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# SESSIONAL PAPERS

VOLUME 7

THIRD SESSION OF THE FOURTEENTH PARLIAMENT

OF THE

DOMINION OF CANADA

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SESSION 1924



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VOLUME LX



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4. Shipping Report of the Department of Customs and Excise, containing the Statements of Navigation and shipping of the Dominion of Canada for the fiscal year ended March 31, 1923. Presented March 3, 1924.  
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6. Annual Report of the Trade of Canada (Imports for Consumption and Exports), for the fiscal year ended March 31, 1923. Not presented.  
*Printed for distribution and sessional papers.*

### CONTENTS OF VOLUME 4

8. Annual Report of the Weights and Measures, Electricity and Gas Inspection Services of the Department of Trade and Commerce for the fiscal year ending March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
9. Report of the Commissioner of Patents for the fiscal year ending March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
10. Annual Report of the Dominion Statistician, for the fiscal year ended March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
11. Report of the Board of Grain Commissioners for Canada, for the crop year ended August 31, 1923. Presented May 13, 1924.....*Printed for distribution.*
12. Annual Report of the Department of the Interior, for the fiscal year ended March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
13. Annual Report of the Department of Immigration and Colonization, for the fiscal year ended March 31, 1923. Presented March 3, 1924.  
*Printed for distribution and sessional papers.*
14. Annual Report of the Department of Indian Affairs, for the year ended March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
15. Annual Report of the Department of Mines for the fiscal year ended March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*

### CONTENTS OF VOLUME 4—*Concluded*

16. Report of the Minister of Agriculture for the Dominion of Canada, for the year ended March 31, 1923. Presented March 3, 1924.  
*Printed for distribution and sessional papers.*
17. Report of the Department of National Defence, for the fiscal year ending March 31, 1923—Militia Service. Presented March 3, 1924.  
*Printed for distribution and sessional papers.*
- 17a. Report of the Department of National Defence, for the fiscal year ending March 31, 1923—Naval Service. Presented March 3, 1924.  
*Printed for distribution and sessional papers.*
18. Report of the work of the Department of Soldiers' Civil Re-establishment, for the year ending December 31, 1923. Presented March 17, 1924.  
*Printed for distribution and sessional papers.*
19. Report of the Department of Health, for the fiscal year ended March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
20. Report of the Superintendent of Penitentiaries, for the fiscal year ended March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
21. Report of the Royal Canadian Mounted Police for the year ended September 30, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*

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22. Report of the Secretary of State of Canada, for the year ended March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
23. Report of the Public Archives for the year 1923. Presented July 2, 1924.  
*Printed for distribution and sessional papers.*
24. Fifteenth Annual Report of the Civil Service Commission of Canada for the year ended December 31, 1923. Presented July 3, 1924.  
*Printed for distribution and sessional papers.*
25. Report of the Secretary of State for External Affairs for the year ended March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
26. Report of the Department of Labour for the fiscal year ended March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*

### CONTENTS OF VOLUME 6

27. Annual Report of the Department of Public Printing and Stationery for the fiscal year ended March 31, 1923. Presented March 3, 1924.  
*Printed for distribution and sessional papers.*
28. Fifty-sixth Annual Report of the Department of Marine and Fisheries, for the year 1922-23—Marine. Presented March 4, 1924.  
*Printed for distribution and sessional papers.*
29. Fifty-sixth Annual Report of the Fisheries Branch of the Department of Marine and Fisheries, for the year 1922-23. Presented March 4, 1924.  
*Printed for distribution and sessional papers.*
30. Report of the Postmaster General for the year ended March 31, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
31. Report of the Minister of Public Works on the works under his control, for the fiscal year ended March 31, 1923. Presented March 3, 1924.  
*Printed for distribution and sessional papers.*
32. Annual Report of the Department of Railways and Canals, for the fiscal year from April 1, 1922, to March 31, 1923. Presented March 7, 1924.  
*Printed for distribution and sessional papers.*



### CONTENTS OF VOLUME 6—*Concluded*

33. Nineteenth Annual Report of the Board of Railway Commissioners for Canada, for the year ended December 31, 1923. Presented (manuscript) March 10, 1924.  
*Printed for distribution and sessional papers.*
34. Report of the Chief Electoral Officer for 1923. Presented February 28, 1924.  
*Not printed.*
- 34a. Report on By-Elections for the House of Commons of Canada, held during the year 1923, Presented February 28, 1924.....*Printed for distribution and sessional papers.*

### CONTENTS OF VOLUME 7

35. Report of the Canadian Delegates to the Fourth Assembly of the League of Nations, Geneva, September 3 to 29, 1923. Presented March 3, 1924.  
*Printed for distribution and sessional papers.*
36. Record of Proceedings and Documents, Imperial Economic Conference of representatives of Great Britain, The Dominions, India, and the Colonies and Protectorates, held in October and November, 1923. Presented March 3, 1924.  
*Printed for distribution and sessional papers.*
- 36a. Summary of Conclusions, Imperial Economic Conference, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
37. Summary of Proceedings of the Imperial Conference, 1923. Presented March 3, 1924.  
*Printed for distribution and sessional papers.*
- 37a. Appendices to the Summary of Proceedings, Imperial Conference, 1923. Presented March 3, 1924.....*Printed for distribution and sessional papers.*
38. *Appendix to the Report of the Joint Librarians of Parliament for 1923.* Presented February 28, 1924.....*Not printed.*
39. Report of Commission appointed under Order in Council P.C. 1929, September 22, 1923, to enquire into the Industrial unrest among the Steel Workers at Sydney, N.S. Presented February 28, 1924.....*Presented in printed form.*
40. Copy of the Copyright Rules and Forms, 1924, adopted under the authority of the Copyright Act, 1921, as amended, 1923. Presented February 28, 1924,  
*Presented in printed form.*
41. Copy of Order in Council, P.C. 22, dated 9th January, 1924, providing for the administration of the Patent Act and the Copyright Act, by the Minister of Trade and Commerce; and confirming the appointment of G. F. O'Halloran, as Commissioner of Patents. Presented February 28, 1924.....*Not printed.*
42. Report of the Director of Dominion Experimental Farms for the fiscal year ended March 31, 1923. Presented February 28, 1924.....*Presented in printed form.*
43. Regulations under "The Destructive Insect and Pest Act." pursuant to Section 9, Chapter 31 of 9-10 Edward VII. Presented February 28, 1924.....*Not printed.*
44. Report on "The Agricultural Instruction Act," 1922-23, pursuant to Section 8, Chapter 5 of 3-4 George V. Presented February 28, 1924.....*Not printed.*
45. Report of the proceedings of the Commissioners of Internal Economy of the House of Commons for 1923, pursuant to Rule 9. Presented March 3, 1924....*Not printed.*
46. Correspondence between the Honourable Sir Lomer Gouin, K.C.M.G., M.P., and the Prime Minister concerning the former's resignation as Minister of Justice. Presented March 3, 1924.....*Not printed.*
47. Copies of the Imperial print containing the recent Treaty of Peace with Turkey, and other instruments, signed at Lausanne on the 24th July, 1923, together with the Agreements between Greece and Turkey signed on January 30, 1923, and Subsidiary Documents forming part of the Turkish Peace Settlement. Presented March 3, 1924.  
*Presented in printed form.*

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### CONTENTS OF VOLUME 7—*Continued*

48. Copy of Convention between the United Kingdom, France, Italy and Japan relative to the Assessment and Reparation of Damage suffered in Turkey by the Nationals of the Contracting Powers, together with Protocol providing for Signature by Roumania, signed at Paris, November 23, 1923. Presented March 3, 1924.  
*Presented in printed form.*
49. Copy of a Convention between His Majesty the King and the President of the United States of America, dated 23rd January, 1924, in connection with the laws in force in the United States on the subject of alcoholic beverages. Presented March 3, 1924.  
*Not printed.*
50. Rules adopted by the various provinces, relating to appeals against convictions or sentences, under the provisions of the Criminal Code of Canada. Presented March 3 and 10.....*Not printed.*
- 50a. Copy of Further Rules of the Court of Appeal for Manitoba, respecting the granting of Bail upon appeals from convictions on indictments. Presented April 4, 1924.  
*Not printed.*
- 50b. Rules adopted by the province of Saskatchewan relating to appeals against convictions or sentences, under the provisions of the Criminal Code of Canada. Presented April 29, 1924.....*Not printed.*
51. Copy of Order in Council, P.C. 1694, dated 25th August, 1923; Amendments and additions to the General Rules under the Bankruptcy Act. Presented March 3, 1924.  
*Not printed.*
52. Second Report of the Soldier Settlement Board on its activities and operations from April 1, 1921, to March 31, 1923. Presented March 3, 1924. *Presented in printed form.*
- 52a. Return to an Order of the House of the 20th March, 1924, for a Return showing: 1. The total cost of administration of the Soldier Settlement Board, in each year since the institution of the Board. 2. The estimated total amount of interest which has been rebated or will be rebated to settlers under the Act of 1922. 3. The total number of employees each year since the formation of the Board. 4. How many loans have been made in each province in each year by the Board. 5. The total amount due by settlers in each province in each year. 6. The total amount paid by soldier settlers in each province in each year. 7. In how many cases the Board purchased lands for the settler. 8. On what terms these lands were sold to soldier settlers. 9. In how many of these cases the settler has abandoned his farm. 10. How much land has been purchased by the Board in each province, and for how many settlers in each province, and the total price paid for same. 11. Amount loaned in each province for purchase of stock and equipment, and the average loan for each settler for this purpose, in each province. 12. The total number of salvage cases in each province, and the total amount owing to the Board under such cases at the time of salvage or abandonment: (a) for stock and equipment, (b) for lands. 13. Amount previously paid to the Board in such cases by soldier settlers. 14. Amount of salvage lands resold, and the total sales price of these lands. 15. Value of the land still held by the Board at the purchase price. 16. Amount received from the sale of stock and equipment in salvaged cases. 17. In how many cases auction sales have been held for land or equipment of soldier settlers. 18. On what terms salvaged lands are being sold to the public. 19. How many soldier settlers are now in arrears on their payments, and the total amount of such arrears. 20. Amount of future payments due to the Board: (a) by soldier settlers; (b) by civilians. 21. Total amount now held in the Soldier Land Settlement Assurance Fund. Presented May 6, 1924. Mr. Coote.....*Not printed.*
- 52b. Return to an Order of the Senate dated May 8, 1924, for a Return showing: 1. The number of settlers under the Soldier Settlement Scheme that have abandoned their farms. 2. The cost to the Government for land and equipment in all cases that have been salvaged. 3. What disposition, if any, was made of the land and equipment; if sold, what percentage of the original cost was realized. 4. Number of cases where foreclosure proceedings were instituted by the Government. Presented May 23, 1924. Hon. Mr. Gillis.....*Not printed.*

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### CONTENTS OF VOLUME 7—*Continued*

53. Statement of Governor General's Warrants issued since last session of Parliament on account of 1923-24. Also,—Statement of the Auditor General respecting overrulings by the Treasury Board on decisions of the Auditor General. Presented March 3, 1924. .... *Not printed.*
54. Statement of Expenditure on account of "Miscellaneous Unforeseen Expenses," from the 1st April, 1923, to the 28th February, 1924, in accordance with the Appropriation Act, 1923-24. Presented March 3, 1924.....*Not printed.*
55. Statement of Superannuation and Retiring Allowances in the Civil Service during the year ended 31st December, 1923, under Chap. 17, R.S.C., 1906, showing name, rank, salary, age, service allowance and cause of retirement of each person superannuated or retired, also whether the vacancy has been filled by promotion, or by appointment, and the salary of any new appointee. Presented March 3, 1924.  

*Not printed.*
56. Statement in pursuance of Section 17 of the Civil Service Insurance Act, for the year ending March 31, 1923. Presented March 3, 1924.....*Not printed.*
57. Statement of Returned Soldiers' Insurance, for the year ended 31st March, 1923. Presented March 3, 1924.....*Not printed.*
58. Report of the Superintendent of Insurance of the Dominion of Canada for the year ended December 31, 1922.—Loan and Trust Companies. Presented March 3, 1924.  

*Presented in printed form.*
- 58a. Abstract of Statements of Loan and Trust Companies in Canada, for the year ended 31st December, 1923. Presented May 20, 1924.....*Presented in printed form.*
59. Statement of Receipts and Expenditures of the National Battlefields Commission for the year ended 31st March, 1923. Presented March 3, 1924.....*Not printed.*
60. Lists of Shareholders in the Chartered Banks of the Dominion of Canada as on December 31, 1923, in accordance with section 114, chapter 32, Act of 1923 (The Bank Act). Presented March 3, 1924.....*Not printed.*
61. Lists of Unclaimed Balances, etc., in Canadian Chartered Banks, in accordance with section 114, chapter 32, Act of 1923 (The Bank Act). Presented March 3, 1924.  

*Not printed.*
62. Lists of Shareholders in Quebec Savings Banks, made in accordance with section 58, of chapter 42, Act of 1913 (Quebec Savings Bank Act). Presented March 3, 1924.  

*Not printed.*
63. Lists of Unclaimed Balances etc., in Quebec Savings Banks—made in accordance with section 59 of chapter 42, Act of 1913 (Quebec Savings Bank Act). Presented March 3, 1924.....*Not printed.*
64. Copies of General Orders promulgated to the Militia for the period between February 1, 1923, and February 1, 1924. Presented March 3, 1924. *Presented in printed form.*
65. Appointments, Promotions and Retirements, Canadian Militia and Canadian Expeditionary Force, from February 1, 1923, to February 1, 1924. Presented March 3, 1924. ....*Presented in printed form.*
66. Copies of Militia Orders promulgated between February 1, 1923, and February 1, 1924. Presented March 31, 1924.....*Presented in printed form.*
67. Copies of Orders in Council passed between May 31, 1923, and January 30, 1924, in respect to the Department of National Defence under the provisions of section 47, chapter 43, 9-10 Edward VII (Naval Service). Presented March 3, 1924.  

*Not printed.*
- 67a. Copy of Order in Council, No. P.C. 420, 12th March, 1924, amending Regulations for the Organization and Government of Officers of the Royal Canadian Naval Reserves. Presented June 23, 1924.....*Not printed.*

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- 67b. Copy of Order in Council, P.C. 553, dated 8th April, 1924—amending Par. (1) (c) and (d) of the Regulations for Officers of the Royal Canadian Naval Volunteer Reserve. Presented April 29, 1924.....*Not printed.*
- 67c. Order in Council, P.C. 866, of the 30th May, 1924, authorizing the employment of two additional Petty Officers, Instructors, R.C.N.V.R. Order in Council, P.C. 985 of the 14th June, 1924, recommending the establishment of Regulations to govern the entry of Cadets in the Royal Canadian Navy. Presented June 23, 1924.....*Not printed.*
68. Ordinances of the Yukon Territory passed by the Yukon Council in the year 1923. Presented March 3, 1924 .....*Presented in printed form.*
69. Copy of General Rules and Orders of the Exchequer Court of Canada, in accordance with the provisions of section 87 of the Exchequer Court Act. Presented March 3, 1924 ..... *Presented in printed form.*
70. Detailed statement of Remissions of Customs Duties, Excise Taxes and Sales Taxes and the Refund thereof, under Section 92, Consolidated Revenue and Audit Act, through the Department of Customs and Excise, for the fiscal year ended 31st March, 1923. Presented March 4, 1924.....*Not printed.*
71. Return showing the number of permits granted to take intoxicants into the North West Territories, for the year ended December 31, 1923, in accordance with the provisions of the Revised Statutes, Chapter 62, Section 88. Presented March 3, 1924.....*Not printed.*
72. Return showing all lands sold by the Canadian Pacific Railway Company during the year ended 30th September, 1923, together with the names of the purchasers, in accordance with 49 Victoria, Chapter 9, Section 8. Presented March 3, 1924. ....*Not printed.*
73. Statement showing the number of Enfranchisements under the Indian Act, from 1st April, 1923, to 31st January, 1924. Presented March 3, 1924.....*Not printed.*
74. Report under section 7 of the Reclamation Act, 9-10 George V, showing the drainage works constructed, the area of land reclaimed, the expenditure and money received from the sale or lease of Dominion Lands. Presented March 3, 1924. ....*Not printed.*
75. Supplementary Rules, Regulations and Forms prescribed under the provisions of section 54 of the Irrigation Act. Presented March 3, 1924.....*Not printed.*
76. Return of Orders in Council which have been published in the *Canada Gazette*, between 1st January, 1923, and the 25th January, 1924, in accordance with the provisions of Section 77 of "The Dominion Lands Act," Chapter 20, 7-8 Edward VII. Presented March 3, 1924.....*Presented in printed form.*
77. Return of Orders in Council which have been published in the *Canada Gazette* between the 1st January, 1923, and the 25th January, 1924, in accordance with the provisions of Section 19, Chapter 10, 1-2 George V,— "The Dominion Forest Reserves and Parks Act." Presented March 3, 1924....*Presented in printed form.*
78. Copies of Orders in Council passed between the 1st January, 1923, and the 25th January, 1924, approving of regulations and forms prescribed in accordance with the provisions of Section 4, Chapter 18, 1917, "Migratory Birds Convention Act." Presented March 3, 1924.....*Presented in printed form.*
79. Return of Orders in Council which have been published in the *Canada Gazette* between the 1st January, 1923, and the 25th January, 1924, in accordance with the provisions of Section 5 of "The Dominion Lands Survey Act," Chapter 21, 7-8 Edward VII. Presented March 3, 1924.....*Presented in printed form.*
80. Return of Orders in Council which have been published in the *Canada Gazette* and in the *British Columbia Gazette*, between 1st January, 1923, and the 25th January, 1924, in accordance with provisions of Subsection (d) of Section 38 of the regulations for the survey, administration, disposal and management of Dominion Lands within the 40-mile Railway Belt in the Province of British Columbia. Presented March 3, 1924.....*Presented in printed form.*

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81. Report of the administrative chairman of the Honorary Advisory Council for Scientific and Industrial Research of Canada, for the year ending March 31, 1923. Presented March 3, 1924.....*Presented in printed form.*
- 81a. Financial Statement of the Honorary Advisory Council for Scientific and Industrial Research of Canada, for the year ended March 31, 1923. Presented March 3, 1924.  
*Not printed.*
82. Copy of Rules and Regulations of the Board of Grain Commissioners in respect to Country Elevators.. Presented March 3, 1924.....*Not printed.*
83. Annual Report of the Board of Trustees of the National Gallery of Canada, for the fiscal year ending the 31st March, 1923. Presented March 3, 1924.  
*Presented in printed form.*
84. Report of the Superintendent of Insurance of the Dominion of Canada for the year ended 31st December, 1922—Volume I, Insurance Companies other than Life; Volume II, Life Insurance Companies. Presented March 3, 1924.  
*Presented in printed form.*
85. Authentic text of a Recommendation adopted by the International Labour Conference at its Fifth Session, Geneva, October 22-29, 1923, concerning laws and regulations for the protection of workers. Presented March 3, 1924.  
*Presented in printed form.*
86. Copies of Orders in Council, passed under various Peace Treaties Acts, as follows:—P.C. 521 and P.C. 522, dated 24th March, 1923, *re* appointment of Mrs. J. Caruthers to International Labour Office; P.C. 971, dated 29th May, 1923, *re* appointment of National Group *re* nomination of Judge to Permanent Court of International Justice; P.C. 1313, dated 17th August, 1923, *re* appointment of delegates to League of Nations Assembly; P.C. 1634, dated 17th August, 1923, *re* appointment of delegates to International Labour Conference; P.C. 1847, dated 12th September, 1923, *re* appointment of R. H. Coats, F.R.S.C., to International Labour Conference; P.C. 2042, dated 6th October, 1923, *re* appointment of delegates to International Labour Conference; P.C. 2477 and P.C. 2478, dated 22nd December, 1923, *re* appointment of Philippe Roy to International Labour Conference. Presented March 3, 1924.....*Not printed.*
87. Copy of the Radiotelegraph Act and Regulations issued thereunder, together with an amendment to subsection 7 of the Regulations—Amateur Experimental Station license fees. Presented March 4, 1924.....*Not printed.*
- 87a. Amendment to Radiotelegraph Regulation No. 1, Subsections 6 and 10—Broadcasting Licenses. Presented March 21, 1924.....*Not printed.*
- 87b. Radiotelegraph regulation No. 104 (c), amending regulation No. 104. Presented (Senate) July 19, 1924.....*Not printed.*
88. Return of leases of wharves, piers and breakwaters for the year 1923. Presented March 4, 1924.....*Not printed.*
89. Return of tolls and dues of Government harbours, for the year 1923. Presented March 4, 1924.....*Not printed.*
90. Detailed statement of all bonds or securities registered in the Department of the Secretary of State of Canada, since last return, submitted to the Parliament of Canada under section 32 of Chapter 19, of the Revised Statutes of Canada, 1906. Presented March 11, 1924.....*Not printed.*
91. Report of retirements under the Public Service Act, 1920, as amended, 1921, 1922 and 1923, authorized by Orders in Council passed from January 1 to December 31, 1923. Presented March 11, 1924.....*Not printed.*
92. List of Leases, Licenses, Permits or other authorities cancelled under the provisions of Section 3, Chapter 21, of the Statutes of 1922. An Act respecting Notices of Cancellation of Leases of Dominion Lands. Presented March 11, 1924.....*Not printed.*
93. Return in connection with Reclamation Act Regulations, under the provisions of Section 5, Chapter 5, Statutes of 1919. Presented March 11, 1924.....*Not printed.*



