not think once in a while of the Canadian consumer?

Mr. STIRLING: That is exactly whom we are thinking of.

Mr. LAWSON: My hon. friend from Moose Jaw is very unfair in his statement. We do consider the consumer, so much so that I venture to suggest that it is possible that we see far enough ahead now to know that there will not be any reduction in prices to the consumer. The minister told the whole story of that a moment ago, when he told us that costs of production and prices in England are increasing.

Mr. DUNNING: Generally.

Mr. LAWSON: Generally costs are increasing—the wage scale and other factors. The net result is going to be that the government of Canada is going to lose its former revenue on this item. I am not criticizing them for doing so; I simply want to make it plain that they are giving up this revenue and there will be no reduction in price to the consumer; the difference will go to the British producer. In return, if the minister adopts the suggestion of my hon. friend—which of course he cannot do—

Mr. ROSS (Moose Jaw): Oh, yes, he can.

Mr. LAWSON: —to reduce the intermediate tariff to free, he has got to maintain a certain spread—

Mr. DUNNING: No.

Mr. LAWSON: Is this not one of those items? At any rate, if he makes the intermediate tariff free next year he defeats the very purpose he has in mind in reducing the British preferential this year. The reason he is reducing it this year, on his own statement, is for the purpose of good will, to put the other chap with whom he was negotiating —not bargaining—in a good humour. Therefore if he follows the suggestion of my hon. friend and makes the intermediate tariff free next year, he defeats the whole purpose he has in mind in negotiating the trade agreement.

Mr. DUNNING: It is rather a small matter we are talking about, because the total revenue on the basis of last year's imports would be about $250. I do not attach very great importance to it either way.

Item agreed to.

Customs tariff—252. Shoe-blacking, shoemakers' ink, shoe, harness and leather dressing, and knife or other polish or composition, n.o.p.: rate of duty, 12½ per cent.

Mr. DUNNING: A reduction in rate. Shoe-blacking, at present 15 per cent in the tariff, is reduced to 12½ per cent. This is an item which has stood at 15 per cent since 1906. Our total imports come chiefly from the United Kingdom, $278,000 worth out of a total of $373,000 imported. In addition, there is a sub-item of polish or composition n.o.p.— $125,000 worth out of $163,000 of imports came from the United States. Our exports, none. Our total production in 1934 was $1,663,000.

Item agreed to.

Customs tariff—254. Gums, viz: Australian, copal, damar, elemi, kaurie, mastic, sandarac, Senegal, tragacanth, gedda, and barberry; gum chicle or sappato gum, crude; lac, crude, seed, button, stick and shell; ambergris; Pontianac: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—256. Printing ink: rate of duty, 12½ per cent.

Mr. DUNNING: No change. Present rate bound.

Item agreed to.

Customs tariff—259a. Sesame seed oil, crude: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—264. Essential oils, n.o.p., including bay oil, otto of limes, and peppermint oil: rate of duty, free.

Mr. DUNNING: No change. Free entry bound.

Item agreed to.

Customs tariff—ex 265a. Halibut liver oil, crude or refined: rate of duty, free.

Mr. DUNNING: A reduction in rate on halibut liver oil, crude or refined. The rate of duty at present applying against Great Britain is 12½ per cent. It is proposed to make this item free. Our imports were 20,400 gallons last year, valued at $27,800. Of this amount 12,600 gallons came from the United States and only 200 gallons from the United Kingdom. I am afraid I have not accurate export statistics relating to halibut liver oil, we have not that separate.

Sir GEORGE PERLEY: Do we manufacture any in Canada?

Mr. DUNNING: Yes, there is manufacture in Canada and we export considerable, but the figures I now give include other fish oils as well as halibut liver oil; 1,243,000 gallons, valued at $302,800. The United Kingdom was our best customer, taking 584,000 gallons, valued at $129,000.

Mr. STIRLING: In view of the very considerable Canadian production, is not the cut from 12½ per cent to free very considerable?

Mr. DUNNING: We are large exporters and very small importers from the United Kingdom.

Mr. REID: Has the minister any information as to whether halibut liver oil from Canada enters Great Britain free? I think there are only three countries in the world that manufacture halibut liver oil. It is becoming quite an industry in Canada, and due to the severe competition from Japan, which is now entering the market, it is worth watching.

Mr. DUNNING: That is just the point. Our halibut liver oil does enter Great Britain free, and I was anxious to preserve that free entry.

Mr. STIRLING: The minister has not the figures for halibut liver oil separate?

[Mr. Dunning.]

Mr. DUNNING: No, the export figures are under the general heading, "other fish oils." We have never had a separate item before for halibut liver oil.

Mr. TOLMIE: Could the minister give us the amount of whale oil exported

Mr. DUNNING: I am afraid that is also included in the total I gave for "other fish oils."

Item agreed to.

Customs tariff—265b. Cod liver oil, crude or refined: rate of duty, free.

Item agreed to.

Customs tariff—276b. Cotton seed and crude cotton seed oil, when imported by manufacturers of cotton seed meal and refined cotton seed oil, for use exclusively in the manufacture of such commodities, in their own factories: rate of duty, free.

Mr. DUNNING: No change.

Mr. HARRIS: What were the imports?

Mr. DUNNING: Imports of cotton seed and crude cotton seed oil for the manufacture of meal, and refined oil imports, amounted to $1,476,000, of which $1,438,000 came from the United Kingdom and $30,000 from China. We have no production in Canada.

Mr. HARRIS: How many pounds?

Mr. DUNNING: I am sorry I have not the figure in pounds. I can get that and give it to my hon. friend later on. It will be in the trade statistics.

Mr. HARRIS: Never mind; I have it here.

I should like to make a few observations with regard to cotton seed oil, Mr. Chairman. I am sure the minister will agree that while it comes here from the United Kingdom the points of origin are Egypt and India, so when we consider this item in terms of trade perhaps we would be justified in short-circuiting England, Ireland and Scotland and getting right back to the point of origin, which in the main is India. Last year we imported from India goods to the value of $8,245,194.

Mr. DUNNING: From India direct?

Mr. HARRIS: Yes.

Mr. DUNNING: That is not affected by this item.

Mr. HARRIS: Let me get back to the point I was trying to make. If one should suggest any measure of consideration for the producers of animal oils and fats in Canada, in view of this tremendous importation of cotton seed oil, which in this one division

amounts to 25,597,600 pounds—and the minister knows there are two other divisions—the thought would immediately come to one: Well, but we must not disturb our trade with the country originally producing the cotton seed. That country is principally India, and to a lesser degree China.

As I started to say a moment ago, we imported from India $8,245,000 worth of goods and exported $2,473,000 worth. Does the importation of this huge amount of cotton seed oil or other products of the cotton seed help the agricultural Englishman, Irishman, Scotsman or Welshman, or does it not rather help our friends in India, who grow the cotton? Our friends overseas, who the other evening were called sharp traders or shrewd traders or something like that, are the people who sit in their offices and pull the strings, bring the seed from India to England, press it and send the resultant oil to Canada to the extent of some 25,000,000 pounds. Does that trade actually help our fellow Englishman, Irishman or Scotsman, as the case may be, the individual agricultural worker or artisan, or does it rather help those large organizations who handle this business? That is the point I want to make, in order that in considering this item hon. members of the committee may start with the essentials and give some thought to the man who originally produces the material.

When this seed gets to England it produces fifteen per cent cotton seed oil, forty-five per cent mill feed which is fed to cattle and hogs in England, twenty-nine per cent hulls and five per cent cotton linters. The oil is shipped to Canada. It is a neutral oil, limpid and wholesome looking, which is treated with hydrogen gas to bring it to a consistency that will enable it to compete with a similar product which might be made in Canada from commodities we in this country should be able to produce.

I should like the committee to bear with me for five or ten minutes while I deal with the products I have in mind. We produce animal oils and fats in Canada, and we could produce a great deal more. I have an idea in the back of my mind that the white race needs animal fats. I have another idea in the back of my mind that in the years to come it will be proved that while the peoples of India and Africa, where the largest proportion of oils of this kind come from, may be able to live on vegetable oils, we in this country will be much better off if we stick to the product which a kind providence has given us in abundance in our own country for the strengthening of the white race as against the other races. We require a certain amount of fat to sustain life. I should like to read into the record various opinions by medical men as to the amount of fat required by a human being in order to sustain himself. First I quote from a book published by Robert Hutchison, M.D., Edinburgh, F.R.C.P., physician to the London hospital and also to the children's hospital, London, England; author and lecturer on medical subjects, entitled Food and the Principle of Dietetics. He says that the maximum which a human can consume each day is 150 grammes of fat. This can be absorbed daily without much difficulty, but with most persons anything above 100 grammes in winter or less than 100 grammes in summer would be apt to produce disorders of digestion. Many authorities, however, recommend that the daily ration of fat should not fall below 75 grammes.

McLester, the American author, in his book Nutrition and Diet in Health and Disease, quotes the eminent German authority Voit as prescribing 56 grammes or approximately two ounces of fat daily. Samson, another eminent and widely quoted United States authority, estimates that the human system consumes 100 grammes per day, or three and a half ounces. For easy figuring, and in order that members of this committee may understand the foundation I want to lay for my argument, suppose we make the daily average 100 grammes or 700 grammes per week. At 28½ grammes to the ounce, that means approximately 25 ounces per week or, roughly, a pound and a half. One pound of that may be considered as being made up of straight fat, such as butter, oils and so on, and we may say that the other half pound is assimilated during the week in the consumption of pies, pastry, fried foods and so on. So we will say one pound of straight fat per person per week is required as a maximum. At fifty weeks in the year that would be fifty pounds per year per person. Ten million of our people using fifty pounds per year each, means that the Dominion of Canada requires 500,000,000 pounds of fat in order to sustain and maintain her people. I make this statement, that we Canadian people and particularly the agriculturists—and to them I address these remarks—can produce in Canada 500,000,000 pounds of fat each and every year to sustain our own people.

For fifteen years I have sat in the house and have heard the agriculturists talk—mostly about wheat, of course—and have heard them say that they are the backbone of the nation. If that be the fact, then the challenge I put up to the agricultural industry is this: If you are the backbone of Canadian industry and of Canada itself, then produce sufficient

fats in Canada to sustain and maintain our people. Five hundred million pounds are required. I am not going to stress butter.

Mr. DUNNING: Do I understand the hon. member to say we need 500,000,000 pounds exclusive of butter?

Mr. HARRIS: No, inclusive—all fats. The dining room of the cow is where the butter fat comes from. When you slaughter her, you render her down and get another kind of fat. That fat is animal fat, like the fat which comes from the suet of a steer. It is all animal fat. True, it is only three or four per cent out of the milk from the cow, but nevertheless I maintain that that is animal fat, and for all practical purposes is part and parcel of the fat requirements of Canada.

The dietitians from whose records I have quoted certainly say that butter fat is a good fat for this or any other people, and to a great degree is preferable to many of the vegetable fats which are coming into this country in increasing amounts. While I am discussing this subject I should like one of the pages in the chamber to pass this document to the Minister of Finance. It shows that a baking company uses nothing else but one hundred per cent butter in its baking. Then, so long as the minister and I are on the same ground, that butter is an animal fat—

Mr. DUNNING: I did not say that.

Mr. HARRIS: I did not wish to get into a butter discussion to-night. Let me say briefly that we can produce 250,000,000 pounds of creamery butter per year.

Mr. DUNNING: 250,000,000 pounds?

Mr. HARRIS: Yes, I believe that is about correct.

Mr. ROSS (Moose Jaw): It used to be about 280,000,000.

Mr. HARRIS: It is 250,292,677 pounds, to be exact. Over and above that, we produce on the farms of Canada, a considerable quantity of dairy butter. In round figures the butter produced on the farms, and perhaps consumed there to a large degree, amounts to 100,000,000 pounds. I shall not quibble over a million or two, because there will be some left over when I have finished what I have to say. There we have accounted for 250,000,000, plus 100,000,000 pounds, or a total of 350,000,000; and we are looking for 500,000,000.

Mr. DUNNING: There is the bacon to come.

[Mr. Harris.]

Mr. HARRIS: The bacon is coming. We will bring home the bacon, although we must say that in this project we do not seem to have much success. Before we reach the bacon let us deal with beef.

In the abattoirs under government inspection in Canada, we slaughtered in the year 1935 832,540 beef cattle, averaging 1,100 or 1,200 pounds in weight. In the farming centres, beef rings, small slaughter houses and uninspected institutions throughout the length and breadth of Canada we have a figure equal to that, making a grand total in the year 1935 of 2,035,698 head slaughtered in Canada. It is on record that each and every head of beef averaging 1,100 pounds will yield an average of 45 pounds of edible fat or tallow. Over and above that, in the inspected abattoirs we slaughter 589,066 calves and veal, and 897,314 head of sheep and lambs. The total of sheep and lambs slaughtered throughout Canada in uninspected and inspected abattoirs is 1,696,-061. If we add the calves, the veal, the sheep, and the lambs we have another figure of about 2,000,000. Each lamb, calf or sheep will average five pounds of edible tallow or fat. You have 45 pounds from beef, and 5 pounds from sheep, lambs and calves, making a total of 50 pounds. Then, 50 pounds for 2,000,000 head of stock gives a total of 100,-000,000 pounds of edible fat. If we add that 100,000,000 pounds to the 100,000,000 pounds of dairy butter and the 250,000,000 pounds of creamery butter, we now have a total of 450,-000,000 pounds.

As the minister has said, we have not touched the bacon, or brought home the bacon. Only 50,000,000 pounds more is required to make up the total, and we have all the hogs to deal with. In the inspected abattoirs we slaughter 2,969,987 hogs, and adding the figure from the uninspected institutions we get a total slaughter of 5,415,289, or as is commonly said 6,000,000 hogs per year. A slaughtered hog produces 15 pounds of edible fat. With 6,000,000 hogs at 15 pounds each we have a total of 90,000,000 pounds. In our computation we already have 450,000,000 pounds if we add that 90,000,000 it will bring our total up to 540,000,000 pounds of edible fat available in Canada to-day to supply the requirements of the Canadian people. The amount required, according to the best authorities in dietetics, is barely 500,000,000 pounds. Therefore I make the statement that we can supply the edible fat requirements of our Canadian people.

I say at once that if your tastes demand vegetable oils of some kind or another, or cotton seed oil, and if you want to pay for them, by all means have them. If we take

the figures the minister gave a minute ago we find that we imported last year 25,000,000 pounds of cotton seed oil, at a cost of $1,476,-823, averaging about 5·7 cents per pound.

Mr. DUNNING: But that is not edible purposes.

Mr. HARRIS: Thank you, sir.

Mr. DUNNING: I call the hon. member's attention to the wording of the item: "When imported by manufacturers of cotton seed meal and refined cotton seed oil, for use exclustively in the manufacture of such commodities."

Mr. HARRIS: Yes, "refined cotton seed oil"; let me finish my sentence. The average cost was less than six cents per pound. All right. Now, the minister has said that it is not imported for food, that it is inedible. I do not think he meant to say that.

Mr. DUNNING: I just quoted the item.

Mr. HARRIS: But he knows, I know, and parliament should know that these products come into Canada and are indexed in this blue book as "not for food," when actually they are "for food." When those oils arrive here they are refined and sold throughout the length and breadth of this country as food. These statistics are compiled year after year and the Canadian people are hoodwinked into believing that these products are not being used for food. When you slaughter beef cattle you insist upon government inspection in the abattoirs, but on the other hand you permit tank steamer loads of these commodities to come into this country, labelled as being "not for food purposes," shipped without any inspection or control, and refined and sold as food to the tune of 103,-000,000 pounds last year. That is what is going on.

Mr. GOLDING: How much was made in 1934?

Mr. HARRIS: Roughly about 82,000,000 pounds, and about 56,000,000 pounds in 1933. Back in the oleomargarine days when the Liberal party was in power the manufacture amounted to only 4,475,000 pounds. A cry went up to high heaven against these importations. Not only were the importations stopped, but the product could not be made in Canada. Since I have been in this house, that figure of 4,475,000 pounds has increased until in 1935 it reached 103,000,000 pounds. A good deal is going to be said about this before we are much older. The Minister of Finance must be made to feel that something should be done about it.

I want to make this point abundantly clear. Away back in the oleomargarine days when the manufacture amounted to only 4,475,000 pounds, a conference was held in Ottawa on May 30, 1923. The present Prime Minister (Mr. Mackenzie King) was in the chair, and among those present were the Hon. G. P. Graham, the Minister of Justice (Mr. Lapointe), the late Mr. Robb, the hon. member for Melville (Mr. Motherwell), Mr. Stewart and other hon. members. In order to save time I shall not give the prefixes and affixes to the names of all these gentlemen. The conference was considering this item.

Mr. DUNNING: Oleo.

Mr. HARRIS: Oleomargarine. It was decided to stop the blending of our animal fats with the vegetable fats from other countries in order to make oleomargarine. The figures I have given refer only to vegetable oils, such as cotton seed oil, and yet only thirteen short years ago the government of that day prohibited the use of Canadian materials in manufacturing this particular product.

While we are bringing in these large quantities of cotton seed oil, we are shipping out of this country quantities of butter and fats of all kinds. It is only a few years ago that provision was made for a bonus on the export of butter to the extent of $100,000. Yet we let this other oil come in free of duty. I ask hon. members to note the geography of this country. We are bounded on the south for 3,000 miles by a country with a population of well over 100,000,000. Hon. members will ask themselves, as I have asked myself: What are they doing? There is an administration in power in Washington which some people consider as being akin to the administration in power here. Even though the party in power in the United States do not like to be called protectionists, they realized the menace to their home industry and they passed certain measures to the detriment of Canada. Our economic and industrial situation is similar to theirs. Their markets are our markets. Ever since Chicago has been a city it has been the fat market of the north American continent. It bears the same relation to Toronto as it does to New York.

What has the United States done during the last few years in connection with this tremendous flood of oils coming into their country? On June 21, 1936, they put an excise duty of three cents per pound against Canadian animal oils and fats. I wish the minister would use some of the good will which he radiates when dealing with these

items in an effort to bring about some reciprocal treatment on the part of Washington. As I say, on June 21, 1936, the United States Congress passed what is known as the Bailey amendment. That amendment provided for a duty—I must not call it a duty; it was an excise duty—upon animal oils and fats. Democrat governments do not place duties upon commodities, they place excise duties against them. If hon. members can tell the difference between the two I wish they would let me know. Excise duties are provided for when the Democrats are in charge, and when the Republicans are in power tariff duties are provided for. In this case the excise duty was three cents per pound on animal products. There was already one-half cent per pound duty, so this made the total rate 3½ cents and 4½ cents per pound average on vegetable oils. In addition they passed section 702, which provided for a processing tax of 3 cents per pound on certain fats, and 4½ cents per pound on the other group of fats. The result was that the commodities which we are now discussing were faced with a tax of 3½ cents per pound in one case, 4½ cents per pound in another: It was 5 cents per pound on cocoanut oil, which I shall deal with later, and 4 cents on peanut oil—I shall leave that until later—when entering the United States from the countries to which I have just referred. They slowed down the importation into the United States of these products. They shut off Canada's normal exports of 30 to 50 million pounds of animal fats into the United States. They slowed down the imports from the world of a billion pounds of vegetable oils. Yet these world sources of supply have free access into Canada, with the result that we are finding the Canadian market demoralized, and before we are twelve months older the fat production of the farmers of Canada will have been so disastrously affected that something will have to be done. For the moment, due to the world armament situation and the fact that these fats produce from 10 to 13 per cent glycerine—and the glycerine market jumped from 6 cents eight or nine months ago to 22 cents in New York to-day—and there is 10 per cent glycerol in these products—there has been a world market firming of the price.

Mr. DUNNING: Of all of them?

Mr. HARRIS: Except butter.

Mr. DUNNING: Yes, except butter.

Mr. HARRIS: And as I pointed out during the few remarks I had the pleasure of making in a previous debate, when this artificial stimulus which has been given to these markets and affects them to-day starts to fade, what are we in Canada, an agricultural country, going to do about it? That is the position in which we find ourselves as regards this item. Seeing that we buy, as we do from India, one of the countries of origin, $8,900,000 worth of products and sell them only $2,000,000 worth, and recalling that the balance of trade with Egypt, the other producer of cotton seed in the hull, is against us, if some little thing were done to help the Canadian producer of fat products you would not be hampering freer trade. As long as you give a preference to the Englishman—and he is the man you are thinking about when you are dealing with this schedule—he is satisfied.

When this 10 per cent preference was provided, these goods were being treated in Germany, Denmark, France and the Netherlands, more particularly, but that preference diverted the trade to England, with the result that a normal pressing of only 1,300,000 long tons per year jumped to a volume last year of pressed nuts and seeds of all kinds of 1,870,000 long tons. The Englishman, then, is satisfied. As he expressed it to me during a conversation in 1932: Give us a preference and we will get the trade. England is a workshop; the Englishman knows how to handle trade. Perhaps you and I, sitting in this house, think we are helping the English artisan or farmer. If I could think of a better word than manipulator I would use it; I would not want such an expression to go to my English friends overseas, but the man who operates that English plant by machinery employs but few men and handles millions of pounds of raw materials provided by the colonies.

Some of my friends ask: Who in Canada imports all this oil? Ninety per cent of it is imported by just five firms. I am going to mention their names. I realize that they are not here to protect themselves, but every word I say will be a word of congratulation and commendation for their conduct of their business. They know how to run their business, and if I commend and congratulate them I should not be condemned for mentioning their names.

Swift and Company. I do not need to say anything about where they come from or who they are. They are a very efficient organization.

Lever Brothers. A sizable portion of their business is the manufacturing and selling of edible oils to the trade. They have connections in England. They are a great credit to Canada, and an efficient organization if there

ever was one. We are glad to have them here. So we have one controlled in the United States and one in England.

Next, Proctor and Gamble, Hamilton "Crisco"—controlled, operated and run from Cincinnati. If you want to sell them anything, go down to Cincinnati as I have done. They are a high-class United States concern and deserve a lot of credit.

Then there is the Palmolive Company, promoters of that schoolgirl complexion you hear so much about, the Canadian organization being a branch of the United States organization.

There are four of the firms, and to what extent they are Canadian you and I may judge, but I say they are well organized, well run and efficient organizations, giving a great deal of work to our Canadian people, and we are glad to have them here.

Incidentally, if I may be permitted to interject a personal note—I have nothing whatever to do with any packing house, and at no time in my career have I had a dollar in one. Because my name happens to be Joe Harris I hope I shall not be confused with the Harris Abattoir Company. They are a great firm and a credit to Canada, and I know the men in charge, but I have nothing whatever to do with the organization, and never had. So any remarks I may make in this house are not coloured or influenced by the people with whom I have the pleasure of doing business, but are made primarily on behalf of the Canadian agriculturist. By making a speech of this sort on behalf of our agriculturists I take some risk of not being reelected in a city constituency. If I was speaking with sole regard to my position as representative of a city constituency, they might want cheap oil so that the poor people could get cheaper products with which to maintain themselves.

Fifth, Canada Packers. Canada Packers is a great credit to Canada. It is a wonderful thing that Canadians have built up such an organization as this to process products produced by our people on behalf of our people. Criticize them as you will; I still say they are a great credit to Canada.

This little group of five firms imports 25,000,000 pounds of cotton seed oil and 60,000,000 pounds of palm oil, and so on all down the line, and I venture the opinion that by April 1 of this year there will have been imported into this country 250,000,000 pounds of these products. The minister says, mark you, they are not for food; but I venture the opinion that 125,000,000 pounds are brought in for no other purpose but to be refined and made into products that will be sold in Canada for food, and sold, as I said a while ago, with very little inspection by the Minister of Agriculture, who I observe has retired one seat further back. He knew about this situation last May. He has known about it for some years. But he is so wheat-tweet-tweet-minded that I am afraid he cannot get a little oil into his system. I recommend that he get a little into his system.

Mr. DUNNING: Vegetable oil?

Mr. HARRIS: I recommend some good stearine. This is a serious problem for Canada. The price structure alone is something that we should give consideration to. If you take this 25,000,000 pounds of cotton seed oil and turn it into a product that can be used, say for shortening, do you not replace butter? You say you do not replace butter, you do not replace lard, you do not replace beef dripping. I say that you do replace these commodities. I sent a little clipping to the minister. Here is a baker in Hamilton using 100 per cent butter for his shortening—

Mr. DUNNING: And is sufficiently unique to boast about it.

Mr. HARRIS: That is right; that is important. I appreciate that, coming from the minister; and perhaps there is some line of argument in the back of his mind right now. Perhaps he would suggest that more should be done in the direction of producing our own Canadian products. But I say that we have to face the situation where we have 25,000,000 pounds of cotton seed oil coming in at 5·7 cents per pound, and we have to ask ourselves this question: How is the man who is collecting milk from cows yielding 3½ per cent butter fat to compete with a product of that kind? That product is dumped on the St. Lawrence river from a tank freighter through a six inch pipe line and it competes with the products of 40,000 dairy farmers in Saskatchewan. That is the unhappy position in which providence has placed us; and providence will say to you if you ask him about it, "God helps those who help themselves." I say that the time has come for us to help ourselves in this particular problem.

The minister closed his speech the other night with a reference to the consumer. If something is being done, either by a processing tax or by an excise tax or by a duty to help out the situation, I can imagine my hon. friend opposite—I have forgotten his constituency, but he knows whom I mean—saying that the cost to the consumer is going to rise. Cotton seed oil was the first product to be denatured of its odour and peculiar taste and made into a limpid, odourless, tasteless, one hundred per cent oil. This was accomplished in 1887 by the Wesson process, which

was finally perfected about 1900. While in New York a few days ago I took the liberty of asking for some invoices in connection with this product. Mark you, it pays an excise duty of 3 cents per pound when the commodity enters the United States. The information I got was with respect to the Ward Baking Company, a reliable concern, operating at 57th and LaSalle streets, Chicago, Illinois—this happens to be a Chicago invoice. These people bought from the Wesson oil concern nineteen drums and thirteen drums, a total of 11,621 pounds at 11¾ cents per pound, valued at $1,365.47.

Mr. DUNNING: Is that the refined product?

Mr. HARRIS: Yes, vegetable oil product. Again, the Ward Baking Company for their New York factory bought from Best Foods Incorporated, twenty-seven drums of vegetable compound No. 1, 10,910 pounds, at 11¾ cents per pound, or $1,281.93. Mark this carefully. In the body of the invoice there appear the following words:

> This invoice includes processing tax as levied under section 602½—

In that case the tax is under the Bailey amendment. I quote from the invoice:

> This invoice includes processing tax as levied under section 602½ of the Revenue Act of 1934. Should this tax be held invalid and unconstitutional and should it be recovered by or refunded to us by the United States of America or any collector of internal revenue, we agree to return such tax to you less a proportionate amount of expense that may be necessary in connection with the collection of such tax from the government, upon your agreement to repay same to us should we be legally required to repay same to the government or anyone else legally entitled thereto.

That is to say, they would give the tax back to the customer if the judgment were reversed. What is the result? Let us suppose the baker secured the 3 cent rebate, by straight processing of their own domestic product. Deduct from 11¾ cents that 3 cents, and the cost to the baker is 8¾ cents. On January 27 some shortening was bought for the same purpose from our friends, Proctor & Gamble of Hamilton. I might say that I had photostats taken of the New York and Chicago invoices. On February 12, from the Proctor & Gamble company one tierce of Primex vegetable shortening was bought. I have here a certified true copy of the sale of this tierce of vegetable oil shortening bought from that company on February 12, 1937. How much do you suppose was paid for it? Did we in Canada pay 8¾ cents, which our friends in the United States were willing to accept if they got a rebate, or, if they paid the three cents to their government, 11¾ cents per pound? Was that what we Canadians paid? No. This man paid 13 cents per pound. We pay 13 cents in Canada. I make no charge against them. Anyone in business gets, I suppose, all he can. And what is "all he can get" in Canada, as a rule? About the same price as in the United States?

An hon. MEMBER: Plus the tariff.

Mr. HARRIS: Minus the tariff in this United States case, my friend. Canada Packers on the same day sold one tierce of vegetable oil shortening. I have here a certified true copy of invoice for tierce of vegetable oil shortening bought from Canada Packers Limited, February 12, 1937. The price is 11¼ cents, quite close to the American level. But the United States has sense enough to try to protect its domestic production of fats of all kinds, for over there they impose an excise duty that will help them to produce in their own country the major portion of their own fat requirements. So I appeal to the Minister of Finance. He will probably be going to England and sitting in at a conference. We do not want to make this a political question in any sense of the word—I do not say to get a laugh from my friends opposite—

Mr. DUNNING: I really hope not.

Mr. HARRIS: I am quite sincere in that. I have had many conversations with certain members of the government and I challenge any member of this government or any official in any department or anybody in any place where I have spoken, to point to any remarks I have made on this subject that had any political flavour. If they can I should like to know about them and I will answer for them. I have not that in my mind at all. If I had, as I said a moment ago, if I was thinking of my own constituency perhaps I would not be talking at this particular time.

I started out to say to the minister that he still has time. Speaking in the budget debate I said to him as kindly as I could that in the back end of his budget speech there is this short statement: "I have in mind some amendments which might be brought down during the committee of ways and means." If it is not possible for him to bring them down in the committee of ways and means I hope he will pursue the matter further and see if something cannot be done when he is overseas this summer. England is willing—I do not quote very often, but "Barkis is willin'." But Barkis

needed a little coaxing, and the minister is the man, with good will blossoming out all over him, to go and do the coaxing. If she is not willing—

Mr. ROSS (Moose Jaw): We will send you, Joe!

Mr. HARRIS: —I think the minister can get her in the humour. I give him that much credit. I hope he will, because she will still make just as much money out of it, and we shall not be in the unhappy position of competing against sources of origin with which it is very difficult for us in this hemisphere to compete.

The minister has all the figures in mind. I cited the last time I spoke the 7,800,000 pound cargo brought to this country by the steamer Swartzemmer unloaded in September, which cleared the customs on the basis of 2·7 cents a pound. I admit there are other costs on top of that. But try and visualize the production of animal fats of any kind in this country at 2·7 cents a pound. Do hon. members want to sell their steers, the fat portion after being dressed, at 2·7 cents a pound?

Mr. ROSS (Moose Jaw): For years we thought ourselves lucky to get that.

Mr. HARRIS: Can you refine it for that price? If you cannot what are you going to do about it?

Mr. ROSS (Moose Jaw): We have been doing without it the last few years.

Mr. STEWART: And kicking all the time.

Mr. HARRIS: If you bind this item for another three years you are going to do without it still more, for look at the increasing inroads they are making, from 119,000,000 pounds three years ago to 156,000,000, then 191,000,000, and for this year we are now in, 234,000,000 pounds. Bind it for another three years and see what you are going to do without. They can produce it over there is India, in Ceylon, in the Straits Settlements and in Nigeria—why? Because nature is kind to them. Nature houses the tree without a barn; but you have to have a barn for your cows and a pigsty for your hogs.

The CHAIRMAN: I am sorry to have to interrupt the hon. member but he has spoken more than forty minutes.

Mr. HARRIS: Perhaps I may be allowed to finish my sentence. These other countries have cocoanuts or copra, yielding 63 per cent fat; the palm, the inner kernel 43 per cent fat, and the meaty outside 60 per cent fat; and the peanut, 43 per cent fat; while your cow in Saskatchewan yields only 3½ per cent fat from her milk, and from her weight of beef on the hoof 50 pounds in 1,100 pounds, or 2½ per cent. Three and a half per cent against 40, 50, 60 and as high as 70 per cent —and what chance have you got?

Mr. DUNNING: First I want to congratulate the hon. member for Danforth (Mr. Harris) on his excellent presentation of a case which he has presented to me previously. It is always worth while to hear a man talk who knows his own business thoroughly and can explain it.

Mr. HARRIS: Will the minister permit me? If he will just take out that word "own" business—say the business.

Mr. DUNNING: I always understood my hon. friend to be engaged generally in the business which he has been discussing.

Mr. HARRIS: Well, to a degree, probably 5 or 10 per cent.

Mr. DUNNING: I did not mean to imply that my hon. friend's argument was one of self-interest, and I am sorry if I gave that impression. But that he is a specialist in connection with this class of business he has demonstrated. I was really paying him a compliment. I also accept what he said as to the non-political nature of his remarks.

Mr. WEIR: Do not be so sure of that.

Mr. DUNNING: Well, I may tell my hon. friends behind me that I am sure of it because the party to which the hon. member for Danforth belongs was in power for five years, during the whole of which time these vegetable oils from the British Empire remained free. I am quite sure—my hon. friend will correct me if I am wrong—that he made the same kind of speech in committee of ways and means back in 1932 as he made to-day. I hope he is not going to fall from grace by saying this is the first time.

Mr. HARRIS: I do not like to interrupt, but if the minister will permit me, he knows and I know that this matter was not brought to a head until the United States took certain action in June, 1936.

Mr. DUNNING: But the imports of vegetable oils into Canada were very considerable.

Mr. HARRIS: And I made a speech on it.

Mr. DUNNING: As far as the competitive effect on Canadian animal fats is concerned that effect has been present for some time, although the increased imports in recent years indicate that if there is any effect, that effect has increased. I admit that in the short time I have been Minister of Finance I have had a

great deal of difficulty with animal fats. My hon. friend and other hon. members of the house and some people outside who are interested have done a pretty fair job in organizing public opinion with respect to their views on the matter. I am not blaming them for it; that is their right, but I do feel a little concerned over the fact that this sort of thing starts and becomes such an enormous problem overnight soon after a Liberal government comes into office. That is the only political word I intend to say; from now on I want to talk about the facts as I know them.

The animal fat producers of Canada, not including the dairy people, made representations to me something over a year ago with respect to the action of the United States in barring exports of animal fats from Canada to that country, the action not being directed against Canada particularly but being taken for the reasons indicated by the hon. member for Danforth. In that connection my attention was directed by my hon. friend from Danforth to Canadian consumption of products of this kind and to the increasing competition of vegetable oils. I think I am correct in saying that at that time my hon. friend was engaged in making a detailed study of the effects of those importations, the results of which he has given to the committee tonight. I want to emphasize, however, that at that time there was in my mind no idea at all of the competition of these vegetable oils with our dairy products, and I do not think my hon. friend had then reached the conclusion that they were at all a serious competitor with dairy products.

Well, I went to England to negotiate this treaty. Obviously the British people were interested in continuing free entry into Canada of a commodity such as this which, from their point of view, was an important export commodity. The fact that they import the raw material from India or Egypt does not lessen their desire to obtain a market for the refined product they derive from that material, and I did not offer any great difficulty in agreeing to continue free entry of these vegetable oils, not merely those included under this item but also those dealt with in the three or four succeeding items.

It is a little difficult to generalize about them, but I am sure my hon. friend will admit that some are positively not edible and cannot be refined to make them edible. My hon. friend spoke of the Wesson process in connection with cotton seed oil, but the Wesson process is not equally effective with respect to some of the other vegetable oils which are imported in large volume, and which by no stretch of the imagination can be said to come into competition with dairy products, though of course all these importations are in greater or lesser degree in competition with animal fats as distinguished from dairy products. I drew then, and I still draw a distinction between the product of the cow while she is living and the product of the cow after she is dead. The dairy product is distinguished in all our minds, I am quite sure, from the product of the beast after it has been killed.

Mr. ROWE (Dufferin-Simcoe): The fat is a factor whether the animal is dead or giving milk.

Mr. DUNNING: Undoubtedly it is a factor, but I think my hon. friend from Dufferin-Simcoe will admit that in this connection our dairy products are of more importance to us than the animal fat residue of the beast after it is killed.

Mr. ROWE (Dufferin-Simcoe): I am not so sure about that.

Mr. DUNNING: I hold that view very strongly, because fifty pounds is the beginning and the end of it as far as the animal fat content is concerned, while on the other hand during the productive life of the animal she produces three and a half pounds of butter fat per hundred pounds of milk.

Mr. HARRIS: The lady has a brother, sir.

Mr. DUNNING: Certainly; some ladies have brothers, but in any case the brother does not produce milk or butter fat. However that may be, after I returned last fall my hon. friend brought a delegation to see me on this question. And lo and behold, for the first time there appeared as part of that delegation representatives of the National Dairy Council of Canada, who wanted me to consider the relationship of this question to dairy products and butter. That was the first occasion on which the question of a tariff on vegetable oils had been related to the butter argument. Up to that time, as my hon. friend will agree, I had discouraged a reference to the tariff board. On that delegation, as I say, there were the dairy people and some of the packers. You see, of course, it depends entirely upon what class of business the packers are in, as to the stand they take in this connection. Naturally there were not on the delegation headed by my hon. friend from Danforth representatives of the packers who were importing this material.

Mr. HARRIS: Not headed by me, but by a gentleman from Montreal. I trailed along.

Mr. DUNNING: Well, yes; the hand was the hand of Jacob, but the voice was the voice of Esau. Naturally none of the packers

named by my hon. friend as importers of vegetable oils were represented on that delegation, but several other packers were. Apparently it does not depend on whether or not you are a packer; it depends on what kind of packer you are and just what sort of business you are in whether you are on the side of the question represented by my hon. friend from Davenport and those with him, or on the other side. As usual, it depends very largely on whose ox is gored.

Mr. NEILL: Were any representations made by the pilchard oil industry? That would be in competition also.

Mr. DUNNING: I cannot recollect any at the moment, though there may have been some a year ago. I have received thousands of communications in this connection, of course. At any rate, after I had listened to the story of this large and, may I say, influential delegation, including as it did representatives of the National Dairy Council of Canada, I said, "Well, gentlemen, you will get a reference to the tariff board."

I am inclined to think that my hon. friend from Danforth and those associated with him may feel that I was scarcely frank with them in agreeing to that reference to the tariff board when on behalf of the government of Canada I had already undertaken with the government of Great Britain that free entry of these oils from Great Britain should be continued. I now make the explanation, and I hope an apology will not be necessary. It was not possible for me as a minister of the crown, knowing what I knew, to communicate that information at that time to interested parties who were waiting on me in connection with the matter. My hon. friend may ask: Well, if you had already made an arrangement with Great Britain why did you give us the reference to the tariff board? The answer is that I thought the reference to the tariff board would bring out all the information.

I may point out also that what we are considering here to-night involves not only free entry under the British column, but also a ten per cent duty against intermediate countries. There is nothing in the agreement to prevent us from increasing the intermediate and general rates at any future time if in the judgment of the parliament of Canada that should be a desirable thing to do. For that reason I thought the people interested had the right to a reference to the tariff board, and they got it. However, I could not communicate to them at that time, as I say, that the British agreement contemplated a continuance of free entry.

Mr. STEWART: Could the minister tell us, just to illuminate the discussion, what proportion of the imports comes in under this item, and what proportion under the intermediate rates?

Mr. DUNNING: I will have to give it under each item separately, and I shall do it later. I could not even approximate it at this time. I may say, however, that at present the imports are unimportant from intermediate countries, because prior to 1932 these oils were free wherever they came from. In 1932 British oils were left free, and hon. members opposite imposed a duty of ten per cent against all other countries.

Mr. HARRIS: At the request of Great Britain.

Mr. DUNNING: Possibly at the request of Great Britain; I do not know. I have no knowledge of what effect an increase in the intermediate duty might or might not have. That is one of the points on which I thought possibly we might get information from an examination by the tariff board.

My point in telling this history I am now about to make. It became public, of course, that the Minister of Finance had granted a reference to the tariff board with respect to vegetable oils coming into Canada. The board gave it wide publicity, and invited the public and those particularly interested to come to give evidence. What resulted? I will tell the committee, just to show that there is another side to this question. No less than sixty members of this house—more than sixty—wrote me protesting against any idea of putting a duty on these imported vegetable oils, and conveying to me resolutions by the hundreds from all the bakers in their constituencies, from all the laundry people in their constituencies, and from others interested in the use of this commodity. I repeat, there were no less than sixty members, regardless of party. In fact, I believe there are members in the committee to-night who will remember communicating to me the most violent kinds of protests from people in their constituencies engaged in these different classes of business who claimed they would be ruined if a duty were put on vegetable oils, as was proposed by the applicants in the hearing before the tariff board.

I thought a storm had been raised. I have no doubt the hon. member will reply, and probably accurately, that this was the result of propaganda from those interested in keeping oils free of duty on entering Canada. But I assure him I doubt very much if there is a

baker from Sydney to Vancouver who did not address a letter to me, in addition to those I received from members of the house who wrote me about the matter.

Mr. BAKER: I did not write you, honourable sir.

Mr. STIRLING: Nor did I.

Mr. DUNNING: My hon. friend is an exception; I think he must have been away on a holiday. Then, there were not only bakers but—

Mr. ROSS (Moose Jaw): Half-bakers.

Mr. DUNNING: —users of soap, soap powders and that sort of thing, who wrote me. Quite a number of people keeping stores and interested in the sale of packaged shortening, wrote protesting. The hon. member for Danforth, and those who believe with him, got busy. They saw the result of propaganda, and evidently thought it would be well to try it. Since they started I have been in receipt of literally hundreds of communications from dairy organizations from one end of Canada to the other who are inclined to think the hon. member is right, and that unless something can be done to stop vegetable oil coming in some horrible end awaits the dairy cow, that it will put the Canadian cow out of business.

There the situation stands. There the issue is joined between those who are using the commodity and who believe they will be seriously injured if a duty is put against it, and, on the other side, those producers who have been convinced by the hon. member for Danforth and those associated with him that unless a duty is put against the commodity their interests will be prejudicially affected.

May I express my own views in the matter, so far as they have gone? In doing so I do not wish to prejudice the report from the tariff board which I hope to receive, but which I am assured by the chairman will not, due to the complexity of the question and the voluminous nature of the evidence both pro and con, be presented for some time. Speaking subject to that qualification, my own view is that it is conceivable that the growing importance of vegetable oils may have effects which even up to now could not be foreseen. The hon. member for Danforth has mentioned one factor which has a bearing in the opposite direction, namely, the factor of increased prices for vegetable oils in countries which are arming. That increase comes about because of the glycerine content contained in them. That may have what might be described as a mitigating effect upon their competitive relation to our Canadian production of animal fats. I am not yet prepared to admit, I am not yet convinced, and have not had the evidence to satisfy me, that the present importation of vegetable oils is at all a serious competitor of the Canadian dairy cow in her productive capacity. I am willing to admit they compete with her after she is dead, but I have yet to be shown that they are a serious competitor with her so long as she is alive. However, as the hon. member for Danforth knows, I am willing to be convinced.

Now, have I said sufficient, together with the informative address of the hon. member for Danforth, to show the committee what a difficult and complex question this is, and that it will repay close and unprejudiced examination by producers and consumers in Canada, because obviously to a very large measure it affects both classes?

I was a little amused, may I say, to get from some twenty members of the house, and from others outside the house—letters on both sides of the question. When the bakers and laundrymen were busy, I got rather warm letters from them telling me that on no account must a duty be put on these articles. Then later, when the dairy associations and others got busy, I got further letters, including those from the same twenty members, telling me that a duty must be put on these articles—all of which leads me to think that there is quite a number of members in the house who require to balance themselves very carefully as between producers and consumers, in regard to this particular item.

Mr. LAPOINTE (Quebec East): You are not keeping any secrets.

Mr. DUNNING: No, I am not keeping any secrets at all. But let me assure everybody that nobody will ever know the names of those members. I wished to give the information only in order to illustrate to the committee the difficulty of reaching a fair conclusion in a complex matter. I do not recognize necessarily that it is a tariff problem, but rather that it is an economic problem affecting our welfare.

Mr. ROWE (Dufferin): I do not intend to speak at length. As the Minister of Finance has said, we have had a most excellent explanation of the issue by the person who understands it possibly better than any other hon. member. In making that statement I do not reflect at all upon the Minister of Finance. I am not surprised he has not yet made up his mind what he would do, especially after receiving recommendations from twenty hon. members whose names he will not reveal, who have advised him both ways.

Mr. LAPOINTE (Quebec East): Is the hon. member one of them?

Mr. ROWE (Dufferin): No. I can say to the Minister of Justice that purposely I have been rather quiet this session, but at least I have not yet said yes and no to the same issue. I do not propose to add anything to the exhaustive explanation of the hon. member for Danforth, but as one interested in the live stock industry and in Canadian agriculture I do say that the Minister of Finance might say to me even more than to the hon. member for Danforth that I am speaking about my own business. I know he did not mean it in that sense, as he explained. The hon. members of this committee who should be the most concerned about this item are those who are themselves interested in or are the representatives of agriculture. I do not care whether they come from the far west or the extreme east; if they represent agriculture in this parliament it behooves them to consider what is involved in this issue. I do not propose to interject what might be termed a political slant, but if the next three years reveal a development similar to that which has taken place in the last three, it will strike almost a death blow to Canadian agriculture. I think the Minister of Finance will agree with me when I say that.

Mr. DUNNING: I would not go that far.

Mr. ROWE (Dufferin): If the minister will not go that far, will he say that there will be no bad effect if our importations increase in the next three years as they have increased in the last three?

Mr. DUNNING: My hon. friend is referring to edible oil. I do not think either he or I can make a positive statement at this time as to what is edible and what is not.

Mr. ROWE (Dufferin): I quite agree. With the lack of inspection which we have had in this country, neither you, Mr. Chairman, the hon. member for Danforth, nor myself could state to what extent these oils are edible or not. As one who knows something about the cost of producing animal fats and oils, I can say that they are very costly to produce. Every hon. member within sound of my voice will agree with me when I say that what this country needs more than anything else to make agriculture profitable, to ensure the stability of agriculture, to keep the land in western Canada from drifting away and to keep the land in eastern Canada fertile enough, is increased live stock production. I am not going to impose on hon. members a repetition of the remarks I have made on other occasions. At different times I have attempted to convince my hon. friends from western Canada of the necessity of reasonable protection for the live stock industry of this dominion, in order that there may be more of a balance between the grain growers and the live stock producers.

When the hon. member for Danforth and the Minister of Finance were speaking I attempted to figure out the cost of producing animal oils and fats. Perhaps I could put it this way. I attempted to figure out how much of the surplus products of this country would be consumed in the production of animal fats and oils. The hon. member for Danforth suggests, and I have reason to believe he is not far astray, that upwards of half of the vegetable oils being imported into Canada are edible. The Minister of Finance admits that whether or not they are edible, whether or not they are substitutes for butter fats, whether or not they are used only by soap manufacturers and so forth, they do take the place of animal oils and fats which might be produced in this country. It would take 150,000,000 bushels of the best hard wheat of Canada to produce the animal oils and fats to the equivalent of the vegetable oils being brought into this country.

This is a very important issue, and as a representative of an agricultural district and as a farmer I want to urge upon the Minister of Finance that he give it his most careful consideration because it is a dangerous issue. I can imagine that in three years time we may be bringing into this country considerably more of these products than we are bringing in to-day. We have increased our importations every year for the last three years. Mr. Chairman, before you more or less relinquished your political leanings, when you belonged more or less to one side of this house, you and I differed with reference to the necessity for protection for our live stock products. May I point out to you that prior to 1930 we were importing an enormous quantity of live stock products. Between 1920 and 1930 we saw an unbalancing of the agricultural production of this country. In 1920 or 1921 we were exporting more nearly the same quantities of live stock products and wheat than we have ever done since.

The live stock industry of Canada is undoubtedly the basis of Canadian agriculture. For many years this industry has produced even more than the grain growing industry, despite the millions of bushels of grain which have been grown in western Canada. In 1920 we exported from this country $77,000,000 worth of animal products. The government of that day, still clinging to the idea of freer

trade, refused to raise the tariff when animal products began to come into this country. In 1930 we imported into Canada 44,000,000 pounds of meat and 55,000,000 pounds of butter. As an hon. member beside me points out, these commodities were being imported into an agricultural country.

Mr. DUNNING: You are starting something now.

Mr. ROWE (Dufferin): If the Minister of Finance lets this go for three years he may be starting something.

Mr. DUNNING: You will be starting the old tariff argument.

Mr. ROWE (Dufferin): I do not see that the tariff argument should confuse my hon. friend very much.

Mr. DUNNING: It does not.

Mr. ROWE (Dufferin): I can remember how he came to this house more or less a free trader, and he now adopts many of the policies and principles that the Conservative party put into effect.

Mr. DUNNING: I ask my hon. friend to take my word for it that I never was a free trader; I am just as much a free trader to-day as I ever was.

Mr. ROWE (Dufferin): Then when my hon. friend came to this house he certainly misrepresented his position. We certainly had the understanding that he was a free trader. However, I do not wish to confuse the issue by interjecting tariff matters. I hope the Minister of Finance will give me credit for being sincere in this matter.

Mr. DUNNING: Do not speak for me, though.

Mr. ROWE (Dufferin): I have not in the past and I do not expect I shall in the future. But tariffs are necessarily involved in this issue and I do not see why my hon. friends should hold up their hands in holy horror because mention is made of the tariff policy of this country. No party has condemned it more when in opposition and practised it more when in power than the Liberal party. This policy has become the policy of both parties to a great extent. I want to point out that at a time in 1930 when our grain elevators were filled with unsold wheat we were importing into this country vegetable products to the equivalent of 25,000,000 bushels of our wheat, in the form of animal fats and oils. Every farmer within sound of my voice knows that you cannot produce animal fats and oils with timothy hay; every farmer in the house knows that you have to feed costly grains. It is true that our farmers have struggled along for several years; it is true that between 1930 and 1935 there was a world depression; the farmers of this country have struggled through all these years. And now, when there is an opportunity for some improvement in live stock products, the farmer, with grain prices as they are, can scarcely make it pay to produce animal fats and oils; he would be better off to sell his hard grain. I again point out that in the production of animal fats and oils, live stock products, dairy butter if you will, lies the hope for the future of Canadian agriculture. There is not one capable business man in this house who will not have the reasons immediately in mind. I do urge upon the minister to think of these articles as an agricultural product. We are importing now the equivalent to the production of 150,000,000 bushels of grain if it was converted into animal products sufficient to produce the equivalent in oils and fats.

Mr. ROSS (Moose Jaw): Is that in oils?

Mr. ROWE (Dufferin): In fats and oils.

An hon. MEMBER: How many pounds of animal fats would 150,000,000 bushels of wheat produce?

Mr. ROWE (Dufferin): I am speaking of the amount of animal fats which is gained as a by-product from the production of that amount of grain. I understand the Minister of Finance figured on the production of the total pounds. I am talking of fats and oils that are taken from the production we might have in this country.

Mr. DUNNING: Let me get this clear, please. Does my hon. friend mean that if we fed 150,000,000 bushels of wheat we should thereby produce enough cattle at the rate of 50 pounds of fat per head to equal the imports of vegetable oils?

Mr. ROWE (Dufferin): It would amount to more than that on that basis. I was taking it on the hog production.

Mr. DUNNING: My hon. friend will of course see what a fallacious basis that is.

Mr. ROWE (Dufferin): I might point out that we have lost markets overseas which we should have saved and developed. I do not blame it all on one government; I have criticized in this house both governments for their neglect of markets overseas. In 1920 we sold more bacon than we have ever sold since. Not even with the imperial trade agreements, of which my party is proud, have we recovered in the British market the bacon trade we had in 1920. I wish to emphasize that the vegetable oils we are importing are

replacing to a great extent the oils and fats whose production through the live stock industry means a great deal in the stabilization of Canadian agricultural prosperity. I do not wish to derive any political advantage from this issue. I know that my friends to my right thought we overemphasized the importance of the importation in 1930 of New Zealand butter; the ex-Minister of Agriculture (Mr. Motherwell) humorously remarked on different occasions that his government slipped out of power on New Zealand butter. I think it is only fair for me to say that I do not wish this government to slip out of power on vegetable oil, but—

An hon. MEMBER: You want to slip in on it.

Mr. ROWE (Dufferin): —I do urge the minister to keep an eye on the benefits which might be reaped by the Canadian agriculturist at a time when he needs them most. To my friends in western Canada may I say that we cannot produce animal fats and oils, whether in Saskatchewan or in Ontario, without consuming a great deal of hard grain which on many occasions is difficult to dispose of. I think there is here a very close relationship which should be carefully considered by the government of the day. I feel that I should express to the Minister of Finance my views as a farmer, and not wishing to delay the committee further I urge upon him the most careful consideration of this matter before he disposes of an issue which to my mind is vitally correlated with the future security of agriculture. The live stock industry is the basis of agriculture in Canada, as in every other country in the world.

Sir GEORGE PERLEY: Does it make any difference from what country cotton seed comes out of which this oil is produced in Great Britain? That is to say, are all importations of cotton seed oil from Great Britain made free under this agreement?

Mr. DUNNING: Continued free.

Sir GEORGE PERLEY: Are they continued free under this agreement no matter from what country the cotton seed itself comes?

Mr. DUNNING: Of course it makes no difference in what British country they originate. With respect to the importation of the seed itself into Great Britain from foreign countries, it would have to conform to the 50 per cent content provision of the agreement.

Sir GEORGE PERLEY: Is any inquiry made as to the source from which this cotton seed comes?

Mr. DUNNING: The hon. member for Danforth (Mr. Harris) was quite right. It is principally India, and to some extent Egypt. I made some reference in the budget speech to our situation as regards India. While the privilege of the British rates in this agreement automatically extend to all countries of the British commonwealth, as my right hon. friend will remember, there is under the law power in the government by order in council to withdraw that privilege from any British country which does not reciprocate on a fair basis by way of trade agreement with Canada. As my right hon. friend knows, no government of Canada in recent years has been able to make a trade agreement with India, and as the hon. member for Danforth pointed out, the balance of trade between Canada and India is very heavily in favour of India—made up largely of tea and rice, and to some extent of many other commodities. It is the desire of this government, as I believe it was of the previous one, to reach a trade agreement with India; and in that regard one does not forget, of course, the power which the government has to withdraw from India or from any other British country the privilege of British preferential rates unless it is possible to reach a fair trade agreement with her. I am not now issuing any warning or anything of that nature to India, but it is well that we should see facts.

Sir GEORGE PERLEY: Unless India reciprocates in a way that is satisfactory to this country, the government would have the power to withdraw this privilege with reference to their cotton seed; is that right?

Mr. DUNNING: My right hon. friend will understand that in the case of cotton seed, which comes from India to England and is there processed, the situation of that product for content purposes would be affected by any action which we might take vis a vis India.

Mr. STIRLING: Is the main reason why these empire products come to Canada via Great Britain that they should be processed there?

Mr. DUNNING: Well, they are the greatest processors of all.

Mr. STIRLING: That is the main reason they come via Great Britain?

Mr. DUNNING: Oh, yes, practically the only reason. As my hon. friend knows, England is the great gathering and distributing centre, particularly for these tropical products in which she has specialized for so

many years. There is no doubt that vegetable oils are supplied by Great Britain to most of the world, she being the country importing the seeds or nuts, as the case may be, and the pressing being done there for many countries, even outside of the British Empire, because they were first in the field, first saw the possibilities of it, and are in addition, of course, the great merchants of the world.

Sir GEORGE PERLEY: This is in no sense a political question. This item was made free by the Conservative government under the agreement in 1932, and now it is proposed to continue that free entry for another three years. As a matter of fact, though, the situation has changed tremendously. The minister himself has referred to the fact that the import of these oils has increased from year to year during the last four or five years. He says we could not help that. The Minister of Agriculture (Mr. Gardiner) yesterday or the day before told us that providence was with the government and that he would rather have it with them than against them. In this particular instance providence has been against the government, for during their term of office the importations of this oil have increased by leaps and bounds.

I represent an agricultural and dairy constituency, and I can assure the committee that no better herds are to be found anywhere in Canada than those in Argenteuil, so this is a matter that greatly affects the dairy people of that district. I have listened attentively to what has been said to-night, and though I have never given the subject much consideration before, I must say that I am impressed by the argument put forward by the hon. member for Danforth. I believe the minister himself is impressed by it. As a matter of fact this is a question of the utmost importance to the agricultural and dairy people of Canada and I urge the minister to consider it as carefully as possible, to go into it more fully, and let the tariff board make its report on this phase of the matter as well as on the importations under the intermediate and general tariff. Let the board make a full report on the question.

Under present conditions, though we want to trade with our friends in India, if they do not reciprocate in a way that is satisfactory to the government I suggest that we might very well consider the desirability, almost the necessity, of taking action under the powers which this government has to stop these vast imports of cotton seed oil made from cotton seed coming from India or any other country that does not reciprocate with us. I understand that Canada will be bound for three years under this agreement. That cannot be helped; but I take it there will remain a residue of power in the government to take some action, not to prohibit import of these oils but to limit it to a reasonable quantity so that our agriculturists and dairy farmers may have a better chance to sell their products in Canada.

Mr. DUNNING: We are now really discussing cotton seed and crude cotton seed for the manufacture of meal and refined oil. That particular product does originate in India and comes via the United Kingdom. But the difficulty to which my hon. friend from Danforth refers is only to a small degree created by imports of cotton seed oil. The total imports of cotton seed oil last year were less than a million and a half dollars. I am coming more and more to the view that the separation of edible and non-edible oils in a proper manner might go a long way towards the solution of the problem. I will not debate this question further because it is under investigation, and the tariff board reference covers all aspects of the question.

Sir GEORGE PERLEY: No objection has yet been taken to the importation of non-edible oils except those that can be refined into edible oils.

Mr. BAKER: Could there not be one rate for edible oils and another for non-edible oils?

Mr. STEWART: I am sure that everyone who has discussed the matter approaches it from the same standpoint, namely, the necessity and desirability of doing what we can to assist agriculture in Canada. We all know that during the last six or seven years agriculture has been passing through one of its most serious phases, and whether you consider it from the standpoint of the grain producer or the live stock producer or from any other point of view that is true. It has been necessary to give bonuses and to impose duties with a view to protecting agricultural products, and the argument that is made by the hon. member for Danforth, who has presented the case to-night, is along that line. There is no doubt that conditions have changed with respect to the importation of these commodities in the last few years. As I understand it, these products were free from Great Britain; they have always been free, there being no tariff against them. But the imports from any source were insignificant until within the last three or four years. There cannot be any question that the quantity of these oils imported has become a factor

in connection with agricultural production. They are taking the place of animal fats, and that is in a measure beyond what could have been anticipated.

