

DEBATES
OF
THE SENATE

OF THE
DOMINION OF CANADA

1939

OFFICIAL REPORT

Editor: DAVID J. HALPIN

Reporters: H. H. EMERSON, B. P. LAKE, F. BERRYMAN

Translators: THE BUREAU FOR TRANSLATIONS

FIFTH SESSION—EIGHTEENTH PARLIAMENT—3 GEORGE VI



OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1939

SENATORS OF CANADA

ACCORDING TO SENIORITY

SEPTEMBER 13, 1939

THE HONOURABLE W. E. FOSTER, P.C., SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
RAOUL DANDURAND, P.C.....	De Lorimier.....	Montreal, Que.
JOSEPH M. WILSON.....	Sorel.....	Montreal, Que.
RUFUS HENRY POPE.....	Bedford.....	Cookshire, Que.
GEORGE GORDON.....	Nipissing.....	North Bay, Ont.
ERNEST D. SMITH.....	Wentworth.....	Winona, Ont.
JAMES J. DONNELLY.....	South Bruce.....	Pinkerton, Ont.
CHARLES PHILIPPE BEAUBIEN.....	Montarville.....	Montreal, Que.
JOHN STEWART MCLENNAN.....	Sydney.....	Sydney, N.S.
WILLIAM HENRY SHARPE.....	Manitou.....	Manitou, Man.
GEORGE LYNCH-STAUNTON.....	Hamilton.....	Hamilton, Ont.
CHARLES E. TANNER.....	Pictou.....	Pictou, N.S.
THOMAS JEAN BOURQUE.....	Richibucto.....	Richibucto, N.B.
HENRY W. LAIRD.....	Regina.....	Regina, Sask.
LENDRUM MCMEANS.....	Winnipeg.....	Winnipeg, Man.
DAVID OVIDE L'ESPÉRANCE.....	Gulf.....	Quebec, Que.
GEORGE HENRY BARNARD.....	Victoria.....	Victoria, B.C.
JAMES DAVIS TAYLOR.....	New Westminster.....	New Westminster, B.C.
EDWARD MICHENER.....	Red Deer.....	Calgary, Alta.
WILLIAM JAMES HARMER.....	Edmonton.....	Edmonton, Alta.
PIERRE EDOUARD BLONDIN, P.C.....	Laurentides.....	St. François du Lac, Que.
GERALD VERNER WHITE.....	Pembroke.....	Pembroke, Ont.
SIR THOMAS CHAPAIS, K.B.....	Grandville.....	Quebec, Que.
LORNE C. WEBSTER.....	Stadacona.....	Montreal, Que.
JOHN ANTHONY McDONALD.....	Shediac.....	Shediac, N.B.
WILLIAM A. GRIESBACH, C.B., C.M.G.....	Edmonton.....	Edmonton, Alta.
JAMES A. CALDER, P.C.....	Saltcoats.....	Regina, Sask.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ROBERT F. GREEN.....	Kootenay.....	Victoria, B.C.
ARCHIBALD B. GILLIS.....	Saskatchewan.....	Whitewood, Sask.
ARCHIBALD H. MACDONELL, C.M.G.....	South Toronto.....	Toronto, Ont.
FRANK B. BLACK.....	Westmorland.....	Sackville, N.B.
ARTHUR C. HARDY, P.C.....	Leeds.....	Brockville, Ont.
ONÉSIPHORE TURGEON.....	Gloucester.....	Bathurst, N.B.
SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.....	North York.....	Toronto, Ont.
CLIFFORD W. ROBINSON.....	Moncton.....	Moncton, N.B.
JAMES JOSEPH HUGHES.....	King's.....	Souris, P.E.I.
CREELMAN MACARTHUR.....	Prince.....	Summerside, P.E.I.
WILLIAM ASHBURY BUCHANAN.....	Lethbridge.....	Lethbridge, Alta.
ARTHUR BLISS COPP, P.C.....	Westmorland.....	Sackville, N.B.
JOHN PATRICK MOLLOY.....	Provencher.....	Morris, Man.
DANIEL E. RILEY.....	High River.....	High River, Alta.
RT. HON. GEORGE P. GRAHAM, P.C.....	Eganville.....	Brockville, Ont.
WILLIAM H. MCGUIRE.....	East York.....	Toronto, Ont.
DONAT RAYMOND.....	De la Vallière.....	Montreal, Que.
EDGAR S. LITTLE.....	London.....	London, Ont.
GUSTAVE LACASSE.....	Essex.....	Tecumseh, Ont.
HENRY HERBERT HORSEY.....	Prince Edward.....	Cressy, Ont.
WALTER E. FOSTER, P.C. (Speaker).....	Saint John.....	Saint John, N.B.
HANCE J. LOGAN.....	Cumberland.....	Parrsboro, N.S.
CAIRINE R. WILSON.....	Rockcliffe.....	Ottawa, Ont.
JAMES MURDOCK, P.C.....	Parkdale.....	Ottawa, Ont.
GEORGES PARENT.....	Kennebec.....	Quebec, Que.
JULES-ÉDOUARD PRÉVOST.....	Mille Îles.....	St. Jérôme, Que.
JOHN EWEN SINCLAIR, P.C.....	Queen's.....	Emerald, P.E.I.
JAMES H. KING, P.C.....	Kootenay East.....	Victoria, B.C.
ARTHUR MARCOTTE.....	Ponteix.....	Ponteix, Sask.
ALEXANDER D. MCRAE, C.B.....	Vancouver.....	Vancouver, B.C.
RT. HON. ARTHUR MEIGHEN, P.C.....	St. Mary's.....	Toronto, Ont.
CHARLES COLQUHOUN BALLANTYNE, P.C....	Alma.....	Montreal, Que.
WILLIAM HENRY DENNIS.....	Halifax.....	Halifax, N.S.
JOHN ALEXANDER MACDONALD.....	Richmond— West Cape Breton....	St. Peters, Cape Breton, N.S.
JOSEPH H. RAINVILLE.....	Repentigny.....	St. Lambert, Que.
GUILLAUME ANDRÉ FAUTEUX, P. C.....	De Salaberry.....	Outremont, Que.
LUCIEN MORAUD.....	La Salle.....	Quebec, Que.

SENATORS OF CANADA

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SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
LOUIS COTÉ.....	Ottawa East.....	Ottawa, Ont.
RALPH BYRON HORNER.....	Saskatchewan North... West Central	Blaine Lake, Sask.
WALTER MORLEY ASELTINE.....	Saskatchewan.....	Rosetown, Sask.
EDGAR N. RHODES, P.C.....	Amherst.....	Amherst, N.S.
THOMAS CANTLEY.....	New Glasgow.....	New Glasgow, N.S.
FELIX P. QUINN.....	Bedford-Halifax.....	Bedford, N.S.
JOHN L. P. ROBICHEAU.....	Digby-Clare.....	Maxwellton, N.S.
JOHN A. MACDONALD, P.C.....	Cardigan.....	Cardigan, P.E.I.
DONALD SUTHERLAND, P.C.....	Oxford.....	Ingersoll, Ont.
IVA CAMPBELL FALLIS.....	Peterborough.....	Peterborough, Ont.
GEORGE B. JONES, P.C.....	Royal.....	Apohaqui, N.B.
ARTHUR SAUVÉ, P.C.....	Rigaud.....	Saint Eustache, Que.
ANTOINE J. LÉGER.....	L'Acadie.....	Moncton, N.B.
BENJAMIN F. SMITH.....	Victoria-Carleton.....	East Florenceville, N.B.
HENRY A. MULLINS.....	Marquette.....	Winnipeg, Man.
JOHN T. HAIG.....	Winnipeg South-Centre.	Winnipeg, Man.
EUGÈNE PAQUET, P.C.....	Lauzon.....	St. Romuald, Que.
CHARLES BOURGEOIS.....	Shawinigan.....	Three Rivers, Que.
WILLIAM DUFF.....	Lunenburg.....	Lunenburg, N.S.
JOHN W. DE B. FARRIS.....	Vancouver South.....	Vancouver, B.C.
ADRIAN K. HUGESSEN.....	Inkerman.....	Montreal, Que.
NORMAN P. LAMBERT.....	Ottawa.....	Ottawa, Ont.
DUNCAN McL. MARSHALL.....	Peel.....	Toronto, Ont.

SENATORS OF CANADA

ALPHABETICAL LIST

SEPTEMBER 13, 1939

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, W. M.	West Central Saskatchewan.....	Rosetown, Sask.
AYLESWORTH, SIR ALLEN, P.C., K.C.M.G....	North York.....	Toronto, Ont.
BALLANTYNE, C. C., P.C.....	Alma.....	Montreal, Que.
BARNARD, G. H.	Victoria.....	Victoria, B.C.
BEAUBIEN, C. P.	Montarville.....	Montreal, Que.
BLACK, F. B.	Westmorland.....	Sackville, N.B.
BLONDIN, P. E., P.C.....	Laurentides.....	St. François du Lac, Que.
BOURGOIS, CHARLES.....	Shawinigan.....	Three Rivers, Que.
BOURQUE, T. J.	Richibucto.....	Richibucto, N.B.
BUCHANAN, W. A.	Lethbridge.....	Lethbridge, Alta.
CALDER, J. A., P.C.....	Saltcoats.....	Regina, Sask.
CANTLEY, THOMAS.....	New Glasgow.....	New Glasgow, N.S.
CHAPAIS, SIR THOMAS, K.B.....	Grandville.....	Quebec, Que.
COPP, A. B., P.C.....	Westmorland.....	Sackville, N.B.
COTÉ, L.	Ottawa, East.....	Ottawa, Ont.
DANDURAND, R., P.C.....	De Lorimier.....	Montreal, Que.
DENNIS, W. H.	Halifax.....	Halifax, N.S.
DONNELLY, J. J.	South Bruce.....	Pinkerton, Ont.
DUFF, WILLIAM.....	Lunenburg.....	Lunenburg, N.S.
FALLIS, IVA CAMPBELL.....	Peterborough.....	Peterborough, Ont.
FARRIS, J. W. DE B.	Vancouver South.....	Vancouver, B.C.
FAUTEUX, G. A., P.C.....	De Salaberry.....	Outremont, Que.
FOSTER, W. E., P.C. (Speaker).....	Saint John.....	Saint John, N.B.
GILLIS, A. B.	Saskatchewan.....	Whitewood, Sask.
GORDON, G.	Nipissing.....	North Bay, Ont.
GRAHAM, RT. HON. GEO. P., P.C.....	Eganville.....	Brockville, Ont.
GREEN, R. F.	Kootenay.....	Victoria, B.C.
GRIESBACH, W. A., C.B., C.M.G.....	Edmonton.....	Edmonton, Alta.
HAIG, JOHN T.	Winnipeg South-Centre.	Winnipeg, Man.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
HARDY, A. C., P.C.....	Leeds.....	Brockville, Ont.
HARMER, W. J.....	Edmonton.....	Edmonton, Alta.
HORNER, R. B.....	Saskatchewan North...	Blaine Lake, Sask.
HORSEY, H. H.....	Prince Edward.....	Cressy, Ont.
HUGESSEN, A. K.....	Inkerman.....	Montreal, Que.
HUGHES, J. J.....	King's.....	Souris, P.E.I.
JONES, GEORGE B., P.C.....	Royal.....	Apohaqui, N.B.
KING, J. H., P.C.....	Kootenay East.....	Victoria, B.C.
LACASSE, G.....	Essex.....	Tecumseh, Ont.
LAIRD, H. W.....	Regina.....	Regina, Sask.
LAMBERT, NORMAN P.....	Ottawa	Ottawa, Ont.
LÉGER, ANTOINE J.....	L'Acadie.....	Moncton, N.B.
L'ESPÉRANCE, D. O.....	Gulf.....	Quebec, Que.
LITTLE, E. S.....	London.....	London, Ont.
LOGAN, H. J.....	Cumberland.....	Parrsboro, N.S.
LYNCH-STAUNTON, G.....	Hamilton.....	Hamilton, Ont.
MACARTHUR C.....	Prince.....	Summerside, P.E.I.
MACDONALD, J. A.....	Richmond— West Cape Breton...	St. Peters, Cape Breton, N.S.
MACDONALD, JOHN A., P.C.....	Cardigan.....	Cardigan, P.E.I.
MACDONELL, A. H., C.M.G.....	Toronto, South.....	Toronto, Ont.
MARCOTTE, A.....	Ponteix.....	Ponteix, Sask.
MARSHALL, DUNCAN McL.....	Peel.....	Toronto, Ont.
MCDONALD, J. A.....	Shediac.....	Shediac, N.B.
MCGUIRE, W. H.....	East York.....	Toronto, Ont.
MCLENNAN, J. S.....	Sydney.....	Sydney, N.S.
MCMEANS, L.....	Winnipeg.....	Winnipeg, Man.
MCRAE, A. D., C.B.....	Vancouver.....	Vancouver, B.C.
MEIGHEN, RT. HON. ARTHUR, P.C.....	St. Mary's.....	Toronto, Ont.
MICHENER, E.....	Red Deer.....	Calgary, Alta.
MOLLOY, J.P.....	Provencher.....	Morris, Man.
MORAUD, L.....	La Salle.....	Quebec, Que.
MULLINS, HENRY A.....	Marquette.....	Winnipeg, Man.
MURDOCK, JAMES, P.C.....	Parkdale.....	Ottawa, Ont.
PAQUET, EUGÈNE, P.C.....	Lauzon.....	St. Romuald, Que.
PARENT, G.....	Kennebec.....	Quebec, Que.
POPE, R. H.....	Bedford.....	Cookshire, Que.
PRÉVOST, J. E.....	Mille Iles.....	St. Jérôme, Que.

ALPHABETICAL LIST

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SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
QUINN, FELIX P.....	Bedford-Halifax.....	Bedford, N.S.
RAINVILLE, J. H.....	Repentigny.....	St. Lambert, Que.
RAYMOND, D.....	De la Vallière.....	Montreal, Que.
RHODES, EDGAR N., P.C.....	Amherst.....	Amherst, N.S.
RILEY, D. E.....	High River.....	High River, Alta.
ROBICHEAU, J. L. P.....	Digby-Clare.....	Maxwellton, N.S.
ROBINSON, C. W.....	Moncton.....	Moncton, N.B.
SAUVÉ, ARTHUR, P.C.....	Rigaud.....	Saint Eustache, Que.
SHARPE, W. H.....	Manitou.....	Manitou, Man.
SINCLAIR, J. E., P.C.....	Queen's.....	Emerald, P.E.I.
SMITH, B. F.....	Victoria-Carleton.....	East Florenceville, N.B.
SMITH, E. D.....	Wentworth.....	Winona, Ont.
SUTHERAND, DONALD, P.C.....	Oxford.....	Ingersoll, Ont.
TANNER, C. E.....	Pictou.....	Pictou, N.S.
TAYLOR, J. D.....	New Westminster.....	New Westminster, B.C.
TURGEON, O.....	Gloucester.....	Bathurst, N.B.
WEBSTER, L. C.....	Stadacona.....	Montreal, Que.
WHITE, G. V.....	Pembroke.....	Pembroke, Ont.
WILSON, CAIRINE R.....	Rockcliffe.....	Ottawa, Ont.
WILSON, J. M.....	Sorel.....	Montreal, Que.

SENATORS OF CANADA

BY PROVINCES

ONTARIO—24

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 GEORGE GORDON.....	North Bay.
2 ERNEST D. SMITH.....	Winona.
3 JAMES J. DONNELLY.....	Pinkerton.
4 GEORGE LYNCH-STAUTON.....	Hamilton.
5 GERALD VERNER WHITE.....	Pembroke.
6 ARCHIBALD H. MACDONELL, C.M.G.....	Toronto.
7 ARTHUR C. HARDY, P.C.....	Brockville.
8 SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.....	Toronto.
9 RT. HON. GEORGE P. GRAHAM, P.C.....	Brockville.
10 WILLIAM H. MCGUIRE.....	Toronto.
11 EDGAR S. LITTLE.....	London.
12 GUSTAVE LACASSE.....	Tecumseh.
13 HENRY H. HORSEY.....	Cressy.
14 CAIRINE R. WILSON.....	Ottawa.
15 JAMES MURDOCK, P.C.....	Ottawa.
16 RT. HON. ARTHUR MEIGHEN, P.C.....	Toronto.
17 LOUIS COTÉ.....	Ottawa.
18 DONALD SUTHERLAND, P.C.....	Ingersoll.
19 IVA CAMBELL FALLIS.....	Peterborough.
20 NORMAN P. LAMBERT.....	Ottawa.
21 DUNCAN McL. MARSHALL.....	Toronto.
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QUEBEC—24

SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
THE HONOURABLE		
1 RAOUL DANDURAND, P.C.....	De Lorimier.....	Montreal.
2 JOSEPH M. WILSON.....	Sorel.....	Montreal.
3 RUFUS H. POPE.....	Bedford.....	Cookshire.
4 CHARLES PHILIPPE BEAUBIEN.....	Montarville.....	Montreal.
5 DAVID OVIDE L'ESPÉRANCE.....	Gulf.....	Quebec.
6 PIERRE EDOUARD BLONDIN, P.C.....	Laurentides.....	St. François du Lac.
7 SIR THOMAS CHAPAIS, K.B.....	Grandville.....	Quebec.
8 LORNE C. WEBSTER.....	Stadacona.....	Montreal.
9 DONAT RAYMOND.....	De la Vallière.....	Montreal.
10 GEORGES PARENT.....	Kennebec.....	Quebec.
11 JULES-ÉDOUARD PRÉVOST.....	Mille Îles.....	St. Jérôme.
12 CHARLES C. BALLANTYNE, P.C.....	Alma.....	Montreal.
13 JOSEPH H. RAINVILLE.....	Repentigny.....	St. Lambert.
14 GUILLAUME A. FAUTEUX, P.C.....	De Salaberry.....	Outremont.
15 LUCIEN MORAUD.....	La Salle.....	Quebec.
16 ARTHUR SAUVÉ, P.C.....	Rigaud.....	Saint Eustache.
17 EUGÈNE PAQUET, P.C.....	Lauzon.....	St. Romuald.
18 CHARLES BOURGEOIS.....	Shawinigan.....	Three Rivers.
19 ADRIAN K. HUGESSEN.....	Inkerman.....	Montreal.
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NOVA SCOTIA—10

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 JOHN S. MCLENNAN.....	Sydney.
2 CHARLES E. TANNER.....	Pictou.
3 HANCE J. LOGAN.....	Parrsboro.
4 WILLIAM H. DENNIS.....	Halifax.
5 JOHN A. MACDONALD.....	St. Peters, Cape Breton.
6 EDGAR N. RHODES, P.C.....	Amherst.
7 THOMAS CANTLEY.....	New Glasgow.
8 FELIX P. QUINN.....	Bedford.
9 JOHN L. P. ROBICHEAU.....	Maxwellton.
10 WILLIAM DUFF.....	Lunenburg.

NEW BRUNSWICK—10

THE HONOURABLE	
1 THOMAS JEAN BOURQUE.....	Richibucto.
2 JOHN ANTHONY McDONALD.....	Shediac.
3 FRANK B. BLACK.....	Sackville.
4 ONÉSIPHORE TURGEON.....	Bathurst.
5 CLIFFORD W. ROBINSON.....	Moncton.
6 ARTHUR BLISS COPP, P.C.....	Sackville.
7 WALTER E. FOSTER, P.C. (Speaker).....	Saint John.
8 GEORGE B. JONES, P.C.....	Apohaqui.
9 ANTOINE J. LÉGER.....	Moncton.
10 BENJAMIN F. SMITH.....	East Florenceville.

PRINCE EDWARD ISLAND—4

THE HONOURABLE	
1 JAMES JOSEPH HUGHES.....	Souris.
2 CREELMAN MACARTHUR.....	Summerside.
3 JOHN EWEN SINCLAIR, P.C.....	Emerald.
4 JOHN A. MACDONALD, P.C.....	Cardigan.

BRITISH COLUMBIA—6

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 GEORGE HENRY BARNARD.....	Victoria.
2 JAMES DAVIS TAYLOR.....	New Westminster.
3 ROBERT F. GREEN.....	Victoria.
4 JAMES H. KING, P.C.....	Victoria.
5 ALEXANDER D. MCRAE, C.B.....	Vancouver.
6 JOHN W. DE B. FARRIS.....	Vancouver.

MANITOBA—6

THE HONOURABLE	
1 WILLIAM H. SHARPE.....	Manitou.
2 LENDRUM McMEANS.....	Winnipeg.
3 JOHN PATRICK MOLLOY.....	Morris.
4 HENRY A. MULLINS.....	Winnipeg.
5 JOHN T. HAIG.....	Winnipeg.
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SASKATCHEWAN—6

THE HONOURABLE	
1 HENRY W. LAIRD.....	Regina.
2 JAMES A. CALDER, P.C.....	Regina.
3 ARCHIBALD B. GILLIS.....	Whitewood.
4 ARTHUR MARCOTTE.....	Ponteix.
5 RALPH B. HORNER.....	Blaine Lake.
6 WALTER M. ASELTINE.....	Rosetown.

ALBERTA—6

THE HONOURABLE	
1 EDWARD MICHENER.....	Calgary.
2 WILLIAM JAMES HARMER.....	Edmonton.
3 WILLIAM A. GRIESBACH, C.B., C.M.G.....	Edmonton.
4 WILLIAM ASHBURY BUCHANAN.....	Lethbridge.
5 DANIEL E. RILEY.....	High River.
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CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Thursday, September 7, 1939.

The Parliament of Canada having been summoned by Proclamation of the Governor General to meet this day for the dispatch of business:

The Senate met at 2.30 p.m., the Speaker in the Chair.

Prayers.

OPENING OF THE SESSION

The Hon. the SPEAKER informed the Senate that he had received a communication from the Governor General's Secretary informing him that His Excellency the Governor General would proceed to the Senate Chamber to open the session of the Dominion Parliament this day at three o'clock.

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

At three o'clock His Excellency the Governor General proceeded to the Senate Chamber and took his seat upon the Throne. His Excellency was pleased to command the attendance of the House of Commons, and that House being come, with their Speaker, His Excellency was pleased to open the Fifth Session of the Eighteenth Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

As you are only too well aware, all efforts to maintain the peace of Europe have failed. The United Kingdom, in honouring pledges given as a means of avoiding hostilities, has become engaged in war with Germany. You have been summoned at the earliest moment in order that the Government may seek authority for the measures necessary for the defence of Canada, and for co-operation in the determined effort which is being made to resist further aggression, and to prevent the appeal to force instead of to pacific means in the settlement of international disputes. Already the Militia, the Naval Service and the Air Force have been placed on active service, and certain other provisions have been made for the defence of our coasts and our internal security under the War Measures Act and other existing authority. Proposals for further effective action by Canada will be laid before you without delay.

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Members of the House of Commons:

You will be asked to consider estimates to provide for expenditure which has been or may be caused by the state of war which now exists.

Honourable Members of the Senate:

Members of the House of Commons:

I need not speak of the extreme gravity of this hour. There can have been few, if any, more critical in the history of the world. The people of Canada are facing the crisis with the same fortitude that to-day supports the peoples of the United Kingdom and other of the nations of the British Commonwealth. My Ministers are convinced that Canada is prepared to unite in a national effort to defend to the utmost liberties and institutions which are a common heritage.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAY BILL

FIRST READING

Bill A, an Act relating to Railways.—Hon. Mr. Dandurand.

CONSIDERATION OF HIS EXCELLENCY'S SPEECH

On motion of Hon. Mr. Dandurand, it was ordered that the speech of His Excellency the Governor General be taken into consideration at the next sitting of the House.

THE ROYAL VISIT

LETTER FROM HIS MAJESTY THE KING

Hon. RAOUL DANDURAND: Honourable senators, I have been requested to communicate to this Chamber a letter written on July 13, 1939, by His Majesty King George VI. It is as follows:

Buckingham Palace

13th July, 1939.

My dear Prime Minister:

Since my return to England, I have been fully occupied with work which had accumulated in my absence; I fear you must have had a similar experience when you got back to Ottawa.

But I do not wish to let more time elapse without telling you how deeply grateful I am to you, and to your colleagues in my Canadian

Government, for all the care and forethought that you bestowed on the preparations for my recent visit. Both the Queen and I realize what heavy responsibilities such a tour as ours lays on the shoulders of Ministers, and we appreciate highly the manner in which those responsibilities were discharged. Its unquestioned success was very largely due to the skill with which it was planned; and though it could not, in the time at our disposal, be anything but strenuous in character, we were sensible throughout that every possible consideration had been given both to our safety and to our comfort.

It was a great satisfaction to me to have an opportunity from time to time of meeting so many of my Canadian Ministers, and I feel that my knowledge of the country as a whole has been considerably enlarged by the conversations that I had with them on many occasions.

To you personally I am particularly grateful for your helpful advice and support while you were in attendance on me; I need hardly say that I found your mature experience of Canadian affairs of very great value.

The gold bowl, given to us by the Canadian Government, has now arrived here safely; I should be glad if you would, on some suitable occasion, convey to your colleagues the cordial thanks of the Queen and myself for this present, which, apart from its beauty of design and craftsmanship, is a delightful memento of our long journey.

Before the summer is over you will, I hope, be able to get some real rest, for you have had an especially busy and exacting year. I send you my best wishes for a pleasant holiday.

Believe me,

Yours very sincerely,

George R. I.

The Right Honourable

W. L. Mackenzie King, LL.D.,
Prime Minister of Canada.

I feel that we as members of Parliament have listened with much pleasure to this letter from His Majesty.

COMMITTEE ON ORDERS AND PRIVILEGES

Hon. Mr. DANDURAND moved:

That all the senators present during the session be appointed a committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

The motion was agreed to.

THE OUTBREAK OF WAR

DOCUMENTS TABLED

Hon. RAOUL DANDURAND: I beg to lay on the Table copies, in English and in French, of documents relating to the outbreak of war, September 1939. Copies of these documents are being distributed this afternoon. I desire also to table copies of emergency Orders in Council passed since August 25, 1939.

Hon. Mr. DANDURAND.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I wish to refer to the two sets of documents laid on the Table by the honourable leader of the Government, which are of momentous consequence to us. If I caught his words correctly, the first set contains copies of correspondence with the British Government—possibly other documents too—relating to the subject-matter of the Speech from the Throne, namely, the present crisis; and the second set contains copies of what the honourable leader described as emergency Orders in Council. As to the first, before examining it I should like to ask: does it comprise all such correspondence, and give a synopsis of communications by long distance telephone, including any with the Canadian High Commissioner in London?

As to the second set, I was astonished at the volume of papers submitted as emergency Orders in Council. It looked to be large enough to contain almost a thousand. Would the honourable leader of the House clarify, in some way, just what is meant by emergency Orders in Council? If all these documents are emergency Orders in Council, the word "emergency" must have a pretty wide scope.

Hon. Mr. DANDURAND: I have not had occasion to look through all these Orders in Council. A perusal of them will show my right honourable friend what important activities have been carried on by the Executive during the last few days. I shall examine these Orders in Council with my right honourable friend and ascertain whether they deal only with the emergency situation.

Right Hon. Mr. MEIGHEN: That is, whether they relate altogether to the present crisis in Europe?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: As to the first set of documents—

Hon. Mr. DANDURAND: I am not in a position to answer my right honourable friend's question on that point now. He may get his answer by perusing these documents. If he wishes, I shall peruse them with him.

Right Hon. Mr. MEIGHEN: I should like the honourable leader to read the question I have asked him. It is quite understandable that he would not be able to answer it now. The answer cannot be found by perusal of the documents; that would disclose only what they contain, but not what is missing.

Hon. Mr. DANDURAND: My right honourable friend apparently thinks that the second set of documents is too voluminous, but that the first is not voluminous enough.

Right Hon. Mr. MEIGHEN: It may not be.

Hon. Mr. DANDURAND: If perusal of the documents does not give my right honourable friend the information he is seeking, I shall answer him to-morrow.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Friday, September 8, 1939.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE LATE SENATOR O'CONNOR TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, since separating in the early days of June last we have learned with sorrow that one of our colleagues, the Hon. Frank O'Connor, has left us. We had been aware that for the last two years his health had been far from good, and that he had in fact suffered from what, I believe, was a stroke. Nevertheless, we were in hopes that he would recover his health and return to share in our labours. But Fate decided otherwise, and at the age of 54 that once strong and active man has disappeared from our midst.

I confess that up to the time he entered this Chamber I knew very little of our late colleague, except through his activities in the industrial world and the founding by him of a chain of stores which distributed his goods throughout this land and the United States. He had a decided genius for organization, and by means of an article of special quality which was in demand he made his way up the hill and became one of the outstanding financial figures in the city of Toronto—a man of whom that city and Canada as a whole had reason to be proud. Since his entrance into this Chamber I learned of his generosity to charitable institutions of all kinds. He was popular throughout the community because of his geniality and big-heartedness. As he was not long among us,

we had little opportunity to judge of his opinions and work in the national field. We do know that in his life's short day he did a good day's work.

I am sure that all who knew the late Senator O'Connor mourn his sudden departure, and in the name of the Senate I desire to convey to his family a sympathy which I am sure is shared by all members of this Chamber.

Right Hon. ARTHUR MEIGHEN: Honourable members, those of us who were able to attend the last sad rites of Senator O'Connor were deeply impressed with the evidence everywhere to be seen of universal affection and esteem for the man. I doubt whether in many years I have ever seen more abundant evidence of this kind; certainly I never did in the case of one who was known only as a modest business man and good fellow and in virtually no other way.