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94. Return in connection with Railway Belt Water Act, under provisions of Section 4, Chapter 45, Statutes of 1913. Presented March 11, 1924.....*Not printed.*
95. Return in connection with the Regulations respecting Indians under the provisions of Section 170, Chapter 81, of the Revised Statutes. Presented March 11, 1924.  
*Not printed.*
96. Return in connection with Remissions on Sales of Indian lands under the provisions of Section 88, Chapter 81, of the Revised Statutes. Presented March 11, 1924.  
*Not printed.*
97. Report of the Ottawa Improvement Commission for the fiscal year ended March 31, 1923. Presented March 13, 1924.....*Not printed.*
98. Statement of the Receipts and Expenditures of the Royal Society of Canada, for the year ended April 30, 1923. Presented March 13, 1924.....*Not printed.*
99. Report of the Royal Commission appointed to investigate into all circumstances relating to payments made by the Grand Trunk Railway Company to its officers, directors, etc., together with a copy of the evidence taken in respect thereto; also copy of Exhibits. Presented March 17 and 20, 1924.....*Not printed.*
100. Copy of amended Order in Council P.C. 412, of March 17, 1924, providing for an investigation into the failure of the Home Bank of Canada. Presented March 17, 1924.....*Not printed.*
- 100a. Copy of Order in Council P.C. 306, of February 23, 1924, providing for an investigation into the failure of the Home Bank of Canada. Presented March 24, 1924.  
*Not printed.*
- 100b. Copy of a Petition signed by the Executive Committee of the depositors in the Home Bank of Canada, presented to the Governor General in Council, asking for full indemnity against loss suffered by reason of the failure of the said Bank, dated 23rd day of January, 1924. Presented March 27, 1924.....*Not printed.*
- 100c. Return to an Order of the House of the 2nd April, 1924, for a copy of all correspondence, petitions, telegrams and documents exchanged between the Government or any member thereof or any government official and the Management or any of the Directors of the Home Bank since January 1, 1922. Presented April 28, 1924. Sir Henry Drayton.....*Not printed.*
- 100d. Interim Report of the Royal Commission appointed to investigate the failure of the Home Bank of Canada. Presented June 11, 1924.  
*Printed for distribution to Senators and Members, and Sessional Papers.*
101. Copy of Correspondence exchanged between the Government of Canada and the United States of America in connection with the St. Lawrence Waterway Project. Presented March 17, 1924.....*Not printed.*
- 101a. Return to an Address to His Excellency the Governor General of the 19th March, 1924, for a copy of all correspondence exchanged between the Government of Canada and that of the United States regarding the carrying out of the joint International report relating to the St. Lawrence Waterway. Presented April 1, 1924. Mr. Church.....*Not printed.*
- 101b. Return to an Address to His Excellency the Governor General of the 24th March, 1924, praying that he will cause to be laid before the House a copy of all memoranda, correspondence, telegrams and other documents exchanged between the Government of Canada or any of its members and other governments, corporations or individuals, since the first day of January, 1922, relating to the St. Lawrence Waterway Route, and the establishment of dams on the St. Lawrence for the development of certain water-powers. Presented April 1, 1924. Mr. Archambault.  
*Not printed.*
- 101c, 101d. Supplementary Returns to an Address to His Excellency the Governor General of the 24th March, 1924, praying that he will cause to be laid before the House a copy of all memoranda, correspondence, telegrams and other documents exchanged between the Government of Canada or any of its members and other

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- governments, corporations or individuals, since the first day of January, 1922, relating to the St. Lawrence Waterway Route, and the establishment of dams on the St. Lawrence for the development of certain water-powers. Presented April 28, May 5, 1924. Mr. Archambault.  
*Printed for distribution to Senators and Members and Sessional Papers.*
- 101e. Further correspondence between Canada and the United States of America respecting the St. Lawrence Waterway Project—Appointment of a Joint Engineering Board. Presented May 9, 1924.  
*Printed for distribution to Senators and Members and Sessional Papers.*
- 101f. Copy of Order in Council, P.C. 779, dated 7th May, 1924, constituting a Canadian National Advisory Committee to consider generally whether or not the St. Lawrence Waterway project would, if completed, be beneficial to Canada. Presented May 9, 1924.  
*Printed for distribution to Senators and Members and Sessional Papers.*
- 101g. Copy of Order in Council, P.C. 778, dated 7th May, 1924, appointing Duncan W. McLachlan, Olivier Odilon Lefebvre and Brigadier General Charles Hamilton Mitchell, to act on a Joint Board of Engineers respecting the improvement of the St. Lawrence Waterway. Presented May 9, 1924.  
*Printed for distribution to Senators and Members and Sessional Papers.*
102. Return to an Order of the House of the 24th April, 1922, for a return showing: 1. Whether an inventory was taken of all war material furnished to the British Government by Canada, when the late war was declared. 2. Nature of such shipments, and on what date they were shipped. 3. Whether this war material was paid for in kind or was it paid for in money. 4. Dates of these payments and their nature. Presented March 19, 1924. Mr. Vien..... *Not printed.*
103. Supplementary return to an Order of the House of the 19th February, 1923, for a Return showing: 1. Names of the Government employes, temporary or permanent, employed in the city and district of Quebec who have been dismissed between October 15, 1911, and December 25, 1921. 2. Names of those dismissed following an inquiry. 3. Names of those dismissed without an inquiry. 4. How many of these employes have been reinstated, and on what dates. Presented March 19, 1924. Mr. Cannon ..... *Not printed.*
104. Supplementary Return to an Order of the House of the 5th April, 1922, for a Return showing in detail the amount of money paid by the Government of Canada or any department thereof, to barristers and solicitors of the Supreme Court of Nova Scotia, between the 1st day of October, 1911, and the 30th day of January, 1922, both inclusive, for professional or other services. Also a copy of all bills of costs, expenses and charges of every kind rendered by said barristers and solicitors to the Government, showing the amount or amounts paid in each instance. Also showing the names of barristers and solicitors employed during the aforesaid period, the work performed and the amount paid for every item of said work to each of said barristers and solicitors. Presented March 19, 1924. Mr. Martell..... *Not printed.*
105. Supplementary Return to an Order of the House of the 9th May, 1923, for a copy of all correspondence, telegrams or other communications passing during the summer or fall of 1922 between the Dominion Government or any of its ministers or representatives and the Dominion Marine Association or any of its agents or representatives, or of any other person or persons whatsoever, in any way relating to the abrogation or suspension of the Dominion Coastal Shipping Regulations, or in any way relating to the grain congestion at lake ports or Montreal, or to the alleged combine, or the imposition of exorbitant rates by shipping interests engaged in the grain trade. Presented March 19, 1924. Mr. Coote..... *Not printed.*
106. Return to an Order of the House of the 11th June, 1923, for a copy of all communications in connection with the prohibition of American vessels purchasing bait from netters and trap owners in the Maritime Provinces. Presented March 19, 1924. Mr. Forke..... *Not printed.*

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107. Return to an Address to His Excellency the Governor General of the 11th April, 1923, for a copy of all letters, papers, telegrams, Orders in Council and other documents dealing with and relating to the abolition of the office or position of Police or Stipendiary Magistrate in the Rocky Mountains Park of Canada and dealing with and relating to the dismissal of B. W. Collison, Esq., of Banff, Alberta, from said office or position. Presented March 19, 1924. Mr. Shaw.....*Not printed.*
108. Return to an Order of the House of the 21st February, 1923, for a copy of all papers, letters, correspondence, memoranda, reports, and other documents, relating to an application made during 1922 by the Calgary Power Company for additional power rights and privileges in the Banff National Park. Presented March 19, 1924. Mr. Shaw.....*Not printed.*
109. Return to an Order of the House of the 21st February, 1923, for a copy of all papers, memoranda, correspondence, reports and other documents of all kinds, relating to the discovery of the "Cave and Basin" and the "Hot Springs" at Banff, Alberta, and relating to the acquisition of said properties by the Dominion Government and the payment therefor. Presented March 19, 1924. Mr. Shaw.....*Not printed.*
110. Return to an Order of the House of the 7th May, 1923, for a copy of all letters, telegrams, petitions, memorandums, correspondence, reports of investigations, and other documents which have been received by the Department of Marine and Fisheries since 1920 concerning the sardine herring fishery in New Brunswick, particularly any matter with reference to the sale and price of said fish. Presented March 19, 1924. Mr. Duff.....*Not printed.*
111. Copy of correspondence between the Prime Minister of Canada and Members of the British Government in respect to the subject of proposed preferential duties put forward by the Government of Great Britain at the meeting of the Imperial Economic Conference, 1923. Presented March 19, 1924.  
*Printed for distribution to Senators and Members.*
112. Memorandum received by the Prime Minister of Canada from Sir Robert Sanders, Minister of Agriculture for Great Britain, and the reply of the Prime Minister to Sir Robert Sanders, on the subject of Cattle Embargo. Presented March 19, 1924.  
*Printed for distribution to Senators and Members.*
113. Correspondence between the Japanese and Canadian Governments in respect to Japanese immigration. Presented March 19, 1924. ....*Not printed.*
114. Estimates of sums required for the service of the Dominion for the year ending on the 31st March, 1925. Presented March 19, 1924,..... *Presented in printed form.*
- 114a. Supplementary Estimates of sums required for the service of the Dominion for the year ending on the 31st March, 1925. Presented July 7, 1924  
*Presented in printed form.*
115. Copy of Order in Council P.C. 301, dated 23rd February, 1921, appointing a Board of Audit, under the provisions of The Board of Audit Act, 1923, the said Board to consist of the Auditor General, the Deputy Minister of Finance, George Edwards, Esquire, of the firm of Edwards, Morgan and Company, Toronto, and W. Garth Thomson, Esquire, of the firm of Marwick, Mitchell and Company, Montreal; and Extending the powers of the Board. Presented March 20, 1924.....*Not printed.*
116. Return to an Order of the House of the 19th March, 1924, for a Return showing: 1. The respective quantities, values and amount of duty collected, on the importations of calf and cattle skins, also the quantity and value of calf and cattle skins exported from Canada during the years ending March 31, 1920, 1921, 1922 and 1923. 2. The respective quantities, values and duty collected on eggs imported, also the quantity and value of eggs exported from Canada, during the years ending March 31, 1920, 1921, 1922 and 1923. 3. The respective quantities, values and duty collected on butter imported during the years above mentioned, also the quantity and value of butter exported. 4. The respective quantities, value and duty collected on the imports of pork and pork products such as fresh, salted and cured bacon and hams, lard, etc., also the exports of same for the years 1920, 1921, 1922 and 1923. 5. The respective quantities, values and duty collected on imports of oleomargarine for



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- the years 1920, 1921, 1922 and 1923. 6. The respective quantities, values and duty collected on imports of material used in the manufacture of oleomargarine for 1920, 1921, 1922 and 1923. 7. The quantities and values of the exports of oleomargarine for the years 1920, 1921, 1922 and 1923. Presented March 20, 1924. Mr. Sutherland. ....*Not printed.*
117. Return to an Order of the House of the 7th May, 1923, for a Return showing: 1. Whether a certain number of officials of the Immigration Department of New Brunswick or elsewhere were transferred, last spring, to the Immigration Department at the Port of Quebec. If so, whether they understood and spoke the French language. 2. Whether it is the intention of the Immigration Department to transfer said staff this year. 3. Whether complaints were made by French-speaking immigrants and citizens, that a great number of said staff could not speak or understand the French language. 4. Salary paid to each of the said officials and employees for the immigration season. 5. How much is allowed to each for their expenses. 6. Salary paid to citizens of Quebec, who occupy similar positions to the ones occupied by these strangers transferred to Quebec. 7. Whether Mr. Joseph H. Byrne, caterer for the Immigration Department at Quebec, by virtue of a certain clause in his contract recently agreed upon with the Immigration Department, can employ French Canadians who do not speak English fluently. 8. Whether said Mr. Joseph H. Byrne, under his contract recently agreed upon with the Immigration Department, can offer for sale without special authorization, all products made by manufacturers of the city of Quebec. Presented March 21, 1924. Mr. Lavigneur. ....*Not printed.*
118. Return to an Order of the House of the 5th March, 1923, for a copy of all agreements entered into between the Government and any party relating to maintenance and operation of water storage dams on Ottawa River and tributaries, surveys in connection therewith and settlement of land damages. Presented March 21, 1924. Mr. Parent. ....*Not printed.*
119. Copy of contracts between the Dominion Government and the P. Lyall & Sons Construction Company, Limited, for the reconstruction of the Parliament Buildings made on the 29th day of September, 1916, and the 28th day of June, 1923. Presented March 24, 1924. ....*Not printed.*
- 119a. Copy of Order in Council, P.C. 567, dated 29th March, 1923, providing additional compensation for the architects of the new Parliament Building, Messrs. Pearson and Marchand. Presented March 24, 1924. ....*Not printed.*
- 119b. Copy of correspondence and agreement with the architects, Messrs. Pearson and Marchand, respecting the completion of the work on the new Parliament Building, Ottawa. Presented March 26, 1924. ....*Not printed.*
120. Return to an Order of the House of the 20th March, 1924, for a Return showing: 1. Number of steamship companies receiving subsidies from the Government. 2. Names of these companies. 3. Amount of subsidy paid to each. 4. Under what conditions these subsidies are paid. Presented March 25, 1924. Mr. Woodworth. ....*Not printed.*
121. Return to an Address to His Excellency the Governor General of the 19th March, 1924, for a copy of all regulations and conditions passed by the Governor in Council under Section 11, Chapter 13 of the Statutes of 1919, being The Canadian National Railway Act, since the 21st of February, 1923. Presented March 26, 1924. Mr. MacLaren. ....*Not printed.*
- 122, 122a. Return and Supplementary Return to an Order of the House of the 19th March, 1924, for a copy of all correspondence, letters and other documents in the possession of the Government in connection with a claim held by the Government, against R. Denovan, of Yorkton, Sask., which claim covers a number of fines collected by him in his capacity as a Justice of the Peace in the province of Saskatchewan. Presented March 26, May 21, 1924. Mr. Campbell. ....*Not printed.*
123. Copy of correspondence between the Prime Minister and the High Commissioner and other officials of the Government, respecting the purchase of the Union Club Building, Trafalgar Square, London, England, as a Canadian Headquarters in London; also memorandum *re* new premises; also agreement *re* purchase of the same. Presented March 26, 1924. ....*Not printed.*

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- 123a.** Copy of further correspondence between the Prime Minister and the High Commissioner, respecting the purchase of a building as a Canadian Government Headquarters in London, England. Presented March 26, 1924.....*Not printed.*
- 124.** Return to an Order of the House of the 19th March, 1924, for a Return showing: 1. What are (a) the dates of each and every trip of each respective member of the Federal Appeal Board; (b) the names of the cities and towns travelled to on each trip; (c) the Commissioner's and Secretarial Staff's travelling expenses on each trip; and (d) the names and regimental numbers of the soldiers whose appeals were heard on each trip. 2. Total travelling expenses of each respective member of the said Federal Appeal Board from the date of appointment to March 15, 1924, inclusive. 3. Number of appeal cases heard by each of said Commissioners. 4. How many cases (a) have been heard by a one man board; and (b) how many decisions of the Board of Pension Commissioners and Soldiers Civil Re-establishment have been reversed by a one man board. 5. How many of the decisions of the one man boards have been re-appealed by the applicants, the Board of Pension Commissioners or the Soldiers Civil Re-establishment. Presented March 27, 1924. Mr. Bowen. ....*Not printed.*
- 124a.** Return to an Order of the House of the 19th March, 1924, for a Return showing: 1. Names of the members of the Federal Appeal Board, and the date of their appointment. 2. Expenses for moving household effects of the members of the Federal Appeal Board paid by the Government. 3. Amounts of these expenses for each respective member. 4. Amounts of travelling allowance per day of the members of the said Board. 5. Names, salaries and duties of the personnel on the staff of the said Board. 6. Total expenditure for the members of the Board and their staff, from the date of appointment to March 15, 1924, inclusive. This expenditure to include salaries of the Members and staff, office rent, office furniture, heat, light, travelling expenses, railway warrants, and personal equipment. Presented March 27, 1924. Mr. Simpson. ....*Not printed.*
- 124b.** Return to an Order of the House of the 20th March, 1924, for a Return showing: The war record in Canada, in England and in France, of each of the members of the Federal Appeal Board appointed by the present Government. Presented March 28, 1924. Mr. Ross (Kingston).....*Not printed.*
- 125.** Return to an Order of the House of the 26th March, 1924, for a Return showing: 1. The amounts paid by the various departments of the Federal Government for legal services in the province of Alberta, from the 1st January, 1922, to the 1st of March, 1924. 2. The names of the lawyers or firms of lawyers to whom payments have been made and the amount paid to each. Presented March 27, 1924. Mr. Gardiner. .... *Not printed.*
- 126.** Return to an Order of the House of the 20th March, 1924, for a Return showing: 1. Amount of velvets, velveteens, silk velvet and plush not over 24 inches in width and silk fabrics not over 26 inches in width imported into Canada per month during the months of October, November and December, 1923, and January, 1924, (a) from all countries and (b) from France, Italy and each of the other countries receiving "most favoured nation treatment." 2. Amount of velvets, velveteens, silk velvets and plush over 24 inches in width and silk fabrics over 26 inches in width imported into Canada per month during the same period, (a) from all countries and (b) from France, Italy and each of the other countries receiving "most favoured nation treatment." Presented March 31, 1924. Mr. Ryckman.....*Not printed.*
- 127.** Copy of Order in Council, P.C. 530, dated 29th March, 1924, directing the Civil Service Commission, in conjunction with the Board of Audit and deputy heads of departments, to immediately undertake a revision of the salaries of the Civil Service of Canada; also copy of a Report of a sub-committee of the Privy Council having under consideration the question of hours, holidays and kindred subjects. Presented April 1, 1924.....*Not printed.*
- 128.** Return to an Order of the House of the 19th March, 1924, for a Return showing: 1. The terms of the contract for cartage for the Fort Osborne Barracks, Military District No. 10, Winnipeg. 2. The name and address of the contractor. 3. Term of the contract. 4. The rate per hour for half, one, one and a half, two and three ton motor trucks, and the rate per hour for teams. Presented April 1, 1924. Mr. Woodsworth. ....*Not printed.*

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129. Return to an Order of the Senate, dated June 27, 1922, for a return showing: 1. What classes of persons, other than employees of the railways and persons entitled under the Pension Act, Chapter 43 of 1919, are receiving or are entitled to receive pensions or superannuation allowances payable by the Government of Canada. 2. In what cases, if any, do persons entitled to such pensions or superannuation allowances contribute to the same, and in what proportions do they respectively contribute. 3. Under what Statutes and Orders in Council are such pensions and superannuation allowances respectively authorized and regulated. Presented April 1, 1924. Hon. Mr. Tanner..... *Not printed.*
- 130, 130a. Return and supplementary return to an Order of the House of the 24th March, 1924, for a copy of all correspondence, letters, telegrams, engineering reports, estimates of cost and other documents relative to the proposed Railway Branch Line between Buctonche and Richibucto, in the County of Kent, New Brunswick. Presented April 2 and 14, 1924. Mr. Doucet..... *Not printed.*
131. Return to an Order of the House of the 24th March, 1924, for a return showing all employees of the Canadian National Railways receiving \$4,000 per annum or over, with the salary of each. Presented April 2, 1924. Mr. Doucet..... *Not printed.*
- 131a. Return to an Order of the House of the 9th April, 1924, for a return showing the names of all officials of the Canadian National Railway System, inclusive of superintendents and officials or special employees drawing salaries higher than superintendents, together with the salary of each. Presented April 24, 1924. Mr. Doucet..... *Not printed.*
132. Return to an Order of the House of the 19th March, 1924, for a copy of all minutes of evidence, documentary evidence, applications, letters, judgments, orders for judgments, arguments of Counsel, and other documents relating or in anywise appertaining to the application to the Railway Commission of Canada by the Dominion Atlantic Railway for leave to reduce railway train services between Kentville and Halifax in the Province of Nova Scotia, and in connection with the hearing of said application in February, 1924, by said Board of Railway Commissioners. Presented April 2, 1924. Mr. Martell..... *Not printed.*
133. Return to an Order of the House of the 24th March, 1924, for a return showing the names of all persons who acted in the service of, or as advisors to Canadian representatives at the recent Imperial Conference and Imperial Economic Conference in 1923, together with the sum paid to each for such service and for expenses. Presented April 2, 1924. Mr. Ryckman..... *Not printed.*
134. Copy of Report for the year 1923 of positions excluded under the provisions of Section 38B (2) from the operation of the Civil Service Act, 1918, as amended by Chap. 22, 11-12 Geo. V. Presented April 2, 1924..... *Not printed.*
135. Return to an Order of the House of the 24th March, 1924, for a copy of all correspondence, letters, telegrams and other documents relating to the closing of the Post office at Despres Road, Kent County, New Brunswick. Presented April 3, 1924. Mr. Doucet .. . . . *Not printed.*
136. Return to an Order of the House of the 19th March, 1924, for a copy of all correspondence, telegrams, agreements and other documents, exchanged between any person or persons, or corporations, or banks, and the Department of Finance or any other Department of the Government, relating to the responsibility and liability of the Banks in holding or keeping Victory Bonds issued in favour of private individuals or corporations. Presented April 4, 1924. Mr. Steedman..... *Not printed.*
137. Return to an Order of the House of the 3rd April, 1924, for a return showing: 1. The names of the Officials in the Department of Health at Ottawa, and their respective salaries. 2. The number of persons in the employ of the said Department, inside and outside service, during the fiscal years 1921-22, 1922-23, 1923-24. Presented April 7, 1924. Mr. Anderson..... *Not printed.*
138. Return to an Order of the House of the 20th March, 1924, for a Return showing: 1. Whether the Government purchased within the last year a property in Ottawa on York Street, known as the Ottawa Wine Vaults building. 2. If so, at what price. 3. The previous city assessment on the building. 4. The owners of said building. 5. With all the unoccupied Government property in Ottawa, what the urgency was of purchasing this property. 6. What it is used for at present. Presented April 8, 1924. Mr. Hanson..... *Not printed.*

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139. Return to an Address to His Excellency the Governor General of the 24th March, 1924, for a copy of all correspondence, telegrams and other documents, passing in the year 1923 between the Prime Minister or the Government and the Government of New Brunswick, requesting freight rate concessions to the Maritime Provinces. Presented April 9, 1924. Hon. Mr. Baxter.....*Not printed.*
140. Return to an Order of the House of the 20th March, 1924, for a Return showing:  
 1. Whether the Canadian National Railways pays to the City of Montreal yearly any sum by way of taxation or otherwise in respect to property formerly belonging to the Grand Trunk Railway and now occupied and used by the Canadian National Railways. If so, how much and on what basis such payment is made. 2. The assessed value of such property before the same was taken over by the Canadian National Railways, and the rate at which the same was taxed. At what sum such property is rated to-day and whether any distinction as to assessment is made between it and other taxable property in the city. 3. What representations, if any, were made by any Minister of the Crown as to the future taxation by the City of Montreal of the properties of the Grand Trunk at or previous to the taking over of the same by the Canadian National Railways or the Crown. 4. What sums, if any, the Canadian National Railways pays to the City of Prince Rupert as taxes or otherwise in respect to Railway Terminals or other property formerly belonging to the Grand Trunk Pacific Railway Company and now the property of the Canadian National Railways. 5. At what amount such properties are valued for assessment and at what rates they are taxed and whether such valuations and rates differ from those in respect to other taxable properties in the city. 6. Whether the Canadian National Railways pays any sums whether as taxes or otherwise to other cities and municipalities in Canada in respect to properties belonging to the Grand Trunk Railway or to the Grand Trunk Pacific Railway Company. If so, what—giving places, and amounts paid in each. 7. Whether the Canadian National Railways pays to the City of Portland, Maine, any sums as taxes in respect to the railway terminals and other properties in that city, formerly the property of the Grand Trunk Railway Company. If so, how much. At what value such property is assessed for city taxes and what rate it pays, and whether such valuation and rate differ from those in respect to other taxable properties in the city. 8. What payments, if any, are made by the Canadian National Railways to other municipalities in the State of Maine, in respect to properties formerly belonging to the Grand Trunk Railway Company. 9. Whether the Canadian National Railways pays yearly to the City of Halifax by way of taxes or otherwise any sums in respect to the properties owned and used by it as Railway Terminals. 10. Whether the Canadian National Railways is leasing or renting to any persons for business or residential purposes any of the properties expropriated by the Crown in connection with the extension of the Railway to the Ocean Terminals so called. If so, what revenue is derived therefrom, and whether any taxes are paid to the City of Halifax in respect to such properties. Presented April 10, 1924. Mr. Black (Halifax).....*Not printed.*
141. Return to an Order of the House of the 14th April, 1924, for a Return showing:  
 1. Names of the officials and other employees of the Immigration staffs in (a) Great Britain; (b) Europe; (c) United States. 2. Cost of this service during the fiscal year 1923 in the countries mentioned. 3. What countries, if any, in Europe, have been added to the preferred zone of immigration during the past year. Presented April 14, 1924. Mr. Garland (Carleton).....*Not printed.*
142. Report on Agricultural Credit, by H. M. Tory, Administrative Chairman of the Honorary Advisory Council for Scientific and Industrial Research, dated April 4, 1924. Presented April 15, 1924.  
*Printed for Sessional Papers and distribution to Senators and Members.*
143. Copy of a letter received from the Agent of the Department of External Affairs of Canada at Washington, D.C., United States, enclosing copy of H. J. Resolution 204, requesting the President to invite the Interparliamentary Union to meet in Washington City in 1925, and authorizing an appropriation to defray the expenses of the meeting, together with copy of Report No. 475. Presented April 15, 1924.....*Not printed.*
144. Return to an Order of the House of the 9th April, 1924, for a Return showing:  
 1. The total amount of tolls collected in 1923, on the Victoria bridge between Montreal and St. Lambert. 2. The total expenditure on said bridge, in 1923, for