The minister has stated his position quite frankly. An agreement has been entered into covering a period of four years, but there is in that agreement a provision, article 16, which I think the minister and the government might make use of. It reads:

> In the event of circumstances arising which in the judgment of the government of the United Kingdom or of the government of Canada, as the case may be, necessitate a variation in the terms of this agreement, the proposal to vary those terms shall be the subject of consultation between the two governments.

That is an elastic provision, and as the minister knows, since the agreements were first negotiated, advantage has been taken of it and concessions have been made in both directions. I suggest that when the facts are known in connection with the matter under investigation by the tariff board an opportunity will be afforded the minister to take the matter up in the light of the information he has, and to make representations under this article. We may talk about the agricultural industry, but after all dairying has been over the years the backbone of that industry, and the dairy cow needs all the help she can get, dead or alive. I am sure the minister appreciates the importance of this and will give it the consideration it deserves in the light of the expansion of the competition of these oils with dairy products and animal fats. I hope he will deem it necessary to take action with a view to reducing this competition, which has not been foreseen, but which is growing and is likely to become quite serious. After all, the minister must be able to find a way out.

Mr. SENN: I am sorry I was not in the house earlier in the evening when the hon. member for Danforth began his discussion of the question. I did hear him, however, the other night when he referred to the subject in his speech on the budget, and I am sure that anyone who heard or read that speech could not help feeling something of the seriousness of this menace—shall I say?—to our agriculture.

The value of these trade agreements lies largely in the benefits which they have brought and will continue to bring to the live stock and dairy industry of Canada. I doubt whether the government would have gone as far as they have by way of concessions to the British people in our markets if it had not been for the advantages we received in the entry of our dairy and hog and cattle products into the British market. Therefore it seems too bad that this item has been left unchanged. The minister in his explanation to-night said that when the agreement was made he did not anticipate that the entry of these vegetable oils into Canada would have any effect whatever upon the dairy industry, but I think he and the committee will agree that when 103,000,000 pounds of edible fat and shortening is imported into Canada during the year, or made in Canada from imported oils, it must to a certain extent displace some kind of animal fat produced in Canada.

Mr. DUNNING: Not necessarily. I cannot go that far.

Mr. SENN: Well, the greater part must displace some kind of animal fat.

Mr. DUNNING: To clarify my point, I call attention to this fact: There is no question that animal fat shortening cannot be packaged and sold retail because it lacks keeping qualities. I am advised that a large business has been developed in packaged shortening, with vegetable oil as its base, which will keep on the store shelves. That is the point I had in mind when I said that there are some factors which require to be examined in regard to competitive effects before I would accept the large figures my hon. friend mentioned.

Mr. SENN: I agree with what the minister has said regarding the keeping qualities of vegetable oil shortenings in packages. I admit that lard and shortenings of that kind probably will not keep as well as vegetable oil products, but before vegetable oils were in common use in this country the only alternative the Canadian housewife and people had was animal fat for shortening and similar uses. So I think my contention is fairly sound that these vegetable oils which are being brought in do to a certain extent displace the products of the Canadian dairy farm and live stock industry.

The dairy industry is a very important one for Canada. It brings larger returns to agriculture than any other branch of animal husbandry. The unfortunate thing is that we have a small exportable surplus. That small surplus of milk or milk products is the dominant factor in determining the price of dairy products in Canada. If our dairy products and animal fats are to continue to be displaced in larger and larger amounts as time goes on, the result will be that we shall have a larger exportable surplus to go on the British market or wherever we can sell it.

We have heard from different parts of the house during the budget debate, and I have heard hon. members on both sides make the

statement in other places, particularly in some of the committees of which I happen to be a member, that the agricultural industry as a whole is not in a good position. The prices obtained are in many cases not commensurate with the cost of production. The dairy farmers, many of them, are not enjoying the prosperity they should. So when their production comes in competition with a cheaper class of product such as vegetable oil, the tendency is to keep the prices of dairy products down below what they would otherwise be.

I know that it is impossible at the present time for the minister to make any change in the present agreement, but I think he should seriously consider, and that he will have to consider seriously within the next year or two, the proposition made by the hon. member for Leeds (Mr. Stewart) that this matter should be brought to the attention of the British government and some concession be arranged.

Mr. GRAYDON: I think I should not let this item pass without making a few remarks on the importance of the issue at stake. Those of us who were born and raised on dairy farms in Ontario, as I am proud to say I was myself, cannot but be seized of the importance of a matter so far-reaching in its effects as the item now under discussion. When one calculates that in a riding such as I represent, the county of Peel, for the last recorded year the production of milk reached the enormous total of 87,000,000 pounds, one gets some conception of the importance of this item to the dairy industry. Those of us who were conversant with the issue prior to 1930 when large importations of butter from New Zealand found their way into the markets of Canada, know full well the effect which that had upon the dairying industry here.

In the part of Ontario from which I come, the whole milk industry is the most important branch. We provide a large proportion of the milk for the great metropolitan market of Toronto. One of the major problems, and one which is most pressing with the farmers in that riding, is that of surplus milk. There is scarcely a milk association meeting anywhere in the neighbourhood of Toronto or any of the large urban centres where this question of surplus milk does not arise year after year. One of the reasons why there is a surplus of milk is that the farmers seek the best and most convenient and most remunerative market for the product of the dairy cow. One cannot blame them for that. The fact is that the surplus milk which exists in such great quantities around Toronto must find a release through some channel, and one of the channels which I have heard suggested on many occasions, both when I was on the farm and since I have left it, is that, if the price of butter, cheese and other dairy products were higher in proportion to the price of milk, many dairy farmers would find it profitable to leave whole milk production and go into other lines of dairying. So, as was so forcibly shown to-night by the hon. member for Danforth (Mr. Harris) and others, it is a matter of much importance that the farmers and dairymen of this dominion should be seized of the grave consequences which come from the free entry of these oils competing with the product of the dairy cow. After all, it does not seem to me that we are likely to do much in the way of increasing the price of the dairy commodities which the farmers have to sell so long as we permit the competition of commodities produced under the conditions so clearly stated to-night by the hon. member for Danforth.

I often think that farmers do the least advertising of their products of any class in Canada. I am not referring, of course, to the hon. member for Moose Jaw (Mr. Ross) who is an excellent advertiser along certain lines. Someone just now suggests that he is not a farmer, but he has answered that point several times, and from his tremendous interest in wheat I am almost inclined to think that he must be engaged in some agricultural enterprise. In any event I do think that this vegetable oil industry, which produces the various brands of shortening and other vegetable oil products that are for sale in the country, very largely promotes the sale of those products through intensive advertising. I believe that this government, which from time to time spends money on things which it believes to be legitimate might give some consideration to spending some money in advertising our own agricultural products. The Minister of Agriculture looks very interested as he sits over there, and I am sure he would be the first to agree that wherever possible the products of the farm, particularly the dairy farm, ought to have some encouragement and assistance by way of advertising throughout the country. A couple of weeks ago I attended a little gathering at which I heard several housewives discussing vegetable oils in relation to the butter fat industry. An argument ensued, and it does appear to me that there is a grave division of opinion as to whether butter fat or vegetable oil is actually the best for the purposes of the housewife. I have come to the inescapable conclusion, however, that one of the reasons for the wide use of the different kinds of shortening is the extensive and intensive advertising which has been carried on.

We are all interested in farm affairs and agriculture in general. It may be a hackneyed phrase, but agriculture is still the backbone of this country. If you study the matter at all you will soon find that when the purchasing power of the farmer is reduced there is not very much business left in the country for anyone else. So I suggest to you, Mr. Chairman, that our farm products ought to be brought before the purchasing public by means of intensive advertising. I think we have a right to expect that the purchasing public, not only in this country but overseas as well, should be made acquainted with the excellent qualities of the products of our farms.

I leave this suggestion with the Minister of Agriculture to-night. I think he might very well give some study to the situation, because in many instances the merits of our agricultural products are not being properly brought before that great buying public from which the farmer must obtain his livelihood.

Further, by way of caution to the Minister of Finance, I think we ought to be very careful to see that the interests of the dairy farmer in the province of Ontario, as well as in every other province of this dominion, are thoroughly protected against competition from products such as those which have been described and which are under discussion to-night, in order that the farmer of eastern Canada as well as the farmer of western Canada may receive a fair deal at the hands of the government of the day.

Mr. HARRIS: I should like to correct an observation made by the Minister of Finance, if I may, and in doing so may I say that I am very anxious that nothing that may be said by any hon. member of the house, particularly myself, shall prejudice our position before the tariff board.

The minister mentioned the name of the National Dairy Council of Canada, and intimated that he had received no word from them until they joined with the animal oil and fat producers. I am glad that the Minister of Agriculture is here. He knows, and the Minister of Finance knows, that the national dairy council make their representations to the Minister of Agriculture. They always cooperate and consult with the minister, and he and they get together and work out everything they possibly can in the best interests of Canadian agriculture. The Minister of Agriculture had representations made to him, and when those representations were made, I suppose the natural feeling was that they were being made to the government of Canada. So when this is referred to as something new that was brought forward by this group of packers, if you like to call them that, who were not importing or manufacturing shortening, that is hardly the fact. I know that the first letter I saw in Montreal was written by the dairy council to the Minister of Agriculture, and I think as long as thirteen months ago he had certain people come to see him regarding the matter. If he will consult his files he will perhaps find correspondence from the hon. member for Chateauguay-Huntingdon (Mr. Black), the hon. member for Stanstead (Mr. Davidson) and others, and he may remember that members of the dairy council had interviews with him and with the Prime Minister, who I am sorry is not here.

In all fairness I think the Minister of Agriculture should not let this item go through without giving us his views based on the economics of this question, which I conceive to be of great national importance. Perhaps now that we are all tattling just a little, the Minister of Agriculture will remember that another member of this house, the hon. member for Danforth, discussed this matter with him and agreed that it was a matter for the Minister of Finance. The member for Danforth left the office of the Minister of Agriculture after that first interview, which was very cordial, and went to see the Minister of Finance. I do not propose to pursue the matter; I just wish to make the situation abundantly clear. The Minister of Finance rather left the impression in my mind that there might have been some deep—I will not say conspiracy, because that is not a nice word—but a correlation between the actions of certain groups, a getting together of strange bed-fellows all of a sudden to further their own interests.

Mr. DUNNING: I congratulated you on your organization, and I said so.

Mr. HARRIS: I will leave the Minister of Agriculture for a moment and deal with that point. Sixty members of parliament wrote letters as a result, as the minister knows, of propaganda by very powerful interests, carried on to the extent of many thousands of letters circularizing everyone on their lists of customers. They even went so far as to tell their members of parliament in writing, "Prices will jump four cents a pound immediately if the Minister of Finance takes any action on this question." That assertion is in black and white. I have it under my hand.

The evidence is available now to members of the house, or will be after the report of the tariff board is down. I do not wish to prejudice the position of anybody. But the bold statement was made, and the users and consumers, the bakers, confectioners, laundrymen and so on swallowed it hook, line and sinker, and felt badly about it. Members of parliament were written to, but members of parliament being such busy people just looked at it, and sent it to Mr. Dunning. So he got sixty letters. Had the other group which had been taking the Minister of Agriculture into their confidence, and now that their names have been mentioned I can name them—the National Dairy Council of Canada and the Animal Oil and Fat Producers of Canada—started out with propaganda, the minister would have had two complaints to-night, instead of one, from those members. The minister knows, and we know, that I had thought to keep this thing out of a political atmosphere. He will agree with me that neither the National Dairy Council of Canada nor the Animal Oil and Fat Producers permitted themselves to engage in any propaganda whatsoever in any way until after they felt the Minister of Finance was fully satisfied to air the whole thing.

The customers and friends of the five firms who control this business in Canada—two United States, one English, and one Canadian—had been spreading propaganda for months and had come here equipped with professors, statisticians, legal talent, and what not, to break down the issue as it was laid before the government by this other small group.

I had hoped that the problem being of such magnitude the Minister of Agriculture would have seen fit to confirm what I have said, that we worked through his department, or rather kept his department informed until such time as he thought it might be good business to approach the Minister of Finance on the problem.

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

Mr. HARRIS: No; the Minister of Agriculture was on his feet.

Mr. GARDINER: No, I was not on my feet; but I think in view of what the hon. member has said I had better check up on the records of my department. I realize the hon. member did come to my office on one occasion, and as he has already stated to the committee he informed me it was his intention to take this matter up with the Minister of Finance. In a very general way he outlined his ideas in regard to the matter, but did not go into details. My memory is that all representations made to the department, so far as they were made to me personally, were pretty much along that line. The question was not discussed at length, but reference was made to the fact that they intended to bring the matter up with what they considered to be the proper department, the Department of Finance. But I should like to check up before making any general statement to the house on just what the records of the department are in regard to the representations made.

Mr. HARRIS: Mr. Chairman, I should like to ask the Minister of Finance if, in view of the fact that this report will probably be down in a month or two, or three months, and in view of the fact also that these items are bound, is it still possible, as it was in the case of the previous agreement, to have conversations with representatives of the United Kingdom, even on a bound item?

Mr. DUNNING: Yes, on any item. That is covered by section 16 of the agreement. The parties to the agreement reserve the right by agreement to vary its provisions.

Mr. HARRIS: The minister in making his earlier observations mentioned that there was that possibility. Is it the possibility he had in mind when on the budget speech being made he intimated the possibility of some amendments?

Mr. DUNNING: No, it was a different thing altogether. In the budget speech I did not refer to the tariff items in the agreement. I referred to tariff board reports which might be received prior to this committee finishing its work. May I say that I have received some tariff board reports. I expect under the law to lay them on the table, but may I say that I should like to have a little time to look into them before doing so. However, under the law I must lay them on the table within fifteen days of their receipt. Can we say "Carried"?

Some hon. MEMBERS: Carried.

Item agreed to.

The CHAIRMAN (Mr. Young): Item 277.

Palm and palm kernel oils, unbleached or bleached, not edible; shea butter: rate of duty, free.

Some hon. MEMBERS: Carried.

The CHAIRMAN (Mr. Young): Item 278.

Mr. HARRIS: Mr. Chairman, I do not take much of the time of the house. Further, I do not make any threats and do not purpose making any, but if you are going to start the practice of trying to carry items when I am on my feet—

The CHAIRMAN (Mr. Young): I did not see the hon. member; I am sorry.

Mr. HARRIS: Perhaps you, Mr. Chairman, have been in the house long enough to-night to know that I have been talking on a matter of great moment to Canada, a matter respecting oil. Perhaps, you, sir, realize that the item previous to the one now called is of a like nature, that you have declared it carried, and have tried to get on with the next one.

Mr. DUNNING: In all fairness to the chair, if the hon. member will permit me, may I say that I am at least equally guilty, because the discussion in the last two and a half hours has ranged completely over the oil items. The observations of the hon. member were not confined to one item, and if he is insisting upon a strict interpretation of the rules, his remarks should have been confined to cotton seed. No one attempted to confine him to cotton seed. He was permitted, and I believe properly, to deal with the general question. I was under the impression that the discussion which we have had covered, not to the exclusion of further discussion, but to the satisfaction of the committee, items 277 and 278, at all events. However, I shall not insist. The committee can do as it likes, but it is my duty to point out—the hon. member said he did not want to threaten, and of course I am not threatening—that at the present rate of progress it will take six weeks of steady sittings to pass the items in the agreement. I speak only of the rate of progress, and move that the committee rise, report progress and ask leave to sit again. Evidently it is not the intention to pass the oils items to-night.

Item stands.

Progress reported.

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

Friday, March 19, 1937

The house met at three o'clock.

WEBSTER DIVORCE BILL

Mr. S. W. JACOBS (Cartier) moved:

That the petition of Rosalie Annie Arathoon Webster presented on the 11th instant, praying for a bill of divorce from Harold Leslie Webster, together with the report of the clerk of petitions thereon, be referred to the standing committee on standing orders for the purpose of considering the suspension of standing orders 92 and 93(3)(a), (b) and (c) in relation thereto.

Motion agreed to.

FOREIGN ENLISTMENT

Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 23, respecting foreign enlistment.

He said: Mr. Speaker, the second reading of the bill does not call for any discussion because the principle of the measure is already the law of Canada. The terms of the British Foreign Enlistment Act have always applied to Canada, therefore the principle is already accepted in this country. The purpose of the bill is to have a Canadian act, because under the Statute of Westminster any dominion, including the Dominion of Canada, may re-enact, repeal or amend any statute already applying to it. It has been thought advisable and proper to have a Canadian act, known as the Foreign Enlistment Act, 1937, and to make the very few changes adapting it to Canadian conditions, especially changes which will make it applicable to modern air and land conveyances, as well as to sea conveyances, to which the original measure was limited. I suggest that the bill be read a second time and that any suggestions with reference to its provisions be made in committee.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, the Minister of Justice (Mr. Lapointe) has said that the principle of this bill has been accepted by Canada. I think that principle was imposed upon Canada by imperial statute without any reference whatever to the will or opinion of Canada.

Mr. LAPOINTE (Quebec East): But it applies to Canada.

Mr. CAHAN: Yes, it applies to Canada, but it was imposed rather than accepted. Although the British North America Act of 1867 purported to declare that the exclusive legislative authority of the parliament of Canada extends to all matters coming within certain classes of subjects mentioned in section 91 of that act, it was nevertheless soon ascertained that the Colonial Laws Validity Act, enacted two years previously by the parliament of the United Kingdom without any reference to the legislatures of Canada or of the maritime provinces, effectively restricted the field of Canadian legislation. Section 2 of that act of 1865—leaving out the unimportant words—reads:

Any colonial law which is or shall be in any respect repugnant to the provisions of any act of parliament extending to the colony to which such law may relate . . . shall be read subject to such act . . . and shall to the extent of such repugnancy but not otherwise be and remain absolutely void and inoperative.

A few years ago I asked for a return from the Department of External Affairs showing the existing statutes of the parliament of the United Kingdom which extend to this dominion. This return was only partly prepared and for that reason was not laid upon the table of the house. From personal research I tabulated scores of such statutes which then and still apply to Canada, although under the act of 1867 they are now within the legislative jurisdiction of the parliament of Canada. The Statute of Westminster, 1931, provides as follows in section 2:

(1) The Colonial Laws Validity Act, 1865, shall not apply to any law made after the commencement of this act by the parliament of a dominion.

That is after 1931.

(2) No law and no provision of any law made after the commencement of this act by the parliament of a dominion shall be void or inoperative on the ground that it is repugnant to the law of England, or to the provisions of any existing or future act of parliament of the United Kingdom, or to any order, rule or regulation made under any such act, and the powers of the parliament of a dominion shall include the power to repeal or amend any such act, order, rule or regulation in so far as the same is part of the law of the dominion.

After the enactment in 1931 of the Statute of Westminster this parliament proceeded to revise the Canada Shipping Act. This monumental work was the first step by way of amending or revising imperial statutes which had hitherto restricted the operation of statutes passed by this parliament, and which had also restricted the effective expression in legislation of the will of this parliament. There are certain of these imperial acts which are and always have been assumed to be within the sphere of the parliament of the United Kingdom and with respect to which the parliament of the United Kingdom has assumed exclusive jurisdiction up to the present year. The parliament of the United Kingdom has assumed exclusive jurisdiction to regulate the succession to the throne, the titles of the crown, the royal declarations on accession and the regency in certain cases, as shown by the Demise of the Crown Act, 1901, the Regency Act of 1910 and the Royal and Parliamentary Titles Act, 1927, which concern the whole empire.

I do not intend to refer particularly to these statutes at the present time. I wish only to express for myself and on behalf of the leader of the opposition (Mr. Bennett), who is unavoidably absent, approval of the action of the government in revising the Foreign Enlistment Act, 1870. That English act extends to all the dominions and hitherto has regulated the conduct of all of His Majesty's subjects during the existence of hostilities between foreign states with which His Majesty has been at peace. Therefore we commend this action, not with particular reference to the special clauses of this bill, but with reference to the purpose and intent of the bill to take additional measures to exercise the rights of nationality and sovereignty which we believe are now inherent in the parliament of Canada. Times have changed and are changing and I think it is necessary that this parliament should endeavour to express itself with regard to all these matters as an assertion of its sovereignty in all matters which are normally within its jurisdiction.

There are other acts of a like character. There is the Army Act and the Naval Discipline Act of the United Kingdom, both of which extend to the whole empire. All dominion forces serving outside of the dominion are subject to the provisions of the Army Act and the regulations issued thereunder. The parliament of the United Kingdom has also provided for the extradition of accused persons from one part of the empire to another for trial. There is, for instance, the Fugitive Offenders Act, 1881, which provides for the arrest in any dominion of any person who is accused of the commission of an offence in any other of the dominions. We have dealt partially with this matter in the Canadian act, which is chapter 81 of the revised statutes of Canada. I suggest that that act should be extended still further by the assertion by this parliament of its legislative competence to deal with these matters.

Then there is the Admiralty Offences (Colonial) Act, 1849, which conferred on dominion or colonial courts the power to deal with crimes committed in the territorial waters of the dominion or colony. The Territorial Waters Jurisdiction Act of 1878 makes provision with respect to offences committed by foreigners on foreign ships within the territorial waters of any dominion. The Naval Prize Act, 1864, and the Prize Court Act, 1894, provide for the constitution of prize courts in British dominions, colonies and possessions. The Slave Trade Act, 1873, for the suppression of the slave trade, extends to the whole empire and confers jurisdiction upon the vice-admiralty courts of the dominion.

There are other classes of cases which have the same special application to Canada and which restrict to a certain extent the legislative jurisdiction of the parliament of Canada. Such are the International Copyright Act, 1886, and the Geneva Convention Act,

1911. A large number of these acts, which were passed by the parliament of the United Kingdom and with respect to which Canada has had up to the present no legislative jurisdiction by way of repeal or amendment, are not generally known. In the course of my professional practice I have had on one or two occasions to quote one or more of these acts of the parliament of the United Kingdom which are in force in this country, and I was astonished to find that the judges presiding in the courts had no idea that any such acts were in existence extending to and applicable to Canada.

Now that parliament has commenced the consideration of acts of the parliament of the United Kingdom which extend to and are applicable to Canada, I suggest that the Department of External Affairs or the Department of Justice or both should proceed at once to make a complete survey of all such acts and determine which should be retained either in their present or in an amended form. If they are not amended and thereby included in the statutes of Canada they should be repealed by act of the parliament of Canada. Those not repealed should then be compiled and published in a special volume for ready reference, so that all concerned with the administration of the law may be fully informed as to what the law is. I suggest with deference that in a number of our courts, both in Quebec and other provinces, the judges are not fully aware of the extent to which the laws of the parliament of the United Kingdom apply to Canada and are to be enforced by our courts, both in civil and in criminal matters. I suggest also that if this work is too onerous and too extensive for the Department of External Affairs—which has one or two officials whom I know to be thoroughly competent for work of this kind—and if the Department of Justice has so much work in hand that its officials cannot devote the time necessary to a compilation of these enactments and to the preparation of amending statutes, it would be proper for the Department of Justice to employ some competent lawyer—I would not object if he were of the Liberal faith and persuasion so long as he is capable—to make a compilation of these laws and place them before parliament in a way in which they can be effectively dealt with. In an address I made to this house some time about 1928, dealing with this matter, I stated, if I remember correctly, that I had found over a hundred statutes of the United Kingdom which dealt with matters of this kind.

Mr. LAPOINTE (Quebec East): I have a list of about one hundred and fifty.

Mr. CAHAN: Well, I remember that in the former discussion I said one hundred and fifteen, and my leader at the time remarked that on the previous occasion I had referred to the number as being about one hundred and fifty; but on this occasion, not having had the opportunity of reviewing the list, I referred to the smaller figure. I have no doubt that the number is over a hundred.

Mr. LAPOINTE (Quebec East): Of course many of them are the same measures, revised. For instance, there are many laws on the slave trade.

Mr. CAHAN: Quite so. The original act as amended is still in force. I suggest, therefore, very earnestly, that this matter be taken up. In expressing this opinion I think I may say that the leader of the opposition (Mr. Bennett)—

Mr. LAPOINTE (Quebec East): It is a good suggestion.

Mr. CAHAN: —is entirely in favour of the suggestion which I have made. In my opinion this parliament should again and again, at every opportunity, assert its sovereignty in regard to matters affecting the peace, order and good government of Canada which are within its legislative jurisdiction. We have emerged from the colonial status, whether the judicial committee of the privy council recognize the fact or not; and, when they decline to recognize it, it is absolutely necessary in the present temper of this country that they be brought to a condition of mind in which they cannot avoid cognizance of certain fundamental facts. One way of doing that is to proceed as I have suggested, although there are cumulative remedies which on an appropriate occasion I shall take pleasure in expounding in this house from my point of view. I have simply to say that I approve the principle of this bill.

There is one matter which I might mention now, and which I think will require further consideration. This bill is a criminal statute. It provides penalties for certain crimes. It also proceeds to deal with nationals of Canada who commit these breaches of the law. To mention that fact is to revert to a consideration which I have very much at heart, and that is the necessity and the advisability of an amendment and consolidation of the laws of Canada relating to Canadian nationality. In the consideration of the provisions of the treaty of peace at Versailles dealing with reparations and other matters I was brought face to face, week after week and month after month, with the fact that this parliament has never clearly expressed the meaning of Canadian nationality nor decided

the qualities which apply to a Canadian national. Following up some work which had been done under the present prime minister before I came into office in 1930—he procured a professor of the law department of the university of Toronto to prepare a report in connection therewith—I attempted the preparation of a bill on Canadian nationality and submitted it to this house. But I was unable to proceed with the matter, for the reason that, while the permanent officials of the various departments of government are intelligent and of ripe experience in the administration of their departments, their minds are very obtuse indeed to the reception of new ideas which concern general public policy in matters only incidentally affecting their departments. I ran up against barriers which I could not overcome, and I was unable to accomplish what I had sought, the enactment of a comprehensive measure setting forth the qualifications of a Canadian national and the definition in express terms of Canadian nationality. I repeat that sometimes I fear we have more of the colonial spirit of inferiority than even our fathers and grandfathers had, and certainly the time has come in the history of this dominion when, if we seek to ascertain who are Canadians and who are Canadian nationals, we should be able to find it in some substantive enactment outside of the immigration act, the real purpose and intent of which is to exclude certain classes of people from obtaining domicile in Canada. Why we should be compelled to look to that act for a definition of who are Canadians, who are Canadian nationals, I cannot understand. I think it is a discreditable condition in which we find ourselves to-day. Canada has taken an important part in international affairs. Under the imperial conference resolutions of 1923 and 1926, and again at the imperial conference of 1930, we assumed a large part in the administration of external affairs relating to Canada. But we are now met by that same old imperial spirit, as expressed by certain members of His Majesty's Privy Council of England, who cannot understand that men of English descent and men of French descent whose forbears have been living in Canada for a century and more, and who are Canadians to the backbone, are not of the same inferior mental complex as all colonials were deemed to be a century and a half ago. The sooner we assert the sovereignty of Canada in all matters with which this parliament is competent to deal, the better I think it will be for this country —far better for the development of that national sentiment in Canada, which is absolutely necessary if we are to maintain cohesion among the various races and creeds and all sections of the dominion.

[Mr. Cahan.]

Mr. J. S. WOODSWORTH (Winnipeg North Centre): With respect to a bill of this importance there seems to be no good reason why there should not be a full discussion on second reading. I regret that the government has introduced the measure at this time. At least in its present form, it may easily involve us in those European entanglements which ostensibly it seeks to avoid. Personally I am in favour of neutrality, but that neutrality must be thoroughgoing.

It seems to me that this bill has not been drawn with any great care. I do not know whether the Minister of Justice (Mr. Lapointe) is responsible for it: I am not reflecting upon him.

Mr. LAPOINTE (Quebec East): We cannot please the hon. gentleman.

Mr. WOODSWORTH: We are told that the Foreign Enlistment Act passed by the parliament of the United Kingdom in 1870 extends to Canada. I submit that the government might have done one of three things. They might simply have repealed that act as far as it extends to Canada; or they might have reenacted it just as it stood, as applying to Canada; or they might have improved upon it. In my opinion the bill as drawn is no improvement upon the British act; rather in addition to the principle underlying the British act it introduces one or two other principles that make it quite involved.

We are in favour of what I think is the principle of the bill, at least the principle of the British act, that is, to prohibit military assistance to the enemies of a friendly state. The explanatory note to section 3, which I take it indicates the principle of the bill, reads:

> This section makes it unlawful for a Canadian national to enlist anywhere, or for any person within Canada to induce any other person to enlist in the case of a foreign war, for service against a friendly state.

This undoubtedly involves control over our own nationals, and though we have not had many occasions on which to assert that control, I suggest that on the whole we must concede that at any rate, when the actions of Canadian nationals may involve us in international complications, the state must take control, or assume some power over their actions. The bill provides—I am inclined to think this is the original bill—for certain permits. Let me read section 3:

> If any person, without a permit, being a Canadian national, within or without Canada, accepts or agrees to accept any commission or

engagement in the armed forces of any foreign state at war with any friendly foreign state, or, whether a Canadian national or not, within Canada, induces any other person to accept or agree to accept any commission or engagement in any such armed forces, such persons shall be guilty of an offence under this act.

This idea of permits is carried into the other sections as well. By this provision for permits I suggest that the government is given power virtually to nullify the purpose of the bill by allowing the very things which it is intended to prohibit. It must be noted that the bill itself makes no reference whatever to the conditions under which such permits may be issued.

Mr. LAPOINTE (Quebec East): Does not my hon. friend think that that question should be discussed in committee? To show him how much better it would be to leave to the committee stage the discussion of such points I may tell him that certain things will be omitted from the bill.

Mr. WOODSWORTH: I want to discuss the principle of the bill as briefly as possible.

Mr. LAPOINTE (Quebec East): That is not the principle.

Mr. WOODSWORTH: It has to do with the principle of the bill because certain important matters are left to the discretion of the government—a procedure to which we are opposed. Further, there is a similar objection to section 19. This is important and should not be passed over at this stage. Section 19 reads:

(1) The governor in council may, from time to time, make orders and regulations relating to any or all of the following matters:

(a) the extension and application of the provisions of this act, with necessary modifications, to any case in which there is a state of armed conflict, civil or otherwise, either within a foreign country or between foreign countries.

(b) the issue of permits, the prescribing of conditions upon which permits may be issued, and the designation of the authority or authorities who may issue permits.

And so on. It strikes me that this government should be the last to advocate government by order in council. The Prime Minister (Mr. Mackenzie King) said a few weeks ago, as reported at page 249 of Hansard:

Over and over again we have laid down the principle that so far as participation in war is concerned, it will be for the parliament of Canada to decide. Having taken that attitude with respect to participation, I think we might well take the same attitude with respect to neutrality.

I suggest to the government that this bill be brought into conformity with the principles laid down by the Prime Minister. The powers given to the government by section 19 to extend the provisions of the act are too wide, and certainly undefined. This is a delegation not to regulate but to legislate. Power should be given to apply the provisions of the act, not to extend them.

Further, in the event of civil war in a foreign country the act should be made to apply only when there has been prior recognition by his majesty's government in Canada of the insurgents as belligerents.

There is another point—and while it might be appropriately dealt with when we reach the relevant section, I think it is important to refer to it while discussing the purpose of the bill and the situations for which provision should be made. If enlistment, recruiting, and outfitting and use of ships are not permitted in aid of the armed forces at war with any friendly state, why should not the ban be extended to the sale of arms, munitions and implements of war or material essential to the manufacture thereof? In this connection I should like to quote a summary of the United States neutrality bill as approved by the senate. This summary is from the Montreal Gazette of March 4, 1937:

As soon as he should find that a state of war existed or that a civil war of such dimensions as to threaten the peace or neutrality of the United States was in progress, the following steps would automatically result:

1. An embargo would be placed on all shipments of arms, ammunition and implements of war, and all loans to all belligerents and to all factions in civil strife.

2. It would be unlawful for United States citizens to travel on ships of belligerent registry, except under such regulations as the president might prescribe.

3. All trade with belligerents would go upon a "cash-and-carry" basis. No goods of any kind could be shipped to them from this country except after all right and title therein had been transferred from American nationals to foreigners.

4. American ships could not legally transport to belligerents commodities designated by the president, presumably in accordance with belligerents' own proclamation of contraband of war.

We have before us a bill which no doubt is intended to keep us out of European difficulties. But we are simply prohibiting foreign enlistments; there is no thoroughgoing prohibition of arms and munitions. There is a mention in one case of ships, but prohibitory action is not extended to munitions of war.

A second principle emerges, which is quite different from the principle of the British act. It is contained in section 11, which makes it illegal to recruit or accept any commission or engagement in the armed forces of any foreign state, thus going much farther than the British act. Section 3 prohibits any-

one from enlisting against a friendly state, but this goes farther and makes it illegal to recruit or accept any commission or engagement in the armed forces of any foreign state. Why should not prohibitions which are directed against assistance to states at war with friendly states also apply against assistance to rebels against a friendly state? An anomalous situation results. If I may quote the words of a friend who wrote to me with regard to this matter, he said:

All recruitment or inducement to enlist in favour of a friendly foreign power immediately becomes unlawful under this section. There is not even the qualification "without a permit" which applies to the unlawful action under section 3 dealing with aid to an enemy of a friendly state. The effect of section 11 is that while recruitment in aid of the armed forces of a friendly state is unlawful, recruitment in aid of the rebellious forces within the state is lawful.

Mr. CAHAN: Who is the author?

Mr. WOODSWORTH: I am stating it as my own. The memorandum is from a friend who wrote me in regard to this matter. This is a technical matter; I am not a lawyer, and for that reason I am using the words as given.

Mr. CAHAN: It might have more force if we knew who wrote it.

Mr. WOODSWORTH: No, I am letting the statement stand on its own merits.

Such an act is not forbidden by section 3, because it is not recruitment for a foreign state at war with a friendly power.

Mr. LAPOINTE (Quebec East): Again if my hon. friend would wait we might change this section to satisfy him.

Mr. WOODSWORTH: I am very glad to hear it.

Mr. LAPOINTE (Quebec East): I thought I told the hon. member I would.

Mr. WOODSWORTH: No, there is still another section.

Mr. LAPOINTE (Quebec East): A speech having been prepared, it has to be delivered.

Mr. WOODSWORTH: No, it is not because it was prepared and has to be delivered. That remark is hardly fair. On account of the importance of the subject I did give some study to it, and asked one or two of my legal friends to advise me in regard to certain sections, and I think it is only fair that I should present the case at this stage, because the bill has to be considered as a whole; unless we give consideration to sections 11 and 19 we can hardly deal with the important section 3.

[Mr. Woodsworth.]

Mr. LAPOINTE (Quebec East): Why not wait until we reach those sections?

Mr. WOODSWORTH: Well, as I have already said there are two or three principles involved. I wonder if I might be permitted to proceed for a few minutes more. I continue this statement:

Such an act is not forbidden by section 3, because it is not recruitment for a foreign state at war with a friendly power. It is not forbidden by section 11, because the enlistment is not "in the armed forces of the foreign state." Recruitment in aid of the armed forces of a friendly power is at all times unlawful, while recruitment in aid of the armed rebels within such a friendly power is lawful, and remains lawful unless power to declare otherwise is secured under section 19(1)(a). It is dubious whether such power is secured under 19(1)(a).

There is one other section which I think is very important. Section 14 takes away trial by jury. The explanatory note states that it is designed to enable the prosecuting authority to proceed summarily in the manner provided by part XV of the criminal code, in cases of minor importance. I suggest that this is not a matter of minor importance.

Mr. LAPOINTE (Quebec East): This I will not change.

Mr. WOODSWORTH: Well, I regret that we should here be deprived of the right of trial by jury in a very important matter. I hope the government will see its way clear to accept such amendments as will clarify the situation and provide for thoroughgoing neutrality, and that parliament, not the governor in council, shall decide whether our nationals shall engage in war.

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

On section 1—Short title.

Mr. LAPOINTE (Quebec East): I wish to thank the hon. member for St. Lawrence-St. George (Mr. Cahan) for the illuminating address he gave this afternoon on the various enactments and statutes which apply to Canada. I thoroughly agree with him that the present anomalous situation should be remedied, and I believe his suggestion that this should be made a special undertaking is a good one. I do not know whether the advisers in the Department of External Affairs and the Department of Justice can do it properly in the limited time at their disposal, but someone will have to do it. I agree entirely with everything my hon. friend has said in that respect.

As far as the hon. member for Winnipeg North Centre (Mr. Woodsworth) is con-

cerned, he says he is in favour of the principle of the bill, and I am pleased that he is. But I cannot agree with his statement that the bill permits things which should be prohibited, that it will make it easier to do things which should not be done. I understood my hon. friend to say that instead of restricting, the bill would permit certain things to be done.

Mr. WOODSWORTH: If I may say so, I was dealing with section 3 and the following sections which contain the words "without a permit."

Mr. LAPOINTE (Quebec East): If my hon. friend could see the hundreds of telegrams I have received from people who are opposed to this bill he would see that they are not objecting because it gives them more freedom to enlist for service in European wars.

Mr. WOODSWORTH: Would the minister explain the meaning of the words "without a permit"?

Mr. LAPOINTE (Quebec East): We used those words because they are in the British act. They used the word "licence," but now the League of Nations has changed it to "permit," and that is the word we are using. The act would be made more rigid by removing those words "without a permit" in the various sections. So far as I am concerned I have no objection to that change. It will take away some flexibility, some elasticity in given cases which we cannot foresee, perhaps, but it may be better for the government not to be asked to issue permits; if they have not that power it will make it easier for them. So when the sections in question are reached I will move that those words be deleted. Meanwhile we will have to change section 2 accordingly, by striking out subsection (a), and another change may be required following the discussion of the other sections of the bill. I will ask that section 2 stand in the meantime.

The CHAIRMAN (Mr. Johnston, Lake Centre): Shall section 1 carry?

Mr. CAHAN: Has the minister decided that the government should not be able to license an enlistment under section 3, for instance? Certainly under the act in force throughout the British Empire since 1870 licences could be granted, and I can conceive of circumstances and conditions under which a licence or permit might hereafter be issued.

Mr. LAPOINTE (Quebec East): I think so, too.

Mr. CAHAN: I can conceive that. The government of the day must be responsible; it has to assume responsibility in such matters. I did not follow the reasoning of the hon. member for Winnipeg North Centre in that respect. I think in a statute of this kind a certain amount of elasticity is necessary if justice is to be done under all circumstances and conditions.

Section agreed to.

On section 2—Definitions.

Mr. LAPOINTE (Quebec East): I will ask that this section stand and that the question raised by the hon. member for St. Lawrence-St. George be discussed on the other sections. I may say that my mind is open on the question, and I should like to hear the reasons that may be given in support of the request of the hon. member for Winnipeg North Centre.

Section stands.

On section 3—Offence to enlist with a foreign state at war with a friendly state.

Mr. WOODSWORTH: I do not know that I can do more than repeat what I have said already. If it is to be made illegal, as I think it should be, to enlist in the armed forces of any foreign state at war with a friendly state, I do not see why there should be any provision for a permit to do otherwise. It seems to me if that is to be illegal provision should not be made for the government to go against its own act. There should be no exemption at all. I can see no reason for a permit to enlist in the armed forces of a state at war with a friendly state.

Mr. CAHAN: Let me give an example. In the republic of Brazil we have had a large number of Canadian engineers professionally engaged in carrying out great undertakings. Yet by its own military law, unless that law has recently been changed, Brazil assumes the right forcibly to conscript the nationals of other countries temporarily domiciled in that state, and to compel such foreign subjects to take part in the wars of that state, either domestic or with another state. I am putting an extreme case, but should we visit upon such Canadian nationals the penalties imposed under this act? Should we say that they are committing a crime when they are forcibly enlisted by another country?

Mr. WOODSWORTH: If it is done under duress it would hardly come under the provisions of this section, which says "accepts or agrees to accept."

Mr. CAHAN: Well, he accepts; he has to. This section says "Every person without a permit who accepts or agrees to accept any commission or engagement—."

Mr. WOODSWORTH: Surely that means a voluntary action.

Mr. CAHAN: My hon. friend takes that as meaning a purely voluntary action. Well, I doubt that, but let me go further. Under the English act licences were seldom granted, but throughout the years they have reserved the right to license British subjects to take part in foreign wars.

Mr. WOODSWORTH: Against a friendly state?

Mr. CAHAN: There is hardly a war to which they do not send representatives of their own staff to participate. Russia and Japan were friendly states, yet the British government sent members of its own staff to participate not only in the naval conflicts but in the land conflicts as well in that war. They do that in every great war. There must be some latitude allowed; you must not make it so rigid that there is no possibility of allowing exemptions in individual cases.

Mr. MacNEIL: Did the members of the general staff participate as combatants in the wars to which the hon. gentleman has referred?

Mr. CAHAN: They certainly did; on occasion they had to in order to preserve their own lives.

Mr. DOUGLAS: With regard to the argument of the hon. member for St. Lawrence-St. George, staff observers accompanying some army are not there because they have enlisted in the forces of that foreign state. A staff officer acting in the capacity of an observer is something very different from a man who has enlisted or accepted enlistment in the services of that state. It seems to me that if we leave a loophole through which permits may be given which will nullify the very intent of the act, we will set a dangerous precedent. As I understand it, the clause in the British act with reference to licences was inserted at the time of the Franco-Prussian war, at a time of imperialistic expansion, when perhaps there was more interference in the wars of other countries than there is to-day. The whole situation has changed now, particularly with reference to Canada, whose desire to keep out of international entanglements is even stronger than the desire that existed in Great Britain in 1870. It seems to me we are setting a very dangerous precedent if we leave any loophole through which by the issuance of permits or licences, individuals or groups of individuals may be permitted to enlist in the service of a foreign state.

Mr. CAHAN: Medical officers from Montreal are at present enlisted with and engaged as part of the royalist service in Madrid. They are rendering surgical and medical aid and assistance, and form part of the forces and of the medical service of an army. Should that be prohibited?

Mr. DOUGLAS: That would depend entirely on the definition of "armed forces." Paragraph (c) of section 2 says:

> (c) "Armed forces" includes military, naval and air forces or services, combatant or non-combatant.

We are waiting to see what the minister has to say with reference to the definition of armed forces. I do not think the term "armed forces" has ever applied to the Red Cross or to medical services rendered in some other country for purely humanitarian reasons.

Mr. DUNNING: To medical services, yes.

Mr. DOUGLAS: In the last war the Swiss forces helped both sides. The Red Cross is recognized as a non-combatant.

Mr. DUNNING: Yes, the Red Cross, but not the medical staffs of armies.

Mr. DOUGLAS: I believe people rendering humanitarian or medical services on either side—

Mr. DUNNING: No, it is strictly limited to the Red Cross.

Mr. DOUGLAS: That depends entirely on the definition of "armed forces." If we want to preserve the right to any country to send medical units to render humanitarian services, we can do so by dealing with paragraph (c) of section 2, rather than leaving in the words "without permit," which would cover military units.

Sir GEORGE PERLEY: With reference to the suggestion of the hon. member to the effect that medical men looking after the wounded are not treated as combatants, may I refer to a clear example in the late war, about which I happened to know. I refer to Doctor Beland, who was a member of the Laurier government and of the House of Commons. When war was declared he was in Belgium, and he remained there. First he looked after Belgian wounded, and then, when the Germans came to Belgium, he went on with his work in the hospitals, helping the German wounded. Eventually, however, he was taken to Berlin and put into prison. Why? Because he had been a minister of the crown in Canada—at least, that was the reason given. Although he was not a combatant, and under international rules of war should not have been taken prisoner, he was imprisoned in Berlin and kept there for several

years, during which time he was badly treated. So the hon. member is entirely wrong when he suggests that a medical man looking after the wounded may not be treated as a combatant.

Mr. DOUGLAS: Is it not true that the gentleman in question was a national of a country at war with Germany?

Mr. DUNNING: Yes, that is right.

Mr. LAPOINTE (Quebec East): Mr. Chairman, I might as well deal with the matter immediately, because it is an important one. At the proper time we are going to move that paragraph (c) of section 2 be amended to read:

(c) "Armed forces" includes military, naval and air forces or services, combatant or non-combatant, but shall not include medical, nursing and other services engaged solely in humanitarian work, and which are under the control or supervision of the Canadian Red Cross Society or other recognized Canadian humanitarian society.

Canada is a party to the international convention for the amelioration of the condition of the sick and wounded in armies in the field. The Canadian ratification of this convention was deposited on February 20, 1933. Article 11 reads as follows:

A recognized society of a neutral country can only afford the assistance of its medical personnel and formations to a belligerent with the previous consent of its own government and the authorization of the belligerent concerned.

The belligerent who accepts such assistance is bound to notify the enemy thereof before making any use of it.

I think it is important that such medical units be under the control of the Red Cross, that relief of the suffering be impartial and that it apply not only to one side. The wounded in both sides of a conflict suffer. All who want to take part in the work of the Red Cross in a country where there is a war, civil or otherwise, should certainly be under the supervision and control of the Red Cross, to which there could be no objection. We want to remain outside these conflicts, and in any humanitarian work we want to deal equally with both sides.

Then there is a further reason for taking this stand. When collections of money are sought for only one side of the conflict, the requests are always accompanied by information showing only one side of the difficulty, a condition which I do not think is in accord with the spirit of neutrality. We must encourage anything humanitarian in scope, anything which will alleviate suffering, but I believe the work of Canadians who may want to devote themselves to the noble work of the Red Cross should be done impartially. Instead of having the word "Canada" on the cars and trucks, pictures of which I have seen in the papers, I believe the words "Red Cross" should appear. For these reasons, when we reach paragraph (c) I am going to move the amendment I have suggested.

Mr. MacLENNAN: Is the bill wide enough to cover enlistment in the Spanish civil war? I can see that it would prevent persons from enlisting on the side of the so-called rebels, but I cannot see that it would prevent enlistment to serve the government of Spain, if there is such a thing.

Mr. LAPOINTE (Quebec East): Section 19 of the bill will give to the governor in council power to extend and to apply provisions of the act, with the necessary modifications, to any case in which there is a state of armed conflict, civil or otherwise, either within a foreign country or between foreign countries. An order of the governor in council, by virtue of the provisions of the bill would apply to both sides of the conflict.

Mr. CAHAN: I understand section 2 is to stand.

Mr. LAPOINTE (Quebec East): It was to stand until we decided about the permit.

Mr. CAHAN: There is one other phase which might be considered. The exception made by the new definition suggested by the minister does not apply in the case of Canadian nationals who may enter the medical or surgical service of one of the countries at war.

Mr. LAPOINTE (Quebec East): He would come under the definition of armed forces.

Mr. CAHAN: There are many countries to which the Red Cross does not effectively intervene and I am suggesting that there are cases where it should be within the power of the government of Canada, through official channels, to give a permit or a licence to a thoroughly qualified Canadian to enter the surgical or medical service of one of the combatants for strictly humanitarian purposes. I still urge that the word "permit" be retained in section 3.

Mr. STEWART: I think we were all helped considerably by the address of the hon. member for St. Lawrence-St. George (Mr. Cahan). He pointed out the absence in our laws of a definition of a Canadian national. I appreciate the difficulty in arriving at such a definition and I should like to ask the Minister of Justice to let us have the wording of the corresponding section in the British Foreign Enlistment Act, 1870.

Mr. LAPOINTE (Quebec East): It refers to British subjects.

Mr. STEWART: Of course that is a fairly well defined term. With the section standing, would it not be possible for the minister to draft a definition of a Canadian national, either complete in itself or by reference to some other act? This would clear up the matter and make prosecutions more successful.

Mr. CAHAN: That is given in chapter 21 of the revised statutes of Canada.

Mr. LAPOINTE (Quebec East): We have already a definition in our statutes. Perhaps that might be improved, but until it is improved it stands as the law of Canada. Section 2 of the Canadian Nationals Act reads:

The following persons are Canadian nationals, viz:

(a) Any British subject who is a Canadian citizen within the meaning of the Immigration Act;

(b) The wife of any such citizen;

(c) Any person born out of Canada, whose father was a Canadian national at the time of that person's birth, or with regard to persons born before the third day of May, one thousand nine hundred and twenty-one, any person whose father at the time of such birth, possessed all the qualifications of a Canadian national, as defined in this act.

Under the Immigration Act, 1910, a Canadian citizen is defined as follows:

(b) "Canadian citizen" means

(i) a person born in Canada who has not become an alien;

(ii) a British subject who has Canadian domicile; or

(iii) a person naturalized under the laws of Canada who has not subsequently become an alien or lost Canadian domicile:

Provided that for the purpose of this act a woman who has not been landed in Canada shall not be held to have acquired Canadian citizenship by virtue of her husband being a Canadian citizen; either shall a child who has not been landed in Canada be held to have acquired Canadian citizenship through its father or mother being a Canadian citizen;

That would be the definition of a Canadian national as referred to in this bill.

Mr. STEWART: Would it not be well to state in this bill that a Canadian national shall be determined in that way?

Mr. CAHAN: Chapter 21 of the revised statutes leaves no doubt about that.

Mr. STEWART: I thought the hon. member was raising some question as to the meaning of a Canadian national.

Mr. CAHAN: It could be defined only by redrafting the statute.

Mr. STEWART: The Immigration Act contains a definition of the term.

[Mr. Stewart.]

Mr. LAPOINTE (Quebec East): I must come back to the matter of the permit. There is something to be said for both sides. I suggest that the reason why the British act has been copied in that regard was to give more elasticity and flexibility to the legislation. On the other hand, it has been represented to the government, not only by the hon. member for Winnipeg North Centre (Mr. Woodsworth) but by others, that in certain circumstances too much discretion might be given to the government in the issuing of such permits. The hon. member for Winnipeg North Centre would seem to be afraid some government might not be entirely impartial in that matter.

Mr. WOODSWORTH: But this is permanent legislation.

Mr. LAPOINTE (Quebec East): I thank my hon. friend; I assume he means that he is not afraid at this time. This matter has been discussed extensively by the government and when my hon. friend intimates that the bill has not been carefully drafted, I must say that there has not been a bill presented this session which involved more preparation than the one now before us. The best officers in both departments have been working on it for a part of this session. We have now come to the conclusion that perhaps it is better to exclude the words "without a permit" and not leave it within the power of a government to issue licences to take part in these conflicts. I will ask my colleague to move an amendment accordingly.

Mr. MICHAUD: I move that section 3 of the bill be amended by striking out the words "without a permit" in line seven.

Mr. CAHAN: Section 4 of the Foreign Enlistment Act of the United Kingdom reads:

4. If any person, without the license of Her Majesty, being a British subject, within or without Her Majesty's dominions, accepts or agrees to accept any commission or engagement in the military or naval service of any foreign state at war with any foreign state at peace with Her Majesty, and in this act referred to as a friendly state, or whether a British subject or not within Her Majesty's dominions, induces any other person to accept or agree to accept any commission or engagement in the military or naval services of any such foreign state as aforesaid,—He shall be guilty of an offence against this act,

That statute has been in force since 1870, and so far as I can remember there has been no difficulty with regard to its administration. My own opinion is that it would be well to retain the form as we have it at present.

Mr. MacNEIL: This section, I understand, deals with enlistment in the armed forces of

a foreign state at war with any friendly state. It is specific in that regard. I should like to ask the minister whether or not this section should also apply to the armed forces of insurgents within a friendly foreign state.

Mr. LAPOINTE (Quebec East): Well, that will be dealt with under subsequent sections.

Mr. MacNEIL: As I understand it, this is the section which covers enlistment.

Mr. LAPOINTE (Quebec East): Yes.

Mr. MacNEIL: I know of no other section under which any such provision could be made effective.

Mr. LAPOINTE (Quebec East): Of course it will have to be extended—or applied, because the word "extended" is objected to by the hon. member for Winnipeg North Centre (Mr. Woodsworth)—under section 19. There will have to be an order and regulation under section 19 to apply to an insurrection.

Mr. MacNEIL: I suggest to the minister that, as we have been specific with regard to "the armed forces of any foreign state at war with any friendly foreign state," and as this section deals with enlistment, there should be some specific provision dealing with insurgents rebelling against any friendly foreign state.

Mr. LAPOINTE (Quebec East): That will come as a result of the application of the act to civil war.

Mr. RYAN: The insurgents are members of the foreign state.

Mr. MacNEIL: This section prevents enlistment in the armed forces of enemies of a friendly foreign state. Should it not also apply to insurgent forces in any friendly foreign state?

Mr. LAPOINTE (Quebec East): It will have to be under section 19.

Mr. DOUGLAS: Subsection (g) of section 2 provides:

> "Foreign state" includes any foreign prince, colony, province or part of any province or people, or any person or persons exercising or assuming to exercise the powers of government in or over any foreign country, colony, province or part of any province or people.

"Foreign state" under that definition would not extend to cover an insurgent group, particularly prior to its having assumed any powers of government. That is, a power within a state preparing to rebel could, it seems to me, recruit Canadian nationals without their coming directly under this clause. It would clarify the situation to add at line 10, after the words "friendly foreign state," the words "or the armed forces of insurgents rebelling against a friendly foreign state." As it stands, it seems to fail to touch Canadian nationals joining insurrectionary forces within the confines of a friendly state. I wonder whether the minister would consider an amendment along that line.

Mr. LAPOINTE (Quebec East): I am afraid that that will only confuse the meaning of the act. It is clear as it is drafted, and in its application to a conflict such as there is in a country at the present time, it will clearly apply to both sides. I do not think this section should be amended as the hon. member suggests. It does not appear in the British act, and, as the hon. member knows, the British act is applied at the present time to both sides.

Mr. MacNEIL: We may not be making ourselves clear to the minister, but, as I interpret the section, it would be quite unlawful for me to enlist in the armed forces of a foreign state at war with a friendly state. That is clearly stated. In that event I would become an offender under this act.

Mr. LAPOINTE (Quebec East): Yes, when there is a state of war between the two.

Mr. MacNEIL: But under the section it remains unlawful for me to enlist in the armed forces of insurgents against a friendly foreign state. It seems to me that that is highly inconsistent; it is not good law. I cannot see why the minister should not be willing to include in the section a provision making it unlawful for a Canadian national to enlist in the armed forces of insurgents against a friendly foreign state, thus placing such enlistment in the same category as enlistment for service against a friendly foreign state as defined in the bill.

Mr. RYAN: I cannot agree with the contention put forward by hon. members on the other side. If you attempt to define insurgency arising in any particular state you are apt to get into very serious difficulties. There might be an uprising which would not amount to war; later the movement might develop into civil war and conditions might arise requiring the minister of justice to take action; under such circumstances he could act under the powers conferred by section 19. I think the section covers the situation sufficiently and that it would not be wise to include references to some state which may have trouble within its own borders. The section is well worded, and I have no doubt the Minister of Justice has given it serious consideration. He has had the advice of his law officers, and it is hardly competent for us, without any serious

consideration of the matter, to suggest forthwith some amendment of this section of the bill.

Mr. MacNEIL: I assure my hon. friend that I am not speaking without careful consideration, and I have such advice from men of experience in the legal profession; it is their opinion that an addition such as the hon. member for Weyburn (Mr. Douglas) has suggested, should be made. This is a permanent statute, and it places too much responsibility on the government to assume discretionary powers with regard to civil conflict within another nation. As to the definition of civil conflict, one in the form proposed by my colleague would, I suggest, meet the situation. I think that the inconsistency of the section as it stands is clear. This is one of the governing sections of the statute. It is unlawful for me to enlist in the armed forces of a foreign state at war with another foreign state, yet it continues to be lawful for me to enlist in the armed forces of insurgents within a friendly foreign state. Surely the inconsistency must be apparent. It is not so much a question of legal technicalities as a matter of common sense. The minister apparently pins his hope to a definition under section 19 of the jurisdiction of the government in such matters, but I refer him to the terms of section 19, which gives discretionary powers. It is extremely dangerous to attempt to exercise discretionary power, or to define without bias what is civil conflict, when the government is actually confronted with a state of civil conflict. Inasmuch as we are dealing with a permanent statute it is essential to give a proper definition, and "rebellion" or "insurgency" or "insurrection"—any of those terms could be used. They are clearly understood; they are defined, I understand in international law, and the inconsistency can easily be removed.

Mr. LAPOINTE (Quebec East): That shows that there should be some elasticity and some flexibility in this matter. If we agree to what my hon. friend suggests, at what time will a trouble become an "insurrection" or a "civil war" to meet the conditions mentioned in the amendment suggested by the hon. member for Weyburn? The Foreign Enlistment Act has always been for the purpose of preventing British subjects from enlisting and fighting in the army of a foreign state which is at war with a state friendly to his majesty. This will go further than that; although the British government, not by order in council but by a statement issued a few weeks ago, declared that the Foreign Enlistment Act applies to the present conflict in Spain. There had been discussions about this matter in the British press and some legal gentlemen claimed that the Foreign Enlistment Act did not apply to a case of civil war. But the British authorities at this time have given warning to all British subjects that it does apply to both sides of the conflict. The question arises, however: at what time does the trouble assume the proportions of a conflict so serious as to justify other countries in considering it a case of civil war or a rebellion in the sense suggested by my hon. friend. In international law it is not as clear as he suggests. I could quote precedents on both sides. It is extremely difficult to ascertain when the trouble has become an insurrection that is recognized by other countries.

Then there are conditions under which war practically exists without having been declared. We saw that situation in China and Japan a few years ago in connection with Manchukuo, and then we saw it in Ethiopia. Italy did not declare war on Ethiopia; she described it as a territorial adventure, or expansion. That is one of the main reasons why it is important that the government should be given the power which we seek in section 19, to be able at a given point to declare that a conflict, such as the trouble in Manchukuo, in Ethiopia or elsewhere, has developed to such an extent as to be a threat to the peace of other nations. At such a time it will be for the governor in council to apply the provisions in this act to a conflict of that sort and prohibit Canadians from taking part in it.