The leader of the House has dwelt upon the late Senator O'Connor's success in business. It was indeed a very marked success, and resulted in very great wealth. Reflecting on that incident, I have thought how untrue is the all too prevalent belief that such wealth is drawn from the slender resources of others; that what attached to him was subtracted from someone else. His wealth accrued because he was able to give effect to a sound idea; to provide for humanity's wants in a more economical and better way than the average, or, indeed, any of his competitors. A great population benefited from his capacity. They did not lose.

It is a happy reflection that he regarded his wealth with that sense of trusteeship with which wealth should always be regarded, and that his later life at any rate, and I doubt not his entire business life, was marked by continuous and extraordinary benefactions. One thinks at a time like this there is, perhaps, nothing better for which a man could live than the goodwill of his fellows. One thinks, too, of the moment at which Providence was pleased to take Senator O'Connor away. To a man like him, who in his heart could not conceive of the necessity of making an enemy of anybody, the approaching noise and conflict of a battling world, a world he would not have liked, would probably bring the conclusion that his release was a happy one. The distress he would have suffered at this hour would have been beyond his strength, even were he strong.

I join with the leader of the Government in tendering our sympathy to the late senator's son and daughter, who, I know, revere his memory with deep affection.

THE OUTBREAK OF WAR

DOCUMENTS TABLED

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, yesterday afternoon I laid on the Table copies of emergency Orders in Council passed since August 25, 1939, to date. At that time I had no epitome of those Orders in Council or I should have placed it on Hansard. I beg leave now to place in our own record a list of these documents as it appears at page 4 of the Commons Hansard.

Order relating to the issue of special warrant for \$8,918,930 for expenditures for Naval Service, Militia Service and Air Service.

Regulation regarding calling out militia under section 63 of the Militia Act.

Regarding purchase of aircraft, spares and accessories up to \$7,500,000.

Regarding control of shipping.

Regarding warrant for \$1,453,000 making provision for thirty days for militia personnel, transportation, rations, engineer services and purchase of stores.

Regarding approval of financial regulations and instructions for the Canadian Field Force covering pay and allowances, etc.

Regarding employment of parts and personnel of the Auxiliary Active Air Force and the Reserve Air Force.

Warrant of \$150,000 regarding air raid precautions.

Constitution of subcommittees of Council.

(With regard to this particular order, while committees were named and personnel selected with reference to what at the time seemed the best arrangement to make, the order is not to be construed as necessarily restricting the personnel of each committee to the names which appear in the list. It will be obviously desirable from time to time to change the personnel of the different committees.)

The designation of the committees themselves will indicate the purposes for which they have been formed.)

Warrant for \$536,600 to cover expenses in connection with transfer of units of the Royal Canadian Air Force to east coast and calling out for training of Auxiliary Air Force, for a period of thirty days.

Proclamation regarding meeting of Parliament on September 7, 1939.

Regarding proclamation concerning existence of apprehended war.

Placing on active service the Reserve Naval Forces of Canada.

Placing on active service the Permanent Naval Forces.

Regarding warrant for \$5,345,590 to bring up the Permanent Active Air Force to full peace establishment.

Establishment of censorship regulations.

Placing Active Militia on war establishment.

Establishing the Defence of Canada Regulations.

Regarding engagement of ex-members of the Royal Canadian Mounted Police force.

Appointment of the Commissioner of the Royal Canadian Mounted Police as Registrar General of Alien Enemies.

Constitution of prize courts.

Regulations regarding pensions.

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Warrant for \$50,000 to cover employment of extra civilian personnel for emergency duty.

Regarding censorship in respect of cable, radio, telegraph and telephone companies or circulation of prohibited matter.

Regarding expression "Canadian Active Service Force" to be used instead of "Canadian Field Force."

Censorship regulations 1939.

Regarding calling out of units, formations and detachments of the Auxiliary Active Air Force.

Application by the Government of the United Kingdom of the war risks insurance scheme to British ships registered in Canada.

Regarding postal censorship.

Placing on active service depots of corps of the Active Militia.

Authorization to call out officers and airmen of the Reserve Air Force as required.

Regulations regarding trading with the enemy, 1939.

Setting up the Censorship Co-ordination Committee.

Regarding members of the Naval Forces, the Militia, or the Royal Canadian Air Force, being retained as civil servants if required by their department.

Appointment of Walter S. Thompson as chairman of the Censorship Co-ordination Committee.

Establishment of regulations concerning prices of food, fuel and other necessaries of life.

Appointment of the War-time Prices and Trade Board.

Internment of enemy aliens.

Regarding control of shipping.

Regarding employees of the Canadian Broadcasting Corporation, National Harbours Board, Canadian National Steamships, Trans-Canada Air Lines, railway and telegraph companies to be retained as civil servants, if deemed necessary by departmental heads.

Calling out for active service certain units, formations and detachments of the Auxiliary Active Air Force.

Transfer of Canadian Government ships to naval services, non-application of Government Vessels Discipline Act.

Constitution of Dependents and Allowance Board.

Appointment of cable and trans-oceanic radio censorship personnel, with remuneration rates.

Censorship regulations; application of same in regard to circulation of prohibited matter and press censorship.

Censorship regulations; application of same in regard to the operations, offices, works or property of radiotelegraph or radiotelephone stations, radio broadcasting stations or any other class of radio station.

THE GOVERNOR GENERAL'S SPEECH

CONSIDERATION POSTPONED

On the Order:

Consideration of His Excellency the Governor General's Speech from the Throne at the opening of the fifth session of the eighteenth Parliament.

Right Hon. ARTHUR MEIGHEN: Honourable members, with the assent of the House I should like to make a few remarks. Just prior to three o'clock I had a talk with the honour-

able leader of the Government (Hon. Mr. Dandurand) anent the general procedure of the Senate at this most extraordinary hour. Ordinarily an honourable member would now move that an Address of thanks be presented to His Excellency for the Speech from the Throne, this motion would be seconded by another honourable member, and then there would be a debate, which, in accordance with historical custom, would revolve around Government policy as revealed in that Speech. We all know that the Speech to which we listened yesterday does little more than call attention to the terrific exigencies of the present time. The specific course which the Government intend to pursue and the practical measures which they have to offer to Parliament at this session are not as yet known, but are expected to be announced in the other Chamber by the Prime Minister this afternoon. I feel that in the present circumstances we cannot advantageously begin a debate upon the Speech from the Throne until we know what definite measures the Government have in mind. It would be easy enough to dwell upon the past in the ordinary way, to seek to assess responsibility here and offer laudation there; but to do so would be valueless so far as this crisis is concerned, and for that kind of debate I have no spirit whatever.

My suggestion—I have already made it to the honourable leader of the House—is that either now or after the mover and the seconder of the Address have spoken, whenever these honourable members may prefer, the Order of the Day be postponed until tomorrow, when we all shall have had an opportunity of reading and studying what the Prime Minister says to-day. The honourable leader of the House knows, perhaps as well as the Prime Minister, the course which the Government intend to take, but I should not think that my honourable friend would desire merely to duplicate here what is to be said in the other House, and certainly he would not give the detail which will likely be disclosed there. However, it is for him to decide what course he wishes to take in this respect.

If we meet to-morrow afternoon at three o'clock we should be able to complete our work before six, or at all events in the evening, and then we may meet again on Monday or Tuesday, or any other date which the leader of the House may choose.

I am most anxious, particularly at this session, which we hope will be short and which should be short, that we be present at our posts of duty from the beginning to the end, that we show we are here to be of use to the country, and that we consider our own convenience not at all.

I trust what I have said will appeal to the honourable leader of the House.

Hon. Mr. DANDURAND: Yesterday, at the request of my right honourable friend (Right Hon. Mr. Meighen), I moved adjournment of the Senate until to-day with the idea that we would proceed with the debate on the Address this afternoon. He has since advised me that he does not feel disposed to express his views on the situation until he has heard the policy of the Government from the lips of the Prime Minister. I am, in my humble way, prepared to state that policy to the Senate, but I yield to the wish of my right honourable friend. I suggest that the Order be postponed until the next sitting of the House.

The Order was postponed.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Saturday, September 9, 1939.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE OUTBREAK OF WAR

STATEMENT BY THE PRIME MINISTER

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, I have received a statement which the Prime Minister intends to read to the other House, and is probably reading there now. It is as follows:

I should like to make clear to the House the procedure which the Government have in mind as to giving effect to the decision of Parliament regarding Canadian participation in the war.

The adoption of the Address in reply to the Speech from the Throne will be considered as approving not only the Speech from the Throne, but approving the Government's policy, which I set out yesterday, of immediate participation in the war.

If the Address in reply to the Speech from the Throne is approved, the Government will therefore immediately take steps for the issue of a formal proclamation declaring the existence of a state of war between Canada and the German Reich.

THE GOVERNOR GENERAL'S SPEECH

ADDRESS IN REPLY

The Senate proceeded to the consideration of His Excellency the Governor General's Speech at the opening of the session.

Hon. NORMAN P. LAMBERT rose to move that an Address be presented to His Excellency the Governor General to offer the humble thanks of this House to His Excellency

for the gracious speech which he has been pleased to make to both Houses of Parliament.

He said: Honourable senators, if I may be permitted to dispense with the reading of the formal resolution which I have in my hand, I should like to say that in view of the preference expressed yesterday by my right honourable friend opposite (Right Hon. Mr. Meighen) that this debate should proceed on the basis of a speech delivered elsewhere than in this Chamber, I have no desire to encumber Hansard with the mite that I had to offer on Friday. Suffice it to say that I wish to endorse the policy of the Government as stated in the Speech from the Throne. Canada, in common with the United Kingdom and other members of the British Commonwealth, finds herself in a state of war. This Dominion must and will prosecute her part in that war to the utmost of her ability.

Hon. JULES-EDOUARD PREVOST (Translation): Honourable senators, at a moment when the representatives of Canada are assembled to adopt necessary measures of safety, thousands of men, of Christians for the most part, are killing, slaughtering one another in Europe. Some of the combatants believe it their duty to obey leaders who, in their insatiable ambition, aim to conquer the peoples and the countries they covet, in defiance of treaties, of given promises and the sacrosanct rights of property. The other side is fighting and dying to remain faithful to pledges, to uphold treaties, to defend right, justice, freedom of individuals and peoples against the scourge of brute force.

It used to be said that war was hateful to mothers; it is now hateful to all. Europe learned it of old: America is learning her bitter lesson.

Imperialistic ambition, exaggerated nationalism, or, if you will, racism, Nazi-ism, and Fascism, were created, exploited and exalted for the purpose of devouring Europe. The pride of dictators unleashed these passions among their peoples. The democratic and pacific countries are troubled, and, against their will, have taken to the paths of war, to defend outraged right, to protect their territory, their prestige, and above all, their freedom.

In their love of peace, the democracies made concession after concession. Unfortunately, these concessions only served to whet the appetite of a dictator greedy for domination and hegemony.

But concession does not mean surrender. After exhausting all peaceful means, Great Britain and France are now rising up before the invader, who, for too long already, has

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dared to impose his will by force, and to-day is despoiling Poland in order to enslave her. And once more war is convulsing Europe.

In our days, when the least event re-echoes throughout the world, the calamitous acts of the modern Attila who rules Germany to-day will affect even the countries farthest from the theatre of war. In our times, a European war like the one now raging is truly universal. That is obvious from the point of view of economic life, which is disrupted in all parts of the world, but also and especially from the point of view of the principles at stake, which are dear to the hearts of all peoples who do not regard freedom, justice, human brotherhood, and peace as vain words.

Canada is a British country, autonomous and free, and means to remain so. We cannot look disinterestedly on the gigantic conflict in which Great Britain and France are engaged in defending an eminently just cause, the triumph of which is vital to us.

In these grave and perilous circumstances, the Canadian Government stand calm, firm and dignified, devoted to the interests of the nation. The Speech from the Throne which opened this special session asks Canadians to unite in a national effort to secure the protection of our country, and to collaborate with Great Britain in the conflict she is waging against the enemy of principles which are the basis of our liberties.

The national effort required of us by the Government ensues from our duty to safeguard our rights which might suffer and be destroyed in a war where brute strength seeks to master the universe.

Our first duty as a nation is to defend our homes, our soil, our freedom. It is the main object of the Speech from the Throne read on Thursday by His Excellency the Governor General. Let us admit that the Government, at the opening of the last session, were quite justified in saying:

In this situation, the Government have considered that the uncertainties of the future, and the conditions of modern warfare, make it imperative that Canada's defences be materially strengthened.

Then, as well as to-day, Canada was only doing her duty. But from the viewpoint of our military contribution, the defence of Canada is our only obligation. Does it follow that Canada should and can refuse her help and her co-operation to Great Britain and her Allies in the hour when a human vulture seeks to extend his hegemony to those nations to whom we are not bound, but with whom we are united?

All thinking Canadians understand that our title, or rather our status, as an autonomous nation in the British commonwealth implies not only rights, but duties as well. Our Canadians are too manly, too proud, to misunderstand their duties to themselves and to others.

There is no question here of imperialism nor of excessive nationalism. Let us keep away from the eccentric and extremist groups, one of which would say, "Not one cent, not one man!" while the other demands, "To the last cent, to the last man!" The real Canadian attitude is between those two extremes; we must keep to a happy medium.

To my mind, the true desire of Canadians, enlightened by a clear perception of their moral and material interests, is to support the cause of England and the democratic nations which refuse to become the prey and slaves of a grasping dictator.

The hour is grave, this humane and Christian cause is great: we seek justice in peace, freedom in security, and it should be enough to bring us all into accord. Before establishing this accord must we wait until a devastating, victorious power is at our very doors, ready to threaten our homes, bomb our harbours and our cities, ravage our land?

Our co-operation might take several forms. Compulsory military service is justifiable only for the purpose of defending the soil of our own country. But we cannot prevent Canadians from going voluntarily to Europe to fight for a cause dear to us. That should be the limit of our military contribution outside Canada.

There are many other ways in which we may help and efficiently support the cause of England and her Allies, above all and especially in the economic field.

Wheat, foodstuffs, stores of all kinds, ammunition and raw materials which we can supply are more essential to Great Britain than our volunteers.

Such, no doubt, is the co-operation mentioned in the Speech from the Throne after the announcement that the Government are determined first of all to organize the defence of Canada.

Of this Speech from the Throne, I would repeat what I said of the one which opened the previous session:

To apprehend its full force and consequences, it is necessary to read the Speech from the national viewpoint, with a national pride, and the two together dictate our national duties.

And so Canada, to-day as well as yesterday, means to remain a British country, in full possession of its own liberties, conscious of its responsibilities as a Canadian nation.

It is our duty to defend right here, while co-operating with nations which defend them in other places, the precious liberties our ancestors won at the price of the greatest sacrifices, yea, of life itself.

Honourable senators, allow me to conclude these few remarks by quoting General Weygand. Speaking at a dinner tendered to Col. G. P. Vanier, our Canadian Minister in Paris, by the France-Amérique Committee, that great French soldier said:

Once more, the freedom of the world is threatened. It can be saved only through the union and determination of the nations which, knowing what this freedom costs and that they would be untrue to themselves if they did not resist the ambitions threatening them, are ready to do everything to defend the very dignity of humanity.

Right Hon. ARTHUR MEIGHEN: Honourable members, oppressed as I feel, and as indeed everyone must feel, with emotions which grow out of the gravity of this time, I would very gladly follow the example of the mover of this motion (Hon. Mr. Lambert) and of the seconder (Hon. Mr. Prévost) as well, and speak with the utmost brevity, allowing action more quickly to follow our words, but I do believe I may contribute something to clarify—I do not dare to say inspire—public thought, public feeling, and to promote the unity of our people. Let me postulate a sentence or two before I enter upon what I chiefly have to say.

No one who knows me would for a moment think that any motive can animate me except assistance to my country at this time. In whatever I say as to the Government and its head I am going to keep in mind that this Government is the Government of Canada and represents us all, and that the Prime Minister is no longer to be regarded as the head of a political party. He is the head of our Dominion. In him must reside the honour, the dignity, the sense of duty of our whole nation. It is he who must interpret now our interest and our duty and show us that they are one.

It must not be presumed, because I do not make issue of certain matters now, that I am not thinking something else might be done which is not being done. There are matters on which I might act differently—on which I know I would—but I realize that a united front at the present time, and indeed throughout, if it can be secured, may on balance be of more importance than even the prevailing of a better course. Therefore I defer controversy to the utmost and seek that my words shall have the effect only of encouragement, of assistance, and of rallying to our cause the devotion of our people.

There has been confusion in the public mind and in the mind of many of us up to this time as to just what this Government purposes, some confusion and wonderment as to whether we really have been at war or not. On the latter phase the statement of the honourable leader of the House (Hon. Mr. Dandurand), and the corresponding statement of the leader of the Government in the other Chamber, have set all our minds at rest. It has been the commitment of the present Administration, as I have always understood it, that Parliament would decide what should be our participation in any war. Apparently this has now been interpreted in somewhat extended form as meaning that Parliament has to decide whether we are at war or not. Well, it is over now. I do not think any good has come from this special way of putting to the country the status of Parliament. Parliament always decides anything within the competence of Canada to decide. No other body and no one else can do so. I have never felt that it has been within the competence of Canada to decide whether we are at war or not. I do not feel so now. Either we are part of the British Empire or we are not; and we know we are a part. We cannot be at peace while the head of this Empire is at war. The pronouncement of Laurier stands, and will ever stand. We could, without physical restraint, refuse to be at war, by moving outside the circumference of this Empire; I say without physical external restraint, for Great Britain would bring none to bear. But Canada as a member of the British Commonwealth cannot so refuse.

We may, of course, decide what shall be the measure of our participation. We always have decided it, and always on the recommendation of our Government, exactly as we are doing to-day. The only difference has been this, that the confusion, which has already done some harm, comes because of the present artificial and clumsy device. Further, this circumnavigation has prevented us taking our stand at a time when the decisive taking of a stand might conceivably have been of some value in preventing war itself. It is conceivable that if we could have declared ourselves two weeks ago as we knew we ultimately would—subject, if you will, to confirmation by Parliament when it would meet—then, before the final die was cast by the arbiter of Germany, our declaration might have had some effect in holding back his hand from that awful throw. I did what I could to have this Government take such a course several days before Poland was invaded. My efforts failed.

I close the subject by saying this. I think it is unfortunate that Canada stands in the

position of having contributed to the prevention of this catastrophe precisely nothing.

We now have been at war for some time. We are to make a declaration on the passing of this resolution. The Orders in Council laid on our Table two days ago proclaimed distinctly, in many places, a state of war. I have perused them. In Order in Council after Order in Council reference is made to the enemy; and provision is made for internment of enemy aliens. Unless we were at war there could have been no enemy. No wonder the public mind has sought the light!

Now, what confronts us? On the merits of our case there is, I hope, no difference of opinion. I hope it will not later be said we have been dragged into this to serve the selfish purposes of Britain or of any other country. For myself, I am not a critic of the course the British Government has taken throughout these months. There are some who are critics. I may be wrong—I have been wrong. This thing I know, that all through these many years the door of British counsel has been open. We have been in a position to make our wishes known, to give our advice. How far, if at all, we have availed ourselves of that privilege, I know not. I fancy we have given no advice whatever. But after communication of all facts and proposals as they evolve from day to day and month to month, after every opportunity to make suggestion or criticism, if we do not take advantage of such opportunity, then, even though there be those who think something else might have been done, who criticize a Berchtesgaden conference or a Munich conference, no criticism ought to be heard to-day against united action in our land.

We have witnessed a long struggle for peace, a struggle all could follow, a struggle carrying in its train impatience and internal attacks, involving indeed passing humiliation. We have seen the prestige of governments deteriorate because of exhaustion of every possible effort to restore the reign of common sense and save the world from torture. We have now to admit that all this has failed. Surely there are none so perverse that they cannot see the magnitude of the issue. Germany asserts that the Treaty of Versailles was severe. Oh, yes, it was. You cannot fight a great war and look forward to a generous peace. You can look back and wish there had been one. I do not know whether we should have been better off if the Treaty had been more generous. There are those, and they have some vindication to-day, who in the light of what has happened since believe that the Treaty erred on the side of confidence in Germany, on the side of liberality. But whatever may be said

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about the Treaty, is there among reasonable people who believe in right, who believe in justice between man and man, not just in proportion to the individual strength of each, who believe in those rights of man, who value those achievements of civilization, which alone make life worth while for us, is there a single being who can be blind to the issue which faces us now? Germany, or rather the man who stands in sole command of that country, says, "We must have room to live," and in order to have room to live he invades Poland, where the density of population is double that in Germany itself. He gave his word, on the honour of his country, first to Austria, then to Czechoslovakia, then to Poland, then to Britain, and at a moment opportune for himself he threw every covenant away and declared for the rule of blood and iron.

If the principles of Hitler are to prevail—and they will prevail unless the Allies win—then the world as we have known it will have passed away. It will mean not just another dynasty in Europe; it will mean another form of the whole constitution of humanity. It will mean that there is nothing left to us worth living for.

I come to the duty of Canada, and to the means by which that duty is to be discharged, as revealed by the Government. There are some things contained in the Speech from the Throne and in what has been said by the Prime Minister, particularly in his remarks of Sunday, the first of September, for which I am grateful. The Prime Minister said, "There is no home in Canada, no family and no individual whose fortunes and whose freedom are not bound up in the present struggle." Those words are not a platitude; they are true, as true as ever fell from human lips. Learn those words. Then your own minds will tell you the duty that flows therefrom, what rational beings must do so that that struggle may eventuate in the only way which will mean life to the people of our country.

The Prime Minister also said that we take our stand "for effective co-operation by Britain's side." I am grateful for those words. That decision flows from the first premise. Let us remember that decision, and let us stand as one people to make certain that those words are translated into deeds, and translated with no avoidable delay, and that no guilt falls upon Canada in respect of our part in this struggle.

There is one misapprehension—I will call it that—with which I should like to occupy the minds of honourable members for a moment. Many a time and oft we have heard the assertion that our duty is to defend our own land. While it is true that this is our

primary duty, I rather regret the prominence that assertion had in the speech delivered elsewhere yesterday, and I refer to it now only to make certain that it is not misunderstood. That our first duty is to do all we can to render our own people and country secure from attack on our two shores, from attack by air and from internal disturbance, there is no question. What I want to call attention to, as I have done many a time before, is this, that when we shall have taken steps to protect ourselves in that way we shall not have provided for the security of Canada. We shall have carried out only certain local duties which, if we were not here to perform them, would have had to be performed by an expedition to our shores from the strength of Britain. But security in that sense is merely local and temporary. I am sorry we cannot fully provide even such security for ourselves. We are not equipped to do so. That we must endeavour to do so to our utmost, I quite agree with the most ardent advocate of Canadian defence. But, I ask honourable members, what becomes of that form of protection if on the main issue the arms of the Allies fail? Will Canada then be secure? The few provisions we have already made for our own defence, and any that we may build up with our own strength, will they mean our security? No. We shall have no security at all unless the main issue is won. We can help to defend our own country while the main struggle lasts, and, if that struggle ends as we all pray it will, our defence will be sure. But if the struggle should end the other way, the security of Canada will have gone.

I read with pleasure an address delivered by the Minister of Justice in the other House on the 31st of March last. I could see he appreciated the actual state of our defence and the impossibility of providing anything in the way of ultimate protection by the energies of Canadians alone. He said we must look elsewhere for that, as we have ever looked. Against attack, he said, we can but do our best till help comes. And, he asked, if we depend on others to help us, how can we refuse to those others, when in need, the help of Canada? We cannot. If there is a mind which can deny the eternity of that truth, I cannot understand that mind. Are we defending ourselves now? Well, we try, but we are not equipped. The present is not the time to criticize our incapacity. But while we sit in this House this afternoon warships of Britain line the shores of this Dominion. The security of our coast cities to-day rests under the wing of the British Navy.

An Hon. SENATOR: Hear, hear.

Right Hon. Mr. MEIGHEN: This is pertinent only because the truth is pertinent, and will ever be pertinent, that the big issue is not here; it is over there. German submarines along the Atlantic coast may be suppressed or destroyed: that does not make Canada secure save for the moment. The final security of our country stands or falls by the success of the arms of Britain and of France. Keep ever before you those words of the Minister of Justice. Shame on the land which says, "We accept our defence from you, but if you look to us to help you in the most crucial struggle that ever the world has seen, you look in vain."

Are there those who, abandoning all sense of obligation—I had almost said, all sense of decency and honour—would say, "Even though those nations fall we can scuttle from under their wing to the wing of another"? One must be very careful in the words one employs on this phase of the present issue. Another nation to the south has its rights, as sacred as our own. It is the judge of its own obligations and interests. It is a great, friendly, and powerful neighbour. What its course will be I will not venture to predict, but I will say this: it is only human nature that the course of that great Republic will not be uninfluenced by the conduct of this Dominion, its northern neighbour.

An Hon. SENATOR: Hear, hear.

Right Hon. Mr. MEIGHEN: But can we look forward, even if we are of the spirit to do so, to such an alternative? Let us get together and seriously think. I have heard it said that the duty of that Republic, in fact the duty of this continent, is to keep the war away from us so that we may preserve the treasures of civilization. Yes, I should like the war to be kept away from us; it is very, very important that it should be; but I do not know any means of keeping the war away from us except to defeat those who, if they are not defeated, would bring the war over here.

An Hon. SENATOR: Hear, hear.

Right Hon. Mr. MEIGHEN: There is a way to save the treasures of civilization. So far as my mind can carry me, there is only one way, and that is to defeat the destroyers of civilization.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: That is, to see that Britain and France come triumphant through this struggle.

If it is permissible for us to peer into the future, let us inquire just what the situation would be in the event we must provide

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against, which we hate even to contemplate, and which we do not believe will occur—the defeat of the Allied Powers. I read somewhere just a few days ago an article—I will not permit myself to mention the name of the writer, but he is a man of eminence—giving expression to the sentiment that he could contemplate without despair the destruction of Great Britain and of France. The efforts of the dictators, he said, in bringing about that destruction would so exhaust them that this continent would be safe for a quarter of a century. Meditating on that pronouncement, I do not know whether I should express astonishment at its callousness or at its stupidity. Germany, defeated in the last war, beaten to her knees, stripped of her arms, rose from that prostration and in ten years was a threat to the world. Will anyone tell us that Germany as she may be to-morrow, with contractual allies standing at her side, Germany triumphant, Germany with the resources of her victims at her feet, able to levy on the most virile and the richest people the world has ever known, would not at once be a menace? Can anybody imagine this war ending with her triumph and there remaining a single Atlantic island now in the possession of Britain or France that would not be a German possession? I do not mention Canada. You can judge of the fate of this country just as you like. Leave it aside for the moment. Just picture to your minds German occupation of the West Indies, the Cape Verdes—all those Atlantic territories and bases of air warfare. Do you say, "We will not permit their occupation by another power"? I know the Republic to the south cannot countenance their occupation by another power. I know the policy of that country from its birth has been to deny the right of cession of those islands and to consider the taking of them by another power as a hostile act. And that country in such policy is absolutely right. Therefore—and this is all I ask you to accept—imagine, if you will, the day when the forces of Germany crush to the ground the forces of Britain and of France: then, not in twenty-five years, nor in twenty-five hours, but at once the battle must be taken up by the arms of this continent. The burden on this continent then will be as much on the backs of Canadians as on the backs of the citizens of the country to the south. If we are a free people then, we shall know certainly what a burden is, we shall know what a struggle is. We could not get within two thousand miles of the homeland of our foe, and he would be at our doors. All I premise is this: the tremendous task we stand in front of now

is simple in comparison with what would face us if this issue between the forces of Germany and those of Britain and France should not come out aright.

Let us not lull ourselves into false reasoning by the theory that duty in this crisis arises out of sentiment alone. Why, duty to-day arises out of our will to live. If we have the will to live and to preserve the reasons why we want to live, then we must build everything behind those great powers that have led the world along the path of light. If the dark day comes—I mean the day of final darkness—then everything we have preached against and everything we have debated will be forgotten, and the state of our minds and the anguish of our souls will be a thousand times worse than what surrounds and possesses us now. If we do not win this war on the banks of the Rhine we shall have to fight it on the banks of the St. Lawrence, in the Indies, and on the Mississippi. We may as well take advantage of the light and realize what that light reveals. We may then get the meaning of this thing into the minds of all our people, of all who are willing to see.

I say no more. But as we square ourselves for the task ahead, as we stand erect now and commence the long journey through troubles, through trials, through tragedies, through blood, let us not forget that others of our lineage for the same great purposes have trod this path before. Let us remember every hour the two great nations from which we spring, the two great nations that to-day stand at the side of Poland, the two great nations that have set out together to preserve the treasures of civilization in the only way they can be preserved, to save the altars of liberty, the altars of religion from destruction by pagan force. To the heritage we derive from those heroic peoples let us all be true.

Hon. **RAOUL DANDURAND**: Honourable senators, I desire to thank the mover (Hon. Mr. Lambert) and the seconder (Hon. Mr. Prévost) for the speeches they have delivered. The mover has shortened his remarks by declaring that he stood by the policy of the Government as expressed by the Prime Minister in the other House; and my honourable friend from Mille Îles (Hon. Mr. Prévost) has given a fair view, as he sees it, of the situation to-day in Europe and in Canada.

I thank my right honourable friend (Right Hon. Mr. Meighen) for his statement that he will regard the Prime Minister and the Government of the day as representing not one party, but the whole country. It is with that sentiment that I sit among them. I do not believe for a moment that there is

to-day any party division in the country. We stand as a people shoulder to shoulder facing a formidable crisis.