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- (a) maintenance, (b) salaries, (c) repairs. 3. The tolls collected on said bridge accruing from (a) railways, (b) electric tramways, (c) motor cars, (d) all other vehicles, (e) pedestrians. 4. How many motor cars crossed the bridge during said year. 5. How many motor cars crossed the bridge during the months of June, July, August, September and October, 1923, respectively. Presented April 16, 1924. Mr. Archambault.....*Not printed.*
145. Return to an Order of the House of the 9th April, 1924, for a return showing (a) the number of tons of freight handled by the Canadian National Railways in and out of Portland during 1922 and also 1923; (b) the number of tons of freight handled by the same railway company during the same years in and out of St. John, New Brunswick, and in and out of Halifax; (c) the number of tons of freight handled by the Canadian Pacific Railway during the same years in and out of St. John, New Brunswick. Presented April 16, 1924. Mr. MacLaren.  
*Not printed.*
146. Return to an Order of the House of the 24th March, 1924, for a copy of correspondence dated July 14th, 1922, and July 28th, 1922, respectively, and addressed from Charles Blake, Barrister, of Brandon, Manitoba, to the Minister of Justice, relating to the withdrawal of professional work for the Government service formerly performed by the said Charles Blake; and copies of the replies of the Minister of Justice to the letters mentioned above. Presented April 16, 1924. Hon. Mr. Manton.....*Not printed.*
147. Copy of the Reports of Leslie H. Boyd, Chairman of the Board of Grain Commissioners, and George Serls, Chief Grain Inspector for Canada, on complaints received respecting the condition of grain shipped from Canadian ports and from United States ports in bond to Great Britain. Presented April 24, 1924.  
*Printed for distribution to Senators and Members.*
148. Return to Order of the House of the 7th April, 1924, for a return showing a statement of the financial operations of the various hotels operated by the Canadian National Railways during 1923. Presented April 24, 1924. Mr. Wilson.  
*Not printed.*
149. Return to an Order of the House of the 9th April, 1924, for a return showing all properties sold by the Canadian National System or any company incorporated therein or operated thereby during the years 1922 and 1923, and showing the dates of such sales, the names and addresses of purchasers and the consideration paid in each case. Presented April 24, 1924. Sir Henry Drayton.....*Not printed.*
150. Return to an Order of the House of the 20th March, 1924, for a copy of all letters, telegrams and other documents exchanged between the Government and Mr. John Sloan, Mattawa, Ontario, or his legal advisers, relating to the indemnity which he received due to the accident that happened to him while engaged on the Government works at Temiskaming Dam. Presented April 24, 1924. Mr. Lapierre.....*Not printed.*
151. Return to an Order of the House of the 31st March, 1924, for a copy of all papers, correspondence, telegrams and other documents in the possession of the Government, with reference to the case of Private John J. Quilty, No. 3257368, so far as the same deals with his enlistment and discharge, and including any correspondence with the Canadian Pacific Railway with reference to an alleged forgery of documents in connection with his case. Presented April 24, 1924. Hon. Mr. Baxter.  
*Not printed.*
152. Return to an Order of the House of the 24th March, 1924, for a copy of all correspondence, letters, telegrams, engineering reports, estimates and other documents relative to the proposed public building at Buatoche, Kent County, New Brunswick. Presented April 21, 1924. Mr. Doucet.....*Not printed.*
153. Return to an Address to His Excellency the Governor General of the 24th March, 1924, for a copy of all memoranda, correspondence, telegrams and other documents exchanged between the Government of Canada or any of its members and other governments, corporations, or individuals, relating to the establishment of an Ore-testing plant in the Province of British Columbia. Presented April 24, 1924. Mr. Humphrey.....*Not printed.*

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154. Return to an Address to His Excellency the Governor General of the 9th April, 1924, for a copy of all correspondence, telegrams, and other documents exchanged between the Minister of Agriculture of the Dominion, or any officer in his department, and the Minister of Agriculture of British Columbia, or any officer in his department, regarding the regulations respecting the grading and marking of eggs. Presented April 25, 1924. Hon. Mr. Stevens.....*Not printed.*
- 154a. Return to an Order of the House of the 19th May, 1924, for a copy of reports of inspectors of the Agricultural Department residing in British Columbia, to the Minister of Agriculture, or any of his officers in Ottawa, regarding breaches of the regulations of the Egg Marking Act from date of the passing of said Act to May 1st, 1924. Presented June 16, 1924. Hon. Mr. Stevens.....*Not printed.*
155. Return to an Order of the House of the 16th April, 1924, for a copy of all correspondence, petitions and other documents between the Department of Agriculture and the Pure-Bred Stock Breeders of Nova Scotia, with regard to the experimental farms at Kentville and Nappan in the province of Nova Scotia. Presented April 25, 1924. Mr. Bowen.....*Not printed.*
156. Return to an Order of the House of the 10th April, 1924, for a Return showing:  
1. The total revenues of the Government from the City of Toronto, including the Canadian National Railways, for the past three years, from (a) Post Office; (b) Customs and Excise; (c) Income Tax; (d) Sales Tax; (e) other Federal revenues than the above; (f) the revenues of Canadian National Railways (Toronto).  
2. What have been the grants to the Canadian National Exhibition and the Royal Agricultural Winter Fair for the past four years. 3. What sums have been spent within and without Canada on Fall Fairs and Exhibitions for the past four years, and for this year. Presented April 28, 1924. Mr. Church.....*Not printed.*
157. Return to an Address to His Excellency the Governor General of the 19th March, 1924, for a copy of all correspondence, papers, applications, agreements, letters and other documents exchanged between the Government of Ontario and the Hydro Electric Commission of Ontario and the Government of Canada, relating to the construction of a power dam on the St. Lawrence River near the town of Morrisburg for the generation of electric power for the use of the people of the Eastern part of the Province of Ontario. Presented April 28, 1924. Mr. Church.  
*Printed for distribution to Senators and Members and Sessional Papers.*
158. Return to an Order of the House of the 19th March, 1924, for a copy of all correspondence and other documents referring to coal lease 2241, and all correspondence between J. H. Thoratou and the Department of Interior in reference thereto. Presented April 28, 1924. Hon. Mr. Stevens.....*Not printed.*
159. Return to an Order of the House of the 7th April, 1924, for a return showing (a) the number of officials employed at Ottawa in the Government of Northwest Territories Branch of the Department of the Interior; (b) the official classification of each of such officials; (c) the aggregate salaries paid said officials; (d) the same information as to officials employed at Ottawa in the Mining Lands and Yukon Branch of the Department of the Interior. Presented April 28, 1924. Mr. Black (Yukon).....*Not printed.*
160. Return to an Order of the House of the 19th March, 1924, for a copy of all correspondence between any officials of the Department of the Interior, and all other correspondence in possession of the Government, concerning the community of members of the Yukon Council, such correspondence being dated since January 1st, 1922. Presented April 28, 1924. Mr. Black (Yukon).....*Not printed.*
161. 161a. Return and supplementary Return to an Order of the House of the 19th March, 1924, for a Return showing: 1. Names, ranks, occupations, ages, date of appointment, addresses of the employees of the Soulanges Canal, and where they are employed. 2. The names of the candidates who applied for each of the positions vacated in the above service, and who recommended those who were appointed to fill said vacancies. 3. In what localities notices were posted for application to said positions filled since January, 1921. 4. Who posted the said requests for applications. Presented April 29 and May 15, 1924. Mr. Ouimet.....*Not printed.*

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162. Return to an Order of the House of the 24th March, 1924, for a copy of all correspondence, letters, telegrams and other documents passing between the Government and American vessel owners, or vessel owners' organizations, since the passing of the Inland Lake Freights Bill, and relating to the carriage of freight on the Great Lakes and the compliance or non-compliance with the provisions of such Act. Presented April 29, 1924. Mr. MacKelvie.  
*Printed for distribution to Senators and Members and Sessional Papers.*
163. Copy of Order in Council, P.C. 611, dated 12th April, 1921, amending Air Regulations, 1920, in accordance with Section 4 (3) of the Air Board Act. Presented April 29, 1924.....*Not printed.*
164. Return to an Order of the Senate, dated April 10, 1924, for a Return showing: 1. Name and rank of all commissioned officers employed here at Ottawa, connected with the Royal Canadian Mounted Police. 2. Salaries paid to each officer. 3. In detail, statement of all other allowances made to each officer. 4. Number of batmen allowed or employed by each officer. Are they employed around the homes of the officers. 5. Names of officers supplied with automobiles. 6. What make and style of automobiles are supplied, and cost of same. 7. Cost of upkeep of each car. Are these cars used exclusively for official business. 8. Are cars used by officers' families. The same information is required regarding the Department of National Defence. Presented April 29, 1924. Hon. Mr. Plante.....*Not printed.*
165. Return to an Order of the House of the 14th April, 1924, for a copy of all correspondence, since January, 1922, between the Department of Indian Affairs and Mr. Ditchburn, representative of the Department in British Columbia, and Members of Parliament, or others, in connection with the dismissal of C. A. Cox. Presented April 30, 1924. Hon. Mr. Stevens.....*Not printed.*
166. Return to an Order of the House of the 7th April, 1924, for a Return showing: 1. Whether the Government employed resident and visiting physicians at the Ste-Anne-de-Bellevue Military Hospital during the years 1921, 1922 and 1923, and if so, what their names are. 2. What remuneration each one received. 3. Resident and visiting physicians for the year 1924. 4. Whether they receive an annual salary or a fee for each visit, and how much. Presented April 30, 1924. Mr. Jones..*Not printed.*
167. Return to an Order of the House of the 27th March, 1924, for a Return showing: 1. How many appointments with a salary of \$3,000 or more the Government has made since coming into power. 2. What position does each appointee fill. 3. What the salary is in each case. 4. What the new positions created are. Presented April 30, 1924. Mr. Hodgins.....*Not printed.*
168. Return to an Order of the House of the 14th April, 1924, for a Return showing: 1. How many returned soldiers have been employed through appointment by the Civil Service Commission (a) since January 1, 1922; and (b) prior to January 1, 1922. 2. What proportion of appointments made by the Civil Service Commission between January 1, 1919, and January 1, 1922, were awarded to returned soldiers. 3. What proportion of appointments made by the Civil Service Commission since January 1, 1922, were awarded to returned soldiers. Presented April 30, 1924. Mr. Clark.....*Not printed.*
169. Return to an Order of the House of the 27th March, 1924, for a Return showing: 1. What Royal Commissions have been appointed since the present Government came into office. 2. How much each Commission has cost the country,—(a) in remuneration to the Commissioners; and (b) in expenses or other outlay. 3. What of these Commissions are now in existence. Presented April 30, 1924. Rt. Hon. Mr. Mcighen.....*Not printed.*
170. Return to an Order of the Senate of April 30, 1924, for a Return showing the number of Dominion officials and employees in the Yukon Territory of all kinds, their positions, duties, salaries, allowances and expenses; also the present population of the territory, the total revenues derived therefrom and the sources thereof. Presented April 30, 1924. Sir George Foster.....*Not printed.*
171. Return to an Order of the House of the 14th April, 1924, for a Return showing: What amount has been voted to develop each of the following ports,—Vancouver, Toronto, Montreal and Quebec, and what amount has been spent up to date in connection with each of these ports. Presented May 1, 1924. Mr. Lavigueur.....*Not printed.*

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172. Return to an Order of the House of the 14th April, 1924, for a copy of all reports, recommendations, papers, contracts, letters, telegrams and other documents from Sir Henry Thornton, President of the National Railways, relating to the carrying out of the viaduct agreement at Toronto, and all replies of the Government thereto; also copy of all correspondence with the Canadian Pacific Railway, if any, or from the city of Toronto or the Harbour Commission of Toronto on this question. Presented May 1, 1924. Mr. Church. .... *Not printed.*
173. Return to an Order of the House of the 31st March, 1924, for a Return showing: 1. The estimated value of the Dominion owned real property situated in, (a) the City of Halifax; (b) the County of Halifax outside of the city under the direction or control of, (1) Department of Public Works; (2) Department of National Defence; (3) Post Office Department; (4) The Canadian National Railways; (5) other Government Departments, respectively. 2. Since the consolidation of the Intercolonial Railway with the Canadian National system whether there has been any change in the assessment of the property formerly belonging to the Intercolonial. 3. If so, what change. 4. Whether the system pays any municipal tax in the Province of Nova Scotia. 5. If so, what municipal taxes are paid in Halifax City and County. 6. Whether there is any difference so far as taxation is concerned in the Province of Nova Scotia in assessment and taxation of property formerly owned by the Intercolonial and the property of the other lines of the Canadian National Railway system. Presented May 1, 1924. Mr. Black (Halifax). .... *Not printed.*
174. Return to an Order of the House of March 31, 1924, for a copy of all letters, telegrams, documents, correspondence and contract, if any, between the Minister of Public Works or any official of the Department of Public Works, or any other Minister or official of the Government, and the Northern Navigation Company, or Member for North Essex, or other parties, having reference to proposed harbour improvements at Belle River and referred to in Public Works vote 157. Also.—Return to an Order of the House of April 28, 1924, for a copy of all correspondence, petitions, telegrams and other communications received by or passing from the Department of Public Works, respecting the proposed wharf or breakwater at Belle River, Ontario. Presented May 2, 1924. Hon. Mr. Stevens. .... *Not printed.*
175. Return to an Order of the House of March 19, 1924, for a copy of all memorandums, correspondence, telegrams, and other documents, relating to the appointment of Light Keeper for Cedars Light, St. John River, Parish of Kingston, King's County, New Brunswick. Presented May 2, 1924. Mr. Jones. .... *Not printed.*
176. Return to an Order of the House of April 7, 1924, for a Return showing: 1. Relative numbers of convictions for offences against the Opium and Narcotic Drugs Act in the various provinces of Canada in the years 1913-1914, 1917-1918, 1922-1923. 2. Numbers of convictions for violations of the Opium and Narcotic Drugs Act reported in the years 1920, 1921 and 1922 from the following cities: Halifax, Montreal, Toronto, Winnipeg, Victoria and Vancouver. 3. Number of inmates of the penitentiaries, if any, of Canada classed as drug addicts, during each of the years from 1914 to 1923, inclusive. 4. Official figures as to the quantities of opium, cocaine and morphine imported into Canada for each of the years from 1917 to 1923, inclusive. Presented May 2, 1924. Mr. Brown. .... *Not printed.*
177. Return to an Address to His Excellency the Governor General, of March 19, 1924, for a copy of all Orders in Council passed since the last Session of Parliament relating to the question of an embargo on Pulpwood, and of all correspondence, telegrams or other documents relating thereto, exchanged between the Government of Canada or any member thereof and any person, firm, company or corporation, including the Canadian Pulp & Paper Association or the American Pulp & Paper Association. Presented May 2, 1924. Mr. Hauser. .... *Not printed.*
178. Return to an Order of the House of March 20, 1924, for a Return showing: 1. The members of the Royal Commission on Pulpwood. 2. Salary of each, the total cost of the Commission to date and the cost per day. 3. What previous experience or training each of the said members has had in forestry or in the pulpwood business. 4. What witnesses have been heard, and their addresses, names and occupations. 5. Whether the said Commission is authorized to enquire into the question of the export of fir, cedar or other logs to the United States from the Province of British



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Columbia. 6. If so, whether the Government has directed such enquiry or whether the Government has received requests that such enquiry be carried out in the interests of the manufacture of lumber and shingles in British Columbia. 7. At whose request or upon what information the Order in Council of June 10th, 1923, was passed exempting pulpwood sold or to be sold for a period of ten years from any embargo, which might be enacted. 8. Whether the Government promised to exempt farmers' pulpwood from a possible embargo. 9. Whether the Forestry Branch of the Department of Interior and the Provincial Government Forests Services has full information relative to the subject matter authorized to be enquired into by the said Royal Commission. Presented May 2, 1924. Mr. Ladner.....*Not printed.*

179. Copy of Order in Council, P.C. 701, dated 29th April, 1924, disallowing an Act passed by the Alberta Legislature in 1923, intituled: "An Act to impose a tax upon Minerals"; also, report of the Minister of Justice thereon; petitions that have been received with regard to this Act; and the representations made by the Attorney General of Alberta. Presented May 2, 1924.....*Not printed.*

- 179a. Return to an Order of the House of the 19th May, 1924, for a copy of all memoranda, legal opinions, letters, reports or other documents, relating to the disallowance of a Statute of the Province of Alberta, being Chapter 32 of the Statutes enacted in the year 1923, and entitled "An Act to impose a tax upon Minerals." Presented June 10, 1924. Mr. Coote.....*Not printed.*

180. Return to an Address to His Excellency the Governor General of the 19th March, 1924, for a copy of all correspondence, petitions, protests, letters, resolutions and other documents exchanged between the Government and any person or persons or organizations, or Provincial Governments or other public bodies in Canada, protesting against the illegal Diversion of the Waters of the Great Lakes by the Chicago Drainage Commission and of any and all correspondence with the Government of the United States, the Joint International Commission or others on the subject. Presented May 5, 1924. Mr. Church.

*Printed for distribution to Senators and Members and Sessional Papers.*

181. Return to an Order of the House of the 7th April, 1924, for a copy of all subsidy contracts between the Government and any or all contractors for steamship service between Pietou, Souris, Prince Edward Island and Magdalen Islands, during the years 1910 to 1921. Presented May 5, 1924. Hon. Mr. Stevens.....*Not printed.*

- 181a. Return to an Order of the House of the 7th April, 1924, for a copy of all correspondence, telegrams, letters and other documents, since the 1st of January, 1922, passing between the Honourable Minister of Trade and Commerce, or any other Minister of the Government, or any Official of the Department of Trade and Commerce, and the Magdalen Island Transport Limited, William Fraser of Pietou, the Lovat Steamship Company, Limited, the Eastern Securities Company, Limited, of Halifax; Messrs. Bow, McLaughlin and Company, Limited, of Paisley, Scotland, having reference to a steamship service subsidy between Pietou, Souris, Prince Edward Island and Magdalen Islands; also copy of alleged contract between said William Fraser and the Government covering a subsidy of \$50,000 payable annually for ten years. Presented May 15, 1924. Hon. Mr. Stevens.....*Not printed.*

182. Return to an Order of the House of the 14th April, 1924, for a copy of all correspondence exchanged between the Minister of Marine and Fisheries, the Government of Canada, the Civil Service Commission and all other persons since the first day of January, 1923, on the subject of the dismissal of Mr. Lemelin, lighthouse-keeper at St. François, Ile d'Orleans, and the nomination of a new lighthouse-keeper. Presented May 5, 1924. Mr. Doucet.....*Not printed.*

183. Return to an Order of the House of the 5th May, 1924, for a Return showing: 1. How many appointments have been made by the Civil Service Commission, inside and outside, in the year 1922. 2. How many of such appointments were made in 1923. 3. How many of such appointments have been made in 1924. 4. How many increases in salary (outside of statutory increases) have been made in the Civil Service, inside and outside, since December 29, 1922. 5. How many requisitions have been made to the Civil Service Commission for new appointments to the Civil Service since December 29, 1922. 6. Of these requisitions, how many have been made in the months of January and February, 1924. 7. The total amount in annual salary of the new appointments to the Civil Service since December 29, 1922. Presented May 5, 1924. Mr. Sutherland.....*Not printed.*