In my opinion the bill as drafted covers everything, and my hon. friend's suggestion instead of helping would make it more difficult because it would not then be for the governor in council, in the light of the conditions that might exist at the time, to apply the act to a particular armed conflict. It would be difficult to determine at what stage this amendment could apply.

Mr. MacNEIL: I presume it is the minister's intention to restrain Canadian nationals from enlisting in armed forces of any insurgents in order that this country may not be involved in any entanglements in a foreign conflict.

Mr. LAPOINTE (Quebec East): Absolutely.

Mr. MacNEIL: Does the minister envision any particular instance of armed rebellion within any friendly state where an exception might be made or where no restraint would be placed on Canadian nationals enlisting in the armed forces of insurgents?

Mr. CAHAN: The question whether armed forces are insurgent or are government

forces depends upon the recognition by Canada of a state as the government or of the forces as insurgent. That may change in the twinkle of an eye; it is a matter within the discretion of the government of the United Kingdom in any case. We might have a long discussion as to how far recognition would be within the discretion of the government of Canada under a recent decision, but circumstances change from day to day, from week to week, and the government must always be at liberty to determine whether a sit-down strike in any foreign country is an insurgency or whether it has reached that stage when rioters have become an insurgent force.

Mr. MacNEIL: I am speaking of armed insurgency.

Mr. CAHAN: The sit-down strikers seem to be armed in most cases. At any rate some of their deeds result in conflict, and whether they carry bludgeons or pistols does not decide the issue. The insurgents may become the loyalist forces by the recognition by the government of the United Kingdom of the insurgent party as the controlling government force, or vice versa. There must be a discretion vested in the government.

Mr. MacNEIL: Would not that then become a friendly foreign state if the insurgent force conquered?

Mr. CAHAN: I do not think that without knowledge of the actual conditions and the facts you can draw a line. If you have a government in this country you must give it authority to exercise a certain discretion in complicated cases. You cannot tie down by a rigid statute the government's decision in every complicated case that may arise in international affairs. You must have a government that takes responsibility. You cannot call this parliament together simply because a question arises as to whether a certain band of insurgents, although armed, should be regarded thereafter as the loyalist forces. Parliament cannot be convened on every such occasion, and you must give the government of the country discretion. If you have a government which you are confident will not exercise proper discretion the sooner you vote against it the better; but there is human frailty everywhere, even in governments. In drafting a statute such as this you must assume that the government of your country will exercise a reasonable discretion in dealing with such matters in accordance with the exigencies of special occasions as they arise.

Mr. DOUGLAS: I do not want to labour the matter, but it is not a question of not having confidence in the government. Legislation is of no value in this regard unless you indicate the lines along which you desire the government to act.

Mr. CAHAN: You cannot now do that by statute.

Mr. DOUGLAS: The Minister of Justice touched on the very point when he talked about the powers of discretion and the question of determining when there exists an insurgency or a civil war. It seems to us in this group that it places too great a responsibility on the government and too much discretionary power in their hands to have them make that decision. What is suggested is that the participation at any time by Canadian nationals in the forces of any group who are insurgents or even preparing to be insurgents shall be unlawful. As it stands now we are saying that it is permissible for a Canadian national to participate in an armed rebellion up to a certain point until such time as the Canadian government declares that this act operates against such participation. If it were placed in the statute, at any time it would be illegal for a Canadian national to participate in any armed revolt against a friendly state. As to the difficulty the hon. member for St. Lawrence-St. George (Mr. Cahan) brings out in reference to deciding which is the government and which the insurgents, as they may vary from time to time, the hon. member for Vancouver North (Mr. MacNeil) pointed out that the government that is recognized by his majesty's government is the friendly state; those at war with that government are armed insurgents, and any Canadian national enlisting in the forces of such a body is breaking the laws of the Dominion of Canada.

Mr. LAPOINTE (Quebec East): We want to prevent that.

Mr. DOUGLAS: But we shall not prevent it if we say that the Canadian government must exercise its discretion at some time in the future rather than have the provision included in the act.

Mr. LAPOINTE (Quebec East): What is the practical purpose of my hon. friend's objection? Does he think it would be permissible to enlist on one side and not on the other?

Mr. WOODSWORTH: It is as it stands.

Mr. LAPOINTE (Quebec East): Not at all. It would not apply there. If the conflict is not of such a kind that the provisions of the act apply to it, there would be no

intervention on one side or the other. When it is of that kind, and one side, the government side if you like, comes under this provision, the other side comes under it as well. This legislation is to prevent enlistment in the armed forces of a country at war with another country. If it applies to a war within one country because of an order under section 19, surely my hon. friends have never had it in mind that the government would apply it only to one side. It is discussing an absurdity; it could not be.

Mr. DOUGLAS: No, no.

Mr. LAPOINTE (Quebec East): Then what is the object of this discussion?

Mr. DOUGLAS: The point is not that we are afraid it would be applied to one side and not the other, but that it should not be left to the government to apply it at all.

Mr. LAPOINTE (Quebec East): It has to be.

Mr. DOUGLAS: It should be applied from the beginning, not at the discretion of the government.

Mr. LAPOINTE (Quebec East): Let me quote from a very able article in Foreign Affairs of January, 1937, by Philip C. Jessup, on The Spanish Rebellion and International Law, discussing the present conflict over there. I quote only two or three sentences, to show that the matter is not so clear as my hon. friends seem to think it is.

> The importance and difficulty of distinguishing between a mere internal disturbance and an actual case of civil war is indicated by the Brazilian case of 1930.

This act is not to apply to any little disturbance in other countries. He quotes many instances where governments have decided that both sides were belligerents and where they decided that they were not. Then he continues:

> If the insurgents have reached a very considerable degree of organization and stability, and if they are contending on more or less equal terms with the forces of the established government, they may attain the status of belligerency. If their belligerency is recognized, they thereupon acquire the same rights which are granted to a sovereign state when it is at war. In other words, recognized belligerents may establish blockades, may visit and search ships of third powers on the high seas, may seize and confiscate contraband goods, and the like.

Here is something that is interesting to Canada:

> As an example of a formal recognition of a state of civil war bringing into play the obligations of neutrality, reference may be made to President Van Buren's proclamation of January 5, 1838, during the course of an insurrection in Canada: "Whereas information having been received of a dangerous excitement on the northern frontier of the United States in consequence of the civil war begun in Canada . . . any person who shall compromit the neutrality of this government by interfering in an unlawful manner with the affairs of the neighbouring British provinces, will render themselves liable to arrest and punishment under the laws of the United States. . . ." President McKinley's proclamation of June 12, 1895 was similar; he recited that Cuba was "the seat of civil disturbances, accompanied by armed resistance to the authority of the established government of Spain" and admonished all persons in the United States to respect our neutrality laws.

It is more or less a question of fact—the conditions as they exist in the conflict which distinguish between a state of war and belligerency or a dangerous insurrection. It is a matter which must be left to the discretion of the government. We cannot foresee and by an amendment of this kind deal with all cases that may arise. Particularly is this so when there is no advantage one way or the other; it applies to both sides. When it is provided that Canadian nationals cannot enlist in a war, civil or otherwise, which is raging somewhere, obviously it applies to both sides. Then why this discussion?

Mr. MacNEIL: As the section reads it is not stated that it is unlawful for me, for instance, to participate in armed insurgency within a friendly state.

Mr. LAPOINTE (Quebec East): As the section reads it applies as between two foreign countries.

Mr. MacNEIL: It has no reference to civil conflict?

Mr. LAPOINTE (Quebec East): Not that section.

Mr. RYAN: Hon. members overlook the fact that violation of this act is made an indictable offence. I suggest that if this amendment is carried, any lawyer would have difficulty in drafting a charge with these words, and it would not be susceptible of proof.

Mr. CAHAN: Why not use the same terms as in section 4, in determining what is a friendly state? Section 4 of the Foreign Enlistment Act, 1870, says:

> . . . service of any foreign state at war with any foreign state at peace with Her Majesty, and in this act referred to as a friendly state, . . .

We have not defined "friendly state"; why should we not define it in the terms of the British Foreign Enlistment Act—"a friendly state is any foreign state at peace with his majesty"?

Mr. LAPOINTE (Quebec East): It could be done, but I do not believe it would change the meaning of the section.

Mr. CAHAN: It would clearly define a friendly state as a foreign state at peace with his majesty.

Mr. LAPOINTE (Quebec East): I will consider that when we come to section 2 again.

Amendment agreed to.

Section as amended agreed to.

On section 4—Offence to quit or intend to quit Canada to enlist.

Mr. LAPOINTE (Quebec East): There is a similar amendment to be moved to this section.

The CHAIRMAN (Mr. Johnston, Lake Centre): Mr. Michaud moves that section 4 be amended by striking out the words "without a permit" in line 15.

Amendment agreed to.

Section as amended agreed to.

Section 5 agreed to.

On section 6—Owner of conveyance may be guilty of an offence.

Mr. LAPOINTE (Quebec East): There is a similar amendment to be moved to this section.

The CHAIRMAN (Mr. Johnston, Lake Centre): Mr. Michaud moves that section 6 be amended by striking out the words "without a permit" in line 33.

Mr. CAHAN: You could not ship some criminals out of the country; it would be an offence if the criminal you sent out of the country went on and enlisted.

Mr. LAPOINTE (Quebec East): We want to keep them and deal with them here.

Mr. CAHAN: I suppose so, but you may not be able to carry out your immigration act to the full extent.

Amendment agreed to.

Section as amended agreed to.

On section 7—Offences.

Mr. LAPOINTE (Quebec East): There is an amendment to this section, striking out the same words and adding other words which are in the British act.

The CHAIRMAN (Mr. Johnston, Lake Centre): Mr. Michaud moves that section 7 be amended by striking out the words "without a permit" in line 44, and by adding thereto immediately after the word "act" in line 20 on page 3 the following proviso:

Provided that a person building, causing to be built, or equipping a ship in any of the cases aforesaid, in pursuance of a contract made before the commencement of such war as aforesaid, shall not be deemed to have committed an offence under this act, if, forthwith, upon a proclamation of neutrality or any other proclamation notifying or bringing into operation the provisions of this act, he gives notice to the clerk of the privy council that he is so building, causing to be built, or equipping, such ship, and furnishes such particulars of the contract and of any matters relating to or done, or to be done under the contract, as may be required by the clerk of the privy council, and, if he gives such security and takes and permits to be taken such other measures if any as the President of the Privy Council may prescribe for insuring that such ship shall not be despatched, delivered or removed, or otherwise dealt with, without the permission in writing of the President of the Privy Council, until the termination of such war as aforesaid.

Mr. LAPOINTE (Quebec East): This is exactly the proviso that is in the British act, except that the words "Secretary of State" are replaced in this amendment by "President of the Privy Council."

Mr. CAHAN: Why should we not leave it to the Secretary of State? The duties of the clerk of the privy council are restricted, and he is not the proper person to receive representations of that kind. With respect to the department of state you have the Secretary of State for External Affairs, but as this is an internal matter notice to the Secretary of State of Canada should be quite sufficient. In scores of cases we have reports made to the Secretary of State which he immediately brings to the attention of the governor in council. I do not think the clerk of the privy council is the proper person to attend to this.

Mr. LAPOINTE (Quebec East): I will tell my hon. friend why it has been placed under the control of the President of the Privy Council. Anything that relates to war is a very important matter, and it was thought better to leave it under the Prime Minister, or the Secretary of State for External Affairs.

Mr. CAHAN: Then make it the Secretary of State for External Affairs, but certainly not the clerk of the privy council. I protest against that.

Mr. LAPOINTE (Quebec East): I will accept the suggestion of the hon. member for St. Lawrence-St. George.

Mr. CAHAN: And then it should not be dealt with by the President of the Privy Council but by the governor in council.

Mr. LAPOINTE (Quebec East): Instead of the clerk of the privy council I suppose it ought to be the Under-Secretary of State for External Affairs.

Mr. CAHAN: It should be the Secretary of State for External Affairs. That is the term. Sometimes when he is absent it goes as a matter of course through the under-secretary, but there may be an acting secretary of state for external affairs.

Mr. LAPOINTE (Quebec East): I think that is an improvement.

The CHAIRMAN (Mr. Johnston, Lake Centre): The amendment now reads:

Provided that a person building, causing to be built, or equipping a ship in any of the cases aforesaid, in pursuance of a contract made before the commencement of such war as aforesaid, shall not be deemed to have committed an offence under this act, if, forthwith, upon a proclamation of neutrality or any other proclamation notifying or bringing into operation the provisions of this act, he gives notice to the Secretary of State for External Affairs that he is so building, causing to be built, or equipping, such ship, and furnishes such particulars of the contract and of any matters relating to or done, or to be done under the contract, as may be required by the Secretary of State for External Affairs, and, if he gives such security and takes and permits to be taken such other measures if any as the Secretary of State for External Affairs may prescribe for insuring that such ship shall not be despatched, delivered or removed, or otherwise dealt with, without the permission in writing of the Secretary of State for External Affairs, until the termination of such war as aforesaid.

Amendment agreed to.

Mr. DOUGLAS: It seems to me this section might go much further, in view of the fact that the object of the bill is to prevent our getting into any foreign complications by reason of the participation of our nationals in any foreign war or by reason of our ships being used for war purposes. I believe it ought to extend to the shipping of munitions and war material. After all, the number of Canadians likely to participate in any conflict in any part of the world is relatively small, but Canada is recognized as an important source of raw material, particularly war material. In any future war it is very likely that a blockade will be one of the principal weapons used to subdue an adversary, and that the object of one opponent will be to cut off the supplies of the other, or if possible destroy his base of supplies. In view of the fact that Canada is a foremost source of supply for raw materials I think the Minister of Justice might consider something along that line.

Mr. LAPOINTE (Quebec East): I realize the importance of the suggestion made by my hon. friend, but that does not properly come within the question of enlistment. That is the situation under the British Act as well. The whole question of the export of munitions will be dealt with in amendments to the Customs Act. It does not properly come under this legislation.

Mr. DOUGLAS: May I point out that although the act deals with enlistments, under subsection (c) of section 19 we deal with the seizure, detention and disposition of conveyances, goods and merchandise.

Mr. LAPOINTE (Quebec East): Yes, relating to this act.

Mr. DOUGLAS: Since this bill deals with goods, merchandise and ships, could it not apply also to war materials, particularly to munitions?

Mr. LAPOINTE (Quebec East): I may assure my hon. friend that for the effective legal working of these matters it is better to deal with that in separate legislation.

Mr. DOUGLAS: Will something of that nature be done?

Mr. LAPOINTE (Quebec East): It is being considered.

Mr. WOODSWORTH: That is hardly good enough. In this case, as in so many others, we are taking the power to determine what certain individuals may do but at the same time continuing to permit other people to make money out of the distress of those in warring countries. I do think we ought to have some assurance from the minister that, under circumstances in which enlistment would be prohibited, copper, nickel and material of that sort will not be allowed to reach those who are at war with a friendly foreign state. To me that is a reasonable proposal. We are prohibiting the sending of men, but we are not prohibiting the sending of copper or nickel, and the making of all the money that can be made out of it. The sending of materials of war is likely to involve us in international complications.

Mr. LAPOINTE (Quebec East): It cannot be done under this legislation.

Mr. WOODSWORTH: As my hon. friend (Mr. Douglas) suggests, it is possible, because there is mention of it in paragraph (c) of section 19. All I would like to have is the assurance from the minister that provision will be made in another act.

Mr. LAPOINTE (Quebec East): I am in charge of this measure having to do with the Foreign Enlistment Act. The other matter will be one of government policy, and the decision in connection therewith will have to be made by the government. I have no authority to tell the hon. member anything else.

Mr. MacNEIL: Would the minister explain in what respect the authority of this act will

be invoked to deal with the goods and merchandise, as suggested in paragraph (c) of subsection 1, section 19? As I read it, the government proposes to assume the power to make orders and regulations with respect to the seizure, detention and disposition of conveyances, goods and merchandise. That might be construed to apply to goods and merchandise intended for use in armed conflict abroad.

Mr. LAPOINTE (Quebec East): We will deal with that when we reach section 19.

Amendment agreed to.

Section as amended agreed to.

Section 8 agreed to.

On section 9—Arming or equipping ships for foreign state at war.

Mr. MICHAUD: I move the following amendment:

That section 9 of the said bill be amended by striking out the words "without a permit" in line thirty-three.

Amendment agreed to.

Section as amended agreed to.

On section 10—Outfitting expedition against friendly state. Offence.

Mr. MICHAUD: I move the following amendment:

That section 10 of the said bill be amended by striking out the words "without a permit" in line forty-two.

Amendment agreed to.

Mr. DOUGLAS: I do not want the minister to think I am labouring the point unnecessarily; possibly I am unusually dense to-day. I must point out however that in section 9 we dealt with ships. I should like the minister to explain why he would prohibit the use of Canadian ships by some enemy national or a foreign state at war with a friendly state, and yet permit the shipping of nitrates used in high explosives. If the Foreign Enlistment Act applied only to the enlistment of men, I could understand it; but section 9, and possibly section 10, apply to the use of ships. If the sections apply to ships, why not to high explosives?

Mr. LAPOINTE (Quebec East): That would be different altogether. The section specially provides for the prevention of an expedition, and makes it unlawful to prepare or to fit out an expedition of ships or otherwise. The intention is to prevent citizens from leaving Canada to fight in a foreign country at war. Ships may be belligerents as well as men.

Mr. DOUGLAS: The bill would apply only to ships carrying soldiers, or potential armed troops?

Mr. LAPOINTE (Quebec East): Yes.

Mr. HAYHURST: Why not include aeroplanes?

Mr. LAPOINTE (Quebec East): It applies to air expeditions as well.

Section agreed to.

On section 11—Recruiting.

Mr. MacNEIL: May I point out that the section deals exclusively with recruiting.

Mr. LAPOINTE (Quebec East): I shall present an amendment which may meet any objection.

Mr. MICHAUD: I move in amendment the following:

That section 11 of the said bill be amended by adding thereto immediately after the word "state" in line four, the following words: "or other armed forces operating in such state."

Mr. MacNEIL: Is it the minister's understanding that the amendment deals with armed insurgency within any state?

Mr. LAPOINTE (Quebec East): Yes.

Mr. CAHAN: I suggest that we consider the provision:

Provided, however, that the provisions of this section shall not apply to the action of foreign consular or diplomatic officers or agents in enlisting persons who are nationals of the countries which they represent, and who are not Canadian nationals in conformity with the regulations of the governor in council.

That does restrict it to the operation of consuls or agents within certain limits defined by the governor in council. But certainly I am not in favour of giving legal effect to certain operations which have taken place in Canada in very recent years with regard to the enlistment for service in foreign states of persons domiciled in Canada. The difficulty has arisen chiefly in view of the fact that certain foreign states do not recognize certificates of nationalization granted in Canada. The result was that, as Secretary of State, for four or five years I declined to grant certificates of naturalization to aliens resident in Canada and otherwise qualified, unless they obtained from the foreign government to which they formerly paid allegiance a certificate of the renunciation of their allegiance. I do not wish to name certain governments, but it must be known to every hon. member that in recent times certain foreign governments have undertaken widespread propaganda and preparation for the enlistment of their former subjects, resident in Canada, for service in foreign armies. I believe any regulations made should be very severe indeed. Propaganda such as has been carried on in the last few years is most injurious and prejudicial

to the development of a Canadian national spirit among those immigrants from foreign countries who are domiciled in Canada, many of whom in times past have applied for and obtained certificates of naturalization in Canada.

Mr. WOODSWORTH: I am glad the hon. member has raised the question. In the last few years I have had a good many complaints sent to me from various sections in Canada that we describe as foreign communities—

Mr. CAHAN: Foreign language communities.

Mr. WOODSWORTH: Yes. The complaints have been to the effect that a great deal of pressure has been put upon them by their consuls. A great many of those people came to Canada to become Canadian citizens. Their naturalization has not been granted or has not been recognized by their own countries, and the result in the event of an international dispute would be that in these large communities there would be much trouble. In some sections of Canada there are considerable numbers of Italians, and in other sections we find Germans, Ukrainians, and persons of other nationalities. While I firmly believe most of them want to be loyal to Canada, yet they would be placed in an awkward position if a clause of this kind were put on the statute books.

Mr. LAPOINTE (Quebec East): Of course, hon. members will see that this applies only to the nationals of the countries represented by consuls or diplomatic officers. These foreign diplomats, consuls or ministers may recruit only their own nationals for the armies of the lands they represent.

Mr. CAHAN: If they would just confine it to that.

Mr. LAPOINTE (Quebec East): The words are "who are nationals of the countries which they represent, and who are not Canadian nationals." This privilege, if you want to call it that, is recognized in other countries, but I think it should be made as difficult as possible to exercise these activities. However, I do not think we should go to the extent of making a criminal of the consul general of a friendly country who asks his fellow-nationals to complete their military service. Those nationals might be under an obligation of military service so long as they are nationals of that particular country. If they do not complete their service they may not be permitted to return and might be subjected to penalties, and all that sort of thing. I do not think my hon. friend should ask that we make criminals of these representatives, but I think their activities should be circumscribed within certain limits by regulations of the governor in council.

Mr. DOUGLAS: It means that many people are placed in an awkward situation I had a man come up to my room the other day who is from my own constituency. He came to Canada in 1923 from a country in Europe. He has moved around from one part of the country to another, working in lumber camps and so forth, and has never taken out naturalization papers. He was in the east for the purpose of getting married and had intended going back to Saskatchewan. He told me that several inducements had been held out to him by a consular agent to go back to his own country. My advice to him was to take out Canadian naturalization papers, but he had not gained a domicile in any particular locality because of his movements. It does not seem right to me that a man who has lived in Canada and who intends to make his future home in this country should be bothered in this way. In some cases it amounts almost to bullying by foreign consuls.

Section as amended agreed to.

Sections 12 and 13 agreed to.

On section 14—Penalties.

Mr. WOODSWORTH: This is one of the sections to which I called attention when I spoke on the second reading. It practically takes away the right of trial by jury. It permits the prosecuting attorney to proceed summarily in the manner provided by Part XV of the criminal code. The crime which we are creating here is not a minor crime, and a man faced with a serious crime should have the fullest possible protection.

Mr. LAPOINTE (Quebec East): The hon. member would make the treatment more lenient?

Mr. CAHAN: The difficulty is that on occasions such as this there is bound to be a division of opinion as to the issue involved. Under our system, where the jury must be unanimous, it would be almost impossible to obtain a conviction. If it is left to a judge, the judge will decide the case strictly in accordance with the law. For instance, there is a definite cleavage in opinion right across the continent with regard to the civil strife in Spain. I am old enough to remember our boys in western Nova Scotia coming back from the civil war in the United States in a condition much worse than those who came

back from the war in Europe. Anaesthetics were not known or used at that time. In western Nova Scotia, where I was born and bred, the young men went out and enlisted in the northern army, while the sailors along the shore served in ships which were running and evading the blockade against southern ports. These ships were carrying cotton to England, where it was sold in the textile markets at enhanced prices. In a war of that kind there is bound to be a decided division of domestic sentiment. I can remember how as a lad I used to go to the post office every night and wait until nine, ten, or eleven o'clock to get the latest daily paper which came in by coach, in order to see the progress of the Franco-Prussian war. We were watching the progress at Gravelotte, and Sedan and were interested in what the communists were doing in Paris. The whole community was divided in sentiment. There were staid and sober citizens who would gladly have fought on one side, while other equally staid and sober and religious citizens would have gladly fought on the other. I think it would be just as well to have these cases withdrawn from the jury and decided by a judge in strict accordance with the law.

Mr. WOODSWORTH: Would not that argument apply against all trials by jury?

Mr. CAHAN: No. I have had considerable experience in years past in a professional capacity, and I think I can say that with very few exceptions the great body of our people are in favour of proper and impartial administration of our criminal law.

Mr. MacNEIL: What is meant by summary prosecutions? Does that mean that the case will be dealt with by a judge sitting in a criminal assize, or will it be considered by a magistrate in police court or by two justices of the peace?

Mr. LAPOINTE (Quebec East): Under part XV of the criminal code it could be dealt with by a magistrate or by two justices of the peace.

Mr. MacNEIL: This is a very serious offence, the offender being liable to two years' imprisonment. I think we should make sure that the man will be brought before a judge as we understand the term.

Mr. LAPOINTE (Quebec East): The accused would always have the right of appeal to a judge of a superior tribunal. There are many sections of the code which provide for trial in this manner, and offences under the customs act are treated in the same way.

Section agreed to.

Sections 15 to 18 inclusive agreed to.

On section 19—Orders in council.

Mr. LAPOINTE (Quebec East): There is an amendment which I shall ask my colleague to move.

Mr. MICHAUD: I move:

That section 19 of the said bill be amended by striking out the first eleven lines of the said section and substituting therefor the following:

"19. (1) The governor in council may, from time to time, by order or regulation provide for any or all of the following matters:—

(a) the application of the provisions of this act, with necessary modifications, to any case in which there is a state of armed conflict, civil or otherwise, either within a foreign country or between foreign countries."

By striking out the letter (c) in line one on page six and substituting therefor the letter (b);

By striking out the letter (d) in line three on page six and substituting therefor the letter (c);

By striking out the letter (e) in line six and substituting therefor the letter (d);

By striking out the letter (f) in line eight and substituting therefor the letter (e).

Mr. MacNEIL: Subsection (b) is being deleted?

Mr. LAPOINTE (Quebec East): Yes, and because of that we have to change the lettering of the other subsections.

Mr. MacNEIL: Would it not be wise to introduce a proviso to the effect that this should be given application only when there has been a prior recognition of the insurgents as belligerents by his majesty's government in Canada? It seems to me that we should attempt there to define belligerency so that the regulations may be more clearly framed.

Mr. LAPOINTE (Quebec East): I do not think so. In my opinion the section gives all the powers necessary to make it applicable to the conflict. I do not think we should intervene in the way suggested by the hon. member; that is, by declaring that parties in a conflict are belligerents. We simply declare that we do not want our nationals to take part in these troubles. To recognize their status, what they are or what they are not, would seem to me to be arrogating to ourselves a little too much importance, and, more particularly, to be intervening in things which do not concern us to that degree. We do not want our country to be involved or our nationals to create a situation which might endanger the peace of Canada. Why should we declare that rebels in the country of the government which they attack are belligerents? I think the League of Nations might attend to that question before Canada does by her own action.

Mr. MacNEIL: May I inquire of the minister how this subclause may be interpreted?

(f) The issue, restriction, cancellation and impounding of passports, whether within Canada or elsewhere, to the extent to which such action is deemed by him to be necessary or expedient for carrying out the general purposes of this act.

It seems to me that here the government is assuming extraordinary powers. I do not know of any precedent for such interference with civil liberties. It strikes me that under this section the government might even impound a passport on suspicion, if they deemed it expedient. The other provisions of the act are clearly defined, and if a man commits an offence under them he is liable to the penalties provided. I cannot see any necessity for this particular clause, enabling the government to proceed as may be deemed expedient, merely on suspicion, without any concrete evidence, and especially in view of the fact that regulations dealing with the matter of passports are elsewhere provided.

Mr. LAPOINTE (Quebec East): If this were only a legislative gesture I might agree with the hon. member. But it is a serious matter. We do not want our people to go abroad and fight in these conflicts, and one of the best ways to prevent them is through the control of passports. Of course, a young Canadian may slip across the border in order to enlist in one of these armed conflicts, and if he cannot be caught before he leaves Canada, there is a reasonable expectancy, if we are empowered to interfere with the passport, that he will be stopped somewhere en route. As a matter of fact, within a couple of months we have in two instances cancelled passports which were granted through false representations. One case was that of a young man in my own constituency who succeeded in getting a passport upon a member of the clergy agreeing to be responsible for him, but who afterwards stated that his assistance had been obtained by false representations. We cancelled the passport. Another man, named I believe Leclair, obtained a passport under somewhat similar circumstances and got as far as France; he was there arrested, and can proceed no further with that passport.

If we do not have the power contained in this provision there will be many who will certainly evade this legislation. The hon. member says it is an invasion of liberty. Certainly to some extent the bill, from the first line to the last, is an invasion of liberty; but it is for the good of the country. Salus populi suprema lex: the state does not desire to be involved in difficulties. I believe the hon. member for Nanaimo (Mr. Taylor) will be pleased with this allusion in a language he speaks so well!

As far as the issuing of passports is concerned, consider our position in the present conflict. If the provisions of this bill apply to this conflict, and if we have the right under this subsection to grant passports to people for travel in any country in the world except Spain, this particular provision will be a great help in the enforcement of this act. Without it, I fear much of the effect of the legislation will be lost.

Mr. MacNEIL: Perhaps the minister has missed my point. I agree that anyone who makes false representations to the department should have his passport cancelled, and I think the minister said that that power has already been exercised, that it exists under another statute.

Mr. LAPOINTE (Quebec East): Yes.

Mr. MacNEIL: But I should like some assurances from the minister that the well-known principles of British justice will not be contravened under cover of this section, and that a man's guilt will not be assumed until it has been established. We are anxious to avoid interference with the movements of people who are innocent of any intent to contravene the act, and who may be travelling for proper purposes to European countries where no conflict exists, and who have given no just cause for suspicion.

The phrasing of this particular section is important. Either because of suspicion or because some departmental officer might deem it expedient, a man might be held up and subjected to a great deal of inconvenience. That would be quite unjust, and it should be made clear that no action can be taken until some evidence is produced to show that there is an intent to break the provisions of the act.

Mr. LAPOINTE (Quebec East): I can give my hon. friend that assurance. I may tell him that every precaution will be taken to make sure that the legitimate liberties of Canadian nationals will not be interfered with. On the other hand, the government must certainly have this power in connection with the issuing of passports.

Mr. MacNEIL: If a man's passport is cancelled, or if his application is refused, will he be given an opportunity to appear before the department before his application is finally rejected, so that all the evidence may be properly reviewed?

Mr. LAPOINTE (Quebec East): That is a discretion that rests with the Secretary of State for External Affairs. I do not think we should make that any easier in legislation which purports to be stricter, in view of the circumstances for which it is enacted.

Mr. MacNEIL: There are some cases in which it has been alleged that applications for passports have been refused and the reason has not been revealed. I submit that the reason should be communicated to the applicant so that if any injustice is done he can produce evidence in refutation of any improper charge that may be brought against him.

Mr. LAPOINTE (Quebec East): I will direct my hon. friend's remarks to the attention of the Secretary of State.

Mr. CAHAN: They are definitely refused in certain cases. I do not think that the passport office knowingly grants a passport to a naturalized citizen of Canada who is going to his former country if that country does not recognize his certificate of naturalization. In such cases the passport office is bound to refuse a passport, because a passport when issued and held by a British subject domiciled in Canada is a clear evidence that all the power than can be brought to bear by Canada will be exercised to enforce respect for his person and to ensure his security when he is abroad.

Mr. MacNEIL: I suggest that in subsection 2, line 15, there be substituted for the word "the" the words "a subsequent" so that the subsection would read:

> Such orders and regulations shall be published in the Canada Gazette, and shall take effect from the date of such publication or from a subsequent date specified for such purpose . . .

I think it is generally agreed that it is poor law to make the provisions of an act retroactive. This is a minor matter but it will ensure that the provisions of the act will not be given retroactive effect.

Mr. LAPOINTE (Quebec East): I do not think the hon. member need have any fear on that score. Certainly retroactivity is not intended, and none is indicated.

Mr. MacNEIL: In a previous section the minister introduced an amendment to provide that the section should not be retroactive. That was with regard to the construction of ships. Is it not equally just that with regard to the movements of persons we should remove any fear of the act being regarded as retroactive?

Mr. LAPOINTE (Quebec East): It cannot be retroactive unless that is specifically authorized by the statute; and, in fact, it is not retroactive.

Mr. MacNEIL: Is it not true that this section is so phrased that the governor in council may fix any date from the date specified in the order or regulation?

Mr. LAPOINTE (Quebec East): It may be a later but not an earlier date.

Mr. CAHAN: Perhaps there is some ground for the hon. gentleman's criticism. I do not see why under this section the date from which the order in council shall take effect may not be a date prior to its publication.

Mr. LAPOINTE (Quebec East): That is not what is intended.

Mr. CAHAN: I know that is not what is intended, but is it not possible? Would there by any objection to making it clear that it shall take effect from the date of publication? But on the other hand it might not be desired to have it take effect on that date; the government might wish to have it take effect at a later date. My hon. friend from Vancouver North suggests "from a subsequent date specified for such purpose"—that is a date subsequent to the publication.

Mr. DUNNING: I am not a lawyer, but would it be possible at all to put me as an individual in the position of having committed a crime which was not a crime at the time I did the act? Surely our statutes would not permit that.

Mr. CAHAN: Are you discussing morals or law?

Mr. DUNNING: Law.

Mr. CAHAN: On moral grounds there may be an objection to it, but the parliament of Canada is not like the congress of the United States. It may make its legislation retroactive, or if it sees fit may establish penalties with respect to such retroactive legislation.

Mr. LAPOINTE (Quebec East): This wording has been taken from other acts.

Mr. CAHAN: I am sure that the governor in council would not undertake to make it retroactive.

Mr. LAPOINTE (Quebec East): It cannot be done. This is the usual wording, and the main reason why it would be difficult to accept my hon. friend's suggestion is that it would throw a doubt on other legislation which is phrased in exactly the same way. It can be found in many statutes. If we adopted my

hon. friend's suggestion it might be construed as implying a doubt with regard to other statutes. Moreover, the courts have decided that retroactivity cannot be declared unless it is specifically mentioned in the statute. I really think we ought to keep the wording as it is.

Mr. DUNNING: If I were charged with an offence such as is being created by an order of the kind mentioned in this section, would it not be a good defence for me to say to the judge trying me, "Well, Your Honour, this was not an offence at the time I committed the act." And if it was not an offence at that time, how could any government make me guilty of it? Surely justice would not permit such a thing.

Mr. CAHAN: My hon. friend ought to study the customs laws and regulations for the enforcement of which he is partly responsible. He will find many such examples. I have not clause (a), which has been rewritten, but we are dealing with the seizure, detention and disposition of conveyances, goods and merchandise, and the designation of officers or authorities who may execute any of the provisions of this act, and with the issue, restriction, cancellation and impounding of passports. These are not criminal offences.

Mr. DUNNING: But look at (a).

Mr. CAHAN: I do not know what (a) is because it has been changed.

Mr. DUNNING: (a) in the amendment is exactly the same as here with the omission of the word "extension."

Mr. CAHAN: Then (a) is simply the application of the provisions of this act to any case in which there is a state of armed conflict. In ordinary course that would date from the passing of the order in council—that is, when the order in council comes into force —if no other provision is made.

Then we make another disposition here, that it only comes into force and takes effect from the date of its publication. It would, I think, be very proper to say "or from a subsequent date which is specified for such purpose in such order." I think that would be clear. Of course, I think the Minister of Justice is still influenced by certain misapprehensions he had with regard to the statute under which the government asked for the inclusion of Canada in the Abdication Act recently passed by the imperial parliament, when he referred to another clause of the statute as giving a special meaning to the particular clause of the statute which related to Canada. But I cannot imagine that any other statute from which this form of words has been taken, could be invalidated by the insertion of the word "subsequent."

Mr. MacNEIL: Is there not some fear of retroactive action in this matter because of the fact that the act of 1870 is now in force and applicable to conditions in Canada? That is why I made my suggestion.

Mr. DOUGLAS: What would be the position under this clause of medical units which I understand are assisting on both sides of the conflict now going on in Spain?

Mr. LAPOINTE (Quebec East): Of course we could deal with them in the order or regulation which will apply the act to the civil conflict.

As I said, I want to make an amendment to section 2, which has been allowed to stand, in order to deal with this matter. As soon as this clause is carried we shall revert to section 2.

Section as amended agreed to.

Section 20 agreed to.

On section 2—Definitions.

Mr. LAPOINTE (Quebec East): It is proposed to amend this by striking out paragraph (a) dealing with permits; also by striking out the letter (b) in line 10 and substituting therefor the letter (a); striking out the letter (c) in line 12 and substituting therefor the letter (b), and by adding after the word "non-combatant" in line 13 the following:

"But shall not include medical, nursing and other services engaged solely in humanitarian work and which are under the control or supervision of the Canadian Red Cross or other recognized Canadian humanitarian society."

Mr. MICHAUD: I so move, Mr. Chairman.

Amendment agreed to.

Mr. DOUGLAS: In what position will this place Canadian medical units now operating on both sides of the civil conflict in Spain?

Mr. CAHAN: They will go to the penitentiary as soon as they arrive home.

Mr. LAPOINTE (Quebec East): As I stated, there will be no retroactivity in regard to this legislation. Anything in the future will have to be supervised or controlled by the Red Cross or some other recognized humanitarian association, which will make it clear that we are not intervening on either side.

Mr. CAHAN: I do not know what a recognized humanitarian association is. The Lord only knows. It would take a Philadelphia lawyer to define that. Why not leave out altogether the word "non-combatant"? If they are not there as a fighting force and engaged in fighting they should not come within the definition of armed forces.

Mr. LAPOINTE (Quebec East): My hon. friend says "the Lord only knows" what it is. We were not governed by the Lord in 1933 when my hon. friend was a member of a government. This is the very language of the international convention for the amelioration of the condition of wounded and sick in armies in the field. Article 11, which was ratified by Canada in 1933, reads:

A recognized society of a neutral country can only afford the assistance of its medical personnel and formations to a belligerent with the previous consent of its own government and the authorization of the belligerent concerned.

Mr. CAHAN: Clearly so. That is why we did not have to have the Lord's intervention in order to ascertain the exact application of that phrase. The doubt is simply because my hon. friend without the Lord's advice is making some new interpositions of his own which will require clarification. But of course this act comes into force the moment it receives the assent of his excellency in the name of his majesty. Therefor it would apply to all medical students who were then with either combatant force in Spain.

Mr. LAPOINTE (Quebec East): Yes.

Mr. CAHAN: Therefore, strictly speaking, on their return to Canada, if they were so engaged in the medical service of either the so-called royalist army or the insurgent army, they would be liable to prosecution. But I wonder why we should not leave out the word "non-combatant." Could not the clause read: "'Armed forces' includes military, naval and air forces or services"? That is, those who are engaged in combat, and leave out "non-combatant"?

Mr. LAPOINTE (Quebec East): There are many individuals who take part in wars without being combatants. In the various armies there are advisers, liaison officers and many other classes who are not really in the fighting line. I am afraid it would be too wide if we accepted the suggestion. It is not in the British act either. This is modelled on the British act altogether.

Mr. CAHAN: Is "non-combatant" in the British act?

Mr. LAPOINTE (Quebec East): No, I beg pardon, I thought it was. But it is to apply to people who are really not combatants and have never been considered as such, but still are with the army or assisting in the operations of war. This will make it clear that those units of the Canadian Red Cross are excepted from the act altogether, and in the regulations under section 19 others may be excepted as well.

Mr. CAHAN: Under what subsection of section 19?

Mr. WOODSWORTH: The new subsection.

Mr. LAPOINTE (Quebec East): Subsection (a) of section 19 says, "The extension and application of the provisions of this act, with necessary modifications—"

Mr. CAHAN: That is dealing with civil strife and the application of those provisions concerning war between state and state to the particular circumstances arising in civil strife.

Mr. LAPOINTE (Quebec East): The intention was that it would give the governor in council certain powers when deciding as to that application. This amendment is merely to make it sure that those humanitarian workers will not go there anyway.

Mr. CAHAN: Would the minister find it difficult to leave this bill in committee until we could have it reprinted with the amendments, or is the minister anxious to pass it to-day? These amendments are rather important, and one would like to read them again.

Mr. LAPOINTE (Quebec East): I am anxious to proceed with the bill. I have been ready to proceed for a long time, and had to wait because at different times someone interested could not be here.

Mr. CAHAN: Very well; I do not raise the objection.

Mr. DOUGLAS: The amendment was read so quickly that it was difficult to follow. I wonder if the minister would consider the advisability of taking out the words "solely under the Red Cross." As I understood it, only medical units operating on either side in Spain that are endorsed by the Canadian Red Cross come within this exemption. Anyone serving with other medical units is liable to indictment under this act. Those words simply eliminate any group that does not receive the endorsation of the Red Cross organization. Would the minister mind reading that part of the amendment again, so that we may follow it?

Mr. LAPOINTE (Quebec East): It reads:

But shall not include medical, nursing and other services engaged solely in humanitarian work and which are under the control or supervision of the Canadian Red Cross or other recognized Canadian humanitarian society.

The word "solely" applies to "humanitarian work."

Mr. DOUGLAS: There would still be provision for a medical unit which had not been endorsed by the Canadian Red Cross but which was engaged solely in humanitarian work?

Mr. LAPOINTE (Quebec East): No, it would have to be under the control and supervision of the Red Cross.

Mr. DOUGLAS: Does that mean that all medical units now operating in Spain, unless within the next few days they receive the endorsation of the Canadian Red Cross, would not qualify under this clause, and that Canadians so engaged would be indictable under this act?

Mr. LAPOINTE (Quebec East): They are excepted now. This is not retroactive; it deals with those who may go from now on.

Mr. CAHAN: No.

Mr. DOUGLAS: But must those already there discontinue their work the moment this bill is passed?

Mr. LAPOINTE (Quebec East): No, that is not the intention.

Mr. DOUGLAS: But is that what the bill says?

Mr. MacNEIL: I think the remarks of the minister, coupled with those of the hon. member for St. Lawrence-St. George (Mr. Cahan), make it necessary that we should have a clear understanding of the situation. These people left Canada on their own initiative, without the slightest thought that they would become offenders under a measure of this kind. Evidently they secured passports and thus left with the sanction of the government. At that time the Canadian Red Cross society had not organized any units to carry on humanitarian work in Spain, and these people associated themselves with similar groups in the United Kingdom. So at the present time, serving perhaps on both sides, we have eminent Canadian surgeons whose reputation for humanitarian endeavour is beyond question. As the bill now reads, and according to the opinion of the hon. member for St. Lawrence-St. George, if they continue in this humanitarian endeavour without securing the endorsation of the Canadian Red Cross, as soon as they return to Canada they are liable to indictment and imprisonment.

Mr. LAPOINTE (Quebec East): I assure my hon. friend that that is not the case. Certainly no man engaged in humanitarian work in Spain at the present time will be indicted under this act because he is there now.

Mr. MacNEIL: But in the circumstances under which they went abroad they had to attach themselves to the armed forces of one side or the other, though of course not as combatants. Those in command will not allow any persons except members of their armed forces to penetrate their lines even to alleviate the sufferings of the wounded.

Mr. LAPOINTE (Quebec East): What is the objection to having them work under the Red Cross? The Red Cross is in Spain at the present time, carrying on its humanitarian activities on both sides. Why should there be any objection to coming under the Red Cross? I have in mind a resolution of the League of Nations, at its last assembly, dealing with this matter. Part of that resolution reads:

Notes that there are problems of a humanitarian character in connection with the present situation, in regard to which coordinated action of an international and humanitarian character is desirable as soon as possible—

The article from the convention, which I read a few moments ago, is also to the effect that such work should be impartial and international, and that it should apply to both sides. We have a splendid organization in the Canadian Red Cross society, which is affiliated with the International Red Cross committee, which is subject to certain rules and regulations, and surely Canadians who sympathize with the wounded and who want to give their money for that purpose might do it through this noble channel. I do not see the objection to it.

Mr. MacNEIL: Do I understand that if they are not under the Canadian Red Cross, by reason of relationship entered into before the Canadian Red Cross became active, they will not be indictable under this act?

Mr. LAPOINTE (Quebec East): No, not those already there, but I would say that surely from now on those carrying on this work should do so under the Red Cross.

Mr. CAHAN: I would ask the minister to insert the word "surgical" before the word "medical"; I think there is a clear distinction between surgical and medical services.

Mr. LAPOINTE (Quebec East): Very well; I agree to that.

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

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

SUPPLEMENTARY ESTIMATES, 1936-37

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1937, was presented by Hon. Charles A. Dunning (Minister of Finance), read by Mr. Deputy Speaker to the house, and referred to the committee of supply.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

DIONNE QUINTUPLETS

The house in committee on Bill No. 19, for the protection of the Dionne quintuplets.—Mr. Gray—Mr. Johnston (Lake Centre) in the chair.

On section 1—Short title.

Mr. STEWART: I should like to ask the sponsor of this bill (Mr. Gray) for some information. I think the bill has a worthy purpose and is exceptional in character. I believe hon. members are in the main sympathetic with the principle of the bill and are ready to give it their approval. As I understand it, the object of the bill is to prevent individuals, firms, corporations or associations from exploiting for financial profit the names of these famous children. I should like to know if the statutory guardians have granted to any firms, corporations or individuals the right to make use of the names mentioned in this bill.

Mr. GRAY: As the hon. member states, this bill is quite exceptional in character. I can only say that prior to the application by the Blossom corporation of Pennsylvania certain patents had been granted, and these are excepted from the operations of this bill by section 6.

As far as the words quins, quints, and quintuplets are concerned, the guardians themselves have applied for the right to use these names in looking after the welfare of the quintuplets. Last year some 500,000 tourists came to Canada to see the quintuplets, and the guardians felt that it was their duty to protect them as far as possible. The guardians are limited by the Unfair Competition Act of 1932 to a period of fifteen years. The Secretary of State (Mr. Rinfret) and the commissioner of patents found that this was the only way in which the quintuplets could be protected. As the leader of the opposition (Mr. Bennett) and the hon. member for Leeds (Mr. Stewart) have both said, this is unusual legislation but it will not exist forever. The guardians are brought under the provisions of the Unfair Competition Act, but for fifteen years they are given the power to grant franchises and award contracts to protect the Dionne quintuplets in a way that I feel sure my hon. friend wishes.

Section agreed to.

Sections 2, 3 and 4 agreed to.

On section 5—Guardians may license use of words.

Mr. STEWART: Have any licences been granted by the guardians for the use of these words?

Mr. GRAY: Not by the guardians. I am told that permission has been granted in two or three cases, and perhaps the Secretary of State could give us the particulars.

Mr. RINFRET: I regret I am not in a position to make a definite statement, but there have not been many cases. Perhaps my hon. friend will be satisfied with that information, which can be supplemented later if he is interested in the matter.

Mr. STEWART: I should like to have the information. I should like to know who have the right to make use of these names.

Mr. RINFRET: I do not want to appear to be evading the question. My officers are in the gallery and they can come down if necessary. Perhaps my hon. friend will be satisfied if I give him the information later.

Section agreed to.

Sections 6 and 7 agreed to.

On the preamble.

Mr. RINFRET: I should like to draw attention to a mistake which has been made in the French version of the bill. Instead of repeating in the French version the exact words used in the English version, the translator has made an error. The effect is that in the English bill we reserve certain names, while in the French bill we appear to be reserving other names. I drew the attention of the clerk to this matter and have given instructions to my department to see that the French translation is corrected in order that the same names may be reserved in both versions. I make this statement so that there will be no misunderstanding.

The CHAIRMAN (Mr. Johnston, Lake Centre): I have the English version here and it contains the addition of the French terms as the minister has suggested.

Mr. RINFRET: The French copy should contain all the English names.

Preamble agreed to.

Bill reported, read the third time and passed.

SECOND READINGS

Bill No. 59, for the relief of Eva Schiller Lightstone—Mr. Heaps.

Bill No. 61, for the relief of Grace Ellen Doris Newman—Mr. Lennard.

CONSIDERED IN COMMITTEE

Bill No. 53, to incorporate Toronto General Insurance Company—Mr. Plaxton.

CENTRAL FINANCE CORPORATION

The house resumed from Tuesday, March 16, consideration of the motion of Mr. Duffus for the second reading of Bill No. 58, respecting Central Finance Corporation and to change its name to Household Finance Corporation.

Mr. DEPUTY SPEAKER: Is the house ready for the question?

Hon. CHARLES A. DUNNING (Minister of Finance): I think that before the question is put, a statement is necessary similar to the one I made in the banking and commerce committee when Bill No. 57 was before it, in connection with which there was a discussion upon what had taken place in the house previously with regard to this class of bill.

I intimated to the banking and commerce committee that the government had received within the last few months a very largely signed petition, which I believe originated with some of the companies concerned with this class of business, asking for the appointment of a royal commission to inquire into the whole matter. I was able to indicate to the banking and commerce committee that the government had given consideration to the petition and that, in the light of the discussion of its subject matter in the house, the government did not deem it a suitable subject for reference to a royal commission but rather that it should be investigated by a special committee of this house assigned to that particular task. I indicated last session the government's desires in this regard from the standpoint of gathering information in an effort to enable the house to reach a decision on policy. I also stated earlier in the session the reasons why in the judgment of the government the information was not as yet sufficiently complete to enable progress to be made.

During this year the superintendent of insurance will be asked still further to gather all available material in connection with the problem of small loans, and at the next session of parliament the government will ask the house to consent to the appointment of a special committee which will be charged with the investigation of the whole problem of small loans.

In the meantime the company concerned in the present bill has apparently taken cognizance of the proceedings in the banking and commerce committee and in the house and of the criticisms which have been levelled against it, and also of the action of the banking and commerce committee with respect to the other bill, No. 57. I say that because I found on my desk this evening a letter from the Central Finance Corporation, reading as follows:

> We hereby undertake and consent to amend our private Bill No. 58 (Letter C of the Senate) by reducing the rate to two per cent per month and altering the wording of the bill so as to make it conform to private Bill No. 57 (Letter H of the Senate) of Industrial Loan and Finance Corporation, except that section 1, changing the name, and section 2, increasing the capital stock, will be retained in our bill as at present.

Under the circumstances I am personally prepared to let this bill go to the banking and commerce committee. I am quite satisfied that in its previous form it could not have passed the banking and commerce committee, but having regard to the decision made on Bill 57 I think there is justification for sending this bill to the committee in the expectation that it will be amended in the same manner as the former bill, and bring about to that extent at any rate, a reduction in the maximum rate of interest and in the total charges which may be made by the company.

Hon. H. A. STEWART (Leeds): I do not desire to discuss this bill at any length to-night. The general subject which it covers has been debated on a former occasion in connection with a similar bill.

This company has a charter issued by the parliament of Canada and has operated for a considerable time under its provisions. It now comes to parliament and asks for some amendments. I know that parliament is seized of the importance of this question, and I am sure that if the bill is referred to the banking and commerce committee, with the information which that committee has and with its

disposition thoroughly to study and investigate the matter, the bill will be given that consideration which it deserves and which all bills receive when they go to a committee of this house charged with the duty of studying their provisions.

The subject is one upon which a great deal may be said on both sides, and I agree with the Minister of Finance (Mr. Dunning) that under the circumstances, and in view of what has taken place, the proper course for the house to adopt now is to refer the bill to the committee. In that committee both those who support the bill and those opposing it will have an opportunity to express their views. Moreover, I am sure the superintendent of insurance will be consulted as to the provisions of the bill. There, I have no doubt, full justice can be done to all parties concerned. I concur therefore in the suggestion that the bill be referred to the banking and commerce committee.

Miss AGNES C. MACPHAIL (Grey-Bruce): I am quite sure that the bill will be referred to the banking and commerce committee, but I do not think we should lose this opportunity of protesting not only against the bill itself but against the small loan companies that charge excessive interest rates. Two per cent sounds small, but actually it is two per cent per month, and it has been said that this comes to about 27 per cent a year. That is not interest, and for the life of me I cannot understand how people who cannot pay their debts can pay them plus 27 per cent per annum. I am therefore opposed to the bill on every count.

The government and parliament of Canada are no doubt aware that there are a great many people in this country who need loans; but those who need them most are the ones who can least afford to pay such exorbitant interest rates. I suggest that we ought to encourage credit unions which would help out people with small, steady salaries. They would help these people in this very way by making small loans at reasonable rates.

Frankly another reason why I am opposed to the bill is the lobbying that has been done for it. I do not mind anyone asking me to dinner, but not for the purpose of lobbying me in connection with a bill, and there are now in the gallery people who are paid substantial salaries and who have been spending money, which I judge is not their own, asking people to lunch. If there is anything I hate worse than another it is just that. If their bill is as good as we are led to believe they could have saved their money and the common sense of the house—because there is a good deal of common sense scattered throughout the house—would have seen its virtue. Intensive lobbying is suspicious, and is a good reason why we should investigate very carefully any bill that is supported in that way.

There is only one reason why I should like to support the bill, and that is on account of its sponsor (Mr. Duffus). But one cannot allow friendship to carry one so far. I shall therefore vote against the bill on the general principle that such bills are wrong. The people who need loans most are being charged the highest rates of interest, and some provision must be made for them. It is true, information may be brought out in the committee; but if we allow this bill to go to the banking and commerce committee without protest and a division we consent to its principle, and I do not consent to the principle of the bill. I simply wish to register my objection and my reasons for it.

Mr. J. H. BLACKMORE (Lethbridge): It gives me a good deal of pain to express an opinion in opposition to the hon. member who has just spoken (Miss Macphail). At first I was very much in doubt what I should do about this bill, and I have examined it with considerable care during the last few days—let me add, not as the result of lobbying. No one has invited me to lunch in connection with this bill.

In the first place I am very much opposed to high rates of interest; no one in the house is more opposed to such rates than I am. That fact would naturally prejudice me against the bill but for certain other considerations which in my judgment ought to be borne in mind. We must not forget that there are people who simply must borrow; there is no doubt about that. Many times they need to borrow in case of death or an operation or because of some other unforeseen circumstance. For all these reasons people are forced into a position where they absolutely must borrow.

At present we have no provision for such people. Personally I favour the development of credit unions, but they are not yet developed. And what are we going to do for people who need to borrow between now and the time when the credit unions are in a position to help them? This government has made no arrangement whereby such people may obtain loans from $50 to, say, $150; and as far as I know, no province or municipality has any such provision; and as I say, the credit unions are not yet sufficiently developed. Where can these people go? There is only one bank that is in a position to offer personal

loans, and after looking into the situation with respect to that bank I find that the conditions under which it will make loans are prohibitive to a great many people who might need loans very badly. These are considerations that have greatly influenced me.

There is another matter that we must not forget. We became much in favour of prohibition at one time. We thought that by passing a law against liquor we should stop people drinking it. But they only went to bootleggers. That was entirely an unforeseen and unexpected result. Similarly, we know that people will borrow, and if we do not provide an orderly way in which they may obtain loans, they will go to bootleggers; and I am not at all convinced, after looking into the matter, that they will fare any better at the hands of bootleggers.

Some facts have been drawn to my attention with respect to this particular company, the Central Finance Corporation. I have not had time to investigate and find out whether all these things are true, but the following facts have been brought to my attention regarding the company and I submit them to the house for what they are worth. I must say, that when they tell us earnestly that these things are true, these things ought at least to be taken into consideration.

I understand that this company is at present carrying 30,000 borrowers. Manifestly there are 30,000 Canadians who have been in such a position that they have had to turn to this company for assistance. If we prevent this company from carrying on, what will happen to these borrowers and those who would follow after them? I understand further that this company during the past four years has issued 86,204 loans, totalling $15,213,781, and that during that time this remarkable record has been established by that company: They have never seized any furniture or household goods, they have never garnisheed anyone's wages nor had recourse to court action. I do not know whether that is true, but if it is I consider it a very fine record. I submit that in all justice this house should allow this company's doings to be investigated by an impartial body with more time at its disposal than we have.

Here is another thing which impressed me greatly. It was brought to my attention that the average net profit of the three chartered personal loan companies in Canada for the years 1933, 1934 and 1935 was only 5·73 per cent. On the face of it, it looks like 27 per cent per annum, but when the company is making only 5·73 per cent net, it does not seem so exorbitant as at first I thought it was. I understand, further, that it has been calculated that if the reduced rate of 2 per cent per month proposed in the present bill and Bill No. 57 is made effective, on the basis of the business of 1936 the net earnings of the company would be 4·97 per cent, which is not exorbitant.

Another feature is that passing this bill does not commit parliament to anything new; the principle has already been established. It only reduces the rate which is already permitted by parliament. And when in addition to all these things I consider that we have already sent Bill No. 57 to the committee, the only fair thing to do is to send this one along the same road. I am in favour of sending this bill to the committee.

Mr. H. G. CLARKE (Rosedale): The hon. member for Lethbridge (Mr. Blackmore) has just said that this company earns only a little over 5 per cent. That may be so as far as the shareholders are concerned, but it does not take into consideration the salaries of the executives and those behind the concern.

Referring to the rate of 2 per cent odd per month which figures up to approximately 27 per cent per annum, I understand that those who have to borrow money from these companies are people in great need of money and with very little security. I have understood from people who have gone to them that some companies have said: "We will charge you 3 per cent per month for your short term, but there is something more for which we must charge. We have our general overhead and office expense, for which we must add a percentage. Then we have our investigation costs to be taken care of, so we must add a percentage for that. Then we have losses with those unable to pay, which we have to write off; so we have to make another little charge for that." When it is all totalled up, it is not merely 2 or 2½ per cent per month which has been charged, because the addition of all these costs runs it up to a very great amount.

There is another thing. When people find themselves unable to pay the company will say to them: Well, could you pay at some future time if we extend your note? Borrowers will try. If the loan was for say $50 the company will make it $75, and extend it for three months. That is something that this house should look into very carefully. I am entirely in favour of having this matter go to a commission and have them investigate fully the companies which are applying for these charters.

Mr. A. M. YOUNG (Saskatoon): We had a bill similar to this before the house a short time ago, and I voted against its being sent to the banking and commerce committee. I do not wish to appear to be sanctioning in

the remotest way the interest rates provided for in that bill or in this one; I am decidedly opposed to that. But inasmuch as the house has already permitted the other bill to go to the committee I am going to vote in favour of this bill going there. It may be that there it will be so radically changed in respect to interest rates that I might see my way to vote for it when it comes back to this house. But I shall never vote for any bill which permits the rate of interest provided for in the present bill. It may seem a paradox but I want it clearly on record that I am not sanctioning the interest rates provided for in this bill by voting that it go to the committee.