I had prepared a statement for the Senate, to show what the Government intended to do. I also had some idea of examining the situation in Europe as we see it. I may say that I have been directly in contact with Europe since 1924, and for many years have been interested in international affairs. The situation in Europe to-day, as my right honourable friend has said, is such that the fortunes of Europe are virtually all in the hands of one man, Herr Hitler, who stands at the head of a powerful nation in Central Europe, and claims to be a supreme power, a law unto himself. As for the law of nations, he declares he has no use for it. After the purge of a few years ago, when he ordered the assassination of his best friends, he said he was the supreme judge in the land and accountable to no one; he did not even allude to the Almighty. He has abolished all liberty, free speech and free thought in Germany. Anyone who dissents from his views may be shot or may be sent to a concentration camp. We do not know how many hundreds and thousands of men have been sent to concentration camps. I know of leaders of public opinion who have been imprisoned in such camps since Hitler took power in 1933.

Here, in part, is what the New York Times said of him on Sunday, September 3 last:

Since he came to the leadership in Germany—to go no farther back—Adolf Hitler has built up a record of mendacity and duplicity which made it all but impossible for the statesmen of other countries to know how it was possible to negotiate with him. Regarding the specific issue of Poland, for example, Hitler has repeatedly declared since 1933 that the issue was in effect settled. In Nuremberg less than a year ago (Sept. 12, 1938) he declared: "When in Poland a great statesman and patriot was ready to conclude a pact with us, we immediately accepted the treaty recognizing our respective frontiers as inviolable. This treaty has done more for peace than all the chattering in Geneva put together."

This is his statement, made in September of last year. How can any nation ever accept his word or trust him? How can it accept his signature or his verbal promises? Eighty-five millions of people in the centre of Europe follow him blindly, because he alone can speak to them. They dare not even listen to the radio for news from abroad. We in Canada, I think, have no ill-will towards the German people. They hear but one voice, that of their leader, and they follow him because they must. They are living in terror and dare not contradict him. All the nations around Germany are afraid of him. What can the rest of the world do to call a halt? That is what Great Britain and France are attempting to do.

The Government, assuming that it expresses the will of the nation, is now asking Parliament to endorse its position, and as a member of the British Commonwealth to stand by Great Britain. In many vital respects the conditions of the present struggle differ very greatly from those of the last war. We must frame our policy in the light of our knowledge of the present situation. To that end, the Canadian Government is in close consultation with the Government of the United Kingdom.

Our first concern, naturally, is the defence and security of Canada. Measures have already been taken for our safety by the calling out of the Active Militia, the Naval Service and the Air Forces. We must provide for internal security, and guard against sabotage and hostile propaganda. My right honourable friend has said that this is not all that is necessary; that the trouble, the danger and the solution lie elsewhere. I recognize that, but I say we must face the situation as we find it, and must meet it with all the means at our disposal. Economic defence measures have to be taken. The outbreak of war involves a tremendous upheaval in both international and internal trade. Necessary financial support for military measures must be attended to, and the credit and financial relations of Canada maintained. Profiteering must be rigidly controlled. Close co-operation with the provinces, and with representatives of industry, agriculture, labour and commerce, will be established. Some of the measures immediately necessary to that end have already been enacted.

The safety of Canada depends upon the adequate safeguarding of our coastal regions. At the entrance to the St. Lawrence stands the neighbouring British territory of Newfoundland, the integrity of which is essential to the security of Canada. By assisting with the defence of Newfoundland and other nearby British and French territories, we shall be not only defending Canada but also enabling Great Britain and France to concentrate their forces more closely in that part of the world where their own immediate security is at stake.

Hon. Mr. BALLANTYNE: Would the honourable leader tell the House how we are going to do that?

Hon. Mr. DANDURAND: With all the means at our disposal.

The British Government, in reply to our inquiry, has indicated that this would be an effective and desirable means of co-operation. We propose also to co-operate in economic pressure, which is so essential to meet the present situation. Measures designed to prevent trading with the enemy and for the

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control of vital exports, as well as appropriate measures with regard to alien enemies, merchant ships and property, will be adopted.

The furnishing of supplies of all kinds, munitions, manufactures, raw materials and food stuffs, is of vital importance to the British and Allied powers. There is urgent necessity for a constant supply of munitions, and it is apparent that Canada, because of her industrial equipment and relative accessibility to the European theatres of war, is able to meet these needs in great measure. This is a subject on which there has been consultation with the United Kingdom. The British Aircraft Mission, which was sent to this country in 1938, received effective co-operation from a group of Canadian aircraft manufacturers in placing initial orders. With the concurrence of the Governments of Canada and the United Kingdom, a delegation organized by the Canadian Manufacturers' Association recently visited the United Kingdom to study all forms of armament and munitions production, with a view to the speedy adaptation of Canadian industry to meet the requirements in this field. Representatives of the delegation recently presented to the Government a report of their mission and its conclusions. I may say that the inquiry was carried out in a most thorough way, and will be of decided help to the Governments of both Canada and Great Britain. This is a good example of the capacity and readiness of leaders in Canadian business to co-operate.

A special mission is now on its way from the United Kingdom to Canada. It has been authorized to make a further survey of the situation, and to place certain orders in this country along the lines explored in consultation with the Canadian mission.

Canada, of all non-European countries, is the nearest and surest source of these indispensable materials and supplies. It may be said with assurance that a determined national effort to bring our industry and agriculture to the point of highest efficiency, and to maintain them at that high level, will be of the utmost importance to the common cause.

As regards other theatres of war, essential information must be available before any intelligent and definitive decision can be made as to Canadian action. I may say in this connection that the Canadian Government has been, and is, in daily contact with the British Government, and knows what the exact situation is, and what Canada can do at the moment to help Great Britain and France. The question of an expeditionary force, or of units for service overseas, is particularly one of far-reaching significance, and will require the fullest examination. Sir Henry Gullet, Aus-

tralian Minister for External Affairs, told the Australian House of Representatives on Wednesday that his Government had not seriously considered the dispatching of an expeditionary force overseas. He declared that when Australia had discharged its first duty to the Empire, namely, to ensure its own safety, and when it was better able to assess the strength of its enemies and the nature of the conflict, it would evolve proposals for its further participation in the war. That statement indicates that the Australian Government is making the same approach to this problem as the Government of Canada.

Hon. Mr. GRIESBACH: Would my honourable friend permit me to direct his attention to the fact that the strategical situation of Australia is wholly different from that of Canada, and that any hesitation which may exist on the part of Australia in sending troops abroad is due to the threat and the proximity of another hostile power, namely, Japan. It is unfortunate, I think, that the honourable gentleman himself, and his leader in another place, should have made a comparison between Canada and Australia in the matter of an expeditionary force.

Hon. Mr. DANDURAND: Perhaps my honourable friend would wait till I resume my seat, because I want to inform him of a fact about which he knows nothing, namely, Canada's consultation with Australia and the United Kingdom on this very matter. My honourable friend may be alluding to a hypothesis and not to the facts as they are.

Hon. Mr. GRIESBACH: That raises another question. Is it the intention of the Government, before Parliament rises, to put us in possession of information of that sort in order that there may be an intelligent discussion before we leave?

Hon. Mr. DANDURAND: I would say, without turning to my colleagues for authority, that the answer would be in the negative, because, in the interest of safety, all these matters that pass between the British Government and the Governments of Australia and Canada must remain absolutely confidential.

Right Hon. Mr. MEIGHEN: What then becomes of the doctrine that Parliament must decide?

Hon. Mr. DANDURAND: The answer is very easy. The situation in time of war is very different from that which prevails in time of peace. My right honourable friend knows very well that he and his leader in the other House, as Privy Councillors, may be informed of all that goes on between the governments,

but that it is improper, improvident and most dangerous to impart such information to Parliament.

Right Hon. Mr. MEIGHEN: What about the doctrine?

Hon. Mr. DANDURAND: The information in our possession indicates the desirability and feasibility—I emphasize these words—of certain measures of naval and air co-operation. It is evident that the immediate and most effective measures of co-operation would be rapid expansion of air training and of air and naval facilities, and the dispatching of air personnel. These measures we intend to institute immediately. The veil may be lifted to some extent. One does not need great imagination to understand what the instituting of these measures will mean with respect to the relations between the United Kingdom and Canada.

Hon. Mr. GRIESBACH: Will the honourable gentleman permit me? He is raising the veil. Will he raise it far enough to inform us whether this Air Force personnel who are to be trained and sent to Great Britain in the near future will go as Canadian airmen, under Canadian control, or as recruits to the British Air Force, having no connection with this country?

Hon. Mr. PARENT: Time will tell.

Hon. Mr. DANDURAND: I am not in a position to state what the exact position of the Air Force personnel will be when the men reach the other side. I may, though I am not sure about this, be able to inform my honourable friend before the session ends.

Hon. Mr. GRIESBACH: In any event, the British Government has not objected to the training of Canadian airmen in England, as we objected last year to the reverse proposal.

Hon. Mr. DANDURAND: As to the international crisis in Europe and Great Britain's conduct of foreign affairs, with important and perhaps dire results for ourselves, I would suggest to my honourable friend that we take the situation as it is, that we address ourselves to projects for meeting the problems of today and to-morrow, and leave the past alone.

Hon. Mr. GRIESBACH: The honourable gentleman is turning over a new leaf, I understand.

Hon. Mr. DANDURAND: I am not turning over a new leaf; I am trying to look at the situation as it is.

My right honourable friend (Right Hon. Mr. Meighen) has said, in effect, that we and all members of the nation should dedicate ourselves to the task before us. But in doing

so we must face facts, we must deal with conditions which exist and take our people as they are. On this score I have a few remarks to offer. I wish first to draw the attention of this Chamber to the undertaking given in Parliament by the Prime Minister on behalf of the Government on March 30 last:

The present Government believes that conscription of men for overseas service would not be a necessary or an effective step. Let me say that so long as this Government may be in power, no such measure will be enacted.

The Government's primary duty is to maintain the unity of the nation during this serious crisis, so that the country may be unhampered in devoting its best efforts to the task it has assumed. As the Prime Minister pointed out, a divided Canada can be of little help to any country, and least of all to itself. It is only by cultivating a strong and distinctive Canadian patriotism that we can hope to weld together the various parts of our Dominion. It is hard to get Canadians to share a common sentiment when they are asked to take part in an international conflict wherein it is not clear that Canada has a distinct and special interest. All our people are not equally concerned with the interests of the United Kingdom and of Europe. Concern about these matters has its sentimental source in ties of kinship and personal contact. As the Prime Minister said in the House of Commons last session, it is probably true for most people that, as years pass, the centre of political gravity tends to shift from the land of their fathers to the land of their children. Probably most of us whose ancestors came from the British Isles stand midway in this respect between our French-speaking fellow-citizens, whose ancestors have been established here for three hundred years, and new-comers, who in some instances naturally think in terms of the life and ways of the land they have left.

But the feeling of personal interest on the part of Canadians generally in what is affectionately termed the "Old Country" is still a very strong and determining factor. This fairly explains the mental attitude of our people at large. I have met persons who argue that Canada, being a North American country, should not ruin itself to maintain peace and order in Europe; that our debt, which in 1914 was less than 350 millions, was increased by more than two billions by the Great War, and that not only have we not yet started to reduce that indebtedness, but on the contrary we now owe more than four billions; and that our first duty to our country is to save it from bankruptcy. They cannot understand why Canada should be the

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only country on the North American continent to intervene in this struggle, more especially when the United States of America, the greatest democracy in the world, stands aloof. I have answered them in the words of André Siegfried, the French economist, that not for Europe alone is it vitally necessary that Great Britain should survive as strong and healthy as it is to-day, but for the world at large, which, because of British influence and power, has during the last century and a half enjoyed peace and order on all the seven seas, where formerly it was not always safe to venture.

But apart from all the reasons which may explain and justify our intervention, there is one which dominates them all: the fact that Canada is part of the British Commonwealth of Nations. The majority of Canadians are of British stock, and from the Atlantic to the Pacific we hear the voice of that majority insisting that Canada go to the help of the Mother Country. This is a natural and a noble sentiment, which admits of no contradiction. There is an apt French saying: "Le cœur a ses raisons que la raison ne connaît pas"—The heart has its reasons which reason does not fathom. Those of my compatriots throughout the land who are not swayed by that irresistible emotion are in duty bound to respect it, and they will do so in a fraternal and gallant spirit. By showing a clear understanding of the feelings and actions of their fellow-citizens, they will be in a position to ask in return that a sentiment which is not shared to the same degree by the whole country be not transformed into a national obligation. Thus, and only thus, will national unity be preserved throughout Canada. Therein is explained and justified the announced policy of the Government, that Canada, as a free nation of the British Commonwealth, is co-operating voluntarily, without coercion upon any one.

Hon. C. P. BEAUBIEN: Honourable senators, I have very few words to add to this debate. I understand that Parliament will formally declare war this afternoon.

Hon. Mr. DANDURAND: As soon as the Address is adopted.

Hon. Mr. BEAUBIEN: What does that mean for us? Simply the registration of a fact which has existed ever since Great Britain declared war on Germany. We, as a part of the British Empire, have fallen into the abyss of war, and we can crawl out of it only if we withdraw from the British Empire and renounce our allegiance to our King. There is no other way out. I wonder if very many people in this country are prepared to

take that step! I am thinking now of groups, sometimes noisy, who are not always guided by judgment and prudence. Would those groups be willing to abandon the privileged condition enjoyed in this country by all religions and all races, a condition which has resulted in the meting out of liberty and justice to every citizen in the land? I doubt whether any considerable numbers of our population would manifest a desire to do so. But if they did, what would it mean? Everybody knows the ultimate result would be our exposure to a war, not three thousand miles away, but at our very door-step. It would mean civil war.

If we are at war, it is not Great Britain and France who are responsible. Everybody knows that.

Hon. Mr. LACASSE: Even Hitler.

Hon. Mr. BEAUBIEN: Great Britain and France have done everything in their power, short of submitting to slavery and dishonour, to maintain peace.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BEAUBIEN: Everybody knows that. They have receded from position to position, sometimes to the despair of their friends. For what? To prevent the awful catastrophe into which the world is thrown to-day.

If we wish to go back, as some persons desire, and seek in its inception the responsibility for what has taken place, is it not true that Canada must assume its share? Let us not forget that immediately after the Covenant of the League of Nations was signed Canada was the first nation to throw up her obligation under section 10 of the Covenant and to withhold participation in collective security. We may be the humbler and the better for not forgetting that. It is true also that in 1925, when the protocol was agreed upon between Herriot and MacDonald, Sir Austen Chamberlain stated that he could not agree to the protocol, which also guaranteed collective security, because the Dominions were opposed to it.

I am attacking no party; I am simply reminding the House that when some persons inconsiderately go back over a number of years in an effort to attach responsibility for what is now taking place, they should not forget that the first thing Canadians have to do is to strike their breasts and say "Mea culpa" with the other nations then members of the League. Undoubtedly we have our responsibility for what has occurred. But whatever we did in the past is irrevocable. We cannot retrieve or change it; it is done.

But what have we to do at present? In my opinion our duty is simple. We have to uphold the Government as faithfully and as strongly as possible in its guidance of the country through this war.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. BEAUBIEN: Let not those who are opposed to the Government's policy forget that in this war everybody's contribution is free. I say that advisedly, for in some quarters it is suggested that there is no sincerity in this proclamation of freedom of action. Well, the Government has pledged itself to that freedom, and so has the Opposition. I need scarcely add that we shall always remember the speech delivered at Winnipeg in 1927 by my right honourable friend to the left (Right Hon. Mr. Meighen), in which he pledged himself to that freedom of action, at all events until the people of Canada should pronounce otherwise. I repeat, we are free to choose our course. But that freedom does not mean our duty is to do nothing. Enrolment is going on rapidly throughout the country. If our young men are willing to hazard their lives for what, after all, is the cause of Canada as well as the cause of Great Britain and of France, they should know that the whole country will not hesitate to give them all the support it can.

When I was in France a few weeks ago I heard it stated by persons in authority, and particularly by a gentleman holding a very high position in the army, a member of the Conseil Supérieur de la Guerre, that the policy of Germany had never wavered since the time of Bismarck, when the Iron Chancellor proposed to President Grévy of France that their two countries should each equip an army of 1,000,000 men to conquer Great Britain and divide the British Empire. The gentleman to whom I refer told me, "Make no mistake, Hitler is driving, as Bismarck would have done, at the jugular veins of Great Britain—at Suez and Gibraltar—because these are the prizes worth while if he wins the war."

If that unhappy event should befall, what would be our position? After all, honourable members, the world must live in peace some day. Trade and commerce must be free, and freedom of intercourse must exist in the universe some day. If trade routes are not kept open by Great Britain, will honourable members tell me by what other nation they can be kept open? There is only one other nation capable of the task, and it is the American nation. If this war should be fatal to France and to Great Britain, if the hands of Hitler, not only tainted by the

blood of his own friends, but dripping now with the blood of Poland, should conquer and dominate the other nations of Europe, then he must be faced by a nation capable of stopping him, and the only nation that could do so would be the United States. When the American nation enters into such a fray it will be a struggle between continent and continent, not between nation and nation. Should the United States be compelled to draw the sword, should we be in a better position to enter such a war than we are now, at the side of Great Britain and France?

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BEAUBIEN: Should we be as free as we are to-day to choose the course which we want to follow? Is it possible to conceive, for instance, that the United States would throw in all their resources to preserve the freedom of nations and the dignity of humanity, and that we would stay at home and take no share in the struggle? Do you think the American nation would be so tolerant as Great Britain is to-day?

Honourable members, it seems to me that everybody now must probe his conscience and decide in what measure he can help. We are free to do so. But let us not forget those who are generous enough to take up the cudgels for us. If our young men do cross the ocean to defend our cause, they should feel that they are supported to the fullest degree by every Canadian.

In conclusion, honourable members, may I quote verses which apply so well to us all on this occasion:

To every man there openeth
A Way, and Ways and a Way,
And the High Soul climbs the High way,
And the Low Soul gropes the Low,
And in between, on the misty flats,
The rest drift to and fro.
But to every man there openeth
A High way and a Low,
And every man decideth
The Way his soul shall go.

Hon. J. J. HUGHES: Honourable senators, the meeting of Parliament some four months before the ordinary time is one of the results of the troubled state of the world. When and how these troubles will end is not, at the present time, given to any man to know. This terrible state of affairs has not, however, been caused by accident. World-wide catastrophes do not happen that way. The cause or causes of all events must be in proportion to the results. Therefore the cause or causes of our present misfortunes must be as extensive as the globe, must be of long standing and of the most perilous character.

Hon. Mr. BEAUBIEN.

The cause or causes must be discovered and removed before any permanent cure can be obtained. I think I know the cause, or at least the major one. I realize that this is a strong statement for a person in my position to make, but if Christianity is true, I am sure of my ground.

If Christianity is true, Jesus Christ was and is God, the Creator and Sovereign Lord of heaven and earth and of all things. Not only did He create all things; He sustains them during every moment of their existence by His omnipotent power in the all-creative act. If the Bible is the inspired word of God, or even a credible human document, God assumed human nature, came to earth as a man, spoke to us in human language, telling us what He wished us to believe and to do, and proved His superhuman power by the works He performed. Therefore, to deny or even to doubt His deity is the greatest offence man can offer Him, is the greatest act of disobedience man can commit, and it will surely bring punishments commensurate with the crime.

It is not only in the totalitarian states that His deity is denied, but in other states and in the great English-speaking world as well; and evidence of this apostasy is to be seen on every hand. So great is this evidence that he who would deny it must be blinder than Bartimeus was. The worst of it is that many of the distinguished professors in the great universities, and some of the eminent divines in the large, rich and fashionable churches, are the chief offenders.

It is true that the English-speaking world practises many of the virtues taught by Jesus Christ, and does not blatantly deny His deity. For this a merciful God may give us time to repent, and may enable us, before it is too late, to see the perilous road we are travelling. Therefore, our present misfortunes may be a blessing in disguise, because, as the Bible tells us, whom He loveth, He chastiseth.

When our Saviour was bodily present on this earth an event occurred that conveys to me a momentous lesson. He had declared that He was God; that He was equal to the Father in all things; and for this the Jews accused Him of blasphemy and judged Him to be worthy of death. Pilate knew He was an innocent man, and, wishing to save Him, thought they would, if given a choice, prefer Jesus to Barabbas. But in this Pilate was mistaken; they cried out, "Give us Barabbas!" Pilate then said, "What shall I do with Jesus who is called The Christ?" Again they cried out, "Away with Him! Crucify Him! and let His Blood be upon us and upon our children."

That terrible malediction which those people called down upon themselves and their posterity was registered in Heaven, has come down the corridors of the centuries, and has been literally fulfilled. Those people, since then, have been wanderers on the face of the earth, without a country and without a home. They have been despised and persecuted in all lands, and the end is not yet, because, as a nation and as a race, they have never asked that the self-imposed curse be lifted. If there is not a lesson here for all the rest of mankind that calls itself Christian, particularly for the distinguished professors and the eminent divines, I know not where it could be found.

During the nineteenth and part of the eighteenth century, when the higher critics in Germany were tearing the Bible into shreds, rich families everywhere sent their sons, even those intended for the ministry, to Germany, to finish their education. Many of these students came back to their respective countries with minds de-christianized, and the western world is now reaping the harvest of the seed thus sown. Some of these men tell us that Jesus Christ was a great and good man, perhaps the greatest that ever lived. But this is a most insidious doctrine, and is meant to catch the unwary. If Christ was not God—what He declared Himself to be—He was not even a truthful man; He was a proud, boastful man, and was not, therefore, a good man. The fact is that when the deity of Christ goes, then go the Bible, the Church and all the civilization that Christianity has produced in nineteen hundred years. The Christian virtues can have no permanency in fact when the authority of Him who inculcated them and gave them substance is denied. Therefore the struggle now on is actual warfare between Christ and Antichrist.

When I heard that the negotiations with Russia had fallen through I rejoiced with exceeding great joy. How we could ever hope to achieve success by allying ourselves with Antichrist passes all Christian comprehension. It is unfortunately true there are influential parties in Great Britain who worked for such an alliance, and that this beclouds the issue and makes the end more uncertain than it would otherwise be. However, I see the hand of God in the break-down of these negotiations. His arm is as potent now as it was when He led the Israelites unharmed through the Red Sea; and Jesus Christ has never failed those who trusted in Him.

Many millions of genuine Christians in Poland and in Germany may have to shed their blood in defence of the faith that is dearer to them than life itself. If so, that blood will be not only their own salvation,

but, in the end, the salvation of their countries as well.

As for Canada, it seems to me that our duty is clear. So far as my power to speak goes, I address myself to Great Britain in the words that Ruth spoke unto Naomi: "For whosoever thou goest, there also shall I go. Thy people shall be my people, and thy God my God, and in the land that receives thee dying, there also shall I die."

The Address was adopted.

The Senate adjourned until Monday, September 11, at 8 p.m.

THE SENATE

Monday, September 11, 1939.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE OUTBREAK OF WAR FURTHER DOCUMENTS TABLED

Hon. RAOUL DANDURAND: In order to bring the record up to date I desire to lay on the Table the following further emergency Orders in Council, passed in the last few days:

2512—regulating trading with the enemy and the treatment of enemy property.

2580—appointment of Mr. Oswald Mayrand as member, Censorship Co-ordination Committee.

2581—franking of correspondence for Censorship Co-ordination Committee.

2584—provision for members of Public Service who have been and may be called into active service.

2586—further regulations re trading with the enemy.

2590—amendment to regulations providing for the transfer of aircraft registered in Canada.

DECLARATION OF WAR FORMAL PROCLAMATION

Hon. RAOUL DANDURAND: Honourable senators will remember that at the last sitting of the House I stated that when the Speech from the Throne was approved by both Houses the Government would immediately take steps to issue a formal proclamation declaring the existence of a state of war between Canada and the German Reich.

Accordingly, on Saturday afternoon, a cablegram was sent to the Canadian High Commissioner in London, requesting him to hold himself in readiness to make a submission to the King.

The Address in reply to the Speech from the Throne was adopted by the House of Commons, having previously been adopted by the Senate. The House of Commons adjourned on Saturday at 10.25 p.m.

The Cabinet met immediately after adjournment of the Commons. A report was made recommending that, on the advice of the King's Privy Council for Canada, a petition should be submitted to His Majesty the King, with a view to the authorization by him of the issue, forthwith, of a proclamation, to be published in the Canada Gazette, to the following effect: "declaring that a state of war with the German Reich exists and has existed in Canada as and from the tenth day of September, 1939." The Committee of the Privy Council concurred in the recommendation, and this received the approval of His Excellency the Governor General.

The Canadian High Commissioner was immediately instructed, by cablegram, to submit to His Majesty the petition of the King's Privy Council for Canada that His Majesty would approve the issuing of a proclamation in his name, embodying the declaration set forth in the Order in Council. It was added that a formal submission in writing would follow.

At 11.15 a.m. on September 10 the Secretary of State for External Affairs was informed by the High Commissioner that His Majesty had given his approval to the submission.

A special issue of the Canada Gazette was published at 12.40 p.m., containing the proclamation duly signed.

BUSINESS OF PARLIAMENT

On the Orders of the Day:

Hon. RAOUL DANDURAND: His Honour the Speaker has called the Orders of the Day, and, as there is nothing on our agenda, I think I should impart to the Senate information which was to be given to the other House as to the legislation to be brought before Parliament. This is the statement:

The measures to which the House will be asked to give consideration are the following:

A Bill to amend the Combines Investigation Act, to be introduced by the Minister of Labour.

The resolution in respect of the War Appropriation Bill, to be introduced by the Minister of National Revenue.

The House will then be invited to pass the War Appropriation Bill through its different stages, as announced at the last meeting of the House.

A Bill to Incorporate the Canadian Patriotic Fund, introduced by the Minister of Pensions and National Health at the last sitting, on Saturday, will be passed through its remaining stages.

Hon. Mr. DANDURAND.

The Minister of Labour will ask the House to pass through its remaining stages the Bill to Amend the Combines Investigation Act.

The House will be asked to resolve itself into the Committee of Ways and Means to consider the Budget, which will be brought down by the Minister of National Revenue.

A Bill to provide for the Regulation of War Charities will be introduced by the Acting Secretary of State.

A Bill respecting a Department of Munitions and Supply will be introduced by the Prime Minister. Related to this Bill will be a Bill to Amend the Salaries Act.

This, I take it, would have to do with the salary to be paid to the new Minister.

There is a possibility that one or two other bills will be introduced in the other House. When I am apprised of their purport I shall inform this Chamber.

An important measure, an Act for granting to His Majesty aid for National Defence and Security, which appropriates the sum of \$100,000,000, is nearing its last stage in the Commons and may come to us shortly. The Senate has met this evening in order to be ready to deal with this legislation as soon as it has been passed by the other House. I would suggest that we adjourn during pleasure, and resume about nine-thirty. If the Bill does not reach us then, we shall adjourn until to-morrow. I trust this suggestion is agreeable to my honourable friend who leads the other side of the House (Hon. Mr. Ballantyne).

The Senate adjourned during pleasure.

The sitting was resumed.

WAR APPROPRIATION BILL

FIRST READING

A message was received from the House of Commons with Bill 4, an Act for granting to His Majesty aid for National Defence and Security.

The Bill was read the first time.

SECOND READING

Hon. Mr. DANDURAND moved the second reading of the Bill.

He said: Honourable senators, this is one of the important bills resulting from Canada's declaration of war, which I read to the Senate this evening. The preamble of the Bill sets forth:

Whereas a state of war exists between Canada and the German Reich; and whereas it is necessary that measures be taken for the common defence and security and to this end it is expedient that aid as hereinafter provided be rendered to His Majesty: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows.

Sections 1 and 2 provide:

1. This Act may be cited as The War Appropriation Act, 1939.

2. (1) From and out of the Consolidated Revenue Fund there may be paid and applied beyond the ordinary grants of Parliament a sum not exceeding one hundred million dollars towards defraying any expenses that may be incurred by or under the authority of the Governor in Council during the year ending the thirty-first day of March, 1940, for—

(a) the security, defence, peace, order and welfare of Canada;

(b) the conduct of naval, military and air operations in or beyond Canada;

(c) promoting the continuance of trade, industry and business communications, whether by means of insurance or indemnity against war risk or in any other manner whatsoever; and

(d) the carrying out of any measure deemed necessary or advisable by the Governor in Council in consequence of the existence of a state of war.

(2) The six special warrants, issued on or since the twenty-fifth day of August, 1939, under the authority of section twenty-five of The Consolidated Revenue and Audit Act, 1931, to the total amount of sixteen million, four hundred and fifty-four thousand, one hundred and twenty dollars, shall form part of the amount hereby appropriated.

I will give some detail concerning this projected expenditure. The cost of a war effort by Canada does not lend itself to precise calculations in advance. Fortunately we lack experience as to the costs involved in mobilizing large numbers of men, and the task of fortifying our sea frontiers is, to a great degree, without precedent. Therefore the process must take a form permitting financial decisions to be made as need arises, and not settling now a fixed plan which must be rigidly observed, irrespective of what the necessities may involve.

The Appropriation Act for the current fiscal year provides, in round figures, 65 millions for the services which come within the field of the Department of National Defence. As will be recalled, the votes were to a great extent for the acquisition of armaments and machines of war. A large number of contracts have been entered into since April 1, and deliveries are being made. But, broadly speaking, the majority of the contracts are still in process of being performed, with the result that approximately 50 millions of the regular appropriations remain undisbursed, and that expenditures for armaments in the next few months will be, in the main, for those for which provision is already made.

It is not desirable, and the reason is obvious, that I be too specific in particularizing the nature of the steps which the general staffs of the three defence services recommend should be taken. I trust, therefore, that the Senate will bear with me if my explanation takes the form of broad generalizations.