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181. Return to an Order of the House of the 19th March, 1924, for a Return showing: 1. Total number of employees on pay or allowance connected with the Department of Agriculture on January 1 of each of the years from and including the year 1914 to the year 1924. 2. Amounts paid out or due in pay or allowance to said employees and the dates and years as above. Presented May 6, 1924. Mr. Sutherland.  
*Not printed.*
- 181a. Return to an Order of the House of the 12th May, 1924, for a Return showing: 1. Total number of employees, and the total salaries paid such employees on January 1, 1922, and also January 1, 1924, in the following branches of the Department of Agriculture, giving the total number employees and salaries for each branch, respectively, (a) Civil Government both Permanent and Temporary; (b) Agricultural Instruction; (c) Entomology; (d) Dairy General; (e) Cow Testing; (f) Finch Creamery; (g) Extension of Markets; (h) Destructive Insect and Pest; (i) Production and Sale of Tobacco; (j) Fruit Industry; (k) Contagious Diseases; (l) Meat and Canned Food Division; (m) Live Stock Industry; (n) Seed Control. 2. Whether there has been one or more new branches added to Department of Agriculture since January 1, 1922. 3. If so, names of same, and number of employees in each branch or branches so established in detail same as Question No. 1. Presented May 21, 1924. Mr. Sutherland.....*Not printed.*
185. Return to an Address to His Excellency the Governor General of the 9th April, 1924, for a copy of all correspondence, telegrams, writings, or other documents, passing between the Department of External Affairs and the British Government with respect to the naval base at Singapore. Presented May 6, 1924. Rt. Hon. Mr. Meighen. ....*Not printed.*
186. Return to an Order of the House of the 21st February, 1923, for a copy of all correspondence, reports, papers, and other documents relating to the overcharging of immigrants for supplies at the port of Quebec. Presented May 7, 1924. Mr. Charters. ....*Not printed.*
187. Return to an Order of the House of the 24th April, 1924, for a Return showing: 1. Why the Woodward elevator at Vancouver was taken over by the Vancouver Harbour Commission. 2. Whether the said elevator has been leased to other parties. If so, what the names and addresses are of the lessees and on what terms the said elevator was leased by the Vancouver Harbour Commission to the said parties, and to what uses the said lessees propose to put the said elevator. 3. Whether the Government has sanctioned the leasing of this elevator. 4. Whether the Government has furnished moneys to the Harbour Commission for the acquisition of this elevator, or whether the Government has consented that any moneys advanced to the Vancouver Harbour Commission should be used for this purpose, or for completion and equipment of said elevator. 5. If it was advisable, either in the interest of the Grain traffic or the port of Vancouver, to acquire this elevator, why it is not to be operated by the Vancouver Harbour Commission. Presented May 7, 1924. Mr. Coote. ....*Not printed.*
- 187a. Return to an Order of the House of the 28th April, 1924, for a copy of all correspondence, telegrams, agreements, leases, or other documents, passing between the Vancouver Harbour Commission or the Federal Government, and any other parties in connection with the purchase and lease of the Woodward Elevator at Vancouver. Presented June 23, 1924. Mr. Gardiner.....*Not printed.*
188. Return to an Order of the House of the 28th April, 1924, for a copy of all correspondence, telegrams, and other documents, passing to and from the Department of Marine and Fisheries with regard to the dismissal of Daniel S. McLean from the position of lighthouse-keeper at Darby Point (Piper Cove) in the province of Nova Scotia, and if an investigation was held a copy of the evidence given and the investigator's report. Presented May 7, 1924. Mr. Simpson.....*Not printed.*
189. Return to an Order of the House of the 2nd April, 1924, for a copy of all correspondence between Dr. R. A. McGibbon, Superintendent of Soldiers' Civil Re-establishment hospital at St. Annes, and any member of the Government, or between any member of the Government and any other party, with regard to the retirement of said Dr. McGibbon from his position as Superintendent, together with the reasons for such retirement. Presented May 7, 1924. Hon. Mr. Manion.....*Not printed.*

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190. Return to an Order of the Senate, dated April 4, 1924, for a Return showing: Copies of all regulations and recommendations made by the Civil Service Commission during 1919 and since that year, dealing with the hours of work in the Civil Service at Ottawa. And of all Orders in Council in reference to such regulations or recommendations, and of all correspondence between the Government and the Civil Service Commission in relation to such regulations and recommendations. Presented May 7, 1924. Hon. Mr. Tanner .....Not printed.
191. Return to an Order of the House of the 19th March, 1924, for a return giving a copy of all correspondence, memoranda and other documents relating to the closing of the Post Office at Belleisle Creek, King's County, and the opening of a new Post Office in its stead; and including all information in the possession of the Department as to the cost occasioned thereby; also for copy of all correspondence, tenders and other documents in connection with Rural Routes numbers one, two and three, in relation to the closing of the old Post Office and the opening of the new; and of all correspondence and other records in connection with the appointment of a Postmaster at Belleisle Creek. Presented May 8, 1924. Mr. Jones.....Not printed.
192. Return to an Order of the House of the 7th April, 1924, for a return showing the total amount collected under the Business Profits tax in the various provinces during each of the years since the tax was introduced. Presented May 8, 1924. Mr. Wilson. ....Not printed.
193. Return to an Address to His Excellency the Governor General, of the 14th April, 1924, for a copy of all correspondence and other documents between the Dominion Government and the Government of Nova Scotia in respect to construction of the Port Joli-Sable Island Road, Nova Scotia, and federal aid thereto; also copies of estimates, engineers' reports, applications for federal aid, vouchers and other documents relating to said matters. Presented May 8, 1924. Mr. Black (Halifax).  
Not printed.
194. Return to an Order of the House of the 7th April, 1924, for a return showing (a) the total amount of income tax collected in each province during each year since the tax has been collected, and (b) the total amount of income tax paid by farmers in each of the provinces during these years. Presented May 8, 1924. Mr. Wilson.  
Not printed.
195. Return to an Order of the Senate, dated April 30, 1924, for a report showing the quantity and value of alcoholic beverages imported per month in each province of the Dominion, during the period extending from January 1, 1923, to March 1, 1924, distinguishing between: (a) Liquors, (b) Wines, (c) Drugs, and indicating the alcoholic percentages of each category and the countries from which they come, respectively. Presented May 8, 1924. Hon. Mr. Beaubien.....Not printed.
196. Return to an Order of the House of the 28th April, 1924, for a copy of all correspondence, documents and engineers' reports relating to the purchase, sale or expropriation of the wharf of St. Placide, in the county of Two Mountains. Presented May 9, 1924. Mr. Ethier.....Not printed.
197. Return to an Order of the House of the 5th May, 1924, for a return showing all financial statements made by E. A. Field, Land Commissioner, Canadian National Railway Company, Land Department, Winnipeg, Manitoba, in reference to land sales for the years 1922 and 1923, showing the amount of cash received and disbursed and showing all expenses, with a list of employees' salaries, expenses, commissions paid, rentals and net profit or loss. Presented May 9, 1924. Mr. Hanson.  
Not printed.
198. Return to an Order of the House of the 28th April, 1924, for a copy of all reports, statements, notices, telegrams and other documents in the possession of the Department of Railways, relating to the request for the granting and the payment of a double subsidy in money, in connection with the construction of the Canada and Gulf Terminal Railway Company, formerly known as the Matane and Gaspé Railway, during the years from 1900 to 1912, inclusive. Presented May 9, 1924. Mr. Gauvreau. ....Not printed.

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199. Return to an Address to His Excellency the Governor General, of the 14th April, 1924, for a copy of all correspondence between the Dominion Government and the Government of Nova Scotia in respect to construction of the St. Margaret's Bay Road, Nova Scotia, and federal aid thereto; also copies of estimates, engineers' reports, applications for federal aid, vouchers and other documents relating to said matters. Presented May 9, 1924. Mr. Black (Halifax).....*Not printed.*
200. Return to an Address to His Excellency the Governor General, of the 28th April, 1924, for a copy of all correspondence, letters, telegrams, writings, or other documents, exchanged between the Department of the Attorney General of the Province of Quebec and the Department of Justice concerning the fees payable to official sequestrators. Presented May 9, 1924. Mr. Ryckman.....*Not printed.*
201. Return to an Order of the House of the 14th April, 1924, for a copy of all correspondence, petitions, telegrams and other documents relating to certain representations made to the Department of Marine and Fisheries for the granting of a fall season to the lobster fishermen in the County of Gloucester, during the fishing season of 1923. Presented May 9, 1924. Mr. Robichaud.....*Not printed.*
202. Copy of directions given to the Warden of St. Vincent de Paul Penitentiary suspending the sentence of the lash to Raoul Beauchamp, convict; also copy of Memorandum from the Deputy Minister of Justice respecting appeals against sentences giving the lash, and removal to the penitentiary pending appeal against conviction. Presented May 9, 1924.....*Not printed.*
203. Report of the Royal Commission on Pensions and Re-establishment—Second Interim Report on Second Part of Investigation (certain questions relating to pensions, medical treatment and re-establishment needs of Canadian ex-service men and their dependents). Presented May 12, 1924.  
*Printed for distribution to Senators and Members and Sessional Papers.*
- 203a. Report of the Royal Commission on Pensions and Re-establishment—Final Report on Second Part of Investigation (Report No. 4). Presented July 18, 1924.  
*Printed for distribution to Senators and Members and Sessional Papers.*
204. Return to an Order of the House of the 14th April, 1924, for a copy of all correspondence exchanged between any members of the Government and Members of Parliament, engineers, or representatives of Government, or other party or parties during the years 1921, 1922 and 1923, in relation to the wharf, piers and warehouse at Moser's River, Halifax County, Nova Scotia (Necum Teuch). Presented May 12, 1924. Mr. Black (Halifax).....*Not printed.*
- 205, 205a. Return and supplementary return to an Address to His Excellency the Governor General of the 19th March, 1924, for a copy of all correspondence exchanged between the Department of Marine and Fisheries and J. Bte. Levesque of Trois Pistoles, Quebec, during the year 1923, and also correspondence between the Government and any Department of the Government of Quebec with respect to the said Levesque. Presented May 13, and July 19, 1924. Mr. Doucet.  
*Not printed.*
206. Return to an Order of the House of the 24th March, 1924, for a copy of all correspondence, telegrams, engineering reports, estimates of cost and other documents in connection with the proposed public wharf at Buctouche Bay, Kent County, New Brunswick. Presented May 13, 1924. Mr. Doucet.....*Not printed.*
207. Return to an Order of the House of the 12th May, 1924, for a Return showing: 1. Medical Advisers of the Pension Board. 2. War Record of each. 3. Medical Advisers of the Federal Appeal Board. 4. War Record of each. 5. Special Training of the Neurologists of the Board. Presented May 14, 1924. Mr. Ross (Kingston).....*Not printed.*
208. Return to an Order of the House of the 24th March, 1924, for a copy of all correspondence, letters, telegrams and other documents to and from the Department of Marine and Fisheries relating to the extension of Smelt Fishing in New Brunswick during the season 1923-24. Presented May 14, 1924. Mr. Doucet.....*Not printed.*

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209. Return to an Order of the House of the 14th April, 1924, for a Return showing:  
1. At whose request the Order in Council No. P.C. 2263, published in *The Canada Gazette* of January 12, page 2348, was passed. 2. Quantities of military clothing sold by the Government during the years 1917 to 1923, inclusive. 3. To whom this material was sold. Presented May 15, 1924. Mr. Thurston.....*Not printed.*
210. Return to an Order of the House of the 7th April, 1924, for a return showing:  
1. list of the properties purchased by or for the Militia Department during the years 1914 to 1921 inclusive, showing in each case from whom purchased, location, price, and for what purpose; also a list of any of these properties which have been sold, showing the price received for same. Also showing revenue received from any of the above properties, the amount in each case and from whom received. Presented May 15, 1924. Mr. Thurston.....*Not printed.*
- 211, 211a. Partial Return and Supplementary Return to an Order of the House of the 7th April, 1924, for a copy of all contracts and agreements entered into by the Canadian Government or any Department thereof with the American Bank Note Company, Limited, now the Canadian Bank Note Company, Limited, carrying on business in the city of Ottawa. Presented May 15 and 21, 1924. Mr. Irvin.  
*Not printed.*
212. Copy of letter of Walter G. Mitchell, Esq., to the Right Honourable the Prime Minister, in respect to his resignation as member of Parliament, and the letter of the Prime Minister in acknowledgment thereof. Presented May 19, 1924.  
*Not printed.*
213. Return to an Order of the House of the 24th March, 1924, for a return of any and all reports of the Commissioner of Immigration to the Minister, upon the operation of the contract system for feeding immigrants at the Port of Quebec, and also all reports and correspondence with reference to the way in which that system is functioning at that port; and also all reports and correspondence in connection with the adoption of the contract system at the Port of St. John, New Brunswick, and in connection with the substitution of the system of Government supply for the contract system at the latter place. Presented May 19, 1924. Hon. Mr. Baxter.....*Not printed.*
214. Return to an Order of the House of the 7th April, 1924, for a return showing (a) the value of the production in Canada for the latest year for which returns are available of wheat, meat, butter, eggs, milk, hay, cheese, fruit, maple syrup, oats, barley, potatoes and other vegetables; (b) the estimated value of these products consumed at home during the same year, and (c) the value of these products exported during the same year. Presented May 19, 1924. Mr. Stansell.....*Not printed.*
215. Return to an Order of the House of the 12th May, 1924, for a Return showing: 1. Amount appropriated by the Government for the Hector celebration at Pictou, Nova Scotia, during the summer of 1923. 2. Extra amount, if any, appropriated for this celebration by the Department of National Defence. 3. Whether the Government has received a statement of the expenditure of this money. 4. If so, for what the money was used. Presented May 19, 1924. Mr. Black (Halifax)...*Not printed.*
- 215a. Return to an Order of the House of the 12th May, 1924, for a return showing the detailed expenditure of the money voted by Parliament of Canada at the last session for the Hector celebration at Pictou, Nova Scotia. Presented May 19, 1924. Mr. Doucet.....*Not printed.*
216. Return to an Order of the House of the 31st March, 1924, for a return showing properties rented for Governmental purposes in Ottawa and date when rented and date of expiry of lease, if any, giving floor space and annual rental in each case; also statement of vacant properties owned by the Government in Ottawa showing ground area, purchase price and annual carrying charge including taxes in each case. Presented May 20, 1924. Hon. Mr. Stevens.....*Not printed.*
217. Return to an Order of the House of the 27th March, 1924, for a Return showing:  
1. What breweries have been operating in Manitoba within the period 1915-1924.  
2. What requirements, if any, as to plant, capacity, etc., and what undertakings, if any, as to continuity of operation, observance of law, etc., are made of those



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- securing brewer's licenses. 3. What fees are required to be paid for a brewer's license. 4. What additional brewer's licenses, if any, have been issued for Manitoba since July, 1923. 5. What inspection or supervision, if any, is made from year to year of brewer's plant or operation. 6. What quantities of beer were manufactured by each of the brewers in Manitoba in the years 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, and what taxes were paid by each in respect of these quantities. 7. What brewers, if any, in Manitoba were convicted of infractions of the law during the calendar years 1922 and 1923. 8. How many convictions for having or operating illicit stills occurred in Manitoba in each of the years 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922 and 1923. Presented May 20, 1924. Mr. Ward.....*Not printed.*
218. Return to an Order of the House of the 16th April, 1924, for a return showing the number of importations to which the Dumping Clause of the tariff has been applied during the fiscal year 1923-24, the class of goods to which it has been applied, the reasons therefor and the amount of duty collected. Presented May 20, 1924. Mr. Evans.....*Printed for distribution to Senators and Members.*
219. Return to an Order of the Senate dated May 9, 1924, for a Return to include copies of orders and letters of instruction authorizing J. C. Watters, during the present year, to make a survey of Industrial conditions in the coal mining districts of Nova Scotia, and other documents relating to such appointment showing the purpose and scope of investigation and survey to be made by him and the places in Nova Scotia in which he is to make the survey. Presented May 20, 1924. Hon. Mr. Tanner.....*Not printed.*
220. Return to an Order of the Senate dated May 1, 1924, for a return to include copies of Pay-Sheets, Vouchers and Correspondence, relating to expenditures on a Break-water at Port La Tour, Shelburne County, Nova Scotia, during the calendar year 1923. Presented May 20, 1924. Hon. Mr. Tanner.....*Not printed.*
- 221, 221a. Returns to an order of the Senate dated April 3, 1924, for copies of all correspondence and other statements received by the Government of Canada, or any member of such Government, during 1923 and since from or on behalf of the Government of Nova Scotia in regard to transportation, commercial, economic and other public matters of interest to the said province, including any requests for investigation of the matters relating to said interests and also all correspondence and other statements by the Government of Canada, or any member thereof in response to such representations and requests. Presented May 20 and July 3, 1924. Hon. Mr. Tanner. .... *Not printed.*
222. Return to an Address to His Excellency the Governor General of the 24th March, 1924, for a return showing a copy of all Orders in Council or other authoritative orders or rules affecting the Sales Tax or making exemptions or rebates since the passing of the Sales Tax amendments to the War Revenue Act of last session. Presented May 21, 1924. Hon. Mr. Stevens.  
*Printed for distribution to Senators and Members.*
223. Return to an Order of the House of the 24th March, 1924, for a copy of all correspondence, telegrams, letters and other documents, exchanged between any Member of the Government and any Member of Parliament or other person with regard to the appointment of Richard Fordham as Junior Clerk-Stenographer in the Customs Department at Prince Albert, Saskatchewan, together with a copy of advertisements showing this position to be vacant by the Civil Service Commission; also a return showing date such advertisement was issued; date position was filled; number of applicants examined and all other details regarding said appointment. Presented May 21, 1924. Hon. Mr. Manion.....*Not printed.*
224. Return to an Order of the House of the 24th March, 1924, for a return showing all moneys paid to newspapers in Canada for printing and advertising since January 1, 1923, showing the names of the companies and the amounts paid each newspaper or newspaper company. Presented May 21, 1924. Mr. McQuarrie.....*Not printed.*
225. Return to an Order of the House of the 10th April, 1924, for a Return showing: 1. How many passenger automobiles have been purchased by the Government in each of the years 1922, 1923, 1924. 2. What make of car was purchased and the cost in

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each case. 3. How many are kept in the city of Ottawa. 4. What was the cost of upkeep in 1923 of such cars in the city of Ottawa. 5. What was the cost of upkeep in 1923 of such cars outside the city of Ottawa.

Return to an Order of the House of the 10th April, 1924, for a Return showing: 1. How many motor cars have been purchased by the Government for the use of Ministers since January 1, 1922. 2. What are their makes and models, and what was the cost of each car. 3. Who enjoys the sole use of each of these cars. 4. From whom were these cars purchased. 5. How many cars bought prior to January 1, 1922, are still in use, and by whom in each case. 6. Whether new cars were purchased within the period mentioned, what disposal was made of old cars, and what they brought in each case when sold.

Return to an Order of the House of the 10th April, 1924, for a Return showing: 1. What amount the Government spent in the purchase of automobiles for use of the different Departments, at Ottawa, for the years 1915, 1916, 1917, 1918, 1919, 1920, 1921, respectively. 2. To what Departments these automobiles were assigned during said years. 3. The cost to Canada during the said respective years for (a) the wages of chauffeurs for said Departmental automobiles; (b) the uniforms and gloves of chauffeurs; (c) the upkeep and repairs of said automobiles; (d) the purchase of gasoline, oil, tires, etc. 4. Whether the automobile service gave satisfaction to those using them. Presented May 21, 1924. Messrs. Maybee, Chaplin, Benoit.

*Not printed.*

226, 226a. Return and Supplementary return to an Order of the House of the 12th May, 1924, for a copy of all letters, telegrams and other documents, passing between the Minister of Marine and Fisheries, or any official of the Department of Marine and Fisheries, including Inspector Halliday of New Westminster and the Member for Chilliwack and Member for Skeena, or any other Member of the Dominion House, relating to the removal of the fisheries office from Vancouver, or the position of the Chief Inspector of Fisheries in British Columbia. Presented May 21 and July 14, 1924. Hon. Mr. Stevens.....*Not printed.*

227. Return to an Address to His Excellency the Governor General of the 5th May, 1921, for a copy of an Order in Council or orders or regulations of the Minister of Customs affecting valuations for the purpose of assessing dumping duty. Presented May 21, 1924. Mr. Boys.....*Printed for distribution to Senators and Members.*

227a. Return to an Order of the House of the 14th April, 1924, for a copy of all regulations made by the Minister of Customs under S.S. 5, Sec. 6, Chapter 11, Statutes of Canada, 1907, An Act to amend the Customs Act. Presented May 21, 1924. Mr. Coote.....*Printed for distribution to Senators and Members.*

228. Return to an Order of the Senate dated May 9, 1924, for a Return showing: Copy of the log book of the SS. *Sheba*, from August 5, 1914, to August 19, 1914, on her trip from Halifax to Port Nelson. Presented May 21, 1924. Hon. Mr. Casgrain.  
*Not printed.*

229. Return to an Order of the House of the 5th May, 1924, for a copy of all letters, telegrams, documents and correspondence since January 1, 1923, between the Postmaster General, any official of the Post Office Department, any other Minister or official of the Government and other persons concerning the carrying of His Majesty's mail between Whitehorse and Dawson, Yukon Territory, for the winter of 1923-1924 and for the winter of 1924-1925. Presented May 23, 1924. Mr. Black (Yukon).....*Not printed.*

230. Return to an Order of the House of the 12th May, 1924, for a copy of petition forwarded to the Minister of Justice on behalf of one C. W. Monk, convicted in January, 1923, for illicit dealing in narcotic drugs. Presented May 23, 1924. Hon. Mr. Stevens.....*Not printed.*

231. Return to an Order of the House of the 12th May, 1924, for a Return showing: 1. Number of employees at the Dorchester penitentiary, New Brunswick. 2. How many of these are French-Canadians. 3. How many of the latter are in superior positions. Presented May 23, 1924. Mr. Donnet.....*Not printed.*

232. Telegrams exchanged between the British and Canadian Governments in connection with the Lausanne Conference and Treaty. Presented May 26, 1924.  
*Printed for distribution to Senators and Members and Sessional Papers.*



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233. Return to an Order of the House of the 12th May, 1924, for a copy of all letters, telegrams and other documents, passing between the Minister of Justice, Deputy Minister of Justice or any official of the Department of Justice, or Prime Minister or any official in the Office of the Prime Minister, and M. A. Macdonald, K.C., W. W. B. McInnes, regarding the appointment of a Commissioner to inquire into alleged improper handling of drugs by the Royal Canadian Mounted Police in British Columbia. Presented May 26, 1924. Hon. Mr. Stevens.....*Not printed.*
- 233a. Return to an Address to His Excellency the Governor General of the 12th May, 1924, for a copy of all letters, telegrams and other documents passing between the Minister of Justice and Attorney General of British Columbia, or any member of the Government of British Columbia, and any member or official of the Dominion Government, having reference to certain charges made against the officers of the Royal Canadian Mounted Police and investigated by Commissioner Smith, and also a copy of the report of the said Commission. Presented June 4, 1924. Hon. Mr. Stevens. ....*Not printed.*
234. Return to an Order of the House of the 14th April, 1924, for a copy of all reports, letters, telegrams and other documents, during the year 1917, from the resident engineer or any of his staff located at Fort Nelson to the Chief Engineer of the Department of Railways and Canals, or the Deputy Minister or the Minister or any official of the said department, having reference to the Hudson Bay Railway route and grain or other harbour facilities. Presented May 27, 1924. Hon. Mr. Stevens. ....*Printed for distribution to Senators and Members.*
- 234a. Copies of Engineers' Reports and Correspondence in the Department of Railways and Canals concerning the Hudson Bay Railway route. Presented June 9, 1924. ....*Printed for distribution to Senators and Members.*
235. Return to an Order of the House of the 7th April, 1924, for a Return showing: 1. Number of automobiles now under seizure by the Department of Customs. 2. Number of automobiles smuggled on the Canadian Border seized by the Department of Customs and now in possession of said department. 3. How many of these automobiles have been claimed by Insurance Companies on the ground that they have been stolen before they cross the border. 4. Why the department is refusing to deliver such automobiles to the owners after positive proofs of ownership have been made. 5. Whether there is any arrangement between the Canadian and American Governments regarding the recovery of said automobiles. 6. If so, what such arrangement is and when it was made. Presented May 27, 1924. Mr. Archambault.....*Not printed.*
236. Return to an Order of the House of the 9th April, 1924, for a Return showing: 1. Whether the Government has through the Department of National Defence given a contract for the supply of rifle sights or bases to McKay & Fraser Limited of New Glasgow, Nova Scotia. 2. If so, how many rifle sights or bases and at what price. 3. Whether tenders were asked before contract was awarded. 4. Whether the department contemplates further orders for rifle sights or bases or does this order cover the present requirements of the department. 5. Whether these rifle sights or bases are adapted for use in target practice or for active military service. 6. What officer of the Department of National Defence recommended the purchase of said rifle sights and bases. Presented May 27, 1924. Mr. Arthurs.....*Not printed.*
237. Return to an Order of the House of the 5th May, 1924, for a copy of all papers, reports, valuations, letters, receipts, vouchers and any other documents relating to the different transfers of the Scribe Hotel, Paris, France, and its purchase, including copies of instructions given to the Deputy Minister of Railways and his reports to the Minister; also a return of all letters, papers, reports, estimates and other documents relating to the renovation and repair of the said Hotel. Presented May 28, 1924. Sir Henry Drayton.....*Not printed.*
238. Return to an Order of the House of the 19th May, 1924, for a copy of all correspondence, telegrams, leases or other documents exchanged between the Government or any member thereof, and any other parties in any way relating to a lease which has recently been given on Peigan Indian Reserves to the Hon. Mr. McLean. Presented May 28, 1924. Mr. Coote.....*Not printed.*