Mrs. MARTHA L. BLACK (Yukon): I intend to vote for this bill's going to the committee. We all know that even a criminal has the right to be heard before a judge and jury. I do not know that I approve of the interest rate, but I do approve of the bill being examined by the proper committee. I should also like to state that while I have had luncheon with one of the so-called lobbyists in the gallery, I do not feel that that luncheon purchased me. It is ten or twelve years since I had my first luncheon with that so-called lobbyist, and neither did that lobbyist intend to purchase me then nor did I intend to purchase her by the meals I have given her at different times. I shall vote for the bill's going to the committee.

Mr. T. C. DOUGLAS (Weyburn): I should like to say a word—

Some hon. MEMBERS: Tell us about the meal.

Mr. DOUGLAS: The only meals I have had so far are those I have had to pay for myself, unfortunately. The hon. member for Grey-Bruce (Miss Macphail) has offered to take me out for dinner—

Mr. MacNICOL: That is bribery.

Mr. DOUGLAS: Very delightful bribery. I was glad to hear the Minister of Finance make the statement that he proposes to appoint a committee of this house to go into the whole question of small loan companies. Perhaps one of the most detrimental things in Canada to-day, from the standpoint of the small wage earner, is the small loan company.

In reply to the suggestion that we should let this bill go to the committee, I want to remind the house that Bill No. 57 also went to the committee, and it is now back for third reading. It seems to me that if we are to make any protest, this is the time to do so.

The arguments and statements presented by the hon. member for Lethbridge (Mr. Blackmore), I have heard presented before, but I do not know just how much value they have. The hon. member stated that a large number of people must borrow. That is quite true, but those who must borrow are the very people who are not in a position to mortgage their future by paying interest at the rate of 27 per cent per annum. The argument, of course, is that we already have other loan companies charging exorbitant rates, and because this is so, we must legalize certain companies which will perhaps charge more moderate rates.

Someone used prohibition as an illustration. When we tried to prevent people from drinking intoxicating liquor they turned to bootleggers, and now the suggestion is that because we have loan companies which charge exorbitant rates of interest we should legalize other companies which perhaps will not rob the public to such an extent. In other words, because we have pirates we must now legalize some gentler form of piracy. It does not seem to me, Mr. Speaker, that by perpetrating a wrong we can hope to remove a great evil, and I should like to see this house take the stand that no action whatever will be taken with regard to this bill or Bill No. 57 until such time as a committee of this house has gone into the whole question of loan companies right across Canada.

The fact that there are thirty thousand borrowers from this company is something that hon. members should think about very seriously. When it is stated that this company is carrying thirty thousand borrowers, I think it is probably true that the thirty thousand borrowers are carrying the company. It is being carried by people all over the country who, from their small weekly earnings, are compelled to pay more than they can afford in order to meet interest charges.

One of the regrettable features of this whole question is that when a member of this house, for instance, or any one receiving an average income needs money in a hurry, usually he can go to the bank and borrow it at six or seven per cent. But a person who cannot afford to pay high rates of interest when he borrows money cannot get a loan for six or seven per cent but is compelled to pay this exorbitant rate of twenty-seven per cent. There is an old biblical saying that to him that hath shall be given, and from him that hath not shall be taken away even that which he hath. That is very true of borrowing. The man who can afford to pay a high rate of interest can borrow at a low rate, while the man who cannot pay a high rate is the very person who is compelled to do so.

While in the city of Chicago I spent some time studying in the court of domestic relations, and since that time I have had the privilege of sitting on the bench beside various judges in juvenile and domestic relations courts in order to make a study of juvenile delinquency and marital disputes. It is a safe prediction that a large percentage of the cases coming before the average domestic relations court is concerned with couples whose marital incompatibility is due largely to the fact that they are in straitened financial circumstances, due in large measure to their having borrowed money from some small loan company. Then, as the months went by, they got deeper and deeper into the toils of the company, with the result that there were disputes and bickerings that often led eventually to the divorce court.

I think it is criminal for us to condone in any form any bill that will legalize financial piracy in the Dominion of Canada. In my opinion, sending this bill to a committee, will simply result as in the case of Bill No. 57, in its being sent back here for third reading. If we have any thought at all for the small wage-earners of Canada, who have been and will become entangled in the toils of loan sharks, we ought to turn down this bill now rather than merely go through the motions of sweetening the poison and salving our conscience by putting the bill through a series of committees and then letting it slide through the house. I am opposed to this bill. I am opposed to its going to any committee until an investigation has been held into the whole question of small loan companies.

Mr. L. A. MUTCH (Winnipeg South): Mr. Speaker, I am not in the position of one who is forced to sing for his supper; I paid for my own. I think I know something about the principles involved in these bills. I have been somewhat entertained by the suggestion that the majority of people who are willing to pay high rates of interest for a short term loan are people in unfortunate circumstances. What little knowledge I have leads me to the conclusion that a much greater percentage of the money that is made in this kind of transaction is made at the expense of shorts in the market than at the expense of unfortunate people who need money for some emergency and who have to pay these interest rates. In most communities in Canada we have educated the people to the point where those who have to go into debt because of sickness or some similar reason know that funds will be made available to them. So I say that in my experience the major part of this money is loaned to people who have been caught in the market.

The house divided on the motion (Mr. Duffus) which was agreed to on the following division:

YEAS

Messrs:

Anderson
Baker
Barber
Beaubien
Betts
Black (Yukon)
Bothwell
Bouchard
Brooks
Casselman
Clark (Essex South)
Clark (York-Sunbury)
Clarke (Rosedale)
Cochrane
Crerar
Damude
Davidson
Denis
Deslauriers
Duffus
Dunning
Dupuis
Dussault
Esling
Evans
Fafard
Farquhar
Ferland
Ferron
Fournier (Maisonneuve-Rosemount)
Furniss
Gardiner
Girouard
Glen
Golding
Gray
Graydon
Hanson
Harris
Howe
Hurtubise
Hyndman
Kinley
Kirk
Lapointe (Matapedia-Matane)
Lapointe (Quebec East)
Lockhart
MacKinnon (Edmonton West)
MacLennan
MacNicol
McCulloch
McIvor
McLean (Simcoe East)
Martin
Michaud
Mutch
Parent (Terrebonne)
Perley (Qu'Appelle)
Pinard
Plaxton
Pottier
Purdy
Rickard
Rinfret
Robichaud
Ryan
St-Père
Senn
Sinclair
Stewart
Stirling
Taylor (Norfolk)
Telford
Thauvette
Tolmie
Veniot
Vien
Ward
Winkler
Wood
Young—81.

NAYS

Messrs:

Blair
Douglas
Elliott (Kindersley)
Green
Hall
Hansell
Hartigan
Hayhurst
Jaques
Johnston (Bow River)
Kuhl
Landeryou
Leader
Little
MacKenzie (Neepawa)
MacNeil
Macphail
McDonald (Souris)
McDonald (Pontiac)
McKenzie (Lambton-Kent)
McNevin (Victoria, Ont.)
Marshall
Mitchell
Needham
Neill
O'Neill
Pelletier
Quelch
Reid
Rowe (Athabaska)
Sylvestre
Taylor (Nanaimo)
Thorson—33.

Bill read the second time.

WAYS AND MEANS

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

CANADA-UNITED KINGDOM TRADE AGREEMENT

Customs tariff—277. Palm and palm kernel oil, unbleached or bleached, not edible; shea butter: rate of duty, free.

Mr. SENN: Mr. Chairman, a number of items in the schedule deal with importations of vegetable oils. Last night the minister was asked the amount of these oils imported. I believe he gave the committee to understand that as each of the items came up, the information would be provided. I ask him therefore if he would give the committee the importations of oils under the item, not only for this year but as complete as he can possibly give. It is very important that we should know just what the increases have been in the past few years.

Would the minister also be good enough to inform the house as to the uses to which these oils are put when imported? I understand this is the item under which the great bulk of the importations come in. Can the minister tell the committee the amount of oil coming in under the item processed and made available for edible purposes? With that information I think there will be little further discussion of these items.

Mr. DUNNING: Mr. Chairman, I shall gladly go as far as I can in giving information. I regret I have not the import figures with me for the years prior to 1936, but before taking my seat I shall give the figure for the year 1935-36.

With regard to the other angles of the question raised by the hon. member, I must say I am in some difficulty in view of the fact that the matter is being investigated by the tariff board. I am not in possession of a record of the evidence. A great many points to which the hon. member very properly draws attention are points which are naturally under investigation by the board. As was mentioned the other evening, the question as to edibility or non-edibility is very important. However, judging from the figures I have with respect to the item dealing with palm and palm kernel oils, not edible, and shea butter, it would seem that the importations of palm and palm kernel oils are for the manufacture of soap. That is the designation of the item. I am not a specialist on every item in the tariff, but my advice is that this type of oil cannot be made edible in a commercial sense. The hon. member for Danforth (Mr. Harris) knows more about these matters than I do, and if he says it can be made commercially edible, I would be inclined to accept his word. My information is that this particular article is imported for soap-making purposes. The imports last year were valued at $2,011,000, and they came from the Straits Settlements, Nigeria, the United Kingdom and the United States.

Mr. SENN: Could the minister give the importations by quantity?

Mr. DUNNING: Here again we are up against the difference between the bureau of statistics' classification and the actual tariff item. The nearest figure to be obtained from importation figures of the bureau of statistics is 4,007,000 gallons.

Mr. HARRIS: Mr. Chairman, the minister was kind enough to mention my name in connection with this item. First of all, I shall deal with the question of edibility or non-edibility. Originally palm oil and palm kernel oil came from west Africa, but some twenty-five years ago the Lever group in England conceived the idea of starting plantations in the British East Indies, the Malay peninsula, and in Nigeria. It was thought that these plantations would come into production sooner or later to supplement the supplies of these particular oils. Twenty-five years ago the normal world's production ranged from 10,000 to 15,000 long tons per year. The original method of production was for the man of the house to go into the woods and gather these fruits, the outside layer of which yielded sixty per cent of what is commonly known as palm oil. The inside kernel yielded about forty-three per cent of palm kernel oil, which to-day is being used for edible purposes. The meaty, fleshy, outside substance was used for non-edible purposes.

Up to ten years ago the process of manufacture was to bring the nuts home and throw them into a pit in the barnyard, where the moisture and drainage from the yard fermented and broke down the hard outside structure. The whole mass was permitted to ferment for a period of two or three months in the very hot weather. It was then dug up, put in a jute bag or some other container, and the womenfolk pressed out the grease or oil. This was taken into the village and traded for groceries and other articles, and in due course it reached the seaboard and was shipped abroad. This substance ran very high in what is known as free fatty acid, at times the content reaching forty per cent. The combination of glycerin and fatty acid was broken up by fermentation and the resultant oil was non-edible. The nuts were kept separate and they finally found their way to England where

they were subsequently pressed, the oil obtained being edible. What I want to say at this time is that whereas the world's production of these oils at one time was only 10,000 to 12,000 long tons per year, through the development of plantations this production has increased, until in 1931 they had a total production of 32,000 tons; in 1935, it was 135,000 tons, and it is estimated the production for 1936 will be 150,000 tons. There has been an increase of 1,500 per cent in twelve years.

I make again the same point I raised in connection with the other item. The United States and Canada have a similar economy. Some 59,000,000 pounds of palm oil entered this country last year, at an average price of 3·4 cents per pound. It will thus be seen that those in Canada who are endeavouring to gather the Canadian produced fats, inedible if you will, are handicapped. The producers in the United States also found it difficult. Ever since confederation there has been no excise duty imposed by the United States against our fat products. Within the last couple of years the United States saw fit to pass a reciprocity agreement, if you want to call it that. There was a clause in that agreement which stated that any item not specifically mentioned in the agreement could be dealt with by either country. They just waited a few short months and then in June of last year they put an excise tax of 3 cents per pound against the normal production of animal fats which compete with these vegetable fats coming in from the countries which I have mentioned. By that action the Canadian market immediately collapsed to the extent of 3 cents per pound. In other words, the Chicago market has been riding from 3 to 4 cents per pound higher than ours.

I come now to the next point. This Bailey amendment placed an excise duty of 3 cents per pound on these products, and also provided for a processing tax. Section 703 states that nothing in the section shall be construed as imposing a tax against the importation of any article—in this case any fat-bearing article—or any component of any such article derived directly or indirectly from a Canadian waste product or any other waste product. The result is that many fat-bearing products enter the United States free of this tax. The manufacturer of oils or fats which compete with the United States is up against an impost of 3 cents per pound. I know one company in Montreal which makes 100,000 pounds of these fats a week. That manufacturer in Montreal finds that his market is 3 cents per pound lower than the market of his competitor in New York. The man in New York can buy our materials as waste materials, and take them into the United States without the payment of this duty. He has an advantage of $3,000 per week over his competitor in Montreal. The result is that thousands of tons of Canadian materials are entering the United States as waste material, and the Canadian manufacturer is deprived of these products. He is forced to fill his needs from the importations into this country.

The minister will agree that I have raised a second question or a second possibility with regard to this matter of inedibles. First, he might deal with the tremendous imports of vegetable oils and see what can be done about it. Second, he might go to Uncle Sam and say, "Why not let the natural products of Canada be excepted from the provisions of the Bailey amendment? We have an economy the same as yours, and we find ourselves terribly handicapped." If they would consent to that, it would not affect very seriously the United States consumption of oils and fats, because that country consumes two billions pounds per year and Canada's surplus is only about twenty or thirty million pounds, her total production being less than three hundred million pounds. At the most it would not affect the United States economy more than about three per cent, and they would be keeping good faith with Canada if they would admit our natural products to that extent. But that may be a vain hope. Therefore we get back to the question: What are we going to do about the tremendous imports which are taking the place of a natural product of Canada? What is the natural inedible fats production of Canada, and why is it necessary to bring in 150,000,000 pounds of inedible oils and fats to supply our requirements?

The soap maker is the big consumer. They manufactured last year 164,000,000 pounds of soap and soap products. Breaking that down, we find that they manufactured 251,000 pounds of textile soaps, 22,850,000 pounds of toilet soaps, 34,250,000 pounds of flake soap, and 72,902,000 pounds of household soaps. That makes a total of 130,000,000 pounds used in Canada by the Canadian people. The difference between that and the 164,000,000 pounds that are manufactured is accounted for by exports; we sell some $875,000 worth of soap to the old country. Now, how much animal oil or fat or any kind of oil or fat is required to make 130,000,000 pounds of soap? In round figures, from forty to fifty pounds of fat makes a hundred pounds of soap; therefore it requires only 65,000,000 pounds of oils and fat to meet the requirements of the Canadian people. Each one of us requires ten pounds of soap per year to

keep himself clean, and as there are 11,000,000 people, multiplying that number by ten pounds you will see that we need 110,000,000 pounds, and we are actually using 130,000,000 pounds, so we must be an exceptionally clean race of people.

To pursue the matter a little further, where are we going to get the material for manufacturing these soaps? Why are we not getting it at home? I should like to put on record, to wake up Canadians to this idea, that there is a tremendous waste going on at our very doors, a condition which does not obtain in England, nor in Europe, nor to the same extent in the United States. The Canadian supply of fat comes from large centres of population, where they take 2,000,000 sides of beef which are used each year, and the butcher breaks them down on the block, and the waste from this, that and the other part of the animal is gathered together. In an area of which I have knowledge, the city of Montreal, with an estimated population of a million people, out of that one item of waste alone can be manufactured five million pounds of animal oils and fat per year, and with our total population of over ten millions we should be able to approach an output of 50,000,000 pounds per year from that one product alone. But allowing only half efficiency, you have 25,000,000 pounds available for this soap requirement.

I mentioned last evening that each year we slaughter about 890,000 cattle in our inspected abattoirs, and the product goes for edible purposes. In the beef rings and slaughter houses here and there throughout the country there is slaughtered another million cattle, and the by-products of cattle slaughtered outside of the inspected abattoirs sometimes go into inedible channels, but more often are wasted. Why? That same steamship of which I spoke comes in with palm oil and dumps off 7,000,000 pounds at 2·7 cents per pound. It does not pay to go from Montreal to Kingston with a motor truck to gather up our Canadian waste, paying the wages that have to be paid to the driver, taxes, and other expenses, including buying coal at six dollars a ton to melt the resultant fat-bearing product and turn it into the channels into which it should be turned. So it is wasted, and the waste represents a charge upon the Canadian people, and they are asking this government to give some help in that regard.

The average life of our dairy cattle, of which there are 3,600,000, is six years. Each year 600,000 of them pass into some other existence. Say that 400,000 are slaughtered; that leaves 200,000 which die a natural death. What happens? Are they rendered? Is the fat taken away from them? It is wasted; most of them are buried.

There are in Canada 2,918,000 horses—for easy figuring, say 3,000,000. They live fifteen years and then they die or pass on; in each and every year 200,000 die. What happens to the carcasses? About half of them are used up; the other half are wasted. Add those 200,000 to the 200,000 cattle that die a natural death; take the minister's estimate of fifty pounds which he mentioned last night; from that 400,000 head you have a potential 20,000,000 pounds of inedible fats to supply the requirements of soapers, who in their turn supply the requirements of the Canadian people. Therefore I say we are a wasteful people. Perhaps we cannot be economic because of a factor against which we cannot make headway; I refer to the tremendous imports of inedible products which come to our shores at a very low price. I am not one who asks for duties or high tariffs, but I do maintain that this country, spread over 4,000 miles, must compensate producers who are a long way from their markets and handicapped by railway rates and by the high standard of living which this country is trying to maintain in comparison with the living standards in other lands I have mentioned.

More than that, it is bad business to waste this material. If the Canadian government would do only 75 per cent of what the United States did in June last to protect and promote production in that country, it would net to the coffers of this dominion, on the basis of last year's figures, a revenue of $9,490,000, provided the same quantity came in. Of course, there would be a slowing down; it would not be prohibited but would still come in. On the basis of those figures the revenue would be $9,000,000 odd. Take that $9,000,000 and give it to the dairy industry if you will; give it to agriculture generally or to any phase of Canadian economy; let the people realize that in this regard we are a more or less wasteful nation; do anything you can to help the natural production of these commodities in Canada, and in the long run those that come after us will say, I am sure, that you have done a good job on their behalf.

This vegetable oil comes not only from Nigeria but from the Straits Settlements, from the Dutch East Indies and the British Malays, directly without breaking bulk: From Nigeria 21,000,000 pounds; from the Straits Settlements 23,000,000 pounds; from the United Kingdom 11,000,000 pounds. The United Kingdom product is that which has been pressed from the kernel and probably goes into the edible channel.

We do not owe these countries from which this material comes anything in the matter of trade. Here again we see the same situation that was disclosed last night in connection with the figures given with regard to cotton seed oil. From the Straits Settlements we imported $9,976,328, whereas we sold to them only $1,392,000; in other words, we bought from them almost six times as much as we sold them.

Mr. DUNNING: Which country is that?

Mr. HARRIS: The Straits Settlements. If the minister does not want me to make a second speech to-night he will permit me at this stage to deal with the cocoanut oil item. Our imports are largely from Ceylon. We sold to Ceylon last year $122,719 worth, and bought from that country $3,701,465 worth. We sold to British East Africa $704,297 worth, and bought from them $2,630,896 worth—almost five to one. In nearly all cases the balance of trade is against us.

Mr. ROSS (Moose Jaw): Are these figures in the British trade figures too?

Mr. HARRIS: The palm oils total is 59,000,000 pounds: 11,000,000 from the United Kingdom, the points of origin being Nigeria and the Straits Settlements; 21,000,000 pounds from Nigeria; 23,000,000 pounds from the Straits Settlements. In order to speed up the debate I interjected the Ceylon figures of trade.

We do not really owe these countries anything in the matter of trade, and when the minister is thinking in terms of the United Kingdom let me tell him that the man in the old country wants the preferential spread. That is all he wants, and he will get the business. England will gather and distribute the goods, selling them again. Give her a little preference. She asks for ten, but I would not object to her getting twenty-five, so as to keep the trade in that channel.

I urge upon the minister the seriousness of this matter—and let me assure him that there is absolutely nothing political in what I am saying now. When I stand here to discuss these matters I feel sorry for the Minister of Finance. He has this heavy load to carry when there are around him a hundred able men, some of whom could relieve him of a great deal of the burden. There ought to be some way of dividing up the work among the able supporters of the minister so that some of them might stand part of the gaff, if I may call it that, and allow the minister to touch the high spots. I suggest that somebody else might have put this agreement through the House of Commons so that some of the rest of us might feel free to pound away at it, because it is hardly fair that one man should stand the whole gaff of this budget and of the United Kingdom trade agreement as well. Half of us in the house are loafing, having very little to do, while a little circle of men sitting in front of me are doing most of the work. It is unfortunate, I say, that something cannot be done to distribute the work.

However, seeing that the minister has assumed these heavy responsibilities, I am bound to appeal to him and I ask him to do something to ease the situation and to promote the manufacture of these raw materials in Canada. I want to see him invoke article 16, or take action in some other way, to encourage the Canadian people and to put a stop to the economic waste that is now going on. There is a vast natural increase in the production of these materials overseas, and the United States is backing up a billion pounds of them on the world's markets; and the same neighbourly United States takes from our Canadian people this very waste material which is a natural product of Canada.

In the inedible field the situation is equally, if not more serious than in connection with the edible products. In a few years, if nothing is done about it, those interested in the inedible product in Canada will be out of that field. As an example in 1936, 560,000 pounds went to New Albany, Indiana, to a large plant situated at the junction of the Ohio and Mississippi rivers. As it happened, the flood submerged that plant. Nevertheless the product is entering the United States free of duty. I know of a plant that is being started outside Buffalo by a Canadian who wishes to hold his connection in this country. He does not want to go there, but unless something is done he will be forced to do so. That is the situation. Products containing proteins only but not fats are being conserved in Canada. And the products which contain proteins and fats combined are going to the United States. The difference is being made up by buying non-fat bearing materials from the continent, to the amount of $70,000 worth in the last two months, on account of this one condition. The Indian kip and calf waste has no fat but just protein. That is coming here, replacing our natural beef material which contains fat and protein, which is going to the United States. That is false economy, it is making the products of these protein-bearing substances more expensive, and lessening the ability of our Canadian economy to hold up its head in the face of world conditions which surround us at the present time.

This, the minister said the other night, was something new just because a Liberal government came in. Now that is not the case. The something new was when the United States passed the Bailey amendment in June, 1936, and put 3 cents a pound against the natural products of Canada, and nothing was done about it. That 3 cents stands there, and our market drags 3 cents behind United States. The normal market being 6 cents, the 3 cents they put against us is equal to 50 per cent. They take away the raw material free, and shut out Canada's finished product; and we depend on cheap products from overseas and let our own natural production, which is ample, go to waste. That economic waste is a matter of concern to all parties, regardless of politics. After many conversations with the Minister of Finance I feel that the matter is in safe hands, and without any political motives whatever, and begging my colleagues to do likewise, I ask that he and his colleague the Minister of Agriculture give consideration not only to the edible fat situation but also the inedible in connection with this national problem.

Mr. DUNNING: In reply I can only say that, as my hon. friend knows, that is precisely what I have asked the tariff board to do, and they are engaged on the job. I do not want to minimize the importance of the problem from my hon. friend's point of view. As I said the other night, I am willing to be shown, and I expect to get information which will at least enable a course to be determined. Whether that course has to do with tariffs I have grave doubts, as I know my hon. friend has. There are many angles to it, and it is being investigated now. More than that I do not think I could say if I continued talking for a long time.

Mr. DAVIDSON: I should like to make one or two observations on this matter. I will identify myself with anything that will assist the producer of dairy products, as I have always done. These figures on vegetable oils were brought to my attention about a year ago, and when I saw the amount of vegetable oils brought into this country and the amount of domestic shortening sold, I came to the conclusion that a lot of the inedible was refined and sold as edible. During the recess I made some personal investigations and was surprised at the amount of shortening being sold in eastern Canada. If this government can do anything to assist the dairy farmer, it is up to them to do it.

The provincial governments have done much to help the dairy farmer. Starting on June 1, 1934, when the dairy commissions or milk control boards were appointed, the man who had a fluid milk market was fortunate among dairy farmers. The price was increased from about $1 a hundred pounds until to-day they are getting $2 a hundred for 3½ per cent milk, and those who go a little higher in butter fat get more, up to about $2.45. Compare that with the man who is obliged to sell his milk to the butter factory and take 60 to 80 cents a hundred. I have produced this stuff and I know what it costs. The man who produces for the fluid milk market has a little higher cost than the man who sells his milk to the butter factory, but not in the same proportion. The spread is too great.

The dairy commissions of the provinces are being constantly approached by farmers who are compelled to sell to the butter factories, asking them to do something. To such an extent is that true that about a year ago there was a meeting in Toronto of all the dairy commissions across the country to see if they could do anything, and a resolution was sent to this government asking them to do what they could. Our Department of Agriculture is spending hundreds of thousands of dollars to improve the quality and quantity of the dairy products of this country. I am not against that, I am in favour of it. But it would be much easier if we had a market for the dairy products when they are produced. So I ask the Minister of Finance to look into this matter and do something about it. And if he has any money left over when he puts this duty on, let him give it to the Minister of Agriculture who can use it to advantage to help the dairy farmer of this country.

Mr. DUNNING: There are some others as well.

Item agreed to.

Customs tariff—278. Oils, viz: cocoanut, palm and palm kernel, not edible, for manufacturing soap; carbolic or heavy oil: rate of duty, free.

Mr. GARDINER: Last night I agreed to deal with the letter which was referred to by the hon. member for Danforth (Mr. Harris). The letter was dated May 29, which of course is not quite thirteen months ago as was suggested. It is from Mr. Allan C. Fraser, secretary of the National Dairy Council of Canada, and is not too long to read. It expresses the view of the council at that time and indicates what they desired when they wrote to the department. The letter reads:

Ottawa, May 29, 1936.

Dear Mr. Gardiner,—

Re imports of oils into Canada. We are seeking your aid in determining the need for these importations to the extent to which they

are made and the class of industry making the importation, and the tariff which they pay, if any.

The matter is of serious concern to our industry in that it appears that these imports are competing with butter produced in Canada at a time when exportable surpluses are increasing.

The manufacture and sales of oleomargarine is prohibited by law in Canada and it is well for our industry that such is the case. This is best illustrated by the increased manufacture of oleomargarine in the United States, which country now produces as much oleomargarine as we in Canada produce butter. It occurs to us that while the manufacture and sale of oleomargarine is prohibited here, the law is being made less effective by the manufacture and sale of these foreign oils in the form herein indicated.

The facts, as nearly as we can determine them, are as follows:

We import (in round figures)—
Cocoanut oil, edible, 498,000 pounds.
Cotton seed oil, edible, 377,000 pounds.
Olive oil, edible, 3,918,000 pounds.
Peanut oil, edible, 330,000 pounds.
Soya bean boil, edible, 1,365,000 pounds.
Peanut oil (crude, for refining for edible purposes), 52,000,000 pounds.
Cocoanut oil (not edible, for the manufacture of refined cocoanut oil), 8,529,000 pounds.
Cotton seed oil (crude, for the manufacture of refined cotton seed oil), 20,276,000 pounds.

The total of these importations is 87,831,000 pounds with a value in excess of $5,000,000. The figures quoted are for 1935.

In addition to the foregoing there would appear to be certain lard compounds imported, amounting to about 1,700,000 pounds.

The slaughtering and meat packing industry produced and sold in Canada shortening containing no animal fat to the amount of 58,640,000 pounds. They produced cotton seed oil, refined, to the amount of 3,155,000 pounds and certain vegetable oils, 4,700,000 pounds.

Miscellaneous food industries produced shortening containing no animal fat to the amount of 22,575,000 pounds, and refined oil, 7,434,000 pounds.

Summarizing the foregoing: there is produced and sold in Canada 81,215,000 pounds of shortening containing no animal fat and it is suggested (and we believe it a fact), that this production is made largely from the imports referred to above. We think this is a reasonable conclusion in that our information indicates that the packing industry is making the larger part of these imports and they are the ones putting on to our Canadian market these various shortening products. You are in a better position to confirm this than I am; as a matter of fact, I have no facilities for going farther than I have gone and I hardly know where to go from here or what specifically to ask you for. I am hoping, however, if you can and will confirm these figures substantially, that we may be able to discuss the matter profitably with you and work out some plan for minimizing these imports so as to improve the domestic market for our own production of butter fat. If ways and means can be found for utilizing butter fat in place of these imported products, the problem of our exportable surpluses will be solved.

As evidence of the menacing aspect of the situation, the production of (what we call) these fat substitutes has increased by 24,000,000 pounds in two years.

The picture suggests another problem and that is the actual food value of these commodities. My impression is that they are without such value or at least that there is sufficient doubt about it to warrant some investigation by the department interested in the administration of our food laws.

Yours faithfully,
A. C. Fraser,
Secretary-Manager.

It will be noted that this letter was written in order to obtain certain information from the department with regard to figures that apparently had been submitted to Mr. Fraser. I immediately took the matter up with the department and sent a memorandum to Doctor Barton, asking him to have this matter investigated and to give me any information available. After receiving the information I replied to that letter under date of June 17, 1936, as follows:

Mr. A. C. Fraser,
Secretary-Manager,
National Dairy Council of Canada,
Journal Building, Queen street,
Ottawa.

Dear Mr. Fraser:

I have your letter of May 29th, with reference to the importation of vegetable oils for shortening purposes, in which you point out that there was produced and sold in Canada 81,215,000 pounds of shortening containing no animal fat. It is true that this represents an increase, as you suggest, but according to further information I have received the total importation in 1930 was 74,855,227 pounds of vegetable oils, so that, over the period of years, the increase is not so striking as would appear, when compared with 1932.

As you are, no doubt, aware, the popularity of these products with housewives generally, rural as well as urban, would make the curtailment of their use very difficult. It is true that packing plants supply the larger part of these products but a substantial amount comes from other industries as well.

As to comparative food values, I understand that this is quite an involved question and determination is exceedingly difficult to make. However, I am informed that information available would indicate that the chief differences are in vitamin content and digestibility.

In reply I had a letter from Mr. Fraser dated June 22, 1936, as follows:

Importation of Vegetable Oils

Dear Mr. Gardiner:

In reference to your letter of the 17th instant, I fully appreciate the difficulties of the situation and wish that I could make some concrete suggestion as to a remedy.

The situation, however, is assuming proportions alarming to our industry, and we can only appeal to you and through you to the

government to endeavour to find some way out, either by restricting imports or by restricting the manufacture and distribution of the products.

While the importations may not have been so greatly increased from 1930 on, it is, I think, agreed that in the two years ending 1934 the increase was very sharp. It is in these recent years that the intensive advertising program of the manufacturers and vendors of these products has taken place.

My information is that the manufacturers and packing companies manufacturing this product, are in spite of huge advertising appropriations, making very substantial profits out of the product, indicating that the original cost is small. I do not contend, generally speaking, that because a food product is cheap, it is undesirable, but I do suggest that this is very often the case, and I think it rather obvious that these products are not only taking the place of butter, but to some extent are taking the place of lard—good lard—the exports of which amounted to some 18,000,000 pounds last year.

It is our further contention that the virtues of vitamin content and digestibility in these manufactured products is more "assertive" than real, and that the health of the community would not suffer one bit by the curtailment of the use of these products.

My own early childhood was spent on a Manitoba farm where no such substitutes were used and many of my forebears still living well past the four score years have never, in their own household, used anything but animal fat.

We trust it will be possible to find some way of reducing the manufacture and distribution of the products in question so that our own natural product—butter—will find its rightful place on our Canadian tables, and the problem of the exportable surplus minimized thereby if not completely solved.

I replied to Mr. Fraser under date of June 25, in these words:

Dear Mr. Fraser:

With further reference to your letter dealing with vegetable oils, I may say that I think your comment on the effect of advertising suggests a way in which we could improve the position of live stock products.

It is very apparent to anyone travelling through this country that we are not making the most of the market which is available for such products as butter and cheese, and some others that I could name. Everywhere you go there is a sign advertising something which is a substitute, but very little advertising of the products in which those of us who are on farms are interested primarily.

You will perhaps have noticed that I had an item of $300,000 placed in the supplementary estimates for the purpose of promoting the sale of farm products.

I am going to England on the 11th July for the purpose of seeing at first hand what is being done by some of our competitors in that market. I hope after I come back to be able to take some definite action towards promotion and sale of farm products in the home market as well as in the British market.

After my return, and before deciding upon our line of action I hope to have an opportunity of discussing the matter with you.

In reply I had this letter from Mr. Fraser, dated June 26:

Dear Mr. Gardiner:

Many thanks for your letter of the 25th instant. This is a very encouraging letter, and I would greatly appreciate the opportunity of discussing the whole situation with you on your return.

Meantime, for your information I enclose a copy of a telegram which I have to-day sent out to the secretaries of the various creamery associations in the west.

Yours faithfully,

A. C. Fraser.

That telegram has to do with the advisability of meeting market requirements for butter in the old country. That is the correspondence, and I have read it in order to bear out what was said by the Minister of Finance yesterday, that as a matter of fact, as far as the correspondence reveals, there was no pressure brought to bear upon the government to take any particular action in connection with this matter, at least no action related to the British trade agreement, before we went overseas.

Mr. HARRIS: There is just that one little sentence which says "through you to the government."

Mr. GARDINER: Yes; the Minister of Finance will agree with me that the substance of these letters has been submitted to the government. The representations spoken of yesterday or last night are not altogether in line with the representations in these letters. Mr. Fraser, as secretary of the dairy council, was apparently quite satisfied with the correspondence which took place and with the proposals which we made in order to assist in the marketing of the farm products, which have been so much emphasized in the discussions we have been having.

May I add that in searching through the files to find out whether there was any other correspondence to which reference might have been made, I did gather considerable information as to the whole matter. I find that the last letter written emphasizing the question, previous to the letter I have just read, was written in March, 1932, and addressed to the previous Minister of Agriculture. That letter contained reference to the representations of some twenty packing houses and representations made by the United Farmers of Ontario with regard to the inclusion of the arrangements then proposed in the agreement of 1932.

That is, previous to bringing together those who were going to meet at that conference, apparently there had been considerable discussion on the question, and considerable

agitation carried on in connection with it. I believe I should place on file along with the letters I have read at least three others.

On March 5, 1932, a letter was addressed to the then Minister of Agriculture from Kitchener, on the stationery of Dumarts Limited, in these words:

Re. request for tariff on vegetable oils with British preference.

I now have pleasure in enclosing the endorsation from the United Farmers of Ontario. It has been difficult to have these people see this matter in the proper light. I expect several other endorsations in the course of a few days.

Respectfully submitted,
Yours very truly,
R. D. Morrison,
President.

The letter I have just read was attached to the following, which comes from the farmers of Ontario, and clearly explains their position. Dated, February 29, 1932, and addressed to the Minister of Agriculture at Ottawa, on the stationery of the United Farmers of Ontario, the letter reads:

Dear sir:

Great Britain has been generous in the measure of preference which she has extended to Canada in her recently announced tariff proposals. This action gives Canada distinct advantage in the European market. With a preferred position on the British market Canada is assured of the best possible outlet for her large exportable surplus of staple farm products. So long as she, in turn is willing to buy British goods in exchange should we not do all we can to strengthen our position upon that market? And should we not also demonstrate our appreciation of her action in granting Canada this preference. Since we can do both by extending a greater measure of preference to British imports surely it is in our best interests to do so. Not only would such action result in mutual commercial advantage to Canada and the mother land, but it would, at the same time, tend toward a better understanding and a strengthening of the bonds of empire.

The unanimous viewpoint of the various provincial united farmer movements in regard to British preference was set out in the national policy issued by the C.C.A. in 1918.

I believe the Minister of Finance subscribed to it at that time, and as a member of a farmer organization out west, I believe I subscribed to it. It is in these words:

"By reducing the customs duty on goods imported from Great Britain to one-half the rates charged under the general tariff and that further gradual uniform reduction be made in the remaining tariff on British imports that will ensure complete free trade between Great Britain and Canada in five years."

We learn that Canada is importing annually a very large volume of vegetable oils from the United States which could be, we are informed, just as well secured from England.

[Mr. Gardiner.]

You will notice they are not objecting to the importation of all the oils. They say they are being secured from the United States, and they might just as well be secured from England.

The United Farmers of Ontario has repeatedly expressed itself as favouring an increase of preference on those products and goods which can advantageously be secured from Great Britain. Accordingly we would request the government to give careful consideration to the possibility of placing vegetable oils on the preference list.

Yours very truly,
Robt. J. Scott, President.
J. J. Morrison, Secretary.

The other letter on file, which refers to both of those, is the only other one I shall read. I find this letter, dated March 8, 1932:

R. D. Morrison, Esq.,
President
Dumarts Limited,
Kitchener, Ont.

Dear Mr. Morrison:

I acknowledge receipt of your letter of March 2, enclosing brief for a duty on vegetable oils, and your telegram of the 4th instant reading as follows:

"Have mailed you brief for tariff on vegetable oils with the British preference with endorsations from twenty packers. Stop. Trust you will give this every attention as is very vital to the Canadian farmers. Stop"

That is the end of the telegram. The letter continues:

Your letter of the 5th instant enclosing endorsations from the United Farmers of Ontario has just come to hand. I am forwarding copies of these letters to my colleague, the Minister of Finance, and I wish to thank you for the trouble you have taken in getting the endorsations.

Yours very truly,
R. Weir.

All I wish to say is that when the budget was first introduced, and when the right hon. leader of the opposition was replying, the Prime Minister made a remark across the floor of the house. The remark was to the effect that if it had not been for the nature of the agreement made in 1932 it might have been possible to have made a different agreement at this time. Every hon. member will recall that the reply he received from the leader of the opposition, who then had the floor was, "Yes, if it had not been a fox it might have been a cat." Well, I do not know that it was an answer to the suggestion, because after all, the suggestion made by the Prime Minister contained the essence of the position in which we find ourselves in connection with this whole matter.

Probably that can best be indicated by reading to the house the first sentence of each paragraph of the address delivered by the then

Prime Minister, the present leader of the opposition (Mr. Bennett), to the conference called in 1932. The conference of 1932 was called in Ottawa, following a conference which had been held in the old country in 1930. At the conference in the old land certain suggestions were made by the present leader of the opposition, one of which was that Great Britain should establish duties, particularly on the natural food products and farm products imported into that country from outside the British Empire which would make possible a preference of ten per cent in favour of Canadian products. Here is a statement by the present leader of the opposition at the conference of 1930, held in London:

I offer to the mother country, and to all the other parts of empire, a preference in the Canadian market in exchange for a like preference in theirs, based upon the addition of a ten per centum increase in prevailing general tariffs, or upon tariffs yet to be created . . .

The basis of the proposal is the adequate protection to industries now existent, or yet to be established.

Here is what was said by the present leader of the opposition at the 1932 conference, held in Ottawa:

At the imperial economic conference held in London two years ago, Canada submitted what she conceived to be the basis of a plan for closer economic association.

What do we hope for from this conference? The answer is, I think, from all of us, greater markets within the empire.

As we desire greater empire markets, it is our task to decide the means by which they may be obtained.

Under our prevailing tariff system, Canada is equipped to make this readjustment. The United Kingdom, through its existing tariff preferences and their application in principle to natural products, will be similarly equipped. We, therefore, will propose that the United Kingdom shall extend the principle of her present tariff preferences to natural products.

It is most important that the attention of the committee should be called to the fact that it was the government of the leader of the opposition (Mr. Bennett) that asked to have the principle of tariffs applied to British imports of natural products. I continue to quote the statements of the then Prime Minister (Mr. Bennett):

The Dominion of Canada has always enjoyed free entry into the markets of the United Kingdom. That free entry has been for products which, generally speaking, did not come in competition with their own. We now propose that the United Kingdom have free entry into Canada for her products which will not injuriously affect Canadian enterprise. Canada in the days when its industrial structure was less strong than it is now, granted to the United Kingdom preferences in her markets. And we will ask that for those natural and processed products which comprise the most important part of our exports, we be given a preference.

On the assumption that measures will be taken to ensure that the effective operation of the agreement will not be impaired by the unfair competition to which I have referred, Canada proposes to grant to the United Kingdom: (1) extension to the free list; (2) retention of the existing preferences in favour of Great Britain, and (3) increased preferences in respect of a selected list of articles in which Great Britain is especially equipped to supply the Canadian market without injuring efficient Canadian enterprise.

And in exchange Canada asks: (1) the retention of existing preferences and (2) their effective extension to those other natural and processed products of which the United Kingdom is an importer.

I submit that those sentences give as clearly as it is possible to give it, the policy that was laid down at that time in connection with natural products, and more particularly in connection with farm products going from this country to the United Kingdom.

Mr. BAKER: Does that relate to the item we are dealing with?

Mr. GARDINER: Yes, it relates to the item we are dealing with. The argument was advanced last evening, and again to-night that we should do something or other about these vegetable oils coming into Canada in order that a better market might be provided for the farm and dairy products of the dominion.

Mr. BAKER: That is far-fetched.

Mr. GARDINER: It is not a bit far-fetched. In the statements which have been made to this committee in the last few hours of discussion on these items, I think a very decided attempt has been made to show this. The statement has been made that we should not introduce politics into the discussion.

Mr. HARRIS: Hear, hear.

Mr. GARDINER: An attempt has been made to show that something has been done by the government of Canada which might injuriously affect the farmers of Canada. I often wonder why men want to come to this parliament who do not want to discuss politics. I have always understood politics to be a business of the people of the country.

Mr. HARRIS: It should be, but it is not.

Mr. GARDINER: When we are here we should be willing, not only to discuss the business of the people of the country, but to check up on the discussion of others. The information obtained from the packers in 1932 resulted in there being included in the agreement a section having to do with the bringing of vegetable oils into Canada and the providing of free access to the British market for our dairy products.

Mr. DUNNING: And animal products.

Mr. GARDINER: Yes. If we look at the facts we find that our farm products have not been affected by the agreement of 1932 in the way it was thought they would be. Had it not been for the challenge thrown out the other evening, I would have let this discussion go until we were dealing with the estimates of my department. But since it was thrown out, and thrown out so strongly, I think the figures in connection with one or two items should be placed on the record alongside what has been given already.

The trend of the development of a market for our farm products in Great Britain has not been in the direction which was indicated. I should like to give the Canadian exports to Great Britain of some farm products. The exports of cheese were as follows:

	Canadian cheese exports (hundredweight)
1931-32	813,106
1932-33	825,081
1933-34	714,133
1934-35	572,102
1935-36	528,914

The exports of butter were as follows:

	Canadian butter exports (hundredweight)
1931-32	86,927
1932-33	21,022
1933-34	37,185
1934-35	4

There was a decrease from 86,927 hundredweight in the year before the signing of the agreement to 4 hundredweight in 1934-35, the last year of the regime of the previous government. In order to increase the exports of butter, a bonus was provided that fall which brought the exports up to 71,358 hundredweight. The exports of cattle were as follows:

	Canadian cattle exports
1931-32	26,734
1932-33	24,301
1933-34	54,448
1934-35	47,861
1935-36	2,811

What I want to point out is that, under the agreement, the exports of live stock and live stock products to Great Britain did not increase. In all but one of these important farm products, the exports went down year after year. In only one case was there an increase, which was brought about by the granting of a bonus.

Mr. STEWART: Might I ask the minister to go a little further and deal with hams and bacon?

[Mr. Gardiner.]

Mr. GARDINER: That is just what I was going to do. If you go back to the figures given for hams and bacon, you will find that the leader of the opposition (Mr. Bennett) started with the year 1932. He was able to build up fairly good figures to the year 1935. As a matter of fact we exported to Great Britain—attention was called to this fact last evening by the hon. member for Dufferin (Mr. Rowe), and for that reason I might have passed it over—in 1925-26, 1,233,000 hundredweight. The quantities went down year by year until in 1931-32 exports were down to about 105,000 hundredweight. By 1932-33 they were up to 366,000, and from that time there was a constant increase until, in the year 1935-36, the total exports to Great Britain only were 1,186,000 hundredweight—still considerably less than was exported away back in 1925-26 before there was any agreement. Running over the records one finds that with or without the agreement, there has been a rise and fall in the exportation of hams and bacon from this country to Great Britain.

Mr. STEWART: Does the minister argue that the agreement made in 1932, which gave a preference on Canadian hams and bacon, has not been of any advantage to the Canadian farmer?

Mr. GARDINER: I am not going to argue whether it has been or not; I am going to give the facts. The Minister of Finance (Mr. Dunning) stated, or at least has been quoted to-night as having stated last evening, that the change of policy since the new government came in has had something to do with some matters which were then being discussed; and, dealing with exactly these same products, I want to give the figures and place them on Hansard so that anyone reading them can see what has happened. Because after all, as regards all these products we have been discussing, there has been a very remarkable change in the last eighteen months. Take the exports of cheese:

	U. K.	U. S.	All countries
1935	$ 5,900,000	$ 85,000	$ 6,400,000
1936	9,400,000	1,600,000	11,300,000

Then let us take a look at exports of bacon. Our exports amounted to:

	U. K.	U. S.	All countries
1935	$19,700,000	$ 100,000	$20,000,000
1936	25,100,000	600,000	26,000,000

Exports of cattle:

	U. K.	U. S.	All countries
1935	$ 400,000	$6,300,000	$ 6,900,000
1936	2,900,000	9,400,000	12,500,000

Mr. TUSTIN: The minister gave us the value of the cheese exported in 1935 and 1936. Could he give us the weight that was exported in those two years?

Mr. GARDINER: Yes, I can give the hon. member the weight. It is not in this particular table, but I have the figures for all the years back to 1900. I do not suppose the committee wishes me to read all of those.

Mr. TUSTIN: All I wanted to point out is that there was about three cents difference in price.

Mr. GARDINER: That is another factor of which I want to speak in a few moments. I am now dealing with sales and exports of our products, and pointing out that there has been a very remarkable increase since the adoption of the policy of promoting sales in other countries along with the principles of agreements entered into with other countries by a Liberal government. I now come to the exports of wheat and flour:

Crop year	U.K.	U.S.	All countries
1934-35 ..	$ 91,100,000	$12,300,000	$136,700,000
1935-36 ..	144,500,000	23,200,000	210,200,000

Mr. STEWART: I should like to ask what relation all this has to the importation of edible and inedible oils.

Mr. GARDINER: I will connect that up in a minute in a way which the hon. member will completely understand.

Mr. BAKER: We asked some time ago that the connection should be explained, and the minister has gone miles and miles away.

Mr. GARDINER: I am right alongside of it. I am indicating to this committee that in spite of what has been said about edible oils coming into Canada and replacing the dairy farmer and the live stock producer, both the dairy farmer and the live stock producer are selling more of their products than they ever sold while hon. members who have been carrying on this discussion had control of the government of this country. That is clearly shown by the records.

The facts regarding the production of butter indicate this, that in spite of all that has been said about edible oils coming into this country and replacing butter, more butter was produced in 1936 in Canada than ever before in the history of the country. The production of creamery butter alone amounted to 250,000,000 pounds, and the greater part of it—all, with the exception of about 5,000,000 pounds was consumed in this country. That happened at the same time that these edible oils of which hon. members have spoken were being consumed.

And cheese: cheese production during the last year was higher than it has been in any year since 1928, and in that you have some of the fats derived from the dairy industry. Then butter was up in price during the year 1936, higher than it has been in any year since 1930. It went down and down from 1930 to 1933, remaining about the same price during the years 1933 and 1934 namely, about 18 or 19 cents, but in this last year it has been 23·66 cents per pound on an average throughout the year. The price of cheese has been the highest since 1930; as was indicated a few moments ago, it is about 3 cents higher than it was the previous year—to be exact, 2¾ cents.

Mr. BAKER: Have not the prices of almost everything been higher in 1936 than in 1934?

An hon. MEMBER: The Liberals are in power.

Mr. BAKER: That has nothing to do with it at all.

Mr. GARDINER: The price of cheese was higher in 1936, at 12·76 cents than at any time since 1930.

Mr. BAKER: So is the price of everything.

Mr. GARDINER: And we are very happy to be living under a Liberal government, and have these prices go up.

Mr. BAKER: That had nothing to do with it at all.

Mr. GARDINER: Then with regard to consumption. In spite of the fact that edible oils are coming in—and I am not advocating the bringing in of more of them—in spite of all we have heard about edible oils, there has been consumed in Canada this last year 12,000,000 pounds more butter than in the previous year.

Mr. BROOKS: Would the minister not consider that he should protect that market so that more butter will continue to be consumed in Canada instead of vegetable oils?

Mr. GARDINER: Out in our country we do not talk as much about protection as some of those who live in other parts of Canada. We like to be able to demonstrate that when we are not indulging in so much of that kind of thing we get a better market for everybody and, as has been said, a better price for everybody on everything.

Mr. MacNICOL: The minister knows that the government has not a single solitary thing to do with it.

Mr. GARDINER: I am just placing the figures on Hansard so that my friends can read and examine them.

Mr. BAKER: Do you not know, as the hon. member for Davenport (Mr. MacNicol) correctly says, that your government had nothing at all to do with it?

Mr. MacNICOL: No more than the man in the moon.

Mr. BAKER: You surely know that.

Mr. GARDINER: I am quite sure my hon. friends thought that we had something to do with the price of butter back in 1930, and I am sure, too, that they had something to do with the price of butter in 1932, and something to do with the very question that has been thrown across the floor of the house on two or three occasions since this debate began.

Mr. BAKER: We rightly protested when you allowed New Zealand butter to fill Canada.

Mr. GARDINER: It has been stated time after time that the members on this side of the house—I was not here and had not the privilege of voting with them—in 1932 voted against the British agreement when they voted for a resolution, introduced by Mr. Coote, connecting up the agreement and the prices obtained then for goods with something that happened in the previous year, when the government of Canada refused to do what almost every other country that traded in farm products with Great Britain did. Those countries tied up their exchange with the British pound sterling, and by doing so in 1931 the Dominion of Canada could have reduced the amount of money required to pay the indebtedness of Canadian farmers. That indebtedness could have been reduced by about 30 per cent if the Canadian government had followed the other countries in that regard. In other words, we should not have required from that time to this the various debt adjustment acts which we have had to pass. They would have been unnecessary if the Canadian government had done exactly what more than twenty other countries did in tying their dollar to Great Britain's pound sterling. But our friends sat by for one whole year after that before they realized the damage they had done. As a result of their inaction the prices of farm products were driven down to the point indicated by the figures which I have given to the house. They went down year after year until they touched bottom; and when the government were compelled to enter into a trade agreement to revive Canadian trade they based their action, not upon the principle of greater freedom of trade between Canada and Great Britain, but upon the blocking of trade between Great Britain and some other countries. That was what was meant by the statement made the other day, that if it had not been for the type of agreement drawn in 1932 we might have been in a position to draw up a different agreement to-day.

Mr. MacNICOL: The minister is rambling all over the lot. Has the government anything to do with the price of scrap iron being $26 a ton?

Mr. GARDINER: I will leave my hon. friend to deal with that. He speaks for the scrap iron people; I am speaking for the people who produce these particular products. The position is simply this. We have been trading in these products now in what may be called a new spirit with regard to trade, if not under an altogether new policy. We have gone as far as it is possible to go in one new agreement with Great Britain in wiping out the bound articles and in changing the policy that was inflicted upon the whole empire at that time. Probably, when one or two more agreements are made, we shall get back into the position occupied prior to the coming into power of the previous government; and as we advance into that position, more and more Canadian farm products will be sold in different parts of the empire, and Canadian consumers will be able to pay for and consume more of our farm products here.

There are two reasons why vegetable oils are being used here at the present time. One is the fact that they can be put up in convenient packages and placed on the shelf, and they are not so liable to damage as animal products used for a similar purpose. The other reason is this. There has been a great improvement in the production of butter in this country. Everyone knows that the grading policies established by the provincial governments, with the support of the federal government, have resulted in raising the standard of our Canadian butter and cheese; and by raising the standard of our butter we have put more into consumption. There is more butter being used on the tables of the nation, and more being diverted from use as shortening. More and more of our butter is being used for the purpose for which it is intended. Indeed, Canadian butter can now be placed on the tables of people the world over as a product that is second to none, if the best butter produced in our creameries is used. And it brings a better price because of that. Less and less of it is being used as shortening, and more and more as butter; and because it is of better quality our people

are buying more of it. The result is that our farmers are getting a greater market at home to the extent this year of 12,000,000 pounds more than last year.

I am going to ask the house later on to vote a greater sum than was voted last year in order that we may promote the sale of farm products; and I may tell hon. gentlemen who have been discussing this question that the Department of Agriculture intends to follow the policy outlined in the letters to the secretary of the dairy association. Judging by his reply to the last letter I wrote to him, the policy meets with the approval of the Dairy Council of Canada.

Item agreed to.

Customs tariff—278b. Crude peanut oil, for refining for edible purposes, used as materials in Canadian manufactures: rate of duty, free.

Item agreed to.

Customs tariff—278c. Cocoanut oil, not edible, when imported for use in the manufacture of refined cocoanut oil: rate of duty, free.

Item agreed to.

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

Mr. DUNNING: On the last of these items perhaps I should make this statement. It is important that there should be no misunderstanding in regard to the tariff on these particular items especially in the light of the discussion that has taken place. For the most part these goods do not come from the United Kingdom. Importations from the Straits Settlements and other British colonies are still being made under the provisions of schedule F of the 1932 agreement, which is being carried over without modification for the time being as schedule VII of the new agreement. The provisions of the trade agreement respecting the colonies which my hon. friends opposite negotiated in 1932 with Great Britain continue in force. I might be asked, why did you not negotiate a new agreement with the colonies. The answer is that Canada's commercial relations with the colonial empire are regulated in part by the Canada-West Indies trade agreement, of 1925 which cannot be revised before 1939, and in part by schedules D and F of the 1932 agreement with the United Kingdom. After considering the whole question we decided it was better to continue the colonial clauses of the 1932 agreement until they could be reconsidered at the same time that the agreement with the West Indies, which they supplement, is revised. I want the committee to be clear on the point that there is no change whatever with respect to the colonial arrangement under which the great bulk of these commodities enter Canada. They enter Canada under the provision of schedule F of the 1932 agreement, and will continue to do so. It is merely continued by this agreement until revised by a further one.

Item agreed to.

Customs tariff—ex 282a. Firebrick, n.o.p.: rate of duty, 7½ per cent.

Item agreed to.

Customs tariff—284. Drain pipes, sewer pipes and earthenware fittings therefor, chimney linings or vents, chimney tops and inverted blocks, glazed or unglazed, n.o.p.; earthenware tiles, n.o.p.: rate of duty, 20 per cent.

Item agreed to.

Mr. STEWART: Could we have the particulars of the imports from Great Britain as we go along?

Mr. DUNNING: Wherever there is a reduction in rate I undertook the other evening to give it and must therefore turn back in that regard to ex 282a:

There is a reduction in rate from 12½ to 7½ per cent on firebrick n.o.p. Imports from the United Kingdom, $97,000 worth.

On item 284, drain pipes, sewer pipes, and earthenware, etc. the total imports in 1935-36 were very small, $9,000 from all sources, of which $2,300 were from the United Kingdom. Earthenware tiles, part of the same item, is rather larger, $102,400 worth, the principal amount of which, $49,000, came from the United Kingdom.

Then we exported during that year only $71,000 worth of the articles covered by this item.

Item agreed to.

Customs tariff—285. Tiles or blocks of earthenware or of stone prepared for mosaic flooring: rate of duty, 15 per cent.

Mr. DUNNING: A reduction in rate from 20 per cent to 15 per cent. Our imports were $31,000, principally from the United States, about $5,000 from Great Britain. We have not any record of exports of that item.

Item agreed to.

Customs tariff—286. Earthenware and stoneware, viz:—demijohns, churns or crocks, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: Small imports, $3,900, principally from the United States; our exports are not listed separately. There is a reduction in rate of 5 per cent.

Item agreed to.

Customs tariff—287. All tableware of china, porcelain, semi-porcelain, or white granite, but not to include teapots, jugs and similar articles of the type commonly known as earthenware: rate of duty, free.

Mr. DUNNING: Free entry bound.

Item agreed to.

Customs tariff—288. Stoneware and Rockinghamware and earthenware, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: A reduction from 25 to 20 per cent as against Great Britain. I shall have to take a moment to give the information in regard to the imports because they are classified under different commodities. Our imports of brown earthenware, stoneware, Rockinghamware were $20,000, of which $10,000 came from the United Kingdom. Cream coloured ware, total imports, $23,000, of which $12,000 came from the United Kingdom.

China and porcelain ware, n.o.p., $46,400 of which $11,700 came from the United Kingdom.

Earthenware n.o.p., $254,000, of which $88,000 came from the United Kingdom.

Of the combined items, $120,000 altogether came from the United Kingdom last year.

Our exports are not listed separately. Our home production in 1934, the last year for which I have figures, was $223,700, but that should not be taken as production confined to these articles, as it includes coarse earthenware and stoneware.

Item agreed to.

Customs tariff—288a. Chemical stoneware composed of a non-absorbent vitrified body specially compounded to resist acids or other corrosive reagents: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—288b. Hand forms of porcelain, when imported by manufacturers for use exclusively in the manufacture of rubber gloves in their own factories: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—289. Baths, bathtubs, basins, closets, lavatories, urinals, sinks and laundry tubs of earthenware, stone, cement, clay or other material, n.o.p.: rate of duty, 15 per cent.

Mr. DUNNING: Reduction in rate from 20 to 15 per cent. Our imports totalled $75,000, of which $44,000 came from the United Kingdom. Our statistics of production are not available separately; they would be part of a total of $1,600,000, covering porcelain insulators, sanitary ware, sewer pipe, floor and wall tile, tanks, pottery, et cetera.