First, as to the Naval Service: The existence of a state of war as it is now prosecuted on the high seas demands that all reasonable precautions be taken to safeguard our ports and sea lanes. The Minister of National Defence is of the opinion that this can be achieved by the acquisition of certain classes of craft, by the equipping of other craft with necessary apparatus and by the provision of various forms of protective works on each seaboard. There will also be expansions in the Service to permit the navy to perform the duties expected of it during a time such as the present.

Next, as to the Militia Service: The permanent force and the non-permanent units of the Militia have been placed on active service status, and the establishments of the units are being filled out by recruiting activities. Therefore, with respect to the Militia, the major costs in the next few months will be for pay and allowances and for clothing, shelter, subsistence and training furnished to the men on active service status.

A problem to be faced is that of housing the members of the forces, because the winter season is not far distant. Again, in a country as large as Canada, the question of transport is neither a simple nor an inexpensive one to solve. It is felt that we should provide so that the activity of the Canadian Militia at the moment could take the form of mobilizing at least 40,000 for general purposes, plus a further number for coast defence and special purposes. The acquisition of large quantities of materials is also necessary, but immediate disbursements will be mainly on account of men in training.

Now, as to the Air Force: The Air Force's needs pivot on the acquisition of stores and equipment, mainly aircraft. It is idle to discuss what may be needed. Aircraft cannot be acquired at once simply by the placing of an order, as automobiles can. An expenditure of about 40 millions would bring the Air Force to full peace-time establishment, both in equipment and personnel, but it is not expected such an amount will be disbursed in the next few months.

In addition to expenditure on equipment, an immediate expenditure on the training and dispatching of pilots and airmen overseas will be necessary. Enlistments are now taking place, a substantial number of pilots and airmen are already trained or completing their training, and there will be no delay in proceeding with this effective form of co-operation with Great Britain. It is essential that there be ample funds to meet any emergency which may arise in the needs of this Service.

The next department which has material addition to its costs is the Royal Canadian

Mounted Police. The force has been expanded, 500 former members having been called to report for duty and a total of 2,500 special constables engaged. The pay and allowances for these and the cost of moving members to where they will be required are the major new items of expenditure to be incurred by the force. In all, if the precautionary recommendations are fully implemented, about three millions may be involved.

The Departments of Public Works and of Transport expect new activities will have to be undertaken by them. In the Department of Public Works these will be in connection with housing for expanded services, particularly those of national defence. The new costs of the Department of Transport will be mainly with respect to additional facilities for ocean shipping, and landing fields for aircraft. In neither case can the amounts be estimated with exactness, but neither will require large expenditures at any one point. Perhaps three millions may be taken as an outside estimate.

Other departments will need financial assistance for new or expanded services, but it is hoped that, in the total, these new disbursements may be kept within one million dollars.

The various departments of the Government visualize a possible new outlay of about 125 millions. It does not necessarily follow that the Government will approve all the proposals. In fairness to all concerned it should also be said that the submitted estimates are not necessarily the most conservative which might be made, for, as pointed out before, an exact forecast regarding the months to come is not possible. Further, while certain costs will have to be paid within the period, many contract orders will remain uncompleted at the end of January, and therefore unpaid. Likewise, as already pointed out, deliveries of aircraft are not secured forthwith simply by the placing of orders.

For all these reasons, and in view of the provision already made by Parliament for the public services, it is proposed by this Bill to appropriate one hundred million dollars. It is believed that this amount will permit Canada to perform its duties until further consideration is given by Parliament to our national effort.

I confidently hope that the Senate will agree to give second reading to this Bill now, and perhaps third reading as well, so that the Government will immediately have parliamentary sanction for necessary expenditures.

Hon. C. C. BALLANTYNE: Honourable senators, it having been declared by proclamation that this country is now at war with the German Reich, I quite understand the necessity of promptly supporting this Bill to provide

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for expenditures on war measures. The honourable leader has given an outline of requirements of the various branches of the defence forces. I realize that in the circumstances it would be quite impossible for the Government to furnish us with a more detailed statement than this.

The Government have a gigantic task on their hands, and I feel sure the House will wish to help by unanimously consenting to the second and third readings of this Bill to-night. However, I am speaking only for myself, and if any other honourable member on this side holds a contrary view, he may of course express it. We are called together in an emergency session. Time is of the very essence, and every hour, every minute, counts. Therefore, so far as I am concerned, I readily give my consent to the passing of this Bill.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Tuesday, September 12, 1939.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CANADIAN PATRIOTIC FUND BILL

FIRST READING

A message was received from the House of Commons with Bill 2, an Act to incorporate the Canadian Patriotic Fund.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: In the session of August, 1914, a bill like the one now before us incorporating the Canadian Patriotic Fund, was presented to Parliament. The preamble read:

Whereas it is desirable to provide a fund for the assistance, in case of need, of the wives, children and dependent relatives of officers and men, residents of Canada, who, during the present war, may be on active service with the naval and military forces of the British Empire

and Great Britain's allies; and whereas money is now being raised for the said purpose, and it is desirable to provide for the administration of the same: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows.

If honourable members will peruse the present Bill they will see that it is virtually in the same form. Its preamble is as follows:

Whereas it is desirable to promote co-ordination and co-operation between existing organizations and to provide, if any need shall arise, for the assistance of the wives, children and dependents, resident in Canada, of officers and men who during the present war may be on active service with the naval, military or air forces of His Majesty or of any allied or associated power: and, whereas it is desirable to provide an organization for such purpose: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows.

Section 2 contains the names of the incorporators—Canadians holding high positions and representative of the whole Dominion. They will be able to add to their number from time to time. I should like to have seen named among the incorporators those devoted Canadians who gave so freely of their time in furthering the ends of the Act of 1914, and who thereby acquired considerable experience in administering the fund, but I am told that the incorporators represent what I might term "officialdom," and will select the men who are to carry on the work throughout the country, the head and executive being resident in Ottawa.

I may say that I watched with admiration the devoted service rendered by the Montreal section of the Canadian Patriotic Fund. Comparisons are, of course, somewhat invidious, but I cannot fail to mention Miss Helen R. Y. Reid, who was, I might say, a pillar of the organization in Montreal.

An Hon. SENATOR: Hear, hear.

Hon. Mr. DANDURAND: I was in contact also, but not officially, with Mr. E. L. Brittain, Mr. Thomas H. Blair and Mr. W. F. Nickle, who later became Attorney-General of Ontario and who, I think, acted as secretary of the fund. I could cite the names of many other workers equally zealous and devoted. I have mentioned only a few that occur to me at the moment.

In 1914 the Canadian Patriotic Fund proceeded to raise money by voluntary contributions. Cities and towns vied with one another in subscribing to the fund. I attended a number of meetings in the city of Montreal in connection with campaigns which brought in millions of dollars. There was similar activity throughout the whole Dominion. In five years public subscriptions were collected to the amount of approximately \$48,000,000. Included in this sum was a contribution by the Government of Canada of \$900,000.

Subsequently, at the request of the Government, the Canadian Patriotic Fund administered an appropriation made by Parliament, known as the Federal Emergency Appropriation, and expended approximately \$5,000,000 to provide generally for returned soldiers who were unemployed.

The National Committee made arrangements whereby the funds were collected and distributed through provincial or local committees set up in accordance with regulations established by the Executive at Ottawa. This was to ensure uniformity of distribution. It is to be particularly noted that the administration of funds was under the direction of the Executive Committee, who had full power under the Act to make regulations regarding the method of distribution, etc.

The organization to be set up now will proceed to levy funds on a voluntary basis. No one will be taxed under this Act. The appeal will be made to the patriotic sentiment of the people.

The exact needs of the Patriotic Fund are not known at the moment, but representations made by a number of patriotic bodies indicate that during this war the fund will not be called upon to pay out as large amounts as were disbursed during the last war. These representations are based on the fact that the pay and allowances of soldiers and their dependents, as provided under the pay and allowances regulations now in effect, are much higher than those prevailing from 1914 to 1918. I have here, and shall place upon Hansard, a table showing what soldiers and their families will be entitled to under Orders in Council recently passed.

	Military Pay and Field Allowance		Separation Allowance			
	1914	1939	Dec.		Sept.	
			1914	1917	1918	1939
Private..	\$1 10	\$1 30	\$20 00	\$25 00	\$30 00	\$35 00
L/Corp. or L/Bomb..	1 15	1 50	20 00	25 00	30 00	35 00
Corp. or Bomb..	1 20	1 70	20 00	25 00	30 00	35 00
L/Sergt..	1 30	1 90	20 00	25 00	30 00	35 00
Sergt..	1 50	2 20	25 00	25 00	30 00	35 00
Squad. Batt. or C.Q.M.S..	1 70	2 50	25 00	25 00	30 00	35 00
Squad. Batt. or C.S.M..	1 80	3 00	25 00	25 00	30 00	35 00
Reg. A.M.S., Staff Q.M.S., Q.M.S..	2 00	3 10	25 00	25 00	30 00	35 00
W.O. Class I..	2 30	3 90	30 00	30 00	35 00	40 00
R.S.M..	2 30	4 20	30 00	30 00	35 00	40 00
2/Lieut..		4 25				45 00
	12/9/18					
Lieut. } 3 00	2 60	5 00	30 00	30 00	40 00	45 00
Capt. } 4 00	3 75	6 50	40 00	40 00	40 00	50 00
Major..	5 00	7 75	50 00	50 00	50 00	55 00
Lieut.-Col..	6 25	10 00	60 00	60 00	60 00	60 00

Private Soldier

Comparison of amounts payable to dependents in Great War and present rates

	Present Rates			
	Separation Allowance	Assigned Pay	Total to Dependents	Soldier's Portion
Wife..	\$ 35 00	\$20 00	\$ 55 00	\$19 00
Wife and 1 child..	47 00	20 00	67 00	19 00
Wife and 2 children..	59 00	20 00	79 00	19 00
Wife and 3 children..	71 00	20 00	91 00	19 00
Wife and 4 children..	83 00	20 00	103 00	19 00
Wife and 5 children..	95 00	20 00	115 00	19 00
Wife and 6 children..	107 00	20 00	127 00	19 00
Wife and 7 children..	119 00	20 00	139 00	19 00

Great War Rates

	Separation Allowance	Assigned Pay	Canadian Patriotic Fund		Total to Dependents	Soldier's Portion
Wife..	\$30 00	\$20 00	\$10 00	\$60 00	\$13 00	
Wife and 1 child..	30 00	20 00	19 00	69 00	13 00	
Wife and 2 children..	30 00	20 00	26 00	76 00	13 00	
Wife and 3 children..	30 00	20 00	31 00	81 00	13 00	
Wife and 4 children..	30 00	20 00	36 00	86 00	13 00	
Wife and 5 children..	30 00	20 00	41 00	91 00	13 00	
Wife and 6 children..	30 00	20 00	45 00	95 00	13 00	
Wife and 7 children..	30 00	20 00	45 00	95 00	13 00	

The amount that will be required by the fund will of course depend upon the conditions we shall have to face from month to month, or from year to year, if the war should be a long one.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have nothing but commendation for this Bill. I cannot recall any feature in which it differs from the previous one. Of course, the efficiency and usefulness of the organization which will result from this measure will depend, like everything in this world, upon the man who is in charge of it. I have no reason to doubt that the utmost care will be exercised in the choice of the manager of the fund.

Hon. W. A. GRIESBACH: Honourable members, I have no criticism at all to make of this Bill. I observe, however, that the fund is being organized for the assistance of the

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wives and children and other dependents of the men who are serving. That raises the question of how many dependents there may be; and I suggest the desirability and importance of keeping the number as low as possible.

In the last war enlistment was confined at the start to single men, and the number of married men in the first contingent was comparatively small. At this early stage of the present recruitment, as I learn from reading the newspapers—I have no other source of information—in some places men with a wife and two children are being accepted, in other places men with a wife and four children. The scale of allowances for wives and children has been published. Of course, the greater the number of married men taken on, the greater the number of children they have, the heavier will be the cost to the country. We read in the paper yesterday of the enlistment

of a man with a wife and nine children. The pay of a private soldier is \$1.30 a day, and a calculation showed that this man would get in pay and allowances \$180 a month. This sum would provide pay for five single soldiers. How the enlistment of a man who has a wife and nine children can be justified at this early stage of the organization of the forces is beyond my comprehension. This question, I understand, was raised in another place, but no answer was given. I should like to suggest to the leader of the House that he ascertain whether this report is actually true. The question of the enlistment of men with large families is germane to the purpose of this Bill. The honourable gentleman would perform a useful service if he would endeavour to have the Government confine enlistments to single men. The man with nine children should not come into the picture until we have our backs to the wall and are fighting down on the banks of the St. Lawrence, as it has been suggested we may have to do.

Hon. Mr. DANDURAND: I know nothing of that incident except from what has been said in the House of Commons or has appeared in the Press. In my opinion the enlistment of heads of large families would be unnecessary for a long time to come, and that it should already be permitted passes my comprehension. I will not express in more vehement terms my surprise at the statement that has been made, but before this session comes to an end I shall ascertain whether there is any truth in it or not. I do not know what regulations have been issued or what advices have gone out. I do know that in Montreal more than one man has been refused because of having a wife and two children. I was surprised, therefore, to hear that a man with a wife and nine children had been accepted.

Hon. JOHN T. HAIG: I know that in one city a man with a wife and five children has been accepted. He is a captain. No distinction at all is made between married men and single men. In a broadcast over the radio a colonel, whose voice I recognized even before his name was announced, said: "Your wife and children will be taken care of by the Dominion Government. Come and join, and get the pay and allowances." In the city where I live there is nothing at all to prevent men from joining; the larger a man's family the greater the inducement for him to join. This is an outrage. Take the case of a captain, a married man with five children, who has a job at which he earns about \$150 a month. Can the honourable gentleman tell me what would be paid to that officer? Doubtless it would be very much in excess of \$150. This country is

going to be loaded with debt. That is one reason why I object to the present system of enlistment. I think it would have been better to adopt some other system.

Hon. Mr. DANDURAND: So far, I understand, the Militia have been called out—the men belonging to the various regiments.

Hon. Mr. HAIG: Let me answer that. In towns that I know of, the strength of battalions heretofore has been about two hundred men. Now they are recruiting up to one thousand men. The honourable gentleman from Edmonton (Hon. Mr. Griesbach) can correct me if I am wrong. In one city where recruits are being called for, the newspapers are carrying large quarter-page advertisements.

Hon. Mr. BALLANTYNE: What city?

Hon. Mr. HAIG: It is not Montreal. In the military district to which I refer not a single battalion was up to strength. Volunteers are being called for, and I am informed that inducements are being offered and married men are joining up. I think it would be far better to accept only single men at first.

Hon. Mr. DANDURAND: I think the Government would be happy to receive constructive suggestions from honourable members of this Chamber at this time in order that conditions of the kind referred to may be avoided.

Hon. J. A. CALDER: Honourable senators, the question raised by the honourable member from Edmonton (Hon. Mr. Griesbach) is, I think, exceedingly important, and it seems to me that we are entitled to receive from the Government before Parliament prorogues an official statement as to the policy it intends to pursue in order to secure the men needed for service. At the present time we do not know what is being done. We know that men are being enlisted, but we do not know under what conditions. Enough has been said here to-day to indicate that this matter may involve very large and unnecessary expenditures. So I say again that before honourable members leave Ottawa they should clearly understand the policy of the Government in this respect.

Hon. Mr. DANDURAND: I shall ask the Minister of Defence to make a clear statement from his seat in the House of Commons.

Hon. Mr. BALLANTYNE: Would the leader of the Government kindly get this information for the House? I understand that recruiting for the Canadian Militia and also for the "Field Force" is in progress. I do not understand what is meant by the "Field Force." Perhaps the leader of the Govern-

ment could get information about this force and tell us for what purpose it is being recruited.

Hon. Mr. DANDURAND: If any honourable members of the Senate are in possession of special information in regard to this matter, I invite them to divulge it so that it may be conveyed to the Minister of Defence. I do not know of any double-barrelled enlistment.

Hon. Mr. BALLANTYNE: It is true that it is taking place.

Hon. Mr. DANDURAND: I shall draw it to the attention of the Minister.

Right Hon. Mr. MEIGHEN: The honourable senator behind me (Hon. Mr. Griesbach) understands this subject much better than I do, and it may be that my ideas have come from him. My understanding is this. We have many units throughout Canada which to-day are being called into active service under the Militia Act. Just what is the extent of the obligation of recruits may be a matter of dispute. I think that lawyers generally give it a very wide interpretation, but in the last war such an interpretation was not accepted, and a further oath was taken by members of the expeditionary force. Units are being placed on an active service basis and, as the phrase goes, embodied in the active militia. A man enlisting in one of those units enlists for, I believe, three years, for active service in the defence of Canada; and he goes on pay and allowances, and is provided with a uniform. I am not saying that the words "in the defence of Canada" mean that he cannot be required to serve outside of Canada. That question may be said to be not wholly settled.

Other units are not called into the active service, but are asked to recruit up to—I am not sure whether it is peace-time or war strength.

Hon. Mr. GRIESBACH: War strength.

Right Hon. Mr. MEIGHEN: A man enlisting in one of these units does not go on pay and allowances at all. He simply becomes a member of that unit, which is not called up and embodied in the militia.

Hon. Mr. GRIESBACH: I am not quite sure that I understood the honourable gentleman from Alma (Hon. Mr. Ballantyne). The ordinary peace-time militia is seeking recruits, but nobody is joining up, because men who want to enlist are applying to the field force, which is thought to be an expeditionary force. You have here a curious psychological condition which is familiar to all old soldiers, a condition which works somewhat along the line of Gresham's law that bad money drives out

Hon. Mr. BALLANTYNE.

good. Young men are willing to join a force that will go somewhere and do something; they are not prepared to join a force in which they will be required to stay at home. A certain odium attaches to men who are going to stay at home, the result being that nobody will join the ordinary militia units. Just now they are as dead as Julius Caesar.

Then, stories reach me—not officially at all; I do not know anything more than anybody else learns from the newspapers and other indirect sources—that officers and men of the militia units not being mobilized are receiving invitations to leave their units and join this field force. For instance, I am told that the 15th Light Horse of Calgary and the 19th Dragoons of Edmonton are virtually being disbanded because their officers and men have been invited to join the field force. I know nothing of the Government's policy, but if these stories are true they indicate that the state of affairs is serious and the policy ill advised.

As I have stated, the public suppose that the field force now being raised is an expeditionary force. I will not say that the present Prime Minister has devious ways of doing things, but he certainly does things indirectly, though he may arrive at a desirable goal. It is believed that the raising of a field force is his idea of the best means of securing an expeditionary force. Nobody seems to know definitely whether the field force is an expeditionary force, but most soldiers think it is. If their supposition is correct, the raising of this force is being camouflaged to a certain degree.

The peace-time militia is dying for lack of recruits, and in at least the two instances I have mentioned the officers and men have actually been invited to transfer to the field force. Some of these peace-time units have been long established and have valuable traditions. What will become of such units after the war is over, I do not know. The Government may have some plan with respect to them, but, if so, I do not think anyone knows about it.

Hon. Mr. DANDURAND: Let me repeat, I know nothing about the two classes that have been referred to. The militia has been put on an active service basis, and the various units are bringing their ranks up to full strength, but I have heard nothing about this so-called field force. Therefore, I will make no surmise. This whole discussion will be brought directly to the attention of the Minister of Defence, and no doubt he will issue a statement which will make clear to all our people what is being done.

Right Hon. Mr. MEIGHEN: In the House of Commons Hansard of September 11, at page 135, the Minister of National Defence gives an explanation of the classes. What he says there does not seem as clear as the statement of the honourable senator behind me (Hon. Mr. Griesbach). From the Minister's remarks it would appear that the field force is not under absolute obligation to serve overseas. But he says:

If in the light of developments in the future the Government policy should be that of sending an expeditionary force overseas, that reserve force—

He calls it a reserve force, not a field force.—would be the nucleus of the force so to be sent.

Hon. Mr. DANDURAND: I understand the term "reserve force," but I do not know what is meant by "field force." Since I am not in my own element here, I will not express any opinion about the matter, but will refer the whole discussion to the Minister of National Defence.

Hon. C. E. TANNER: Honourable senators, if I heard the honourable leader of the House correctly, he suggested that a statement might be made in the other Chamber in explanation of the points that are being discussed here, and probably other points as well. I should like to suggest that we ought to get a little nearer to first-hand information. To my mind, this is not a time to stand on formality at all. I feel sure that honourable members on both sides of the House desire to be of use—to serve. But for that purpose we must have some knowledge of what is being done by the Government. I consider it would be a calamity that honourable members should go home with as little knowledge as they have to-day about the Government's policies and actions.

What I have in mind is that some arrangement ought to be made whereby the Minister who is responsible for these matters would come into the Senate and talk to us directly. There is no reason in the world why we should not have a closed meeting here, if necessary, or an adjournment during pleasure, so that the Minister could talk freely and answer honourable members' questions as fully as he can. We want to know. With all due respect to my honourable friend who is leading the House (Hon. Mr. Dandurand), I should say that he may not desire to load himself up with all the details which the Minister of National Defence has in his possession.

I think it must be admitted that as to steps taken to organize what is called the defence of Canada we are all in a dense fog. We do not know anything about them. I, for

instance, who come from Nova Scotia, have not been able to get the faintest bit of news about what has been done to protect, say, the harbour of Halifax, with its great oil, sugar and other industries. I understand that a flotilla of five British warships is down there, but I am entirely in the dark as to what our own Government have done. Nor have I been able to discover what measures of protection are available for the great coal and steel industries in Cape Breton and elsewhere. We want to be informed as to what the Government are doing all over the country. I think I am expressing the opinion of all honourable members when I say that we desire information, not for purposes of criticism, but as a means of helping us to co-operate more fully with the Government in these important matters.

The motion was agreed to, and the Bill was read the second time.

Hon. Mr. DANDURAND: Does my right honourable friend desire us to go into committee on the Bill?

Right Hon. Mr. MEIGHEN: No.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

BUSINESS OF PARLIAMENT

WITHDRAWAL OF COMBINES INVESTIGATION BILL

On the motion to adjourn during pleasure:

Hon. Mr. DANDURAND: Honourable senators, yesterday I read a list of measures which it had been intended to bring down in the other House. Among them was one to amend the Combines Investigation Act. I am informed that after a discussion in that House, from which it appeared that the powers sought by the Government in this Bill were fully contained in the War Measures Act, the Minister withdrew the Bill.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: The Budget is being discussed in the Commons at the present time. I would move that the Senate adjourn during pleasure, in order that I may endeavour to learn whether there is any likelihood of having this measure before us at 8 o'clock.

The Senate adjourned during pleasure.

The sitting was resumed.

Hon. Mr. DANDURAND: I believe that nothing will come to this House from the Commons before this evening; so I would suggest that His Honour the Speaker call it 6 o'clock.

Right Hon. Mr. MEIGHEN: Honourable senators, before the House adjourns, will the honourable leader opposite state what he expects from the Commons at 8 o'clock?

Hon. Mr. DANDURAND: A Budget is being presented to the other House by the Hon. Mr. Ilsley on behalf of the Hon. Minister of Finance. I doubt whether it will be ready for us by 8 o'clock, but as we are in attendance we may as well resume then.

Right Hon. Mr. MEIGHEN: That is quite satisfactory. Before we rise, I want to tell the Senate how gratified I am that the Bill to amend the Combines Investigation Act has been dropped. I think it would have been a great mistake to proceed with it. I was surprised that the measure was proposed at this special session. That it was contentious was of course common knowledge. Why the Minister should persist with it I do not know. I would suggest that he keep it dropped.

Hon. Mr. DANDURAND: May I explain to my right honourable friend that I have not read the debate in the other House, but I understand from newspaper reports that a question arose as to the advisability of amending fundamental provisions of the Combines Investigation Act, not to serve the exigencies of war, but for all time. The opinion was expressed that if circumstances justified any modifications of the statute they could be effected under the War Measures Act.

Right Hon. Mr. MEIGHEN: I would urge the Government, but in no spirit of controversy at all, not to stretch the War Measures Act beyond its obvious intent. The intent never was to enable the Government, by repealing statutes, to defy the will of Parliament. Nothing should be more carefully guarded against than the ambition of officials to magnify and continually to aggrandize the importance of their offices.

An Hon. SENATOR: Hear, hear.

Right Hon. Mr. MEIGHEN: Such ambition is present all the time. The Bill to amend the Combines Investigation Act would have authorized an official to exercise what are very plainly judicial functions, and that that should become necessary because of war conditions is absurd. Judges are not likely to be as busy as they were before the declaration of war.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND: I would suggest that my right honourable friend refrain from discussing the merits of a bill which is not before us.

Right Hon. Mr. MEIGHEN: I see such a tendency in the introduction of this Bill and in the Orders in Council passed since August 25. I do not intend to get into a controversy over any of them, for they are not important enough to warrant it, but I think the Government would be well advised not to make the War Measures Act an instrument for defying Parliament. This Act is intended to enable the Government to do quickly without recourse to Parliament what it has not time to get the authority of Parliament to do. It never was intended under the War Measures Act, nor is it any necessary function of that Act, to enable the Government to say, "Parliament was all wrong here, or there, and we will change that." In the friendliest possible way I urge that caution upon the Government. Difficulties, I know—I had almost said schism—would result from any other course.

Hon. Mr. DANDURAND: As I have just stated, I have not read the debate in the other House, but, according to my information, the trend of the discussion was that if need arose of strengthening the Combines Investigation Act in order, for instance, to guard against profiteering, the necessary steps could be taken under the War Measures Act rather than by way of amending a statute which continues in force.

At 6 o'clock the Senate took recess.

The Senate resumed at eight o'clock.

Hon. Mr. DANDURAND: Honourable senators, I am expecting important legislation from the House of Commons around nine o'clock. I would suggest, therefore, that the Senate adjourn during pleasure on the understanding that we will answer the bell when the House is reconvened by His Honour the Speaker.

The Senate adjourned during pleasure.

The sitting was resumed.

CUSTOMS TARIFF AMENDMENT BILL FIRST READING

A message was received from the House of Commons with Bill 6, an Act to amend the Customs Tariff.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators are doubtless aware that this afternoon Hon. Mr. Ilsley, who for the time being is representing the Minister of Finance on the floor of the other House, delivered the Budget speech, in which he explained the Government's plans for financing the cost of the war. A government may finance war expenditure by borrowing or by levying taxes. I am not in a position to say that taxes will be levied to cover war expenditure as we go on, but at the present time a levy of some \$68,000,000 through taxation is projected.

Mr. Ilsley gave a list of bills which would result from the Budget. Among them is this one which we now have before us, an Act to amend the Customs Tariff. It is not a long measure. It provides:

There shall be levied, collected and paid on the following goods, whether dutiable or not dutiable, when imported from any country, the additional rates of duties of customs hereinafter specified:

Whisky, brandy, rum, gin and all other goods specified in Customs Tariff items 156, 156a, and 156b—\$3 per gallon of the strength of proof.

Ale, beer, porter and stout—9 cents per gallon.

Wines of all kinds except sparkling wines, containing not more than forty per cent of proof spirit—7½ cents per gallon.

Champagne and all other sparkling wines—75 cents per gallon.

Manufactured tobacco of all descriptions except cigars, cigarettes, and snuff—5 cents per pound.

Cigarettes weighing not more than three pounds per thousand—\$1 per thousand.

Tea, when the value for duty thereof under the provisions of the Customs Act:

- (a) is less than 35 cents per pound—5 cents per pound.
- (b) is 35 cents or more but less than 45 cents per pound—7½ cents per pound.
- (c) is 45 cents or more per pound—10 cents per pound.

All goods specified in Customs Tariff item 25a—10 cents per pound.

All goods specified in Customs Tariff item 26 except coffee, roasted or ground—10 cents per pound.

Coffee, green, and coffee, roasted or ground—10 cents per pound.

3. This Act shall be deemed to have come into force on the twelfth day of September, one thousand nine hundred and thirty-nine, and to have applied to all goods mentioned in the preceding section, imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date:

Provided that the additional rate of duty of customs of three dollars per gallon of the strength of proof to be levied, collected and

paid on whiskey, brandy, rum, gin and all other goods specified in Customs Tariff items 156, 156a, and 156b shall be deemed to have come into force on the third day of September, one thousand nine hundred and thirty-nine, and to have applied to all goods mentioned in this proviso, 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.

This is essentially a money Bill, for which I am asking approval by the Senate.

(Translation)

Hon. ARTHUR SAUVÉ: Have copies of this Bill been distributed?

Hon. Mr. DANDURAND: If they have not, I shall lend the honourable senator my copy.

Hon. Mr. SAUVÉ: I am not asking for any favours. I simply wish to know if copies have been distributed.

Hon. Mr. DANDURAND: Towards the end of a session, and especially a session as short as the present one, it is often necessary to proceed without due regard for the House rules.

Hon. Mr. SAUVÉ: And much too rapidly.

Hon. Mr. DANDURAND: Not at all, since this is a money Bill.

Hon. Mr. SAUVÉ: Why request the House to adopt this Bill before we have an opportunity of acquainting ourselves with its provisions?

Hon. Mr. DANDURAND: I have read it in its entirety, in order that my honourable friend may ascertain the exact provisions of this measure. I have handed a copy of it to the right honourable leader of the opposition (Right Hon. Mr. Meighen). The honourable senator from Rigaud will readily admit, I am sure, that his right honourable leader's qualifications in the matter cannot be doubted.

Hon. Mr. SAUVÉ: I have just received the English version, but there is no French copy.

(Text)

Right Hon. ARTHUR MEIGHEN: Honourable senators, this being a money Bill, of course we would not amend it, and under the circumstances we certainly would not defeat it.