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239. Return to an Order of the House of the 26th March, 1924, for a copy of all correspondence, telegrams, letters and other documents relating to, forming the basis of, or the justification for the statements of Honourable E. M. Macdonald in North Sydney on the 28th day of July, 1923, in which assurance was given of certain reductions of freight rates for the Maritime Provinces by the Canadian National Railway Board. Presented May 28, 1924. Rt. Hon. Mr. Meighen.  
*Not printed.*
240. Return to an Order of the House of the 7th April, 1924, for a copy of the evidence taken by Mr. Henry at the inquiry held during the year 1923, regarding the management of the workshops of St. Malo, in the city of Quebec; also for a copy of the report made and presented by the commissioner in charge of the inquiry. Presented May 30, 1924. Mr. Parent.....*Not printed.*
241. Return to an Order of the House of the 5th May, 1924, for a copy of all correspondence, letters and other documents, received by or sent from the Post Office Department or any other Department of the Government with regard to the dismissal of Abraham Noonan as Postmaster at Albany, Prince Edward Island. If an investigation was held, a copy of the evidence and the investigator's report. Presented May 30, 1924. Mr. Chaplin.....*Not printed.*
242. Return to an Order of the House of the 7th May, 1924, for a copy of all correspondence, telegrams and other documents exchanged between the Post Office Department, the Civil Service Commission and all other persons since January 1st, 1921, to date, on the dismissal of the postmaster at St. Gédéon Station, Quebec, and the nomination of a new postmaster. Also copies of the investigation that was held, and of the report of the investigators, as well as copies of applications made to the Civil Service Commission for the said postmastership, and all petitions and certificates given in favour of or against any of the applicants. Presented May 30, 1924. Mr. Doucet.....*Not printed.*
243. Return to an Order of the House of the 12th May, 1924, for a copy of all correspondence, telegrams, and other documents, exchanged between the Minister of Public Works, or any official of his department, and Stafford R. Rudd and Company, and the Chairman of the Liberal Committee of Arrnprior and others. Presented June 3, 1924. Hon. Mr. Stevens.....*Not printed.*
244. Return to an Order of the House of the 2nd June, 1924, for a Return showing:  
1. The number of persons other than medical men employed in and about the unit of the Department of Soldiers Civil Re-establishment located at St. John, New Brunswick. 2. Their names and rank, and the pay and allowances of each. 3. The gross cost of such salaries and allowances. 4. The total cost for all services and expenses of such unit during the last fiscal year. Presented June 4, 1924. Mr. Hanson.....*Not printed.*
245. Return to an Address to His Excellency the Governor General, of the 16th April, 1924, for a copy of all letters, telegrams, correspondence and other documents, in the possession of the Government or any Department of the Government, between the Government and the Government of Saskatchewan on the question of Licenses for Export Liquor Houses. Presented June 4, 1924. Mr. Morrison.....*Not printed.*
246. Return to an Order of the House of the 28th April, 1924, for a copy of all letters, telegrams and correspondence during 1923 and 1924 in the possession of the Government or any department thereof regarding the appointment of a Postmaster at Wainwright, Alberta. Presented June 4, 1924. Mr. Spencer.....*Not printed.*
247. Return to an Order of the House of the 12th May, 1924, for a Return showing:  
1. Whether the Dominion Public Building at Arrnprior was repaired during the year 1923. 2. If so, by whom work was performed: (a) repairs to foundations; (b) painting, plastering, decorating, etc. 3. If tenders were called for, whether it was by public advertisement and if so, in what papers the advertisements appeared. 4. What tenders were received and from whom, and to whom the contract was granted. 5. Whether the said building was rewired and whether the contractor gave a sub-contract for this work. 6. Whether the usual inspector was appointed by the Public Works Department in connection with this work and if so, whom. Presented June 4, 1924. Hon. Mr. Stevens .....*Not printed.*

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248. Return to an Order of the House of the 5th June, 1924, for a Return showing:  
1. What contracts have been let by the Vancouver Harbour Commissioners for harbour improvements since January 1, 1922. 2. To whom such contracts have been let. 3. The nature of the work, and the amount of contract in each case. 4. Whether such contracts were let by public tender. 5. Who tendered in each case and the amount of each tender. 6. Whether call for tenders was advertised in the press, and if so, in what papers and for what periods said advertisements appeared. Presented June 5, 1924. Mr. Black (Yukon).....*Not printed.*
249. Return to an Order of the House of the 7th April, 1924, for a return showing a list of all publications, blue books, reports, etc., issued in 1923 by each department of the Government or otherwise, at the expense of the country, stating in respect of each publication, (a) title; (b) whether single issue or issued weekly, monthly or at what other periods; (c) approximate circulation; (d) the subject or subjects covered, unless same clearly indicated by title; (e) approximate annual cost of printing and paper. Presented June 6, 1924. Mr. Charters.....*Not printed.*
250. Return to an Order of the House of the 14th April, 1924, for a Return showing:  
1. How many appointments in the Civil Service have been exempted from the power of appointment by the Civil Service Commission since January 1, 1922. 2. How many of the appointments referred to in paragraph 1 are under the jurisdiction of the Department of Soldiers' Civil Re-establishment. 3. What proportion of the appointments made by departments other than Soldiers' Civil Re-establishment have been awarded to returned soldiers. 4. What proportion of the appointments made by the Department of Soldiers' Civil Re-establishment have been awarded to returned soldiers.. Presented June 6, 1924. Mr. Clark.  
*Not*
251. Copy of Treaty for the suppression of smuggling operations along the International Boundary between the Dominion of Canada and the United States of America, and assisting in the arrest and prosecution of persons violating the narcotic laws of either government and for kindred purposes. Presented June 9, 1924.  
*Printed for distribution to Senators and Members and Sessional Papers.*
252. Copy of Order in Council, P.C. 962, dated June 9, 1924, approving changes in compensation paid the employees of various branches of the Post Office Department. Presented June 9, 1924.....*Not printed.*
- 252a. Correspondence between the Audit Board, The Civil Service Commission and the Prime Minister respecting the revision of salaries of postal employees. Presented June 11, 1924.....*Not printed.*
- 252b. Correspondence between the Civil Service Commission, His Excellency the Governor General in Council, the Post Office Department, and the Board of Audit respecting salary revision in the Postal Service. Presented June 12, 1924.....*Not printed.*
- 252c. Further correspondence between the Civil Service Commission and the Post Office Department respecting revision of salaries of Postal Employees. Presented June 16, 1924. ....*Not printed.*
253. Return to an Order of the House of the 19th May, 1924, for a Return showing:  
1. The amount that has been received by the Enemy Property Custodian from the nationals of (a) Germany; (b) Austria-Hungary; (c) Other enemy countries either by disposal of property and investments in Canada or in other ways. 2. The amount that has been received from Canadian citizens on account of indebtedness to enemy nationals. 3. The amount that has been paid out of the fund so established. 4. To whom payments have been made and the amount of each payment. 5. The amount now held under the control of the custodian. Presented June 10, 1924. Hon. Mr. Manion.....*Not printed.*
254. Return to an Order of the Senate dated May 8, 1924, for a return giving copy of all correspondence with the Department of Marine respecting an inquiry under the Shipping Act into an alleged casualty to the Canadian Government Merchant Marine steamer *Canadian Farmer*, together with the evidence taken at said inquiry and the findings. Presented June 10, 1924. Hon. Mr. Taylor.....*Not printed.*

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- 255, 255a. Return and supplementary Return to an Order of the Senate dated June 6, 1924, for a copy of the inquiry made by Mr. Temple, K.C., on employees of the Canadian Merchant Marine and of his report on same, now in the hands of the Honourable Minister of Railways and Canals. Presented June 10 and 12, 1924. Hon. Mr. Beique.....*Not printed.*
256. Return to an Order of the House of the 5th May, 1924, for a copy of the contracts between Vancouver Harbour Commissioners and the Pacific Construction Company, with respect to: (a) Reconditioning of Elevator Number 1; (b) Annex to Elevator Number 1; (c) Construction of Elevator Number 2; (d) Completion of Elevator Number 3, otherwise known as the Woodward Elevator. Also particulars of the contract between the Harbour Commissioners and any Company with respect to the leasing of the Number 3, or Woodward Elevator. Presented June 11, 1924. Mr. Spence.....*Not printed.*
257. Return to an Order of the Senate dated May 20, 1924, for a Return showing: Copy of all petitions, letters, telegrams, or other papers in the possession of the Public Works Department, or Marine and Fisheries Department, having reference to the removal of a lobster factory built by Edward McPherson, a portion of which is at the present time on the Government Wharf at Cape Traverse, Prince County, P.E.I., and if the Government has ordered the removal of the aforesaid building from the Government property. Presented June 11, 1924. Hon. Mr. Murphy.....*Not printed.*
258. Return to an Order of the Senate dated May 29, 1924, for a Return showing: A list of the more important articles imported from Great Britain in Canada during the fiscal year 1923, which received the benefit of the preferential tariff. 1. What was the value thereof. 2. What was the amount of duty collected thereon. 3. What would the amount of duty have been on the same articles if there had been no preference duty allowed, or if the general duty had been applied. 4. Also a list of the articles upon which the preferential tariff has been increased or reduced, directly or indirectly, by the Budget of this year. Presented June 11, 1924. Hon. Mr. Webster (Stadacona).....*Not printed.*
259. Return to an Order of the House of the 2nd June, 1924, for a copy of all letters, telegrams, memorandum, agreement and all other documents relative to the purchase of the Daly Building in the City of Ottawa from the H. J. Daly Company in the year 1921, together with copies of the Order in Council dated the 31st of August, 1921, and the Deed dated September, 1921. Presented June 12, 1924. Mr. Parent.....*Not printed.*
- 260, 260a. Return and supplementary Return to an Order of the House of the 28th May, 1924, for a copy of all correspondence and other documents exchanged between the Postmaster General or the Government of Canada, the Civil Service Commission and all other persons since January 1st, 1922, to date on the subject of the dismissal of Willie Juneau, postmaster at La Tuque, Quebec, and the appointment of a new postmaster. Also a copy of the findings and reports of the investigation that was held on the said Willie Juneau. Presented June 16 and July 18, 1924. Mr. Doucet.....*Not printed.*
261. Copy of Treaty of Commerce and Navigation between the United Kingdom of Great Britain and Ireland and Finland signed at Helsingfors the 14th day of December, 1923. Presented June 17, 1924.....*Presented in printed form.*
262. Return to an Order of the House of the 4th June, 1924, for a copy of all letters, telegrams and other documents passing between J. A. Schryburt, or Schreibert, and the Prime Minister or other members of the Government, relative to the Hoppe Coal leases. Presented June 17, 1924. Mr. Kennedy (Edmonton).....*Not printed.*
- 262a. Return to an Order of the House of the 23rd June, 1924, for a copy of all letters, telegrams and other documents passing between J. A. Schryburt and the Prime Minister or other members of the Government relative to the Isenberg Leases. Presented July 4, 1924. Mr. Kennedy (Edmonton).....*Not printed.*
263. Return to an Order of the Senate dated June 5, 1924, for a Return showing in each of the Provinces of the Dominion, what is: 1. The municipal land evaluation. 2. Farm land evaluation. 3. Evaluation of industries. 4. Municipal land evaluation of towns. 5. (a) Factories separate, (b) Factories included. 6. The number of

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- farmers in each province. 7. The number of manufacturers in each province. 8. The evaluation of villages not included in farms or industries. Presented June 17, 1924. Hon. Mr. Boyer.....*Not printed.*
264. Return to an Order of the Senate dated May 29, 1924, for a Return showing: 1. A list of articles exported from Canada to Great Britain coming under the preference of the McKenna duties. 2. The value of such articles so exported. 3. What was the rate of preference duties thereon. Presented June 17, 1924. Hon. Mr. Webster (Stadacona).....*Not printed.*
265. Return to an Order of the House of the 24th March, 1924, for a copy of all correspondence, letters, telegrams and other documents exchanged between any Member of the Government or any Member of Parliament and any district superintendent or higher official of the Canadian National Railways with regard to employment, seniority, retirement or dismissal of any employee of the Canadian National Railway System. Presented June 19, 1924. Rt. Hon. Mr. Meighen.....*Not printed.*
- 266, 266a. Return and Supplementary Return to an Order of the House of the 24th March, 1924, for a copy of all correspondence, letters, telegrams and other documents exchanged between the Department of Marine and Fisheries and any person, persons or corporations, relative to the enforcement of the Lobster Fisheries Regulations in New Brunswick, during the years 1920, 1921, 1922, 1923 and up to February 29th, 1924. Presented June 19, 1924. Mr. Doucet.....*Not printed.*
267. Return to an Order of the House of the 28th May, 1924, for a Return showing: 1. Amount spent by the Government of Canada in relieving unemployment in Canada, in Winnipeg, Hamilton, Toronto, Vancouver and Montreal during the past six years. 2. What sum respectively was spent by the (a) Dominion Government, (b) the Provincial Government, (c) the Municipalities aforesaid, relieving unemployment in these five cities the past six years. 3. Whether the Government during these years had any agreement with the Provinces and Municipalities as to any form of relief. If so, what the arrangement was. 4. Whether any steps are being taken for next winter by the Government alone or with the Provinces or Municipalities as to taking care of unemployment and the dumping of those out of work in the larger centres of population. Presented June 20, 1924. Mr. Church.....*Not printed.*
268. Return to an Order of the House of the 9th June, 1924, for a copy of all reports, correspondence, telegrams and other documents, passing between any officer or officers of the Indian Department, from September, 1922, to date, with respect to the suspension, and subsequent resignation of Major J. B. Hardinge, Indian Agent of the Touchwood Agency at Punichy, Saskatchewan. Presented June 23, 1924. Mr. Johnston.....*Not printed.*
269. Return to an Order of the House of the 16th June, 1924, for a copy of all correspondence in the possession of any Department of the Government concerning the removal or proposed removal from office of J. L. Bell, police magistrate at Whitehorse, Yukon Territory. Presented June 23, 1924. Mr. McQuarrie.....*Not printed.*
270. Return to an Order of the Senate, dated June 18, 1924, for a Return showing: 1. The total receipts and expenditures of the Canadian National Railways on Vancouver Island for each year of its operation including 1923-24, under the two heads of passengers and freights. 2. The mileage now under operation and the points between which the roads are operated and the frequency of the service. The total capital expenditure to date upon the system now being operated, and the total expended on the portion wholly or partly graded but not tracked and operated. Presented June 23, 1924. Rt. Hon. Sir George E. Foster.....*Not printed.*
271. Return to an Order of the House of the 24th March, 1924, for a copy of all correspondence, letters, telegrams, reports and other documents in possession of the Government relative to the seizure and release of the vessel Jeanne d'Arc for infringement of Customs Laws. Presented June 24, 1924. Mr. Doucet.....*Not printed.*
272. Return to an Order of the House of the 14th April, 1924, for a copy of all correspondence exchanged between the Postmaster General or the Government of Canada, the Civil Service Commission and all persons since the 1st January, 1922, to



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- date, on the subject of the dismissal of Thomas Lavoie, postmaster at St. Gedeon, Chicoutimi County, and the nomination of a new postmaster at Gedeon. Also copies of the investigation that was held on the said Thomas Lavoie, and of the report of the investigators, as well as copies of applications made to the Civil Service Commission for the position of postmaster at St. Gedeon, and all petitions and certificates given in favour of or against, any of the applicants. Presented June 24, 1924. Mr. Doucet.....*Not printed.*
273. Return to an Order of the Senate, dated April 3, 1924, for a Return giving a copy of the agreements between The Canadian National Railway and the Brotherhoods or organizations of Railway Employees together with a copy of one pay roll under each agreement for the Atlantic Division. Presented June 24, 1924. Hon. Mr. Ross (Middleton).....*Not printed.*
274. Copy of correspondence *re* recognition of Union of Soviet Socialist Republics by Canada; also copy of Order in Council, P.C. 4667, of 26th December, 1921, respecting participation by Canada in a Trade Agreement between the Government of the United Kingdom and the Russian Soviet Government. Presented June 26, 1924.....*Not printed.*
275. Return to an Order of the House of the 16th June, 1924, for a Return showing: 1. Number of officials permanently employed by the Canadian Government in Great Britain, and their duties. 2. Total amount of the salaries and other payments, if any, made to them. 3. Number of officials temporarily employed in Great Britain by the Canadian Government at the Empire Exhibition or elsewhere. 4. Duties of such temporary officials or employees and the total cost of their services. 5. In addition to those already there, how many officials the Government proposes to send to Great Britain in connection with the Empire Exhibition and the approximate cost. 6. Whether Government is bearing in part or whole the expenses of representatives of Provincial Governments. 7. Duties of these Provincial representatives, and the approximate expenses. Presented June 26, 1924. Mr. Campbell.....*Not printed.*
- 275a. Return to an Order of the House of the 23rd June, 1924, for a Return showing (1) All rules, regulations, ordinances, regarding the allotment of exhibit space by officials in charge of the Canadian section of the Wembley Exhibition, and copy of any available correspondence on space allotment between the Government of Canada and its agents in charge of this building, and a copy of the order *re* allotment of space, showing the amount assigned to each province. (2) A statement showing the estimated cost to the Government of the Canadian exhibit, (a) for buildings; (b) for Government exhibits and incidentals; (c) a list of the chief officials and their salaries. (3) A statement or copy of any agreements between the Provinces and Dominion as to space, or between the Government of Canada and any city in Canada or Canadian Fair as to space, showing the allotment. Presented July 14, 1924. Mr. Church.....*Not printed.*
- 275a. Return to an Address to His Excellency the Governor General, of the 18th June, 1924, for a copy of all correspondence between the Canadian High Commissioner and the Minister of External Affairs or the Department of External Affairs, and between the British Columbia representative in London, Mr. F. C. Wade, and the Minister of External Affairs, relative to the Wembley Exposition; the use of Canadian materials in the buildings thereof and the relationship of the High Commissioner of Canada thereto. Presented July 16, 1924. Mr. Sutherland.....*Not printed.*
276. Copy of a Bill respecting the United Church of Canada, passed by the Legislature of the Province of Prince Edward Island, which was not assented to by the Lieutenant-Governor of that Province; also copy of Order in Council P.C. 752, dated 5th May, 1924, concerning the same. Presented June 27, 1924.....*Not printed.*
277. Return to an Order of the House for a copy of all papers and documents, including appraiser's reports, relating to the importation of electric lamps from Holland since the 1st of January, 1923. Presented July 1, 1924. Mr. Coote.....*Not printed.*
278. Return to an Order of the Senate, dated May 29, 1924, for a Return of copies of all communications during 1921 and since that year between the Government of Nova Scotia, or any person on their behalf, and the Department of Customs and Excise.