Item agreed to.

[Mr. Dunning.]

Customs tariff—296c. Magnesium carbonate, imported for use in the compounding or manufacture of rubber products: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—300. Crucibles of clay, sand or plumbago: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—312a. Asbestos in any form other than crude, and all manufactures thereof, when made from crude asbestos of empire origin, n.o.p.: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—316a. Incandescent lamp bulbs and glass tubing for use in the manufacture of incandescent lamps, and mantle stocking for gas light: rate of duty, free.

Mr. DUNNING: A reduction of 5 per cent. Imports $504,000, of which $500,000 came from the United States. Our exports, none. Our domestic production in 1935, that is incandescent electric lamps, the finished product, was about $4,800,000. That is reported by fewer than three firms.

Mr. MacNICOL: The plants making this line of material at present are not over busy. Any importations of course would reduce the employment in making that material in Canada.

Item agreed to.

Customs tariff—318. Common and colourless window glass: rate of duty, free.

Mr. DUNNING: No change. Free entry bound.

Item agreed to.

Customs tariff—319. Glass, in sheets, and bent plate glass, n.o.p.: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—320. Plate glass, not bevelled, in sheets or panes not exceeding 7 square feet each, n.o.p.: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—321. Plate glass, not bevelled, in sheets or panes, exceeding 7 square feet each, and not exceeding 25 square feet each, n.o.p.: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—322. Plate glass, n.o.p.: rate of duty, 17½ per cent.

Mr. DUNNING: A reduction in rate from 20 per cent to 17½ per cent. Our imports in 1936, not bevelled, $183,000 worth, of which $78,000 came from the United Kingdom and $69,000 from Belgium. Of bevelled plate glass we imported $1,687 worth, practically all from the United States.

Mr. BAKER: What is the Canadian production?

Mr. DUNNING: We exported $81,000 worth, some of which went to the United Kingdom. Our total production for 1934, the latest year for which we have records was $238,774. As my hon. friend doubtless knows, the statistics in regard to production are considerably behind those for imports and exports.

Item agreed to.

Customs tariff—323. Silvered glass, bevelled or not and framed or not, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: A reduction in rate from 22½ to 20 per cent.

Our total imports were $105,000, of which $65,000 came from the United States and $12,000 from the United Kingdom. Our exports are not separately listed in the trade returns. Our total production of silvered glass in 1934 was $566,000.

Item agreed to.

Customs tariff—326 and ex 326a. (i) Demijohns or carboys, bottles, flasks, phials, jars and balls, of glass, not cut, n.o.p.; lamp chimneys of glass, n.o.p.; decanters and machine-made tumblers of glass, not cut or decorated, n.o.p.: rate of duty, 15 per cent.
(ii) Opal glassware, glass tableware, cut glassware and illuminating glassware, n.o.p.: rate of duty, 10 per cent.

Mr. DUNNING: No change in the first part. There is a reduction in the second part, opal glassware, et cetera, from 15 to 10 per cent. Our total imports of these goods were $884,000 in 1936, of which $558,000 came from the United States and only $68,000 from the United Kingdom.

Our exports were less than $100. Our Canadian production in 1934 was $185,000 worth. Including pressed and blown glass bottles in the production figures, there was a very large production, $7,500,000 worth in Canada.

Item agreed to.

Customs tariff—326a. Manufactures of glass, n.o.p.: rate of duty, 10 per cent.

Mr. DUNNING: The statistics I last gave apply to the second division of the previous item. I have not given the figures with regard to item 326a. The imports of glass lenses, n.o.p., totalled $202,000, of which $169,000 came from the United States and only $10,000 from Great Britain. Other manufactures of glass which are included in the same item total $482,000, of which $345,000 came from the United States and $41,000 from Great Britain. As I indicated a moment ago, the rates are reduced from 15 per cent to 10 per cent against Great Britain.

Item agreed to.

Customs tariff—326e. Articles of glass, not plate or sheet, designed to be cut or mounted; articles of glassware, when imported by manufacturers of silverware, to be used in receptacles made of, or electro-plated with, precious metals, in their own factories: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—326g. High thermal shock resisting glassware: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—339a. Lead capsules for bottles: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—340. Type for printing, including chases, quoins and slugs of all kinds: rate of duty, 7½ per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—341. Babbit metal and type metal, in blocks, bars, plates and sheets: rate of duty, 10 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—ex 352, ex 427, ex 445k, ex 446a, ex 462. Fixed or stationary meters, of a size or capacity not made in Canada, for hydraulic engineering; gauges, indicators and recorders for water or other liquid levels, volume or flow, of a class or kind not made in Canada: rate of duty, free.

Mr. DUNNING: This is a reduction in rate. This is included in schedule IV of this agreement in order to afford free entry from the United Kingdom of meters, gauges, indicators and so on, described in detail in the item. In each instance they are of a size, capacity or class not made in Canada. Formerly they would have been dutiable at the rates shown opposite the items in the votes and proceedings, ranging from free to 20 per cent. Now they have a classification of their own.

Item agreed to.

Customs tariff—ex 352, ex 362, ex 519, ex 597a, ex 624, ex 647, et al. Antiquities (other than spirits or wines) produced more than 100 years prior to date of importation, under such regulations, including proof of antiquity, as may be prescribed by the minister: rate of duty, free.

Mr. DUNNING: I think this speaks for itself. It is a reduction all round.

Item agreed to.

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

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—353a. Aluminum leaf, less than ·005 millimetre in thickness; aluminum scrap. Provided, that nothing shall be deemed to be aluminum scrap except waste or refuse aluminum, fit only to be remelted: rate of duty, free.

Mr. STEWART: Is there any change in this item?

Mr. DUNNING: No.

Item agreed to.

Customs tariff—354. Manufactures of aluminum, n.o.p.: rate of duty, 15 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—354a. Kitchen household hollow-ware of aluminum, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—357. Britannia metal, nickel silver, Nevada and German silver, manufactures of, not plated, n.o.p.: rate of duty, 15 per cent.

Mr. DUNNING: This is a reduction from 25 per cent to 15 per cent. Our imports of Britannia metal were quite small, amounting to only $4,400, of which $1,500 came from the United Kingdom. In the larger part of the item, manufactures of nickel and German and Nevada silver, total imports were $133,000, of which $20,000 came from the United Kingdom. There are no exports, and there is no separately recorded production.

Mr. BAKER: What do we produce in Canada?

[Mr. Dunning.]

Mr. DUNNING: It is not separately recorded, so there are less than three firms producing. We have no information.

Mr. BAKER: The output is not great?

Mr. DUNNING: No.

Item agreed to.

Customs tariff—361. Gold and silver leaf, Dutch or schlag metal leaf; brocade and bronze powders: rate of duty, 15 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—362. Articles consisting wholly or in part of sterling or other silverware, n.o.p.; manufactures of gold or silver, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: This is a reduction against Great Britain from 30 per cent to 20 per cent. Total imports of manufactures of silver were $70,000, of which $47,000 came from Great Britain. Imports of manufactures of gold were $20,000, of which $10,000 came from Great Britain. Our exports were none, but our production of silverware in 1934 amounted to $2,878,000; of gold to $957,000; of gold filled wire and gold leaf to $54,000.

Mr. BAKER: Will not this change mean a great deal more unemployment?

Mr. DUNNING: I am not of that opinion. I have not had a single objection from any source.

Item agreed to.

Customs tariff—362b. Toilet articles of all kinds, including atomizers, brushes, buffers, button hooks, combs, cuticle knives, hair receivers, hand-mirrors, jewel boxes, manicure scissors, nail files, perfume bottles, puff jars, shoe horns, trays and tweezers, of which the manufactured component material of chief value is sterling silver: rate of duty, free.

Mr. DUNNING: No change.

Mr. STEWART: There is an expansion of the item, is there not?

Mr. DUNNING: There was a tariff board report two sessions ago in connection with this item, and the language used is exactly that language.

Item agreed to.

Customs tariff—362c. Nickel-plated ware, gilt or electro-plated ware, n.o.p.: rate of duty, 17½ per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—368. Clocks, time recorders, clockwork mechanisms, and clock cases: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction in duty on clocks, movements, cases and so on, from 20 per cent to 15 per cent as against Great Britain. We imported $298,000 worth of clocks, of which $178,000 came from the United States and only $22,000 from the United Kingdom. Our imports of clock movements totalled $74,000, of which only $13,000 came from the United Kingdom. Our imports of time recorders totalled $21,000, of which $4,000 came from the United Kingdom. We are also exporters of clocks, watches and parts; in fact, we sold to the United Kingdom $60,589 worth. That is, we sold to the United Kingdom far more than we bought from them of clock and watch movements. Our Canadian production of clocks and watches was $905,000 in 1934, and of watch cases $202,000 in the same year.

Item agreed to.

Customs tariff—369. Parts of clock movements or of clockwork mechanism, finished or unfinished, not including plates: rate of duty, 10 per cent.

Mr. DUNNING: This is a reduction on parts of clock movements, excluding plates, a companion item to the previous item, from 15 to 10 per cent. Our imports amounted to $150,000, of which only $1,000 came from the United Kingdom. Our imports came principally from the United States and Germany.

Item agreed to.

Customs tariff—370. Copper rollers, and stones, used in the printing of textile fabrics or wall paper: rate of duty, free.

Item agreed to.

Customs tariff—ex 377a, et al. Wrought iron in the form of billets, bars, rods, sheets, strips, plates or skelp: rate of duty, free.

Mr. STEWART: I suggest that these steel items are likely to involve a good deal of discussion. I know the leader of the opposition and some other hon. members on this side desire to make some statements in regard to these items, so I suggest that they stand.

Item stands.

Customs tariff—488. Nitrate and acetate of lead, not ground; platinum and black oxide of copper, for use in the manufacture of chlorates and colours: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—506b. Wooden doors of a height and width not less than 6 feet and 2 feet, respectively: rate of duty, free.

Item agreed to.

Customs tariff—ex 511. Fishing rods: rate of duty, free.

Mr. DUNNING: There is a reduction, requested by Great Britain, in the rate on fishing rods from 20 per cent to free. Our total imports were $53,000 last year, of which only $16,000 came from the United Kingdom.

Mr. STIRLING: What did we produce?

Mr. DUNNING: It is a combination item; it goes wider than this item. It includes fishing nets and fishing tackle, and under that combination item we produced $139,000 worth in the last year of record.

Mr. POTTIER: Would that include fishing reels?

Mr. DUNNING: No, just the rods.

Item agreed to.

Customs tariff—511a. Cricket balls, bats, gloves and leg guards: rate of duty, free.

Item agreed to.

Customs tariff—512. Picture frames and photograph frames, of any material: rate of duty, 17½ per cent.

Mr. DUNNING: This is a reduction from 20 per cent. Our total imports amounted to $115,000, principally from the United States. Only $12,000 worth came from Great Britain.

Item agreed to.

Customs tariff—518. Billiard tables, with or without pockets, and bagatelle and other game tables or boards, cues, balls, cue-racks, and cue-tips: rate of duty, 17½ per cent.

Mr. DUNNING: There is a reduction in rate from 22½ per cent to 17½ per cent on billiard tables. We imported 52 last year from the United Kingdom, valued at $2,553. I did not know billiard tables ever got as cheap as that. However, that is the figure. Our principal source of supply is the United Kingdom. Then, bagatelle and other game tables totalled $156,000, of which the principal import came from the United States. Of the $156,000, $145,000 came from the United States. There were $5,000 worth of balls, cues, cue-racks and cue-tips, of which $1,700 came from the United Kingdom. Our Canadian production is included in sporting goods generally, and it cannot be separated.

Item agreed to.

Customs tariff—519. House, office, cabinet or store furniture of wood, iron or other material, in parts or finished: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction in the rate from 20 to 15 per cent. This is a very large item, and widely subdivided. If hon. members wish the information, I shall be glad to give it.

Mr. BAKER: Does the minister fear any more unemployment because of the change? It must be understood that we manufacture a lot of these materials around the Newmarket district.

Mr. DUNNING: The competition in furniture is only to a small degree from Great Britain.

An hon. MEMBER: Could the minister give the round figures?

Mr. DUNNING: It would be more simple to read the list. In connection with furniture of metal, the total imports were valued at $221,000, of which $208,000 came from the United States. Great Britain is not a very strong competitor. The total amount of furniture of wood or other material, n.o.p., was valued at $564,000, of which $364,000 came from the United States and $104,000 from the United Kingdom; and there are a number of other countries. We exported $107,000 worth of furniture of metal, and $145,000 worth of furniture of wood, a small amount of which went to the United Kingdom. Our total production, in round figures, would be about $12,000,000.

Item agreed to.

Customs tariff—522. Rovings, yarns and warps, wholly of cotton, not more advanced than singles, n.o.p.: rate of duty, 12½ per cent.

Mr. STEWART: Could we not proceed to another item? This one deals with textiles, and it seems to me that there might be considerable discussion on it. It is now eleven o'clock.

Mr. STIRLING: The clock is striking.

Mr. DUNNING: Would the committee prefer to permit the textile item to stand? If so, we will proceed to the end of the textile items.

Mr. STEWART: It is eleven o'clock.

Item stands.

Mr. DUNNING: We may proceed to item 586, in connection with which there is no change:

Customs tariff—586. Coal, anthracite, n.o.p.: rate of duty, free.

Item agreed to.

Customs tariff—597a. Musical instruments of all kinds, n.o.p., phonographs, graphophones, gramophones and finished parts thereof, including cylinders and records therefor; and mechanical piano and organ players: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction in rate from 20 to 15 per cent against Great Britain. Our imports total $58,000 in connection with part of the item, of which $11,000 came from the United Kingdom. In another part of the item imports totalled $73,000, of which $13,000 came from the United Kingdom. Other musical instruments, not included in the figures I have just given, were valued at $282,000, of which only $6,000 worth came from the United Kingdom.

Item agreed to.

Customs tariff—598. Brass band instruments, n.o.p.; parts of pianofortes and parts of organs: rate of duty, free.

Item agreed to.

Customs tariff—598a. Brass band instruments, of a class or kind not made in Canada; bagpipes and complete parts: rate of duty, free.

Item agreed to.

Customs tariff—603. Fur skins, wholly or partially dressed, n.o.p.: rate of duty, 10 per cent.

Item agreed to.

Customs tariff—ex 604. Belting leather in butts or bends; and all leather further finished than tanned, n.o.p.: rate of duty, 7½ per cent.

Mr. DUNNING: This is a leather item. Sole leather is taken out of the old item. If hon. members wish, I can give the figures at length. If any hon. member is particularly interested he need only say so, and I will give the information.

Item agreed to.

Customs tariff—ex 604. Crust oil leather, for use in manufacturing chamois leather: rate of duty, free.

Mr. DUNNING: This is a reduction. It covers the raw material used in the manufacture of fully finished chamois leather.

Item agreed to.

Customs tariff—ex 604. Sole leather: rate of duty, 12½ per cent.

Mr. DUNNING: No. change.

Item agreed to.

Customs tariff—605. Leather produced from East India tanned kip, uncoloured or coloured other than black, when imported for use exclusively in lining boots and shoes; genuine reptile leathers: rate of duty, free.

Item agreed to.

Customs tariff—605a. Genuine pig leathers and genuine Morocco leathers; so-called roller leathers: rate of duty, free.

Item agreed to.

Customs tariff—607. Leather, when imported by manufacturers of gloves or leather clothing, for use exclusively in manufacturing gloves or leather clothing, in their own factories: rate of duty, free.

Mr. DUNNING: There is a reduction in the rate from five per cent to free. There are imports valued at $31,000 of which $4,700 came from the United Kingdom. Of leather n.o.p., which would also be included in the item, the total imports were $402,000, of which only $22,000 came from the United Kingdom. Canadian production is about $1,000,000.

Item agreed to.

Customs tariff—607a. Leather, not further finished than tanned, in whole hides, in grains, or splits, when imported by manufacturers of upholstering leathers, for use exclusively in the manufacture of upholstering leathers, in their own factories: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—608. Leather, not further finished than tanned, and skins, n.o.p.: rate of duty, 5 per cent.

Mr. DUNNING: There is a reduction in rate from 10 to 5 per cent against Great Britain. On one part of the item the total imports were over $11,000, and on the other part they amounted to $138,000, of which $112,000 came from the United Kingdom. The Canadian production is included in all other leathers.

Item agreed to.

Customs tariff—610 et al. Belting, n.o.p.: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction in the rate from 20 to 15 per cent as against Great Britain. The total imports of rubber belting for machinery were valued at $80,000, of which $22,000 came from the United Kingdom. Beltings of cotton were valued at $39,000, of which $12,000 came from the United Kingdom. Under the n.o.p. item the value was $36,000 of which $8,000 came from the United Kingdom. Under this item we export to the United Kingdom more belting than we import from her. It goes both ways, but we sell them more than they sell us.

Item agreed to.

Customs tariff—610a. Belting of camel's hair, for machinery: rate of duty, 7½ per cent.

Mr. DUNNING: There is a reduction in duty, but this is a relatively unimportant item.

Item agreed to.

Customs tariff—611a. Boots, shoes, slippers and insoles of any material, n.o.p.: rate of duty, 22½ per cent.

Mr. DUNNING: There is a reduction in rate from 25 to 22½ per cent.

Mr. BAKER: Have the Canadian boot and shoe manufacturers had much to say about this?

Mr. DUNNING: Yes, of course I have had letters.

Mr. BAKER: Do they fear unemployment through it?

Mr. DUNNING: They do not say so.

An hon. MEMBER: Oh, oh.

Mr. BAKER: This is not a joking matter.

Mr. DUNNING: I realize the hon. member is asking a serious question.

Mr. BAKER: But somebody thinks it is funny.

Mr. DUNNING: The letters I have received with regard to the item make the usual complaints made when a duty on a manufactured article is reduced. I am not surprised to receive them, but I would point out that we are large manufacturers. More than 98 per cent of the Canadian boot and shoe demand is supplied by Canadian manufacturers. They also export a substantial quantity of boots and shoes, notably canvas shoes with rubber soles, the exports being valued at $1,205,000; and exports of boots and shoes of leather are valued at $350,000. Our Canadian production in 1934, the last year for which there is a record, was valued at $30,305,000.

Mr. BAKER: The minister does not anticipate that it will cause much more unemployment?

Mr. DUNNING: Well, Mr. Chairman, in negotiating the agreement, so far as my judgment would permit me I was anxious not to cause unemployment at all, but rather to create employment. I think on the whole that will be the effect of the agreement.

Item agreed to.

Customs tariff—ex 612. English type saddles: rate of duty, 10 per cent.

Mr. DUNNING: There is a reduction in the rate.

Item agreed to.

Customs tariff—617. India-rubber boots and shoes: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—619a. India-rubber clothing and clothing made from waterproofed cotton fabrics: rate of duty, 25 per cent.

Mr. DUNNING: This is a reduction brought about by the removal of a former specific duty. Previously there was a specific duty of 50 cents per garment under all tariffs, and under this item that is being removed as against Great Britain. Our imports were $21,000 in the one item and $45,000 in the other, $5,000 and $4,000 of which respectively came from the United Kingdom. We are large exporters of rubber clothing, in fact, we exported to the United Kingdom considerably more than we imported from that country. Last year the total Canadian production was close to $700,000.

Item agreed to.

Customs tariff—622. Trunks, valises, hat boxes, carpet bags, tool bags, and baskets of all kinds, n.o.p.: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction in rate from 20 to 15 per cent. Our total imports were $84,000 and $44,000, of which $43,000 and $4,000 respectively came from the United Kingdom. We exported a small quantity. In 1934 our production was valued at about a million and a quarter dollars.

Item agreed to.

Customs tariff—623. Musical instrument cases and fancy cases or boxes of all kinds, portfolios and fancy writing desks, satchels, reticules, card cases, purses, pocket-books, fly books, and parts thereof: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction from 20 to 15 per cent. Our imports of pocket-books and so forth were valued at $552,000, plus $345,000 for books, cases and so forth. In both cases the principal source of supply was the United States, with the United Kingdom coming second. The total imports of both items from the United Kingdom were valued at about $258,000. We do not export these commodities. The total Canadian production would be valued at about a million and a half dollars.

Item agreed to.

Customs tariff—ex 624. Statues and statuettes of porcelain or earthenware: rate of duty, free.

Mr. DUNNING: There is a reduction in the rate from 20 per cent to free. The making of these art ornaments is an important branch of the English ceramic industry. Several potteries specialize in this type of product.

Item agreed to.

[Mr. Dunning.]

Customs tariff—624a. (i) Dolls; toys of all kinds, n.o.p.: rate of duty, 10 per cent.

(ii) Mechanical toys of metal: rate of duty, 10 per cent.

(iii) Juvenile construction sets of metal, consisting of various stampings, punched, and connections therefor; parts of the foregoing: rate of duty, free.

Mr. DUNNING: There is a reduction in the rate on dolls and toys from 20 to 10 per per cent; there is no change in the second division.

Item agreed to.

Customs tariff—625. Caps, hats, muffs, tippets, capes, coats and cloaks of fur, and other manufactures of fur, n.o.p.: rate of duty, 15 per cent.

Item agreed to.

Customs tariff—628. Braces or suspenders, and finished parts thereof: rate of duty, 15 per cent.

Mr. DUNNING: This is a relatively unimportant item, but the reduction is from 22½ to 15 per cent. The committee may be surprised to learn that the Canadian production in 1934, when people did not use as many suspenders as they are using now, was valued at $700,000.

Item agreed to.

Customs tariff—647. Jewellery of any material, for the adornment of the person, n.o.p.: rate of duty, 25 per cent.

Mr. DUNNING: There is a reduction in the rate from 30 to 25 per cent. Our total imports were $621,000, only $40,000 coming from the United Kingdom. We exported $68,000 worth, of which $29,000 went to the United Kingdom. Our own production is just over $2,000,000.

Item agreed to.

Customs tariff—653. Brushes of all kinds: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction in the rate from 17½ to 15 per cent. Our imports were in the following amounts: $31,700, $65,900, $88,400 and $99,036. The United Kingdom is the principal source of supply in all but the last item. We exported to the value of $85,000, of which $13,000 went to the United Kingdom. Our total production is valued at a million and a half dollars.

Mr. BARBER: Were there any importations from Japan?

Mr. DUNNING: Yes. On one item, $16,000; on another $9,000, and on another, $2,000.

Item agreed to.

Customs tariff—655. Pens, penholders and rulers, of all kinds: rate of duty, 12½ per cent.

Mr. DUNNING: Reduction in rate from 15 per cent.

Item agreed to.

Customs tariff—655a. Lead pencils and crayons: rate of duty, 10 per cent.

Mr. DUNNING: There is a reduction in rate from 15 to 10 per cent.

Mr. BAKER: How will this reduction affect the manufacturers north of Toronto?

Mr. DUNNING: The imports will tell the story. Our total imports of lead pencils, non-propelling—I like that description—were $76,000, of which $35,000 came from the United Kingdom. Of lead pencils, not self-propelling, our imports totalled $117,000, of which $37,000 came from the United Kingdom. Our imports of crayons totalled $62,000, of which $15,000 came from the United Kingdom. The production in Canada in 1934 of lead pencils was valued at $397,000; of other pencils, $166,000, and of crayons, $9,300.

Mr. BAKER: I do not see the hon. member for that district upholding his industry.

Mr. DUNNING: The industry is well-established, and in fact, is exporting.

Item agreed to.

Customs tariff—656. Tobacco pipes of all kinds, pipe mounts, cigar and cigarette cases, cigar and cigarette holders, and cases for the same, smokers' sets and cases therefor, and tobacco pouches: rate of duty, 17½ per cent.

Mr. DUNNING: This is an item for myself. There is a reduction in the rate from 22½ to 17½ per cent.

Item agreed to.

Customs tariff—ex. 657a. Film of standard width (one and one-eighth of an inch and over) when imported for the sole purpose of having 16 millimetre reproductions made therefrom and provided that the original is re-exported within three months from date of importation: rate of duty, free.

Mr. DUNNING: The previous rate was 1½ cents per lineal foot, and it now comes in free.

Item agreed to.

Customs tariff—659. Photographic dry plates: rate of duty, 15 per cent.

Item agreed to.

Customs tariff—663. Fertilizers, compounded or manufactured, n.o.p.: rate of duty, free.

Item agreed to.

Customs tariff—663e. Sea-weeds or sea-plants, charred, whether powdered or not, for use exclusively in the feeding of animals: rate of duty, free.

Item agreed to.

Customs tariff—670. Grinding wheels, stones or blocks, manufactured by the bonding together of either natural or artificial abrasives; manufactures of emery or of artificial abrasives, n.o.p.: rate of duty, 10 per cent.

Mr. DUNNING: There is a reduction in rate from 15 to 10 per cent. This is a rather important item for industry.

Mr. STEWART: What is the production in Canada?

Mr. DUNNING: In 1934 the production was $46,000 in one item; $569,000 in another; $62,000 in another, and $934,000 in another, We export more than we import.

Item agreed to.

Customs tariff—683. Barytes: rate of duty, free.

Item agreed to.

Customs tariff—684. Rubber thread, not covered: rate of duty, free.

Item agreed to.

Customs tariff—685. Pantagraphs and parts thereof, including diamond points, and engraving mills, for engraving copper rollers used in printing textiles and wallpapers; blankets, blanketing and lapping imported for use exclusively by textile manufacturers and wall-paper printers: rate of duty, free.

Item agreed to.

Customs tariff—689. Charcoal, animal, for use in the refining of sugar: rate of duty, free.

Item agreed to.

Customs tariff—ex. 710. Coverings, inside and outside, used in covering or holding goods imported therewith, shall be subject to the following provisions, viz:

(b) Usual coverings containing goods, not machinery, subject to any ad valorem duty, when not included in the invoice value of the goods they contani: rate of duty, 10 per cent.

(bb) Usual coverings containing machinery subject to any ad valorem duty, when not included in the invoice value of the goods they contain: rate of duty, 5 per cent.

Mr. DUNNING: There are reductions from 15 to 10 per cent and from 7½ to 5 per cent.

Item agreed to.

Customs tariff—ex. 711. Iodised mineral salts, for use exclusively in the feeding of animals: rate of duty, free.

Item agreed to.

Mr. DUNNING: This leaves us only the steel and textile items in schedule IV. We still have schedule V to deal with. I would point out that this schedule deals only with margins of preference not with rates. It is the guaranteed margin of preference which, as I said in the budget speech, applies to 91 tariff items as compared with 215 in the former agreement. Perhaps the committee would like to know that 20 of the 91 items carry a lower guaranteed margin than they did in the former agreement; the remainder of the 91 carry the same degree of guaranteed preference as in the previous agreement. Hon. members have had a chance to look over it and perhaps they would be willing to carry schedule V as it is.

Mr. STEWART: No, it is eleven o'clock, Mr. Chairman.

Mr. DUNNING: I am well satisfied.

Mr. BAKER: These items will not take long.

Mr. DUNNING: They should not, but you never can tell. I move that the committee rise, report progress, and ask leave to sit again.

Progress reported.

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

Monday, March 22, 1937

The house met at three o'clock.

MARINE AND FISHERIES

Mr. A. E. MacLEAN (Prince) presented the second report of the standing committee on marine and fisheries, and moved that the report be concurred in.

Motion agreed to.

RAILWAYS AND SHIPPING

Mr. A. M. YOUNG (Saskatoon) presented the third report of the standing committee on railways and shipping.

He said: With the consent of the house, I move, seconded by Mr. Hanson:

That the estimates referred to and approved of in the third report of the standing committee on railways and shipping owned, operated and controlled by the government, viz: items 96, 97, 293, 361 and 362, be referred to the committee of supply.

Motion agreed to.

[Mr. Dunning.]

PREMIER TRUST COMPANY

Mr. D. G. ROSS (St. Paul's) moved:

That the petition of the Premier Trust Company, presented on the eleventh of March, praying for an act to authorize an increase of capital stock, together with the report of the clerk of petitions thereon, be referred to the standing committee on standing orders for the purpose of considering the suspension of standing orders 92 and 93(3)(a) and (b).

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

COAL DELIVERIES, OTTAWA

Mr. POULIOT:

1. During the present fiscal year, did the weights and measures inspection service inspect for shortweight on loads of coal delivered in the city of Ottawa?

2. If so, how many loads were delivered: (a) overweight; (b) correct weight; (c) shortweight?

3. If any delivery was shortweight, what was the greatest individual case of shortage, and also the total shortage on all inspected loads?

4. Referring to the above paragraphs, what action, if any, was taken by the weights and measures service as a result of this test, against companies or individuals selling shortweight coal?

5. Over what scale or scales are the weight deliveries of coal on government contracts or purchases ascertained in the city of Ottawa?

6. How recently have these scales been inspected?

7. Was there any error found on the scale or scales used to weigh the government coal, and, if so, what was it?

8. Were any scales: (a) rejected; (b) condemned; or (c) sealed, as a result of any inspection?

9. If so, when, how many, and where are they located?

10. Did the government take action to secure the reimbursement for shortweight deliveries ascertained over any scale found defective on an inspection during the period mentioned in paragraph 1?

Mr. RINFRET:

1. Yes.

2. Overweight—none; correct weight—none; short weight—7.

3. Greatest shortage—172¼ lbs. on 1 ton. Total shortage—342¾ lbs. on 7 tons.

4. Retailer affected was notified of results of check, and a special inspection of public weigh scales instituted.

5. According to information furnished to the under-secretary of state, the following

scales were used to weigh coal on government contracts or purchases:—

Public Scale No. 1, Nicholas street.
Public Scale No. 2, Mann street.
Public Scale No. 6, Mann street.
Public Scale No. 10, Catherine street

6. No. 1—Inspected February 24, 1937.
No. 2—Inspected February 24, 1937.
No. 6—Inspected February 24, 1937.
No. 10—Inspected March 2, 1937.

7. Yes, as follows:

No. 1. 10 lbs. on ton slow, i.e. 1 ton registered 1,990 lbs.

No. 2. None.

No. 6. 36 lbs. on ton fast, i.e. 1 ton registered 2,036 lbs.

No. 10. 2½ lbs. on ton fast, i.e. 1 ton registered 2,002½ lbs.

8. Yes.

9. Rejected public weigh scales in the city of Ottawa:

(a)	Address	Date of rejection
	Byward market..	..Feb. 22, 1937
No. 1	Nicholas st..	..Feb. 24, 1937
No. 3	Broad st..	..Mar. 4, 1937
No. 3	Broad st..	..Mar. 11, 1937
No. 4	Isabella st..	..Feb. 24, 1937
No. 6	Mann st..	..Feb. 24, 1937
No. 7	Champagne st..	..Mar. 4, 1937
No. 7	Champagne st..	..Mar. 10, 1937
No. 8	Echo Drive..	..Feb. 24, 1937
No. 10	Catherine st..	..Mar. 2, 1937
No. 11	Day st..	..Mar. 3, 1937
No. 11	Day st..	..Mar. 6, 1937
No. 12	Lees st..	..Feb. 24, 1937

(b) Condemned, none; (c) Sealed against use—No. 6 (Mann st.), sealed on Feb. 24; No. 7 (Champagne st.), sealed on Mar. 11; No. 11 (Day st.), sealed on Mar. 6.

10. The departments concerned have no knowledge of any short weight deliveries.

Mr. POULIOT:

1. Are the scales used in weighing coal purchased for government buildings in the city of Ottawa suitable for size and nature of loads weighed on same?

2. How are weights obtained for truck loads of coal when the truck is larger than the scale platform?

Mr. ROGERS:

1. Yes, but there have been occasions when these scales were used to weigh loads for which they were not suitable.

2. Three methods are practised to obtain the weight of truck loads of coal when the truck is larger than the scale platform, as follows:

A. To weigh the load in two drafts, the first draft by placing the front end of the load on the scale, and the second draft by placing the rear end of the load on the scale, and taking the total of the two drafts as the gross weight of the load.

B. To extend the platform of the scale on each end to accommodate the increased length of the truck.

C. To attach extension skids to one side of the scale platform and run the front wheels of the truck on these skids until the rear wheels rest on the scale platform, and thus clear the load.

TOBACCO CULTURE, L'ASSOMPTION, QUEBEC

Mr. FERLAND:

1. Did the Department of Agriculture attempt to grow cigarette tobacco at the experimental station at L'Assomption, province of Quebec, during the past years?

2. If so, what were the results?

Mr. GARDINER:

1. Yes.

2. Good yields were obtained but the quality of the tobacco was not high. The results obtained in the year 1936 were fairly satisfactory both from the standpoint of yield and quality, but this may possibly have been due to the fact that the tobacco was grown on stronger soil than is customarily used.

SASKATCHEWAN-ALBERTA BOUNDARY SURVEY

Mr. HAYHURST:

1. When was the original survey of the meridian between Alberta and Saskatchewan completed?

2. Has the government any immediate plans for the resurvey of the portion of the meridian between Alberta and Saskatchewan within the Cambrian Shield?

Mr. CRERAR:

1. The survey of the meridian between Alberta and Saskatchewan was completed to the south shore of lake Athabasca in 1913. The balance of the meridian is unsurveyed.

2. No.

IMMIGRATION OFFICERS

Mr. REID:

1. What amounts of money were paid by way of overtime to immigration inspectors during the calendar years ending 1934, 1935, and 1936?

2. What is the total number of immigration officers employed by the Department of Immigration in the various provinces?

Mr. CRERAR:

1. Calendar year 1934, $39,645.84; 1935, $46,426.63; 1936, $48,379.13.

2. Prince Edward Island, none; Nova Scotia, 10; New Brunswick, 18; Quebec, 51; Ontario, 162; Manitoba, 16; Saskatchewan, 5; Alberta, 6; British Columbia, 37; total, 305.

The above figures include only immigration inspectors.

SWIFT CURRENT, SASK., EXPERIMENTAL FARM

Mr. COLDWELL:

1. Has the government purchased or agreed to purchase additional land for the experimental farm at Swift Current, recently?
2. If so, how many acres?
3. How is the soil classified under the soils surveys of the university of Saskatchewan?
4. From whom was the land purchased?
5. What did the government pay for the property?

Mr. GARDINER:

1. The government has agreed to purchase additional land for the experimental station at Swift Current.
2. Approximately 480 acres.
3. Mostly Cypress loam, but some Haverhill loam.
4. The present owner is W. J. Sykes.
5. The purchase price has not yet been paid. The agreed price is $9,000.

AUTOMOBILE TRAFFIC, CANADA-UNITED STATES, 1936

Mr. ELLIOTT (Kindersley):

1. What number of Canadian motor cars reported outward from Canada during 1936 for United States?
2. What number entered Canada during the same period?

Mr. ILSLEY:

1. 689,674 Canadian automobiles reported outwards for touring purposes during the calendar year 1936.
2. 2,880,265 foreign automobiles were reported inwards for touring purposes during the calendar year 1936 for periods of 48 hours or less; 1,192,935 for 60 days; 1,323 for 6 months. 59,535 automobiles were reported inwards during that year for other than touring purposes.

ANTELOPE PARKS, ALBERTA

Mr. MITCHELL:

1. Is there an antelope park in southern Alberta?
2. If so, where is it located, and what does it consist of?
3. Who is the warden?
4. What are his duties?
5. (a) Is he required to make reports to the government from time to time, and (b) if so, how often?
6. (a) Is the park inspected regularly by an official of the parks department; (b) if so, how often, and (c) when was the last inspection made?
7. What is the warden's salary?
8. What was the itemized cost of maintaining the park during the last year of which the government has record?
9. (a) When was this park opened, and (b) who was the first warden?
10. (a) Does the government own the land; (b) if so, from whom was it purchased, and (c) what price was paid?
11. How much money has this park cost the dominion since its inception?

Mr. CRERAR:

1. There are two antelope parks in southern Alberta—Nemiskam national park at Nemiskam, and Wawaskesy national park at Bindloss. (The remaining questions will be answered separately for each park).

Nemiskam National Park

2. Nemiskam national park near Nemiskam, Alberta—comprised of 8·5 square miles of a fenced enclosure.
3. Edgar McHugh.
4. Responsible for the care and safeguarding of the antelope in the park, supervising the erection and repair of fences, the carrying out of precautionary measures against disease and predators, and the forwarding of reports and information to the department as required.
5. (a) Yes.
(b) Monthly and annually and special reports when required.
6. (a) Inspections are made when considered necessary.
(b) Answered by 6 (a).
(c) October, 1935.
7. $1,740 per annum, less 5 per cent.
8. Salary $1,653. Maintenance $50.
9. (a) March 28, 1916. (b) Edgar McHugh.
10. (a) Yes. (b) When the Park was established two and one-quarter sections had been patented and the owners selected other lands in lieu thereof. Title to the remaining area was still in the crown in the right of the dominion. (c) Answered by 10 (a) and 10 (b).
11. $37,496.79.

Wawaskesy National Park

2. Wawaskesy national park near Bindloss, Alberta, comprising those portions of townships seventeen and eighteen, range three, and township seventeen range four, lying north and west of the Saskatchewan river and township eighteen, range four, all west of the fourth meridian. Total area approximately 54 square miles—not fenced.
3. J. W. Smith.
4. Responsible for the enforcement of the Parks act and regulations and the maintenance of the park as a game sanctuary—the forwarding of reports and information to the department as required.

5. (a) Yes. (b) Annual and special reports as required.

6. (a) Inspections are made when considered necessary. (b) Answered by 6 (a). (c) May, 1935.

7. $200 per annum.

8. Salary $200. Maintenance nil.

9. (a) May, 1914. (b) W. J. Little.

10. (a) Yes. (b) Title to the park area contained in the description in answer (2) was still in the crown in the right of the dominion when the park was established. (c) Answered by 10 (a) and 10 (b).

11. $1,471.53.

TRANS-CANADA HIGHWAY, QUEBEC

Mr. LACOMBE:

1. Did the dominion government discuss with the former provincial government of Quebec the construction of a section of the trans-Canada highway in the county of Laval-Deux-Montagnes?

2. If so, were plans and specifications prepared with that object in view by the engineers of the former provincial government?

3. Were estimates prepared in connection with this proposed project either by the former provincial government of Quebec or the dominion government?

4. If so, who asked for the suspension of the execution of the project?

5. Has the construction of the new bridge at Boulevard Pie IX, at St. Vincent de Paul, been substituted for the construction of a section of the trans-Canada highway in the county of Laval-Deux-Montagnes?

Mr. ROGERS:

1. P.C. 1945 of August 4, 1936, authorized the Minister of Labour to enter into an agreement with the province of Quebec under the terms of The Unemployment Relief and Assistance act, 1936. The agreement thus authorized was duly executed under date of August 6, 1936. This agreement provided that the dominion government would contribute 50 per cent of the cost of certain projects listed in schedule "C" including project 24:

"Travaux preliminaires fondation, stabilisation, et lapis., St. Augustin-St. Eustache." The maximum dominion contribution toward the cost of this project was set at $143,883.75.

2. No information.

3. Not by dominion; no information regarding province.

4. By P.C. 2840, November 3, 1936, a new agreement was authorized between the dominion government and the province under the Unemployment Relief and Assistance act, 1936, in which an entirely new schedule of works proposed by the provincial government was incorporated and which did not include the project set forth in the answer to No. 1 above.

5. Included in the schedule to the agreement authorized by P.C. 2840 of November 3, 1936, is project No. 12 providing for the building of a bridge on Pie IX Blvd., at St. Vincent de Paul, maximum dominion contribution $300,000, but there is nothing to indicate that this was substituted for any particular project authorized by the earlier agreement.

ST. ANN'S ONTARIO, MAIL SERVICE, R.R. NO. 1

Mr. LOCKHART:

1. Have tenders lately been invited for performing mail service, R.R. No. 1, St. Ann's, Ontario?

2. If so, what are the names of those who submitted tenders, and what is the amount of each tender?

3. In what places was the advertisement calling for tenders posted?

4. Has the contract been awarded, and, if so, to whom?

5. Who recommended the letting of the contract?

Mr. ELLIOTT (Middlesex):

1. Yes. Tenders received January 8, 1937.

2. John K. Sauchuk, St. Ann's No. 1, $500; Stephen Ribbecon, Box 44, St. Ann's, $525; Milton Crown, St. Ann's No. 1, $600; Albert S. Morley, St. Ann's, $612; Harold E. Cocks, St. Ann's, $744; Geo. R. Garner, Fenwick, $895.

3. In conspicuous places at St. Ann's.

4. Yes. John K. Sauchuk.

5. Contract awarded to lowest tenderer in conformity with Post Office act.

ROUND HILL, N.S., POSTMASTERSHIP

Mr. BROOKS:

1. Has the postmaster at Round Hill, Nova Scotia, recently died?

2. If so: (a) has his successor been appointed; (b) who is such successor; (c) is he a returned soldier?

3. How many persons applied for the position?

4. What are their names?

5. Were any of the applicants returned soldiers?

6. Has the location of the post office been changed within the past few months?

7. If so, how many years was it maintained at the former location?

8. What was the revenue of the post office for the calendar year 1936?

9. What compensation did the postmaster receive for the calendar year 1936?

Mr. ELLIOTT (Middlesex):

1. Yes.

2. (a) Yes. (b) William Charles Lorimer Dargie. (c) No.

3. Four.

4. W. C. L. Dargie, V. Paul Bailey, Wm. Raeside, Miss E. Fraser Tupper.

5. Applicant Wm. Raeside states he saw military service. This candidate was eliminated, on examination, as lacking in education.

6. Yes. This was unavoidable when Dargie was appointed.

7. Since July 1930, when a change of 50 feet was made.

8. $703.11.

9. $498.83.

BALLANTYNE PIER—VANCOUVER

Mr. GREEN:

1. Has any shortage in the accounts of the Ballantyne pier in Vancouver been discovered within the last eighteen months?

2. If so, what was the amount of such shortage?

3. Has the official responsible been discharged?

4. Was such official bonded?

5. If so, with what company?

6. Who are the agents in Vancouver for such company or companies?

7. Has such shortage been made good, and, if so, by whom?

8. What attempts have been made to collect the amount of such shortages from the company or companies bonding such official?

Mr. HOWE:

1. Yes.

2. $5,587.40.

3. Yes.

4. Yes.

5. Canadian General Insurance Company and Hudson's Bay Insurance Company.

6. Canadian General Insurance Company; Parsons, Brown & Winckler Limited for Hudson's Bay Insurance Company.

7. No.

8. Demand made on bonding companies.

ICE-BREAKER, "MIKULA," ST. LAWRENCE RIVER

Mr. BOULANGER:

1. Does the government own an ice-breaker called the Mikula on the St. Lawrence river?

2. Is such boat now used in ice-breaking? If so, where?

3. How long has this boat been in the service of the government, and of what department?

4. If the said boat is not now in operation, since when has it been out of commission, and for what reason?

Mr. HOWE:

1. Yes.

2. Not since 1935.

3. Thirteen years, from 1922 to 1935, under the Department of Marine.

[Mr. J. C. Elliott.]

4. Has not been in operation since 1935 owing to her efficiency not being commensurate with the high operating costs, and as the services can be adequately performed by the other ice-breakers of the department.

ROYAL MILITARY COLLEGE—PURCHASES OF HORSES AND OATS

Mr. TUSTIN:

1. How many horses have been purchased for the Royal Military College since January 1, 1936, to date?

2. From whom were they purchased?

3. At what prices?

4. How many horses have been sold during the same period?

5. To whom were they sold?

6. At what prices?

7. How many bushels of oats were purchased for the Royal Military College from January 1, 1936, to date?

8. From whom were they purchased?

9. At what price per bushel?

Mr. MACKENZIE (Vancouver):

1. Three.

2 and 3. Mr. Murray Scott, Sharp's Corners, Ont., November 5, 1936, one at $125. Coulter Brothers, Toronto, Ont., February 2, 1937, one at $200. Mr. James Boviard, Brampton, Ont., February 2, 1937, one at $200.

4. None.

5. Answered by No. 4.

6. Answered by No. 4.

7. 3,100 bushels.

8 and 9. (i) W. P. Peters, Kingston, Ont., 750 bushels at 34 cents per bushel—period January 1, 1936, to March 31, 1936. (ii) Greenlees Brothers, Joyceville, Ont., 1,000 bushels at 38 cents per bushel—period April 1, 1936, to September 30, 1936; and 1,350 bushels at 65 cents per bushel during the period October 1, 1936, to March 19, 1937.

MANITOBA FEDERAL RELIEF AREA

Mr. WINKLER:

1. Have any requests been received from the province of Manitoba since February 8, 1937, for the inclusion of any rural municipalities in the federal relief area?

2. If so, what are the names of these municipalities?

Mr. GARDINER:

1. Yes.

2. Argyle, Wallace, Cameron (north half), Lorne, Strathcona, Rhineland, Stanley.

MAJOR GENERAL A. G. L. MCNAUGHTON

Mr. POULIOT:

Before July 4, 1936, did Major General A. G. L. McNaughton pay anything for his military pension, and if so, how much?

Mr. MACKENZIE (Vancouver): Yes. $5,835.86.

Mr. POULIOT:

1. Did Major General A. G. L. McNaughton, C.B., C.M.G., D.S.O., M.Sc., LL.D., president of the National Research Council, make any scientific discovery, from the date of his appointment, June 1, 1935, until now?

2. If so, what was it?

3. If not, what has he been doing as president of such council?

Mr. ROGERS: Mr. Speaker, this appears to be a rhetorical question and does not admit of an answer in its present terms. I would ask that it be dropped.

Mr. SPEAKER: Dropped.

Mr. POULIOT: I have no complaint to make as to meeting the objections of the minister. I am ready to go to the limit, and this is the next step within the limit.

Mr. SPEAKER: Order.

LIEUT. COL. W. ARTHUR STEEL

Mr. POULIOT:

1. Referring to sessional paper No. 213 of March 11, 1937, did Lieutenant-Colonel W. Arthur Steel pay anything for his superannuation between October 1, 1931, and January 17, 1933?

2. If so, how much?

3. If not, why?

4. Before October 1, 1931, did he pay anything for his military pension, and, if so, how much?

Mr. MACKENZIE (Vancouver):

1, 2 and 3. $267.59, under the provisions of the Militia Pension Act.

4. $2,151.34.

CORONATION DAY: COMMEMORATIVE PLANTINGS

Mr. PURDY:

1. Is it a fact that a quantity of acorns from the Royal oaks will be sent to Canada for distribution to various points in order that they may be planted on coronation day in the hope of producing trees to commemorate the day?

2. If so, in what manner and through what agency will the distribution be made?

Mr. RINFRET:

1. A press dispatch concerning the distribution of acorns was called to the attention of the government. Inquiries were made through the high commissioner for Canada in Great Britain, who advised that he had been informed that an organization known as "Men of the Trees" had shipped 10,000 acorns, collected in New Forest, consigned to "Men of the Trees, President, F. E. Robson, Yonge street, Toronto." A subsequent press despatch stated that acorns also were presented to the Ontario motor league by the Automobile Association of Canada with which the Ontario motor league is affiliated, but the government has no official information concerning this shipment.

2. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MINERAL PRICES AND MINERS' WAGES

Mr. ELLIOTT (Kindersley):

1. What has been the increase in the price of the various minerals mined in Canada in 1933, compared with the present price?

2. What has been the increase in wages of the miners during the same period?

Mr. CRERAR: Return tabled herewith.

RECRUITMENT FOR ROYAL AIR FORCE

Mr. ELLIOTT (Kindersley):

1. What number of recruits presented themselves for examination before the Department of National Defence for the Royal Air Force, since January 1, 1935?

2. How many have been accepted?

3. How many were rejected?

4. How many applications in any allotted time can be handled?

5. What qualifications are necessary for this service?

6. What is the duration of the service and remuneration?

NIAGARA CAMP AND NIAGARA-ON-THE-LAKE EMPLOYMENT

Mr. LOCKHART:

1. How many men were employed during 1936 on work in connection with Niagara Camp grounds and the rifle ranges at Niagara-on-the-Lake?

2. How many were returned men?

3. What was the rate of pay?

4. Were any of the men employed American citizens?

5. What are the names of those employed?

6. What were their earnings during the year 1936?

VANCOUVER HARBOUR COMMISSION EMPLOYEES

Mr. GREEN:

1. What persons were in the employ of the Vancouver harbour commission, or the National harbours board at Vancouver at any time during the period from the 1st day of April, 1932, to the 31st day of December, 1936?

2. What were the total earnings of each of such persons for such period, or the part thereof during which he, or she, was so employed?

3. What were the total deductions, if any, made from the salary or wage of each of such persons under the Salary Deduction Act, 1932, and amending acts, for such period, or the part thereof during which he, or she, was so employed?

4. Did any of such persons receive a refund of such deductions, and, if so, what persons, and in what amounts respectively?

5. Which of the persons in such employ, if any, did not have any deductions made under the said Salary Deduction Act, 1932, and amending acts, and what was the reason in each of such cases that no deduction was made?

CANADIAN FARM LOAN BOARD, EDMONTON, EMPLOYEES

Mr. HAYHURST:

1. What are the names of the present staff of the Canadian farm loan board at the Edmonton office and what is the salary of each?

2. What are the names of the permanent appraisers employed by the Edmonton branch of the Canadian farm loan board and the salary of each?

3. What are the names of the temporary appraisers employed during the season 1936 by the Canadian farm loan board at Edmonton and the salary of each?

4. Are there any temporary appraisers employed at the present time?

5. Are there any representatives of the Canadian farm loan board in the Vegreville area?

6. If so, what are their names, positions and salaries?

MOTIONS FOR PAPERS

H. B. WALKER, WAINWRIGHT, ALBERTA

Mr. FAIR:

For a copy of the complaint or charge laid against Mr. H. B. Walker of Wainwright by Mr. Francis H. Morcom. Also a copy of the evidence given at the investigation held by Mr. Gariepy at Wainwright in September, 1936.

APPROPRIATIONS FOR SASKATCHEWAN HIGHWAYS, 1936

Mr. MacNEIL (for Mr. Coldwell):

For a copy of all correspondence and memoranda regarding appropriations for the hard surfacing and gravelling of highways in Saskatchewan during the year 1936.

C. W. STIRLING, SAANICH, B.C.

Mr. MacNEIL (for Mr. Taylor, Nanaimo):

For a copy of all correspondence, letters, telegrams, reports and other documents relating to Cyril Warren Stirling, of Saanich Peninsula, Vancouver island, British Columbia, in connection with efforts to obtain support for him from the dominion government, by an annual grant for his researches in pea breeding.

ST. HYACINTHE-BAGOT, QUE., PUBLIC WORKS

Mr. GLEN (for Mr. Fontaine):

For a copy of all reports, correspondence, resolutions and other documents exchanged, since October 15, 1935, between the federal government and the government of the province of Quebec, concerning the municipalities of the county of St. Hyacinthe-Bagot, in connection with the carrying on of public works for unemployment relief purposes.

[Mr. Green.]

ST. ANN'S, ONT., MAIL SERVICE, R.R. NO. 1

Mr. CLARK (York-Sunbury) (for Mr. Lockhart):

For a copy of all correspondence, letters, telegrams and other documents from and after January 1, 1935, with respect to rural route No. 1, St. Ann's, Ontario.

ST. PIERRE LES BECQUETS, QUE., POSTMASTERSHIP

Mr. CLARK (York-Sunbury) (for Mr. Wermenlinger):

For a copy of all correspondence, telegrams, evidence, judgment, reports, and other documents, concerning the dismissal of Mr. Olivier Archambault, postmaster at St. Pierre les Becquets, Lotbiniere county, province of Quebec.

CANADIAN FARM LOAN BOARD, REGINA, DISMISSALS

Mr. PERLEY (Qu'Appelle):

For a copy of all letters, telegrams and other documents, passing between the Regina branch of the Canadian farm loan board and the head office of the board, and between any ministers and departments of the government, relative to the dismissal of Messrs. Fitzgerald, Roper, Woodman, Scott, Dodds and Wenaus from the Canadian farm loan board at Regina.

BUSINESS OF THE HOUSE

RESOLUTIONS RESPECTING SOCKEYE SALMON FISHERIES AND CANADA-UNITED STATES INCOME TAX CONVENTION—PROCEDURE

On the order, "Government Notices of Motion":

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I rise not for the purpose of moving that the house go into committee of the whole to consider the resolution respecting the sockeye salmon fisheries convention, but rather to point out that it is customary to discuss resolutions of the kind with the Speaker in the chair. I am informed that when the notice was handed in to the clerk it did not contain the words "in committee of the whole," but that those words were added. It would I think be better to hold to the practice that is customary in these matters, unless the house has a desire to go into committee on the resolution. It may do so if so desired. If, however, the house is agreeable to proceeding in the regular manner I suggest we do not go on with the resolution to-day, and that it appear to-morrow on the order paper without the words "in committee of the whole." The same would apply to the resolution with respect to the Canada-United States income tax convention.

Right Hon. R. B. BENNETT (Leader of the Opposition): With respect to the first resolution, it seems to me obvious that it should be discussed in committee of the

whole, for there are many questions to be asked and answered and under our rules that could not be done with the Speaker in the chair. In my opinion a resolution of this kind should be discussed in committee of the whole. It is the only opportunity that will be afforded hon. members of asking certain questions in connection with it, as, for example, what will be the effect upon the treaty as a whole of what are referred to as "understandings," but which, I think are more properly described as "reservations."

The same may be said with respect to the resolution regarding income tax. Under our procedure there would be no possible method, unless the resolution were sent to a committee of the house, to ask for and receive detailed information which may be important to a clear understanding of the provisions of the agreements.

Mr. MACKENZIE KING: As I have stated, the government has no objection to having the resolution discussed in committee if hon. gentlemen opposite so desire. I have thought it advisable to point out what the practice has been, in order not to have the course proposed considered as a precedent with regard to subsequent resolutions of the kind. In the circumstances the resolution might stand until to-morrow.

Motion stands.

OLD AGE PENSIONS ACT

CONCURRENCE IN SENATE AMENDMENT

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of and concurrence in the amendment made by the senate to Bill No. 42, to amend the Old Age Pensions Act.

He said: I think an explanation is necessary before the motion is carried. The amendment was introduced in the senate at the instance of the government after reconsideration of the feature of the bill, as it passed this house, which developed clearly, I think, in the committee stage in answer to questions from my hon. friend from Vancouver North (Mr. MacNeil) relating to the total permissible income of two blind persons married before the passing of this act, before any deduction could be made from the maximum of pension. Further discussion of the matter not only by the government but with those who speak for the blind in these matters resulted in the suggested amendment in the senate, which adds as paragraph (c), subsection 3 of section 8a, the following:

> In the case of a person married to a blind person receiving a pension under this section, by the amount of the income of the pensioner in excess of two hundred dollars a year.

That will have the effect of avoiding the doubling up of the incomes for a second time. The result then will be, if this amendment carries, that in the case of two blind persons married to each other before the coming into force of this act, each could receive a pension of $240 and each would be allowed a maximum permissible income of $200, so that the maximum total income of the couple before any deduction from the amount of the old age pension would be $880. In the case of two blind persons married to each other after the coming into force of this act, each could receive a maximum pension of $120 and each would be allowed a maximum permissible income of $200, so that the maximum total income of the couple before deduction from pensions would be $640. This scale maintains that advantage over the ordinary old age pension features which I emphasized on the second reading of the bill and in committee, as being necessary to take care of the extra expense to which blind persons are put by reason of their infirmity.

Before moving concurrence I should also remark on the questions that have been addressed to me by many members and also by correspondents from all parts of Canada as to the date at which pensions to the blind can be actually effected. It is important that we should be clear on the matter. The old age pension law is a joint dominion and provincial undertaking and anything we do here with respect to the federal act must have provincial legislative sanction before it can become operative. In some of the provinces legislation already existing would permit the province by regulation to adopt the provisions of this amendment respecting the blind. In some other provinces, I am advised, legislation will be necessary. The reason I urge the adoption of this amendment to-day, although it was not one of the bills mentioned on Friday night, is that some of the legislatures are in session and those interested desire to move in the matter as quickly as possible. It is difficult to say accurately when the pensions will be actually in force; they may be in force in some provinces before they are in others. Provincial legislation must be enacted if it does not already exist and the necessary regulations agreed to between the dominion and the provinces with respect to administration. I am sure hon. members will appreciate this information because many of them are receiving inquiries.

Motion agreed to; amendment read the second time and concurred in.

GOVERNMENT HARBOURS AND PIERS ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. C. D. HOWE (Minister of Transport) moved the second reading of and concurrence in amendments made by the senate to Bill No. 9, to amend the Government Harbours and Piers Act.

He said: These are minor amendments. One is to insert, before the words "such works" in line 3 on page 2, the words "each of." The purpose is, as was the original intent of the bill, to make it clearer that the funds collected at one dock may not be applied to another. The second amendment is similar. In line 5, after the word "collected," it is proposed to insert the word "thereon." I have no hesitation in moving concurrence.

Right Hon. R. B. BENNETT (Leader of the Opposition): The senate has added the word "thereon." The dues are not necessarily collected "thereon"; there may be side wharfage as well. It is therefrom as well as thereon. The minister made it clear in his explanation in committee of the whole.

Mr. HOWE: I think the word should be more properly "therefrom," but I doubt whether thereon is misleading.

Mr. BENNETT: As it reads now it says, "be retained from the tolls and dues collected." The senate have added the word "thereon." Surely it must be "therefrom," which includes both side and top wharfage.

Motion agreed to; amendments read the second time and concurred in.

CANADIAN NATIONAL RAILWAYS

REVISION OF ACCOUNTING SET-UP

Hon. C. D. HOWE (Minister of Transport) moved that the house go into committee on Bill No. 12, to provide for revision of the accounting set-up of the Canadian National railway system.

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

On section 1—Short title.

Mr. STEVENS: Has this bill been before the special committee?

Mr. HOWE: It has been before the committee and has been reported back unanimously, as I understand it.

Section agreed to.

Sections 2 and 3 agreed to.

[Mr. Dunning.]