There are only two items the identity of which is not revealed. I do not think the honourable leader of the House (Hon. Mr. Dandurand) told us the general nature of goods specified in Customs Tariff items 25a and 26.

Hon. Mr. DANDURAND: I think I can give the explanation to my right honourable friend, for I read the whole of the speech delivered in the other House.

Right Hon. Mr. MEIGHEN: I presume the goods are of the same nature as those mentioned in the preceding items.

The honourable leader of the House said, "We could not, of course, finance the cost of the war as it proceeds." I hope the Government will not go too far in attempting to do so. It is obvious that to attempt it would be to go away beyond the bounds of possibility. The danger is that if taxes that are too heavy are imposed they are likely to result in stagnation of business, and therefore deterioration of morale. That has to be very carefully avoided. As long as we can keep business going and in a healthy condition, and the spirit of the people normal, we shall be all right and shall be able to tax in certain directions pretty heavily because of special activity which will be evidenced in business. But, I repeat, care must be taken not to go too far in that direction. Taxes are already high, and there is a point beyond which you cannot go.

Having said that, I have only one other matter to bring to the attention of the Government in respect of financing the war. Everyone recognizes that the great financial burden of this war will fall on Great Britain and France, but chiefly on Great Britain. It did before; it is bound to again. We export heavily to the United Kingdom, and the burden on the people of the United Kingdom will become greater. We hope it will not become insupportable, but there is a danger that it may. Unless they are able to continue their exports against all war hazards and all tariffs, there will, after a time, be no way in which they can possibly pay for their imports. I suggest this. We ought to adjust our imports, by quota or otherwise, but more properly by tariffs if we can, so as to encourage British and French imports. I know we are tied by certain treaties, one very recently made with the United States—a treaty I have not criticized in this House at all—and possibly we cannot now make a horizontal increase on imports from that country. I do suggest the possibility should be explored of being relieved from that disability, so that if we had to we could put a horizontal increase on those imports. I know every effort will be made by purchasing countries, and there is evidence now that it is being made in a very vigorous way, to control prices. Nothing is more reasonable than that they should do so. The sea lanes are being kept open by the fleets of those countries and a market is thus

Right Hon. Mr. MEIGHEN.

provided for exporting countries, and Great Britain and France cannot be found fault with if they use every effort to prevent their being bled white by increased prices. Now, the country which apparently is likely to profit most from exports to the Allies is the country to the south. I speak in no spirit of jealousy of, much less of hostility to, that country when I say we should co-operate to the utmost with Great Britain and France to keep prices at a fair level, and help them to export their goods to us, so that we shall be able to get paid for our exports, and they will be able to finance the war. The struggle in finance will be comparable at least with the struggle in arms. I am sure the sentiments of the Government towards the problem are just the same as those I am trying to express, but I suggest that if there is any way of diverting purchases from countries not at war to Great Britain and her Allies, upon whom the great burden rests, we ought to do so.

Hon. Mr. BALLANTYNE: Is there not an escape clause in the treaty with our neighbours to the south? I think so.

Hon. Mr. DANDURAND: I cannot answer that question now. I will transmit it to the Minister of Finance.

I may say that the statement of the Hon. Mr. Ilesley represents the views of the Government as to financial policy. I believe my right honourable friend (Right Hon. Mr. Meighen) will approve the attitude of the Government in the matter to which he has referred: the applying of taxation in such a way as to benefit the revenue of the country, but not to hamper the development of our industries and their possible extension in many directions in the work which they will have to carry on to furnish war materials and provisions to ourselves and to Great Britain and our Allies. I was especially struck by the well-balanced views expressed by the Minister of Finance and his representative in the House of Commons. We shall meet again to-morrow, and I am quite sure my right honourable friend will in the meantime be able to get a general view of the Government's policy. It is surrounded with considerable prudence and, I should think, considerable wisdom as well. All these matters have been approached from different angles and will be worked out as we proceed. Of course, we do not know exactly what will be the line to be followed from month to month. If the war lasts a certain time, then through sheer necessity we may have to revise the views now held by the Finance Department. But we have the assurance that there is a healthy state of things in the country to-day; and by all means it

should be maintained. I think our people have the true spirit and will carry on with courage to maintain our production and, if possible, develop it.

(Translation)

Hon. Mr. SAUVÉ: I should like to explain the request I made a moment ago. I have a great deal of respect for the right honourable leader on this side of the House, as I have for the honourable leader of the Government, but I am convinced that the right honourable gentleman on this side would never wish to set himself up as a dictator in this Chamber.

Hon. Mr. DANDURAND: Nor have I ever suggested that.

Hon. Mr. SAUVÉ: I had no other desire at the time than to obtain reliable information, in order that it might not be said that this House had passed very important measures with undue haste at such a critical time. Yesterday a certain section of our press was blaming the Senate for adopting measures without sufficient knowledge of this or that piece of rather ambiguous legislation.

Hon. Mr. DANDURAND: It is also rather weighty.

Hon. Mr. SAUVÉ: Weighty with responsibilities and difficult to explain.

Hon. Mr. DANDURAND: No.

Hon. Mr. SAUVÉ: Notwithstanding the honourable leader's undoubted intelligence, I have noted that he sometimes found it very difficult to give us a clear explanation of certain measures.

Hon. Mr. DANDURAND: I am not a specialist in every field.

Hon. Mr. SAUVÉ: The honourable leader of the Government is clever enough to give always a satisfactory reply; still, there have been occasions during this session when his explanations were insufficient and ambiguous. I am not blaming him, for he was apparently unable to obtain the desired information from his colleagues in the other Chamber. I would ask him one question: Is this money which we are requested to vote destined to meet the expenses of an overseas war?

Hon. Mr. DANDURAND: There is very little relation between the legislative measures which I introduced this afternoon and evening, and my honourable friend's question, which might have been more opportune at the time the House was asked to appropriate \$100,000,000 to cover the cost of military operations. The sole object of this measure is to raise sufficient funds to meet the Treasury's needs

and, naturally, to defray to a certain extent the expenditures approved under the Bill which was introduced yesterday, I believe. However, it is impossible for me at this time to specify the expenditures which those moneys may serve to meet, since those sums are part of the general budget.

Hon. Mr. SAUVÉ: I am not asking for any details. What I am asking the honourable leader is this: Is it possible that the funds which we are voting in detail may serve to cover the expense of an overseas war?

Hon. Mr. DANDURAND: I think I can set at rest the anxiety which prompts my honourable friend to ask me that question. I believe that, as regards the general budget, including the \$100,000,000 which we have voted, should the Government arrive at the conclusion that the sending of an expeditionary force to Europe is necessary, the Treasury funds as well as the moneys we shall vote might be used, in a certain measure, to this end. That is as far as I can go. Naturally, whenever the Government decide to consider the necessity or advisability of sending an expeditionary force overseas, they will have to adopt the ways and means required, and there will be available for this purpose, in the Treasury, the sums which we are called upon to vote, as well as those we have already voted. It is rather difficult, however, to reply to my honourable friend's question, because we are raising money for military purposes.

Hon. Mr. SAUVÉ: I should like to know the purpose for which these moneys are being raised.

Hon. Mr. PARENT: Because of the present situation.

Hon. Mr. SAUVÉ: My sole object in speaking thus and in asking these questions is to obtain sufficient enlightenment. I am not endowed with an intelligence comparable to that of my honourable friend, and I feel the need of enlightenment. I have observed, since the opening of this session, that the business of both Houses has been unduly expedited. I came here convinced that Parliament had been summoned to decide whether or not Canada should participate in the war. After listening to the speech from the Throne and to the explanations given to the House of Commons by the right honourable the Prime Minister I became convinced that all the funds we were requested to vote—including the \$100,000,000—were earmarked for national defence in this country, and that Canada would never be made to take part in an external war as long as there remained in the Cabinet French Canadian ministers like those we have at present. We were told, "It is simply a

matter of providing for our territorial and coastal defence." But that is not what is happening. I have read, in the interval, the official report of the debates of the House of Commons of Monday, September 11, in the course of which the honourable Leader of the Opposition, Mr. Manion, put a very important question to the Minister of National Defence. The honourable Leader of the Opposition himself complained of the lack of information and especially of the ambiguity of the Government's halting replies. Having received certain representations from various citizens, Mr. Manion stated:

I have heard others, perhaps better informed, claim that when these men enlist, according to their attestation they can be sent overseas if the time should come when an expeditionary force should be sent.

The Hon. Mr. Mackenzie, Minister of National Defence, having given him a rather vague reply, the honourable Leader of the Opposition renewed his protest and said:

Perhaps I have been a little dense, but there is one point on which I am not quite clear. Do I understand the Minister to say that at the present time the men who are being enlisted and who have been for some time past are being enlisted under section 64?

Hon. Mr. Mackenzie replied:

Yes, that is correct.

And he added:

The terms of section 64 of the Militia Act are very explicit, in that these troops may be placed on active service either within or without Canada, for the defence of Canada. At the present time, sir, the troops called out are in three categories: In the first place, there are those who are defending the vulnerable points within Canada; in the second place, there are those who are defending our coastal areas on both coasts, and, in the third place, there is a mobile reserve for active service in the meantime within Canada. But if in the light of developments in the future the Government policy should be that of sending an expeditionary force overseas, that reserve force would be the nucleus of the force so to be sent.

Am I to understand, with my limited intelligence, that this means there is a possibility that the Government may, at a given moment, decide to send an expeditionary force overseas, and that the men are being enlisted under the provisions of section 64 of the Militia Act? Consequently, is such enlistment not obligatory? The Right Honourable the Minister of Justice and his French Canadian colleagues have dwelt with brilliant emphasis on their opposition to conscription. What does it all mean? That our fighting forces will be sent overseas under the provisions of the Militia Act and of the Navy Act? If such be the case, it would have been preferable to state it clearly and frankly.

Hon. Mr. SAUVÉ.

I deeply regret not having opposed, not only the Address in reply to the Speech from the Throne, but also the 100 million dollar appropriation. I was misled by the explanations of the Government and its organs.

Hon. GUSTAVE LACASSE (Text): Honourable senators, I should like to interject a little information here. As many honourable members of this House are probably aware, some two or three weeks ago, at the very commencement of enlistment throughout the country, the Minister of National Defence, in speaking over the radio, clearly and emphatically stated on his full responsibility as a Minister of the Crown that should the Government at any time decide to send an expeditionary force abroad the soldiers already enlisted would be free to sign a new engagement.

Hon. Mr. BALLANTYNE: Quite right.

Hon. Mr. LACASSE: That statement was made very specifically and emphatically over the radio. I give that information for what it is worth. It was my clear understanding then, as it is to-day, that no expeditionary force will be sent except one composed of regular forces and volunteers.

Hon. Mr. SAUVE: I asked the leader of the Government a question, and I want an answer.

Hon. Mr. DANDURAND: I am ready to answer, but I thought there might be other questions put to me. When I speak I close the debate. I can answer my honourable friend, and will do so now.

(Translation)

Hon. Mr. SAUVÉ: I asked the honourable leader of the Government if a soldier enlisting now could be forced to serve?

Hon. Mr. DANDURAND: The answer is no.

Hon. Mr. SAUVÉ: Then, what is the meaning of the engagement being signed at the present time? I know men who have enlisted and who were under a different impression.

Hon. Mr. DANDURAND (Text): If my honourable friend will allow me, I shall speak in English so that all honourable members of the Senate may understand my answer to the honourable gentleman.

Hon. Mr. SAUVE: Certainly.

Hon. Mr. DANDURAND: Two Orders in Council were passed, one on August 26, 1939, and one on September 1, 1939, both of which were laid on the Table. That of August 26 reads:

Whereas Section 63 of the Militia Act provides that the Militia or any part thereof, or any officer or man thereof, may be called out for any military purpose other than drill or training, at such time and in such manner as is prescribed;

And whereas Section 2 (j) of the said Act defines "prescribed" to mean prescribed by the Militia Act or by regulations made thereunder;

And whereas the Minister of National Defence reports that there are certain duties which in his opinion are "military purposes" coming within the meaning of that expression as used in Section 63 of the said Act for the performance of which the strength of the Permanent Force is at present insufficient, and it is desirable to place on service certain parts of the Militia; and

That it is deemed expedient to make a regulation providing the manner in which the provisions of the said Section 63 may be invoked;

Now, therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of National Defence and pursuant to the provisions of the Militia Act, is pleased to make the following regulation and it is hereby made and established accordingly:

Regulation

The Minister of National Defence may call out the Militia or any part thereof, or any officer or man thereof, for any purpose coming within the provisions of Section 63 of the Militia Act, at such times and in such manner as he may deem expedient.

By this Order in Council the Militia was called out, in accordance with section 63 of the Militia Act, as a precautionary measure for the protection of federal property and for the manning of coast defences. The call was sent to members of the Militia, but they were not obliged to answer it.

The Order in Council of September 1 provides:

Whereas the Minister of National Defence, under date of first September, 1939, reports that, by reason of the present emergency, it is desirable to proceed immediately with the necessary arrangements pertaining to placing the active Militia on war establishment;

Therefore His Excellency the Governor General in Council, on the recommendation of the Minister of National Defence, is hereby pleased to authorize the organization forthwith of a Canadian Active Service Force, and for such purpose, under the provisions of Section 20 of the Militia Act, to name as corps of the active Militia those units, formations and detachments as set out in Schedule D annexed.

His Excellency the Governor General in Council, on the same recommendation and pursuant to Section 64 of the Militia Act, is further pleased to place and doth hereby place on active service in Canada, the units, formations and detachments set out in the said Schedule D, and those other corps and parts of the Militia as set out in Schedule E annexed.

It is required that Parliament be called within fifteen days from the publication of this Order in Council. Any member whose unit is called out under this Order is compelled to report for duty for active service in Canada.

I have asked the Minister of Defence to give me answers to the questions raised in the discussion to-day, and perhaps yesterday as well. I understand one question was: Shall we contribute trained air personnel directly to the Royal Air Force, or will the personnel remain under our own control? The answer is: Certain trained personnel may be sent over to the Royal Air Force almost immediately, but it is hoped that within a few weeks we may send overseas a composite Canadian unit of trained personnel, under Canadian command and direction, to co-operate in the most effective manner with the Royal Air Force.

Another question was: Is the Canadian field force to be the expeditionary force? The answer is: If as a matter of Government policy it is decided to send an expeditionary force overseas, the present Canadian active service force would be the nucleus of such an overseas contingent. It is proposed, however, that if such a decision be reached, all members of the force shall be given opportunity to re-enlist specifically for overseas service, on a voluntary basis.

This, I suppose, is a complete answer to the question asked by my honourable friend from Rigaud (Hon. Mr. Sauvé). In the event of such re-enlistment for overseas service, training of the men, requiring some months to complete, would be done in Canada. There is no desire on the part of the Department of Defence or the Government of the day, or, I suppose, of any member of Parliament, to send our men overseas to be trained on the muddy Salisbury Plains. I think the people of Canada do not desire that that should be done. Great Britain already has large numbers of men under training, and we must not burden her with our own work.

I may say that our medical examination of to-day is quite severe. There is a determination not to repeat the costly experience of 1914-18, when, according to Sir Arthur Currie and Dr. Macphail, 100,000 misfits went overseas from Canada.

It is clear that the men who answered the call under the Order in Council of September 1 would be re-enlisted before being sent abroad, if the Government decided upon sending men overseas.

Hon. Mr. BALLANTYNE: Re-enlisted voluntarily?

Hon. Mr. DANDURAND: It would be a voluntary re-enlistment.

Hon. A. D. McRAE: Honourable senators, it seems to me that the explanation with respect to the Militia and the field force brings out the point raised earlier in the day by the honourable senator from Edmonton (Hon. Mr. Griesbach). The Militia has

always been our peace-time force. It formed the nucleus of our overseas force. That was the situation in the last war. But it would appear now that this field force is going to be the nucleus of our overseas force, if we send one. If that be so, it is easy to understand that members of the Militia who wish to get overseas would seek transfer to the field force. But it seems to me that if this field force is to be the only nucleus of overseas forces, we shall not be making the best use of the men who for years have devoted themselves to the Militia and who to-day make up what are perhaps our most highly qualified units. It does seem to me there should be one organization, the overseas force, which would include the best men available. As it appears now, there is a division between the field force and the Militia.

Hon. Mr. DANDURAND: I do not see it in that way. Of course, I am governed by the information given to me. If as a matter of Government policy it is decided to send an expeditionary force overseas, the present Canadian active service force would be the nucleus of such an overseas contingent. I would draw my honourable friend's attention to the fact that in the last war the Canadian active service force was the nucleus of such a contingent. That would, I believe, cover all the activities of our militia organization.

Hon. Mr. McRAE: Quite so; but I understood—maybe I was in error—that the field force was the nucleus of the overseas force.

Hon. Mr. CALDER: What is the meaning of "nucleus"? In fact there is no nucleus. It simply means that this body which is being formed will be a source from which may be drawn all men who wish to go overseas.

Hon. Mr. DANDURAND: I understand there are a certain number of militia districts, each with its regiment. These regiments are being brought up to full strength. I take it for granted that through them men will be given the privilege of enlisting in any expeditionary force.

Hon. Mr. CALDER: Exactly.

Hon. Mr. DANDURAND: Outside volunteers may be appealed to if there is not a full complement. The Department has decided to use its own organization, and authority will not be given to any person to raise a regiment, as was done in the last war. I saw a number of regiments so raised in the city of Montreal. Very soon there will be some 40,000 men representing the military strength of Canada. I should think that if it is decided to organize an expeditionary force an appeal will be made

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to those men to re-enlist for service outside of Canada. That is the information I have received.

Hon. Mr. CALDER: Briefly, the situation, as I understand it, is this. In the first place, the Government have not reached any decision whatever in regard to sending an expeditionary force overseas?

Hon. Mr. DANDURAND: None; but after conferring with—

Hon. Mr. CALDER: I quite understand that it is a matter of consultation. But at the present time no decision at all has been reached as to sending an expeditionary force overseas?

Hon. Mr. DANDURAND: Absolutely none.

Hon. Mr. CALDER: Men enlisted at the present time are enlisted only for service in Canada: that is correct also?

Hon. Mr. DANDURAND: That is correct.

Hon. Mr. CALDER: If an expeditionary force is to be created later on, then a request will be made to those who are serving in Canada to join such expeditionary force, if they wish to do so?

Hon. Mr. DANDURAND: Absolutely.

Hon. Mr. GRIESBACH: I think the key of this mystery is to be found in the deviousness and sinuosity of Government policy. The Prime Minister has, during the last two or three years, been declaring that Parliament must decide. Events began to crowd him, and it became obvious that he must get a little ahead of Parliament's decision. So he does not want to say there will be an expeditionary force, Parliament not having yet decided it is necessary. Consequently we have this curious method of procedure to which my honourable friend from Vancouver (Hon. Mr. McRae) draws attention, and which the honourable gentleman from Saltcoats (Hon. Mr. Calder) is worried about, and the honourable leader himself (Hon. Mr. Dandurand) is unable to explain. It was necessary to get rid of our peace-time Militia. The Government selected a certain number of militia units and ear-marked them to be mobilized and brought up to war strength, taken into quarters, and trained. There is the expeditionary force, raised in the manner described; that is to say, to be ready when the time comes. But do not use the term "expeditionary force," for Parliament has not yet decided on this point.

Hon. Mr. DANDURAND: No.

Hon. Mr. GRIESBACH: There is not the slightest doubt about it.

Hon. Mr. DANDURAND: Will my honourable friend accept an explanation? The Government will not come to Parliament, because they will by the legislation we are passing be clothed with authority to develop the defence of Canada as they see fit, after consultation with Great Britain.

Hon. Mr. GRIESBACH: There is no cause for worry. It is merely the Government's deviousness about the whole business which has produced this state of affairs. These men, as everybody knows, will be the expeditionary force. They are being organized and trained, and just so soon as Parliament is out of the way they will be called our expeditionary force. Therefore those who are worrying about their military status will find every satisfaction. They will be described as the expeditionary force, and nobody will be any worse off except the unfortunate militia units which are not ear-marked for this purpose. These will find themselves without recruits, and their men drifting off into the expeditionary force, because of this outstanding psychological fact, which I referred to this afternoon as something like Gresham's Law. As bad money drives out good, so the recruitment of an expeditionary force destroys the local Militia, for the real fighting men want to be in a force that is going on active service, and a certain odium attaches to the poor old stay-at-home Militia. That is what is worrying the honourable gentleman from Vancouver. If the expeditionary force is really built up to something worth while, we can get along without the Militia for local defence. The organization and training of a couple of hundred thousand men for an expeditionary force of four or five divisions will always ensure our having a sufficient number of men for internal security and coast defence. This will work out all right. But the method of filling the expeditionary force is something altogether different, and if my honourable friend will allow me to make the speech which I have been threatening to make, but which so far he has prevented me from making, I will go fully into the matter either to-night or to-morrow morning.

Some Hon. SENATORS: To-morrow morning.

Hon. Mr. BALLANTYNE: Certain Montreal militia units have already chosen their officers in case an expeditionary force is to be created. They have their organization pretty well ready.

Hon. Mr. HAIG: Do I understand the honourable leader of the House to say that after Parliament prorogues the Government will have power to call for volunteers and send an expeditionary force overseas?

Hon. Mr. DANDURAND: Yes, if necessary.

Right Hon. ARTHUR MEIGHEN: Honourable members, of course I am in favour of the second reading of this Bill. I rise only to say one thing. So far as an expeditionary force is concerned, I hope the Government will not remain too long in No Man's Land. The roar that will go up throughout this country if they do will be, I think, far beyond what they conceive. Men are giving up good positions. They are not giving them up to hang around the banks of canals or to loaf around barracks. They are giving them up to undergo training so they may do a job for their country, and the Government have little notion of what will happen unless the opportunity to do that job is kept open, the direction pointed and the work advanced. There is no need for argument. Conditions will dictate everybody's course. The steady, inexorable march of events will turn the Government in the right direction. They cannot possibly resist. We do not need to plead at all. All will be brought about as one thing after another will crash, crash, crash. I just ask the Government to be alive and get going. That is what the country demands.

Hon. Mr. DANDURAND: I would tell my right honourable friend that the men at the helm to-day have a full sense of their responsibility—

Right Hon. Mr. MEIGHEN: I do not doubt it.

Hon. Mr. DANDURAND: —and will act with courage. They will not be swayed by the appeals coming from members of the community who are extremely zealous, and whose zeal I respect. They are in contact with the development of the situation as seen from London. Surely my right honourable friend will trust the Government to do the right thing at the proper time.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I do not doubt that, and have not the slightest question in my mind as to the attitude of the British Government, but nobody can tell me they are not going to welcome help at the very centre and crucial point of the struggle.

I have noticed a little tendency to dwell on what happened in 1914. No doubt errors were made then, in the rush of events. I

think the progress of time will have a chastening effect on the Administration. They too will make errors, yet I think they can avoid some of those made in 1914. I should not like to say anything that would prevent them from seeking in a steady and serious mood to avoid such mistakes; but it is better to make errors than to go too slow—better to make errors than to dampen and deaden the enthusiasm of the country. Make the fewest possible errors, but get along!

The Hon. the SPEAKER: Is it your pleasure, honourable senators, that this Bill be read a second time.

Some Hon. SENATORS: Carried.

Hon. Mr. SAUVÉ: On division.

The motion was agreed to, on division, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND: With the leave of the Senate I move the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time.

The Hon. the SPEAKER: Is it your pleasure, honourable members, to pass this Bill?

Hon. Mr. SAUVÉ: On division.

The Bill was passed on division.

EXCISE BILL

FIRST READING

A message was received from the House of Commons with Bill 7, an Act to amend the Excise Act, 1934.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, with the leave of the Senate I move the second reading of this Bill.

Those of you who have the Bill before you will see that the following increases are made in the duties of excise: on spirits distilled in Canada, from \$4 to \$7 per proof gallon; on Canadian brandy, from \$3 to \$6 per proof gallon; on all beer or malt liquor brewed in whole or in part from any substance other than malt, from 22 cents to 30 cents per gallon; on malt manufactured or produced in Canada, or imported, from 6 cents to 10 cents per pound; on malt syrup suitable for the brewing of beer manufactured or produced

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in Canada, from 10 cents to 15 cents per pound; on malt syrup imported into Canada and entered for consumption, from 16 cents to 21 cents per pound; on tobacco of all descriptions manufactured in Canada, except cigarettes, from 20 cents to 25 cents per pound actual weight; on cigarettes manufactured in Canada and weighing not more than three pounds per thousand, from \$4 to \$5 per thousand. Up to a certain time we collected \$6 per thousand, then the rate was reduced to \$4. Now it is increased to \$5.

Right Hon. Mr. MEIGHEN: It is all to correspond with customs increases under the other Bill.

Hon. Mr. DANDURAND: Yes.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND: With the leave of the Senate I move the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

SPECIAL WAR REVENUE BILL

FIRST READING

A message was received from the House of Commons with Bill 8, an Act to amend the Special War Revenue Act.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, perhaps I could not do better than read the provisions of this Bill.

1. Subsection one of section eighty-three of the Special War Revenue Act, chapter one hundred and seventy-nine of the Revised Statutes of Canada, 1927, as amended by section seven of chapter forty-two of the statutes of 1934 is repealed and the following substituted therefor:—

“83. (1) There shall be imposed, levied and collected the following excise taxes:—

(a) a tax of fifteen cents per gallon on wines of all kinds, except sparkling wines, containing not more than forty per cent of proof spirit;

(b) a tax of one dollar and fifty cents per gallon on champagne and all other sparkling wines.”

2. Section eighty-five of the said Act, as amended by chapter fifty-four of the statutes of 1931, chapter fifty of the statutes of 1932-33, chapter forty-two of the statutes of 1934, chapter forty-five of the statutes of 1936, chapter forty-one of the statutes of 1937 and chapter fifty-two of the statutes of 1938, is further amended by adding thereto the following paragraph:—

"(g) 'dwelling' shall include business premises where the supply of gas or electricity for both the business and living quarters is metered through a single meter, or where a flat charge is made to cover both the business and living quarters."

3. Schedule II to the said Act, as enacted by section six of chapter fifty-two of the statutes of 1938, is further amended by adding to the said Schedule as paragraph four the following:—

"4. Carbonic acid gas and similar preparations to be used for aerating non-alcoholic beveragestwo cents per pound."

4. Schedule III to the said Act, as enacted by section seven of chapter fifty-two of the statutes of 1938 and amended by section four of chapter fifty-two of the statutes of 1939 (1st session), is further amended:

(a) by striking out under the heading of "Foodstuffs" in the sixth line the words "Fish and products thereof;" and replacing them by the following words: "Fish and products thereof, not to include canned fish;"

(b) by striking out under the heading of "Foodstuffs" in the tenth and eleventh lines the words: "Meats, salted or smoked (not to include the same when chopped, ground, parboiled or spiced);"

(c) by striking out under the heading of "Miscellaneous" in the first line the word "Electricity;" and replacing it by the following words: "Electricity, except when used in dwellings;"

(d) by striking out under the heading of "Miscellaneous" in the fourth and fifth lines the words: "Gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes;" and replacing them by the following words: "Natural gas and gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes except when used in dwellings;"

5. This Act shall be deemed to have come into force on the twelfth day of September, one thousand nine hundred and thirty-nine and to have applied to all goods mentioned therein 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.

Hon. Mr. PARENT: May I call the attention of the honourable leader to an obvious error in line 24, page 1, where "for" is used instead of "or."

Hon. Mr. DANDURAND: I would suggest that this does not need any amendment. A clerical error can be corrected by the Clerk.

Hon. FELIX P. QUINN: Honourable members, I wish to protest against the tax of two cents per pound on carbonic acid gas, referred to in section 3 of the Bill. This is used in the preparation of ginger ale and other soft drinks, what are known as five-cent drinks, the poor man's drinks. From contact with men engaged in the manufacture of these drinks I know that at the present time they are finding it hard to make ends meet, and they will not be able to bear a tax like this, which would amount to \$1 a drum.

These soft drinks serve a useful purpose throughout the whole country. In many places, where the water is unfit to drink, they fill a very special need.

A large number of makers of these soft drinks are in business in a small way. A tax of this kind would compel them to raise their price to the retailer, who in turn would be obliged to charge the consumer six cents. As honourable members can imagine, this would result in a considerable decrease in sales, because people are used to paying a nickel for these drinks. Moreover, I think the amount of tax collectible on this item would be so small that it is not worth while for the Government to bother with it.

Hon. Mr. DANDURAND: Here is an explanation given by the Minister, Hon. Mr. Ilsley:

In view of the increased levies on alcoholic beverages, and on tea and coffee, it seems proper that some additional taxes should be imposed in respect of soft drinks. It is proposed, therefore, to place a tax of two cents per pound on carbonic acid gas and similar preparations used in the manufacture of non-alcoholic beverages. There will be no increase in the sales tax, but the base of this tax will be broadened by removing from the schedule of exceptions electricity and gas used for domestic purposes, salted or smoked meats, and canned fish.

With respect to this item, I must explain that my hands are tied, for we cannot amend a money bill, our power being limited to approval or rejection in toto.

Hon. Mr. MORAUD: This tax will not apply against the ingredients of imported soft drinks, and so soft drinks made in this country may be subjected to unfair competition from imported products such as Coca-Cola, Pepsi-Cola, and the like.

Hon. Mr. DANDURAND: No; but the soft drinks are subject to duty.

Right Hon. Mr. MEIGHEN: Is the duty being increased to correspond with this increase?

Hon. Mr. DANDURAND: I could not say.

Right Hon. Mr. MEIGHEN: That is very important.

