From that provision it would appear that the sale and distribution of these securities would be still under the control of the governor in council. Is that correct?

Mr. HOWE: That is correct. Of course, as far as terms and conditions of any sale are concerned, I think that necessarily must be in the hands of the governor in council. Such matters as the coupon rate and so on, and even the conditions of the sale by the Bank of Canada, I should think must be subject to approval by the governor in council. Usually the government and the bank officials consult together and decide on a rate; I know an order in council is always passed governing that.

Mr. BENNETT: All the steps antecedent to the sale of the securities are taken by the governor in council.

Amendment agreed to.

Section as amended agreed to.

Sections 8 and 9 agreed to.

On the schedule.

Mr. BENNETT: I think the estimated cost of this road is very high, $60,000 per mile. In view of the stage of the session I shall not argue the point, but I think in itself that is an invitation to costly construction. According to my observation $60,000 is a tremendous cost per mile.

Mr. HOWE: I think that point is well taken but I may say that the framing of these bills rather invites an excessive estimate, in that after the final plans and estimates are made, if they exceed the cost set out in the estimate the line cannot be built. I think that perhaps $45,000 per mile would be a better estimate.

Mr. BENNETT: That is what I had in mind.

Schedule agreed to.

Title agreed to.

Bill reported, read the third time and passed.

UNEMPLOYMENT

AMENDMENT OF UNEMPLOYMENT RELIEF AND ASSISTANCE ACT, 1936, TO ASSIST PROVINCES IN RESPECT OF RELIEF EXPENDITURES

The house resumed, from Monday, June 15, consideration in committee of Bill No. 100, to amend the Unemployment Relief and Assistance Act, 1936—Mr. Rogers—Mr. Sanderson in the chair.

12739—244½

On section 1—Agreements with provinces.

Mr. BENNETT: When the house rose the other evening I was speaking to a matter that had been brought to the attention of the committee by an hon. member. I only desire to say that in view of the present date, if hon. members are interested in the matter I would refer them to the list of exhibits produced before the banking and commerce committee. At page 12 they will find that the various letters to which reference has been made were produced by the different witnesses. I attended before the committee and made a statement, which was not under oath, although I offered Colonel Ralston, if he so desired, to make the statement under oath. These documents which were produced came from the files I then had with me. Whether or not the printed documents were printed from the papers taken from the file, I am not sure. It was in the Prime Minister's office. I did not myself superintend the removal of my papers, but I am told that since there has been the office of the Prime Minister, the papers taken when I removed from office, were the same as taken by my predecessor. The present Prime Minister has said that that is so, so far as the removal of his own papers is concerned.

In so far as this matter is concerned, if any hon. member is interested and will look at page 12 he will find an index of all the letters to which reference is made, and they are printed in the report of the committee on banking and commerce. I have no control over the letters which were in the possession of the addressees. Presumably they are still in the possession of the addressees. But copies were produced so far as those letters are concerned. The suggestion that papers had been destroyed, hidden or taken away is negatived by the evidence to which I have made reference.

The hon. member to whom I have referred was permitted to make certain statements. Therefore I have found it necessary at least to direct attention to them, and if necessary I shall read the letters, to show that they are upon record, including the original orders in council. I explained at length in the testimony that was given that the pieces of paper which were used in the preparation of the final documents were not kept, and in accordance with the usual course of business men, in confirming figures the telephone was used.

There is only one further point to which I wish to refer, and that is the suggestion that anything wrong has been done. If it

is the desire of any hon. member to lay a charge, I shall meet it. I shall always meet gladly any charge of any kind, touching my integrity, my probity or my sense of decency in connection with the documents with which I have to deal. If the minister has the same good fortune with respect to all the guarantees he gives as the late government had with respect to this guarantee I shall indeed be happy, for the $60,000,000 guaranteed to be paid within five years has been paid in full in three years, and the suggestion that the payment had anything to do with the observations made in this chamber is as wildly extravagant, untruthful and unwarranted as it is possible for any statement to be. For the underwriting in connection with the retirement of the final balance of the $60,000,000, as every hon. member who knows anything about the business must know, was arranged long before the matter was ever mentioned in this chamber.

In fairness to everyone connected with the late government and everyone who had to do with this transaction which was initiated under the circumstances disclosed in the evidence of the president of the Bank of Montreal, Sir Edward Beatty and myself, and closely examined by very eminent counsel, and having regard especially to the language used, I pointed out that there seemed to be a habit or a desire to make it appear that something was not as it should be on the part of many people. And so I said: "If anything further is desired to be said by any member of this committee, say it now, and do not say it after I am gone." I fully understood that was a very unusual course indeed for a Prime Minister to take, but I took it because of the circumstances to which I have alluded.

I make this statement because I think it is very important that there should be no misunderstanding with respect to the matter. The words will be found at page 209:

> Now gentlemen, do not be the least hesitant in asking me any questions, because I do not want you to go away and say that I have endeavoured to escape answering, so don't be hesitant, please.

And there being no further questions, I retired.