On section 4—Minister to surrender to Canadian Northern certain of its capital shares.

Mr. BENNETT: What is meant by "cancellation" and "surrender" to Canadian National Railway? The shares are outstanding. There will be difficulty about surrendering and cancelling.

Mr. HOWE: The shares of the Canadian Northern Railway Company are held by the Minister of Finance. They were purchased at a cost which would amount for the whole issue to $18,000,000, and it is proposed to cancel the rest of the shares and to exchange the $18,000,000, the balance of the common stock issue of the Canadian Northern Railway for Canadian National Company stock.

Mr. BENNETT: It struck me, looking at it after the last sitting, that what we are doing is reducing the capital.

Mr. HOWE: That is true.

Mr. BENNETT: Well, should we not state that this is a reduction of capital? As it appears here it is an arbitrary cancellation, but in fact it is not that; it is a reduction of capital from $100,000,000 to $18,000,000. The board having decided that the value of the 600,000 shares of the stock was $1,000,000, this gave a value of $18,000,000 to the total issued stock, and what we are doing is reducing the value of the capital stock from $100,000,000 to $18,000,000. "Cancellation" is an inept term for that purpose. The section provides:

> The minister is hereby authorized to surrender to the Canadian Northern Railway Company, for cancellation, eight hundred and twenty thousand and six shares of the outstanding capital stock of that company, having the par value of eighty-two million six hundred dollars.

I suggest that what we should provide is that the capital stock of the company is hereby reduced from $100,000,000 to $18,000,000, and the remainder is hereby cancelled. To surrender the shares to the company for cancellation is, I think the minister will admit, contrary to all the rules of corporate practice. In reality all we are doing is merely reducing the capital, which in the ordinary course, assuming that the appropriate procedure is followed, could take place by any corporation.

Mr. HOWE: In this case "the minister" refers to the Minister of Finance, who now holds $100,000,000 of stock. I think this is more a direction to the Minister of Finance to effect the reduction in capital by surrendering that amount of stock.

Mr. DUNNING: That is the intention.

Mr. BENNETT: It certainly is very poorly done.

Mr. CAHAN: That would not complete the transaction.

Mr. BENNETT: No, the capital still stands at $100,000,000. It really requires a combination of this provision and another reducing the capital stock to $18,000,000; otherwise you will have the anomaly of the minister surrendering stock for cancellation and the capital stock still remaining on the statute books at $100,000,000. In corporate practice, the power to cancel is never exercised in that way; it is done by reducing the capital by appropriate proceedings.

Mr. HOWE: If I am not mistaken the Canadian Northern company disappears from the consolidated balance sheet as a corporate entity in this bill, and I think this is only preserving the value—that is the true value of the stock—it is the device adopted for preserving the value of the stock according to the report of the arbitration.

Mr. CAHAN: But does the minister intend after the enactment of this clause that the appropriate proceedings shall be taken under the railway act to reduce the capital stock of the company?

Mr. HOWE: Quite.

Mr. CAHAN: Is this merely an ancillary or preliminary provision, or is it intended by this provision to deal with the matter of surrender as well as the matter of the reduction of capital? That is the point raised by the leader of the opposition.

Mr. BOTHWELL: If we understood this matter in the committee, this is simply a direction to the Minister of Finance to surrender stock held by him. What happens to that stock afterwards will depend upon subsequent sections of the bill.

Mr. BENNETT: Look at the next section. Section 5 covers it.

Mr. BOTHWELL: It is simply a direction to the Minister of Finance.

Mr. BENNETT: It does not stop at that. If it did, there might be some point to the observation of the hon. member for Swift Current (Mr. Bothwell). This places in the hands of the minister this $80,000,000 odd of stock and says, "for cancellation," and the next section provides that the $18,000,000 shall be exchanged for stock of no par value. So that the corporate structure of the enterprise is entirely changed. The Canadian Northern system came into being by statute of this parliament, and that statute is now being altered. It is upon the statute that we depend for the consolidation of the Canadian Northern system, and the capital was fixed at $100,000,000. That $100,000,000 is in the hands of the Minister of Finance. It is now provided that $82,000,000 odd shall be handed over to the Minister of Finance for cancellation —

Mr. BOTHWELL: If I may interrupt, not handed to the Minister of Finance, but surrendered by him.

Mr. BENNETT: Yes, surrendered by him for cancellation. How can the company cancel stock when the whole corporate life depends on that statute? We are dealing with the Canadian Northern system, a system of consolidated roads, I think some one hundred odd railway systems, small and large. With that system dependent for its corporate existence on a statute of the parliament of Canada, we now say to the minister: You will surrender to that railway company its own capital stock for cancellation. Surely that is not an adequate expression of what is intended. It would be regarded in most places, I think, as a very singular thing if we did that. Of course it is not for me to do more than point it out; the government has a majority.

Mr. HOWE: It seems to me that there will be, as the hon. member for St. Lawrence-St. George (Mr. Cahan) suggested, an ancillary action by the railway company itself to deal with the Canadian Northern Railway Company under the railway act. That is, that company may disappear later; it does not disappear through this bill but it does disappear from the consolidated balance sheet of the Canadian National Railways.

Some hon. MEMBERS: Carried.

The CHAIRMAN: Shall clause 4 carry?

Mr. BENNETT: No. I protest against it; that is all I can do. I cannot bring myself to support that.

Section agreed to on division.

On section 5—C.N.R. and Canadian Northern exchange of stock.

Mr. BENNETT: Clause 5 is open to more serious objection still. The minister is authorized to transfer to the Canadian National Railway Company the 180,000 shares he has. That is understandable. But what we are going to do is to amend the statute that created this enterprise, the Canadian Northern system, and make these shares of no par value. We are not purporting to amend the statute as we should be doing, but are

providing by this bill that there shall be transferred to the Canadian National 180,000 shares—

> . . . in exchange for one million no par value shares of capital stock of the Canadian National Railway Company with the initial stated value of eighteen million dollars, the issue of which shares is hereby authorized to be made. . . .

That is, the $18,000,000 of Canadian Northern shares are to be exchanged for 1,000,000 Canadian National Railway shares of no par value. The statute on which this depends does not purport to be amended, and it is the lifeblood of the whole Canadian Northern enterprise. It is the statute against which I voted when I was a private member of parliament. I voted against the capitalization of $100,000,000, but here we are really amending that statute, and in doing so we ought to be careful to remember what it is. That statute represents the consolidation of all the Mackenzie and Mann enterprises in one corporate structure. Now we are substituting for parliament the governor in council in such a way as was never heard of before.

Section agreed to on division.

Section 6 agreed to.

On section 7—Minister to abandon certain claims against C.N.R.

Mr. BENNETT: I suppose there is no question about our having power to do this. This is an ante-confederation claim. I assume there are no questions affecting the older provinces in regard to a matter that arose prior to confederation in connection with the old Grand Trunk. I have never been able to get to the bottom of why it has been carried in the books continually. The only explanation that was ever suggested to me was that it was essential to do so because of the possible rights of the provinces in connection with the matter. I only point that out for what it is worth, because I have never been able to understand why the claim was continued in our books.

Mr. DUNNING: That is the only reason that was ever advanced to me.

Section agreed to.

On section 8—Adjustment of differences between public accounts and National Railway System accounts.

Mr. BENNETT: Mr. Chairman, this raises the whole question again. The minister continually talks about duplication. There has been no duplication; none whatever, and when he talks of duplication he does violence to language, as I think he will have to admit. The accounts of the country and the accounts of the railway company are not the same. The railway company merely shows what its indebtedness is. The accounts of the country show what are its issued securities. One shows securities on which cash is obtained, and that cash was paid over to the railway company. The railway system therefore carries on its books a statement showing that it received cash from the government of Canada, while on its books the government shows that it issued securities from the sale of which the money was obtained.

Shortly that is the story. I might speak for a day and I could not say anything further than that. Nevertheless this section says:

> . . . the minister may adjust the certain current differences between the public accounts of Canada and the accounts of the National Railway System relative to the government railways and the Hudson Bay railway, in accordance with the terms of schedule B of this act.

I certainly protest against changes being made in the public accounts that fail to show the true state of the accounts of the country. It is just as bad to do it by statute as it is to do it in some other way. When you have to say you are doing something that the audit act does not permit, you say something which on its very face carries its own condemnation. When you have to bar the operation of the Consolidated Revenue and Audit Act, 1931, for the purpose of doing something with the accounts of this railway company, what you do carries its own condemnation. Why should the audit act be disregarded? Why should it be set at naught? Why should you endeavour to get around it? Why should it not be observed with respect to this as with respect to other matters? On the one hand there were the loans from the public; on the other hand there are the receipts by the company. The company shows those receipts; the country shows an issue of securities. On the one hand cash was obtained; on the other hand cash was received, so there can be no such thing as duplication.

Since this bill was introduced I have looked at the accounts of other enterprises. Take, for instance, the accounts of the Canadian Pacific Railway Company, published today. They show how the company got its money. They show that on the leased properties the company has expended some $97,000,000. On the one hand the leased properties received the cash, $97,000,000; on the other hand the company issued its securities to obtain the money. There is the cash from the sale of securities and there is the receipt of this cash so obtained. The lessee advanced the money to spend on the leased property; the same lessee obtained the money from the public by the sale of its securities.

In this case it happens to be a railway company, and these operations come under a statute, the audit act. Now the minister is asking this parliament to set aside the operations of the audit act in order that he may do something to the accounts that otherwise he could not do. Why should he ask that. He has given no answer; no one has given any answer. If the audit act should be observed, let it be observed. If it should be set aside, at least better reasons should be given than so far have been advanced. Why should we say that the audit act, which has been in force in various forms, though the principle has remained the same, since confederation, should be set aside for this transaction, and why should we endeavour to say that the full expenditure of money that we have put into an enterprise should not be shown?

I have no interest in the matter; I am not concerned about it personally, but every time a man suggests to me that we should say something which is different from the fact, I ask why. Well, no reason is given. We are told that it looks better, and that is all. One man says it is for clarity. We know perfectly well that is not so, because we are asked to set aside the audit act to enable it to be done. If a private individual were to come to this parliament and say, "I want to set aside the provisions of the Companies Act in order that I may do so and so with my accounts," we would say that was juggling the accounts, but when the minister says, "I want to set aside the audit act; I do not want that act to apply at all; I want a separate dealing with this," I think it gets down to the elementary discussion of a single question: Is it right to show on the one hand the receipts and on the other hand, in the public accounts, the sale of the securities that produced the sums thus received? As I said the other day, if these sums had been received from Morgan Grenfell and Company, they would have to be so shown, but now we are asked to set aside the provisions of the audit act in order to say they were not received from the country. I do not understand it.

I make these observations in advance of another section which deals at greater length with the principles mentioned here, in regard to the government railways and the Hudson Bay railway. In connection with the government railways all you have to do is say that we spent so much money on them. Dear knows, any man who was born in the maritime provinces has heard enough of that story. From my youth up I have never ceased to hear of the amount of money that was spent on the government railways; in fact Sir Richard Cartwright once described the maritimes as the shreds and patches of confederation, speaking in reference to the sums of money that were spent. When Mr. Blair brought the Intercolonial into Montreal there were still further discussions of the matter. Then when the National Transcontinental was built to Moncton it will be remembered that Mr. Fielding and Sir Wilfrid Laurier said it was going to cost the country some $13,000,000. I think the figure stands at the moment at something over $200,000,000.

That is not the point at issue, however; it is the question of accounting. When we ask parliament to set aside the audit act in order that we may set up new accounts I must say we are doing something very serious; I think most governments would hesitate a long time before taking any such action. The audit act, after all, has stood the test of a good many years and has been regarded as a reasonably sound safeguard of the interests of the people. Notwithstanding that, we are going to do something by statute that serves no useful purpose that I can see.

Mr. HOWE: Mr. Chairman, I believe no one has claimed that there is duplication between the railway debt and the public accounts. The statement has been that there is duplication between the railway debt and the net debt of Canada.

Mr. BENNETT: The public accounts.

Mr. HOWE: The accounts dealt with here are set up as deferred assets in the net debt. Through the act we propose to set them down in one lower category, that is the consolidated accounts. I see no violence here. So far as the principle of the thing goes, I believe that was very definitely admitted in 1932 when the Canadian Pacific-Canadian National bill was passed in the house. That bill provided that operating deficits should not be funded.

Mr. BENNETT: By a railway.

Mr. HOWE: Should not be funded as a debt against a railway by a government. In other words, that we should not put into our treasury a piece of paper which said that on a certain date a railway must repay to the government of Canada certain deficits.

Mr. BENNETT: It does not say that; look at it.

Mr. HOWE: I think it does say that.

Mr. BENNETT: That is not what the statute says at all.

Mr. HOWE: In any case, that is the way it works.

Mr. BENNETT: No, no.

Mr. HOWE: If we accept that principle, ninety per cent of what this bill does can be achieved by making that same law retroactive. It is simply a matter of going back over the years and taking the amounts paid to the railways to cover deficits, and removing them as capital obligations. I see nothing new in the principle. It seems to me that principle was definitely accepted in 1932, and should logically be applied.

Mr. BENNETT: The minister is in error when he states that the 1932 statute makes any such provision as he suggested. The report did suggest, and the statute in terms provides, that the railway company shall not issue its securities for its deficits. That is, it shall not fund its deficits. The railway company can no longer fund its deficits. But the country has to fund the deficits and provide the money. I still say that the accounts of the company should show that the deficit was paid by the dominion government. The 1933, 1934 and 1935 reports do not show that, and I think they should have shown it. I was then of the opinion, and I still am. If the law prevented a public utility company from funding its deficits, and the public utility company could secure from the municipality the money to fund its deficits, it is quite obvious that on the books of the municipality it would show as a debt, unless in fact they had the cash in the consolidated fund of the city with which to pay. The Dominion of Canada borrowed the money with which to liquidate the deficits. The obligations are those of the country, not to the railway but of the country generally, and of those who bought securities. Out of the moneys thus obtained by the sale of the securities of the Dominion of Canada a sufficient sum was paid to the railway company to meet its deficits. It therefore follows that the railway company, which is a public utility enterprise, would owe the Dominion of Canada the amount of these deficits. No magic words can be used which will enable the company to pay its debts merely by providing that it cannot fund them. The debt is still there; it is still owed by the company to the people of Canada. The position taken that this is not a debt but new capital, and that it is really a payment by the country on account of capital obligations, would involve a complete change of the Canadian National statute, under which we operated.

Thus far the Dominion of Canada has been in exactly the position a municipality would hold with respect to a street railway owned by private enterprise. We have advanced the money to enable deficits of operation to be paid. As I pointed out, there are three deficits. There is the income deficit of $49,000,000; there is the deficit of $83,000,000 in the consolidated account, and the deficit of $115,000,000 shown by the bureau of statistics. The bureau shows the Canadian Pacific deficit of $6,000,000, in the same way, because it involved the setting aside of properties having no value. It so happens that the deferred maintenance equipment became so great, in the case of the Canadian National, that the sum of $20,000,000 was set aside in 1935 for maintenance purposes. So that the total deficit offered by the bureau of statistics is $115,000,000. For the same year the Canadian Pacific Railway shows one of $6,000,000. But there the similarity ends. The $115,000,000, the third deficit shown, represents the amount of money paid by the taxpayers of Canada to enable their enterprise, if we may call it such, to meet its obligations. The $49,000,000 and $115,000,000 are deficits on income. The balance represents the amount of money paid as interest by the Canadian people on the securities on which they borrowed money that they might lend it to the Canadian National Railways.

There can be no such thing as the duplication of railway and government accounts in connection with anything of that sort, any more than there is in private enterprise. If on one side you show the authority for my borrowing and on the other side you show from whom I received the money, you do not in any sense affect the facts. When the minister suggests it has nothing to do with the net debt of Canada, or any other debt of Canada, it is on the assumption that the people do not read the report. I do not think the people who lend the money to Canada are in any confusion in the matter. I have never seen any application of it, and I have had a great deal to do with it from time to time. The Canadian National accounts as audited by Touche and Company and by Clarkson in 1935 more clearly indicate the position; they show the authorization by statute for the borrowing of the money received from time to time. In every case that is set out at length; in every case the authority is given.

In the accounts of the railway there are moneys which came into their hands, from the Dominion of Canada, or from passenger or other traffic. There is the money which came from the Dominion of Canada, which borrowed the money and lent it to them. Surely no person could confuse the debts of the railways and of the country. My only difficulty is as to why we should have to set at naught

statutory safeguards to do something that serves no purpose, except to cover up something that should be apparent to anybody who desires to know the financial history of the enterprise. Surely no purpose is being served by it, because the people ultimately must get to know it.

Mr. DUNNING: Is the right hon. gentleman quite sure that those remarks apply with respect to schedule B? Schedule B is the important factor, and from the point of view of the Department of Finance—

Mr. BENNETT: It has been amended, has it not?

Mr. DUNNING: I have it as it appears in the bill; I have no knowledge of its amendment. I think if the right hon. gentleman will look over the adjustments, possibly he may think differently. There is the first item:

Capital expenditures by Canadian National Railways from funds provided through loans by the dominion on wharves now transferred to public works.

That is to say, the government now owns the assets.

Mr. BENNETT: We have said there is no difficulty about that.

Mr. DUNNING: Those are the only items to which references are made in section 8.

Mr. BENNETT: But I was anticipating the other section, as I said a minute ago.

Mr. DUNNING: So far as section 8 is concerned, I am quite sure my right hon. friend will agree that every item there indicated is a perfectly proper adjustment of accounts in the ordinary business way. It would have to be done by estimate if it were not done by this bill.

Mr. HOWE: I think the Minister of Finance has not the amended bill, because in it there is a slight difference.

Mr. BENNETT: No one has ever objected to schedule B, in part. It is when we get down farther in schedule B that the trouble arises.

The CHAIRMAN: Schedule B has been amended.

Mr. BENNETT: Yes, I was going to mention that to the minister. If he has the amended bill before him he will observe that so far as schedule B is concerned there is, as I said on the second reading, no difficulty. The items which have disappeared from the assets are properly withdrawn. However, when we get down to the other items I find a recapitulation—has the minister the revised bill?

Mr. DUNNING: Yes, I now have the revised bill which includes the recapitulation.

Mr. BENNETT: Certain changes have been made.

Mr. HOWE: There is no change down to the figure "$15,748,921.60" to be found on the lower part of the page.

Mr. DUNNING: Does the recapitulation on page 10 still remain?

Mr. HOWE: It is revised to some extent. There is a further recapitulation.

Mr. CAHAN: Has the revised bill been printed?

Mr. HOWE: Yes, and it was supposed to have been distributed.

Mr. BENNETT: If the Minister of Finance will direct his attention to schedule B he will see that the difference arises only after you reach the point where you begin to deal with what are spoken of as non-active assets. As the Minister of Transport says, there is no difficulty about this until you get into the realm of what are more or less non-active assets.

Mr. DUNNING: The view I take of it is this: At the present time the public accounts show these assets as amounts due by the various railways making up this system, and in future they will show the indebtedness by the securities corporation.

Mr. BENNETT: I have kept away from that phase of it. It will be seen that the amount of $15,748,921.60 is made up of three items, Canadian government railways, open accounts; Canadian government railways, stores accounts, and another stores accounts item.

Mr. HOWE: That is correct.

Mr. BENNETT: I do not think there is much difference between those two. I do not think the difference there causes a great deal of worry at the moment. If I have stores on hand—

Mr. DUNNING: It is working capital.

Mr. BENNETT: —they are working capital. We know that stores on hand are visible and tangible assets. When checks and inventories are taken, the term "working capital" might possibly be used.

Mr. DUNNING: From the standpoint of internal accounting, "stores accounts" would be perfectly correct; from the standpoint of government accounting, "working capital" is a better general description.

Mr. BENNETT: So far as I am concerned the matter is unimportant. Up to that point it is purely a matter of a choice between experts. Some men may use the words "stores," and that is the way presumably it is carried on the books of the enterprise; then when the annual statement is made, it is shown that the working capital is so much, which working capital is tied up in stores or otherwise, as the case may be. I am not concerned about your calling it working capital, but when you get down to the item, equity value of loans to Canadian National Railways, amount $643,860,558.26, transferred to securities trust in exchange for 5,000,000 shares of no par value capital stock, $270,037,437.88; and equity value of 1,000,000 shares of Canadian National Railway Company no par value stock received in exchange for Canadian Northern Railway Company stock, $18,000,000, you are getting into a realm where it becomes necessary for you to repeal pro tanto the provisions of the consolidated audit act.

Mr. HOWE: It is simply a matter of revaluing securities.

Mr. BENNETT: The point I am making is that you cannot revalue them so as to leave a true impression upon the public mind. If you say that the amount paid to the Canadian National Railways by the government of this country was only fifty cents when it was a dollar, no juggling or magic can change it from the dollar it was before. Why should we set at naught the provisions of the audit act and attempt to show that that dollar is not now equal to a dollar, that we will call it fifty cents or forty cents as the case may be? Who is hurt by calling it a dollar, if that is what it is? It really was a dollar because the people of Canada have had to pay a dollar for it. I can understand the question of interest, and I shall deal with that on another basis. I am now talking about the money the Canadian people have paid to the railway. Should we show this as it is, or should we show it as pieces of paper in securities corporation which is created by this statute? I think that is wholly wrong. Why is it being done? Why create a securities corporation? Why set at naught the provisions of a law which has stood the test of time? Why say that notwithstanding this we are going to do something else? Does it help the Minister of Finance or the credit of this country? It only makes it more serious and more difficult. People will say that up in Canada they are fixing up their accounts to make them appear to be different from what they are. No wizardry on the part of the men who are instructing the minister can change the fact that we owe that money. That is number one. Number two, where did the money go? No wizardry on the part of the minister can change the fact that that money went to the railway. Does it confuse anyone to show that we borrowed and they received? Why should we say that what we borrowed is 600, what we paid is 600, but what we are going to show is only 270? I cannot make it any stronger or any weaker than by just stating the facts. For the sake of argument, let us say that over here the Canadian people borrowed 600; we are going to wipe it out and say that all these people owe is 270, and that is to be represented by pieces of paper in a securities corporation which is being created for that purpose. Is that fair to the Canadian taxpayer?

Mr. CAHAN: These figures represent millions.

Mr. BENNETT: Yes, I was using them just as an illustration. Is that quite fair to Canada? Is it not going to induce people to say: They thought they were passing a statute to cover up something, but they have not covered up anything? All we need to do is just go back and find out what Canada borrowed. There is the whole story. Then we find out what she did with it. She gave it to the railway. Where is it now?

An hon. MEMBER: Lost.

Mr. BENNETT: Oh no, not lost—it is just gone before.

Mr. DUNNING: I am afraid it has gone to "the undiscover'd country from whose bourn no traveller returns."

Mr. BENNETT: I do not take that view of it. Part of it represents deficits which went for wages, interest and various other things.

Mr. HOWE: Would the money paid out for deficits be properly capitalizable?

Mr. BENNETT: That is something which has to be considered in every reorganization plan. The minute you go into the hands of a receiver you stop paying interest on your bonded debt—it is a rule of law—and thereby save the money for the operation of the railway. The only reason that was given to me in opposition to the advocacy of a receivership of the properties was: "Oh, Mr. Bennett, you could not do that, because to do so would involve the credit of Canada, which has guaranteed the securities, and you

have to pay them anyway." There is no doubt what would have happened if we had not come into the picture: these roads would be in the hands of a receiver.

Mr. HOWE: Quite.

Mr. BENNETT: I made as earnest a plea for that course as I ever made in my life, and it fell on deaf ears. Now we cannot do it because of our guarantees, but should we change our accounting system because of that? The minister asks whether they are capitalizable. I do not say they are capitalizable; I never did, nor do the auditors. All they do is to show where the money came from, and I think the consolidated balance sheet is the most effective way of putting the matter that has ever been attempted. What is the trouble with the present balance sheet?

Mr. HOWE: The trouble with the present balance sheet is that it puts a wholly fictitious value on the assets of the railway, whereas, suppose we come out with a loss of some forty million dollars, that money is gone if we take it out of capital.

Mr. BENNETT: No.

Mr. HOWE: Surely if the government for its own purposes wishes to put forty million dollars back into the system to keep it going, that is not capitalizable against the earning power of the railway. It represents no new value. This is the matter my right hon. friend settled in principle in 1932. He said, "This thing is wrong," and I admire him for it.

Mr. BENNETT: No, we simply said we will not capitalize the deficit as part of the funded debt of the enterprise.

Mr. HOWE: What we are proposing here is not a new thought. It has been recommended by everyone who has had anything to do with the enterprise.

Mr. BENNETT: No; they have recommended the reconstruction of the capitalization, but they have not recommended this.

Mr. HOWE: The elimination of government loans in the form of capitalized deficits, including interest, aggregating $904,000,000, is on the basis of (a) the report of the Drayton-Acworth commission of 1917 under the chairmanship of Sir Henry Drayton, which regarded the argument for capitalizing interest deficits on government owned railways as "somewhat fantastic"; (b) the 1925 report of two firms of chartered accountants—one, Edwards, Morgan and Company, and the other, Peat, Marwick, Mitchell and Company—as made to the board of audit under the Board of Audit Act of 1925, which recommended "that the practice of capitalizing operating deficits be discontinued" and that government advances for such deficits "be not added to the investment account, but be absorbed in the consolidated revenue fund of Canada"; (c) the report of the Duff royal commission of 1931-32, under the chairmanship of the Right Hon. Sir Lyman P. Duff, P.C., which made two significant statements on the writing-down of the capital liabilities of the national railways. In considering the earning power of the railway the commission said:

> It is obvious that on this basis of earnings the capital liabilities would require a very drastic writing down.

In recommending the early attention of the board of trustees to the whole matter of the capital structure, the commission further emphasized the need of liability adjustment, as follows:

> . . . this commission is of the opinion that it must be frankly recognized that a very substantial part of the money invested in the railways comprised within the Canadian National system must be regarded as lost and that its capital liabilities should be heavily written down.

Then the Canadian National-Canadian Pacific Act of 1933, to which I have referred, said "income deficits shall not be funded."

Mr. BENNETT: Quite so. I do not quarrel with that at all.

Mr. HOWE: Then we have—which I can refer to, though I do not know that it is necessary—the practice in other countries. Australia has done exactly the same thing with every one of her railways.

Mr. BENNETT: No. I am glad to have the chance to correct that.

Mr. HOWE: I shall be glad to give the right hon. gentleman chapter and verse.

Mr. BENNETT: I know all about that. I took the trouble to investigate the subject while on the ground. I intended to correct the statement when it was made by the minister the other day, so I went and looked at my papers. They did not write down depreciation of the properties. On the urgent demand of the commission they estimated a proper depreciation, and that depreciation represents the write-off; that is what is written off.

Mr. HOWE: We write off no depreciation on the Canadian National Canadian lines. We might call it that, perhaps.

Mr. DUNNING: We should reach the same place.

Mr. BENNETT: An entirely different thing.

Mr. DUNNING: A different route.

Mr. BENNETT: No. It is done in an entirely different way. In the United States the Interstate Commerce Commission calls for depreciation of the physical structure; and the minister pointed out the other day that the Grand Trunk Western has depreciated physically—that is, the road bed and structures.

Mr. DUNNING: Under that law.

Mr. BENNETT: Under the interstate commerce law. In this country we have had no such thing as depreciation, because in the early days of the Canadian Pacific they used to replace every car that went out of existence with a new car and charge it to revenue. That is the way they kept up equipment. On the question of the physical structure there never was such a thing as deferred maintenance. For instance, when they put in any new capital structure—when, for example, they substituted stone for earth ballast—it was not charged to any additional capital but was taken care of out of earnings. That has passed, because the Canadian Pacific Railway Company have no longer surplus funds enabling them to do that.

Mr. DUNNING: The fat is exhausted.

Mr. BENNETT: Exactly. The Australian commission reported that their proper allowance for depreciation was so many pounds, and in Victoria and Queensland—I cannot speak from memory as to New South Wales—the appropriations were made by the government of the day, as they owned the railroads, assuming, as they wrote down the capital structure, the direct responsibility for the money.

Mr. HOWE: This is clause 4 of an act to make provision with respect to the adjustment of the finances of the state of Victoria in relation to railways and for other purposes:

4. (1) On the first day of July one thousand nine hundred and thirty-seven the railway loan liability shall be reduced by the sum of thirty million pounds.

(2) On from and after the said day there shall be established and kept in the treasury an account to be called the "reduction of railway loan liability account" to the debit of which account there shall on the said day be placed the said sum of thirty million pounds, being the sum by which the railway loan liability is reduced as aforesaid.

5. (1) In the financial year beginning on the first day of July one thousand nine hundred and thirty-seven and in every subsequent financial year, in any accounts or dissection of accounts prepared issued or published by the treasurer of Victoria there shall be charged against the Victorian railways commissioners all amounts paid by the treasurer of Victoria in any such year in respect of interest sinking fund payments and exchange (including expenditure incurred in connection with the payment thereof) in respect of the adjusted railway loan liability.

(2) In this section "adjusted railway loan liability" means the railway loan liability together with—

(a) the amount of all stock and debentures issued by the governor in council and in force in respect of loans raised for railway purposes by the government of the state of Victoria on or after the first day of July one thousand nine hundred and thirty-six; and

(b) all sums issued and applied on or after the said day under any Railway Loan Application Act out of any moneys in the state loans repayment fund—

but less the sum of thirty million pounds aforesaid.

In other words they simply took £30,000,000 out of the capital of that railway and carried it in the public accounts. It has gone completely.

Mr. BENNETT: Carried it as a direct liability of the state.

Mr. DUNNING: Part of the consolidated fund.

Mr. BENNETT: The words used are "the treasury."

Mr. HOWE: The situation in Victoria is a little different from ours in that there is no public debt against the railways. The write-off of £30,000,000 in connection with that railway is not out of proportion to the write-off we are proposing here.

Mr. BENNETT: It is carefully pointed out that a record of it is to be kept in the treasury, separate from the state.

Mr. HOWE: That is what we propose to do.

Mr. BENNETT: They do not eliminate the record of it in the railway accounts, but they say "You shall show the railway companies less the thirty millions." The last words the minister read indicated that it was "less the £30,000,000 aforesaid," namely, the amount allowed for depreciation of the property. Shortly put, the Victoria situation is not unlike our own. The railways have not earned their way; they are owned entirely by the state, and the accounts, I am sure, merely show the sources from which the money has come, each one separate—1866, 1879, 1890, so and so, so many pounds. Now, owing to there being no allowance for depreciation they wrote off £30,000,000. The

accounts hereafter will show a reduction by £30,000,000 for depreciation. The Minister of Finance says that they reached the same end, only in a different way.

The situation is hardly the same. There is complete ownership there. Here we have complete ownership of the property, and guaranteed securities on the one hand and direct advances on the other. I do suggest that it is highly important—I am only speaking my own mind—that there should be shown on the accounts of the railways a record of the amount of money actually invested in them. The government estimates the value as nil; but I do think that we should not set aside the operations of a statute in order to make a statement that may not be accurate. It is desirable to show in the statement the amount of money we have put into the enterprise. The difficulty is one that we cannot escape, because we have our guarantee outstanding. It is our guarantee, and that complicates the situation. If it were not for the guarantee—

Mr. DUNNING: It would be a simple matter.

Mr. BENNETT: As simple as A B C. But consider the situation. Take the Canadian Northern—there we start with a guarantee which the late Mr. Blair in the government of Sir Wilfrid Laurier put through, for the line to Edmonton, providing in the terms of it that there should be no amalgamation with the Canadian Pacific. I believe the rate was three per cent, though I speak subject to correction with respect to such a matter because my memory may be inaccurate. Go to Manitoba next; I wonder if anyone realizes how complicated the situation is there. You have the old Northern Pacific, Mackenzie and Mann lines, and some private lines, on which we pay interest.

Now the important reason why, I suggest to the minister, we should not alter the terms of the accounts lies in the fact, which the provinces wholly overlook, that we bear their burdens under their guarantees. The minister has not time to look into everything, but I suppose he realizes that Saskatchewan and Alberta both paid interest on their guarantees and that we refunded them the money when we consolidated the roads. We absolutely refunded it to them.

Mr. DUNNING: Not for that reason, if my right hon. friend will permit me.

Mr. BENNETT: The minister was premier of Saskatchewan at the time. He got the money back.

Mr. DUNNING: I got the money back because the alternative was that the province had the right to take the railway at that time.

Mr. BENNETT: And it is a pity they did not.

Mr. DUNNING: My right hon. friend's predecessor in his present position took the view that the railway was worth more.

Mr. BENNETT: The pressure from all quarters for the dominion to assume that obligation is known to me. I was not in the house; I was not a candidate in 1917, and it happened between 1917 and 1921. If my memory serves me, it was in 1919 that there was a deficit in Alberta and Saskatchewan, though again I am only speaking from memory.

Mr. DUNNING: Your memory is very good.

Mr. BENNETT: I am not at all sure about these things, there are so many details involved. But may I direct the attention of the minister to this situation. In Nova Scotia we are absorbing interest on the Halifax and Southwestern. We come to New Brunswick and we find an arrangement there by which we are carrying that load in the valley, to say nothing of the national transcontinental, built by the state. Then we come to Quebec and there is a small bit there. And what about the Canadian Northern in Ontario? Then we get into the western provinces and they are all in that position.

We cannot long delay the constitutional conference, and the great problem that will confront that conference, at whatever time it may be called, will be the financial problem; and when the provinces are once more faced with the possibility of having to pay interest on these guarantees we shall be dealing with an entirely different situation. It is true they can foreclose their railways, but I have not met anyone who regards them as a great dominion asset in these days. Whatever they may have been in days gone by they are certainly not so regarded now. But the question would be put to the provinces whether they would operate these railways or not, and our board of railway commissioners would be relieved of a burden which they could never bear, because there has never been any unity of sentiment in that regard. We know it has been said that about 4,000 miles of track should be taken up. All you have to do is to propose that and at least 400,000 people will assert themselves in vigorous terms; they will not stand for it.

An hon. MEMBER: They are right.

Mr. BENNETT: But suppose you transfer to the provinces, where it belongs, the burden with respect to all branch lines—what then? Would it not be desirable in the interests of the country to have it dealt with in that way? Is it not desirable in the interests of the country that the province of British Columbia should face the question with regard to the Canadian Northern Pacific in British Columbia, with its guarantees? The stringent provisions in connection with trusteeship would force that issue in a different way and they could not make the same demands on us, for they have never conceded that we have done anything in the way of relieving them from obligation.

As regards Alberta, as I have pointed out to the house the actual money to build the Canadian Northern from Calgary to Macleod was borrowed and put in the bank, and part of it is still there; all that was done was to build a great part of the way and then abandon it, and the rest of the money is there. The railway will never be built—I hope not—but the money was obtained and interest on that debt is being paid in Alberta. Part of the money is still in the bank as a trust fund.

I cannot speak in detail with respect to Saskatchewan, because their obligations were largely in connection with the Grand Trunk branch lines enterprise more than with respect to the Mackenzie and Mann enterprise. In Manitoba, however, we have a combination of circumstances that will enable us as a federal power to say to the provinces at the conference, "This is what you have to face; this is your liability, not ours." Part of the money, in defiance of the audit act and other acts of the country, we are now going to set aside as money we borrowed to pay interest on these provincial obligations. If anything could be more ill-considered than for us to take that step at this time and put ourselves in that position, I do not know what it is.

I apologize for trespassing so long upon the time of the committee. The government have the majority and are going to put this measure through, but in my judgment they are creating a situation which has never been faced in this country before, defying the audit act, which they say shall not have any application to us; and the consolidated balance sheet, which heretofore has shown a complete record of all the money borrowed by the Canadian people for this enterprise, is to be changed. The amount of money that we have put into this enterprise will not be shown in the annual report of the company, and lastly, and more important still, we shall have interfered by legislative action of the dominion with the guarantees of the provinces, because we have borrowed money, mark you, to pay those guarantees.

Mr. HOWE: This bill does not change the relations with the provinces.

Mr. BENNETT: I have not had time to look into the question of the dominion arbitrarily determining that obligations of other persons than ourselves, represented by money which we borrowed and paid into the enterprise, shall have a value much less than one hundred cents on the dollar, when you come to deal with those provinces and their relation to us. Suppose we are dealing with the provinces at a conference. The Minister of Finance represents Saskatchewan and I am for the federal power. I say to him: See what we have paid for you during all these years, and he says: You have not paid much; you say it is not worth—

Mr. DUNNING: I am afraid you would not let me get away with that.

Mr. HOWE: All the money represented by funds that went into the property, which are the funds guaranteed by the provinces, is there, all kept at its face value.

Mr. BENNETT: That is not the point.

Mr. CAHAN: No, that is not the issue.

Mr. BENNETT: When the minister from Saskatchewan and I are dealing with this problem of the financial relations between us, he says: My subsidy is entirely too small; this is all I have received. But, I say: Look at what I have been paying for you; look at what I have paid for Nova Scotia, for British Columbia. Yes, he says, but you do not mean to attach any value to that; you took over this road as part of your national venture, and I see you are writing it down on the books to forty cents on the dollar, and some of it worth nothing. I do not think you had better talk that way much longer; you do not attach much importance to that.

Mr. DUNNING: You would have a very vigorous reply to that argument.

Mr. BENNETT: But unfortunately the political mind of the minister from Saskatchewan would be such that he would at once say: I do not think we will discuss it further, because you attach little value to it, you have said so. Notwithstanding the safeguards of the audit act, which have been there since confederation, you are going to disregard this altogether. You will find that it will add to the difficulty of the situation

in the ultimate determination of the relations between the dominion and the provinces. For the life of me I cannot see why it is being done. The idea of setting up a securities corporation—did anyone ever hear of the like?

Mr. CAHAN: No, it is unprecedented.

Mr. BENNETT: It is not only unprecedented; if it were not that intelligent men do it I would use a much stronger word.

Mr. BOTHWELL: Has anyone in this country believed since 1919 that the provinces would ever be called upon to make good their guarantees?

Mr. BENNETT: I cannot speak for many people, but I can speak for one. He has never failed to point out at home and abroad the liability of the provinces.

Mr. BOTHWELL: Have the provinces ever been asked to make good their guarantees?

Mr. BENNETT: I cannot say, but I have always endeavoured to remind them of their liability. Certainly I did when I was in the Department of Finance.

Mr. BOTHWELL: Most of these bonds have been refinanced in some form. Have the provinces taken any part in that refinancing, or been consulted?

Mr. BENNETT: As far as I know not a single guaranteed bond has been converted. The rates on those guarantees were very low. The Minister of Finance can speak for his time, but I know of no single case in which there has been a conversion.

Mr. DUNNING: Some have been converted.

Mr. BENNETT: Not the provincially guaranteed bonds.

Mr. HOWE: Practically all of Manitoba's have been refunded.

Mr. BENNETT: The ones I refer to as having been converted were bonds that had to do with the Grand Trunk Pacific. The late Sir Henry Thornton made an adjustment which was satisfactory to all parties, including the provinces, by which for the securities they had new securities were substituted at a lower rate of interest. But as to the maturities I have in mind, I am not sure whether one of them has matured.

Mr. DUNNING: Yes, there have been refundings.

Mr. BENNETT: Not the provincial guarantees.

Mr. HOWE: Yes, the provinical guarantees.

Mr. DUNNING: Within the last five years.

Mr. BENNETT: Well, I know that when the late Sir Henry Thornton was dealing with those questions certainly the provinces were consulted. I am sure of that because it was done by joint arrangement with them all. I dare say the hon. member for Swift Current remembers that statute of receivership in connection with the Grand Trunk Pacific. Then there were the income bonds of the old Canadian Northern; that did not touch any provincial interest.

But I come back to the question. Has the minister before him the 1935 report of the Canadian National Railways? Why should there be a departure from that in principle? I am not talking about the language; you can use different words if you desire. But if the minister will turn up the consolidated balance sheet of 1935, certified by the auditors, he will find that they gave a statement—

Mr. HOWE: If my right hon. friend will look at pages 12 and 12a of the old bill he will find the balance sheet of 1935.

Mr. BENNETT: But I put this to the minister, and it is something to which I have not been able to find an answer. On page 13a of the new bill, showing the consolidated balance sheet of the system at December 31, 1936, total liabilities eliminated amount to $1,843,000,000 odd, and the revised figure becomes $1,361,270,295. Why you should throw out $1,843,000,000 from your balance sheet, notwithstanding the provisions of the statute which in principle has been in force for fifty or sixty years, and advance no reason that I have heard, I confess I find it difficult to understand, although I have tried. It may be that the difficulty is with my intelligence; nevertheless I cannot understand it. To write off $1,843,000,000 from the balance sheet which was prepared and certified by the auditors, notwithstanding the provisions of the audit act, seems to me to be going pretty far, and unless some purpose is to be served that I cannot see, I do not understand why it is being done.

Mr. KINLEY: Reference has been made to the Halifax and Southwestern railway. Was not that railway in the days of Hon. George H. Murray declared to be a work for the benefit of the whole of Canada, and the province relieved of any responsibility?

Mr. BENNETT: For the purpose of making it part of the Canadian National system, like other works it was declared to be a work for the general advantage of Canada, just as a public elevator would be, but that had nothing to do with the legal liability.

Mr. KINLEY: The province was relieved of any further responsibility. Furthermore, with regard to the statement that in our dealings with the provinces we would be in a bad bargaining position by reason of the fact that these railways are not a good asset, I think we are in an infinitely better position than we would have been if we had taken over an asset which they now regard as valuable.

Mr. WALSH: When this bill left this house and went to the committee this section was headed "Adjustment of certain accounts affecting government railways." It comes back to this house headed, "Adjustment of public accounts." I contended in committee, and I contend now, that the principle underlying this bill was vitally changed at that time, and that in place of the railway accounts being adjusted we are actually adjusting the public accounts of Canada. As far as I can see we are taking out of the public accounts non-active assets amounting to over $350,000,000 and putting them into the consolidated fund of Canada.

Mr. DUNNING: No, out of non-active assets.

Mr. WALSH: That is what I said, but bear in mind that this huge amount is being transferred to the consolidated fund of Canada. When this bill left the house the principle involved was that we were going to adjust the balance sheet of the Canadian National, not the balance sheet of the dominion. I think the minister himself made a statement that was very clear and significant when, on February 5, he said:

> I believe a schedule can be set up that will preserve the historical record, and this schedule can be made part of the annual report of the Canadian National railways. That perhaps will satisfy the purpose as to a record.

Instead of doing that, however, the minister now proposes to alter the balance sheet of the dominion as well as the balance sheet of the railways, altering the latter so that in future anyone looking at that balance sheet will not be able to tell the actual condition of the system from a financial point of view. I contended in committee, and I contend here, that the very principle of this bill has been very decidedly altered. I cannot see any reason for such a vital change being made by a member of the government after a bill had been given second reading in this house and sent to a committee. No satisfactory explanation has been given me as to why that should have been done; as to why the balance sheet of the country is the one to be altered rather than the balance sheet of the railways; as to why in future the balance sheet of the railway company is not to show the true situation of that company, and as to why this government should not give the people of Canada a clear picture in the balance sheet from year to year so that they may know exactly the amount of money they have invested in this government-owned enterprise.

I should like the minister to explain exactly what brought about this change, what gave rise to this vital alteration in the principle of this bill after it left the house.

Mr. HOWE: There is no change whatever in the nature of the bill. The original bill contemplated an adjustment of the public accounts. Schedule B is exactly the same, down to the elimination of the present schedule, as it was in the original bill. There is no new principle involved. While the bill was before the committee, however, we were asked by the Department of Finance to provide at the same time for such change of position of certain items of the public accounts as would permit them to release certain securities to the securities trust. No item of public accounts has been changed, but there has been a transfer from one section to a lower section. For instance, the accounts affected here were included in the non-active assets, and some $360,000,000 of them are being moved from non-active assets to the consolidated fund. That is the main change, and it is simply done here as a matter of convenience, at the request of the Department of Finance. As far as I can see there is no new principle involved whatever.

Mr. WALSH: But when you actually change the heading of the section from "Adjustment of certain accounts affecting government railways" to "Adjustment of public accounts," to my mind it does change the principle. You started out to adjust one account and you wind up by adjusting the other. I do not think that is a reasonable procedure.

At this stage I should like to take exception also to the development of the securities trust. I followed the argument of my leader, and I agree with the statements he made in connection with the securities trust. This is an intrusion which, to my mind, is going to make our railway situation worse confounded than it ever was, without doing any good. I feel that this section represents a development in connection with our railway problem that the people are going to find it very difficult to understand. I do not see why the minister should persist in legislation of this kind when, as he suggests, he was forced by certain influences emanating from the Department of

Finance, and, I suggest, by certain influence brought to bear in the committee, to alter his position and take an altogether different stand. The mere statement that the underlying principle has not been changed does not alter my point of view one iota. I think the principle has been vitally changed, and I do not see even yet why the minister has seen fit to make this important alteration in this bill, which I believe is not in the best interests of the Canadian National system.

We expected something better from this government. A week or two ago I quoted a suggestion made by a former member of this government, who said his party would deal with this problem courageously. Is this a courageous way to deal with the railway problem of Canada, by complicating the financial set-up to an even greater extent than was the case before this bill was introduced?

Mr. DUNNING: It would be impossible to do that.

Mr. WALSH: Oh, no. The minister has often referred to the duplication that existed. That duplication could be noticed only when you compared the Canadian National balance sheet with the balance sheet of the country. There really was no duplication as such, but in comparing the two, if any person wanted to find the total debt of the country and was foolish enough to add the one to the other without doing a certain amount of subtracting, the result would be just too bad. Probably that had some influence on the financing of government loans, but does it require all that is contained in this bill to adjust matters of that kind? To my mind adjustments could have been made easily by certain statements, notes, appendices or whatever other method could have been adopted, at the end of the balance sheet of the Canadian National Railways, and at the end of the balance sheet of the Dominion of Canada, so that the items would be clearly and definitely placed before the public. That would have been better than a bill such as this, which will confuse the people more than they are now confused. There will be great difficulty when we try to place interpretations upon the balance sheets, or make comparisons between them, in order to arrive at the total debt.

The CHAIRMAN: Shall the section carry?

Mr. BENNETT: No. I want the committee to look at pages 14 and 14a of the bill, where hon. members will find what is to be the balance sheet of the railway after the bill passes, then look at the balance sheet which we had in our hands. The assets are stated at $2,037,597,996.72. As a matter of fact, on that balance sheet they were $2,300,000,000. From that sum $262,000,000 has been taken off. The sums which have been deducted or eliminated are sums which we have discussed, and which need not be gone into in detail. But just look at it, if we are talking about the application of the Victoria system. We find investments in road and equipment standing at $1,832,343,031.85. No one suggests that that represents anything like the present value.

Mr. HOWE: It is every dollar that ever went in there.

Mr. BENNETT: Then, improvements on leased railway property, $4,248,964.14. I referred to the fact that the Canadian Pacific balance sheet in the paper to-day stood at $97,000,000. The value of that item is certainly problematical. That represents money, that is all it does—not the present day value of it. Then, look at the next item: Miscellaneous physical property, $59,814,644.23. Then we come down to the sinking funds, deposits in lieu of mortgaged property sold—that is in connection with the business on property covered by trust deeds from time to time, and the moneys held for the purpose of retiring the mortgages. Then we have investments in affiliated companies—and no one suggests that they are worth $31,642,437.30. If we had their value determined by arbitration, on the principle of the Canadian National Railways, they would not be worth half of that.

Mr. ROSS (Moose Jaw): What principle was that?

Mr. BENNETT: On their earning power.

Mr. ROSS (Moose Jaw): Is that the way it was taken over in the first place?

Mr. BENNETT: The Grand Trunk arbitration said that the cost of physical reproduction was not a factor, and the evidence was not given. On earning power they decided the property was worth nothing—that is, there was no equity, beyond the securities. In connection with the Canadian Northern, three arbitrators decided that $10,000,000 represented the value of fifty-five per cent of it. A speech made in this chamber indicated that that was a very small sum compared with the earning power, because the $35,000,000 of income bonds had sold at a premium. To me it was ridiculous, but then I was said to be prejudiced.

Mr. ROSS (Moose Jaw): Is that not fundamental to the whole trouble?

Mr. BENNETT: I am coming to that. We have spoken of the assets. The words always used have been "active and non-active assets."

Sir Henry Drayton still carried them as assets; they were non-active. He did not undertake to appraise the value of them. We have written them off, because if you will turn to the liabilities side of the ledger, appearing at page 14A of the bill, we have a most depressing situation disclosed. I do not wish to use language which is too strong, but we find that under the heading "liabilities" we have capital stock of subsidiary companies owned by the public to the value of $4,584,100. We have governmental grants of $3,013,748.90; long-term debt, public, $1,184,612,248.59. Then, "Dominion of Canada, current account, loans, active, $77,223,466.97" and "working capital for Canadian government railways, $16,771,980.54." Those are the stores to which we referred a while ago. The remainder of the table shows the following figures:

Current liabilities.	$35,351,859 26
Deferred liabilities..	3,331,771 52
Unadjusted credits and reserves..	36,381,119 54

Whatever else we may say, is not the effect of that to eliminate debts due this country, for which we hold securities, as liabilities? Is that a true statement?

Mr. HOWE: It is what?

Mr. BENNETT: I am glad the minister makes it clear that this is not a true statement.

Mr. HOWE: It is a true statement, but it is not true that we are eliminating the debts.

Mr. BENNETT: This liability statement is not true; it is a liability statement.

Mr. CAHAN: You are eliminating the possibility of changing values.

Mr. BENNETT: The other feature is that you add a note in these words: "These amounts are included in the net debt of Canada." There is the answer to all the minister's talk about the debt of Canada, possible duplication, and everything else.

Mr. ROSS (Moose Jaw): But why charge it to the Canadian National Railways?

Mr. BENNETT: Because it says here the money did go to the Canadian National Railways.

Mr. ROSS (Moose Jaw): Of course it did, but they went broke.

Mr. KINLEY: What about paying it back?

Mr. BENNETT: The question whether or not you can pay back your debt is not a determining factor as to whether or not it is a debt. The note says, "These amounts are included in the net debt of Canada." That is, $676,327,701.40 is included in the net debt of Canada, but that is only a third of it. Why strike out the other part? It is included in the net debt of Canada, too. If you put anything in, why put in only part and leave out the rest?

Mr. HOWE: The part we have here represents the money invested in the property, and the other represents money paid to cover operating losses.

Mr. BENNETT: But look at what is said here.

Mr. HOWE: And it never would have been capitalized under any sane law.

Mr. BENNETT: It is not a question of capitalization at all; It is a question of these words "Dominion government—proprietor's equity" represented by securities. If a private individual did that, he would go to gaol.

Mr. HOWE: No, if a private individual did what the government has been doing for years he would go to gaol—if he were to issue bonds against operating deficits.

Mr. BENNETT: Whose bonds?

Mr. HOWE: Anybody's bonds.

Mr. BENNETT: But surely the minister does not know what he is talking about, or he is saying something he does not intend to say. How else could the government deal with it, except to issue bonds and pay the debt? —because if it guaranteed the bonds of the company and there was a foreclosure, it would lose the whole enterprise. We had to issue bonds to pay the deficits. Either we had to become repudiators of our own responsibility and lose the property, or else borrow money and pay it.

Mr. HOWE: Could a private individual do that?

Mr. BENNETT: Yes, certainly; private individuals have borrowed money for that purpose and are doing it every day. Only the other day I borrowed money from the bank to pay a guarantee I had given.

Mr. CAHAN: A public company cannot transfer all its liabilities to a new company and retain all its assets. I have known of directors in this dominion being sent to the penitentiary for their attempt to do that.

The CHAIRMAN: Shall section 8 carry?

Mr. BENNETT: No.

Some hon. MEMBERS: Yes.

Mr. BENNETT: On division.

Section agreed to.

On section 10—Surplus earnings to go into consolidated revenue fund.

Mr. WALSH: The section contains these words:

The directors of the Canadian National Railway Company may cause to be paid over to the minister for the consolidated revenue fund all or any part of any such surplus earnings.

Why the word "may"?

Mr. HOWE: We are giving the board of directors the privilege enjoyed by directors in most companies, namely that of paying or not paying dividends as they believe the state of the property permits. In other words they have the option of paying or not paying a dividend as they think wise.

Mr. WALSH: And if they decide not to pay a dividend, what do you propose that they do with the money?

Mr. HOWE: The money goes to build up the working capital of the property.

Mr. WALSH: It is reinvested in the property?

Mr. HOWE: No, it is not reinvested. It is simply carried as cash. When there is enough to reinvest would probably be the time to pay a dividend.

Mr. BENNETT: Pay the debts first.

Mr. WALSH: It would be better if any surplus which might accrue from year to year was paid over to the government which had furnished the money to pay the deficits.

Should not the word "may" be changed to "shall"? If I, as a private individual, loan a person a sum of money and then find him in affluent circumstances, I expect him to start paying back the loan. The government has met the deficits of this railway from year to year, and if there should be a surplus I think it should be paid back immediately to the people who have paid the deficits.

Mr. HOWE: That might be so if we look upon this railway as one that will usually be a loser, showing credit balances only occasionally, but I like to visualize this railway as some day more than paying its way. Lines which would have been abandoned if the general abandonment policy had been adopted in 1932 have since developed into very profitable branches; I refer to lines serving some of the new mining areas. I think the railway should be able to build up a working surplus which would allow it to withstand any bad years which might come along.

Mr. WALSH: I am glad the minister is in such an optimistic mood. He reminds me of a statement made in one of the first reports upon our railway system by the Drayton commission, which said:

For a system of 20,000 miles in a rapidly developing country should be able, before many years are out, to carry unaided bonded indebtedness, which would not, we estimate, need much to exceed $2,000 per mile.

That optimistic expression was given in 1921, and to-day, in 1937, we find the Minister of Transport in an equally optimistic frame of mind. I hope his optimism will be realized within my lifetime.

Mr. ROSS (Moose Jaw): I was wondering if some day the Minister of Transport could not give us a short statement setting out exactly what was paid for the Canadian National Railways; how many lines were taken over which no other railway company would take over; the actual facts in connection with the arbitration and whether or not it was a case of no one else in the world wanting to take over the railways which were taken over at that time; and any other information which might be of value to hon. members. I should like to know how many of the new lines taken in were foisted on the Canadian National because the other competing railroad would not take them in.

Mr. BENNETT: You can easily find the reason, but that is not it.

Mr. ROSS (Moose Jaw): I should like to know the exact position of the railway business in Canada. Someone who happens to be interested in railways has been going from one end of this country to the other making certain statements. I represent a considerable number of the employees of this system, and this gentleman has been telling the people of Canada and of the world that the business he is supposed to be running is not good and is going into the hole. This is what he is doing instead of endeavouring to find some way to make his company pay a dividend or gain business or cut down expenses. He seems to be wanting to run both his own railroad and the Canadian National Railways into the ground.

A moment ago the leader of the opposition stated that we had assumed certain debts in connection with the railways because the provinces could not carry them. Why should those debts be charged to the Canadian National Railways? They certainly were not the debts of the Canadian National Railways. We should have a clear picture of this matter so that ordinary laymen like myself could understand the situation.

I do not think the minister is too optimistic. I think anyone in Canada, either in the east or the west, who talks of tearing up our railroad lines had better reconsider the matter very carefully. It may not be very long before we will be needing new railway lines. I think we should be given a clear picture of the railway situation, either by the Minister of Transport or by one of the former ministers of railways.

Mr. WALSH: If the hon. member reads the records of this house under the heading of railways he will get a full and complete answer to his questions.

Mr. ROSS (Moose Jaw): It would take me about five years to get it.

Mr. WALSH: I should like to suggest to the hon. member that no one is lacking in optimism, but we must face the cold facts. He is suggesting the expansion of our railroads, but he must not forget that in this country we have lines with only 250 people to the mile, whereas in the United States they have 500 people to the mile, and in England 2,000 people to the mile. Our trouble is that we have too many railroads and not enough people to support them. That is one point we should emphasize. The hon. member referred to a certain gentleman who has been going from one end of the country to the other trying to enlighten the people as to the real condition of our railways. I think that gentleman has been doing an honest day's work. If there were more like him the people of this country as well as hon. members of this committee would be more enlightened as to the actual railway situation in Canada. The railways of this country are in a serious position. There are few people who fully realize the seriousness of the situation. If we in this parliament, and the Minister of Transport in particular, do not do something to right present conditions, if we do not face this problem courageously, as Colonel Ralston said we should do, the railway problem will drag the country down. The sooner we get that fact in our minds, the sooner we will get down to a real effort to find a solution of our railway problem. It is no use talking about it: we must act. The action taken by the bill now before us is not the courageous action spoken of by Colonel Ralston in 1935. I was hoping that during his sojourn in office, the Minister of Transport would bring down to the house something really constructive in an effort to solve the railway problem which we must face sooner or later.

[Mr. J. G. Ross.]

Mr. HOWE: May I say just a word on that? I have had some experience along the lines referred to by my hon. friend, and if I brought down anything in this house which was a little bit courageous, I would have every expectation of the hon. member for Mount Royal (Mr. Walsh) voting against it. Further, he would not base his objection upon the optimism of any group, but would use as the basis of his objections the grain growers of western Canada, who have made no representations whatever in connection with this matter. That is what would actually happen if anything courageous was brought down.

Mr. CAHAN: The hon. gentleman has no right to make that assertion because in so doing he discloses that he has less knowledge of conditions in Canada than most hon. members of this committee. The minister should not expose his own ignorance by making an assertion of that kind.

Some hon. MEMBERS: Order.

Mr. CAHAN: It is perfectly in order to say that.

Some hon. MEMBERS: Withdraw.

The CHAIRMAN: The word "ignorance" applied to an hon. member is out of order. The hon. member said "exposing his own ignorance."

Mr. BENNETT: Under certain conditions.

Mr. CAHAN: I suggested that he was disclosing his own ignorance of the matter he was discussing. If that is out of order I take it back; but still, in my own private opinion, it is ignorance.