Hon. Mr. BLACK: Though Coca-Cola and some other soft drinks bear an American trademark, they are manufactured in Canada. Therefore their manufacturers would have to buy their carbonic acid gas here and be subject to the increased tax.

Hon. Mr. DANDURAND: Yes. I doubt whether there are any considerable imports of such soft drinks.

Right Hon. Mr. MEIGHEN: If you tax the product in Canada you will encourage importation, which is precisely what we do not want to bring about.

Hon. Mr. McRAE: Schweppes and other charged waters are imported, and, I take it, they will not be affected by this Bill. It does appear to me that the proposed tax would encourage the importation of soft drinks of that nature.

Hon. Mr. DANDURAND: My honourable friend is aware of my predicament. This is a Bill which we cannot amend. I recall that sometimes the Government have studied representations from persons affected by taxation, and at a later date have modified the tax. In January, according to the view expressed by the Prime Minister to-day, Parliament will again be in session. We shall then be able to retrace our step, if necessary. However, I will draw the Minister's attention to my honourable friend's remarks.

Right Hon. Mr. MEIGHEN: I do not think we ought to hurry in order to conclude our work to-night. Why not give the Bill second reading now and leave the third reading for to-morrow? It is possible that the import duty is taken care of under Customs Tariff item 25a; I do not know. I should not think it likely, however, because the surrounding items are not the same at all. So far as we are informed at the present time, it looks to me most ill-advised to tax our own production and fail to tax the competing imported article. A very slight tax on the domestic product will make importation a paying business. Let us wait until to-morrow morning before disposing of this Bill. If the Government official looks into the matter and has a satisfactory explanation, it will be all right so far as I am concerned.

Hon. Mr. DANDURAND: I will accept my right honourable friend's suggestion.

Hon. Mr. BLACK: I do not know whether this explanation is of any advantage to the House, but I think I am right in saying that none of the aerated drinks imported in bottles will compete with the soft drinks referred to by the honourable member from Bedford-Halifax (Hon. Mr. Quinn) as the "poor man's drink." For instance, Schweppes sells at 10 cents and upwards per bottle, while the drinks to which he refers retail at 5 cents a bottle.

Hon. Mr. QUINN: Yes.

Hon. Mr. BLACK: I do not think the 2-cent tax would affect any aerated drinks imported in bottles, for they do not compete with any soft drinks made in Canada.

Hon. Mr. DANDURAND:

Hon. Mr. McRAE: In view of the prospect of another session in January, I do not think this matter is of sufficient moment to hold up the passing of the Bill. The item is a small one and can, if necessary, be revised at a later date, when several other phases can be discussed in connection with it.

Hon. Mr. DANDURAND: Then I shall move third reading of the Bill.

Right Hon. Mr. MEIGHEN: Why pass it to-day instead of to-morrow?

Hon. Mr. DANDURAND: I am just informed that the last of the bills has been passed in the House of Commons, and that if the Senate disposes of this legislation this evening we may prorogue to-morrow morning.

Right Hon. Mr. MEIGHEN: We may as well prorogue at noon to-morrow as early in the morning. We shall not prorogue to-night. I should think it would be a more dignified and better performance of our duty to leave the third reading of the Bill until to-morrow in case we think of anything between now and then, and so that the Government may deal with any other questions that may be raised. We can get through to-morrow in an hour or less.

Hon. Mr. LACASSE: I do not know to what extent my fellow-members of the medical profession will support me in this suggestion. The manufacturers of soft drinks can offset the tax by reducing the portion. There would be another happy result—less dyspepsia all round.

The motion was agreed to, and the Bill was read the second time.

Hon. Mr. DANDURAND: Third reading next sitting of the House.

INCOME WAR TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 9, an Act to amend the Income War Tax Act.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, I would ask the Chamber to bear with me while I read the terms of this Bill, which is a very simple one, though no one will doubt the heaviness of the charge. Later I may refer to the explanation given by the Minister. The provisions of the Bill are as follows:

Subsection one of section five of the Income War Tax Act, chapter ninety-seven of the Revised Statutes of Canada, 1927, as amended by chapter forty-six of the statutes of 1939, is amended by adding thereto the following paragraph:—

“(n) not more than fifty per centum of the net taxable income of any taxpayer which has been actually paid within the taxation period to, and receipted for as such by, any patriotic organization or institution in Canada which hereafter receives the written approval of the Secretary of State of the Dominion of Canada.”

I suppose this meets with no objection. It relates to gifts made for patriotic purposes out of the income of the ratepayer.

Paragraph A of the First Schedule of the said Act, as amended by chapter forty-one of the statutes of 1932-33, is amended by the addition thereto of the following proviso:

“Provided, however, that the above-mentioned rates shall in each case be increased by twenty per centum thereof.”

Paragraph AA of the First Schedule of the said Act, as enacted by chapter forty of the statutes of 1935, is amended by the addition thereto of the following proviso:

“Provided, however, that the above-mentioned rates shall be increased by twenty per centum thereof.”

This covers the status of the taxpayer, who, after having prepared a statement of the amount that he owes under the law in existence, adds twenty per cent.

Hon. Mr. LACASSE: How can a man who does not pay the tax add twenty per cent?

Hon. Mr. DANDURAND: Twenty per cent of nothing is nothing. There is a saying in French: “Là où il n’y a rien, le Roi perd ses droits”—Where there is nothing, the King loses his rights.

Hon. Mr. LACASSE: On the basis of an additional twenty per cent persons who are not now assessable cannot be assessed at all.

Hon. Mr. DANDURAND: They cannot.

Paragraph B of the First Schedule of the said Act, as enacted by chapter forty-one of the statutes of 1932-33, is amended by the addition thereto of the following proviso:

“Provided, however, that the above-mentioned rate shall be increased by twenty per centum thereof.”

That is the war surtax.

Paragraph C of the First Schedule of the said Act, as amended by chapter thirty-eight of the statutes of 1936, is repealed and the following is substituted therefor:

“C. Rate of tax applicable to corporations and joint stock companies, except as hereinafter provided:

On the income of the company eighteen per centum.”

This was fifteen per cent; it is now increased by three per cent.

Paragraph D of the First Schedule of the said Act, as enacted by chapter forty-one of the statutes of 1932-33, and as amended by chapter thirty-eight of the statutes of 1936, is repealed and the following is substituted therefor:

“D. Rate of tax applicable to corporations and joint stock companies which file a return consolidating their profit or loss with that of their subsidiaries as provided for by subsection three of section thirty-five:

On the consolidated income of such company and its subsidiaries—twenty per centum.”

There again the increase is three or five per cent.

Hon. Mr. HAIG: Three per cent.

Hon. Mr. DANDURAND: Yes, three per cent.

(1) Sections one, two, three and four of this Act shall be applicable to the incomes of the 1939 taxation period and of fiscal periods ending therein, and of subsequent periods.

(2) Sections five and six of this Act shall be applicable to the incomes of the 1940 taxation period and of fiscal periods ending therein after the 31st day of March, 1940, and of subsequent periods.

Right Hon. ARTHUR MEIGHEN: Honourable members, nobody, I fancy, who is in earnest about the job we have in hand is going to complain of these taxes. We have to bear the burden, whatever it may be. I can only stress the need of taking care that enterprise is not stifled or seriously crippled, because in the end the burden falls on those who are unemployed.

If I caught the intent of what the honourable senator from Essex (Hon. Mr. Lacasse) was trying to drive home, I agree with him. I think the Government might very well consider extending the base of the income tax—

Hon. Mr. DANDURAND: What is that?

Right Hon. Mr. MEIGHEN:—lowering the exemption, so that the whole population, or nearly the whole of it, will be tax conscious. The man who receives an income of \$2,000 or more has his tax increased by twenty per cent. The fellow who receives just below \$2,000 is not touched at all. In England and other countries the area of taxation is spread more widely, so that the mass of the voters pay a direct tax right out of their pockets, and know what it is. This is a good thing, for they then have some concern in preventing waste in government. The greater the exemption the less the general body of the electorate care how the money is spent.

Hon. Mr. DANDURAND: I am sorry that I have not a statement showing the tax imposed on incomes of \$2,000 and upwards. I have seen a statement showing the effect

of the 20 per cent surtax, and I am concerned over the fact that to some extent this will affect persons in the lower income brackets. But it will not mean a material increase in their tax.

Right Hon. Mr. MEIGHEN: No. My point is that it would be better if some tax were imposed on incomes lower than that.

Hon. Mr. DANDURAND: We can amend the Act in this respect next session, if we so desire.

Hon. GUSTAVE LACASSE: Honourable members, may I make a short suggestion? We all are concerned with the income tax question, and for some years I have been studying it. In my opinion the income tax, when properly applied and honestly administered, is the fairest of all taxes. I am sorry I did not happen to be present last session when the matter was discussed. My right honourable friend (Right Hon. Mr. Meighen) alluded to England, and it is the practice in that country that I wish to point to as a desirable example for us. I do not expect it will be possible to have my suggestion acted upon now, but it may point the way to future action. The English income tax is much heavier than ours, as perhaps all honourable members are aware, but assessment is made on a return showing the average income for the last three years. I think that is a more equitable basis of taxation than ours. If we could adopt it in Canada we should be able to make income tax applicable to virtually all our citizens who have incomes, even where the tax itself would not amount to more than \$1 a year. This would not greatly increase our revenue, but it would bring home to all our people the fact that they are contributors to the maintenance of the State, and in this way it would teach an important lesson in citizenship.

I repeat my conviction that the income tax is the most equitable of all taxes, but there is room for improvement in the application of it. I hope the suggestion I have offered to-night will be considered later on.

Hon. Mr. DANDURAND: I will draw the attention of the Minister of Finance to my honourable friend's remarks. As a matter of fact, I see to it that all constructive comments made in the Senate, even those accompanied by carping criticism, are referred to the appropriate Minister.

Hon. F. B. BLACK: Honourable senators, if I correctly understood the right honourable leader on this side (Right Hon. Mr. Meighen), he suggested that the exemption on incomes should be much lower than it is at present. I think that in England everyone earning

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over £150, roughly \$600 or \$700 in our money, is subject to income tax, whereas in Canada income is exempted up to \$2,000. Nobody would want to impose a heavy tax on people earning low incomes, but a small tax upon virtually all incomes in the lower brackets would go far towards making our people more conscious of the burden of taxation. For many years I have been favourable to a lowering of the income tax exemption.

The motion was agreed to, and the Bill was read the second time.

Hon. Mr. DANDURAND: With leave of the Senate, I would move third reading of the Bill now.

Right Hon. Mr. MEIGHEN: I think the honourable leader might well leave third reading over until to-morrow. We are really not giving very bright and animated attention to the measure at this hour, and I think no undue delay would be occasioned by putting third reading over until the next sitting.

Hon. Mr. DANDURAND: Of course, we cannot amend this Bill.

Right Hon. Mr. MEIGHEN: I know that, but we may have some worth-while suggestions to offer when we have had time to go through the Bill more carefully.

Hon. Mr. DANDURAND: Then I will postpone the motion for third reading until the next sitting.

DEPARTMENT OF MUNITIONS AND SUPPLY BILL FIRST READING

A message was received from the House of Commons with Bill 5, an Act respecting a Department of Munitions and Supply.

The Bill was read the first time.

MOTION FOR SECOND READING

Hon. Mr. DANDURAND moved the second reading of the Bill.

He said: My right honourable friend (Right Hon. Mr. Meighen) is aware of the legislation which was announced to create a Department of Munitions and Supply. I may say the Bill follows very closely the terms of the British Act passed during the war of 1914-1918. It is intended to give the Government the necessary authority to set up a Department of Munitions and Supply.

In the United Kingdom during the last war, as honourable members are aware, it proved necessary, in order to meet the unprecedented demands for munitions and other supplies, to set up a separate Ministry of Munitions. Mr. Lloyd George, in his memoirs, makes some

very significant observations which bear directly on the proposal now being made by the Government. In a speech at Manchester, while organizing the Ministry of Munitions, he had this to say of its purpose:

We want to mobilize in such a way as to produce in the shortest space of time the greatest quantity of the best and most efficient war material. That means victory; it means a great saving of national strength and resources, for it shortens the war; it means an enormous saving of life. . . .

It requires some effort to envisage the wide range of our task. Few people would at the outset imagine how much is covered by the phrase: "Munitions of war," or dream of the colossal ramifications of the industries concerned in their production. . . .

Most of the special steps that were taken after the formation of the Ministry of Munitions to stimulate production could equally well have been taken in 1914. It was to those special steps that the greatly accelerated yield on account of outstanding War Office orders in the latter part of 1915, as well as the immense augmentation of output in 1916 on direct orders of the Ministry, was mainly due.

The Government are determined to avoid, if at all possible, the consequences that would flow from any delay in setting up effective machinery in Canada to meet the urgent demand, inseparable from modern war, for munitions and supplies. It is for this reason that we are asking Parliament to give us authority to set up a new and comprehensive department with far-reaching powers.

Honourable members will recall that in 1915 a War Purchasing Commission was established, and in 1918 a War Trade Board, both under the authority of the War Measures Act. We intend to take at once measures which were found necessary as the result of experience gained after the war of 1914-18 had been in progress for some time. We intend to establish at once, under the provisions of the War Measures Act, a War Supply Board responsible to the Minister of Finance, with comprehensive powers similar to those contained in this Bill. As a result of the legislation now proposed, the Government will have in reserve the authority to create at any moment a separate Department of Munitions and Supply. The new department, if it becomes necessary, will have the advantage of the experience and organization which the activities of the War Supply Board will have made available.

At the last session of Parliament we established a Defence Purchasing Board. That was in a time of peace; this is a time of war. Honourable members will recall that at the time the Defence Purchasing Board was set up the Minister of National Defence said in reply to a specific question:

The answer is this, that this is a measure for peace time, and I trust that it will long be used for that purpose. If an emergency arises, doubtless other measures will be enacted immediately to deal with the emergency.

The main concern at that time was to ensure that there should be no profiteering incidental to preparations for defence. The Minister of Finance envisaged different methods for controlling profits in the event of war. In the same debate Mr. Dunning said:

And of course if—God forbid—war should come and we have to consider the results of war inflation of one kind and another, outside of this measure altogether we shall have to evolve schemes for profit control, which will apply not only on purchases by the Department of National Defence. I think there is no doubt we would come to that.

I hope I have already made it abundantly clear that the attitude of the Government today is just as firm in that respect, and, if anything more were needed to show our firmness, the tax proposals in the Budget speech should leave no room for doubt on this score. What we do want to ensure is that the procedure for which there may have been time in days of peace does not hamper and slow up the meeting of urgent needs in the present situation. When the saving of time may mean the saving of lives, the War Supply Board will be so constituted as to function speedily and effectively in the matter of purchases.

But the problem is no longer confined to the purchase of day-to-day requirements on a comparatively limited scale. The problem is now broadened to include planning, not only for months but perhaps for years ahead. Further than that, it includes the whole question of the supply of materials of all kinds directly or indirectly necessary for the prosecution of the struggle. It involves the investigation of sources of supply of many commodities, not only those produced in Canada, but, as well, those which must be obtained abroad; also the working out of measures to conserve essential supplies here, which otherwise might be exported, and the ascertaining of capacities and capabilities of plants and businesses for producing or supplying essential needs. Equally important is the endeavour which must be made to ascertain and forecast, not only present, but also prospective needs, and to see that supplies shall be conserved or obtained to fill these needs from time to time. The experience of the last war revealed clearly that staying-power, the effective use of economic resources, was the decisive factor. It is but a commonplace to say that, in modern war, economic defence is as vital as military defence. Canada's particular geographical situa-

tion especially fits her to make a tremendous material and technical contribution to the joint effort.

This joint effort raises another problem, namely, the distribution of available materials as between us and our Allies. Now that purchases on a large scale by the British Government, and probably by other governments associated with Great Britain in the struggle, are likely to be made in Canada, it is advisable that there should be an authority with power to act not only for Canada, but also as an agent for other governments if they should desire it, and in any case to co-ordinate the purchases of the Canadian Government with those made for other governments.

While the legislation which the Government have introduced provides for the creation of a Department of Munitions and Supply, it is not the intention of the Government to set up a full-fledged department immediately. We are desirous of avoiding unnecessary duplication of departments, and of having the preliminary benefit gained from actual experience of a fully authorized and competent board, working to achieve the best methods of handling the complex and far-reaching problems involved in respect of war supplies.

We feel that the reasons for having made the Defence Purchasing Board responsible to the Minister of Finance apply even more strongly in the case of a War Supply Board during the period in which an organization is being built up. The problem of finance is a vital element in the general problem of supply, and the Minister of Finance must necessarily be in close contact with whatever organization is entrusted with the responsibility of securing munitions and supply.

No one can foretell what demands this war will make upon the country. We must be prepared to meet unexpected demands quickly. This legislation gives us the power to act quickly and effectively if the need should develop for another department with a full-time Minister in charge. It is considered, however, that in the early stages surveys, investigations, organization and administrative methods can be initiated and worked out by a board in close touch with business and practical conditions, these activities to be later continued under the board or merged in a ministry as the occasion and circumstances demand, and as the experience gained may warrant.

I have given this explanation so that honourable members may understand the purport of the Bill.

Hon. Mr. DANDURAND.

Hon. F. B. BLACK: Honourable members, I think we shall in the long run lose very little time if we postpone the second reading of this Bill until to-morrow. We could more easily follow the explanation given by the honourable leader if we had had an opportunity beforehand to peruse this lengthy measure. I should like at least to look it over.

Hon. Mr. DANDURAND: I have no objection to meeting the request of my honourable friend, though I may say we are not working under any more difficult conditions than the House of Commons, which received this Bill only at ten o'clock this evening. That does not mean we should not take more time to examine it than that House did. It is intended that the Senate shall convene again at ten-thirty in the morning. I presume my honourable friend will rise early and digest the Bill before coming to the House.

Right Hon. Mr. MEIGHEN: The Bill certainly should stand until to-morrow. I am astonished that it passed through the other House in a matter of minutes. It is a very important measure and really ought to go to committee. As I understand it, the Bill provides for the calling into being of a Department of Munitions which will supplant the present Defence Purchasing Board. The poor members of that board have hardly got their seats warm yet.

Hon. Mr. DANDURAND: The war came upon them too fast.

Right Hon. Mr. MEIGHEN: The board came into existence as a result of a recommendation which arose out of embarrassments surrounding a certain war contract. They have just got the glory of that around their heads.

Hon. Mr. DANDURAND: Perhaps I was a little hasty in saying the board would disappear.

Right Hon. Mr. MEIGHEN: Surely we are not going to have for this purpose both a department and a Defence Purchasing Board.

Hon. Mr. LITTLE: They moved into a new building just this week.

Right Hon. Mr. MEIGHEN: And now they are going out the window.

I have looked through the Bill, and can see at least one merit which evidences a certain degree of education on the part of the Government. There is no five-per-cent clause in this Bill.

On motion of Hon. Mr. Black, the debate was adjourned.

SALARIES BILL

FIRST READING

A message was received from the House of Commons with Bill 10, an Act to amend the Salaries Act.

The Bill was read the first time.

Hon. Mr. DANDURAND: This Bill is consequential to the one we have just been discussing. Second reading at the next sitting of the House.

WAR CHARITIES BILL

FIRST READING

A message was received from the House of Commons with Bill 11, an Act relating to War Charities.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, I wonder whether we could not dispose of this Bill now. It has been drafted on the basis of the War Charities Act of 1917, with changes suggested by the experience gained in the administration of that Act.

Hon. Mr. HAIG: We have not got copies of the Bill.

Hon. Mr. DANDURAND: I shall state the purpose of the Bill.

Hon. Mr. HAIG: I object to the Bill being read before I have a copy of it.

Hon. Mr. DANDURAND: The Bill says:

"War Charity Fund" means any fund having for its objects or among its objects the supplying of needs or comforts or the relief of suffering or distress for the benefit of the personnel of the armed forces of Canada or the families or dependents of any of them or of any other sufferers from the present war, or any other charitable purpose connected with the war.

3. (1) It shall be an offence under this Act,

(a) directly or indirectly to solicit or make any appeal to the public for donations or subscriptions in money or in kind for any War Charity Fund, or to raise or attempt to raise money for any War Charity Fund by promoting or conducting any bazaar, sale, entertainment or exhibition, or by soliciting for advertising or by any other means, unless the War Charity Fund is registered under this Act;

(b) to make or attempt to make any collection for any War Charity Fund unless with the authorization in writing of the officer duly designated in accordance with paragraph (d) of subsection two of section four of this Act to authorize collections for such War Charity Fund;

(2) This section shall not apply to any collection at Divine service in a place of public worship;

4. (1) The Minister, on application of any person, association or institution under whose auspices it is proposed to raise a War Charities Fund, may grant registration thereof upon his being satisfied:—

* (a) that adequate provision has been made for its establishment and control in accordance with such regulations as may be made from time to time under the authority of section eight of this Act;

(b) that there is reason to believe that its specific purpose is not already satisfied;

(c) that the application for registration is made in good faith.

(2) The Minister shall keep a register of all War Charities Funds, etc.

I had forgotten about the legislation of 1917, but I now remember that all kinds of organizations were springing up. They had to be controlled, and legislation similar to this was enacted for the protection of the public. I should think my right honourable friend would remember that legislation.

Right Hon. Mr. MEIGHEN: Yes, quite well.

Hon. Mr. DANDURAND: I think it is absolutely necessary to prevent some evilly disposed persons from taking advantage of the emotions created by war and devising various schemes to raise money, not all of which would reach the persons for whom it appeared to be destined.

If my right honourable friend has no objection, I will move the second reading of the Bill.

Right Hon. Mr. MEIGHEN: We might give the Bill second reading now and take third reading to-morrow.

Bills are coming over here at the rate of one a minute. I cannot understand it at all. It is utterly absurd. I do not like, and I am sure other honourable members do not like, to see this House passing legislation which we have had no opportunity to read. Why there should be such a rush in the Commons to get home I cannot imagine. I think we should sit to-morrow and thoroughly study all these measures, no matter what the Commons may want.

Hon. Mr. DANDURAND: Shall we take the second reading now?

Right Hon. Mr. MEIGHEN: And the third reading to-morrow. We certainly should have a Bill of this kind.

The motion was agreed to, and the Bill was read the second time.

EXCESS PROFITS TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 12, the Excess Profits Tax Act.

The Bill was read the first time.

Hon. Mr. DANDURAND: Is my right honourable friend agreeable to our giving second reading to-night?

Right Hon. Mr. MEIGHEN: This is another important measure which might better be left over until our next sitting. We are apparently expected to legislate en masse.

Hon. Mr. DANDURAND: Second reading at the next sitting.

The Senate adjourned until to-morrow at 10.30 a.m.

THE SENATE

Wednesday, September 13, 1939.

The Senate met at 10.30 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

SPECIAL WAR REVENUE BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 8, an Act to amend the Special War Revenue Act.

He said: A question was raised in the House yesterday as to whether the tax of two cents a pound on carbonic acid gas would subject Canadian-made soft drinks to unfair competition with imported products. There are, of course, a certain number of imported drinks of a high order and so costly that they could not compete with our own cheaper beverages. As to the imported drinks which at the point of origin cost about the same as our low-priced drinks, I have this statement from Mr. Sim, Commissioner of Excise:

With reference to the question of soft drinks being imported from the United States, in view of the tax imposed on carbonic acid gas by the Budget yesterday, my view is that, with the cost of freight for transporting the product from the place of manufacture in the United States to the Canadian distribution offices, plus the freight for returning the empty bottles and the customs duty of 20 per cent, with 8 per cent sales tax applicable on the product, plus the duty, and without refund of the duty on the empty bottles, there would be ample safeguard against any extensive importation.

Right Hon. Mr. MEIGHEN.

Right Hon. Mr. MEIGHEN: The explanation given by Mr. Sim may be quite correct. I should think that the duties and freight which he mentions would afford sufficient protection to Canadian drinks, but only one who is in the business could be sure about this. Apparently the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) is not present at the moment.

Hon. Mr. DANDURAND: I think the statement clearly shows that we need not fear the tax will result in serious competition of American drinks with our own. We cannot amend this Bill, and the Government will have to take responsibility for it. If when we come back here in January it is evident that the tax has caused any injustice, we can make a change then.

The motion was agreed to, and the Bill was read the third time, and passed.

INCOME WAR TAX BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 9, an Act to amend the Income War Tax Act.

He said: Honourable senators, I do not recall any inquiries being made yesterday that I undertook to answer, with respect to this Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

WAR CHARITIES BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 11, an Act relating to War Charities.

He said: Honourable senators, I have before me a statement prepared by the Assistant Under Secretary of State, Mr. O'Meara, explaining this Bill and its variations from the Act of 1917.

This Bill has been drafted on the basis of the War Charities Act, 1917, but with changes suggested by experience in the administration of that Act.

In the earlier Act the definition "war charities" included funds, institutions and associations. It seems anomalous that the definition should combine the fund and the institution or association by which the fund is collected. In the draft Bill, it will be observed, "war charity fund" is defined, and it is this fund which is required to be registered.

An attempt has been made in section 3 to prevent collections in the name of a war charity fund by an unauthorized collector, as well as to prevent appeals on behalf of an unregistered war charity fund.

Since it is the fund and not the association concerned which is required to be registered, the exception in section 2 (b) of the 1917 Act with respect to churches and the Salvation Army has been omitted, but the provision is retained exempting from the application of the Act "any collection at Divine service in a place of public worship."

Two features of the 1917 statute which caused considerable difficulty have been omitted, viz., provision for local registration authorities and for exemption by the Minister with respect to certain war charities. It is suggested that facilities for rapid transmission of applications by air mail which now exist render it no longer necessary to provide local registration authorities, and thereby overcome considerable difficulties which had been experienced in the administration of the 1917 Act. There does not appear to be any need to impose upon the Minister responsibility of exercising his discretion in circumstances which might give rise to a suggestion of discrimination.

The only other substantial respect in which the draft differs from the earlier Act is with regard to the provision for termination of registration by the Minister "whenever, in his discretion, he may consider that effective co-ordination of public subscriptions for the relief of suffering or distress, whether connected with the war or otherwise, renders such termination desirable in the public interest," and the provision for establishment, if desired, of a separate board to carry out more effectively the work of co-ordination. It is hoped that by this expedient it may be possible to avoid unnecessary overlapping of effort in some directions and inadvertent neglect of necessary endeavour in other fields where relief of suffering or distress may be urgently required.

Right Hon. Mr. MEIGHEN: Honourable members, I was unable to catch the full meaning of one part of the explanation, which stated that the present Bill differed from the Act of 1917 in that the Minister will no longer have to exercise discretion in certain circumstances. This change is said to be made because exercise of that discretion might be considered biased. I do not know how the Minister can possibly be relieved of the exercise of any discretion.

Hon. Mr. DANDURAND: I am informed that under the Act of 1917 the Minister could refuse to exempt an alien organization which asked leave to carry on its work without registration. Under this Bill all such organizations must register.

The motion was agreed to, and the Bill was read the third time, and passed.

DEPARTMENT OF MUNITIONS AND SUPPLY BILL SECOND READING

The Senate resumed from yesterday the debate on the motion for the second reading of Bill 5, an Act respecting a Department of Munitions and Supply.

Hon. F. B. BLACK: Honourable senators, when yesterday I moved adjournment of the debate I did so in order that we might have an opportunity to read the Bill, which was not possible during the debate.

At the last session we passed legislation for the appointment of a board to act in consultation with the Minister in the purchase of war supplies. No doubt the Government introduced that legislation because of a certain investigation held just before the opening of that session. I think it was called a Munitions Board.

Right Hon. Mr. MEIGHEN: A Defence Purchasing Board.

Hon. Mr. BLACK: In this Bill I do not see any reference to the Defence Purchasing Board. What has become of this body? Apparently it was considered that in time of peace such a board was necessary for the purpose of advising the Administration. Does this Bill contain any provision to set up a similar group of business men and experts to function in time of war, when their assistance might be much more important? In other words, when a new department is being set up, is any provision made for a board to act in consultation with the Minister who takes charge of the department?

Hon. Mr. DANDURAND: My honourable friend is referring to clause 5, which deals with the powers of the Minister. It reads:

(1) The Minister shall have such administrative powers and duties in relation to the supply of munitions and supplies and for the execution and carrying out of defence projects for, during or respecting the present war as may be conferred on him by the Governor in Council, and the Governor in Council may also, if he considers it expedient in connection with the supply of munitions and supplies and the execution and carrying out of defence projects that any powers or duties of a Government department, board or authority, whether conferred by statute or otherwise, should be transferred to or exercised or performed concurrently or otherwise by the Minister, by Order in Council make the necessary provision for such purpose and any Order in Council made in pursuance of this section may include any supplemental provisions which appear necessary for the purpose of giving full effect to such Order in Council.

(2) Any Order in Council made under this section may be varied or revoked by a subsequent Order in Council.

I am informed that the present Purchasing Board will continue to function until the Minister of Finance decides whether it should be replaced by another organization or its duties transferred to the Department of Finance. The Government are of opinion that the organization set up last session would

work much too slowly to meet the stress of war, and it may well be that the department, having examined the field, will decide to organize another system of consultation. It should be borne in mind that there may be necessity for co-operation in the purchase of supplies for other governments, and consequent need for enlarging the operation of a purchasing board. It is somewhat difficult to visualize how a board could be set up outside the Government for, say, Imperial purchases, which should not be co-ordinated with a purchasing board attending to Canadian purchases. This is something which the Minister of Finance will have to consider, and therefore it is difficult to say to what extent the present Purchasing Board will be utilized. It may be transformed into an organization within the Finance Department in order to act with celerity and give as much protection to the public generally as is provided for in the enactment of last session.