Mr. POULIOT: I shall read the questions and answers I received from this government. I shall not insist on what was said the other day; I shall go on with what is left, and it will be very short. There was a sitting of the council on May 31, 1933, the date the letter was signed by the then Prime Minister, although no order in council was passed on that date. A sitting of the council also took place on August 31, 1933, the date when the then acting Prime Minister, the hon. member for Argenteuil, corresponded with the Bank of Montreal and sent them a draft of an order in council, but no order in council was passed. This is on record in sessional paper 171P. Therefore, when the then Prime Minister and when the then acting Prime Minister corresponded with the banks there were sittings of the council, and they did not proceed with orders in council. This is one point.

Then in connection with the same day, August 31, 1933, this question was asked:

> 1. On August 31, 1933, was the then acting Prime Minister, the Right Hon. Sir George H. Perley, also acting Minister of Finance and Railways and Canals?
> 2. If not, who were the minister or ministers for those departments on that date

In reply it is stated that Sir George Perley was acting Minister of Finance, and the Hon. R. J. Manion, Minister of Railways and Canals.

Then I had this very curious answer as it appeared in Hansard at page 3130. The question was:

> When was the "draft of the proposed order in council regarding a loan to the Canadian Pacific Railway Company," refered to in a letter dated August 31, 1933, of the acting Prime Minister to the general manager of the Bank of Montreal (a) recommended to council; (b) prepared; (c) submitted to the council?

The answer was that it was recommended to council on November 28, 1933, prepared on November 28, 1933, and submitted to council on November 28, 1933. It was prepared and submitted to council six months after it was sent by the then acting Prime Minister to the bank.

Mr. CAHAN: Mr. Chairman, that is absolutely erroneous. The hon. member may be so ignorant of procedure in council that he may unwittingly make a mistake of that kind, but the order in council could not have been sent at the time he stated. Drafts of orders in council are prepared from time to time, and occasionally drafts of orders in council are submitted to the consideration of the third parties concerned where large financial interests are involved. But the inference which the hon. member draws is quite erroneous.

Mr. POULIOT: I shall tell the White Russian of the late soviet government that the words I used were those of the right hon. acting Prime Minister in his own letter, and if there was ignorance it is not mine. That is my only answer.

Sessional paper 171-A. Motion:

> For a copy of first recommendation to council for order in council regarding a loan

to the Canadian Pacific Railway Company, referred to in a letter dated August 31, 1933, of the acting Prime Minister to the general manager of the Bank of Montreal.

Answer by the Department of Finance:

Nothing on record in the Department of Finance within the scope of the above-mentioned order of the house.

Answer by the Prime Minister's office:

No information on files of Prime Minister's office.

Answer by the privy council office:

No information.

Session paper 171-K:

1. Was the letter dated August 31, 1933, and addressed to W. A. Bog, Esquire, general manager of the Bank of Montreal, about a "proposed order in council regarding a loan to the Canadian Pacific Railway Company,"—a copy of which has been tabled in sessional paper No. 150-E of 1934—signed by the Right Hon. Sir George H. Perley in his capacity as acting Prime Minister?
2. If so, was that letter a public and official document?
3. If so, was the "draft of the proposed order in council regarding a loan to the Canadian Pacific Railway Company" therein mentioned and attached to it, also a public and official document?
4. If so, were there original copies (a) of said letter; (b) of said draft of the proposed order in council always kept on file in the Prime Minister's office?
5. If not, why?

Answer from the office of the Prime Minister:

No information on the files of this office.

Sessional paper 171-N, June 12:

1. According to the record, was the "draft of the proposed order in council regarding a loan to the Canadian Pacific Railway Company and forwarded by the acting Prime Minister to the general manager of the Bank of Montreal on August 31, 1933," submitted to the privy council before being sent outside of Ottawa?

Answer from the privy council, Finance, and the Prime Minister's office:

No information.

Mr. CAHAN: How could there be any information? The proceedings of the privy council are confidential, and each member takes an oath not to disclose what takes place in council. Recommendations that may be made to council are often amended and changed. I have made recommendations in my official capacity to council which might be considered by council and amendments suggested, and then if they affect other outside parties, material parts would be submitted to them because orders in council are in many cases contracts of vast importance, and sometimes there are more than two parties to these contracts. But there is no order in council until it is passed by council and approved by His Excellency the Governor General, and before that is done I have repeatedly seen cases where, through a period of weeks, suggested drafts or suggested recommendations on which the order in council, as finally passed, would be based, have been made and changed. These are not matters of public record, whether records of the present government or of preceding governments.

Mr. POULIOT: Mr. Chairman, I shall answer the hon. gentleman in one word. If it was not a draft of an order in council, and by draft I mean a foetus of an order in council, let us say then that the acting Prime Minister has sent a blank cheque to the Bank of Montreal.

Sir GEORGE PERLEY: Mr. Chairman, I think all this discussion is entirely out of order, but when the hon. gentleman makes an attack on me in this way, all I can say is that this arrangement with the Bank of Montreal was made in good faith during the year 1933. The order in council was a difficult thing to draw in order to make sure that the public interests were conserved in every way possible. I think a draft recommendation to council, prepared and submitted for discussion with the banks who were interested in it, was revised and rewritten many times before it came before council to be passed as an order in council. The hon. member surely knows that very often it takes weeks preparing recommendations to council, and often many revisions and changes are made in order to get it in proper shape. But for him to suggest that there is anything improper in a draft recommendation—

Mr. POULIOT: I did not use the word "improper."