The CHAIRMAN: I am afraid the hon. member is not taking it back.

Mr. HOWE: I accept it.

Mr. CAHAN: I have the right to say it conditionally, and I did say it conditionally.

Mr. KINLEY: This section deals with surplus earnings of the Canadian National Railways, and why we should quarrel now over the distribution of future earnings of the Canadian National Railways seems to me to be at least—

An hon. MEMBER: A little premature.

Mr. KINLEY: I think so; a little premature. But whether they pay it to the government of Canada, that is the people of Canada, or use it in improving the system is only a splitting of hairs, because after all it is our baby; it has cost us a lot of money, and we have looked after it and shall have to look after it in the future.

Mr. BENNETT: I say the word should be "shall." All you have to do is to look at the balance sheet, and I think the minister will agree that for at least a period of many years to come the word "shall" would be of some value—that if we have any earnings at all, we shall get them.

The hon. member for Moose Jaw (Mr. Ross) desires to know something about the railway situation. If he will turn to page 14A of the revised bill he will find something that to me is a nightmare every day of the year—it may be I am unduly pessimistic, unduly fearful:

Loan term debt—public, $1,184,612,248.59.

So much for that. Then go a little further and add to it part of the debt of Canada, $676,327,701.40. That makes a total of nearly two billions of dollars of debt held by the public either directly from the railway or from this country. If that does not make the hon. member think, I do not know of anything that will. I confess that I never look at these figures without wondering what is going to happen to this country.

Mr. ROSS (Moose Jaw): I realize that there is a great amount of money owed by the dominion in connection with the railways and that it has been owed for many years. All I am asking the minister is that he show us the exact position of the railways, and for goodness' sake let us put the railways into the position where, on their actual value when they were taken over and what we have spent on them since, they will be able to carry on as a company showing either a deficit or profits. But let us not charge them up with some bonds which were guaranteed for Mackenzie and Mann or somebody else years ago. That belongs to the debt of Canada—that is right; but if past governments, either provincial or dominion, made a mistake in guaranteeing those bonds, surely those mistakes should not be charged up to a company that we formed as the Canadian National Railways.

Mr. BENNETT: I do not want to take up the time of the committee, but surely the hon. member realizes that these are obligations which must be paid.

Mr. ROSS (Moose Jaw): Of course.

Mr. BENNETT: And all you have to do is to add these two items together. Leave out the road, leave out its physical assets, leave out everything in the world: in the debt of the Dominion of Canada and in the debt held all over the world is a total of $1,860,000,000, upon which interest must be paid. All I suggested to the minister was that it should be made clear, as it has been heretofore, ho progress has been made towards that end by showing how much money each year we have had to put into the enterprise. I still think that it is desirable to adopt that suggestion. The government takes another view. The hon. member for Moose Jaw (Mr. Ross) is a younger man than I, but how this country is to stagger along under a national debt of $3,000,000,000, plus $1,860,000,000, for any length of time and, with a population of only eleven millions, maintain its service and its integrity, is something that staggers the imagination and gives concern to every man who has any interest in Canada or holds a dollar's worth of its securities. The plain fact is that we have $1,860,000,000 upon which somebody must pay interest; if the railway does not earn it the taxpayers must put it up. This legislation obscures the situation from the gaze of those who desire to know the sums of money upon which we have to pay interest, the accumulations in days past. I cannot find the totals, except with great difficulty, and now nobody is going to be able to find it. Apparently it is going to be covered up.

Mr. DUNNING: It is concentrated for the first time in one item. My hon. friend will admit that.

Mr. BENNETT: What, the $1,860,000,000? It is the consolidated balance sheet last year, 1935. I read the figures here in the committee.

Mr. DUNNING: We are speaking of different things—if my right hon. friend will permit me—the amount that is being written off railway accounts is set out clearly on page 14a, $388,290,263 charged to the consolidated fund account, and therefore it does not appear any more as a non-active asset.

Mr. BENNETT: You have got the wrong item.

Mr. DUNNING: That is the whole point of the bill.

Mr. BENNETT: If that were the point of the bill, it would just be agreed to and that would be the end of it.

Mr. DUNNING: That is the only amount which disappears completely from the railway accounts, unless provision is made to insert it by way of note. The amount that is written off the non-active assets is the last item on page 14a.

Mr. BENNETT: I am sorry the hon. gentleman has the wrong figures. If he will look at page 13a of the revised bill he will find the sum total of $1,843,000,000 under the column of "eliminations."

Mr. DUNNING: No more is eliminated than is charged to the consolidated fund.

Mr. BENNETT: Yes.

Mr. DUNNING: There cannot be.

Mr. BENNETT: Certainly. That is the whole point. If we had merely eliminated these items about the old Grand Trunk and the Canadian Northern there would never have been any trouble about it, but this elimination is $1,843,000,000—total liabilities eliminated.

Mr. DUNNING: But not so far as the liability to the government is concerned. The liability to the government is reduced only by that sum of $388,000,000 appearing on page 14a. I am sorry to differ with the right hon. gentleman.

Mr. BENNETT: I am sorry too, but the facts show quite the opposite. That is the whole difficulty. However, the other sections deal with the securities trust. I have been unable to find any precedent for action such as that which has been taken. I think the bill should provide that any surpluses shall be paid without question, and not leave it to anybody's option. If the eliminations were a small sum such as was mentioned by the Minister of Finance I would not be concerned, but the eliminations reach the tremendous sum of $1,843,000,000; the details of them are given.

Mr. DUNNING: But not eliminated as respects moneys owing by the companies to the dominion.

Mr. BENNETT: Oh, they are eliminated from the accounts as shown, as due to the country by the company. That is the whole trouble. They are eliminated from the National Railway accounts. I know the Minister of Finance is astonished that they are eliminated, but there we have the details. I did not prepare this. This bill came to the house from the committee. That is what I started out this afternoon to point out.

Mr. DUNNING: The various credits and charges are set out as between the railway, on the one hand, its own future accounts on the other, and finally the consolidated fund of Canada, and the only sum chargeable to the consolidated fund of Canada aggregates $388,000,000, representing the difference between the previous item and the total outstanding of the stocks and debentures represented by it.

Mr. BENNETT: I am sorry, the minister is wrong. That represents the sum of money spent on government railways. Surely the minister—

[Mr. Bennett.]

Mr. DUNNING: I have the wrong page. The correct figure is $361,000,000 odd.

Mr. WALSH: On page 2 of the public accounts of Canada, 1936, there is an item of $655,527,455.83, and out of that the minister proposes to put into the consolidated revenue fund the sum of $372,539,149.07.

Mr. DUNNING: Schedule B includes all the charges and credits contemplated by this bill. That is what I had reference to, and the charge there to the consolidated revenue fund is $365,823,120.38. There is no further adjustment except the item on the following page:

Credit — railway accounts (old)	$25,607,393 53
Charge consolidated fund of Canada	25,607,393 53

In the recapitulation which follows, credits and charges are set out, and the final item in that recapitulation represents a charge to the consolidated revenue fund of Canada of $392,206,534.16, which represents the amount the Department of Finance will have to take out of non-active assets as part of the debt.

Mr. CAHAN: We were dealing with the balance sheet of the Canadian National Railways. That was the point at issue. It appears on page 13 of the appendix to the revised bill, which shows that from the investment as now published there is being eliminated altogether the sum of $262,770,972.03. But on the other side there is being eliminated from the liabilities of the company the sum of $1,843,754,391.48, from which I suppose there is to be subtracted the $262,770,972.03. We were dealing with the company's own consolidated balance sheet presenting a real picture of its condition. We were not discussing the consolidated revenue account presenting a picture of the dominion treasury's position, because in the ordinary financial statement, whether you add to it the liabilities in connection with guaranteed bonds which have not accrued, or indicate that as a collateral—

Mr. DUNNING: As a contingent liability.

Mr. CAHAN: Or as a contingent liability, the public accounts of Canada will state the net effect.

Mr. DUNNING: We are talking about different things. I am naturally interested in the treasury point of view, and from that point of view the write-down is precisely the figure I gave. It represents the transfer of that amount from non-active assets to a direct charge against the consolidated revenue fund.

Mr. BENNETT: I should like to ask the minister this question. On page 27 of the annual report of the Canadian National National Railway system for the year ended December 31, 1935, the following words appear:

Funded Debt—Principal and Interest—
Name of security.....
Issuing company.....
Date of issue.....
Date of maturity.....
Principal outstanding at Dec. 31, 1935.....
Interest accrued 1935.....
Total issues guaranteed by dominion government.

Then there appear various guarantees:

Guaranteed by province of New Brunswick.
Guaranteed by province of Ontario.
Guaranteed by province of Manitoba.
Guaranteed by province of Saskatchewan.
Guaranteed by province of Alberta.
Guaranteed by province of British Columbia.
Total issues guaranteed by provincial governments.
Carried forward.

Then appears the same heading—"Funded debt—principal and interest (continued)." Then under the name of the security there appear, under "Equipment trust issue," series U.S.R.A., E, F, H, J, and so on; and the total of "Equipment trust issues" is set out. Then "Other issues" are given—four per cent Canada Atlantic; Wellington, Grey and Bruce; Northern railway third preference bonds, and so on. Then the total of these other issues is given. Then there appear these words:

Total debt held by public (including therein $11,792,798.65 par value held in special funds and accounts) as per balance sheet, $1,154,779,000.78.

The interest payable for the year under review is given, $53,468,792.22.

The question I wish to ask the minister is this: Will that appear in the balance sheet hereafter?

Mr. HOWE: Yes.

Mr. BENNETT: That answers my question. Now I turn to page 29, "Loans from Dominion of Canada"—and this will give my hon. friend from Moose Jaw his answer if he will read it. The loans with respect to the Canadian Northern railway, Grand Trunk railway, Grand Trunk Pacific railway, Purchase of railway equipment, Canadian National railway, are set out in detail, the total being $679,873,935.08. Then there is a heading:

Temporary loans from Dominion of Canada for redemption of funded debt, pending refunding—interest paid by railway.

The total is $74,726,975. Will that appear also?

Mr. HOWE: Part will and part will not.

Mr. BENNETT: That is the point.

Mr. HOWE: The part that was invested in the property to create earning power will appear, not as a loan but as proprietor's equity, which is the proper position as between the dominion and the railways. The part that was advanced for deficits will disappear.

Mr. BENNETT: As a matter of fact, it will be recalled that the deficits did not show after 1933. While I disagree with what is being done, my difficulty disappears to some extent. I direct attention to these words at the top of page 29:

Loans from Dominion of Canada.

That is the caption. Then under Canadian Northern railway we have all the loans set out, eleven. Some have been converted since. Then the same for the Grand Trunk railway; then the Grand Trunk Pacific—loan, bonds, loan, loan, loan, receiver account, interest guaranteed by Dominion of Canada, interest guaranteed by provinces of Alberta and Saskatchewan. Then we come to purchase of railway equipment, the amount being $59,926,000.82. Then we have the Canadian National Railways, and all the loans are given. The total is $679,873,935.08.

That, I submit, should appear and should have added to it, merely for purposes of information—that is all I am pointing out—the additional sums that have been paid by the country since that time.

Mr. DUNNING: Since 1932?

Mr. BENNETT: Yes. I wish to assure the minister that as an individual I am not concerned about this—not a bit. I should like to feel, however, that any friend of mine who might happen to pick up that report and read it would know exactly what the financial position of the system was; that is all. There is no confusion in respect to the dominion because the minister in his report proposes to say: "Note. This is part of the national debt of the country." The debt of the state is to be given.

I can summarize my position by asking the minister merely to do this: to provide—and I think it should be done in the statute itself—that the annual accounts of the railway company shall show; (a) what I have read; (b) loans from the dominion government, giving the date of such loans, and the amounts and when payable; (c) loans guaranteed by the dominion government, with date, amounts and when payable; (d) amounts advanced for deficits, 1932, 1933, 1934, 1935,

1936, all on that page. Then such notes as the minister or the company may desire to have inserted, to make it clear, as at page 14A:

These amounts are included in the net debt of Canada.

If that were done my objections would largely disappear. My objections are not important; they are the objections of one person who is anxious only that everyone should know; that he who runs may read, that the wayfaring men, though fools, shall not err therein. Far be it from me to suggest that there is any purpose in doing it otherwise. All I am anxious about is that the public accounts should make it clear that this money was borrowed for the purpose of putting it in the railway. I am concerned about just what the hon. member for Moose Jaw (Mr. Ross) mentioned; he said, I want to know about this. I say that if he will take the trouble to read that annual report he will find all he wants to know about it. He knows that following an arbitration we took over the Mackenzie and Mann property subject to existing liabilities, guaranteed by the dominion in some instances, and in some by the provinces. The Grand Trunk was in the same position. It is not generally known that we pay an annuity to the holders of the senior securities of the Grand Trunk. The others were worthless. Then we come to the Grand Trunk Pacific. Some think it was bound for bankruptcy. Nevertheless the obligations of Canada were there.

Mr. DUNNING: The receivership cleaned that up.

Mr. BENNETT: And so with the income bonds of the Canadian Northern. The point I make—there is nothing personal about it; I am neither directly nor indirectly interested in these securities, not one—well, I think I have £2,500 of Canada Atlantic, I forgot about that.

Mr. DUNNING: My right hon. friend ought to have some dominion guaranteed bonds to help out the situation.

Mr. BENNETT: Well, I have not. I have no interest there. But I plead with the minister with the earnestness at my command that those particulars should be continued in the balance sheet for the purpose of enabling anyone with that report in his hand to know just what Canada has put into the enterprise.

Mr. ROSS (Moose Jaw): Also how much belongs to the actual enterprise, and how much to something that is of no value.

[Mr. Bennett.]

Mr. BENNETT: That will be shown in the report itself. On page 14A, as the minister says, you do the same thing, state that the national debt covers part of this. I am anxious that that should be shown. I would agree with the minister if he made it more ample than that, and said: Of the above items the following represent part of the national debt of the country, and the interest payable thereon amounting to so much money is paid out of the consolidated fund. But what I am concerned about is that the story itself should be apparent from the reading of the report.

Mr. BEAUBIEN: It can be found in the public accounts.

Mr. BENNETT: But the public accounts are not the report of the railway.

Mr. BEAUBIEN: There will be an appendix that will be clear to anybody.

Mr. BENNETT: If it is not clearer than it is to me—it may be my unfortunate inability to understand—unless the appendix makes it more clear than it now is, it would not cover the point I am endeavouring to make.

As to the shareholders' equity, I think that is not only a misnomer but it introduces into the accounts this securities trust company. I put this to the Minister of Finance as well as the Minister of Transport: Has he ever heard of a security company being created under the conditions under which this is created?

Mr. DUNNING: We had never before dealt with any such conditions.

Mr. BENNETT: Oh yes, we had.

Mr. DUNNING: Except by the normal process of receivership.

Mr. BENNETT: I wonder if hon. members have forgotten the trouble with the old Grand Trunk before confederation. Perhaps the minister will say that I shall now begin to give the names of all the ministers of that government, but I have no intention of doing so. I plead with the minister, before he commits this country to that form of balance sheet of the railway, that he realize in full what its implications are. Who is hurt? That is the first question, and I think we have answered that. Who is bettered? I think we have answered that. Now it has become more and more apparent that the idea is getting abroad that the Canadian National Railway is the government of the country, and that if one ventures to offer an observation he is not only criticizing the

government—the minister indicated that in his answer to the hon. member for Mount Royal (Mr. Walsh)—but the other night I picked up a newspaper in Hamilton, and one of the reasons offered why support should be given to the Liberal candidate was that the dominion government is spending some $10,000,000 on equipment there. Now the dominion government is not spending any money on equipment there: the Canadian National Railway is.

Mr. KINLEY: But in the last analysis it is the government.

Mr. BENNETT: No, not in the last analysis. They provide the money with which the railway does it. If we are to treat the railway as being the government, then of course we have an entirely different set of conditions. It imposes upon the minister a terrible responsibility when he says: I set at naught this audit act which has been in force since 1868 being brought down to date in 1931; I set at naught all the provisions of the old railway act and acts affecting the Grand Trunk; and I simply say, I now create willy-nilly a securities company and put a value on these shares, if some day there is any money for them, well and good; but that is the way I take to get around the statutes of Canada. That is not my conception of ministerial or governmental responsibility. I would think that most of the Canadian people, if they ever took the trouble to study or realize it, would like to have a continuance of what has been given from the beginning, namely, a complete report. Even the private railroads in the United States have to do that under the Interstate Commerce Commission; they have provision for depreciation, which we have not. The privately owned railway in this country has to show its outstanding securities. Get the Canadian Pacific Railway Company report published this morning, and in that you will find set out a full statement of the debenture stock, preferred stock, common stock, and where the money came from; Then there will be set out the rentals of leased lines, how much they have to pay each year. This asks nothing more than that.

I have taken a tremendous amount of time dealing with a matter which to me is of no personal importance, but which I conceive to be of the utmost importance to the people of this country, and I would be failing in my duty if I did not express my view, so strongly held. I can only protest against this usurpation of power by the government with its majority, to create a new situation entirely different from that heretofore prevailing in Canada, and the setting up of conditions which I believe cannot but be inimical to the public weal for the reason that hereafter in this document, the report of the Canadian National Railways, there will be nothing which indicates its entire liability. I plead that the whole of it should be shown. If it is shown as it is here to-day, while I differ as to some of the methods used, I still think it would accomplish the purpose.

Mr. BOTHWELL: I think the leader of the opposition has sized up the whole situation in two questions: Who is to be hurt by the proposed set-up? Who is to be benefited? I believe the answer to the first question is, no one. Answering the second I would say that any investors in the bonds of Canada henceforth will be benefited by having before them a simplified set of accounts from which they learn what the situation is.

Mr. BENNETT: Where?

Mr. BOTHWELL: In the public accounts of Canada.

Mr. BENNETT: But it is there now.

Mr. WALSH: May I ask a question?

Mr. BOTHWELL: Just a moment. It is a duplication between the accounts of the railway and the public accounts. In addition, I believe that the general public of Canada will be benefited, practically all of them. Instead of having the mistakes of preceding governments and organizations over a great many years waved before them day by day, they will have an opportunity to forget those mistakes and start out on a new basis, with the hope of some day seeing this railway in the position of at least being able to pay its debt to the public. My hon. friend from Mount Royal wished to ask a question.

Mr. WALSH: I wanted to ask the hon. member this question: If he was interested in the Canadian National railway and wanted to get a clear picture of the financial position of that company, as a layman where exactly would he first think of looking for that clear picture?

Mr. BOTHWELL: Most certainly I would look at the annual statement of the railway company, and from there I would be directed to the public accounts of Canada, in which I would find what is really the historical record of the Canadian National railways.

Mr. WALSH: One further question. Why is it necessary to issue a statement for the Canadian National railways which contains a reference to another statement, when the whole thing might just as well be given in the annual statement of the railway company?

Mr. BENNETT: Where it properly belongs.

Mr. WALSH: That does not properly belong to the balance sheet of Canada. Why not have it in the financial statement of the Canadian National railways? That is what we are contending for.

Mr. BOTHWELL: In reply to the last question, I believe the hon. member for Mount Royal was a member of the committee. I am not going to repeat what was said, but that question was answered very clearly by the deputy minister of finance. who stated why he believed it was necessary—in order to have these accounts clarified and not have the same amounts of money appearing in both the Canadian National accounts and the net debt of Canada.

Mr. BENNETT: I have only one word to say to my hon. friend, and I thank him for his statement. I think probably he has given the real reason for this action, anxiety to forget something.

Mr. ROSS (Moose Jaw): And the anxiety of others that it should not be forgotten.

Mr. BENNETT: No, the anxiety for truth as against deception; the anxiety to have facts placed upon the record as against covering them up. The hon. member for Swift Current (Mr. Bothwell) says it is better to forget it. Forget what?

Mr. DUNNING: No.

Mr. BENNETT: That was what he said was the purpose of the bill. That means that we are to forget that the Dominion of Canada invested so many millions of dollars in a publicly owned enterprise. I say that heretofore we have recited the facts; and having done that in the past, is there any reason why we should cease to do it? Have we been given any good reason why the balance sheet should be set up in any different form? I certainly agreed to the elimination of those values for common stocks, but for years the auditors have shown in their statement from whom the money was borrowed and when, when it was repayable, and so on; but that is to be done no more.

Mr. HOWE: They stopped doing it in 1932.

Mr. BENNETT: No. They stopped putting in the deficit in 1932, but they continued the rest of it.

Mr. HOWE: This statement which my right hon. friend values so highly is not an accurate statement of anything to-day.

[Mr. Walsh.]

Mr. DUNNING: It does not include anything since 1932.

Mr. BENNETT: Yes, it does; it includes all moneys that have been paid to the road that are covered by securities guaranteed by the country, or the securities issued when the country borrowed the money direct.

Mr. DUNNING: No, it does not include the money borrowed for the deficits.

Mr. BENNETT: It does not include the deficits as such, but here we have an item: "Nine year guaranteed bonds, Canadian National, dated May 1, 1935, date of maturity, May 1, 1944. Outstanding principal, $35,000,000; interest accrued, $698,000." What about that?

Mr. DUNNING: That is not a deficit account at all.

Mr. BENNETT: But it is a loan made to this company. Then the next one: "Three year guaranteed bonds, Canadian National, May 1, 1935, $13,400,000."

Mr. DUNNING: They will all continue to appear.

Mr. BENNETT: The minister says not, and that is just what I am asking. These are the ones that are to disappear.

Mr. DUNNING: My right hon. friend is wrong there; they must appear.

Mr. BENNETT: I just took this list and went over it page by page, asking whether or not each item was to be continued, and the minister said yes, in some cases, and no in others, giving his reasons. Presumably the minister knows his own bill as well as the Minister of Finance knows it.

Mr. WALSH: In the report of the committee, No. 5, Tuesday, March 9, we have the condensed balance sheet of the Canadian National, the public accounts and so on. Could the minister point out where those items for which I asked as a member of the committee, and which are printed in the balance sheets to which I have just referred, appear under the bill now before the committee? Where are the items that were read in this balance sheet as set out in this bill?

Mr. HOWE: Where are they in the present balance sheet? They are a schedule to it.

Mr. DUNNING: And will continue to be, of course.

Mr. WALSH: I asked for that in particular in committee, in order to judge as between the balance sheet of 1936 and the

balance sheet as it will be made up in 1937, but according to this statement I will not be in a position to judge, because I cannot compare the two clearly.

There is another point I should like to make. I have already made reference to the statement made by the minister on February 5. In committee I contended, and I still make the contention, that what the minister proposes to do with the balance sheet of the Dominion of Canada is what we wanted done with the balance sheet of the Canadian National railways. The minister promised to let us have that, when he stated in the house, as appears at page 597 of Hansard for February 5:

> I believe a schedule can be set up that will preserve the historical record, and this schedule can be made part of the annual report of the Canadian National railways. That perhaps will satisfy the purpose as to a record.

I should like to ask if the minister proposes to do that.

Mr. HOWE: In my statement I said it could be done. I still say so, but I think my hon. friend was present when the committee voted by a very large majority to do it in the way proposed under this bill. That amendment is the work of the committee; it is not the work of the minister.

Mr. WALSH: The amendment in committee was made after considerable insistence on the part of certain members of the committee in connection with this very item. We were insisting that the balance sheet of the Canadian National railways should present a true picture of the situation of that railway each and every year. After considerable contention on our part the minister agreed to bring in an amendment to section 8 of the bill, and at the next meeting he brought in an amendment. But instead of covering the point for which we were contending the minister brought in an amendment which did not affect the balance sheet of the Canadian National railways but did affect the balance sheet of the Dominion of Canada. We were contending for a clear picture in the balance sheet of the Canadian National railways. The minister turned around and further complicated the situation by amending, if we may use that term, the balance sheet of the dominion. I do not think that is what we were asking for; I do not think that is what was in the minister's mind. I believe he is playing on words when he suggests that this record "can" be set up. I believe at that time he had in mind the thought that he could do it and would do it. Now the bill is back in the house, however, we see that has not been done, and we find ourselves in the position of having to present our views to a house which we know will adopt this bill, which we do not think is in the best interests of the railways or the people of Canada.

There is another point I should like to make. The Minister of Transport proposes to take out of the non-active assets of the Dominion of Canada the sum which I have already indicated, roughly $370,000,000, and put it into the consolidated revenue fund. Each year since 1932 we have been doing that, as I understand it. There have been deficits, and this year the deficit is $35,000,000.

Mr. DUNNING: Because there is no asset against it, either active or non-active. That is the accounting principle upon which it is based.

Mr. WALSH: The $35,000,000 deficit this year is being taken by the government and put directly into the consolidated revenue fund; is that correct?

Mr. DUNNING: It is directly out of the fund. There is nothing going in, I am sorry to say.

Mr. WALSH: Here is an amount which has been voted annually, in different sums, since 1932, amounting altogether to about $370,000,000, and which is being lifted bodily out of the non-active assets and put into the consolidated revenue fund of Canada.

Mr. DUNNING: My hon. friend is wrong there.

Mr. WALSH: Made up of amounts, exactly as $35,000,000 is made up this year, representing deficits which have accrued from year to year and which the government has paid out, but booked as non-active assets. Yet we are being asked to do that this year, without the item appearing in the estimates or being referred to in the budget. It is being done indirectly through a bill which, in the first place, has no relationship to the consolidated debt of Canada.

Mr. DUNNING: If the hon. member would permit me on that point, the $300,000,000 to which he now refers represents deficits which did accumulate and were treated as assets prior to 1932. What we are doing is to treat the deficits prior to 1932 in the manner in which deficits since 1932 have been treated, both by our predecessors and ourselves. That is the thing in a nutshell. There is no asset back of either of them, and they are being treated in the same way.

Mr. WALSH: But why not treat this $300,000,000 exactly as you have treated each deficit in the years since 1932?

Mr. DUNNING: That is precisely what is being done.

Mr. WALSH: No; instead of coming to the house and asking that that be done, you are doing it indirectly through a bill which pertains to the Canadian National Railways.

Mr. DUNNING: I do not know how it could be more direct than by this legislation.

Mr. WALSH: It could be done exactly as you handled the $35,000,000 this year. How did you handle the $35,000,000 deficit this year.

Mr. DUNNING: The hon. member answers his own question beautifully. The $300,000,000 to-day is in the non-active assets of Canada. How did it get there? It was taken out of active assets about 1920—I believe it was about that time, although I am not certain as to the year. Why was that done? Because there was no return on it; it was considered to be a yearly inflation of the accounts of Canada to keep it on the active assets. In the adjustment of 1920, when removing it from active to non-active, it was necessary actually to include that sum in the budget for that year. That is already authorized by parliament. It is already out, so far as being a charge as an active asset is concerned.

We are now going a step farther, and may I point out to the hon. member that the step we are now taking is not nearly as big as the one taken in 1920. We are going a step farther now, and treating it as it should have been treated always; in the same way, that is, as hon. members opposite provided it should be treated after 1932. We are applying the principle which has operated since 1932 to deficits accumulated prior to that year. In doing so there is very little difficulty, because the big step was in 1920 when that amount was taken out of the active column, and transferred by authority of parliament to the non-active assets.

Mr. WALSH: But the minister forgets that in 1920 it was not removed from the assets; it was removed only from active to non-active assets.

Mr. DUNNING: Correct.

Mr. WALSH: It still remained an asset. To-day you propose to take it out of non-active assets and put it down one grade lower into the consolidated debt. The point I make is this: In the estimates for this year the amount of $35,000,000 is provided to meet the deficit. That amount is there. From 1932 on there has been a similar vote each year, varying only with the deficit.

Mr. DUNNING: Since 1932.

[Mr. Walsh.]

Mr. WALSH: Yes. Between 1920 and 1932 it was treated in a different way. It accumulated, until now we are taking $300,000,000 out of the non-active assets and putting it into the consolidated revenue fund of Canada. That amount of $300,000,000 has never appeared, as the $35,000,000 appears this year. It has never appeared in that way.

Mr. DUNNING: Yes.

Mr. WALSH: I might not be able to see it; perhaps I am not very good at figures. Fortunately, however, I am not financially interested in the matter.

Mr. DUNNING: I might simplfy matters by telling the hon. member that prior to 1932 the amount was in the railway budget, and passed by the house.

Mr. WALSH: Where is the $35,000,000 this year? Why is the Minister of Finance dealing with it differently? This $300,000,000 was never in the estimates in the same way.

Mr. DUNNING: Not in the same way, no.

Mr. WALSH: I cannot see why this year we are working indirectly, through a bill, when each year since 1932 it has been done directly through the estimates.

Mr. DUNNING: And will be each year, in the future.

Section agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

On section 11—Accounts of National Railways system; how to be shown.

Mr. CAHAN: Just a word of personal explanation. I wish to say clearly that there was no intention on my part to give any sinister or covert meaning to the words I used in the short altercation I had with the Minister of Transport (Mr. Howe). I certainly had no intention of reflecting upon his intelligence or his wide experience; I wished merely to suggest that he was not fully informed as to certain aspects of prevalent public opinion. If my words seemed to you, sir, or to any hon. member to have a sinister implication, I desire now unreservedly to withdraw them.

Section agreed to.

On section 12—Corporation—Securities trust, constitution.

Mr. CAHAN: This section seems to imply that a new corporation to be known as the Canadian National Railways Securities Trust

is to be incorporated and organized. Is that corporation to be incorporated by the express terms of section 12? If so, I think it should be stated distinctly. The mere declaration that there shall be a corporation to be known as the Canadian National Railways Securities Trust does not give legal incorporation to such a trust, nor does it provide for the organization of the trust. Therefore, I think the wording of this section should be considered carefully if we are now constituting a separate distinct corporation. May I discuss other sections of the bill in order to make my meaning clear, or am I confined to this section?

Mr. HOWE: Certainly.

Mr. CAHAN: When this corporation is once organized it is to take over certain claims and certain collateral securities. In other words, I infer that after the corporation is incorporated and organized, certain claims for principal of loans, as set forth in appendix 6, certain claims for interest on loans as set forth in the same appendix, and certain collateral securities are to be assigned to the corporation. Is it intended that this statute shall vest these claims and these securities in the corporation which is contemplated? In compensation, the five million shares of no-par value stock are to be issued and become the liability of this proposed corporation?

Then it is suggested that these shares, or the securities which underlie these shares and which are vested in the corporation, shall be valued by the statute. I suggest that that is not the proper procedure. Appendix 6, to be found on page 15A, states that the 5,000,000 shares of no-par value stock are to be outstanding. The initial value is stated as the total amount of loans to the railways by the government and transferred from the government to the securities trust—by this statute or by separate transfer, I do not know—$643,860,558.26. There is deducted the amount lost by the railways in operation, $373,823,120.38, leaving a net value of $270,037,437.88. Then there is an acquisition surplus, amounting to $904,655,718.05. That is, by this statute, or by a separate transfer and conveyance, certain assets which are now not regarded as being valuable, certain claims in respect of Canadian Northern, Grand Trunk, Grand Trunk Pacific and Canadian National, amounting to $643,860,558.26, are to be transferred. Then certain claims for interest on loans in Canadian National Railways accounts, et cetera, are to be transferred to the extent of $530,832,597.67. Then there are certain claims for interest on loans which are not in the Canadian National Railways account. Will these assets have any distinct value or are these values being placed upon them merely for the purpose of fictitious accounting? Are the liabilities being reduced?

Of course the capital stock is a liability when it is outstanding, but it has no par value. It might as well be a thousand shares or a hundred shares. The initial value is stated, less the amount lost by the railways in operation, to be $270,037,437.88. I contend that if a public or private company which was in fianancial difficulties were to transfer to another company, organized and controlled by it, all these claims and to offset them with capital stock, declaring a value for such stock which has really no value, it would be regarded as purely fictitious accounting. In other words, I am suggesting that the same object could be attained without organizing a fictitious or factitious company. It could be attained by placing in a branch account or a subsidiary account of the Canadian National Railways these claims which are not valued, and these assets which are valued but which really represent a loss or which represent no present value. Why should a new corporation be constituted for the purpose of carrying through a mere matter of nominal bookkeeping? Would it not be far better to reduce the value of your assets and of your liabilities, recite that the Minister of Finance of Canada has certain claims of no value and certain assets of no value, and state that in some subsidiary account of the Canadian National Railway, without going through all this form of organizing a fictitious company? The explanation is that:

> The securities trust is established for the sole purpose of preserving the priority rights of the dominion and for its protection against any contingencies of the future having to do with potential interest and other savings in respect of
>
> (a) unguaranteed securities held by the public and ranking junior to or pari passu with present dominion loan claims;
>
> (b) capital stock held by the public in subsidiary companies;
>
> (c) collateral securities now in possession of the dominion ranking senior to or pari passu with securities held by the public.

The same end would be fully attained if these securities, instead of being vested in this corporation and controlled by these trustees, were to be vested in the finance minister of Canada. He may not be aware of the fact, but certain other claims arising out of the war which were administered by the Department of the Secretary of State, were transferred under an order in council to the finance minister, and the finance minister by virtue of his office owns and controls

those securities for whatever value they may have now, but it is assumed that they will in the future have a more definite value because now they cannot be realized upon. If this transfer were made to the Minister of Finance the same object would be attained without this complicated method of organizing a company whose assets are nominal, and whose liabilities are really actual, for the purpose of reducing the accounts of the Canadian National Railway pro tanto. I suggest that this complicated method of dealing with these matters is not necessary, that it is confusing, and that, as it is deemed necessary that these securities shall be held for the government against possible exigencies, the end would be fully attained if the Minister of Finance were made trustee, and if in that capacity he held and accounted for them.

Mr. HOWE: Mr. Chairman, I think the comment of my hon. friend divides itself into two parts. First, is the stated value of the securities in the securities trust a real or a fictitious value? It is real to this extent, that we stated at the beginning of this discussion that we were writing down the value of the property to the actual amount of the funds invested in the property.

Mr. CAHAN: Quite so.

Mr. HOWE: That balance in the securities trust, the stated value, that is, of the securities trust, does represent the portion of the funds which went into the building of the railroad. That is the reason why that is stated: as such, that balance has a definite value, and not a fictitious value. It is the value as we are determining it for the purpose of this write-down.

It is obvious to anyone that there are several ways in which we can determine value. We could have had a physical valuation made of the property, or we could have had a report made on its capacity to earn; but we are not doing that. We are simply leaving in the property all the funds that went into its construction; that portion of the funds which is the stated value of the securities trust is funds that went into the building of the property. Whether some simpler way of holding these funds could have been devised, I am not sure, but I cannot think of anything much simpler than this. It is a trust wholly owned by the dominion government, and operated by three deputy ministers and two officers of the railway, none of whom draws any salary or creates any expense. It seems to me a very simple and logical way of dealing with these securities, which have no immediate value other than that they do preserve certain priorities, which may be useful in the case of litigation or something of that sort. I am not suggesting for a moment that there is no other way of achieving this purpose, but I think this is a fairly simple way, and it is the best that the officers of my department have been able to devise.

Mr. CAHAN: I still think, Mr. Chairman, that a simpler way of dealing with these assets would be to transfer them to the Minister of Finance as minister. They have no real value at present; it is quite possible that they may have no real value in the future. Would it not be quite sufficient to state that these securities are of uncertain value but, for the purpose of preserving any equities that may hereafter accrue in respect of them, they are transferred to and administered by the Minister of Finance? At least that would relieve the Minister of Transport from dealing with them or being anxious about them for the future.

Mr. HOWE: If the hon. member will pardon me, the Minister of Transport has nothing to do with this in any way. The shares are owned by the Minister of Finance.

Mr. CAHAN: That may be so. Why then, should he not hold them? You get rid of all complications by vesting them in the Minister of Finance, who is a corporation sole and would be the sole trustee. If, in the future, adjustments should be necessary with the provinces, or some assets should subsequently appear which are realizable, he would then be in a position to realize upon them in exactly the same way that the previous government transferred to the Minister of Finance, as I mentioned—I do not wish to go into details now—a very considerable amount of securities, some of which now might be realized upon but which I think should be held for future increment in their value, when, in the discretion of the Minister of Finance, acting of course in accord with his colleagues, they will be finally dealt with.

But this clause certainly does not incorporate the Canadian National Railways securities trust. There is no incorporation here. It is simply a declaration that there shall be such a corporation. Are you going to organize that corporation under the Canadian Companies Act? Are you going to organize it by a special act of incorporation? As it stands, it might be necessary for that corporation, once organized, to have the right to sue in order to realize some of these values. But this corporation has no right to sue, no right to recover upon realizable assets, no right to deal with them, in fact. The corporation

simply takes over certain securities and assumes a certain indebtedness, and that could be done far more simply by the Minister of Finance acting in that capacity.

Then, so far as management is concerned, he could act very simply with the approval of the governor in council in dealing with such questions. No by-laws would be necessary; no quorum of trustees would be necessary; no powers would necessarily be given to the deputy minister of finance. In fact, the deputy minister of finance is not the proper person to deal with these matters, nor is the deputy minister of transport a proper person to deal with these financial questions; nor is the deputy minister of justice. If the assets were vested in the Minister of Finance and the liabilities assumed by him as minister, then, upon consultation with his colleagues, he might do anything that may be necessary to preserve any equities that might hereafter arise in connection therewith. But certainly if it is presumed by this bill to incorporate the trustees, that purpose is not effected by such language as is used in this bill.

Mr. HOWE: I am sure that if the only difficulty is in regard to the incorporation, that could be attended to separately.

Mr. CAHAN: But, first, you must organize it.

Mr. HOWE: Yes. This bill says that it shall be done, and if it is not done here it will have to be done separately.

Mr. CAHAN: But why not deal with it now? How will you do it separately? Does the minister intend to introduce a separate bill of incorporation at this session? And if he should introduce a separate bill, then I submit that it would be difficult to provide by statute for such incorporation, consistently with some other provisions of this bill.

Mr. HOWE: All I can say is that we have had a corps of high-priced legal talent working on this legislation for at least two months, including the chief counsel of the Canadian National Railways and several officers of the Department of Justice. I should be sorry to think that they had let us down.

Mr. CAHAN: That may be so, and I am not assuming any special knowledge in the matter; I have to confess my ignorance of many things in connection with the administration of corporations, though I may be allowed to say that I have had considerable experience. But I am not bound to accept, nor is this committee bound to accept, the opinions of counsel who have never heard the other side of the case, opinions that may have been given without a full appreciation of all the underlying facts with which we as a parliament have to deal.

Mr. BENNETT: If the minister, who is not a lawyer, will look at the section he will see how unanswerable is the criticism of the hon. member for St. Lawrence-St. George (Mr. Cahan). "There shall be a corporation to be known as 'The Canadian National Railways Securities Trust'." The explanatory note clearly indicates that whoever drafted this clause assumed that he had thereby created a corporation. As a matter of fact, it cannot be said to create a corporation. It would be competent, if the government so desired, to say, "There shall be, and is hereby created a corporation," and so on. Personally, I should not like that way of doing it, but at any rate that would be sound in the sense of creating the corporation. As it stands here, however, it does not create a corporation, and I am sure the minister sees the point. A corporation can come into existence only if it is created by one of several methods, and for our purposes this corporation is being created by legislative action. There must be something declaring that these five persons together shall constitute the corporation; there must be that declaration before you can have the corporation.

Mr. HOWE: Will my right hon. friend do me the favour of writing an amendment to that effect?

Mr. BENNETT: I hardly think that would be proper in view of what the minister has said as to the number of highly talented legal gentlemen who have advised him. I am a mere volunteer.

Mr. HOWE: I should have added that I took no responsibility from a legal point of view, because I am not a lawyer.

Mr. BENNETT: If I did rewrite the section I would word it differently. At any rate, that is my view. There is a great deal to be said for the proposal to vest it in the Minister of Finance, for it gets away from the necessity of calling meetings, and avoids the question of trusteeship and all these other difficulties if the Minister of Finance is the persona designata. In that event you have continuance in office; it is not the Hon. Charles Dunning; it is the Minister of Finance; and although he might think it impossible that there should be another to fill that office in his lifetime, still, whoever that person might be, he would be Minister of Finance. The promotion might not take place nearly

so early as anticipated, and in that event it would still be the same gentleman. I make the proposal, however, as something that is desirable, providing as it does for continuity, and continuity without the holding of meetings. The Minister of Finance has been the person who has been selected for the purpose during the days that are past, and it does seem to me that he is the person in whom the continuity should be preserved.

Mr. HOWE: I would point out to my right hon. friend that this is a balance sheet that is incorporated in the balance sheet of the Canadian National Railways, and I suggest that an individual cannot very well be designated a corporation within a corporation; I do not see how it would be workable if these things were vested in an individual. How would it appear in the balance sheet?

Mr. BENNETT: I thought of that, and I would refer the minister to page 14A of the bill:

> Dominion government—proprietor's equity (represented by)—
> 1,000,000 shares of no par value stock of the Canadian National Railway Company . . . . . advances, claims for unpaid interest and collateral security now held by dominion government.
> Dominion government capital expenditures for Canadian government railways.

According to the statement made this afternoon, it is largely a matter of having some name in which to hold these securities. They have no practical value at the moment when there is no immediate interest, but they will be added to as the days go on. Deficits will also be added. Suppose the deficit is $35,000,000; proprietor's equity securities will show in the balance sheet next year $35,000,000 more than it is now. There might have seemed to be a difficulty on that score, but frankly I see none at all. In days gone by we have had no difficulty in that respect when all our securities were held by the Minister of Finance. If we alienate a piece of land to the government of Alberta the money value of the right of way covered by mortgage goes into the trust fund, but the Minister of Finance executes it because he is the proprietor of the shares and the equity of redemption is in him. I cannot think that there is any difficulty about it, though there may be because I will admit that I have not given the matter that intensive study which the officials of the department have. But surely proprietor's equity could be held by the Minister of Finance. If the intention is to set up a corporation, it must hold meetings and there must be a statute incorporating it. Undoubtedly the draftsman intended by this to incorporate it, but he has not done so. All he says is that there shall be a corporation, but he does not say when the "shall" is to take effect, whether by a subsequent statute, by letters patent, or by some other method. What he intended was undoubtedly to create the corporation by this act itself, and I merely point out that he has not carried out that intention; and it strikes me that, as he has not done so, it would be a simple matter to vest it in the Minister of Finance.

Mr. STEWART: Might I ask the minister to clear up a point, because of something stated in the special committee on railways and shipping? Take the annual deficits paid, say, in the last three years out of consolidated revenue fund, under the statute; would the amount of those deficits appear in the equity?

Mr. HOWE: No.

Mr. STEWART: It was stated in the committee, as I recall, that these would not appear in the statement of the securities.

Mr. HOWE: That is true. The act says they shall not be funded; therefore they could not appear as securities held by the securities trust. But they appear in the statement of the position of the railway.

Mr. STEWART: They are, as it were, lost and forgotten, gone with the wind.

Mr. HOWE: No, we are keeping a permanent record.

Mr. STEWART: You have them in the public accounts, but not in the railway accounts.

Mr. HOWE: That is according to the statute.

Mr. BENNETT: That statute does not touch anything but funding by the company.

Mr. HOWE: They are charged against consolidated revenue. They are not to be funded by the company, so what happens?

Mr. BENNETT: The consolidated revenue fund gets the money by borrowing it. The minister had to borrow the money; he put through the legislation to do it. The money goes into the consolidated fund, and the minister pays it out to the railway. The railway cannot fund it; the prohibition is against funding by the railway; but there is legislation standing in the minister's name to provide for $35,000,000 now.

Mr. DUNNING: That is the cash deficit?

Mr. BENNETT: Yes.

Mr. POULIOT: As a résumé of all this, I wonder what is the raison d'être of corporation lawyers.

Mr. WALSH: I was not here in time to take exception to the term used applying to the equity. I was going to suggest to the minister the use of a term such as "dominion government capital investment," rather than "proprietors' equity." However, it is too late, as the clause has passed.

Coming to the next clause, the securities trust, it was urged upon the minister in committee, that the creation of such a corporation under similar circumstances would not be tolerated in general business. The minister replied that he could name four or five out of fifty companies with a set-up of securities trusts similar to that proposed in the bill. I was not quick-witted enough at the time to ask for names. I still feel, however, that the securities trust is not a good precedent to be established by the government of Canada, and I would ask the minister if he can name any corporations or companies that have a similar set-up in general business.

Mr. HOWE: Does the hon. member mean securities trusts?

Mr. WALSH: A similar set-up to this, with the dominion government as parent company, the Canadian National Railways as a subsidiary, and a securities trust as a second subsidiary. Can he name where there is a situation equal to that in private enterprise?

Mr. HOWE: I think the Hollinger mine has one. I am sorry the hon. member did not ask for the names in committee, because I could have looked it up, but there are several companies which carry their surplus in the form of an investment trust.

Mr. CAHAN: That is an entirely different thing; they have investments of value. But here the minister is attempting to relieve a corporation of its liabilities by gathering together all its worthless securities and vesting them in a new corporation. It is a purely factitious arrangement for the purpose of reducing the capital account of the Canadian National system. I suggest that deputy ministers are not the persons to form such a trust or act as trustees. This is not a valid corporation. It is an arrangement whereby, realizing that these assets while of no immediate value may possibly have some contingent value in the future, or because certain interrelated liabilities with respect to these securities should be preserved, the minister is attempting to set up a special trust. Now the Minister of Finance, as such, can do competently all things which this trust is supposed to do. He can act in his official capacity. He is authorized to act in regard to all such securities which are held by the government through his department or departmental officers, whosoever they may be. Why depart from that established precedent.

Mr. BENNETT: I suppose the minister notices that this corporation has no shareholders.

Mr. HOWE: The Minister of Finance is the sole shareholder.

Mr. BENNETT: There are no shareholders.

Mr. DUNNING: Five million shares, which capital stock, by section 14, shall be issued to the minister.

Mr. BENNETT: But look at the language of section 12:

> There shall be a corporation to be known as "The Canadian National Railways Securities Trust," hereinafter referred to as the "securities trust," consisting of five trustees. . . .

Mr. CAHAN: Can he turn out the trustees by virtue of holding the stock?

Mr. HOWE: I do not see why not. You can change them at any time.

Mr. BENNETT: There is no company, no shareholders. I do not want to criticize these high-power lawyers to whom reference has been made, but it is quite obvious that there are no shareholders except one. The trustees have no shares; there is no provision for them holding shares. There is one shareholder, and he apparently cannot organize himself in such a way as to deal with any one of the five people.

Mr. BOTHWELL: Is not the situation simply that we are here setting up a body of five men—I do not know whether the term "corporation" is a misnomer—and naming them trustees, and authorizing them to issue five million shares of stock? It does not come under the companies acts, either federal or provincial; it is simply parliament itself creating a corporation, which it has power to do, for the specific purpose of handling the stock which is to be issued in connection with the securities to be taken over. Is not that all it amounts to?

Mr. BENNETT: No. If it were, there would not be much difficulty. That is the reason the hon. member for St. Lawrence-St. George (Mr. Cahan) has said it would have been so simple to name the Minister of Finance as trustee. But the section merely

names five persons as trustees of a corporation, using the word "corporation," which under section 14 has a capital of five million shares all held by one person, there being no provision in the statute for any other shareholder. One shareholder cannot be a corporation, unless it be a corporation sole.

Mr. BOTHWELL: Are we not getting things confused in talking about shareholders? Is it necessary for the parliament of Canada to create shareholders in what we are pleased to call a corporation? It is true that the term "corporation" has received a certain interpretation through common use, but personally I do not see why it should not be possible for us to use that term to describe a certain body that we are setting up under this bill.

Mr. BENNETT: Surely my hon. friend from Swift Current, who is a lawyer, hardly puts that forward seriously. Look at the sections. Section 13 defines the objects of the corporation. There is one shareholder and five trustees. The shareholder is the Minister of Finance. Necessarily he must have all the powers of a corporation; presumably he is a corporation sole. The hon. member for St. Lawrence-St.George suggests that the simple method is to follow the procedure that we have followed all these years, namely, to insert the name of the Minister of Finance as the holder of these securities. That is all. Suppose something happens as a result of which the title disappears of vice president of the National railways in charge of finance; who is to take his place? You have all those questions which must be considered.

Mr. BOTHWELL: That title would disappear only as a result of legislation.

Mr. BENNETT: Quite so, but you must have some provision for continuance. Continuity is what the minister tells us he is aiming at; first of all, a corporation to hold the securities, and secondly continuity. The minister very properly says that he is not a lawyer nor the draftsman of this bill. This is not his job; he is only here to tell us what the government desire to accomplish, and he says this is the method they have adopted. The hon. member for St. Lawrence-St. George points out that parliament has said there should be a corporation; it does not say when, and the word "corporation" has a definite meaning. There must be three people to constitute a corporation according to the general law of this country. A corporation sole consists of one person. To all intents and purposes the Minister of Finance has been a corporation sole all these years. This statute says the five trustees are to have no relationship to the corporation, strange as it may seem; under section 13 the shares are all to be held by the Minister of Finance. He holds these shares for the equity of the proporietors in the property, namely, the people of Canada.

Surely we must do a little better than that. The minister says "This is what I must do; there shall be a corporation, and a corporation is hereby created, to be known as so and so. Then you have to say something to give it a local habitation and a name. They have given it a local habitation, the city of Ottawa; they have given it a name, called it the securities trust. Then they name the trustees. The Companies Act provides for the appointment of trustees, and here five trustees are appointed, designated not by their names but by their positions. They hold office until when, and under what conditions? Obviously they hold office under such conditions as may be determined by the shareholders, and there is only one shareholder, namely the Minister of Finance.

Mr. DUPUIS: But parliament is not bound to follow the Companies Act; parliament is supreme.

Mr. BENNETT: Far be it from me to suggest the contrary. I did not for a moment suggest that parliament was bound to follow the Companies Act, but I am pointing out that in the absence of any provision to the contrary the Companies Act governs with respect to a corporation, and there is no provision here to the contrary. I thank my hon. friend for directing attention to the matter if I did not make my point clear. If he will look at the statute he will see the difficulty. There is no provision for shareholders, just one shareholder. There is no provision for the creation of the corporation; there is merely the statement that it shall come into being. When or how that is to be done we do not know. The hon. member for St. Lawrence-St. George asked two questions. He said: Do you propose to do it by letters patent under the Companies Act or do you propose to pass a special act of parliament? Obviously the draftsman thought this was good enough, for he defined the objects of the corporation in section 13. In section 14 he defined the capital, and in the next section he said the capital stock should be shown in a certain way on the books. Section 16 defines the powers of the trustees. They have power to make the by-laws, although they are not shareholders, and provision is made for quorums and so on. Then it is provided that

the local habitation shall be Ottawa, and provision is made for the first meeting and so on.

I should like to know this: How can you create trustees of a corporation when you have only one shareholder who really has had nothing to do with the matter? Parliament in its supreme power may create trustees, but certainly it is at variance with any known theory of corporate law or practice, as it stands now. Under these provisions the minister himself has no power; the Minister of Finance has no power, although he is to be the holder of all the shares.

Mr. DUNNING: With the approval of the governor general in council.

Mr. BENNETT: That comes under the regulations, but the regulations are passed by the trustees.

Mr. DUNNING: And approved by the governor in council.

Mr. BENNETT: Quite.

Section agreed to, on division.

Section 13 agreed to, on division.

On section 14—Securities trust capital stock, to be held by minister.

Mr. BENNETT: I think I should place on record just one word, and it is this: These three sections do make us seem ridiculous. I am not going to say any more than that.

Mr. HOWE: Do you mean both of us?

Mr. BENNETT: I mean all of us. That is why we want to dissociate ourselves from it.

Mr. HOWE: I like to let the lawyers fight these things out.

Mr. BENNETT: I should like to hear any lawyer vindicate that position.

Section agreed to, on division.

Section 15 agreed to, on division.

On section 16—Trustees' powers—by-laws.

Mr. BENNETT: Same objection.

Section agreed to, on division.

Sections 17 and 18 agreed to, on division.

On section 19—Secretary.

Mr. BENNETT: This appears to make provision for the creation of another office. Whoever is secretary of the corporation known as the Canadian National Railways should be secretary of this commission, obviously.

Mr. DUNNING: There is no salary attached to the office.

Mr. CAHAN: But the secretary keeps the record of proceedings; there is no treasurer, and therefore the whole financial set-up is handled by the secretary. Certainly this is all unprecedented. First you take in the deputy minister of finance. Why take him rather than the Minister of Finance? Then there is the deputy minister of transport, and in addition there are two officers from the National railways. Once this statute is passed the National railways are absolutely devoid of all interest in any further proceedings; in their capacity as officials of the National railways these men have no further interest in this company. Then you appoint a secretary to look after the whole financial set-up and keep the accounts in order, and he is not under the control of the Minister of Finance, who is the real owner of all the equities. One cannot say very much more without using language that would sound extreme.

Section agreed to, on division.

On section 20—Exchange of indebtedness for stock.

Mr. BENNETT: This raises the question again. You see what is to be done. I do suggest to the minister that provision should be made in these sections that the amounts paid for deficits be also included, for they represent an indebtedness of the railway to the country. As the Securities Trust is carried by trustees, provision should be made that on the payment of deficits out of the consolidated fund an adequate acknowledgement should be issued by the railway and held by the Securities Trust among its assets. I believe that would meet some of the difficulty, because then the provision would be apparent.

Mr. DUNNING: It would completely change the procedure which has been in vogue since 1932.

Mr. BENNETT: No, it would not completely change the procedure. There has been since 1932 a prohibition against the railway's funding the indebtedness. There has not been anything which prohibited or in any sense restricted the right of the railway company to indicate its indebtedness.

Mr. DUNNING: But it has not, in fact, done so.

Mr. BENNETT: Yes, it has done so.

Mr. DUNNING: There is provision for it in section 24.

Mr. BENNETT: But before we come to that, meeting the point made by the hon. members for Chambly-Rouville (Mr. Dupuis) and Swift Current (Mr. Bothwell), "The

Securities Trust is hereby declared for the purposes of this act to be a company comprised in the national railways."

Mr. HOWE: That is to consolidate the balance sheet.

Mr. BENNETT: But we have to have a company somewhere. In my judgment it is essential, with this changed set-up, that the section provide also that the deficits be included because they must be a part of the owner's equity. If the country owns the railway it follows that the owner's equity, that is, the equity of the people of Canada, is represented by what they put into the railway for any purpose in the world—for capital, for interest, for deficits, or for any purpose which we may possibly conceive of. That is the owner's equity. The owner's equity is going to vary from time to time in accordance with the amount of money which has been put up by the country for any purpose. With the changed set-up it does seem to me essential that that be stated here, so that there may be no question about it. I cannot see how the minister would have any difficulty about it.

I do point out again that section 22 does make us both a bit ridiculous; we have not any company. The language of the hon. member with respect to the word "corporation" was that it might be used in its generic sense. The words "company" and "corporation" under our interpretation act have the same meaning. Certainly that meaning has not been the one urged to-night.

Section agreed to, on division.

On section 21—Securities Trust not to dispose of indebtedness except with approval of governor in council.

Mr. BENNETT: Except that there is no company to sell. This section deals with the prohibition against the company selling its securities. The company is one person, namely the Minister of Finance. He owns all the shares. How can this be possible? The section states:

> The Securities Trust shall not sell, pledge, release or otherwise dispose of any of the indebtedness to His Majesty transferred to the Securities Trust or the collateral securities held in respect thereof, except with the approval of the governor in council.

How can he sell them? Suppose he is authorized to sell them; how can he do so?

Mr. ELLIOTT (Middlesex): With the approval of the governor in council.

Mr. BENNETT: How is he going to make his initial sale? There is only one shareholder, and one shareholder cannot do it.

[Mr. Bennett.]

Mr. MARTIN: The measure gives him the power.

Mr. BENNETT: No, it does not. It provides for only one shareholder in the company; obviously there cannot be a meeting of one shareholder.

Mr. DUNNING: In section 12 the Securities Trust is defined as being five persons.

Mr. BENNETT: Those are trustees; they do not sell.

Mr. DUNNING: It is described as The Securities Trust, consisting of these individuals. The same words are used.

Mr. BENNETT: It says "Hereinafter referred to as The Securities Trust, consisting of five trustees being" so and so. Then later there is reference to a company; but there is only one shareholder. Surely, to say the least, you have then conditions which are contradictory.

Section agreed to, on division.

On section 22—Securities Trust declared a company in national railways.

Mr. CAHAN: Why should the Securities Trust be declared to be a company comprised in the national railways? What have the national railways to do with it? What possible interest have the national railways in the new set-up? What possible interest have they in any equity?

Mr. HOWE: The company is a liability of the Canadian National Railways, and should be consolidated in this way.

Mr. CAHAN: There is no liability in connection with it. By this set-up the Canadian National Railways are exempted from liability to the extent of hundreds of millions of dollars—exempted from it entirely. All that is left is some possible equity which may arise out of future exigencies, and such value as may accrue at any time is the property of the government of Canada by virtue of the liabilities which the Dominion of Canada has assumed. Why should the Securities Trust first be declared to be a company when, in fact, it is not; and secondly, if it is a company why should it be incorporated with the National Railways Company? The national railways have no interest. They are exempt from liability and have transferred all these assets, worthless or otherwise. As in many other cases, why should not the Minister of Finance be the corporation sole. If you wish that there be a corporation, why should it not be entirely under his management and his administration, so as

to realize if possible from this bankruptcy—because we are dealing with a bankruptcy—such values as at some time in the future may possibly arise? This bill is so complicated that one can scarcely follow it.

Mr. DUNNING: I questioned myself concerning this section, and naturally I had to consult lawyers. The information given me was that it was desirable to have the company declared to be one comprised within the Canadian National Railways because of the character of some of the securities which would pass to it from various constituent parts of the Canadian National Railways, and in connection with possible claims with respect to certain classes of securities. I am not a lawyer and I can merely convey to the hon. member the answer the lawyers gave me with respect to the necessity for section 22.