Hon. Mr. BLACK: Does the Purchasing Board still exist?

Hon. Mr. DANDURAND: Oh, yes.

Hon. Mr. BLACK: It is still functioning?

Hon. Mr. DANDURAND: Yes. It is the intention of the Finance Department to utilize the board for the present. We shall very likely have to co-ordinate it with any special organization that may be set up by the Imperial Government. Naturally this step would be taken with the approval of the Imperial authorities. We are entering a field of such importance that it has been deemed necessary to constitute this department, which will be enlarged only when necessary. In Great Britain, at a certain stage of the last war, it was felt that a Department of Munitions should be created. As I quoted last night, Mr. Lloyd George in his post-war memoirs stated the steps then taken accelerated the supply of munitions on a proper basis and in such a way as to help win the war. Of course, we would not for a moment think of giving such wide powers to any department in time of peace; but we are at war.

Right Hon. ARTHUR MEIGHEN: A great Englishman once wrote—I omit the irrelevant part: "And so, from hour to hour, we ripe and ripe; and thereby hangs a tale." How applicable to the history of this Bill and of its forbears! Last session a measure was before us to establish a Defence Purchasing Board. This action was heralded, with no small measure of propaganda, as a great forward step. The measure was born of the finest lineage that any legislation could have—the recommendation of a judge of the Supreme

Hon. Mr. DANDURAND.

Court. Its aim was to get the purchasing of supplies for defence out of the incompetent, or rather politically blemished, hands of ministers and into the hands of an impartial and competent commission, where, of course, wisdom and capacity always reside. Well, the Bill passed. It had to include a number of special features—just about as fine political provisions as I ever saw in any measure; provisions sentimentiously designed to usher in a new reign, wherein profits in relation to war contracts should be no more.

Who does not remember the 5 per cent clause? Who does not remember the history of the part it played all through last session? When the boys were fighting and dying the profiteers were not going to make money under this Government. Profits were to be limited to 5 per cent. I do not like to say it, but at the time I questioned the good faith of the Government in that measure. I have not now a bit of confidence it was introduced in good faith.

Hon. Mr. DANDURAND: In what?

Right Hon. Mr. MEIGHEN: In good faith.

Hon. Mr. DANDURAND: The Bill?

Right Hon. Mr. MEIGHEN: The Defence Purchases Bill of last session.

Hon. Mr. DANDURAND: But I thought my right honourable friend and I had agreed not to look back.

Right Hon. Mr. MEIGHEN: I could not possibly leave to my honourable friend so good a legacy of love as that—a promise never to look back. Really, the situation is worth reviewing for the amusement it affords.

Hon. Mr. DANDURAND: Is this the proper moment?

Right Hon. Mr. MEIGHEN: We need it for the revivifying of our morale. The Minister says, now that things have to be done faster, we must get rid of this Purchasing Board, as such.

Hon. Mr. DANDURAND: We may.

Right Hon. Mr. MEIGHEN: If this Bill has any purpose at all, that is it, the reason being that we have to move faster and cannot do so under the Defence Purchasing Board which was established just about three or four months ago. When the lightnings were flashing and clouds were black, when we could hear the thunder, not distant, but near, we did not need to move fast! What were the trammels in the Defence Purchases Act which held us back and strangled our action?

I do not know of any that is not here, except the five per cent clause. Under the Act the chairman of the board had to recommend to Council and get his order. The new Minister has to do the same. According to the Act the chairman of the board was in the Department of Finance, under the Minister; by this Bill he will be under the new Minister. That is the only difference in his position. The trammel was the five per cent clause. I do not like the refrain, "I told you so." I was no wiser than any other business man in Canada.

Hon. Mr. DANDURAND: There is something my right honourable friend said which he seems to forget.

Right Hon. Mr. MEIGHEN: I should like to be reminded of it.

Hon. Mr. DANDURAND: He said it seemed obvious that in time of stress or war the War Measures Act would supersede all our legislation.

Right Hon. Mr. MEIGHEN: I am glad the honourable gentleman has recalled that. I said if there was stress of war we should make use of the War Measures Act, and I think I said the War Measures Act would be used to get rid of this board. But what did the leader of the House say? He said: "You tell us that we cannot get goods under this legislation; the manufacturers will not make them. I would invoke the War Measures Act and compel them to do so." He invoked the War Measures Act all right, not to compel the manufacturers to make goods, but to repeal the Bill just as soon as anything had to be done.

Hon. Mr. DANDURAND: That was the suggestion of my right honourable friend.

Right Hon. Mr. MEIGHEN: Yes, certainly it was. And let me not appear to be boasting of any prescience. None was needed. The evidence before our committee showed that the scheme would not work. But the Government persisted.

Now what? Honourable members who support the Government know that in the processes of works of peace at home you cannot apply sanctions that are applicable in affairs of war. You cannot make a manufacturer produce at a certain rate. Directors are trustees. They cannot recommend something which goes against the interests of those for whom they are trustees. If they do, they are breaking their trust. Everyone behind the Government knew that; but the Government persisted. They wanted to be heralded throughout this country as the fathers of the idea of five per cent profit and no more. It

was confidently expected, in the other Chamber at least, that the Senate would defeat the five per cent clause. I had information to that effect from various sources. Then we should be heralded as the friends and fortifiers of big interests, and the Government would get credit for having struggled against the beasts at Ephesus and gone down. Such was the whole purpose of the measure. We said it would not work.

Now, what happened on August 26, the first day after the Government declared an emergency? Having already put through a Governor General's warrant for \$7,500,000 for aeroplanes, appliances and such adjuncts, most of which would be covered by designs owned solely by individual concerns, and could be produced only by individual concerns, they enacted under the War Measures Act: "The Minister reports that under the restriction of the Defence Purchases Act the board cannot possibly get goods; therefore the Governor General in Council is pleased to order, and doth hereby order, that the Defence Purchasing Board secure these goods in any way it sees fit, notwithstanding the provisions of the Defence Purchases Act or any other Act." There is where the War Measures Act came in. It was applied, not to compel people to make goods, for they could not be compelled, but to repeal an Act of Parliament. Things were worse than I supposed. I read from this morning's paper, and I ask honourable members to listen.

Two important provisions of the Defence Purchasing Board, created at the last session of Parliament, will not be carried into a new War Supply Board to be set up under the War Measures Act—

I ask honourable members to note this carefully.

—Transport Minister Howe told the Commons late Tuesday night.

One provision that will be dropped was that all materials should be purchased by public tender.

Then there is this quotation of the Minister:

It is perfectly reasonable and satisfactory to do that in time of peace, but it may be impossible to do it in time of war on certain occasions, and to make it mandatory that tenders shall be called as was the case in the last bill would not be practical, the Minister said.

The provision that profits should be limited to five per cent of the capital utilized for the period in which the article was produced will also be dropped.

I have had a great deal of experience in buying materials extending over a good many years, and I give it as my opinion that it is impossible to lay down a uniform standard for profit with respect to a wide variety of purchases.

That was euphoniously and well expressed.

The provision of five per cent was put into the last Act after a great deal of consideration as a minimum return for the service rendered, but it was one which men of considerable experience believed to be unworkable.

He did not say he was one who believed that, but I know he was.

I can say that from that day to this the Purchasing Board has done its very best to place contracts on that basis, and has used every pressure that could be brought to bear in the form of patriotism and so on, but to date it has not succeeded in placing a single contract on that basis.

Thus ends the most fantastic political legislative pantomime that ever entertained any House. What a farce it was!

Hon. Mr. DANDURAND: Pressed on by a dutiful and loyal opposition which unanimously insisted that it should be done, and which carried it.

Right Hon. Mr. MEIGHEN: I called attention to that at the time. When a Government are seeking solely their own popularity the opposition are very likely to chime in and see if they cannot secure a share.

Hon. Mr. HORSEY: It is human nature.

Right Hon. Mr. MEIGHEN: Human nature, certainly. But it was utter, transparent nonsense. I opposed it with might and main. I do not know of anything I left out, but I did not paint it as bad as it turned out to be. Throughout the country resolutions were passed stating that a leader in this House had taken the side of the profiteers and condemning him as their friend. You can imagine what would have been said throughout the Dominion if this House had defeated the Bill. I ask the Government not to be guilty of that kind of conduct during war. It is not fit conduct even during peace. The Bill was just as cheap political trickery as you can imagine. Nobody doubts that Mr. Howe knew the proposal would not work. He knew it was politics and nothing else, and other members of the Government almost as experienced as he, and just as intelligent, knew the same thing. Now let us have an end of it.

Where are we to-day? As the Minister has said, this Bill provides that we can get rid of the Purchasing Board, as such. By that, I presume, he means we can attach it to this new ministry. I do not think it is intended to get rid of the board, for a tremendous organization has been built up.

Before proceeding further, let me pay this tribute to the Government. I think they appointed a good board. I do not know the third man, but I know Mr. Vaughan, and immediately upon his appointment I wrote to

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him and expressed my gratification as a Canadian. I think he is a competent man. Mr. Sherman is certainly competent, if he can give time to the work. The board is all right. Here it is, functioning with a very large organization. I presume the idea is to bring it under the Ministry of Supply. I think the whole thought in the mind of the judge was that these matters should be handled with a measure of independence from political control. I have no fear of political control where there is a real minister. Apparently everything said in support of the Defence Purchases Bill was a hollow pretence. We are getting right back to where we were before; the only difference is that this will come under another minister. If it is deemed essential to make the board a subsidiary of the new ministry, I would point out that you can never make its members civil servants. You can never make a civil servant of Mr. Vaughan, nor of Mr. Sherman.

Hon. Mr. DANDURAND: Nor of Mr. Gravel.

Right Hon. Mr. MEIGHEN: Nor of Mr. Gravel. I compliment the Government on his appointment too. I do not know him personally, but I have heard him very well spoken of. So when this statute comes into force the effect must be to get rid of these gentlemen. They will not take their places as civil servants in a department. So I am somewhat mystified as to the purpose in view. I am the more mystified by Hon. Mr. Howe's statement that a War Supply Board is to be set up under the War Measures Act. In the name of reason, where are we going to end? Look at what we already have. There is in the Department of Defence the old purchasing organization, a very considerable one. I doubt that it has been reduced at all. The Defence Purchasing Board is another large organization, newly housed in a great building in this city. Now we are going to have a new ministry, and, fourthly, a War Supply Board is to be established under the War Measures Act. These boards will cost a huge sum of money. The Government must have the jitters.

Hon. Mr. CALDER: There will be confusion.

Right Hon. Mr. MEIGHEN: What we want is one organization, as we had in the last war. There was a shell committee at first, and later this was merged with the Munitions Board, which purchased for Canada, the British Government and the Allies. This one organization, under an able business man, set a pace in the production of munitions, so that finally we were supplying about 45 or 50 per

cent of the British Empire's requirements. That was a tremendous achievement. We also set a pace in reducing the cost of munitions, and other countries had to follow our lead; so that before the war ended costs in all Allied countries were down to a mere fraction of what they had been at the beginning.

Hon. Mr. DANDURAND: Can we not do as well again?

Right Hon. Mr. MEIGHEN: We can do as well again. I hope the Government's future appointments will be as good as those already made, but we cannot get on successfully with four different organizations. I know the Government do not intend to continue these four; so I cannot understand what excuse there is for creating them. What need is there for a War Supply Board? I have gone through the Bill setting up the new department, and am quite unable to understand why the Government jump from one purchasing organization to another. A choice will finally have to be made from among four separate bodies, or they will have to be merged into one.

Hon. Mr. DANDURAND: The purpose of this Bill is to co-ordinate and simplify various activities and get rid of organizations that clash or overlap.

Right Hon. Mr. MEIGHEN: Then why create a War Supply Board under the War Measures Act?

Hon. Mr. DANDURAND: I have not discussed this matter with the Minister. It may be that this is but a name given to a board that will co-ordinate activities of several departments. At this time the Parliament of Canada must trust somebody. My right honourable friend has said he would have complete confidence in and collaborate fully with the Government.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: He will admit that there are able men in the Department of Transport, whose Minister, Hon. Mr. Howe, he has already commended. I am sure he will also commend Hon. Mr. Ralston, the new Minister of Finance, who is making a great personal sacrifice, abandoning all his professional activities, which are considerable, in order to serve the country at this time. He and all his colleagues will strive to get full value for every Canadian dollar that is spent. I suggest to my right honourable friend that he revert to the state of mind he manifested last week, and that we all join in an effort to save this country and help the Allies. Oneness of purpose is evident everywhere. I think my right honourable friend will find there is a

true ring to the statement made yesterday by the Prime Minister that members of the Cabinet are not now being guided by political considerations. At this time we must not look back, but must concentrate on unity of action.

Right Hon. Mr. MEIGHEN: I quite agree. To be of any use here we have to criticize, and we should be careful to criticize constructively. I want to assure the Government that it will be far more pleasant for me to praise than to condemn. The Government will never wait long for help from me, while I feel they are endeavouring to get on. And if in my opinion they make a mistake my criticism will spring from no political motives whatever, but solely from a desire to cooperate.

I am glad my honourable friend mentioned the appointment of the new Minister of Finance. It was my intention to say a word about this, and I might have forgotten it. I am much pleased that Hon. Mr. Ralston has accepted the portfolio. He is an excellent acquisition to the Government ranks, and I welcome his coming once more into the councils of the country.

I hope that any other appointment to the Cabinet will be equally commendable. It would not be fair to state the name of the gentleman I have heard mentioned as likely to be the new Minister of Munitions and Supply, but I can say he is the right man for the job and his appointment would be an admirable one. I have no doubt my honourable friend knows whom I have in mind.

To come back to the point we were discussing a moment ago, I urge that we do not use four or five wheels where we need only one.

Hon. Mr. DANDURAND: Hear, hear.

I would ask my right honourable friend to be kind enough to tell me privately the name of the gentleman whose appointment as Minister of Munitions and Supply he feels would be approved throughout the country.

Right Hon. Mr. MEIGHEN: I shall do so.

Hon. Mr. DANDURAND: And I shall see that the information is made use of.

Right Hon. Mr. MEIGHEN: I have a suggestion to make about the Bill. A memorandum from our Parliamentary Counsel, which is no doubt in the hands of the honourable leader, calls attention to the use of the word "community" in section 6. The section reads:

The Minister shall examine into and organize the resources of Canada . . . and shall explore and estimate the needs present and prospective of the Government and the community. . . .

I never before saw that word used in a statute.

Hon. Mr. DANDURAND: I would suggest that we go into committee on the Bill.

Right Hon. Mr. MEIGHEN: All right.

The motion was agreed to, and the Bill was read the second time.

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on the Bill.

Hon. Mr. Robinson in the Chair.

On section 2—definitions:

Hon. Mr. HUGESSEN: That word "community" occurs also in this section, line 23, page 1.

Hon. Mr. DANDURAND: Our Parliamentary Counsel states that this is not a serious matter at all and it may be undesirable to make an amendment. That is not for him to decide, but I merely direct attention to his opinion.

Right Hon. Mr. MEIGHEN: I do not think the matter is important at all. The honourable gentleman does not want an amendment made?

Hon. Mr. DANDURAND: Not at this late hour.

Section 2 was agreed to.

Sections 3 to 20, inclusive, were agreed to.

On section 21—coming into force:

Right Hon. Mr. MEIGHEN: Honourable members, I think it was stated by the honourable leader of the House that this Bill is virtually a copy of the British Act. That Act was passed a few months ago, about the time we were engaged in passing the Defence Purchases Act. The British Government thought war was possible, and they brought in a Munitions Supply Bill. I should like to know in what respects this Bill differs from the British Act. If it differs only in the necessary clerical adjustments required by this being a Dominion, of course there is no need of calling attention to them. Is there any material respect in which the Bill does differ, and, if so, what?

Hon. Mr. DANDURAND: No. The present Bill is a reproduction of the British Act, but is modified in such a way as to apply to Canadian conditions.

Right Hon. Mr. MEIGHEN: Is there any substantial difference?

Hon. Mr. DANDURAND: No.

Section 21 was agreed to.

The title was agreed to.

The Bill was reported.

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THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

Hon. W. A. GRIESBACH: Honourable members, I had intended to discuss the whole question of co-operation with the Government, and should have done so but for the closing observations of both leaders (Hon. Mr. Dandurand and Right Hon. Mr. Meighen), which manifested an earnest desire and intention to co-operate.

Speaking yesterday, the honourable member from Pictou (Hon. Mr. Tanner) discussed a similar question and pointed out that unless some confidential information is given it is almost impossible to co-operate. We have in the province of Alberta a gentleman who is a great exponent of co-operation. His attitude is: "Believe what I believe, do what I say; that is co-operation." In an emergency of this sort that form of co-operation is not good enough. There are persons in the country who, with the experience of the last war behind them, have something to contribute to the great effort that we must make, and the Government must find some way of advising them how they may co-operate intelligently. I venture to assert that the people of Canada will not consent to the general proposition that the waging of this war is to be a private preserve of the Government and their friends.

Hon. Mr. DANDURAND: Will the honourable gentleman repeat his expression, that the people of Canada—

Hon. Mr. GRIESBACH: —will not agree to the general proposition that the waging of this war is a private preserve of the Government.

Hon. Mr. DANDURAND: But the Government have called to their aid all Canadians from the Atlantic to the Pacific.

Hon. Mr. GRIESBACH: I have heard the call, and I am waiting to be told or given something to do. I realize we are just at the start of this struggle and the Government have many things to do; but this is the last hour of the session, and the last word I want to say to the Government is: They must direct their attention to the very important question of calling into action every man or woman in this country who has something to contribute and is willing to work. There is no evidence of anything having yet been done in that direction. So I say the Administration must address themselves to that question. Under the War Measures Act we have constituted our Prime Minister a dictator, but we are still a democracy, and the full power and strength of democracy must be made

available at this time if we are to make a great effort on behalf of Great Britain and the Allies.

Now, as germane to this Bill, I want to discuss for a moment the question of an expeditionary force, as Parliament is dispersing without any very clear statement on this question. In fact some of us were a little disappointed the other day to hear not only the honourable leader of the Government in this House (Hon. Mr. Dandurand), but also the Prime Minister himself, suggest that our position was the same as that of Australia, and that in Australia the Government were merely considering what they ought to do.

I dissent from that view. We are absolutely not in the same position. Several years ago in discussing the question of naval defence I pointed out to the House what Australia was doing in this direction. The answer which came immediately, either from the honourable leader or from some of his friends, was that the position of Australia was quite different from that of Canada; that Australia had to maintain a navy for the reason that she lived in proximity to a power more or less hostile, namely, Japan. I agreed at once that the position of Australia was different from that of Canada in the matter of naval defence. It is more so now, when the Japanese are more threatening. Therefore the position of Australia is quite different from that of Canada in respect to raising an expeditionary force. The position of New Zealand is much the same as that of Australia, though I observed quite recently that New Zealand is already recruiting an expeditionary force.

The position of South Africa is also different from that of Canada. The Government of South Africa have to deal with the Germans in South West Africa, and General Smuts has emphasized again and again the danger which lies in the fact that the Italians are raising a black army in Abyssinia. Consequently, of all the Dominions of the British Commonwealth of Nations, Canada is the only country which is free to dispatch an expeditionary force without having to consider threats from its immediate neighbourhood.

The situation as to the dispatch of an expeditionary force is very simple. About six months ago, when staff talks took place between high officers of the British and French armies, the question of an expeditionary force came up. The French said: "We know we have the German frontier to fight upon, we shall probably have to fight upon the Italian frontier also, and at the moment the Spanish frontier is threatening. We intend to mobilize all available personnel to man these frontiers and defend ourselves. What are you going to

do?" This was a shock to the British people, for, as you will remember, Mr. Baldwin had said a couple of years ago that the day of expeditionary forces was gone; that there would be no more expeditionary forces. Our own Mr. Bennett said the same thing—probably because Mr. Baldwin had so expressed himself. But it was an absolutely unwise observation even then. In reply to the inquiry from the French staff officers, the British staff officers promised seventeen divisions, and said that, given a little time, they would double the number. To-day there is a British expeditionary force in France fighting along with the French, and it is being added to day by day.

There can be no possible question or doubt that our war contribution must be an expeditionary force. The people of this country have no understanding of our waging of this war otherwise than by the dispatch of such a force. Therefore it becomes important to state early that an expeditionary force will be dispatched, and to proceed with its organization.

The only question upon which there need be consideration is when it shall be dispatched. That is determined by two factors: first, the organization and training of the force; secondly, its equipment. The most sanguine individual will not expect that our first expeditionary force at all events will be equipped from Canadian resources. It will have to be equipped from the resources of Great Britain. There is no use in dispatching a force until it is trained, and there is no use in sending it to England until it can be equipped.

Right Hon. Mr. MEIGHEN: Can you train it without equipment?

Hon. Mr. GRIESBACH: That is another difficulty. I should say that in from four to five months, with the equipment we have, we shall be able to reach a certain stage of training. If equipment is available in England the troops can then be dispatched, and another couple of months will be required to familiarize them with the equipment they will have to use.

I conclude this part of my remarks by saying: it should be declared there will be an expeditionary force; its size should be stated; organization and training should be proceeded with; and the equipment should be brought to hand at the earliest possible moment.

In the Prime Minister's speech I read another passage which disturbed me greatly. Speaking of what the Government would do, he said:

The information we have obtained indicates that the most immediate and effective further means of co-operation would be a rapid expansion of air training, and of air and naval facilities, and the dispatch of trained air personnel. These measures we propose to institute immediately.

At the earliest possible moment I want to register my earnest protest against any such course. In 1899, when Canada offered a contingent for the South African war, the British authorities said: "We do not care to accept your untrained units as such. We are willing to take your companies and squadrons and intermix them with our own troops. They have not got sufficient training." Thereupon Sir Frederick Borden, our Minister of Militia at that time, stated in plain terms that in no circumstances would we dispatch the contingent from Canada unless it served as a united body commanded by its own officers. We took that strong ground, and the British Government accepted our terms. We sent regiment after regiment to South Africa, each serving under its own officers and wearing the Canadian uniform. Our troops added lustre to the military annals of our country.

In the Great War of 1914, when we offered to send over an expeditionary force, the British Government proposed that, as our men were so untrained, the best way to make use of them was to intermix our units with the British Army. Thereupon Sir Sam Hughes registered vigorous objection and said, "If the Canadian contingent goes at all it will go as a solid division under its own officers and wearing its own uniform." Again our soldiers worthily upheld the name of Canada, participating on equal terms with the other Allied armies.

To-day we have a similar proposition coming from the Government of Canada, that we shall train our air personnel and send them over to England to be swallowed up in the British Air Force, and appear in all undertakings as members of the British Air Force. I protest most vigorously against that proposal. I submit that we should train and equip the members of our Air Force and send them over as Canadian air men under our own Canadian officers and organization, to be maintained at the expense of this country. I have no doubt whatever that their achievements at the front will be of the highest order, as were the achievements of our air men in the last war, and that again they will add lustre to the annals of our Air Force. In the last war we dominated the British Air Force; our pilots were the best men it had; they were the leaders in all the fights that took place. But, as they were serving in

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the British Air Force, the name of Canada was not heard unless some man particularly distinguished himself. I protest strongly against sending men to serve in the British Air Force. Such action will not be approved of by our people. They will demand that our men go as formed bodies, that they wear the buttons and badges and uniforms of Canada, and serve as solid units of Canadians.

Now I want to draw attention to another matter which is urgent, because events are moving rapidly from day to day, and in our military efforts we are being committed to certain courses which in some respects are unsound. There are in Canada to-day several thousands of men who served in the late war and left the service, with various ranks, at ages ranging from twenty to twenty-five years. They are now, say, forty-five or less. After the war they re-established themselves, married, and reared families. During the past twenty years they have disclosed that they possess energy, initiative and capacity, and they have raised themselves to important and responsible positions in the financial, industrial, social and economic life of the country. In the vast majority of cases these men could afford neither the time nor the money to join the militia, and have done no military service since the war. I hope I shall be pardoned for mentioning the name of an individual. An example of the type of men I have in mind is Mr. David Sim, now Commissioner of Excise, who served in the First Canadian Infantry Battalion as a private soldier, and who was demobilized in that rank in 1919 at the age, say, of twenty-one. David Sim is now one of Canada's outstanding civil servants. Many of the men I have in mind left military service in the rank of lieutenant or captain, having commanded companies and held staff appointments with distinction. Notwithstanding their failure to serve in the militia since 1919, I venture to assert that by reason of their war experience and their success in civil life since the war they are of great military value to this country. Yet, in the scheme of mobilization which is being carried out to-day, they are completely overlooked. They are not in the picture at all. They constitute an element of outstanding military value which ought to be availed of in our military plan. Consequently I urge the Government to adopt some flexible system whereby this very excellent material, which otherwise is likely to be wholly wasted, may be brought into the service. It will be a scandal and an outrage if steps are not taken by the Government to make it available.

Now I want to draw attention to another matter of great importance and serious character in connection with our armed forces at the present time. I am going back to 1914. At the outbreak of the war in 1914 the highest rank obtainable in either the permanent or the non-permanent force was that of Colonel. I know of only two exceptions to this rule. Permanent force officers commanding districts held the rank of Colonel, and officers heading departments of military administration at Ottawa held the same rank. Non-permanent force officers commanding brigades, and other appointments also, reached the rank of Colonel. In other words, the rank of Colonel was the highest that could be obtained in the permanent or the non-permanent force at the outbreak of the war in 1914.

When the question of the command of infantry brigades in the First Canadian Division arose, Sir Sam Hughes appointed Colonels Currie, Turner and Mercer, all of whom were non-permanent officers. When the war ended Currie was commanding the corps. The first and second divisions were commanded by Macdonell and Burstall, permanent force officers, and the third and fourth divisions were commanded by Lomas and Watson, non-permanent force officers.

After the conclusion of the last war, and upon reorganization of the forces, the practice arose of conferring the rank of Brigadier, which is the equivalent of Brigadier-General, upon permanent force officers commanding districts, and the rank of Major-General was conferred upon such officers as were appointed to the head of a branch at Ottawa. As a result, there are in the permanent force to-day from five to seven Major-Generals and from twelve to fourteen Brigadiers; but no rank higher than that of Colonel is held by non-permanent force officers.

Apart from what I have been able to pick up on the street, I have no information whatever as to the mobilization plans of the Government, but I am given to understand that the military policy of the Government will be to give all senior commands and senior staff appointments in any expeditionary force which may be formed to officers of the permanent force. I object to this policy. It is to be remembered that the permanent force is an instructor-finding force; that it is to some extent a staff-finding force; that it has been used in peace times to furnish aid to the civil power in police work. On the other hand, the non-permanent force is the army of Canada. In peace time it outnumbers the permanent force by not less than ten to one, and in war-time it will outnumber that force by fifty to one. It is essential for the self-respect and

morale of the non-permanent force that officers who enter that service shall have open to them the promise of attainment of the highest rank or appointment in our military service. It is also to be assumed that in the ranks of our non-permanent force officers to-day, there are, as there were in 1914, men of genius and capacity who are the equal of any professional soldiers to be found anywhere. If I am correctly informed, it is the military policy of the Government, at least to begin with, to give all commands and senior appointments to officers of the permanent force, and to relegate the officers of the non-permanent force to distinctly subordinate positions. The opportunity or possibility of developing the capacity for higher leadership, which must exist in our non-permanent force, though perhaps at the moment not disclosed, will be overlooked. In other words, if the policy which is about to be adopted had been put into effect in 1914 you would never have heard of Sir Arthur Currie, Sir Richard Turner, Sir David Watson, Sir Frederick Lomas, or a score of non-permanent officers who distinguished themselves and rose to high position in the war.

The history or experience of military effort in Canada, Australia, New Zealand and South Africa does not support the condition that the permanent force officer is inherently the best type of officer to command the forces of these Dominions. I make the statement, supported by ample evidence, that the non-professional soldier is best led and directed by the non-professional officer. That is easy enough to understand. The non-professional soldier is taken from civilian life. He is taught as much as you can teach him, but he has to be handled in a certain fashion, and the knowledge of how to handle him is possessed in larger measure by the officer of his own type than by the professional soldier. That is a fact to which all officers present will witness. I say it is a provable thing. In point of fact, in Australia, South Africa and New Zealand, the non-permanent force officers are kept on terms of parity throughout with the permanent force officers, and at this moment higher commands in New Zealand, Australia and South Africa are in the hands of officers of the non-permanent forces. The permanent force officers are used for staff duties of various kinds. In Australia the particular duty of the permanent force officer is mobilization and training, and legislation there requires that officers of the permanent forces commanding base depots shall remain in the discharge of those duties.

I contend, therefore, that the Government must see to it that the non-permanent force officer has access to all higher commands and staff duties. It must be the policy of the Government to develop the non-permanent force officer, because it is upon him we rely for the raising, maintenance and training of our forces, both in peace and in war, and it is from his ranks we may hope to develop the type of military commander which we did develop in the last war.

I would not have it thought that I am reflecting upon the permanent force officer. In my judgment he is a better officer than he was in 1914. He, too, must be given his opportunity of advancement. I am merely contending that he ought in no sense to have a monopoly, and that now is the time to declare there is and shall be no such monopoly. This is essentially and particularly the duty of the Minister of National Defence, because once the principle is adopted and the earlier elements of our Canadian expeditionary force come under the system, it will be too late.