Sir GEORGE PERLEY: Well then, if that is the case, what is this all about? For the hon. member to suggest that all the draft recommendations to council are available for people to get as public documents, well, he does not understand the way in which the business of government is conducted. An order in council speaks for itself, and the question of how long it took, how many changes were made in it, how many revisions were necessary in order to put it into proper shape, is a matter which is not on record at all. It has been the custom of governments always, so far as my knowledge goes, that all these papers and drafts, changes and erasures, and so on, are not kept on public files; many of them are not kept on any files at all afterwards. So that when the hon. gentleman is

suggesting that there was anything unusual or anything strange about this proceeding he is entirely mistaken. I would ask him to make inquiries from the clerk of the privy council and find out how these things are managed, and then he will not get up in the house or in the committee when another bill is under consideration—it seems to me, Mr. Chairman, that this question is not in order anyway—and make the suggestion that anything improper was done in regard to this transaction.

Mr. POULIOT: It is most amusing, Mr. Chairman, to see the former ministers rising one after the other to give explanations. Both of them were out of order because they spoke without asking my consent. I am going to make my speech; I want to get through in a short time, and I am not to be interrupted by anyone. If we are to come to an easy understanding with regard to the word "draft," let us say as a matter of compromise that it was the kind of draft that occasioned the former ministers a cold in the head. Now I continue:

Sessional paper 171-F:

1. On what date did the general manager of the Bank of Montreal notify the Prime Minister's office that the banks had advanced $35,000,000 to the Canadian Pacific Railway Company on the guarantee of the letter signed by the Right Hon. R. B. Bennett, then Prime Minister, and dated May 31, 1933?
2. On what date was an order in council passed to rectify said guarantee given by the said Right Hon. R. B. Bennett?
3. When and where was it made public for the first time?

Answer from the privy council, and the Prime Minister's office:

No information.

Hansard, page 3349, reports this question and answer:

Mr. Pouliot:

From what department or departments, and when, did the Department of the Secretary of State receive the correspondence contained in sessional paper No. 150-E, tabled on March 19, 1934, in accordance with an order of the House of Commons, dated February 12, 1934, for a copy of all correspondence interchanged between the government of Canada, or one of any of its members, and one or any of the Canadian banks, in connection with the guarantee given by the government for the loan of $60,000,000 to the Canadian Pacific Railway?

Mr. Rinfret:

The documents contained in the return tabled in the House of Commons on the 19th March, 1934, were not received in the Department of the Secretary of State. The return was tabled by the Right Hon. R. B. Bennett, then Prime Minister.

Return 171H:

Did the statement made by the Secretary of State on June 3, 1936—

[Sir George Perley.]

That is the answer I have just read:

—(Hansard page 3349), that sessional paper No. 150-E, "a copy of all correspondence exchanged between the Canadian government and any of the Canadian banks regarding the guarantee given for the loan of $60,000,000 for the Canadian Pacific Railway," was tabled on March 19, 1934, by the Right Hon. R. B. Bennett, then Prime Minister, and not by the then Secretary of State, indicate prima facie that no other department than the Prime Minister's had exchanged correspondence in that connection with any of the Canadian banks?

Answer by the Department of the Secretary of State:

Other than the copy of the correspondence tabled 9th June, 1936, by the Honourable the Minister of Finance, being a return to an order of the house of the 3rd June, 1936, and other than copies contained in sessional paper No. 150-E, tabled 19th March, 1934, by the then Prime Minister, the Department of the Secretary of State has no knowledge of any correspondence exchanged with any of the Canadian banks on the subject mentioned.

150-D reads:

Copy (a) of the document furnished W. H. Curle, Esquire, K.C., general counsel of the Canadian Pacific Railway Company (law department) to the then Prime Minister, and which was acknowledged by the letter on November 3, 1933, according to sessional paper No. 150-D of 1934, and (b) of the letter or memorandum from the said Mr. Curle to the said then Prime Minister and to which was attached said document.

According to return 171-R of June 10, the Prime Minister's office stated that there was no information regarding this matter on the files of that office. Return 171-J dealt with the following question:

1. Referring to sessional paper No. 150-D of March 19, 1934, "copy of all correspondence between government of Canada and Canadian Pacific Railway in regard to guarantee given by the government for a loan of $60,000,000 to Canadian Pacific Railway," which contained (a) one letter from the then Prime Minister to W. H. Curle, Esquire, K.C., general counsel of the Canadian Pacific Railway, dated November 3, 1933, and (b) a "list of payments made in discharge of maturing obligations since May 31, 1933, as mentioned in letter of 28th November, 1933, from Jackson Dodds, Esquire, general manager of the Bank of Montreal, to the Right Honourable R. B. Bennett, P.C., K.C., Prime Minister of Canada," from May 31, 1933, to October 23, 1935, was there any other correspondence exchanged between the Canadian Pacific Railway Company with regard to the said guarantee?
2. If so, from whom to whom and on what dates?
3. Was that correspondence of public or confidential nature?
4. Why were the letter and list above mentioned in paragraph 1 also tabled on the same day, March 19, 1934, in another return, sessional paper No. 150-E of 1934, "a copy of all correspondence exchanged between Canadian government and any of the Canadian

banks regarding the guarantee given for the $60,000,000 loan to the Canadian Pacific Railway"?