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or any other Department of the Government of Canada, in regard to the establishment in the City of Halifax, Nova Scotia, of bonded warehouses for intoxicating liquors. Presented July 1, 1924. Rt. Hon. Sir George E. Foster.....*Not printed.*

279. Return to an Order of the House of the 16th June, 1924, for a copy of all correspondence and other documents relating to the inquiry regarding Mr. Louis Gauthier, caretaker of the Post Office at Matane, Quebec; also a copy of evidence given at said inquiry, together with the investigator's report. Presented July 2, 1924. Mr. Doucet.....*Not printed.*
280. Return to an Order of the House of the 14th April, 1924, showing: The total travelling expenses of each Minister of the Government for the fiscal years ending March 31st, 1920, 1921, 1922 and 1923, or any portion of such fiscal years that each or any such Ministers held office. Presented July 3, 1924. Mr. McBride.  
*Not printed.*
281. Copy of a Convention of Commerce between Canada and the Economic Union of Belgium and Luxembourg, signed at Ottawa, on the Third Day of July, 1924. Presented July 4, 1924.....*Printed for distribution to Senators and Members.*
282. Partial Return to an Order of the House of the 12th May, 1924, for a Return showing: 1. Number of Commissions of Enquiry appointed by the Laurier Government. 2. Total cost of these Commissions. 3. Names of the counsel employed by the Government. 4. Total remuneration paid to each. Presented July 4, 1924. Mr. Leader.....*Not printed.*
283. Partial Return to an Order of the House of the 12th May, 1924, for a Return showing: 1. Number of Commissions of Enquiry appointed by the Borden Government. 2. Total cost of these Commissions. 3. Names of the counsel employed by the Government. 4. Total remuneration paid to each. Presented July 4, 1924. Mr. Leader.....*Not printed.*
284. Partial Return to an Order of the House of the 12th May, 1924, for a Return showing: 1. Number of Commissions of Enquiry appointed by the Meighen Government. 2. Total cost of these Commissions. 3. Names of the counsel employed by the Government. 4. Total remuneration paid to each. Presented July 4, 1924. Mr. Leader.....*Not printed.*
285. Partial Return to an Order of the House of the 12th May, 1924, for a Return showing: 1. Number of Commissions of Enquiry appointed by the present Government. 2. Total cost of these Commissions. 3. Names of the counsel employed by the Government. 4. Total remuneration paid to each. Presented July 4, 1924. Mr. Leader.....*Not printed.*
286. Return to an Order of the House of the 5th May, 1924, for a copy of all correspondence exchanged between the Government and all persons whomsoever on the subject of the nomination of Dr. Michaud as doctor and agent for the Indians at Seven Islands, county of Saguenay, including (a) copy of all instructions given him on the subject of the purchase of provisions and merchandise necessary to the reserve, (b) copy of all instructions given him on the subject of patronage in his district, (c) copy of all tenders obtained from different merchants for the merchandise necessary, (d) list of merchandise purchased, and the names of the vendors and the prices paid up to December 1st, 1923, (e) copies of all instructions given the agent authorizing him to make advances to certain Indians with guaranteed privilege on their furs, without notifying the public. Presented July 4, 1924. Mr. Doucet.  
*Not printed.*
287. Interim Report of the Royal Grain Inquiry Commission upon matters investigated at Vancouver regarding the handling, storing and shipping of grain, dated Vancouver, B.C., June 19, 1924. Presented July 7, 1924.  
*Printed for distribution to Senators and Members.*
288. Return to an Order of the House of the 21st May, 1924, for a copy of all reports as it is proper to produce, received from the Officer commanding the Royal Canadian Mounted Police, Vancouver, regarding the violation of the Opium and Narcotic Drug Act, during the years 1920 to 1924, inclusive. Presented July 7, 1924. Hon. Mr. Stevens.....*Not printed.*



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289. Return to an Order of the House of the 12th May, 1924, for a Return showing a statement of amount of cocaine or other narcotic drugs seized in British Columbia under the authority of the Royal Canadian Mounted Police and the disposition of the same, during the years 1920 to 1921, inclusive. Presented July 7, 1924. Hon. Mr. Stevens.....*Not printed.*
290. Return to an Order of the House of the 16th June, 1924, for a copy of all correspondence, telegrams, letters and other documents in the possession of the Government relating to the capture by bandits in China of Mr. Jaffray, of Toronto, and the efforts of the Government to secure his release. Presented July 7, 1924. Hon. Mr. Manion.....*Not printed.*
291. Return to an Order of the House of the 12th May, 1921, for a Return showing the names of the members of the Royal Canadian Mounted Police, Victoria detachment, who have (a) left the service; (b) been removed; (c) been dismissed; showing the reasons for termination of services. Presented July 7, 1924. Hon. Mr. Stevens.....*Not printed.*
292. Return to an Order of the House of the 9th June, 1924, for a copy of all correspondence, telegrams and other documents relating to charges of political partizanship preferred against W. L. Trotter, Postmaster at Shesginadah, Ontario, together with a copy of the evidence taken, the investigator's report, and showing what action was taken by the Government on said report. Presented July 7, 1924. Mr. Sutherland.....*Not printed.*
293. Return to an Order of the House of the 9th June, 1924 for a copy of all correspondence, telegrams and other documents relating to charges of political partizanship preferred against Wm. Boyd, Postmaster at Kagawong, Ontario, together with a copy of the evidence taken, the investigator's report, and showing what action was taken by the Government on said report. Presented July 7, 1924. Mr. Sutherland.....*Not printed.*
294. Return to an Order of the House of the 4th June, 1924, for a copy of the agreement entered into between Canadian Petroleums, Limited, and the Government regarding the production of carbon-black and the leasing of oil-lands, and a copy of all correspondence and telegrams in connection therewith. Presented July 8, 1924. Mr. Kennedy (Edmonton).....*Not printed.*
295. Return to an Order of the House of the 26th May, 1924, for a copy of all letters, telegrams, memoranda, order in council, and other documents in the possession or under the control of the Government of Canada or any department thereof, of date subsequent to April 12th, 1922, relating to the proposed reclamation of the area in the Province of British Columbia and the State of Idaho known as the Kootenav Flats. Presented July 8, 1924. Mr. Humphrey.....*Not printed.*
296. Return to an Order of the House of the 9th June, 1924, for a copy of all correspondence, telegrams and other documents relating to charges of political partizanship preferred against S. Brickman, Postmaster at Sebringville, Ontario, together with a copy of the evidence taken, the investigator's report, and showing what action was taken by the Government on said report. Presented July 10, 1924. Mr. Sutherland.....*Not printed.*
297. Return to an Order of the House of the 8th May, 1924, for a Return showing:  
1. How many passenger automobiles have been purchased by the Government in each of the years—1919, 1920, 1921, 1922, 1923 and 1924. 2. What has been the cost of upkeep of such cars in each year. Presented July 10, 1924. Mr. McBride.  
*Not printed.*
298. Return to an Order of the House of the 2nd June, 1924, for a copy of all correspondence, telegrams or other documents passing between the London Guarantee and Accident Company, Limited, or any other parties, and the Government, in connection with the Bond for \$321,000 covering the completion of two ships at Prince Rupert by the Prince Rupert Dry Dock and Engineering Company, Limited. Presented July 14, 1924. Mr. Coote.....*Not printed.*

# CONTENTS OF VOLUME 7—Continued

299. Return to an Order of the House of the 23rd June, 1924, for a return showing the names and addresses of persons residing in the provinces of Manitoba, Saskatchewan and Alberta growing Barberry bushes or hedges, who have been requested by the Federal Department of Agriculture to destroy them and have failed to comply with the request. Presented July 15, 1924. Mr. Lovie.  
*Not printed.*
300. Return to an Address to His Excellency the Governor General of the 7th April, 1924, for a copy of Order in Council providing for the appointment of a Canadian Customs Officer at New York for supervision of Canadian goods shipped from Canada via New York to Canadian points on the Pacific; also, copy of all correspondence, telegrams and other documents, in reference to the matter since the passing of the said Order in Council. Presented July 16, 1924. Hon. Mr. Stevens.....*Not printed.*
301. Return to an Order of the House of the 3rd April, 1924, for a Return showing:  
1. The amount of liquor brought into British Columbia during the calendar years 1922 and 1923. 2. The amount of liquor remaining in bond and later released for export. 3. The amount of liquor released for local consumption. 4. The amount of revenue secured for liquor released for local consumption. 5. The amount of gross revenue or security received from liquor in bond, and the total refund or release under the regulations controlling liquors in bond during the said years. Presented July 16, 1924. Hon. Mr. Stevens.....*Not printed.*
302. Return to an Order of the House of the 28th May, 1924, for a Copy of all correspondence, petition, and other documents exchanged between the Postmaster General or the Government of Canada, and all other persons since July 1st, 1922, to date, on the subject of the dismissal of Edward Gibbs, postmaster, at Four Roads, Gloucester county, New Brunswick. Also a copy of the reports of the investigation that was held, together with a copy of the findings of the investigator. Presented July 17, 1924. Mr. Doucet.....*Not printed.*
303. Return to an Order of the House of the 9th June, 1924, for a copy of all correspondence, telegrams and other documents referring to the dismissal of Mr. D. D. Campbell as Postmaster at O'Leary, Prince Edward Island, and if charges were made and an investigation held, a copy of the evidence taken and the investigator's report. Presented July 17, 1924. Mr. Chaplin.....*Not printed.*
304. Return to an Order of the House of the 9th June, 1924, for a copy of all correspondence, telegrams, letters and other documents, passing between the Department of Trade and Commerce and the Civil Service Commission respecting the matter of the necessity of a person being a university graduate before appointment as Trade Commissioner. Presented July 17, 1924. Sir Henry Drayton.  
*Not printed.*
305. Return to an Order of the House of the 9th June, 1924, for a copy of all letters, telegrams and other documents passing between the Department of Trade and Commerce and the Civil Service Commission respecting the matter of an age limit for appointments as Trade Commissioners. Presented July 17, 1924. Sir Henry Drayton.....*Not printed.*
306. Return to an Order of the House of the 12th May, 1924, for a copy of all letters and other documents, in possession of the Department of Public Works, relating to the claims of the contractor for payments of the cost of work necessitated by the building of the Post Office in the city of Quebec. Presented July 18, 1924. Mr. Parent.  
*Not printed.*
307. Return to an Order of the House of the 16th June, 1924, for a copy of the instructions given Dr. Hume with reference to the oil industry in Ontario and all letters, statements, documents and evidence taken or collected by the said Dr. Hume with reference to the said oil industry and of the report made by Dr. Hume thereon. Presented July 18, 1924. Sir Henry Drayton.....*Not printed.*
308. Return to an Order of the House of the 31st March, 1924, for a copy of the report of Commissioner A. T. Thompson, who was appointed to investigate conditions among the Six Nations Indians. Also a copy of all evidence, letters, correspondence and other documents in the possession of the Government in this connection. Presented July 18, 1924. Mr. Senn.....*Not printed.*

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**CONTENTS OF VOLUME 7—Concluded**


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309. Copy of communications which have passed between the Canadian Government and His Majesty's Government regarding representation of the Dominions at the Inter-Allied Conference. Presented July 18, 1924.  
*Printed for distribution to Senators and Members and bound Sessional Papers.*
310. Report of the Royal Commission on Pulpwood—Part One, Pulpwood Resources; Part Two, Forest Conservation; Part Three, The Question of Pulpwood Exports—July, 1924. Presented July 18, 1924.....*Printed for distribution.*
311. Partial Return to an Order of the Senate, dated April 3, 1924, for a Return showing: the clearances granted by the Customs authorities to vessels of fifteen hundred tons and under for export of intoxicating liquors from Canada during the calendar year 1923, giving according to Provinces the port from which, the Port and Country to which clearance was granted and the tonnage of each vessel cleared, the quality and kind of liquor indicated, the value of the same and the amount of duty involved, paid or remitted in each case, the amount and nature of the security taken by the Government to insure the bona-fides of the exports, the names of the vessels and the date of sailing from the Canadian Port, and the date of the next entry of those vessels into Canada, the foreign Ports from which they were cleared, and the name of the Customs official in each case who issued the clearance from Canadian Ports. Presented July 18, 1924. Rt. Hon. Sir Geo. E. Foster.....*Not printed.*
312. Return to an Order of the House of the 7th April, 1924, for a copy of all contracts made or entered into between the Government of Canada or any department thereof or any person or persons acting for or on behalf of the Government or any department thereof and the Dominion Cannery, Limited, of Hamilton and Simcoe, Ontario, at any time since the 1st of August, 1914, and the 1st August, 1919, and of all reports, letters, correspondence and other documents in the possession or under the control of the Government, relating to or having any bearing upon any dealings, negotiations, contracts or business transactions of any kind whatsoever between the Government and the Dominion Cannery, Limited, or any person or persons acting on behalf of said company, and especially, copies of reports made to the Government or any department thereof, by the Milton Hersey Company, Limited, Montreal, R. R. McCall, Esq., Government Inspector, Simcoe, Ontario, and H. H. Holland, Government supervising inspector, in reference to, or having any bearing upon contracts, dealings and transactions between the Government and the Dominion Cannery, Limited, during the period hereinbefore mentioned, and also of all reports made to the Government as aforesaid by any commission or commissions or any person or persons whatsoever appointed or authorized by the Government to inquire into and report upon the dealings, transactions, and contracts between the Government and the Dominion Cannery, Limited, or any person or persons acting on their behalf during the period from the 1st of August, 1914, and the 1st of August, 1919. Presented July 19, 1924. Mr. Wallace.....*Not printed.*
313. Return to an Order of the House of the 9th June, 1924, for a copy of all correspondence and other documents relating to the inquiry on Ludovic Germain, chief of the city distribution branch, Montreal Post Office; also a copy of evidence given at said inquiry, together with the investigator's report. Presented July 19, 1924. Mr. Doucet.....*Not printed.*



Report of the  
Canadian Delegates  
TO THE  
Fourth Assembly of the League of Nations  
September 3 to 29, 1923

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*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA  
T. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1924





OTTAWA, December 1, 1923.

*To His Excellency*

*The Governor General in Council:*

The undersigned delegates appointed to represent Canada at the Fourth Assembly of the League of Nations have the honour to report as follows:—

The session of the Assembly was opened at Geneva on Monday, the third day of September, under the Chairmanship of Viscount Ishii (Japan), Acting President of the Council of the League, and continued its sittings until the 29th day of September.

At its First meeting, the Assembly elected Mr. de la Torriente, Delegate of Cuba, as its President.

The Agenda had already been circulated to the Members and covered a wide range of subjects.

The Rules of Procedure provide for the distribution of the business of the Assembly amongst six large Committees, on each of which every State Member of the League is entitled to representation.

Sir Lomer Gouin served on the First Committee which deals with Legal Questions, by which he was unanimously chosen as Vice-President, and on the Sixth Committee to which are referred questions of a political nature.

Mr. Graham served on the Second and Fifth Committees, dealing respectively with Technical Organizations and Social and General questions. He was chosen by the Second Committee as Rapporteur and presented to the Assembly the report of the Committee on the work of the Organization of Communications and Transit, which report was unanimously adopted by the Assembly.

Mr. Larkin had been designated to serve on the Third Committee (Reduction of Armaments) and on the Fourth Committee (Budget and Financial Questions). As he was unavoidably absent from Geneva, the undersigned acted as substitutes for him on those Committees.

The work of the Committees consists in the careful study of the various matters submitted to them and their conclusions are reported to the Assembly for decision thereon.

To the first Committee was referred the Canadian proposal concerning Article 10 of the Covenant.

The Canadian delegates at the Peace Conference had taken exception to Article 10 and at the First meeting of the League of Nations had proposed its elimination. The Article reads as follows:—

“The Members of the League undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all Members of the League. In case of any such aggression or in case of any threat or danger of such aggression the Council shall advise upon the means by which the obligation shall be fulfilled.”

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The First and Second Assemblies considered the proposal but failed to reach any conclusion.

In 1922, Messrs. Fielding and Lapointe, after having satisfied themselves of the impossibility of securing the elimination of the Article, wisely suggested that it be allowed to stand with the addition of the following words:—

“taking into account the political and geographical circumstances of each State. The opinion given by the Council in such cases should be regarded as a matter of the first importance and should be taken into consideration by all the Members of the League who should use their utmost endeavours to conform to the conclusions of the Council; but no Member should be under the obligation to engage in any act of war without the consent of its parliament, legislature or other representative body.”

This suggestion was considered by the Committee on Legal and Constitutional Questions, which made the following recommendation:—

“The Assembly of the League of Nations decides that the Canadian proposal with regard to Article 10 of the Covenant should be adjourned until the Fourth Assembly in order that the subject may be considered in all its bearings. The Assembly leaves it to the Council to decide on the steps to be taken to provide for a detailed study of the Canadian proposal before the meeting of the Fourth Assembly.”

The report was adopted by the Third Assembly, and in January, 1923, the Council, through the Secretary-General, addressed a written communication to all the Members of the League inviting an expression of their views as to the Canadian proposal.

Twenty-five replies were received from as many States and communicated to your delegates. An analysis of those replies, while indicating a wide variance of opinion as to the bearing of the article, clearly showed that a large majority of the States were absolutely opposed to any change in the Article and your delegates came to the conclusion that in the face of such opposition, no good purpose could be served by insisting upon the Assembly dealing with the matter in the form of an amendment.

On the other hand, after a careful survey of the situation, your delegates were inclined to believe that the Assembly might not be adverse to the adoption of a resolution defining the meaning of Article 10, and therefore bent their efforts in that direction.

When the matter was considered by the First Committee, Sir Lomer Gouin explained the Canadian point of view, insisting on the desirability of some answer being given without any further delay to those Members of the League who sought to be informed of the rights of the Council and of the obligations of the States under the Article.

The matter gave rise to a protracted discussion before the First Committee. Your delegates finally succeeded in securing the adoption of the principle of an interpretative declaration, and a sub-committee of jurists was appointed to draft a recommendation for submission to the Assembly.

The report of the sub-committee was as follows:—

“The Assembly, desirous of defining the scope of the obligations contained in Article 10 of the Covenant so far as regards the points raised by the Delegation of Canada, adopts the following resolution:—

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"It is in conformity with the spirit of Article 10 that, in the event of the Council considering it to be its duty to recommend the application of military measures in consequence of an aggression or danger or threat of aggression, the Council shall be bound to take account, more particularly, of the geographical situation and of the special conditions of each State.

"It is for the constitutional authorities of each Member to decide, in reference to the obligation of preserving the independence and the integrity of the territory of Members, in what degree the Member is bound to assure the execution of this obligation by employment of its military forces.

"The recommendation made by the Council shall be regarded as being of the highest importance and shall be taken into consideration by all the Members of the League with the desire to execute their engagements in good faith."

The recommendation received the endorsement of the First Committee and your delegates are pleased to report that on a vote being taken by the Assembly, it met with almost unanimous support since only one State, Persia, voted against its adoption and twenty-nine registered their approval of the Canadian proposal.

The States that voted in favour of the interpretative declaration are as follows:—

South Africa, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chili, China, Cuba, Denmark, British Empire, Spain, France, Greece, Hungary, India, Irish Free State, Italy, Japan, Luxembourg, Norway, New Zealand, Netherlands, Portugal, Salvador, Sweden, Switzerland and Uruguay.

While it is true that unanimity is necessary under the constitution of the League to give legal effect to a declaration of this nature, it nevertheless remains that should occasion arise, the Council would be expected to give to Article 10 the interpretation which by its vote the Assembly has expressed. An additional guarantee is to be found in the fact that all the powers represented on the Council are amongst those States who voted in favour of the interpretative declaration.

Your delegates feel that, under the circumstances, a satisfactory answer has been given to the question, and in this connection desire to record their appreciation of the assistance they have received from the British Empire Delegates and the representatives of France, as well as of the courteous treatment accorded to them at all times by all the Delegates to the Assembly.

One of the items on the Agenda called for the election of a judge of the Permanent Court of International Justice to fill the vacancy created by the death of Mr. Ruy Barbosa. The vote resulted in the election of Mr. Epitacio da Silva Pessoa, of Brazil.

The Temporary Mixed Commission for the Reduction of Armaments presented its report on the Draft Treaty of Mutual Assistance and same has been circulated to the Members for consideration.

By the unanimous vote of the Assembly the Irish Free State was admitted to the League of Nations.

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The Assembly adopted an additional clause to the financial regulations providing that the credit balance accruing at the end of the financial year should be applied in the reduction of the contributions of the Members for the second year following, thereby reducing the sum to be raised this year by way of contribution by the Members to 23.233.635.70 gold francs.

As it was found that conditions were not yet sufficiently settled to warrant the establishment of a definite scale of allocation towards the expenses of the League, the Assembly decided to continue, with but slight modification, the present provisional scale, and the amount required from Canada this year is 168.353.29 United States dollars.

The Assembly dealt with a large number of other matters, and adopted resolutions and recommendations which are available in the official records circulated to the Members of the League.

LOMER GOUIN.

GEO. P. GRAHAM







# IMPERIAL ECONOMIC CONFERENCE

OF REPRESENTATIVES OF GREAT BRITAIN, THE  
DOMINIONS, INDIA, AND THE COLONIES AND  
PROTECTORATES, HELD IN OCTOBER  
AND NOVEMBER, 1923

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RECORD OF PROCEEDINGS AND  
DOCUMENTS

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## IMPERIAL ECONOMIC CONFERENCE, 1923

### Record of the Transactions of the Imperial Economic Conference held in October and November, 1923

#### PRELIMINARY NOTE

THE proceedings of the Imperial Economic Conference, 1923, opened at the Offices of the Cabinet, 2, Whitehall Gardens, on the 2nd October, 1923, and were continued until the 9th November. During that period twenty-three plenary meetings took place, and were normally attended by the following:—

#### Great Britain

The Right Hon. Sir PHILIP LLOYD-GREAME, K.B.E., M.C., M.P., President of the Board of Trade.

The Right Hon. NEVILLE CHAMBERLAIN, M.P., Chancellor of the Exchequer, represented, in his absence, by

Lieutenant-Colonel the Hon. WALTER GUINNESS, D.S.O., T.D., M.P., Financial Secretary to the Treasury.

The Right Hon. L. S. AMERY, M.P., First Lord of the Admiralty.

The Right Hon. Sir ROBERT SANDERS, Bart, M.P., Minister of Agriculture and Fisheries, represented, in his absence, by

The Right Hon. the EARL OF ANCASTER, O.B.E., Parliamentary Secretary and Deputy Minister of Fisheries.

Lieutenant-Colonel A. BUCKLEY, D.S.O., M.P., Parliamentary Secretary to the Department of Overseas Trade.

#### Canada

The Hon. GEO. P. GRAHAM, LL.D., Minister of Railways and Canals.

The Hon. Sir LOMER GOUIN, K.C.M.G., Minister of Justice and Attorney-General.

#### \*Commonwealth of Australia

The Right Hon. S. M. BRUCE, M.C., Prime Minister.

Senator the Hon. R. V. WILSON, Honorary Minister in Charge of Departments of Health and Migration.

#### New Zealand

The Right Hon. W. F. MASSEY, Prime Minister.

The Hon. Sir JAMES ALLEN, K.C.B., High Commissioner for New Zealand.

#### Union of South Africa

The Hon. H. BURTON, K.C., Minister of Finance.

The Hon. N. J. DE WET, K.C., Minister of Justice.

\* The representatives of the Commonwealth of Australia did not arrive in England in time to attend the first three meetings of the Conference.

### Irish Free State

The Hon. JOSEPH McGRATH, T.D., Minister for Industry and Commerce, represented, in his absence, by

Mr. E. J. RIORDAN, Secretary to Trade and Shipping Department, Ministry of Industry and Commerce.

### Newfoundland

The Hon. W. R. WARREN, K.C., Prime Minister.

The Hon. Sir MARMADUKE WINTER, C.B.E., Minister without portfolio.

### India

The Right Hon. VISCOUNT PEEL, G.B.E., Secretary of State for India.

Mr. C. A. INNES, C.S.I., C.I.E., Member of Governor-General's Council for Commerce and Railways.

Mr. DABIBA DALAL, C.I.E., High Commissioner.

### Colonies and Protectorates

The Hon. W. G. A. ORMSBY-GORE, M.P., Parliamentary Under-Secretary of State for the Colonies; assisted by

SIR JAMES STEVENSON, Bart., G.C.M.G., Personal Adviser to Secretary of State for the Colonies on Business Questions; and

Sir G. E. A. GRINDLE, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies.

Mr. J. C. C. DAVIDSON, C.H., C.B., M.P., Chancellor of the Duchy of Lancaster, also attended meetings of the Conference as Minister in charge of Publicity arrangements.

### Great Britain

#### SECRETARIAT

Mr. E. R. EDDISON, Secretary.

Mr. A. J. DAWE, Deputy Secretary.

Mr. A. R. FRASER, Assistant Secretary.

Mr. H. BROADLEY, Assistant Secretary.

Mr. G. A. G. STANLEY, Assistant Secretary.

### Canada

Lieutenant-Colonel J. REID HYDE, C.B.E.

### Commonwealth of Australia

Major R. McK. OAKLEY, C.B.E., V.D., Comptroller-General of Customs.

### New Zealand

Mr. F. D. THOMSON, C.M.G.

### Union of South Africa

Mr. E. H. FARRER, C.M.G.



**Irish Free State**

Mr. P. MCGILLIGAN

**India**

Mr. J. C. B. DRAKE, O.B.E.

**Colonies and Protectorates**

Mr. L. R. LUMLEY, M.P.

Certain meetings were in addition attended by the following Ministers:—

The Most Hon. the MARQUESS OF SALISBURY, K.G., G.C.V.O., C.B., Lord President of the Council.