Mr. CAHAN: I know that if the minister will look through his records, as undoubtedly he has, he will find that as Minister of Finance he is in exactly the same position with regard to other claims. No claim can be made against him except by petition of right, and no claim can be settled under petition of right except with his consent, which is subject to the approbation of the governor in council. Why should we depart from that practice, which is so simple, so easily followed, not at all complicated, and quite satisfactory?

Section agreed to, on division.

On section 23—Securities Trust to report annually to parliament.

Mr. BENNETT: I should like to refer to page 6, schedule A, "summary of indebtedness transferred to Securities Trust, as at December 31, 1936." It deals with loans for capital purposes amounting to over $270,000,000, and loans for deficits over $373,000,000, making a total of more than $643,000,000. The accrued interest is set out at $574,000,000. In connection with that item there are the words "See note." Then you turn over. The Chateau Laurier will now become a property of the Securities Trust because it belonged to the Grand Trunk Pacific Development Corporation. On looking down the list we find the indebtedness to be transferred to the Securities Trust. In other words, we have made a selection; we have picked out of all the securities that have been issued in connection with the enterprise certain ones that we hand over to the Securities Trust; and certain ones we keep in the treasury. That is what it gets down to. I ask the minister to look at pages 7 and 7A.

Mr. DUNNING: I would like the right hon. gentleman to tell me what will be left in the hands of the Minister of Finance other than the stock of the securities trust.

Mr. BENNETT: That is what I have pointed out. You have picked out certain things. Look at the set-up of the railway itself that is to go to the Minister of Finance. This will be found at pages 14 and 14A.

Under assets we find investments in road and equipment, improvements on leased railway property and miscellaneous physical property. That is the whole story, plus sinking funds, deposits in lieu of mortgaged property sold, investment in affiliated companies and other investments. There are ten items there covering the new set-up.

On the other side we have the liabilities made up of capital stock, governmental grants, long-term public debt and so on.

You have picked them out. Why? If the minister will look at page 14A he will find governmental grants, $3,013,748.90, and long term debt, public, $1,184,612,248.59. Then in schedule A, to be found on page 7, we find the three railway systems, Grand Trunk, Canadian Northern and Grand Trunk Pacific. In connection with the Canadian Northern we find 3½ per cent loan, chapter 6, 1911. This is the charge on premises mortgaged October 4, 1911. Then we have a 4 per cent loan, a 5 per cent loan, a 6 per cent loan, a temporary loan, repaid, and so on to the item "mortgage covering loans above." These have been picked out to be put in the hands of the securities trust instead of being included in the liabilities of the railway. Why? I have asked that so often that I am weary. Surely there must be some reason.

Further down on the page we find the Grand Trunk Railway, 6 per cent loan, 6 per cent loan, 4 per cent loan, and so on. The total in this case is $118,582,182.33 Then we, come to the Grand Trunk Pacific, with a total of $116,006,589.08. This last item includes the capital stock of the Grand Trunk Pacific Development Company, $2,999,000 held by the Minister of the Interior. Running down the last column on page 7 we find $668,000 in the hands of the Continental Illinois National Bank and Trust Company, Chicago; $24,573,539.90 in the hands of the railway treasury, Montreal. That is an entirely different matter and concerns another phase of this financial structure. Then we find $20,721,191.12 in the vaults of the Royal Trust Company, Montreal. Why pick out some and leave the others? You see, they are all long-term debts.

Mr. DUNNING: You will find the Canadian National over the page.

Mr. BENNETT: I should have mentioned those.

Mr. DUNNING: They go down to 1932.

Mr. BENNETT: Total loans, $645,527,455.-83; less adjustments authorized, $1,666,897.57, leaving a total of $643,860,558.26. In the last column we see the list of those held in the railway treasury at Montreal. The other ones are the ones in which we are interested, namely, the Canadian Northern, the Grand Trunk and the Grand Trunk Pacific, including the development company. The Canadian National Railways have in their treasury certain of these securities, which were exchanged for collateral securities and upon which money was raised to retire obligations. That is not important. I hope the minister does not think I am too insistent, but I really am curious to know why this is done. I have asked myself why, and I have no doubt the minister has in mind the answer given in the House of Lords when a member said he had asked himself a question.

Mr. DUNNING: We will not be so unkind as that.

Mr. BENNETT: Under liabilities, which are to be found at page 14a, we find long-term debt to the public, $1,184,612,248.59. That is picked out and put in there. Why is the process carried on in this way?

Mr. HOWE: As I suggested before, we are attempting to eliminate duplication between the debt of Canada and the debt of the railway. We do not want to have the same securities appearing in the net debt of Canada and in the net debt of the railways. Through one process or another these securities have been moved into the net debt of Canada, while still remaining in the net debt of the railway. They are now being taken out of the net debt of the railway and put into the securities trust. If they are still active assets of the dominion, they are left as they are in the railway balance sheet. I think that explanation is complete.

Mr. BENNETT: I am sorry to say that does not answer my question.

Mr. STEWART: Schedule A shows the loans for capital purposes totalling $270,037,-437.88. The amount for deficits is shown as $373,823,120.38. Does that amount include what has been paid out of consolidated revenue fund for deficits in the last three or four years?

Mr. HOWE: Not at all.

[Mr. Bennett.]

Mr. DUNNING: Those amounts are shown on succeeding pages.

Section agreed to.

On section 24—Appendix to public accounts showing total assistance to all railways.

Mr. WALSH: This section reads:

> The minister shall include annually as an appendix to the public accounts of Canada a statement showing the total assistance, whether by way of cash outlay, land grant, loan, advance, guarantee or otherwise, given by the dominion to all railways.

This section was included in the bill after a rather heated debate in committee. It has a decided political tinge. The section is unfair to the Canadian National Railways and unfair to the Canadian Pacific Railway company. It was not included in the original bill and has been included in the amended bill only because of the insistence of certain members of the committee. The minister will remember the turn the discussion took in the committee when the suggestion was made that an appendix should be added to the public accounts of Canada to show everything that had been granted to the two railway systems from their inception. There could be no motive other than political in a suggestion of this nature.

Mr. HOWE: What is the political motive in that?

Mr. WALSH: If the minister will refer to the minutes of the meeting at which this section was discussed he will find the term "political motives" more or less defined.

Mr. HOWE: I wish you could define it for me now.

Mr. WALSH: I do not think it needs any defining, particularly by those who are sitting at the present time on the treasury benches. Here we have intruded into a railway measure of vast importance, dealing with approximately $1,800,000,000 worth of assets, a statement of this nature, asking that an appendix be added to show everything that was granted to the Canadian National Railways and to the Canadian Pacific Railway.

An hon. MEMBER: Why not?

Some hon. MEMBERS: What is wrong with that?

Mr. WALSH: Hon. members realize as well as I do that many kinds of grants have been made to the railway systems of Canada, three in particular: first, grants in aid of construction; second, those made to meet deficits; and third, those which have been made recently in aid of unemployment. How

are we going to show in that appendix the reason or purpose for which loans were made to the two railway systems? It is presenting a radically unfair picture of them both. Only one side of the picture is being given for in most cases there was a quid pro quo, a return given by the railway companies for what they received. If one side is to be presented, surely in fairness to both companies the other side should also be shown.

Mr. DUPUIS: Well, show the other side.

Mr. WALSH: If the hon. member who has just spoken would go into the records a little more carefully he would not be so ready with his suggestions. For instance, here is one. A grant was made to the Canadian Pacific Railway in connection with the construction of the Crowsnest pass, in which both railways were interested. That grant is to be shown against the Canadian Pacific Railway Company. The other side of the picture was a reduction in the railway's freight rates. Is that fact also going to be stated in this appendix? Is it fair to record one and not the other? I consider this procedure is most unfair to both the railroads.

An hon. MEMBER: I hope they show it.

Mr. WALSH: If I loan a sum of money and receive a favour of some nature in return, surely if I am going to record the one I should also report the other.

Mr. HOWE: Is the hon. member saying that he objects to this clause going in, that he does not want any record?

Mr. WALSH: I object to this clause going into the bill.

Mr. CAHAN: It has nothing to do with the bill.

Mr. WALSH: It is not accomplishing anything. It is not a part of the bill. It sticks out like a sore thumb. It does not belong here or anywhere else.

Mr. HOWE: Will my hon. friend move to strike it out?

Mr. WALSH: I would ask that it be struck out.

Mr. HOWE: Let the hon. member move it.

Mr. WALSH: I will move accordingly, and I thank the Minister of Transport that to this extent he has confidence in me. I move:

That clause 24 be struck out of this bill.

Is it the wish of the committee that I should state my reasons?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Question.

The CHAIRMAN: Shall clause 24 carry?

Mr. BEAUBIEN: Mr. Chairman, before the clause is carried—

Mr. WALSH: I have not taken my seat yet. I was asked by the minister if I would move to strike out the clause. I am willing to do it if the minister is satisfied that I should move it.

Mr. HOWE: I am willing to vote against it, but it might be a quick way of testing the opinion of the committee.

Mr. WALSH: May I point out that I wish this clause struck from the bill because it is quite unfair to the two railway systems.

Mr. RYAN: Would the hon. member permit a question? Is he suggesting that any member of the committee played politics in connection with this clause?

Mr. WALSH: Certainly I do.

Mr. RYAN: From what standpoint? Where was politics raised in this committee?

Mr. WALSH: The hon. member was a member of that committee.

Mr. RYAN: I was.

Mr. WALSH: Can the hon. member state his reasons for voting in favour of this clause?

Mr. RYAN: My reasons are the section itself. It speaks for itself.

Mr. WALSH: State them.

Mr. RYAN: In order to show the people of this country what has been done for all railways, not merely the Canadian National Railway. The clause speaks for itself.

Mr. BEAUBIEN: The hon. member for Mount Royal (Mr. Walsh) has accused members of the railway committee of playing politics. Probably if I were as unkind as he, I would accuse him of the same sin. Ever since this bill has been introduced in the house by the Minister of Transport, the leader of the opposition and the hon. member for St. Lawrence-St. George have impressed on the members of this committee the necessity of giving the Canadian people a clear idea of what they have put into the railways of this country. If the people are to be properly informed either through this bill or in the public accounts, there must be a true picture showing all the grants that have been given to all the railroads in Canada. I have no brief either for the Canadian National railways or the Canadian Pacific railway. The

clause is inserted with the sole object of satisfying my hon. friends and of giving the Canadian people a true picture of the situation. That cannot be done if contributions to the Canadian National Railway system are shown and grants to the other railroads of Canada omitted.

Mr. WALSH: This gives the Canadian people a picture, but not necessarily a true picture.

Mr. BEAUBIEN: I was the one who suggested to the minister that a statement of all the land grants should be included. I assure the hon. member that I have no political motive, and I hope he will be kind enough to retract the suggestion of political motive, because if anyone tried to play politics in the committee he did. I think he was playing to the board of trade in Montreal and probably some other institutions.

Mr. WALSH: I would rather play to that body than play to the gallery.

Mr. BEAUBIEN: If the hon. member wants a true picture of what the Canadian people have contributed to the railway systems of Canada, let us put into the public accounts in this appendix everything that has been given to the Canadian Pacific, the Canadian National, and every other railway, including land grants which were very valuable to the railroads—not excepting the Canadian Pacific Railway. The railroads have made a barrel of money in selling lands that were granted to them by the Canadian people.

Mr. YOUNG: As a member of the committee, I am surprised that the hon. member for Mount Royal should say that any heat was displayed in its debates. I attended all the meetings and from beginning to end I thought the discussion of this bill was very amicable. If any heat at all was shown, perhaps the hon. member himself might lay claim to having had not too frigid a temperature on one or two occasions. I do not think he can charge any member of the committee with having displayed anything but a desire to thresh out the bill carefully and thoroughly. The hon. member said that this particular clause was inserted from some political motive. Again, may I say that as a member of that committee I listened very carefully all through the discussions for political motives, and only once during our debates was such a motive ascribed to anyone. That was done by the hon. member for Mount Royal: it had nothing to do with this resolution, but with another, and the crime he thought had been committed was that some hon. member who happened to be a Liberal moved a resolution, which was seconded by another Liberal. To this the hon. member for Mount Royal took objection, saying that it was highly political.

There was not the remotest suggestion of a political motive in connection with this clause. Why was it inserted? That is easily explained. My hon. friend insisted not only with regard to this but on every other section of the bill from beginning to end that the picture be not altered as presented in the annual statement of the Canadian National Railways. Throughout the discussion it was quite apparent that he wished to have brought into the Canadian National picture every bit of dead wood that we have been trying to eliminate in order to do away with duplication of accounts. He was never satisfied; he wanted to have the worst possible picture painted in the annual statement of the railways.

Then, at my right hon. friend's suggestion, hon. members took this view. They said, "If you really wish to have a true picture of the Canadian railway situation, if you want to have all the facts included in the public accounts, then by all means let us have the true picture; but instead of dealing only with one railway in Canada let us show what the dominion has done for all the railways in the country." That seemed quite reasonable to all the members of the committee and the suggestion was heartily accepted. I do not recall that even my right hon. friend offered more than a passing objection at the time. As a member who attended every meeting and witnessed the whole performance—if you want to call it a performance—I can tell the committee that it was as a result of the right hon. gentleman's insistence upon having a complete picture of the Canadian National railway situation presented to the people that this clause was inserted in the bill.

Mr. GRAYDON: I was surprised to hear the hon. member for Provencher (Mr. Beaubien) speaking as he has done with regard to playing politics in this matter. I do not think there is very much wrong with the statements that have been made with regard to the political aspect of the discussion, and I have no less an authority than the Minister of Agriculture who on Friday night made this statement, as reported at page 1977 of Hansard of March 19:

> The statement has been made that we should not introduce politics into the discussion. . . . I often wonder why men want to come to this parliament who do not want to discuss politics. I have always understood politics to be a business of the people of the country.

Perhaps that will clarify the matter for some of my hon. friends.

Mr. BEAUBIEN: As far as that is concerned, the hon. member for Mount Royal accused us of playing politics in the committee, and he is entirely wrong there. I think he will admit that.

Mr. WALSH: The objection I have made is, I submit, substantial enough to merit the consideration of the committee, apart from the outburst there has been at the suggestion of a political motive. If hon. members will consider for a moment, section 24 sets up in a way a credit and debit account of the railways of Canada, and we are filling in all the debit items against the railways but leaving blank the credit side, so that there is nothing on that side to offset the other.

Mr. BOTHWELL: Is not that the situation in connection with the Canadian National Railways and in the accounts that have been set up for them in years past?

Mr. WALSH: I do not think so. As my hon. friend will remember, what I urged before the committee at every meeting was a genuinely true statement of the Canadian National system so that when anyone picked up the balance sheet from year to year he would know exactly the state of the system's finances, either from the balance sheet itself or from the appendix. The minister will remember that I said I did not care which method was adopted in that connection, though personally I prefer the appendix; I think that is better than cluttering up the balance sheet itself with a mass of figures that mean little or nothing. In season and out of season I urged the presentation of a clear and true statement of the affairs of the Canadian National Railways, so that if I picked up a balance sheet of the system I should not find a footnote to the effect that if I wanted a true picture I should have to go to the balance sheet of the Dominion of Canada, where I might get it if I were clever enough to dig it out.

Mr. BEAUBIEN: If the hon. gentleman will read the speech which his leader made when the bill was introduced he will see that the right hon. gentleman insisted that the true statement of the Canadian National Railways should be presented to the public. I do not believe the right hon. gentleman meant just one railway; I think he meant all the railways.

Mr. WALSH: I am referring to both railways, and I agree with my leader's words on that occasion.

Mr. BEAUBIEN: Then the hon. gentleman cannot disagree with the clause.

Mr. WALSH: I do not disagree with it if the idea is carried to its logical conclusion. What I am arguing for is the presentation of the other side of the picture, so that the public will know why certain grants have been and are being made from time to time. The people should know that certain grants have been made for certain specific purposes. Take the situation last year. We made a grant of some $10,000,000 to the two railways for the purpose of giving work to a certain number of unemployed young men on their roadways so as to make them a little more presentable—they had been neglected. We are going to show that $10,000,000—

Mr. DUNNING: It is not $10,000,000.

Mr. WALSH: I do not know how much it was; I am merely using that figure by way of illustration. At any rate we are going to show that sum, whatever it was, against the railways. Are we simply going to leave that against the railways and not show why we made the grant? Is it fair to mislead the public, making them believe that we in this parliament are handing money to the railways and getting nothing in return?

Mr. BEAUBIEN: Will not the railways get the advantage, through improved road beds, of that two or three million dollars or whatever it was?

Mr. WALSH: Then why not show that? If you are going to show anything, do not stop half way. Half a truth is worse than no truth, and this is a half truth, because the other side is not shown. That is what I am insisting on, and I am sure that if the minister will give this clause proper attention he will be willing to adopt my suggestion. I am sure that my hon. friend who sits back here—I do not know his constituency, but he is from Nova Scotia—has the same idea that I have, and that is that if we are going to present a picture of the railways we ought to give the whole of it and not just a part.

Mr. DUNNING: That is what the section says.

Mr. WALSH: The section does not say that.

Mr. GRAY: Read the last sentence.

Mr. WALSH: The sentence reads:

> Such statement shall also show the manner in which such assistance has been dealt with in the public accounts of Canada.

That does not suggest that the reasons shall be given for the grants that have been made. It does not suggest, for instance, that the reason shall be shown for the grant of money for the Crowsnest pass, which resulted

in a decrease in freight rates in western Canada. This clause does not intend that such things shall be shown, and I contend that they should appear in the statement.

Mr. DUNNING: The very words "Crowsnest pass" would bring to the mind of everyone the Crowsnest agreement.

Mr. WALSH: They bring that agreement to my mind now, but two years ago they did not, because at that time I was an average member of the public of Canada. I should like the minister either to amend this section so as to ensure that the whole statement of affairs shall be given, or take it out and put it where it belongs.

Mr. CAHAN: Does this section 24, which includes all grants, include the grants paid to the railways for post office services or for other services in connection with the carrying of mails throughout all these years? There certainly are cash outlays of that kind.

Mr. DUNNING: They are not "assistance" within the meaning of this section.

Mr. CAHAN: Where is the word "assistance"?

Mr. DUNNING: The third line, "total assistance."

Mr. CAHAN: But we have granted mail subsidies, which have been stated frequently to be by way of assistance.

Mr. BENNETT: The Calgary and Edmonton railway got $80,000 a year. It was the basis of its financing.

Mr. CAHAN: Furthermore, I have no objection to the government publishing every year a statement of all the expenditures made upon each and all the railways of Canada, branches and others.

Mr. HOWE: We do that anyway.

Mr. CAHAN: But I say that in a bill relating to the Canadian National Railways such a provision cannot properly be made. The amendment which the minister has brought in is entirely contrary to the proper practice of the house, it seems to me, because the effect is that we are confronted with a new bill as amended by the committee. The committee to which this bill was sent had no authority to amend it, but it has drafted a new bill, and in this bill as now printed it is not disclosed what the original provisions were and what are the amendments which the minister is adopting. If any hon. member of this house had moved section 24 in an amendment to the bill as originally introduced, it would have been declared out of order, because it has no relevance to the main object of this bill; it has no reference whatever to the Canadian National Railways nor to the revision of its accounting system. An amendment respecting all bonuses and payments of every class and description made since railways were first built in Canada should not be incorporated in a bill which essentially has to do with the Canadian National Railways. The amendment should not be in this bill if it applies to any other railway system which is not now incorporated in the Canadian National system.

Mr. BENNETT: If this amendment were being considered in respect to its relevancy to the bill, it would be ruled out of order. It is an amendment to two acts, the Railways and Canals Act, and the statute which deals with the public accounts. I do not know that the hon. member for Provencher (Mr. Beaubien) knows that in the report made by the Minister of Railways and Canals, now the Minister of Transport, all this information is given in great detail. I think he overlooked that. The information is given with respect to the land grants, cash payments, subsidies and every detail from year to year, including in the figures the sum we discussed that had to do with the Grand Trunk.

Secondly, as far as cash is concerned, the public accounts of the country contain full details. The public accounts obviously do not deal with land grants, because they are dealt with in the report of the Minister of Railways and Canals. I took the trouble to look them up on one occasion, and I think the Minister of Transport will recall that there is a complete history of all our land grant transactions, and it shows what land grants have not been completely discharged. In connection with one company in Manitoba there was a small acreage which had not been alienated; it has been now, and it came up during the Saskatchewan discussion in connection with natural resources. All the information which this section calls for is in the report of the Department of Railways and Canals each year. The cash transactions are shown in the public accounts of the country. In the various schedules will be found accounts showing the cash in complete detail. My difficulty is to understand why this section should be thought relevant or cognate in any sense to this measure which has to do with the Canadian National Railways accounting.

I want to correct one error to which the Minister of Finance has continually alluded, as well as the Minister of Transport. I ventured to join issue with them, but I had not

time at the moment to send out and get the reports. I find that all the reports since 1932 show the amount of the deficits as paid by the country. I had thought I might be wrong, although I did not think I was. I now hold in my hand the report for 1933, and on page 10 the profit and loss statement shows this at the bottom:

Deduct—C.N. Rlys., 1932 cash deficit paid by the dominion government	$ 53,422,661 67
C.N. Rlys., 1933 cash deficit paid by the dominion government	52,263,819 05
Change during year	$ 15,352,506 54
Balance at January 1 "debit balance"	763,765,143 01
Balance at December 31 "debit balance"	$748,412,636 47

That is for the year 1933. I then turn to 1934, and I once more direct the attention of the Minister of Finance to it, for I felt I could not be mistaken. On page 14, the profit and loss statement shows:

Deduct—C.N.R. cash deficit paid by the dominion government	$ 42,589,824 96
Eastern Lines' cash deficit paid by dominion government.	5,434,133 74
P.E.I. car ferry and terminals' cash deficit paid by dominion government	383,942 00
Eastern Lines' interest on government loans	626,413 21
Balance at December 31 "debit balance"	$789,040,675 42

That is where one would expect to find it.

Mr. BOTHWELL: But the 1933 deficit does not appear there.

Mr. BENNETT: I am showing that it does; I have just read it.

Mr. BOTHWELL: Does it not appear in the annual report, but not the accumulation?

Mr. DUNNING: That is the point. My point was that it is not any longer accumulated from year to year; it is shown in the accounts of the railway each year as a balancing item which is paid by the dominion government, but nowhere is the previous year's cash deficit which was paid by the dominion government brought forward as a liability of the railway.

Mr. BENNETT: On the contrary. I took the year 1933, being the next after 1932. At page 10 you have the debit balance, the accumulation including the deficits carried forward. At December 31, 1933, it amounted to $748,412,636.47, which includes the deficit of $52,263,819.05, and it shows the change during the year. That is set out for that year and the preceding year, the accumulated deficits.

Now I turn to the next year, 1934, the profit and loss account, remembering that the sum total I mentioned included the deficits, and at page 14 are found the figures I have already given: The sum total balance at December 31, "debit balance" $789,040,675.42 as against a figure of $748,412,636 for the year before, which included in both cases the deficit.

Mr. HOWE: If my right hon. friend will excuse me, I think he is entirely wrong as to what that figure is. The contribution of the government is deducted from the amounts charged on the railway books, and the rest carried forward.

Mr. BENNETT: No, it shows the cash deficit to which the hon. gentleman referred. I asked him to explain three things; the cash deficit of $48,000,000, the bureau of statistics deficit of $115,000,000, and the deficit shown by the accounts, which includes the payment made by the government on its bonded debt plus the cash, making the $83,000,000 altogether. At page 14 of the accounts of 1934 the net loss is shown and compared with the figure for the previous year, and in both cases the cash deficit is included. Let there be no misunderstanding about that; in both cases the cash deficit is included.

Mr. HOWE: But it is not carried forward.

Mr. BENNETT: I come now to the next year, 1935. On page 18 of the accounts for that year we find these words: "System net loss, $115,281,689.79." Less the contributions made by the government for deficits, as follows:

	1935	1934
C.N. Railways	$41,795,757 24	$42,589,824 96
Eastern Lines	5,265,373 20	5,434,133 74
P.E.I. Car Ferry and Terminals.	360,334 36	383,942 00
	$47,421,464 80	$48,407,900 70

Then there is shown a change during the year, in profit and loss account, of $67,233,811.78, as against $40,628,038.95 the year before. The balance at December 31st is shown at $85,274,487.20, as against $789,040,675.42. That includes accumulated deficits.

Mr. DUNNING: My right hon. friend spoke of deducting.

Mr. BENNETT: Certainly, so as to arrive at the cash deficit.

Mr. HOWE: Perhaps I might explain those figures.

Mr. BENNETT: Just a moment; I am not finished. I come now to the annual report for 1936, and at page 10 I find these figures:

System net loss.. .. .. .. $92,311,037 88

The figures for the previous year are also given, $115,281,689.79. Then:

Deduct—Contributions for deficits from the government—

	1936	1935
C.N. Railways ..	$37,449,321 57	$41,795,757 24
Eastern Lines ..	5,550,632 36	5,265,373 20
P.E.I. Car Ferry and Terminals.	303,439 89	360,334 36
	$43,303,393 82	$47,421,464 80

That is in order to get the change in the position, which is the figure I gave and the figure I am sticking to. According to this report the change during the year in the profit and loss account was $48,381,230.85, against $67,233,811.78 the year before, showing a betterment. But the balance at January 1 is given, carried forward as I said.

Mr. DUNNING: That balance is modified in each case by the amount paid by the dominion.

Mr. BENNETT: Oh, no. The deficits are set out and then the balance is struck as of the 31st December, and here are the figures of the balance. He who runs may read. The figures are: $856,274,487.20. That is for the year ending 31st December, 1935, carried forward in the account of 1935 as the debit balance on the 1st January of last year. At the end of December that amount had risen to $904,655,718.05. There is the record of the deficits, cumulative, without interest, and the deficit standing against the Canadian National railways on the 31st December, 1936, was $904,655,718.05, which includes the deficits of 1932, 1933, 1934, 1935 and 1936.

Some hon. MEMBERS: Oh, no.

Mr. BENNETT: It does; there can be no argument about it.

Mr. HOWE: It does not.

Mr. BENNETT: It says here distinctly that it does.

Mr. DUNNING: It is deducted each year.

Mr. BENNETT: Pardon me; it is not deducted each year. It is deducted in order to ascertain the cash position, but that is stated, and the change in net position is indicated by these figures. Here are the figures: December 31, 1934, $789,000,000 odd; December 31, 1936, $904,000,000 odd.

Mr. HOWE: Would my right hon. friend allow me to explain where those figures come from?

[Mr. Howe.]

Mr. BENNETT: Yes. They are there, anyway.

Mr. HOWE: I have here the report for the year ending December 31, 1936. If my hon. friend will look at that report he will see that the system's net loss figure for the year 1935 was $115,281,689.79. The system's net loss for that year was that amount.

Mr. BENNETT: Yes, for 1935.

Mr. HOWE: Yes. For 1936 it was $92,311,037.88. In each case there was deducted from that figure the cash contributions by the dominion government in respect of cash deficits, and a non-cash item representing some $67,000,000 in the one case, and $48,000,000 in the other, was carried forward into the cumulative deficit, but the amount that was paid in cash by the government to cover the cash deficit was not carried forward. It was deducted, and the remainder was carried forward.

Mr. BENNETT: But the point I made was that these annual reports distinctly show the amount of money the dominion has paid for deficits. Is that so, or is it not?

Mr. HOWE: Only for the current year and the previous year.

Mr. BENNETT: Certainly; the annual report shows the cash deficit paid by the government of Canada every year. It appears in the profit and loss statement, where you would expect to find it.

Mr. DUNNING: But they are not cumulative.

Mr. BENNETT: But the point I am making is this: The Minister of Transport said this afternoon that we had not shown the deficits in the annual reports since 1932, and the Minister of Finance has repeated that statement. I said I did not think that was so, but I sent out and secured the reports. Surely I can read. Hon. gentlemen opposite probably will deny that I can do a great many things, but at least I can read and write, and here the deficit is set out, as compared with the preceding year. I sent out and got the reports for the last five years, and I have read them into the record. I was very anxious that these deficits should appear, and when I was confronted with the statement that they had not appeared I sent out to make sure.

Mr. DUNNING: In the sense in which my right hon. friend is now using the figures I never doubted that they were there. We are merely talking about different things.

Mr. BENNETT: I would think not. I would not think we were talking about different things at all. We are talking about the same thing; we are talking about whether or not in future the record of the Canadian National Railways is going to show these deficits. I am getting back to my original point. All I have ever asked of the Minister of Transport, from the day he started this discussion until to-day, is that as this is a publicly owned utility of the Dominion of Canada, I should be able, by reference to its accounts, to ascertain what money we have put into our utility. That is all I have ever asked, nothing more or less, and I have suggested that the form used heretofore was sound because it did indicate these deficits. I was confronted with the argument that it did not show the deficits of these years. My memory is not infallible; I thought I might be mistaken about that; so this evening I sent for the reports. There they are, showing the deficit paid by the government of Canada every year.

Mr. DUNNING: They must continue to appear in that form.

Mr. BENNETT: But this afternoon I asked what was to appear. The minister would agree up to a certain point, and from that time on he said, "No, there is a new set-up, and this is now going to this new securities trust, and the public will not get it in this report." When this new set-up is made, all you have to do is to look at the appendix to the bill now before the house and you will see that this item disappears. The new set-up wipes it out. It is no use to shake one's head about it; there it is. The minister has been very frank about it; he says it is going to disappear, and the schedule to the bill says so. I am weary of repeating this, and if I did not feel that I had a duty to perform I would not do so. My duty is to say that as this is a publicly owned utility there should appear in the records of that utility a statement of every dollar the Canadian people have put into it. That is all I ask. I have been very careful to say with respect to the Grand Trunk capitalization and other matters they should be wiped out, but when I come to the c-a-s-h that is put into the enterprise, I do not care how it is kept, but I want to be able to read it when I look at the report.

Now I find in the new set-up of the Securities Trust about 1,000,000 no par value shares. Then there is the other item of 5,000,000 shares owned by the Minister of Finance. The two together will be added up and make a sum of money, and I will know no more about how much money the taxpayers of Canada put into the enterprise than I will know about the railways in Manchuria.

That is the real position; do not let us get away from it. Let us have it straight. I ask the Minister of Transport and the Minister of Finance to remedy that difficulty before this bill leaves parliament. There is the new set-up, and the Minister of Transport was perfectly frank with me this afternoon when he said: Yes, that will appear. But the new set-up will disclose only this—and it is shown by the appendix to the bill—1,000,000 shares of no par value stock of the Canadian National Railways Company issued in exchange for Canadian Northern Railway Company stock, to the value of $18,000,000. Then we have 5,000,000 shares of no par value capital stock issued by the Securities Trust Company to the government—the law says to the Minister of Finance—in consideration for the securities, advances, claims for unpaid interest and collateral security now held by the government, to the amount of $270,037,-437.88; then dominion government capital expenditures for Canadian government railways, $388,290,263.52, making a total of $676,-327,701.40.

Mr. DUNNING: But this is not a profit and loss account; it is a balance sheet.

Mr. BENNETT: Certainly; I took the consolidated balance sheet, and read over the item, in order that there might be no misunderstanding. The Minister of Transport was frank enough to say that under the new set-up these would disappear. All I want in the balance sheet and profit and loss account of the railways—it is indifferent to me how it is done, whether it is a profit and loss or a consolidated balance sheet, so long as it is there—

Mr. DUNNING: I will say it will appear—

Mr. HOWE: It must appear.

Mr. DUNNING: Yes, it must appear, just in the same manner as my right hon. friend read it.

Mr. BENNETT: That is inconsistent with the statement heretofore, and it relieves me of great anxiety. Because if it appears in the profit and loss it must appear on the consolidated balance sheet. That statement renders nugatory this legislation. The minister (Mr. Dunning) has not been following this as carefully as the Minister of Transport. He knows exactly what the difficulty was.

Mr. HOWE: I understood the difficulty. Most of the deficits appeared in the profit and loss as deductions, and the non-cash item is carried forward into the balance sheet. That will be the case always. It has been the case since 1932.

Mr. BENNETT: That is not the point, at all.

Some hon. MEMBERS: Carried.

Mr. BENNETT: I can only say "on division." Does the government desire to pass section 24 of the bill? I just ask a reasonable government if it desires to protect its own reputation, or if it wishes to add to this bill an amendment which will render necessary printing for the third time what is now printed in (a) the public accounts and in (b) the report of the Minister of Railways and Canals? If any hon. member is curious enough he can get the information. You might as well say that on an agricultural bill you add an amendment providing that the Minister of Finance shall publish a statement showing all the moneys spent in connection with all agricultural societies of the country in the last twenty years.

Section agreed to, on division.

Section 25 agreed to.

Schedule A agreed to, on division.

Schedule A1 agreed to, on division.

Mr. CAHAN: These are all carried, on division.

Schedule A2 agreed to, on division.

On Schedule B—Adjustment of public accounts of Canada.

Mr. BENNETT: Look at schedule B. I assume that there is still left a little sense of fairness in the committee. Look at the language at page 9A, where it says:

> Elimination of the present schedule "railway accounts, non-active," and the substitution of the following accounts.

Bear in mind that the minister has used the words "non-active assets." The Drayton report treated them as assets. They may have been non-active, but they were still treated as assets. No one in the committee on behalf of the government has suggested the reason why we should not carry them as they now stand, as non-active assets, valued at so and so, rather than to speak of the equity value of these loans as $270,037,437.88 and $18,000,000, for the purpose of creating a company that has not been created, and conferring upon it, when it does not exist, powers to hold shares, it having no power to hold anything. There is no explanation given of that. There is no company. The statute does not make one. It says there is going to be established a company, and that is all it says. Then we find:

Adjustment in public accounts:	
Credit—Railway accounts non-active	$653,860,558 26
Charge — Canadian National Securities Trust stock account	270,037,437 88
Canadian National stock account	18,000,000 00
Consolidated fund of Canada	365,823,120 38

Mr. DUNNING: And there is another $25,000,000 over the page.

Mr. BENNETT: There is the Grand Trunk Railway debenture account, the interest account, and the special interest account making a total of $25,607,393.53.

Mr. DUNNING: The summary follows.

Mr. BENNETT: Yes. The next heading is "Recapitulation of changes in public accounts," and under it we find this item:

Railway accounts	$697,473,479 34

And then the following:

Charge — Canadian National Securities Trust Stock account	$270,037,437 88

I ask any reasonable member this question: Why should we endeavour to create a trust company to hold something which we say is worth over $270,000,000 at some time in the future? It is not active at this time. Then we have the Canadian National stock account of $18,000,000, and the investment in the Hudson Bay Railway, amounting to $457,526.76 Just why we differentiate there, I shall not ask any hon. member of the committee to explain, though I suppose there is an explanation of it.

Mr. DUNNING: There was reference to it this afternoon in the adjustment of accounts.

Mr. BENNETT: Yes, that is correct. We have dealt with the Canadian government railways working capital. Then we have the consolidated fund of Canada standing at $392,206,534.16. making in all a total of $697,473,479.34.

I do not wish to worry any more, Mr. Chairman, about this matter; I have worried myself as much as I propose to. But I should like to know how we justify or seek to justify a substitution of shares in the Securities Trust, called an owner's equity, for $697,000,000, and adjustments, that could easily be put in a single sentence in the following

terms: "Owner's equity represented by various forms of securities"—if you wish to shorten it—"held by the Minister of Finance of Canada." That's all there would be to it. But instead of that we deal with it in a manner which I venture to say was never heard of before, and state that this trust company, which is not yet created, shall form part of the Canadian National Railways system, which to me makes it even more difficult to understand. When it comes into existence it has only one shareholder, and five trustees, who hold office persona designata, and not as individuals. That is the story. All afternoon I have sought, and sought in vain, for some explanation, and not having received it, I venture to say that the government must have had some purpose in deciding that they would not do this. But that purpose has not been disclosed.

Schedule agreed to.

The CHAIRMAN: Appendix number 1.

Mr. HOWE: The appendices are not part of the bill.

Mr. CAHAN: If these appendices are not included, how can you set up the new accounts?

Mr. BENNETT: Number five was the all-important one.

Mr. CAHAN: If they do not form part of the bill, were they put in simply for amusement?

Mr. HOWE: They are put in for explanatory purposes; they are not part of the bill.

Mr. CAHAN: There is no statutory authority with regard to them?

Mr. HOWE: No.

Mr. CAHAN: They simply constitute a prospective set-up?

Mr. HOWE: The bill states how these items shall be set up, and the appendices merely show the set-up so that people may see it.

Bill reported.

TRANS-CANADA AIR LINES

ARRANGEMENT WITH CORPORATION RESPECTING LINES AND SERVICES FOR TRANSPORT OF PASSENGERS, GOODS AND MAILS

Hon. C. D. HOWE (Minister of Transport) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to incorporate a corporation to be known as trans-Canada air Lines with authority to establish and operate air lines and services across Canada and matters incidental thereto, also to authorize the government to enter into a contract with the corporation providing for the organization and operation of such lines and services including the transport of passengers, goods and mails, and for the payment of a subsidy to the corporation and for the operation and maintenance by the government of emergency landing fields and other specified services, and also to authorize the government at its discretion to acquire and pay for all of the shares of the capital stock of the corporation, and further to authorize the Board of Railway Commissioners to fix the rates to be paid to the corporation for its services.

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

Mr. BENNETT: Perhaps the minister will give us a reasonable explanation. By reasonable I mean reasonably long, so that we can understand the purpose of this resolution.

Mr. HOWE: The purpose of the bill to be founded upon this resolution is to form a company to operate a first-class air service from coast to coast. I think most of us are aware of the necessity for such a service. Canada is perhaps one of the few countries in the world without a national scheduled air service. The air services from our centres of population to areas not otherwise served by transportation take second place to none, but we are woefully behind other countries in air services between centres of population. During the calendar year 1936 over 1,000,000 people travelled in scheduled air flights in the United States. Many Canadian citizens when travelling from one point to another in Canada find they have to use the air lines in the United States, and they have been very insistent in demanding the establishment of a direct Canadian service.

Air mail stamps are sold in Canada and much of our mail is routed across the border, transported by the air services of the United States, and then brought back across the border at the point nearest to destination. The volume of this air mail is sufficient to warrant the establishment of a direct service in Canada. I believe such a service would prove of immense value for national purposes. Canada is a country of vast distances and sparse population, and the time needed to travel between the west and the east is considerable under present circumstances. If that time could be cut in three or four by a new air service, the people living at the extremes of this country would be able to travel more frequently to the centres of government business, and industry, and the inter-relations of the country would thereby be facilitated. The need for a service of this kind has been

recognized for some considerable time. As a means of relieving unemployment the construction of airports was commenced from coast to coast.

Mr. BENNETT: Those were the camps.

Mr. HOWE: The work on the airports has been continued since the camps were closed. It is expected that the airports from Winnipeg westward will be entirely completed by July 1 next, and the other fields by the end of the present year. The time has now come to undertake the flying of this route, and the government has been faced with the question how it can best be done. Numerous applications have been received from companies willing and anxious to perform this service. Pressure has been brought to bear on the government on behalf of several of these companies, and also on behalf of companies which are performing similar services in the United States. We had several examples to guide us. We had the example of Britain and its development of air services through Imperial Airways.

Mr. BENNETT: How much of Imperial Airways does the British government own?

Mr. HOWE: Twenty-five per cent of the capital stock; in addition, all the operations undertaken by direction of the British government are subsidized by the government. The method is to estimate in advance the deficit for the year and the money to cover the estimated deficit is paid over in advance to the company.

The United States have developed air services along different lines. There it has been a matter of competition, extending over some ten years. In the early days mail subsidies were granted which would now be considered very large indeed; they amounted to about four times the present mail subsidies. Companies were authorized to fly certain services and the lines were built up in that way, the only form of subsidy being the contracts awarded for the carriage of the mail. This led to a somewhat chaotic experience. Companies have been formed, and have disappeared or been merged with other companies. Three or four years ago there was a general writing-down of mail contracts; they were suspended for a time, and the United States government undertook to perform the service with its own planes, because the contract arrangement was not considered satisfactory. Subsequently new contracts were made with private firms, and to-day, I think, the United States is operating on a very efficient basis—as efficient perhaps as any country in the world. But it seems to me that this mode of arriving at the end desired could be bettered by a country like Canada, able to profit by the experience of others.

The company contemplated by this bill is to be organized as a private corporation. It is not the intention of the government to own directly any stock in the company. The agency for organizing the company is to be the government's existing agency for the conduct of transportation business, namely, the Canadian National Railways. The Canadian National Railways will underwrite, in the first instance, the stock of this company and distribute it among firms at present engaged in aviation in Canada which wish to participate.

It might be argued that the government should do this direct, but I think everyone here will appreciate the impossibility of working out a plan involving a great number of competitors when the government itself does not and cannot know the plan until it has been approved by parliament. The government has therefore decided that the proper course is to determine the form that the company shall take, place the underwriting in the hands of the National railways, ask those who desire to participate to signify the degree to which they are interested after the terms of the arrangement are known, and to state what they can contribute towards the enterprise in the way of experienced personnel and possibly equipment, and then allow the personnel problem of the company to be worked out after the bill has been passed.

This company will fly only the main artery of traffic across the country, and such other arteries of traffic as are designated by the government as being of national importance. It is not the intention to interfere with any existing operations. The company will not undertake other than interurban services. It will be given an exclusive contract to carry mails, passengers and express over the specified routes. In the initial stages of the company, in addition to its having an air mail contract at a rate competitive with similar services on this continent, its deficits will be paid by the government for two years, during which period we anticipate the personnel will be perfected, and at the end of that time it can reasonably be expected that an efficient service will be in operation. Subsequently the company will receive an air mail contract the basis of which will be determined by the operations of the previous year. The set-up is such that the company will be protected against loss, but its profits will be very strictly limited. In other words, it is organized to

perform a certain national service, and it is expected that that service will be performed at or near cost.

As hon. members know, this government is obligated to share in the proposed service now being organized between England, Ireland, and Canada to cross the north Atlantic. In that connection we have undertaken to be prepared to fly the mails across Canada connecting with their flight across the Atlantic. For that reason it is urgent to form this company and get the organization under way, and obtain the necessary equipment to undertake the service.

It is estimated that the capital required to purchase the equipment necessary to perform the service in Canada is about $1,750,000. In addition, about $1,250,000 is required as part of Canada's capital for the transatlantic service. The balance of $2,000,000 is provided to be called upon as required for the expansion of the services as national needs may indicate. The cost of operation of the service —the coast to coast service—is estimated at about $1,000,000 a year.

Mr. BENNETT: Is that the deficit or the operating cost?

Mr. HOWE: The total operating cost. It is thought that from the start the mail contract and such passenger and express business as is immediately available should cover the cost of the service. We have made provision, however, for a subsidy to protect the service in that period. After 1940, as I have said, the subsidy provision expires, and the mail contract will be on the basis of cost of the service. I think that outlines fairly well the intention of the bill. The whole matter can be more fully considered when the bill is brought down.

Mr. BENNETT: It must be apparent from the explanation given by the minister that the measure contemplated is one of a very far-reaching character, and can only be thoroughly understood when the measure based upon the resolution has been introduced into the house. That we should have an air service across the northern half of the continent goes without saying, I think; but our ability to finance such an undertaking is something also that should be considered. Keeping up with the Joneses has been one of the curses of Canada. On the other hand, we had a mail service across Canada as far as Edmonton and Lethbridge and across the southern part of Canada to Vancouver. We discontinued it, strictly in accordance with the terms of the contract, because with the crop failure in western Canada, and with 300,000 of a population receiving some form of relief, there was very little gratification in seeing an aeroplane passing by day after day when the unfortunate owner of the soil could hardly see the aeroplane because his crop had gone up in dust. No apology is offered for having discontinued the service under the financial conditions that obtained.

With more buoyant revenues, and with the expansion of an air service across the Atlantic ocean, the country is confronted with the necessity of providing some form of service between the Atlantic and the Pacific.

The problem at once arises how it shall be done. The minister has not made abundantly clear just how he proposes to do it. He says that the government will not itself own any of the capital stock of the enterprise, but that the Canadian National Railways will be charged with responsibility for the underwriting of the stock, and that those who have heretofore been engaged in aerial operations will have an opportunity to subscribe for the shares.

The Canadian National Railways put $250,000 into Canadian Airways, and the Canadian Pacific Railway an equal amount. The $250,000 was recommended by the late Sir Henry Thornton, and the president of the Canadian Pacific Railway agreed with that recommendation and paid a similar sum on behalf of that railway. The Canadian National Railways may be said to have at least some claim, both because of the $250,000 which they put into the capital stock and because of the fact that they had mail contracts which, during the days of the depression, were cancelled strictly within the terms of the contracts. Unfortunately, however, they did not anticipate the events that followed in quick succession necessitating the cancellation of the contracts.

I am clear in my own mind that we should make some efforts towards establishing an air service; I have no doubt about that. But I should like to see in great detail the conditions under which it is proposed to organize it. I confess that I have not been quite able to follow the minister in his statement that while we shall own none of the capital stock, the Canadian National Railways will be charged with responsibility for the underwriting of the stock, because under those circumstances it might well be that the control of the enterprise would pass entirely out of the hands of the government, and a franchise, the value of which cannot easily be overestimated, would pass out of our control. I gather that the minister is desirous of having the control at least rest either in the government itself or in a government agency such

as the Canadian National Railways. That, however, will be made quite clear when the bill founded on the resolution is introduced.

In order to expedite matters, and without attempting to traverse the subject at this time, I should be willing to have the resolution reported and the bill introduced, without prejudice to discussion in detail of the terms of the measure about which at the moment we know very little, and which, as the minister has properly remarked, we can fully understand only when it is introduced; for I can conceive of a bill somewhat in the terms indicated by the minister as being very objectionable for many reasons. On the other hand, he has left himself sufficient latitude to bring down a bill that will be acceptable to all, and in that hope and with that reservation I shall be glad to see the resolution reported and the bill introduced.

Resolution reported, read the second time and concurred in. Mr. Howe thereupon moved for leave to introduce Bill No. 74, to establish a corporation to be known as Trans-Canada Air Lines.

Motion agreed to and bill read the first time.

FEEDING STUFFS

REGULATION OF IMPORTATION, EXPORTATION AND SALE

Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 64, to control and regulate the sale of feeding stuffs.

Right Hon. R. B. BENNETT (Leader of the Opposition): In view of the explanation made by the minister the other day it does not seem necessary for him to make an explanation on the second reading, if we reserve our rights in the matter, and then we may read the bill to see what it contains. It is obvious that any explanation the minister might give now would have to be a lengthy one inasmuch as it would cover details. The essential purpose would be served, I think, if with the understanding I have indicated the second reading were given and the bill printed, so that we might have an opportunity to read it and get a more thorough understanding of its provisions. With that understanding, explanations could be given in committee as we proceed section by section with the bill.

Mr. GARDINER: As I indicated to the house the other day on the resolution, it is my intention to move that this bill go to the committee on agriculture. With the understanding that it can be fully discussed there, I think the suggestion made by the leader of the opposition is a proper one.

Hon. H. A. STEWART (Leeds): The minister might perhaps answer on the second reading the question which I asked when the resolution was introduced, as to the appointment of officials under the bill. As I recall it, the bill provides that the minister may make the appointments. On the resolution I asked whether the appointments were made at present by the minister or under the Civil Service Act, and he said he thought that some were made by the commission and others by the minister. Has he any further information on that point?

Mr. GARDINER: I thought that was in connection with Bill No. 65.

Mr. STEWART: Possibly it was the other bill.

Mr. GARDINER: I believe so, but the matter can be fully discussed in committee and I shall have no objection to bringing down the information.

Mr. STEWART: Section 9 of the present bill reads:

> Such inspectors and analysts may be appointed as the minister may consider necessary for the effective carrying out of the provisions of this act.

Mr. GARDINER: That is an entirely new provision.

Mr. STEWART: I was trying to find out from the minister how they are appointed now. There must be officials discharging duties of this kind now. Are they appointed by the civil service commission or by the minister? I think the provision now is that they shall be appointed in the manner provided by law, which would appear to be by the civil service commission.

Mr. GARDINER: I take it this is an entirely new section. I would have to get information as to whether this is a different set of inspectors. I will get the information for the committee. Probably one explanation is that these analysts may be of a particular kind who would have to be chosen because of special qualifications.

Mr. BENNETT: This is an obvious attempt to circumvent the Civil Service Act, and it will not succeed.

Mr. GARDINER: Replying to that remark may I say that if it were so I would have more information about it.

Mr. BENNETT: No, the minister would not disclose it.

Motion agreed to, bill read the second time and referred to the standing committee on agriculture and colonization.

SEEDS

REGULATION OF TESTING, INSPECTING, SALE AND IMPORTATION

Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 65, respecting the testing, inspection and sale of seeds.

Right Hon. R. B. BENNETT (Leader of the Opposition): In addition to what was said a moment ago with respect to Bill No. 64, I suggest to the minister that it might be very desirable to have the Department of Justice carefully consider the question of our constitutional right to pass legislation dealing with the sale of these commodities. If the language of the privy council is to be relied upon, property and civil rights are affected. I mentioned that when the resolution was before the house.

Mr. GARDINER: I have already had that done. I have before me a very careful review of the act and also an opinion given in regard to it, in which it is claimed by the law officers that the bill as drafted is within the powers of this parliament.

Motion agreed to, bill read the second time and referred to the standing committee on agriculture and colonization.

NEW BRUNSWICK NATIONAL PARK

Hon. T. A. CRERAR (Minister of Mines and Resources) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to set aside lands in the province of New Brunswick as a national park and to withdraw from the national park and revest in the province of Nova Scotia a portion of the lands set aside by the Nova Scotia and Prince Edward Island National Parks Act, 1936.

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

Mr. BENNETT: The minister made quite clear what it is proposed to do when the resolution was up, but might I ask whether or not it is proposed in the bill to define the area of the park in New Brunswick at this time, or merely define it in such general terms as to enable it to be hereafter settled?

Mr. CRERAR: It is impossible at present to define the area, because the area has not yet been selected.

Mr. BENNETT: I thought the minister might have selected my old county!

Mr. CRERAR: That, I can assure my right hon. friend, will have very careful consideration.

Mr. BENNETT: If it is not better than usual, there is not much chance for it.

Mr. CRERAR: I suggest that my right hon. friend may still live in hope. The difficulty in New Brunswick is that there are several sites under consideration. Under the parks act the provincial government has to give to the federal authority with clear title the area set aside for a park. In the older settled provinces it involves the acquisition of the site. I had hoped to be in a position to state to the committee when this measure was brought down that a particular site had been selected and what its boundaries would be, but unfortunately I am not in that position. We desire to get a start made on the park in New Brunswick, and we are asking in the bill for authority to define the area by order in council.

Mr. BENNETT: Orders in council are very handy when in office, are they not?

Mr. CRERAR: I believe my right hon. friend found them so.

Mr. BENNETT: Yes, I did.

Mr. CRERAR: There have been some changes in Nova Scotia in the boundaries of the park as defined a year ago, the provincial government having discovered that it would be put to considerable expense to acquire some of the area included in the boundaries as defined at that time.

Mr. BENNETT: They would have to pass special legislation to expropriate.

Mr. CRERAR: There are certain problems of mineral rights which they had not considered before, which might lead to an uncertain financial liability. But we are adding an area to the park which, in the opinion of the parks officials who have examined it, will add to the usefulness and attractiveness of the park.

Mr. BARRY: Will the minister state upon whose recommendation the site in New Brunswick will be selected?

Mr. CRERAR: Sites are examined first by parks officials from the parks branch of the federal government. But my hon friend must remember that the area has to be given to the federal government by the provincial government free of charge with a clear title. That means that the provincial government has to be a consenting party to the area set aside. As I stated, the problem arises in New Brunswick of repossessing certain private properties that may exist in the area proposed to be set aside, and that matter is now

under consideration by the provincial government. We have given to them the report of our federal parks officials who have examined several different sites.

Mr. BARRY: Will the minister assure me that the selection of this site is within the purview of the powers of the provincial government?

Mr. CRERAR: I do not think there is any doubt of that, if they have the money to get it.

Mr. BENNETT: The minister need not take what they offer; that is all.

Mr. CRERAR: No, not necessarily.

Resolution reported, read the second time and concurred in. Mr. Crerar thereupon moved for leave to introduce Bill No. 75 respecting the establishment of a national park and to amend the Nova Scotia and Prince Edward Island National Parks Act, 1936.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

APPOINTMENT OF GEORGE A. TOUCHE AND COMPANY AS AUDITORS

Hon. C. D. HOWE (Minister of Transport) moved the second reading of Bill No. 56, respecting the appointment of auditors for National Railways.

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

On section 1—Appointment of auditors.

Mr. STEWART: Could the minister tell us for how many years this firm has been acting as auditors for the Canadian National Railways?

Mr. HOWE: Since the formation of the railways in 1919, I think, except for an interlude of one year when it was replaced by another company.

Mr. STEWART: And how are the auditors selected? Are they chosen from a panel of eligible auditors?

Mr. HOWE: This is highly technical work, and familiarity with railway accounting is the prime requisite. Because of the fact that Touche and Company have had such special experience in this particular work it is felt by the government that they are the logical people to carry it on.

Section agreed to.

Bill reported, read the third time and passed.

[Mr. Crerar.]

CITY OF OTTAWA AGREEMENT

Hon. P. J. A. CARDIN (Minister of Public Works) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to authorize the Minister of Public Works on behalf of His Majesty to enter into an agreement to pay to the corporation of the city of Ottawa the sum of $100,000 for the year ending July 1, 1937.

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

Mr. CARDIN: Mr. Chairman, this resolution contemplates the introduction of a bill to permit the government to enter into an agreement with the city of Ottawa, continuing an agreement which was entered into several years ago. At that time, if I remember correctly, the agreement was made for five years, and for the last three or four years it has been continued year by year. This agreement with the city of Ottawa was entered into in settlement of a claim made by the city for compensation in lieu of taxes, and so on. The claim, as I explained last year, was for a very large amount, and after some negotiation the Department of Public Works came to an agreement with the city under which the government agreed to pay $100,000 a year for a period of five years. That agreement lapsed several years ago, but has been continued by legislation each year since.

Resolution reported, read the second time and concurred in. Mr. Cardin thereupon moved for leave to introduce Bill No. 76 to authorize an agreement between His Majesty the King and the city of Ottawa.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall said bill be read a second time?

Hon. H. A. STEWART (Leeds): Mr. Speaker, with the unanimous consent of the house I do not see any reason why the bill should not be put through all its stages tonight. The minister has explained its purpose, which is simply to continue an existing arrangement which I think is favourable to the dominion. I know that for several years, as the minister will confirm, the city of Ottawa has been claiming a larger amount than that specified in the bill, as compensation for certain services which they render. I am convinced that since there is nothing new in this bill as compared with the arrangement that has existed for many years, no valid objection can be taken to it. I believe it is in the

interests of the dominion and at the same time I think it is a fair arrangement for the city.

It will be noticed, however, that we are a year behind time. We are only paying now until July 1, 1937, and unless a new arrangement is made the government will have to come back next year for authority to pay up to the end of 1938. Usually our estimates cover the coming fiscal year to its end, but this agreement extends only to July 1, 1937, so to a certain extent we are in arrears every year.

Mr. CARDIN moved the second reading of the bill.

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

FISHERIES RESEARCH BOARD

PROVISION FOR REPEAL OF BIOLOGICAL BOARD ACT AND CREATION OF NEW BODY

Hon. J. E. MICHAUD (Minister of Fisheries) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to repeal the Biological Board Act and to provide in its stead for the creation of a Fisheries Research Board to have charge of the fisheries research work carried on by the dominion; and to provide for travelling and other expenses of the members of the board and any emolument that might be deemed necessary to pay the chairman and secretary of such board.

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

Mr. STIRLING: Mr. Chairman, several years ago certain excellent reasons existed for setting up a biological board, and it has been carrying out valuable work in connection with fisheries throughout Canada. Would the minister intimate the reasons why it is now necessary to do away with it, and substitute a branch of his department?

Hon. J. E. MICHAUD (Minister of Fisheries): The Biological Board of Canada was first organized by order in council in 1898, and subsequently by statute in 1912. It has been found by the board itself that the present title is misleading, because their work is confined to research in connection with fisheries. The term "biological board" has been misleading to the layman, and the board has felt it advisable that the name be changed.

The other change proposed has to do with the manner of selecting the members of the board. The act of 1912 provided that the members should be selected by the minister, and there were specifications as to the types of people who should be on the board. As the act now stands we find that:

The board shall consist of five members appointed by the minister, and one additional member appointed by such universities, to be named by the minister, as may engage in the work of biological research.

As presently constituted, the board has become cumbersome. It has been found that it is not workable. Some universities gave no attention to research work in connection with fisheries and should not have the privilege of appointing members to the board.

Mr. STIRLING: Would the minister tell the committee how the members of the existing board were appointed?

Mr. MICHAUD: They were appointed as specified under the old act.

Mr. STIRLING: From which the minister has quoted.

Mr. MICHAUD: Yes; they will remain so appointed until January 1, 1938. At that time those who are on the board and are working without pay will remain, and the universities which have research departments performing the work now under consideration will be invited to send representatives. The board is composed of scientific men who give their time voluntarily and without pay to research work.

The board have found it would be better to have more representatives from the fishing industry. All the more important branches of the industry have their own research laboratories and carry on their own research work. It has been thought advisable to have more representatives from industry on the board, so that they may give their attention to the work. In future, when a vacancy occurs, the selection of members to sit on the board will be left to the minister. He will not be bound to have representation from any particular university, but may select representatives from universities specializing in research work in connection with the activities of the board.

Resolution reported, read the second time and concurred in. Mr. Michaud thereupon moved for leave to introduce Bill No. 77, to repeal the Biological Board Act and to create the Fisheries Research Board of Canada.

Motion agreed to and bill read the first time.

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

END OF VOLUME II.