5. Was the above mentioned list sent by Mr. Dodds to the Right Honourable R. B. Bennett apparently on November 28, 1933, to the same effect as the document acknowledged by the Right Honourable R. B. Bennett to Mr. Curle on November 3, 1933, and did it replace it in sessional paper No. 150-D of 1934?

6. Was the said return 150-D of 1934 tabled by the then Prime Minister or the then Secretary of State?

In answer to No. 6 the Secretary of State says that this was tabled by the then Prime Minister, but the office of the Prime Minister replies, "no information in the files of this office." Now I direct your attention to this most important question:

1. Referring to sessional paper No. 150-E of 1934, are the original letters, sent to the Prime Minister or the acting Prime Minister by the following gentlemen:

1. Mr. W. A. Bog, general manager of the Bank of Montreal, June 7, 1933; August 17, 1933; September 25, 1933;

2. Mr. Jackson Dodds, general manager of the Bank of Montreal, September 2, 1933; November 28, 1933; December 5, 1933;

3. Sir Charles B. Gordon, president of the Bank of Montreal, December 1, 1933,

on file in the Prime Minister's office and have they always been on file in that office since they have been received by that office?

2. Were these letters of an official or public nature?

The office of the Prime Minister replied, "no information on the files of this office."

All these original letters received by the then Prime Minister or the then acting Prime Minister are the property of the state and no one should take them away from the department concerned. The right hon. gentleman answers that it is the tradition for the Prime Minister to take his files with him. All right, I agree with him, provided that the Prime Minister minds his own business and does not interfere with other departments. If these letters had been written by the Minister of Finance they would still be there, like other letters written by the Hon. Mr. Rhodes, which I shall mention in a minute. The Prime Minister interfered with the business of other departments and these letters were taken away, either to his office or elsewhere, when they belonged to the state. No one can deny that.

Mr. CAMERON (Cape Breton): Mr. Chairman, I rise to a point of order. The bill under discussion has to do with an amendment to the Unemployment Relief and Assistance Act, 1936, and I respectfully submit that the conduct of the Prime Minister in 1934 has nothing whatever to do with either the principle or the letter of the bill under discussion. I could go a little further and say for myself that I entirely disapprove tactics of this kind.

Mr. POULIOT: Mr. Chairman, may I speak on the point of order?

The CHAIRMAN: Not until I am through. A point of order has been raised by the hon. member for Cape Breton North-Victoria (Mr. Cameron). I would remind hon. members of the committee that when this bill was before the committee, I think two days ago, the hon. member for Témiscouata (Mr. Pouliot) made some remarks. During the course of his remarks I called him to order as I thought he was out of order. The right hon. leader of the opposition (Mr. Bennett) replied to the hon. member but he had not finished. He had the right to the floor when this bill again came before the committee to-night. Section 1 of this bill reads in part:

> The governor in council may also enter into agreements with corporations, partnerships, or individuals engaged in industry respecting the expansion of industrial employment.

There was no point of order raised when the bill was before the committee the other evening.

Mr. BENNETT: Yes, there was.

The CHAIRMAN: The right hon. gentleman said that he did not think the remarks of the hon. member for Témiscouata had any bearing on this matter. I disagreed with him and read this paragraph. I am still of the opinion that this discussion, unfortunate as it may be, would come under the terms of this section. I say to the hon. member for Témiscouata that if in my judgment any of his remarks are out of order, I shall immediately call him to order. I say to him that I hope in the remainder of his remarks he will keep quite within the rules of this house.

Mr. WILTON: I should like to ask your ruling as to whether the hon. member was not out of order a few moments ago when he insultingly referred to the hon. member for St. Lawrence-St. George (Mr. Cahan) as a White Russian? I have never heard a more insulting remark in this house.

Mr. SPENCE: Why did not the Chairman hear that?

Mr. WILTON: I should like to have your ruling as to whether or not he was out of order.

The CHAIRMAN: The hon. member for Hamilton West (Mr. Wilton) should have raised his point of order at that time if he thought the speaker was out of order.

Mr. BENNETT: It is the duty of the chair to do that.

Mr. SPENCE: It was your duty to stop him.

The CHAIRMAN: Order. As I heard the remarks of the hon. member for Témiscouata, he did not apply them to any hon. member.

Mr. BENNETT: Oh, yes, he did, he named the member.

The CHAIRMAN: Not according to the way I heard it. Had he applied his remarks to any hon. member I would have immediately called him to order.

Mr. WILTON: May I explain—

Mr. POULIOT: I rise to a point of order.

The CHAIRMAN: The hon. member for Hamilton West has the floor if he is rising to another point of order.

Mr. WILTON: On another point of order. What I want to point out is that at the time the remark was made it was made in reply to a remark of the hon. member for St. Lawrence-St. George. After that hon. member had spoken, the hon. member for Témiscouata (Mr. Pouliot) directed his remark to the hon. member for St. Lawrence-St. George.

Some hon. MEMBERS: Order.

The CHAIRMAN: That is not a point of order.

Mr. POULIOT: I suggest to the hon. member for Hamilton West that he read the rules of the house, first learning to read.

Mr. SPENCE: The hon. member should try to get some manners.

An hon. MEMBER: What is the limit in this house?

Mr. POULIOT: I have regard for the rules of the house, but whenever I say anything it hurts and we hear others—

The CHAIRMAN: Order. Will the hon. member take his seat.