The Right Hon. W. C. BRIDGEMAN, M.P., Secretary of State for Home Affairs.

His Grace the DUKE OF DEVONSHIRE, K.G., G.C.M.G., G.C.V.O., Secretary of State for the Colonies.

The Right Hon. the EARL OF DERBY, K.G., G.C.B., G.C.V.O., Secretary of State for War.

The Right Hon. Sir SAMUEL HOARE, Bart., C.M.G., M.P., Secretary of State for Air.

The Right Hon. Sir C. A. MONTAGUE BARLOW, K.B.E., LL.D., M.P., Minister of Labour.

The Right Hon. Sir LAMING WORTHINGTON-EVANS, Bart., G.B.E., M.P., Postmaster-General.

The Right Hon. Sir DOUGLAS MCGAREL HOGG, K.C., M.P., Attorney-General.

EARL WINTERTON, M.P., Parliamentary Under-Secretary of State for India.

His GRACE the DUKE OF SUTHERLAND, Under-Secretary of State for Air.

The VISCOUNT WOLMER, Parliamentary Secretary, Board of Trade.

The Right Hon. the EARL OF ONSLOW, O.B.E., Parliamentary Secretary, Board of Education.

The Right Hon. W. L. MACKENZIE KING, C.M.G., Prime Minister of Canada.

General the Right Hon. J. C. SMUTS, K.C., C.H., Prime Minister of the Union of South Africa.

The Hon. DESMOND FITZGERALD, T.D., Minister for External Affairs, Irish Free State.

The Hon. J. J. WALSH, T.D., Postmaster-General, Irish Free State.

The following also attended meetings of the Conference:—

**Great Britain***Ministry of Agriculture and Fisheries.*

Sir FRANCIS L. C. FLOUD, K.C.B., Permanent Secretary.

Sir A. DANIEL HALL, K.C.B., LL.D., F.R.S., Chief Scientific Adviser to the Ministry of Agriculture and Fisheries.

Mr. R. J. THOMPSON, C.B., O.B.E., Assistant Secretary.

Mr. R. H. FRANKLIN, Private Secretary to the Minister.

Mr. D. B. TOYE, O.B.E., Private Secretary to the Parliamentary Secretary.

*Air Ministry.*

Major-General Sir W. S. BRANCKER, K.C.B., Director of Civil Aviation.

Lieutenant-Colonel I. A. E. EDWARDS, C.M.G., Deputy Director of Air Transport.

Mr. NOEL I. SMITH, M.B.E.

Squadron-Leader COLMORE.

Mr. C. LL. BULLOCK, Private Secretary to the Secretary of State.

*Offices of the Cabinet.*

Mr. R. B. HOWORTH, Assistant Secretary.

*Colonial Office.*

Sir JAMES MASTERTON-SMITH, K.C.B., Permanent Under-Secretary of State.

Mr. E. J. HARDING, C.M.G., Assistant Secretary.

Mr. H. G. BUSHIE, Assistant Legal Adviser.

Mr. J. E. STEPHENSON, Principal.

Mr. C. R. PRICE, Assistant Principal.

Mr. G. H. CREASY, Assistant Principal.

Major R. D. FURSE, D.S.O., Assistant Private Secretary to the Secretary of State.

Mr. E. B. BOYD, Private Secretary to the Parliamentary Under-Secretary of State.

*Board of Customs and Excise.*

Sir H. P. HAMILTON, K.C.B., Chairman.

Mr. H. V. READE, C.B., Principal of Intelligence Branch.

Mr. C. J. T. B. GRYLLS, C.B.E., Assistant Secretary.

*Board of Education.*

Mr. E. K. CHAMBERS, C.B., Second Secretary.

*Forestry Commission.*

Major-General Lord LOVAT, K.T., K.C.M.G., K.C.V.O., C.B., D.S.O., Chairman.

Mr. R. L. ROBINSON, O.B.E., Commissioner.

*General Post Office.*

Sir G. E. P. MURRAY, K.C.B., Permanent Secretary.

Brigadier-General F. H. WILLIAMSON, C.B., C.B.E., Director of Postal Services.

Lieutenant-Colonel A. POWNALL, O.B.E., M.P., Parliamentary Private Secretary to the Postmaster-General.

*Government Actuary's Department.*

Sir A. W. WATSON, Government Actuary.

*Home Office.*

Mr. R. R. BANNATYNE, C.B., Assistant Secretary.

Mr. C. M. KNOWLES, Acting Principal.

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*India Office.*

Mr. P. J. PATRICK, Principal.

The VISCOUNT GAGE, M.P., Parliamentary Private Secretary to the Secretary of State.

*Board of Inland Revenue.*

Sir R. V. N. HOPKINS, K.C.B., Chairman.

Mr. L. BROWETT, C.B.E., Assistant Secretary.

Mr. E. A. EBORALL, Principal Inspector.

Mr. G. R. HAMILTON, Principal.

*Ministry of Labour.*

Mr. H. J. WILSON, C.B., C.B.E., Permanent Secretary.

Mr. J. PATERSON, Assistant Secretary.

*Oversea Settlement Department.*

Mr. T. C. MACNAGHTEN, C.M.G., C.B.E., Vice-Chairman, Oversea Settlement Committee.

Dame MERIEL TALBOT, D.B.E., Oversea Settlement Committee.

Mr. G. F. PLANT, Secretary, Oversea Settlement Committee.

Mr. W. A. BANKES-AMERY, Finance Officer.

Mr. W. GARNETT, Staff Clerk.

*Department of Overseas Trade (Development and Intelligence).*

Sir WILLIAM H. CLARK, K.C.S.I., C.M.G., Comptroller-General.

Mr. R. W. MATTHEW, C.M.G., Director.

Mr. J. A. P. EDGCUMBE, C.B.E., Assistant Director.

Mr. R. W. DALTON, Senior British Trade Commissioner in Canada.

Mr. A. MULLINS, C.B.E., Private Secretary to the Parliamentary Secretary.

Lord APSLEY, D.S.O., M.C., M.P., Parliamentary Private Secretary to the Parliamentary Secretary.

*Patent Office.*

Mr. W. TEMPLE FRANKS, C.B., Comptroller-General.

Mr. A. J. MARTIN, O.B.E., Assistant Comptroller.

*Department of Scientific and Industrial Research.*

Sir H. FRANK HEATH, K.C.B., Secretary.

Mr. J. W. GENTLEMAN, Assistant Principal.

*Board of Trade.*

Sir SYDNEY CHAPMAN, K.C.B., C.B.E., Permanent Secretary.

Sir H. LLEWELLYN SMITH, G.C.B., Chief Economic Advisor to His Majesty's Government.

Mr. C. HIPWOOD, C.B., Senior Assistant Secretary.

Mr. H. FOUNTAIN, C.B., C.M.G., Principal Assistant Secretary.

Mr. P. W. L. ASHLEY, C.B., Principal Assistant Secretary.

Mr. F. H. COLLIER, C.B., Secretary, Food Department.

Mr. A. E. LEE, Assistant Principal.

Mr. R. D. FENNELLY, Assistant Principal.

Mr. A. E. OVERTON, M.C., Private Secretary to the President.

Mr. A. A. HOPPER, Private Secretary to the President.

Captain V. A. CAZALET, M.C., Private Secretary to the President.

Mr. J. G. HENDERSON, O.B.E., M.C., Private Secretary to the Permanent Secretary.

Mr. W. B. BROWN, Private Secretary to Viscount Wolmer.

#### *Treasury.*

Mr. O. E. NIEMEYER, C.B., Controller of Finance.

Mr. R. F. WILKINS, C.B., Assistant Secretary.

Mr. R. G. HAWTREY, Assistant Secretary.

Mr. L. CUTHBERTSON, Principal.

Captain SIDNEY HERBERT, M.P., Parliamentary Private Secretary to First Lord of the Treasury.

Mr. P. J. GRIGG, Private Secretary to the Chancellor of the Exchequer.

Mr. H. BRITAIN, Private Secretary to Financial Secretary.

#### *War Office.*

Mr. J. A. CORCORAN, C.B., Director of Army Contracts.

#### *Business Advisers and Others.*

The Right Hon. E. M. ARCHDALE, Minister of Commerce, Northern Ireland.

Mr. C. LITCHFIELD, Permanent Secretary, Ministry of Commerce, Northern Ireland.

Mr. J. SHUTTLEWORTH, Ministry of Commerce, Northern Ireland.

Mr. R. T. NUGENT, } representing Sir Eric Geddes, G.C.B., Business

Mr. J. M. MACKENZIE, } Adviser to the President of the Board of Trade.

Sir ERNEST GLOVER, Bart., Business Adviser to President of the Board of Trade.

Mr. P. MAURICE HILL, representing Sir Ernest Glover, Bart.

Sir ARTHUR BALFOUR, K.B.E., Business Adviser to the President of the Board of Trade.

Mr. STANLEY MACHIN, representing Sir A. Balfour, K.B.E.

Mr. J. W. BEAUMONT PEASE, Business Adviser to the President of the Board of Trade.

Sir CHARLES ADDIS, K.C.M.G., Chairman, London Committee, Hong Kong and Shanghai Bank.

Sir HALFORD MACKINDER, Chairman, Imperial Shipping Committee.

#### **Canada**

Dr. J. H. GRIDALE, Deputy Minister of Agriculture.

The Hon. DUNCAN MARSHALL, Commissioner of Agriculture.

Dr. CHARLES CAMSELL, LL.D., F.R.S.C., Deputy Minister of Mines.

Major GRAHAM BELL, C.M.G., Deputy Minister of Railways and Canals.

Major-General J. H. MACBRIEN, C.B., C.M.G., D.S.O., Chief of General Staff.

Commodore WALTER HOSE, C.B.E., R.C.N., Director of Naval Service.

Dr. O. D. SKELTON, M.A., Ph.D.

Mr. F. C. BLAIR, Secretary, Department of Immigration and Colonization.

Mr. R. H. COATS, Dominion Statistician.

Colonel J. OBED-SMITH, Superintendent of Immigration in London.

Mr. HARRISON WATSON.

## SESSIONAL PAPER No. 36

**Commonwealth of Australia**

Sir ROBERT R. GARRAN, K.C.M.G., Solicitor-General and Parliamentary Draftsman.  
Mr. G. F. AINSWORTH, Prime Minister's Department.  
Mr. HERBERT BROOKES, Member, Tariff Board.  
Mr. C. H. READING, Member, Australian Board of Trade.  
Mr. J. SANDERSON, Representative of the Commonwealth Government on the Board of Trade Advisory Council.  
Mr. W. J. YOUNG, C.B.E.  
Mr. F. L. McDougall.

**New Zealand**

Mr. F. T. SANDFORD, Immigration Officer.

**Union of South Africa**

Sir HOWARD GORGES, K.C.M.G., M.V.O., Chairman of Board of Trade and Industries.  
Sir W. MACINTOSH, M.L.A.  
Senator the Hon. J. P. MALAN.  
Sir E. CHAPPELL, C.B.E.  
Mr. W. J. O'BRIEN, O.B.E., M.L.A.  
Mr. W. MARSHALL.  
Mr. G. OWEN SMITH, I.S.O., Commissioner of Customs and Excise.  
Mr. J. COLLIE, O.B.E., Department of Finance.  
Mr. R. E. C. MITCHELL, Private Secretary to the Hon. H. Burton, K.C.

**Irish Free State**

Senator Sir JOHN KEANE, Bart.  
Senator R. M. BUTLER.  
Mr. GORDON CAMPBELL, Secretary to the Ministry of Industry and Commerce.  
Mr. J. J. MACELLIGOT, Ministry of Finance.  
Mr. C. J. FLYNN, Revenue Commissioner.  
Professor T. A. SMIDDY.

**Newfoundland**

The Hon. Sir PATRICK T. McGRATH, K.B.E., Member of Legislative Council.  
Captain V. GORDON, Acting High Commissioner.

**India**

Sir E. M. COOK, C.S.I., C.I.E.  
Mr. H. A. F. LINDSAY, C.B.E., Indian Trade Commissioner in London.

Apart from the plenary meetings, thirty meetings of Committees of the Conference took place. There were also a number of informal meetings between members of the Conference to discuss various matters bearing on the business of the Conference.

## RESOLUTIONS AGREED TO BY THE CONFERENCE

### 1. OVERSEA SETTLEMENT WITHIN THE EMPIRE

It was decided to adopt the following Resolution:—

"This Imperial Economic Conference approves the Report of the Committee appointed to consider questions relating to oversea settlement.\* The Conference endorses the recommendations of the Committee and notes with satisfaction the arrangements as recorded in the report which have been arrived at, or are in contemplation, with a view to improving the facilities for settlement within the Empire.

"The Conference takes this opportunity of reaffirming its sense of the importance of the policy of oversea settlement to the well-being of the Empire."

### 2. CO-OPERATION IN FINANCIAL ASSISTANCE TO IMPERIAL DEVELOPMENT

It was agreed that the Scheme recommended by the Committee on Co-operation in Financial Assistance to Imperial Development be adopted. The Report of the Committee reads as follows:—

"The Committee on Financial Co-operation recommends for adoption by the Conference the following scheme which was submitted to the Committee by the representatives of His Majesty's Government.

"The suggestion which the Imperial Government make is that in order to facilitate the anticipation of work which otherwise would not be taken in hand for some years they should give a contribution towards the interest charges on loans raised for capital expenditure of this kind by public utility undertakings (viz., communications, power, lighting, water, drainage, irrigation, &c.). These undertakings might be under either public or private control or management.

"The assistance would be in respect of expenditure on orders placed in this country and would be applicable only to schemes approved by the Dominion or Central Government concerned and certified by it to be in anticipation of normal expenditure. Payment would be made to the Dominion or Central Government which would be responsible for payment to the ultimate recipient.

"It is suggested that the maximum grant should be three-quarters of the interest charges for a period of five years.

"In order to qualify for the Imperial contribution a scheme must be accepted by the Imperial Government within the next three years. The approval on behalf of the Imperial Government would be given after consultation with the Treasury, the Colonial or India Office and the Board of Trade.

"It would be understood that priority will be given to schemes involving the earliest placing of orders."

### 3. IMPERIAL PREFERENCE

#### (1) TARIFF PREFERENCE

It was decided to adopt the following Resolution:—

"This Imperial Economic Conference, holding that, especially in present circumstances, all possible means should be taken to develop the resources of the Empire and trade between the Empire countries, desires to reaffirm the Resolution on the subject of Imperial Preference passed by the Imperial War Conference of 1917."

\* See page 101.



## (2) IMPERIAL PREFERENCE IN PUBLIC CONTRACTS

It was decided to adopt the following Resolution:—

"1. That this Imperial Economic Conference re-affirms the principle that in all Government contracts effective Preference be given to goods made and materials produced within the Empire except where undertakings entered into prior to this Conference preclude such a course or special circumstances render it undesirable or unnecessary.

"2. That so far as practicable, efforts be made to ensure that the materials used in carrying out contracts be of Empire production.

"3. That State, provincial and local government authorities should be encouraged to take note of the foregoing resolutions."

## 4. FURTHER STEPS FOR THE IMPROVEMENT OF MUTUAL TRADE

## (A)—IMPERIAL CO-OPERATION IN RESPECT OF COMMERCIAL INTELLIGENCE

It was decided to adopt the following Resolutions:—

(i) *Commercial Diplomatic and Consular Services.*

"This Imperial Economic Conference takes note of the offer of His Majesty's Government to place the services of His Majesty's Commercial Diplomatic Officers in foreign countries at the disposal of the Governments of the Dominions and India and of the Colonies and Protectorates in the same way and to the same extent as the services of His Majesty's Trade Commissioners within the Empire are already at their disposal. It notes that His Majesty's Government propose that as regards countries outside of Europe the Governments should utilise direct the services of Commercial Diplomatic Officers or of senior Consular Officers where no Commercial Diplomatic Officers have been appointed, but that communications which it is proposed to address to Commercial Diplomatic Officers in European countries should be transmitted in the first instance to the Department of Oversea Trade.

"The Conference, recognising the importance of all possible steps being taken to strengthen the mutual co-operation of the several parts of the Empire in matters of commercial intelligence with a view to the development of Empire trade, welcomes the arrangements proposed by His Majesty's Government.

"It also welcomes the offer of the Governments of the Dominions which have appointed Trade Commissioners in countries overseas to make a similar arrangement for the utilization of those officers by Governments of other parts of the Empire.

"The Conference further recommends that, when two or more Governments of the Empire maintain commercial representatives in the same country, an endeavour should be made to arrange that the offices of these representatives should be in the same building or in close proximity. In order to facilitate all possible co-operation between such representatives in their work on behalf of Empire trade."

(ii) *Commercial Travellers' Samples.*

"This Imperial Economic Conference proposes that articles liable to duty imported into any part of the British Empire as samples or specimens by commercial travellers representing manufacturers or traders established in any other part of the British Empire, should be temporarily admitted free of duty, subject to such persons complying with the laws and regulations and also the Customs formalities established to

assure the re-exportation or deposit in bond of the articles or the payment of the prescribed Customs duties if not re-exported or deposited within the prescribed period. But the foregoing privilege should not extend to articles which, owing to their quantity or value, cannot be considered as samples, or which, owing to their nature, could not be identified upon re-exportation.

"The marks, stamps, or seals placed upon such samples by the Customs authorities of any part of the Empire at the time of exportation and the officially attested list of such samples containing a full description thereof, including, in the case of goods liable to *ad valorem* duty, a statement of their value, should be accepted by the Customs officials of any other part of the Empire as establishing their character as samples and exempting them from inspection, except so far as may be necessary to establish that the samples produced are those enumerated in the list.

"The Customs authorities of that part of the Empire into which samples are brought may, however, affix a supplementary mark to such samples or lists in special cases where they may think this precaution necessary.

"In cases where the regulations require the provisional payment of the duties or deposits for such samples on entry a receipt for such payment should be given and the duties or deposits should be reimbursed at any Customs-house at which the samples may be produced with a view to re-exportation."

### (iii) *Trade Catalogues.*

"This Imperial Economic Conference proposes that, where freer admission of catalogues and price lists is not provided for, single copies of trade catalogues and price lists of firms having an established place of business within the Empire, sent by post, or with consignments of goods, from any part of the British Empire, to business firms in any other part of the British Empire, should be admitted free of duty, provided that they are the trade catalogues or price lists of firms or persons having no established place of business in the territory to which they are sent."

## (B)—STATISTICS

"This Imperial Economic Conference, recognizing the importance of rendering the trade statistics published by the Government of the United Kingdom as valuable as possible with reference to the development of inter-Imperial trade, recommends that the United Kingdom Board of Trade, after reviewing the statistics in question from this point of view, should draw up a detailed scheme and submit it to the Governments of the several parts of the Empire for their consideration."

## (C)—IMPERIAL COMMUNICATIONS

### (i) *Shipping.*

#### (a) *Imperial Shipping Committee.*

It was agreed to adopt the following Resolutions:—

#### (1)

"That this Imperial Economic Conference desires to convey to Sir Halford Mackinder, as Chairman of the Imperial Shipping Committee, and to the Members of that Committee, an expression of its appreciation of the very excellent work which they have done during the period of the Committee's existence, both in the interests of the commercial and producing communities, and of British citizens generally."

(2)

"That this Imperial Economic Conference is of opinion:—

"(1) That the work accomplished by the Imperial Shipping Committee is convincing proof of the wisdom of its establishment, and that it is of the highest importance to the Empire that this work should continue;

"(2) That it is, therefore, desirable to maintain the Committee on its present basis, deriving authority from, and responsible to, the Governments represented in the Imperial Conference."

(b) *Carriage of Goods by Sea.*

It was agreed that the following Resolution be adopted:—

"This Imperial Economic Conference having examined the Rules relating to Bills of Lading recommended by the International Conference on Maritime Law held at Brussels in October, 1922, and embodied in the Carriage of Goods by Sea Bill now before the British Parliament, is of opinion that in all essential principles they are based upon the Canadian Water Carriage of Goods Act, 1910, and the Report of the Imperial Shipping Committee, 1921, and believing that there is a good prospect of international agreement in regard to bills of lading on this basis which would be of benefit to every part of the Empire, considers that these Rules can be recommended for adoption by the Governments and Parliaments of the Empire."

(c) *Shipping Taxation*

It was agreed that the recommendations put forward in the Report of the Shipping Taxation Committee\* be adopted.

(ii) *Air Communications*

It was decided to adopt the following Resolutions:—

"(1) That the British Government should circulate to the Dominions and India a statement showing the present anticipated operational performances of rigid airships and in the future should circulate regularly up-to-date information of the progress of the Burney airship proposals in order that consideration of Empire participation in these or future airship proposals might be facilitated.

"(2) That the British Government should prepare a draft procedure designed on a reciprocal basis to secure more rapid and more extensive interchange of information in regard to civil aeronautics and should submit this for the consideration of the other Governments of the Empire with a view to general adoption.

"(3) That having regard to post-war developments, any British oversea countries which have no up-to-date experience of air photography and contemplate the use of air survey, would be well advised, whenever possible, to consult other Empire Governments having such experience before accepting estimates or schemes providing for its use."

(iii) *Cables and Wireless*

It was agreed that the following Resolutions be adopted:—

"(a) That this Imperial Economic Conference affirms the importance of establishing as quickly as possible an efficient Imperial Service of Wireless Communication, and is of opinion that the several Governments of the Empire should take immediate action to remove any difficulties

\* See page 268.

which are now delaying the accomplishment of this, while providing adequate safeguards against the subordination of public to private interests.

"(b) That representatives of the Dominions and India should be associated in the work of the Imperial Communications Committee when questions of interest to them are under consideration.

"(c) That in view of the fact that the Dominions interested in the Pacific cable have for a long time pressed for the provision of a State-owned connecting link across the Atlantic, all possible support should be given by the Governments of the Empire to the State-owned Atlantic cable route which has now been provided.

"(d) That in any concessions given in the British Empire to private enterprise in respect of cable or wireless services (including broadcasting stations), preference should be accorded to British Companies of any part of the Empire."

#### (D)—RECIPROCAL ENFORCEMENT OF JUDGMENTS, INCLUDING ARBITRATION AWARDS

It was decided to adopt the following Resolution:—

"This Imperial Economic Conference take note of the action already taken in many parts of the Empire to carry into effect the proposal contained in Resolution XXV of the Imperial Conference, 1911, with regard to mutual arrangements with a view to the enforcement in one part of the Empire of judgments and orders of the Courts of Justice in another part, including judgments or orders for the enforcement of commercial arbitration awards. While it is recognized that in certain Dominions these matters come within the scope of Provincial or State Governments whose freedom of action could not be bound by any decision of the Dominion or Central Government, the general view of the Imperial Economic Conference is that a universal arrangement throughout the Empire for the reciprocal enforcement of judgments, including arbitration awards, could not fail to be valuable and advantageous to trade and commerce, and is accordingly an object at which the different parts of the Empire should aim."