Now, I want to discuss for just a few moments the system of mobilization at present in effect and contrast it with that adopted in 1914. The system in the last war was based in high degree upon propaganda and publicity. There was the colourful personality of the Minister, who appeared everywhere, made speeches, gave interviews, and kept the pot boiling. He adopted the policy in vogue in the reign of Queen Anne, namely, of appointing as colonels, in various communities throughout Canada, several hundred citizens who would raise battalions and units of one sort or another. Half a dozen of these distinguished gentlemen sit in this Chamber at the present time. The effect of two hundred colonels raising battalions in two hundred communities in Canada at the same time was to produce advertising, propaganda, competition, a degree of excitement, and a certain amount of enthusiasm. Ultimately these methods engendered a form of social conscription. The end of any intensive policy of recruiting which falls short of compulsion is a form of social conscription. Do not forget that. It manifests itself in the giving of white feathers to able-bodied men who are walking about the streets.

The competitive recruiting methods employed in the last war resulted in the enlistment of a great many unfit men, a fact mentioned by the honourable leader of the House (Hon. Mr. Dandurand) the other day. I venture to say that at least half of our annual pensions bill is a result of those methods.

Hon. Mr. GRIESBACH.

Hon. Mr. DANDURAND: One hundred thousand unfit men crossed over to Europe.

Hon. Mr. GRIESBACH: I would not say there were so many. About fifty per cent of our present pensions bill is due to the fact that we sent overseas so many men who were not fit for active service, though they were able to do other jobs. But the outstanding fact is that before legal conscription was adopted, our system of enlistment in the last war produced 500,000 men. It was a costly and inefficient system, and this Government is wise in departing from it.

I come now to discuss the method followed to-day. Certain units of the Canadian Militia are being mobilized and trained. Recruits are subjected to a very rigid medical examination, and I believe that in consequence the public treasury will be protected. I heartily support the present system of mobilization, but I draw honourable members' attention to the fact that its success is predicated on one thing: conscription. The present system destroys or curbs enthusiasm; there is no excitement. You will secure the enlistment of unemployed young men, and of a certain number of others who feel an urge to go to the war, or look forward with pleasurable anticipation to adventure with an expeditionary force, but there will be an absence of great mass enlistment such as we had in 1914 and following years, which resulted from propaganda and competition among battalions. This system will produce an excellent body of men, and therefore will be successful to a point; but it will not provide an expeditionary force of anything like the size we had last time. From the scientifically military point of view it can only succeed if the policy of voluntary enlistment is dispensed with and replaced by conscription.

In the last war we raised our army by propaganda, by advertising, by press campaigns, by excitement, and by competition among 200 colonels who were raising battalions. None of these elements are playing a part in the present scheme. It is efficient, I agree, but it is dull and dead, and it will destroy enthusiasm rather than engender it. It puts the voluntary principle right on the spot. At this moment that principle is on trial, and if you hope to save it you will have to do something to take the place of the methods followed in the first three years of the last war. The suggestion I want to make to the Government is that we engage in a campaign of advertising and propaganda. The flow of enlistments must be kept continuously moving.

Last session I advocated in this House the establishment of a public relations bureau to "sell" our military service to our people. No

notice was taken of my recommendation, or at least nothing was done about it. I again urge that at the earliest possible moment a number of highly competent persons be assigned to establish a bureau for the purpose of "selling" the idea of military service to our young men. I predict that in a week or so the number of recruits is going to drop. It is dropping already. I have reports showing that recruiting is poor in various parts of the country, and I suggest the reason is that we are not following methods which proved so successful before. I repeat that if you want to continue the voluntary service system you will have to spend a lot of money on advertising. Otherwise you will not build up an expeditionary force of any worth-while strength without applying conscription.

I want to draw the attention of the House to another difference between the existing situation and that of 1914. Then Canadians were mentally quite unprepared for war. They knew nothing about the subject and had no opinions upon it. In the meantime they have lived through the Great War. Women who were twenty a quarter of a century ago are forty-five to-day, and many of them are mothers of sons. Everybody has moved on. We all have now a knowledge of war and war incidence, and that will powerfully affect the way our people regard this struggle. Someone has remarked that there seems to be an absence of enthusiasm, and others have pointed to a grim determination. Well, I think there is a grim determination—and it may well be grim—to see the thing through.

Because of the fuller information we have now as compared with 1914, we shall make sounder and, I believe, more rapid decisions. But chiefly the difference in the outlook of our people is due to the fact that there are in our civil population to-day between 400,000 and 500,000 ex-service men, with their wives and children. These men are graduates of a great university, many of them having taken the full four-year course. They differ in race, in religion and in politics, but there are some things upon which they all agree. They feel a very personal loyalty to the Sovereign. They accept unreservedly the conception of a united commonwealth, and to them the honour, dignity and prestige of Canada are as dear as life itself. The ideals which animate them arise from their training and experiences during the war, and their subsequent associations in ex-service groups, such as are scattered all over the country. By a process of elimination and selection they are the cream of the population. They bear upon their bodies the visible marks of their sacrifice and service. They have a right to be heard and they will

be heard, and they will demand that Canada's contribution to this struggle shall be generous, chivalrous and without reservations. They know you cannot wage war upon a limited liability basis. They will demand that this country support Britain to the last man and the last dollar, to the end that Canada may save her soul, that our great Commonwealth may stand firm in power and righteousness, and that liberty, justice and common decency may not utterly perish from the earth.

Hon. Mr. DANDURAND: My honourable friend from Edmonton (Hon. Mr. Griesbach) gained wide experience during the last war, in which he played a very gallant part. Unfortunately my presence was required outside the Chamber for part of the time he was speaking, but I heard him make some constructive suggestions. Other proposals he made may run counter to the policy of the Government, but in any event I shall see to it that his remarks are drawn to the attention of the Minister of Defence.

Hon. GUSTAVE LACASSE: Honourable senators, I should like to say a few words on the general issue now confronting Parliament and reply to some of the remarks made by my honourable friend from Edmonton (Hon. Mr. Griesbach). I will endeavour to disappoint my honourable leader (Hon. Mr. Dandurand), who is afraid I may be too vehement in my observations. Circumstances are too tragic and the feelings of all concerned too sincere to warrant any violent explosion, particularly in this House. I will be very cautious and as self-possessed as I can. But, after all, there is a public opinion which also has its exigencies, a public opinion to which attention must be paid in this Chamber, regardless of the fact that we are not elected directly by the people. In spite of the existence of a state of war in this country, I believe, as all other honourable members do, that we are still living under democratic institutions, for the salvation of which we have decided to do our bit to help those European countries which are known as the great democracies of modern times.

In the remarks just made by my honourable friend from Edmonton, when he stressed with much vigour the necessity of preserving the identity of any Canadian forces sent abroad, I find a most eloquent and effective argument in favour of the adoption of a distinctive flag for Canada. I admire his honesty of purpose and patriotic sincerity, and I hope no one will question henceforth the loyalty of those who wonder at the absence of a true Canadian standard when our boys are called

to "the colours." We have reached a stage in our history where Canada must assume her responsibilities in the face of the whole world, and hence, as my honourable friend states, it is about time that our soldiers should retain their identity as a Canadian unit.

There is an old French saying: "Toute comparaison est odieuse." I think it is particularly applicable in this case. I thought there was not merely a tacit, but a clearly expressed understanding, in another place as well as in this House, that in order more profitably to discuss the problems now confronting us, it would be better for all concerned to refer as little as possible to the past. I remember my honourable friend from Montarville (Hon. Mr. Beaubien) putting particular emphasis on that point. Therefore I do not think my honourable friend from Edmonton was well advised when he referred to what took place in 1899. Without being unduly disagreeable, may I ask him whether he considers the circumstances surrounding the present war to be exactly the same as those that obtained in the South African war? But I do not press for an answer, merely remarking that in some cases comparisons are far from being happy ones. I think my honourable friend was on firmer ground when he compared the present status of Canada with that of other Dominions, but here again I believe that reservations should be made and emphasized. True, New Zealand, South Africa, and Australia have problems of their own to contend with. But it is true also that Canada has a much larger territory to defend than have her sister Dominions.

Now I desire to deal briefly with the question of enlistment, and I shall be careful not to antagonize any honourable member's feelings while so doing. I have considerable respect for my honourable friend and the members of the military hierarchy to which he belongs, but I think it should be generally understood from the statements which have been made in this Chamber and elsewhere by Ministers of the Crown responsible for the various war measures which have been sanctioned by Parliament, that the present enlistment is being made primarily, if not exclusively, for the defence of Canada. This principle should not be lost sight of by recruiting officers.

The honourable member from Edmonton instanced yesterday the case of a man who enlisted, though he had a wife and a family of nine children to provide for. The honourable gentleman strongly disapproved of that particular enlistment, and I think his point was well taken. May I cite another instance

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which, if true, is a challenge to the military authorities and to the Government of Canada. I am informed that in some places military officers make recruits sign two different attestation papers, one to enlist for the defence of Canada, and the other, the significance of which is not revealed to them, to enlist for service abroad. I doubt whether the information is true, but I give it to this Chamber for what it is worth. If true, the facts should be brought to the attention of competent authorities.

In my opinion the honourable gentleman from Edmonton is taking too much for granted when he says that, at the present time, an expeditionary force is being organized to be sent to the front. I do not object to the sending of an expeditionary force overseas, if absolutely necessary. As honourable members are aware, I have for the last three years supported the armament policy presented to the country by the Government, and I voted in favour of a proclamation declaring that a state of war exists between Canada and Germany. I am fully conscious of my responsibility in following this course, and I wish to be consistent in what I do now. Nevertheless, I firmly believe that to talk of sending an expeditionary force overseas right now is as yet out of the question. We must be careful and take into account general public opinion. Misapprehension must be allayed and legitimate susceptibilities must be respected if we are to preserve the most vital and essential thing upon which Confederation is based, that is, national unity.

The opinion is expressed that the feeling against conscription is limited to the province of Quebec. I take exception to that view.

Hon. Mr. BLONDIN: Hear, hear.

Hon. Mr. LACASSE: I say that French-speaking Canadians living outside of Quebec—and there are 800,000 of them—are for most part opposed to conscription as strenuously as their compatriots of Quebec, and that many English-speaking Canadians, whether living within the boundaries of that province or not, are equally opposed to compulsory service. That is my understanding of the situation, and I claim to have some personal knowledge of it. Having spent the first half of my life in the province of Quebec and the second half in Ontario, I claim to speak with some authority. In discussing this issue I desire to emphasize the necessity for Canada to preserve unity of thought and action when the enemy is knocking at the door. In short, as I said to my honourable friend from Edmonton at the conclusion of one of his speeches last session, unity must precede action.

Frequently we hear on the street some such reference as the following, to members of Parliament: "Those fellows up on the Hill have very comfortable jobs, they are living on the fat of the land, and instead of showing some appreciation of the struggles of the humble people who are earning their livelihood by the sweat of their brow, those fellows are ready with a cheer to send away our sons and daughters to be mowed down in foreign lands.—Those fellows, without hesitation, vote hundreds of thousands, yes, millions of dollars to finance a war, but they refuse to set aside half that amount of money to solve the problem of unemployment." Well, honourable members, I repeat to you what I said to one of my fellow-citizens a few minutes before I entered this Chamber: "Yes, we do vote millions to finance a war. But do not think for a moment that in doing so we do not appreciate our very heavy responsibility. If we act quickly, it is because this crisis compels us to do so."

As to sending with a smile the flower of our youth to face death on distant battlefields, I had intended consulting the records of Parliament and ascertaining the number of provincial and federal members of Parliament who did their duty in past wars and are ready to-day to answer the call of their country. I am confident the figures would prove very impressive. In this connection let me offer the following suggestion. If the voluntary offer of the father of a family could prevent the slaughter of the youth of our country and the destruction of his own sons and daughters, I would suggest to the Administration that a special battalion be formed to comprise all men between the ages of 40 and 50. To prevent any person from questioning my own sincerity in this matter, I do now solemnly declare that I would consider it a great honour and a privilege to be the first man to enlist in such a battalion. This is no idle talk. It is an emphatic and sincere reply to what we hear outside this Parliament, and is made to maintain the trust of our people in their Government and in their representatives on Parliament Hill. Secondly, this solemn offer is made in order to preserve unity among the rank and file of our population, and to sustain their hope and faith in the future. I trust that every honourable member of this House will at least give me credit for sincerity, and will realize that I am not talking through my hat. I know that among certain honourable members I have the reputation of holding some radical views. Well, honourable gentlemen, this is no time to give undue emphasis to petty things and forget the ringing call of duty.

In consonance with what I have already said, I would add this. I am irrevocably opposed to conscription for service abroad. Enough volunteers will be found to man our military machine. Last week three large anti-conscription meetings were held in the city of Montreal, one of which I attended in order to get first-hand information on this subject. I am glad to tell you that in spite of the eloquence of the speakers who addressed those meetings, more than 1,200 young French Canadians in the city of Montreal, without any coercion, flocked to the ranks of the two local battalions within that very short period of time.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. LACASSE: I contend, therefore, that we shall have enough volunteers to perform the sacred task ahead of us without having to resort to coercion, which is the antithesis of the very principles for which we are fighting.

One more word and I am done, for, after all, I have to be considerate of my leader and help to maintain discipline in the ranks. Since Parliament opened a few days ago we have been working rapidly, and until now I have refrained from speaking. I think, therefore, I should be allowed to express my views at this stage of proceedings. I just wish to add this. If ever the Government of Canada think it opportune to raise an army of one, two or three hundred thousand men for the service of our country, the defence of our coasts or the protection of our institutions—religious, industrial, social or other—I shall be the first to applaud and welcome conscription. Here again I have some authority to speak, for I believe that I, as one of the thousands of fathers throughout our land, am in a position to express the patriotic feelings of all true sons of Canada; and I repeat, honourable members, this is not cheap publicity. I believe we should do everything we can, and give all we have, to defend our country. In this there should be unanimity. But I am opposed to any policy which advocates the sacrificing of the last dollar, the last man and the last drop of our blood in a war on foreign soil.

Hon. Mr. DANDURAND: My honourable friend stated that fathers of large families had been enlisted. Some of those men were officers in the Militia. I may say that it is the policy of the Government to see that single men are called first, and that men with more than two children are refused. Many of the men who already have answered the call have done so because they belong to the

Militia. The services of those who have large families will be dispensed with. I have in my hand a statement from the Department of Defence which I should have read yesterday. It is as follows:

In the carrying out of enlistments, men without dependents are preferable; married men with four or more dependents should not be enlisted.

I think an order will go out that men with more than two children shall not be accepted.

The motion was agreed to, and the Bill was read the third time, and passed.

SALARIES BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 10, an Act to amend the Salaries Act.

He said: Honourable senators, this Bill is consequential upon the one we have just passed. It allows of emolument or salary being paid to the Minister of Munitions and Supply when he is appointed.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND: With the leave of the Senate, I move the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

EXCESS PROFITS TAX BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 12, the Excess Profits Tax Act.

He said: Honourable senators, I may inform the House that His Excellency the Governor General was notified that we could receive him at noon. The message announcing his coming has not yet been read by His Honour the Speaker. It was hoped that we could end our labours around twelve o'clock. If my right honourable friend tells me that this Bill, the last one on the Order Paper, is likely to occupy our attention for more than half an hour, I shall inform the aide-de-camp in waiting that His Excellency need not remain.

Right Hon. Mr. MEIGHEN: I think discussion of this Bill will and should occupy more than half an hour. I am not objecting to a profits tax; in fact, I welcome it, and certainly it should be introduced now. But there are features of this Bill which would really merit and demand discussion in any serious legislative body. If there is an officer here

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from the department who is ready to answer questions, I wish he would keep this in mind—

Hon. Mr. DANDURAND: I should like to ask Mr. Eaton to come to the floor.

Right Hon. Mr. MEIGHEN: If he hears me, that will be enough. I know how the previous legislation worked. I know how the principles of capitalization and reserves and accounting were applied, and should like to know if there are any differences between this Bill and the previous statute in that respect.

While on my feet may I say this? It will be remembered that at the last session of Parliament I intimated to the Government from my seat in this House that a profits tax was the proper method of taking care of what the public regard as profiteering. It is the only sensible way I know. This Bill is along precisely the right lines. As to the previous legislation of this kind, it is unfortunate that we did not introduce it earlier. It would have been better if we had done so. In saying this, especially when I remember the services rendered by Sir Robert Borden, I do not want the impression to go abroad that the situation was not fully appreciated. It was. This country was the first in the world to put a war profits tax into effect. Just when it came I do not recall. It was a considerable time after the war, but not too late for it to be said that we were ahead of any other country in the world.

On this subject of profiteering it has to be kept in mind that because of economic exigencies of war there is an inevitable rise in prices. We can hope to control it only on the surface. The real controlling factors are centred in the great purchasing countries. Those countries will not succeed in wholly controlling prices, but I hope they will do much. It is the law of business—and you cannot alter it any more than you can the weather—that the sale price of goods is determined by replacement cost and not by the price of raw materials. Consequently, when replacement cost rises increased profits are made on goods sold. That condition will last so long as the rise continues, but we must keep in mind what follows. Suddenly replacement cost drops, perhaps to a point below what it was at when the rise began. Every business has to absorb that drop. The sale price of goods must always be based on replacement cost, when this is on the way down as well as when it is on the way up. It often happens that the replacement cost of goods falls far below what manufacturers paid for raw materials in those goods. Then companies which have failed to keep up their reserves suffer serious consequences, perhaps go bankrupt.

I want profits to be as moderate as possible, but I say that the Government ought to be guided by experience in this matter. I well recall that in the last war, towards the close of the upward march, when profits were above normal—a good proportion of them being taken back under the Business Profits War Tax Act—public concern about profiteering became so strong that some investigations were undertaken. Two companies in particular were pilloried throughout this country, and their heads were looked upon as enemies of the State—greedy, utterly despicable citizens. What happened? When the drop in replacement cost had its full effect upon these companies, both were “broke.” Neither of them was able to keep from going into bankruptcy except by merging with another company. All the tirades which we heard throughout the Dominion were nonsense. It may be that the heads of those companies sold out and the purchasers had to stand the crash, but that does not affect the argument at all.

The Government should not get the idea that sale prices on a rising market are determined by the cost of raw materials. Business cannot be carried on that way. Replacement cost is the factor which determines whether the sale price shall go up or down. This fact ought to be kept in mind whenever there is any attempt by the Government to interfere with the process of business. You can hardly make a profits tax too high, so long as you do not stifle enterprise. If you do that, it is the poorer people of the country who suffer. It is because enterprise has been stifled so much that there are so many poor people suffering to-day.

Hon. Mr. DANDURAND: I would suggest that I be allowed to quote the Minister's statement, which I think will be a satisfactory explanation of the Bill. I wonder if we could not then pass this money Bill, which we cannot amend and which, I am sure, the Senate would not reject. If that proposal is not acceptable I will send word to His Excellency and the Prime Minister that we had better set 3 o'clock as the hour for prorogation.

Right Hon. Mr. MEIGHEN: I do not know whether we shall be satisfied with the Minister's explanation, and so I cannot say how long it will take to dispose of the Bill. Let us go into Committee and have a departmental representative present, so that we may compare this Bill with the previous Act. I am concerned about the definitions of capital and so on.

Hon. Mr. DANDURAND: Then I will not read the Minister's statement. It has gone out to the public, in explanation of this Bill. If second reading is given now I will move that we go into Committee.

The motion was agreed to, and the Bill was read the second time.

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. Dandurand, the Senate went into Committee on the Bill.

Hon. Mr. Copp in the Chair.

On section 2—definitions:

Right Hon. Mr. MEIGHEN: This is the important section. I am not a good enough accountant to know whether it is safe or not, and therefore I am curious as to how far its accounting basis differs from that of the previous Act.

Hon. Mr. DANDURAND: I am told that the first clause of the definitions is essentially the same and contains the same principles as in the previous Act.

Right Hon. Mr. MEIGHEN: In the previous Act the profits tax did not begin where this one does. Just consider where this one begins. A profit of 5 per cent is permissible, but in calculating that 5 per cent you are not allowed to include as assets certain things which are as truly assets as anything can be. Over a period of years you may have built up a good-will which has a tremendous value, but you may take into account only such good-will as you purchased from someone else for cash. So in most instances the 5 per cent profit can be calculated upon only a small capital base, and the profit on the real capital may be as low as 3 per cent. From this profit, whether it be 3, 4 or 5 per cent, there is a deduction of 18 per cent, or nearly one-fifth, for corporation tax. Even in cases where the good-will has been paid for—which will be fewer than one in fifty—and the profit on the real capital is 5 per cent, the net profit after deduction of corporation tax will be only 4 per cent. I should think that in the average case the profit on real capital before deduction of corporation tax would be 3 per cent.

I know there has to be an excess profits tax, but I wonder whether the Government appreciate the points I am making. There is a danger of going so far that you will get less money than you would under a scheme allowing more opportunity for business enterprise.

Governments have done that before. Ontario did it lately, and we did it here in respect of cigarettes, as the Minister admitted.

Hon. Mr. DANDURAND: I will read what the Acting Minister of Finance, Hon. Mr. Ilsley, said about the excess profits tax in his Budget speech.

It is an extremely difficult matter to devise an excess profits tax which will be fair to all kinds of businesses. No one who has not attempted to draft such a measure can appreciate the range of thorny problems involved. In the first place the normal rate of profits is not the same for all industries. Risks are far greater in some businesses than in others and, accordingly, the rate of return must be higher if such risky industries are to obtain the capital they need and to survive. They would be severely discriminated against under a general measure which taxed all profit above a common level on the assumption that the annual rate of return should everywhere be the same. Furthermore, not all businesses require the same proportion of capital in relation to value of output. Thus under normal conditions with no excess profits being made, the ratio of profits to capital of a company in a business using relatively a small amount of capital will appear abnormally high even though there be no profiteering. Thus, while an excess profits tax based on rate of return on capital may be entirely fair and reasonable over a wide range of industry, there are instances where it would operate with undue hardship. This should be recognized at the outset and provided for.

The United Kingdom in its recently imposed tax on armaments profits adopted the method of imposing the tax on the increase in the amount of a firm's profits as compared with the average profit made by the firm in recent years. This method assumes that profits in the selected base years might fairly be regarded as normal, and therefore that any increase over this normal rate is the measure of excess profits due to war conditions. The United Kingdom taxes such abnormal profits at the rate of 60 per cent. The method may work with reasonable fairness in the United Kingdom for the limited number of companies to which it applies, but in Canada it would not be satisfactory for a measure of general application because a number of our industries have not been making normal profits in recent years, and indeed in some cases have not been making any profits at all.

It is obvious therefore that each of the two general methods of taxing excess profits which I have discussed would operate unfairly in certain cases. After much study and careful consideration with a view to being fair to all types of business, it was decided to combine the two methods as alternatives in the measure which we are recommending to the House. Accordingly, a business concern may elect to be taxed on either one of the two bases, that is to say, either on the basis of a graduated scale of rates of profit on capital employed, or on the increase in profits over the average of the past four years. Where one basis might give rise to injustice or hardship, the business concern may elect to be taxed under the alternative basis. It is believed that this arrangement will have the effect of reducing to a minimum

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any injustices or undue hardships which might be inherent in either of the two methods used alone.

With regard to rates of taxation, the following schedule will apply where the taxpayer elects to be taxed on the basis of percentage return on capital employed:—

On that portion of profits in excess of 5 per cent and not in excess of 10 per cent, a rate of 10 per cent.

On that portion of profits in excess of 10 per cent and not in excess of 15 per cent, a rate of 20 per cent.

On that portion of profits in excess of 15 per cent and not in excess of 20 per cent, a rate of 30 per cent.

On that portion of profits in excess of 20 per cent and not in excess of 25 per cent, a rate of 40 per cent.

On that portion of profits in excess of 25 per cent, a rate of 60 per cent.

Where the taxpayer elects to be taxed on the alternative basis, he will be required to pay to the Treasury 50 per cent of any profits in excess of his average annual profits in his previous four fiscal periods. In view of the increase in the tax on corporate profits, to which I shall later refer, this will mean a tax of approximately the same severity as that applied to armament profits in the United Kingdom.

It should be pointed out at once that this tax on excess profits is to be levied on all businesses whether incorporated or not and whether increased profits are the result of war contracts or not. The reason for its application to all business firms is, of course, that under war-time conditions it is impossible to distinguish between the firm which is making larger profits directly because of armament orders and other firms whose profits are expanding as a result merely of a higher volume of business or possibly a higher price level due to war-time conditions. Furthermore, the excess profits tax will be in addition to all other taxes currently in force. In this respect the present measure differs from the business profits war tax which was levied during the last war. At that time business corporations paid either the corporate income tax or the business profits war tax, whichever was the higher. Under the new measure which we are recommending, the corporate income tax will be regarded as an expense in calculating the amount of excess profits for tax purposes. That is to say, it is the amount of profits left in the hands of a business concern after paying income tax which will be subject to the excess profits tax. This new tax will be applicable to profits earned in the year 1940 and in the fiscal periods ending therein after March 31, 1940.

I should add that problems arising out of certain special circumstances will be provided for in the Bill. We must also contemplate that if Canadian industry is to be able to meet the urgent demand for war supplies that will arise, it will probably be necessary to provide for the construction of new plant or important extensions to existing plant and equipment. Particularly if business men expect the war to be of short duration, they will not be willing to assume the risks of making the new investment required with an excess profits tax as

drastic as that which we are proposing, unless they can see an opportunity of being able to amortize their costs over a reasonable period. Special provision therefore will have to be made for this problem.

I think this covers the interrogation marks in my right honourable friend's mind. In the circumstances I would suggest that we pass the Bill in its present form. We cannot amend it.

Right Hon. Mr. MEIGHEN: I have no thought of suggesting that we amend the Bill. I am not clear as to section 11:

The provisions of this Act shall apply to the profits of the year 1940 and of all periods ending therein after the 31st day of March, 1940.

Hon. Mr. HAIG: Supposing the accounting period ends in April this year, the Act will apply.

Right Hon. Mr. MEIGHEN: But it applies "to the profits of the year 1940." That means the profits of the whole year. Then the section continues, "and of all periods ending therein after the 31st of March, 1940." That is to say, any profit made in 1940 is sure to be taxed; it does not matter when your accounting period is. Then any profit made in an accounting period ending after the 31st of March, 1940, will be taxed, even though made in 1939.

Hon. Mr. HAIG: Surely.

Right Hon. Mr. MEIGHEN: So this taxation has been effective since the 31st of March last.

The honourable leader of the Government (Hon. Mr. Dandurand) called attention to the difference between this and the British tax. The British is a heavy tax on what are distinctly war profits on Government contracts. The way in which they are identified and isolated as war profits is this: the average earnings over a fixed period of years are taken, and then anything above that average is treated as war profits. The British tax applies to a very limited class of exceedingly large contractors, and the amount collected from them would be considerable; but in this Bill we apply the tax to everybody. I do not criticize the Government in that respect. I think we ought to apply the tax to everybody. There are industries in this country which will not make a single thing different from what they have always made, but which will be benefited by the activities of war purchasing. They will do a great deal more business with companies engaged in making munitions. In my judgment the Government are quite right in that respect. But I have a question

mark as to whether they are not going too far, in view of the fact they are spreading their taxation over the whole area and piling it on top of the present taxation as we have just increased it. They are going much further than the Government of Great Britain dare go. Long years of experience have taught that Government not to deal any death blows to business. Business is the life blood of Britain, and it is by maintaining their business that the British people are able to fight this war. Let us take some account of the example they have set. I ask our Government to review the effect of this taxation very carefully. These taxes are terrific, but so long as we can keep business going I do not care. The more we can tax while still allowing business to keep going, giving it some reason to operate, the better; but take care you do not go too far. If you do you will disarm Canada. We sought to get the right set-up in the last war, and I think we succeeded fairly well. While we may be able to go further this time, it is very easy to over-step the limit, and then the effect would be pretty hard to remedy.

Hon. Mr. DANDURAND: I am glad to hear my right honourable friend express his views on this matter. I am quite sure the Minister of Finance will give them due regard and keep his eye on the whole situation as it develops. With this legislation we are breaking new ground. We shall return here in January, no levy will have been made up to that time, and then we shall be able to review and, if necessary, modify this legislation. In those circumstances I would ask that we pass this Bill.

Section 2 was agreed to.

Sections 3 to 11, inclusive, were agreed to

The title was agreed to.

The Bill was reported.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

PROROGATION

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that His Excellency would proceed to the Senate Chamber this day at 1.15 p.m., for the purpose of proroguing the present session of Parliament.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons being come with their Speaker, His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to incorporate The Canadian Patriotic Fund.

An Act to amend the Customs Tariff.

An Act to amend the Excise Act, 1934.

An Act to amend the Special War Revenue Act.

An Act to amend the Income War Tax Act.

An Act respecting a Department of Munitions and Supply.

An Act to amend the Salaries Act.

An Act relating to War Charities.

The Excess Profits Tax Act.

An Act for granting to His Majesty aid for National Defence and Security.

SPEECH FROM THE THRONE

After which His Excellency the Governor General was pleased to close the Fifth Session of the Eighteenth Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

I thank you in the name of His Majesty the King for the manner in which you have responded to the demands of this critical time. In enacting measures necessary for the defence of Canada you have performed a primary national obligation. In providing voluntarily for effective co-operation by Canada at the side of Britain and France in a war to resist aggression, you have made a momentous decision. The promptness with which you have acted affords unmistakable evidence of the ability of a free people, through its representatives in a free Parliament, to meet the grave emergencies of war.

Members of the House of Commons:

I thank you for the appropriation you have made to meet the needs arising from the state of war.

Honourable Members of the Senate:

Members of the House of Commons:

The people of Canada will, I know, face the future with calm and resolute courage. The days of stress and strain, which lie ahead, cannot fail to prove a supreme test of national determination and endurance.

In bringing this special war session to its close, I pray that an all-wise Providence may guard and guide this land, united in an effort to do what lies within its power to help defend and preserve the liberties of mankind.

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