Mr. POULIOT: Yes, sir.

The CHAIRMAN: I quote standing order 41, concerning decorum in debate:

> No member shall speak disrespectfully of His Majesty, nor of any of the royal family; nor of the governor or person administering the government of Canada; nor use offensive words against either house, or against any member thereof. No member may reflect upon any vote of the house, except for the purpose of moving that such vote be rescinded.

I direct the hon. member's attention particularly to these words:

> —nor use offensive words against either house, or against any member thereof.

I would ask him to withdraw the last remark he made just prior to my reading this rule.

[Mr. Spence.]

Mr. POULIOT: Surely, I shall withdraw anything that is not in accordance with the rules of the house, and may I say it is not my remarks that may hurt some members; it is the truth.

Mr. CAHAN: On a point of privilege. The hon. member, as nearly as I could understand him, replied that what he said was true even though objection was taken to it. I say to you, Mr. Chairman, that the attitude and the conduct of the hon. gentleman, proceeding from day to day, are such that hon. members, in order to vindicate their personal integrity, will have to exercise their rights by force outside the chamber. If the hon. gentleman is to continue to make his insinuations against the moral character and the integrity of members of the former administration, I certainly say here and now that I would rather leave this chamber forever than submit to the personal taunts and the inaccurate statements of the hon. member for Témiscouata. It has come to the stage that, if he is to proceed in this manner, members can no longer tolerate it, and members will not tolerate it even if they have to resort to physical force.

Mr. POULIOT: Sir, I fear only God, and the hon. member for St. Lawrence-St. George has been dreaming. I say that he has had a nightmare.

171-S. Copy of all correspondence exchanged between the then Prime Minister or the then acting Prime Minister, on one hand, and any bank, banker, railway company or railway officer or official, from December 5, 1933, to October 23, 1935, inclusive, with regard to the dominion guarantee of the C.P.R. loan.

The answer from the Prime Minister's office is, "no information regarding this matter on the files of this office." The list mentioned by the leader of the opposition was published in the report of 1934. What happened to the correspondence which was exchanged between the previous government and the banks and the Canadian Pacific Railway from the time of the sittings of that committee to the time the hon. gentleman left office? Nothing is on record. It is hard to find a list of that correspondence in the book printed a year and a half before the hon. gentleman left office. And now I come to another point; I shall be brief—

Some hon. MEMBERS: Hear, hear.

Mr. POULIOT: —and to the point. This is return 171-Q. It is a direct answer to what the leader of the opposition has just said, that the matter was decided on a long time ago and that the Canadian Pacific Railway

was to refund that money. Possibly it may have been a long time ago, the same as the negotiations with the United States. But when I asked the leader of the opposition whether there had been any draft treaty with the United States under his administration his reply was, nothing of the sort, and nothing of the sort with regard to the complete refunding of the Canadian Pacific Railway loan by the bank and the guarantee by the dominion. This return, 171-Q, June 12, 1936, is as follows:

1. On June 20, 1934, was the Right Hon. R. B. Bennett, then Prime Minister, also acting Minister of Finance and acting Minister of Labour?

The answer is no.

2. If not, who were the minister or the ministers for those departments on that date?

The answer is, the Hon. Mr. Rhodes, Minister of Finance, and the Hon. Mr. Gordon, Minister of Labour.

3. On the same date, did the said Right Hon. R. B. Bennett submit a memorandum to His Excellency the Governor General in Council to recommend that consent be given on behalf of the dominion government to the surrender to the C.P.R. by the banks of one-fifth in the amount of the perpetual consolidated debenture stock of the railway company so held as security by such bank?

The answer is yes.

4. If so, by whom was it signed and on behalf of whom?

The answer is: "Signed by R.B.B. as Prime Minister, and for the Minister of Labour and Minister of Finance." The leader of the opposition was not signing that memorandum in his own capacity; he was signing it also for his colleagues, the Minister of Finance and the Minister of Labour.

5. In the latter case, did the person who signed it have any authority to sign it on behalf of others?
6. If so, what was such authority?

The answer was: "Among the special prerogatives of the Prime Minister is that of making recommendations in any department of the government." That is true; but on the other hand, how is it that the Prime Minister is often appointed acting minister of other departments? The right hon. gentleman, now leader of the opposition, has been at the same time acting Minister of Labour and acting Minister of Finance.

Sir GEORGE PERLEY: No.

Mr. POULIOT: It was in the first special session and he was representing Senator Robertson, who was in the senate; he was at the same time Minister of Finance for more than a year; and I told him in this house that it was the first time the same man was representing capital and labour. He must remember that now, though he said no. His memory is not good; he means well but here his memory is all wrong.

7. Are ministers of the crown allowed to give powers of attorney to any one of their colleagues to act on their behalf in their official capacity as ministers of the crown?

The answer is no.

8. If so, what is the form of such powers of attorney and before whom are they passed?

The same answer, no.

9. Were there any powers of attorney attached to said memorandum?

The answer is no.

10. If so, from whom, to whom, and before whom were they passed?

The same answer, no.

11. Are there any initials on the first page of the said memorandum?

The answer is, yes.

12. If so, what are they and what do they mean?

I asked the hon. gentleman if his letter of May 31, 1933, was initialled by his colleagues. This memorandum bears a signature which is just as good as Stalin's or Mussolini's or other dictators. It is "R.B.B." on the first page of the memorandum.

Mr. BENNETT: Is that parliamentary, Mr. Chairman?

The CHAIRMAN: No; it is not parliamentary and I ask the hon. member to withdraw it. It is offensive.

Mr. POULIOT: Anything offensive I withdraw.

Mr. BAKER: Why keep on doing it?

The CHAIRMAN: The hon. member must withdraw the words which I have ruled are offensive in reference to the leader of the opposition.

Mr. POULIOT: Sir, I abide by your ruling; I cannot do any better. I have forgotten what I said; I cannot repeat the words. I spoke very fast. But I abide by your ruling entirely.

The CHAIRMAN: That is not sufficient; I say to the hon. member that he must withdraw his words.

Mr. POULIOT: If your honour will be kind enough to tell me what I must withdraw I shall withdraw it at once.

The CHAIRMAN: The comparison to dictators. My hon. friend from Témiscouata

knows very well what he said, and he can facilitate the work of the committee if he will keep within the rules and withdraw the remark unqualifiedly.

Mr. POULIOT: I accept your ruling and I withdraw anything not in accordance with the rules of the house.

13. Does it appear on the face of the said memorandum that it has been approved?

The answer is yes.

14. If so, by whom?

The answer given by the government is, "By the Right Hon. R. B. Bennett." This is the answer given by the government.

15. Was there in the form of agreement between the crown and the banks contained in P.C. 2490 of November 28, 1933, any provision to the same effect as the recommendation to council above mentioned in paragraph 3?

That is, with regard to the refunding. This is clear. The right hon. gentleman has said that it has been there for many years. The answer from the government is "no," and the fact is no. Nothing with regard to the refunding. Imagine those business men; they were giving a guarantee on behalf of Canada for a very large amount of money, and according to the answer given by the government, there was no provision for the refunding of it.

16. Did the House of Commons sit on June 20, 1934?

The answer is, "yes." We heard nothing of that, although we were sitting in the House of Commons on that date.

17. On what exact date did the then Prime Minister notify the railway company and the banks that such recommendation had been thus approved?

The answer is, "No information."

18. When was an order in council passed to ratify such recommendation?

Answer, "20th June, 1934." The order in council was passed the same day, but the House of Commons was not notified.

19. When and where was first public notice given of such order in council?

The reply was, "No information." And then a motion:

Copy of all correspondence between the Minister of Railways and Canals, from May 31, 1933, to October 23, 1935, and one or any of the Canadian banks or any railway company, in connection with the guarantee given by the government for the $60,000,000 loan to the Canadian Pacific Railway.

No. 171-D, answer of the Department of Railways and Canals: "No record in this department of any such correspondence."

[The Chairman.]

Now we take the Department of Finance, 171-C:

Copy of all correspondence between the Minister of Finance, from May 31, 1933, to October 23, 1935, and one or any of the Canadian banks or any railway company, in connection with the guarantee given by the government for the $60,000,000 loan to the Canadian Pacific Railway.

171-C. The only letters now on file in the Department of Finance with regard to this $60,000,000 loan until the last government left office are: First, letter from Sir Charles Gordon to Mr. Rhodes, December 9, 1933, sending eight agreements executed in duplicate by the eight banks; second, from Mr. Rhodes to Sir Charles Gordon, December 11, 1933, returning one copy each of the eight agreements which he had executed in duplicate; third, from the same to the same, December 12, 1933; fourth, acknowledgment by Sir Charles Gordon, December 13, 1935.

I tell the right hon. leader of the opposition that, if he had acted in the same fashion as the hon. Minister of Finance did, the letters that were written prior to that would be still on file in the Department of Finance.

Mark you, sir;

In the minutes and records of the privy council, did the signatures of the Honourable E. N. Rhodes, then Minister of Finance, and of the Honourable W. A. Gordon, then Minister of Labour, appear for the first time in matters pertaining to the dominion guarantee of the $60,000,000 C.P.R. loan in memorandum of November 28, 1933, to His Excellency the Governor General in Council, for P.C. 2490?

The answer of the privy council is, in return 171-0 of June 12: "Yes." It was the first time that the signature of the hon. Minister of Finance and the hon. Minister of Labour appeared with regard to that transaction.

Now, sir, there is only one matter left. It is with regard to the refunding of the whole thing. The right hon. leader of the opposition has spoken of "wildly extravagant statements" which were not warranted when I said that it was three days after the Canadian Pacific Railway loan was mentioned in the House of Commons by the member for Témiscouata that the whole amount, which was not then due, was paid by the Canadian Pacific Railway. I hope the right hon. leader of the opposition will open his ear and listen to this. It is on Hansard, June 10:

1. Did order in council P.C. 2490 of November 29, 1933, provide for any date of maturity for the repayment of the whole or any part of the $60,000,000 Canadian Pacific Railway loan which was guaranteed by the dominion government?

Answer: "Yes."

2. If so, what payment was to be made at each date of maturity?

Answer: "$35,000,000 due June 22, 1938, and $25,000,000 due December 1, 1938."

3. Was another arrangement in that connection made on June 20, 1934?

Answer: "Payment was made prior to the maturity dates referred to."

4. If so, what was it?

Answer: "Answered by 3."

5. What payments were made by the Canadian Pacific Railway to the banks (a) on the capital, and (b) on the interest; (1) in 1934, and (2) in 1935?

Answer: "(a) 1934—$12,000,000; 1935—none." It is surprising, because the right hon. gentleman was saying that all the time they mentioned the refunding of that loan, and while $12,000,000, one-fifth of the amount, was paid in 1934, there was nothing, according to the record, paid in 1935, the last year he was Prime Minister. The second question was answered: "No record."

6. Did the president of the Canadian Pacific Railway Company advise the Minister of Finance this year that arrangements had been made to pay off the balance of $36,000,000 on May 1, 1936?

Answer: "Yes." According to what the right hon. gentleman has said, the answer should have been "No."

7. If so, on what date?

Answer: "April 27, 1936." Exactly what I have said. It means that the date the Canadian Pacific Railway loan was mentioned in this house was the very same day the president of that company notified the government that the amount which was due, and even that part which had not yet matured, were to be paid three days later, on May 1. The last question was:

8. Was the Minister of Finance advised by the chartered banks that the principal amount of the loan together with interest thereon, had been paid on May 1st?

Answer: "Yes."

I shall say no more than that. The case is just as complete as it can be. The first time that the signatures of the hon. Minister of Finance and the hon. Minister of Labour appear is on November 28, 1933, on the memorandum, in spite of the fact that the letter of guarantee was given six months before, on May 31, 1933. Not only that. There are three or four letters in the Department of Finance which were written afterwards by the then Minister of Finance; there is no correspondence in the meantime except from the then acting Prime Minister and the Prime Minister himself.

I suffered so much some years ago, when I was called twice to order because I had said to the then Minister of Marine that public letters should not be changed into confidential letters, that I am very much surprised that the hon. member for Calgary West, who made so much fuss about the matter at the time, assumed on his own responsibility to take away with him letters that belonged to the state with regard to a guarantee of $60,000,000. That is all, sir.

Mr. CAHAN: Mr. Chairman, we of this side of the house and all those who form the official opposition have always accepted your rulings, I think, with very great respect indeed. Bill No. 100, which we are now discussing, does in one clause refer to agreements with corporations, but I call your attention to the fact that it says:

> The governor in council may also enter into agreements with corporations, partnerships, or individuals engaged in industry respecting the expansion of industrial employment.

We all know that the guarantee given to the Canadian Pacific Railway had nothing to do with a guarantee respecting the expansion of industrial employment. With that before my eyes, I nevertheless accepted your ruling and did not attempt to appeal therefrom. But I do say this—and I call your attention to it as the chairman of committees and the deputy speaker of this house—that recently certain questionable interjections in this house have become intolerable.

With respect to these questions that have been asked repeatedly with regard to the Canadian Pacific guarantee, every member of this house and every member of the present government who has knowledge of the facts knows that the guarantee was made in good faith; that it was absolutely above suspicion and that the liability has been repaid so that the treasury has not lost a single dollar on that account. I do not know exactly, but it may be and I believe was the case that there was confidential correspondence for a certain period relating to the proposed arrangements to be made with the banks, several of whom were concerned with this guarantee in favour of the Canadian Pacific Railway. Confidential correspondence was carried on for a time with regard to these matters. But when official action was to be taken, a representation would be made by way of recommendation to His Excellency the Governor in Council, and on that recommendation an order in council would be framed and passed. The

order in council which was so framed and passed is the official document completing the transaction, and the hon. member has no right to call for the confidential communications from day to day in which the final basis of the agreement was developed. I venture to say to the Minister of Finance that even since he came into office this time, and certainly when he was in office before, he had necessarily to have confidential correspondence with many persons interested in public affairs before he finally made his recommendations to council dealing with those matters which were definitely embodied in orders of His Excellency the Governor in Council.

Furthermore, Mr. Chairman, if the Prime Minister were here to-night I am sure he would concede that under an order in council which is passed at the inception of each successive administration the Prime Minister, by order of his colleagues, is given certain exceptional prerogative rights.

Mr. BENNETT: Attached to his commission.

Mr. DUNNING: That is so.

Mr. CAHAN: And for sixty years or more that order in council has been regarded as confidential. That order in council has never been brought down in this house, but it is an order in council passed by each government on assuming office, giving more or less in detail a statement of the rights and prerogative privileges which the Prime Minister's colleagues confer upon him. More than that, on one occasion I traced back each successive order in council, I think away back to the time of Sir John A. Macdonald, in order to ascertain certain facts which were important with respect to government action at that time. Each administration, with the exception of a slight difference in wording from time to time as new conditions arose, has followed exactly the same form in respect of that order in council. The Prime Minister, or whoever replied to the hon. gentleman, indicated to him that there was an order in council outstanding, the order in council constituting the Bennett administration, if I may so call it, which authorized the right hon. leader of the government of that day to act on behalf and in the name of his colleagues. It is impossible to carry on government unless some person has such authority in case of the temporary absence of some member of the government. That practice has continued to this day, and I suggest that it is quite improper to take from it any undue inference such as has been drawn by the hon. member for Témiscouata to-night.

[Mr. Cahan.]

Further, Mr. Chairman, I do say that I wish you, as chairman, would again consider and review these proceedings of to-night. I accepted your ruling. I did not appeal from it; I thought it better that we should have this tempest now than at another time. But such proceedings render the position of members of this house utterly intolerable, because they surpass the ordinary decencies of debate. When one becomes a member of this house we assume that he will conform to the ordinary dictates of decency and that he will act in a gentlemanly way, and it is with that in mind—

Mr. POULIOT: I rise to a question of privilege. I strongly object to the language of the hon. member for St. Lawrence-St. George. He is abusing his privileges as a member; he is abusing me, and therefore as a member of this house I strongly protest. The hon. gentleman is also imputing to me motives I never had and language I never used.

Mr. CAHAN: Well, Mr. Chairman, I have only a few more words to add. We rely upon each other, that each will conduct himself as a gentleman in this house. That rule, when observed, ensures pleasant and amicable relations between members not only in the house but outside it. If any member is permitted to abuse our privileges, as I suggest the privileges of members have been abused by the hon. member for Témiscouata to-night, the result will be that members will reluctantly refuse to take part in debates in this house when the hon. member for Témiscouata is present, in order to protect themselves against vehement accusations of the nature which the hon. gentleman brings against other members. Or else we, as individual members, upon leaving this house, will have to resort to physical force in order to compel the hon. gentleman, when he is in the presence of other hon. gentlemen, to respect himself and to respect others with whom he comes into contact.

Mr. MACKENZIE (Vancouver): I have an amendment to section 1, Mr. Chairman, which I move now in order that it may be printed for the next sitting of the committee.

Mr. POULIOT: I strongly protest against the imputations and insinuations of the hon. member for St. Lawrence-St. George, as much a gentleman as he is.

The CHAIRMAN: Order. The amendment moved by the Minister of National Defence is that section 1 be amended by adding after the word "act" in line 20 the following:

as well as the amount for which the province may be obligated by way of loan in con-

nection with the cost of any undertaking for which commitments were made under the Relief Act, 1935, and which may be continued under agreements entered into under authority of this act.

Mr. CHURCH: I do not want to delay the committee for more than two or three minutes, but I should like to speak to something that is relevant to the issue, in regard to agreements between the provinces and the corporations. I am not here to defend what was done by the previous government—

Mr. DUNNING: I wonder if the hon. member would permit me to interrupt for a moment. It is desired to move the committee up in order that a formal motion may be made before eleven o'clock, if my hon. friend would permit that to be done.

Mr. CHURCH: Very well.

Amendment agreed to.

Section as amended stands.

Progress reported.

SUPPLEMENTARY ESTIMATES, 1936-37

A message from His Excellency the Governor General transmitting further supplementary estimates for the financial year ending March 31, 1937, was presented by the Hon. Charles A. Dunning (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

ADJOURNMENT—BUSINESS OF THE HOUSE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, some days ago I gave an undertaking that on or not later than Thursday I would move that the house go into committee of supply in order that we might take up an item which has been reserved in the estimates of the Department of External Affairs, namely the item relating to Geneva, so that we might have a discussion on foreign affairs. I think it would perhaps serve a useful purpose if, at the outset, the discussion took place in a formal way, and if the debate were to be carried for a time at least with His Honour the Speaker in the chair. Subsequently we could go into committee for any detailed information hon. members may wish to have. If hon. members are agreeable to proceeding in that way I would ask for unanimous consent to move that the provision of standing order 28, respecting committee of supply, be suspended for Thursday, June 18 instant, the reason being that on Thursdays Mr. Speaker leaves the chair without question being put. If the motion is carried I would propose to-morrow, before Mr. Speaker leaves the chair, to make a statement of the government's position on matters of external affairs in which I believe hon. members are immediately interested, and we might proceed then with the debate in a formal manner. When the debate has continued for such time as hon. members may deem sufficient, the house could then go into committee and proceed to further discussion by question and answer. I think that procedure would probably prove to be in the interest of all, but my right hon. friend the leader of the opposition may have a different view about it. If so, I should be glad before putting the motion to hear what he has to say.

Right Hon. R. B. BENNETT (Leader of the Opposition): I am bound to say that I do entertain a different view. A motion to go into supply is not made to-morrow, and to suspend that rule for one particular purpose would be wholly improper, in my judgment, and certainly could be done only with the unanimous consent of the house. No notice being given of any such intention, inasmuch as it is an estimate for Geneva that is under consideration, the proper place for its consideration is in committee of supply when the chairman of committees is in the chair. I am sorry I do not see it as the right hon. gentleman has mentioned, but I conceive the proper manner to deal with it is the manner I have indicated, and not in the manner he has suggested.

Mr. MACKENZIE KING: Of course that settles the matter.

Mr. BENNETT: It is a difference of opinion; that is all.

Mr. MACKENZIE KING: It requires unanimous consent. I had thought that by following the course I have suggested our discussion, having regard to the importance of the matters likely to be discussed, might be carried on in a more dignified and befitting manner than would otherwise be possible. However, I shall carry out the undertaking given, namely that to-morrow we would proceed in committee of supply with the consideration of the item concerning Geneva, at which time matters relating to external affairs may be discussed.

The government will be prepared to consider morning sittings any time hon. members may feel they would care to have them begin. But in this I do not wish to suggest a course which would not be wholly acceptable to my right hon. friend the leader of the opposition or to any other hon. members of the house.