#### (E)—IMPERIAL CO-OPERATION WITH REFERENCE TO PATENTS, DESIGNS AND TRADE MARKS

It was decided to adopt the following Resolution:—

"This Imperial Economic Conference have given careful consideration to the Provisional Scheme recommended in the Report of the British Empire Patent Conference, 1922, and they are of opinion that, apart from one or two details which might receive further consideration by correspondence between the heads of the Patent Offices, the Provisional Scheme is a practicable one, and promises considerable advantages to British inventors throughout the Empire; but in view of the difficulties felt by the Dominion of Canada as regards the absence of any provision for reciprocal registration of Dominion patents, the Conference feels unable to make any recommendation so far as the Self-Governing Dominions and India are concerned.

"The Conference, however, unanimously agree that it is very desirable that the Provisional Scheme should be adopted by the Colonies and Protectorates, and that considerable benefits would thereby be derived by inventors throughout the Empire."

## (F)—ECONOMIC DEFENCE

It was decided to adopt the following Resolution:—

"In view of the vital importance to the British Empire of safeguarding its overseas carrying trade against all forms of discrimination by foreign countries, whether open or disguised, the representatives of the Governments of the Empire declare—

"(1) That it is their established practice to make no discrimination between the flags of shipping using their ports, and that they have no intention of departing from this practice as regards countries which treat ocean-going shipping under the British flag on a footing of equality with their own national shipping.

"(2) That in the event of danger arising in future to the overseas shipping of the Empire through an attempt by a foreign country to discriminate against the British flag, the Governments of the Empire will consult together as to the best means of meeting the situation."

## (G)—CUSTOMS FORMALITIES

(i) *Valuation of Goods for Customs Duty Purposes*

It was decided to adopt the following Resolutions:—

*Form A*

"A common form of invoice and certificate for use by exporters having been adopted by Australia, New Zealand, the Union of South Africa, and Newfoundland, as well as by a number of Colonies, the Conference strongly recommends, in the general interests of inter-Imperial trade, that the early adoption of an identical form may be sympathetically considered by all the other Governments throughout the Empire which levy duty on a system similar to that in force in the above-mentioned parts of the Empire.

"The Conference understands that legislation to give effect to the recommendations of the Imperial Customs Conference has already been passed in Australia and New Zealand, and ventures to urge the passing of similar legislation in every case in which such may prove to be necessary."

*Form B*

"The Conference has had before it a form of invoice and certificate which has been prepared as suitable for use in those parts of the Empire which levy duty on the invoice value of goods imported from other parts of the Empire, and require for this purpose a certified statement made by the exporter of the goods.

"The Conference strongly recommends, in the interests of inter-Imperial trade; the early adoption by all parts of the Empire which levy duty on the system in question of the form annexed to this Resolution."\*

*Certificate in Regard to Postal Packages*

"The attention of the Conference has been drawn to the short form of certificate prepared by the Imperial Customs Conference, 1921, for use as establishing the origin of goods sent by parcel post from the United Kingdom.

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\* See pages



"It understands that this form has already been adopted by a number of the Dominions and Colonies, and considers that in the interests of inter-Imperial trade, the adoption of a similar form is desirable in the case of parcels arriving in one part of the Empire from another part.

"The Conference therefore strongly recommends that, in the case of parcels sent by parcel post, the contents of which are of small value and are not merchandise for sale, the following short form of certificate should be adopted at an early date by all parts of the Empire concerned, as providing satisfactory evidence of the origin of the goods in cases where the production of such evidence entitles the goods to entry at a lower rate of duty than would otherwise obtain:—

"The contents of this package are not merchandise for sale, and every article herein, to the extent of at least one-fourth of its present value is *bona fide* the produce or manufacture of.....  
(name of part of British Empire).

"Dated at..... this..... day  
of..... 19....  
"..... Sender."

## (ii) *International Conference on Customs Formalities*

It was decided to adopt the following Resolution:—

"That the Conference should take note of the work accomplished by the recent League of Nations International Conference on Customs and other Similar Formalities (the 15th October to the 3rd November, 1923), and that the conclusions of that Conference should be recommended for favourable consideration to the various Empire Governments concerned."

## (H)—EMPIRE CURRENCY AND EXCHANGE

The Imperial Economic Conference adopted and endorsed the following Resolutions, submitted to them by the Committee on Inter-Imperial Exchanges:—

"(1) That, arising as they do from the suspension of an effective gold standard, the difficulties of Inter-Imperial exchange will disappear when the currencies of Great Britain and the Dominions affected are again made convertible into gold.

"(2) That it is neither necessary nor desirable to adopt complicated plans for a new instrument of credit, such as Empire Currency Bills, which involve difficult and disputable constitutional and financial questions.

"(3) That where difficulties have arisen in regard to exchange between certain parts of the Empire and between such parts of the United Kingdom,

"(a) The position could be ameliorated if the note-issuing authorities were to accumulate sterling assets and to undertake to exchange their local currencies for sterling and *vice versa*.

"(b) This measure might be further developed and assisted by the creation of central banks and by mutual co-operation as recommended by the Genoa Conference.

"(c) In some cases the bank charges for buying and selling sterling appear to be unduly high and should be capable of reduction "



## SESSIONAL PAPER No. 36

## (J)—CO-OPERATION FOR TECHNICAL RESEARCH AND INFORMATION

It was decided to adopt the following Resolutions:—

*Resolution 1.*

"This Imperial Economic Conference recommends the adoption of the first of the two schemes for the future of the Imperial Institute and the Imperial Mineral Resources Bureau proposed in the Report\* of the Imperial Institute Committee of Enquiry, 1923, subject to the following modifications:—

- "(i) That in order to ensure that the reconstituted Imperial Institute may in future undertake in its laboratories only preliminary investigations of raw materials for the purpose of ascertaining their possible commercial value, and to ensure that investigation or research of a more extensive kind may be referred to the appropriate authority, whether in this country, or elsewhere in the Empire, there shall be formed a small Committee of the Governing Body, to be known as the 'Laboratory Committee,' consisting of the Comptroller-General of the Department of Overseas Trade (or his nominee), the Secretary of the Scientific and Industrial Research Department (or his nominee), and a Fellow of the Royal Society, being a representative of that Society on the Governing Body of the Imperial Institute, who will supervise the laboratory work of the Institute and report thereon from time to time to the Governing Body.
- "(ii) That, with a view to ensuring that in future the reconstituted Institute may have expert assistance in regard to finance, *e.g.*, in establishment matters, a representative of His Majesty's Treasury be added to the new Governing Body and to the new Managing Committee proposed in paragraphs 100 and 101 of the Report of the Imperial Institute of Enquiry."

*Resolution 2*

"This Imperial Economic Conference approves the estimate of the cost of maintaining the reconstituted Institute as set out in paragraph 5 of the memorandum of the Secretary of State for the Colonies submitted to the Conference I.E.C. (23)-18); and suggests that in order that the sum of £8,000, which is proposed as an annual contribution from the Dominions and India, may be obtained, the ministerial representatives of the Dominions and of India advise their respective legislatures to contribute the following annual amounts for a period of five years:—

"Canada.....	£2,000
Commonwealth of Australia .....	2,000
New Zealand* .....	1,200
Union of South Africa.....	1,200
India.....	1,200
Irish Free State.....	200
Newfoundland.....	200"

\* On the understanding that New Zealand is willing to raise this amount to £1,500. provided that the Exhibition Galleries of the Institute are retained.

*Resolution 3*

"This Imperial Economic Conference take note of the memorandum on the co-ordination of research bearing upon industry and the sugges-

\* See Cmd. 1997 of 1923.

tions for its development submitted by the Department of Scientific and Industrial Research in consultation with the Ministry of Agriculture and Fisheries and other Departments, and they are of opinion that all possible steps should be taken to encourage the exchange of scientific and technical information between the various parts of the Empire, and the co-operation of the official and other organisations engaged in research for the solution of problems of common interest."

### (K)—IMMUNITY OF STATE ENTERPRISES

It was decided that the following Resolutions be adopted:—

#### I

"This Imperial Economic Conference, so far as it is competent for its members without prejudice to the rights of the States or Provinces of a self-governing Dominion, agrees with the recommendation of the Committee on the Liability of Dominion and Foreign Governments, &c., to United Kingdom taxation expressed in the following terms, viz.:—

"Any Government within the Empire, so far as it engages in trade, shall be treated as liable to the taxation of any other country within the Empire, in which it may either own property in connection with trade, or make trade profits; the liability of the United Kingdom Government or any Dominion Government so far as engaged in trade shall be co-extensive with the liability of a private trading corporation in similar circumstances."

"It is agreed that each of the several Parliaments of Great Britain, the Dominions and India shall be invited to enact at the earliest opportunity a declaration that the general and particular provisions of its Acts or ordinances imposing taxation shall be deemed to apply to any commercial or industrial enterprise carried on by or on behalf of any other such Governments in the same manner in all respects as if it were carried on by or on behalf of a subject of the British Crown. It is not contemplated that such legislation should have retrospective effect for any year prior to 1924.

"This Conference further agrees that, as soon as possible after the passing of the aforesaid legislation, negotiations should be opened with the Governments of foreign countries, in accordance with the recommendations of the aforesaid Committee, "with a view to reciprocal agreement between those countries and the Empire to the following effect: if or when the Government of a foreign country carries on trade in the United Kingdom or in a Dominion, and if or when the Government of a country within the British Empire carries on trade in a foreign country, the trading Government shall not, in its character as such, be treated as entitled to any sovereign immunity from taxation either directly or through the claim of superiority to the jurisdiction of municipal Courts; nor shall a Government so trading be treated as entitled to any sovereign immunity from taxation in respect of property in the other country concerned which it may own or hold in a trading capacity or in connection with trade.

"It is understood that, as the Committee recommended, it would be a proviso to the whole agreement that it should be without prejudice to the national interests of a sovereign State in any emergency of war."

## II

"The Conference further recommends that the draft convention on the immunity of State-owned ships adopted by the meeting of the International Maritime Committee held at Gothenburg in August last, and amended after consultation between the British Admiralty and Board of Trade, should be adopted throughout the Empire as the basis on which an international convention might be concluded. This amended draft is as follows:—

*"Immunity of State-owned Ships*

"(Amended Draft: October 26, 1923)

"Article 1.—Vessels owned or operated by States for trading purposes, cargoes owned by them and cargo and passengers carried on such vessels and the States owning or operating such vessels shall be subjected in respect of claims relating to the operation of such vessels or to such cargoes to the same rules of legal liability (i.e., liability to be sued for payment) and to the same obligations as those applicable to private vessels, persons or cargo.

"Article 2.—Such liabilities shall be enforceable by the tribunals having jurisdiction over and by the procedure applicable to a privately-owned ship or cargo or the owner thereof.

"Article 3.—Ships of war, State Yachts, Surveying Vessels, Hospital Ships and other vessels owned or operated by States and employed on other than trading purposes shall continue to enjoy the respective privileges and immunities hitherto enjoyed by them by the comity of nations. Liabilities against such ships in respect of collisions or salvage claims shall, however, be enforceable, but only by action before the competent tribunals of the State owning or operating such vessels; and no such vessel shall be liable to arrest. Similarly, State-owned cargo carried for non-commercial purposes in ships owned or operated by the State shall not be subject to seizure, but shall be liable to process of Law, but only in the Courts of the State owning such vessels.

"Article 4.—The provisions of this Convention will be applied in every contracting State in all cases where the claimant is a citizen of one of the contracting States, provided always that nothing in this Convention shall prevent any of the contracting States from settling by its own laws the rights allowed to its own citizens before its own Courts.

"Article 5.—This Convention shall not be binding on a belligerent State in respect of claims arising during the period of belligerency."

## 5. IMPERIAL POLICY WITH REGARD TO THE IMPORT AND EXPORT OF LIVESTOCK

After consideration of this question, the Imperial Economic Conference decided that steps should be taken to promote Inter-Imperial trade in pedigree stock throughout the Empire as a whole on reciprocal terms, subject always to satisfactory precautions being taken against the introduction of disease.

It was further agreed that a Conference should be arranged between representatives of His Majesty's Government and the Canadian Government to consider the question of the administrative interpretation of "The Importation of Animals Act, 1922."

## 6. IMPERIAL POLICY WITH REGARD TO FORESTRY

It was decided to adopt the following Resolution:—

"That the Imperial Economic Conference accepts generally the Resolutions of the Empire Forestry Conference (Canada, 1923), and recommends them to the respective Governments of the Empire for their favourable consideration."\*

## 7. WORKMEN'S COMPENSATION

It was decided to adopt the following Resolutions:—

### RESOLUTION I

#### *Non-resident Workmen*

"That this Imperial Economic Conference, taking note of the existing restrictions in the Workmen's Compensation laws of certain parts of the British Empire on the payment of benefits to workmen and their dependents on the ground of non-residence in the State in which the accident happened, and having regard to the tendency of such restrictions to discourage movement within the Empire, is of opinion that no British subject who is permanently incapacitated, and no dependant of a British subject who has been killed, by accident due to his employment in any part of the Empire should be excluded from any benefit to which he would otherwise be entitled under the Workmen's Compensation law of that part of the Empire on the ground of his removal to or residence in another part of the Empire."

### RESOLUTION II

#### *Seamen*

"That this Imperial Economic Conference, having had its attention drawn to cases where British sailors injured by accident while serving on ships registered in some part of the Empire have had no claim to compensation owing to the law of that part of the Empire being restricted, in its application to seamen, to accidents occurring within territorial waters or other limited area, is of opinion that the Government of any such part of the Empire should ensure that the benefits of its compensation law will extend to all accidents to seamen serving on ships registered within such part of the Empire wherever the ship may be when the accident takes place. And furthermore the Conference invites the Government of any British Colony or Protectorate where there is a register of shipping, but where legislation giving compensation rights to seamen does not at present exist, to consider the adoption of such legislation."

### RESOLUTION III

#### *Aliens*

"That this Imperial Economic Conference, taking note of the disabilities imposed under the Workmen's Compensation laws of certain foreign countries on British subjects residing in those countries and their dependants, invites each Government of the Empire, regard being had to its own particular conditions, to consider the possibility of adopting in workmen's compensation legislation, the principle of reciprocity, that is, that the benefits of such legislation should be accorded to subjects of foreign countries upon the condition that and to the extent to which such foreign countries accord reciprocal treatment to British subjects."

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\* See page 555.

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The Conference notes in adopting the foregoing Resolutions that, in certain of the Dominions, Workmen's Compensation falls wholly or partially within Provincial or State jurisdiction and is in those cases and to that extent outside the control of the Dominion Government.

## 8. IMPERIAL ECONOMIC COMMITTEE

It was decided to adopt the following Resolution:—

“That in the opinion of this Imperial Economic Conference (Canada dissenting)—

“(1) It is desirable to establish an Imperial Economic Committee, comprising representatives of the Governments represented in the Imperial Conference, and responsible to those Governments.

“(2) The function of the Committee should be to consider and advise upon any matters of an economic or commercial character, not being matters appropriate to be dealt with by the Imperial Shipping Committee, which are referred to it by any of the constituent Governments, provided that no question which has any reference to another part of the Empire may be referred to the Committee without the consent of that other part of the Empire.”

It was further decided that in the constitution of the proposed Imperial Economic Committee representation should be allotted to the various constituent Governments as follows:—

Great Britain . . . . .	4 members.
Dominions . . . . .	2 members each.
India . . . . .	2 members.
Colonies and Protectorates . . . . .	2 members.

## OPENING SPEECHES

Sir PHILIP LLOYD-GREAME, as Chairman, opened the proceedings on the 2nd October with a brief review of the economic situation and the work which lay before the Conference. He was followed in turn by the Prime Ministers of Canada, New Zealand, the Union of South Africa and Newfoundland, by Mr. McGrath for the Irish Free State, by Mr. Innes for India, and by Mr. Ormsby-Gore for the Colonies and Protectorates. The Prime Minister of the Commonwealth of Australia, who was unable to arrive in England in time for the beginning of the Conference, made his opening statement at the fourth meeting, on the 9th October. The opening speeches were published in full at the time, and were as follows:—

## OPENING SPEECH BY SIR PHILIP LLOYD-GREAME

It needs no words on the part of the representatives of the British Government to express the gratification we all feel at being associated with you in the work of this Economic Conference. We have looked forward keenly to the occasion. At any time it would be of great value that the Governments of the Empire should devote their concerted attention in council to the economic problems with which they are confronted. But surely there could be no more opportune moment than the present for the meeting of such a Conference.

We are all faced with economic problems and difficulties, differing in character and degree, but all of them having a common origin in the upheaval caused by the war, and the dislocation and disturbance which have followed in



its train. And, as these problems have a common origin, they are, I believe, susceptible, to a large extent, of a common solution. If we are to co-operate in common or complementary action, this can only be done by meeting in conference, where we can speak with the frankness of partners and with the purpose of partners to work out a policy in which the various parts of the Empire can co-operate to their mutual advantage.

#### ECONOMIC POSITION IN GREAT BRITAIN

Our position in this country is well known to you. You have watched our industrial development. That development has involved an increasing dependence on export trade, an increasing dependence on imported materials; and our capacity to buy those materials is dependent principally on our capacity to maintain our export trade by sales overseas. And throughout all our period of industrial development the maintenance of a growing population has depended upon the concurrent expansion of trade.

To-day our export trade is still far below its pre-war volume. This deficiency, fluctuating somewhat in extent, has persisted for many months, and has been and is to-day reflected in unemployment of a duration and on a scale without precedent. It would be difficult to exaggerate the gravity or the urgency of such a situation. But one fact is plain. We can only restore and maintain steady employment in this country, if we can wipe out the deficit in our export trade and indeed do something more. It will not be enough to get back to our pre-war volume of trade. Our population has increased, and at the same time the efficiency of methods of production has improved. Consequently a larger volume of trade is necessary than before the war to maintain employment.

#### THE VITAL PROBLEM OF MARKETS

For us, therefore, the vital problem is the problem of markets; the restoration of old markets, but, still more, the development of new markets. While the interdependence of world trade makes the restoration of stable and productive conditions in Europe of great importance, we should realise two facts in this connection. Firstly, even if we assume the most favourable conditions that are practically possible to-day, the complete recovery of the producing and purchasing power of parts of Europe must be, at least, a slow process. Secondly, the industrial capacity of Europe was largely increased during and immediately after the war, and consequently we shall have to face increasing compensation in industrial output. These facts emphasise the enormous importance to us of the progressive development of new markets. And is it not true that for the Dominions and for the Colonies the need of constant and steady markets is hardly less important?

#### LESSONS OF THE PAST IN THE ECONOMIC DEVELOPMENT OF THE EMPIRE

Looking at the economic history of the past, there are, I think, two outstanding lessons, which we should do well to bear in mind. The first is that the surest guarantee of industrial prosperity in this country is the development of fresh resources, new fields overseas. The most prosperous period in our industrial history was, I suppose, unquestionably the period of easy success between 1850 and 1870, a period which coincided with enormous development in America and in other parts of the world. The second lesson may be drawn from the epoch which followed. The effects of the long period of industrial depression, which came shortly after the Franco-Prussian war, are common knowledge. But what is not so well remembered is that during that depressing time, while for years our export trade to foreign countries showed no increase,



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while our population was steadily growing, one thing above all others enabled us to carry on: the fact that our exports of manufactures within the Empire almost doubled in those difficult years. And let us remember that it was the development taking place in the Empire itself that made that increase of trade possible.

## POSSIBILITIES OF THE FUTURE

Difficult as the position is to-day, I feel that, in the light of those two lessons, we may look to the future with hope. The resources of the British Empire are as great as those of the United States. You and we are equally anxious to develop them, and I do not believe that together we are less capable of realising a development comparable with that which has taken place in America. We are all of us anxious to do the greatest possible amount of trade together. You need, for the development of your great territories, population and capital. As Adam Smith (who was a much better Imperialist than is sometimes supposed) said, "What encourages the progress of population and improvement, encourages that of real wealth and greatness." And, on our part, our needs are complementary. Indeed, in the fulness of time, these problems would work themselves out. Population and capital would come to the Dominions; the resources of the Colonies would be developed. But now is the time of our greatest need. Now particularly is the time when the Empire is thrown back on its own resources. Can we not anticipate its development? That surely is the problem which we have to study in its various aspects. And I would observe that such a policy of anticipation is no artificial or uneconomic specific. On the contrary; if in the years immediately in front of us we can follow a bold and businesslike policy of accelerating the development of the Empire and its resources, we shall find immediate relief in our present difficulties, and we shall bring about a greater and quicker increase in the wealth and strength of all parts of the Empire. The various items which we have agreed in the telegrams which have passed between us, as proper to the Agenda, are, in fact, all of them factors in this problem.

## SUGGESTED DRAFT AGENDA

As regards the Agenda itself, we thought it would meet the convenience of the Conference, if we prepared for your consideration a draft, which attempted to embody in an ordered sequence the various subjects which have already been proposed for discussion in the telegrams interchanged. Accordingly, I have circulated the draft, which you have received, in the hope that it may facilitate our preliminary discussion on the order of business.

## OVERSEA SETTLEMENT

The majority of subjects appear to fall into three broad classes. First and foremost there is Empire Settlement. Settlement is at once a great objective in itself and an indispensable means to the development of Imperial resources. Settlement on the largest scale possible is as important to this country as it is to the Dominions. It is often said that Great Britain has become over-industrialized. Certainly, if that is not yet true, it is in danger of becoming so in the future. The problem of the adjustment of population, industrially and agriculturally, can only be solved if we treat it as an Imperial problem. And what better aim can we have than to open ever wider in the future for our growing population avenues of opportunity and freer life among our own kin in the broad space of the Empire? The documents which have been circulated contain a record of what has been accomplished under the Empire Settlement

Act. That Act, itself the outcome of inter-Imperial discussions, has been a real contribution to the solution of the problem, and has established a sound base on which to build. We shall wish to consider in detail how to use the resources of that Act to the best advantage; to discuss with first-hand experience what is the most effective machinery in the Dominions and in this country for assisting Settlement; and to consider how we can improve the methods of selection and training of settlers, their reception, distribution and subsequent care. Are we working on the right lines? Can we use the means which the Act places at our disposal to better advantage? What should be the relation of the Government here to the Dominion Governments and to State Governments within the Dominions in negotiating and operating schemes under the Act? Are there any further steps which you and we can usefully take to accelerate our policy?

#### FINANCIAL ASSISTANCE TO IMPERIAL DEVELOPMENT

Closely allied to the problem of Settlement comes the question of financial co-operation between the Mother Country and the Dominions. The acceleration of development is largely a question of finance. In this country one of the measures (and I think the most sound economically) which we have designed for dealing with unemployment has been the Trade Facilities Act. Under that Act we took power to give a Government guarantee to capital issues for works of different kinds, the contracts for supplies and materials being placed in this country. In this way we have accelerated the putting in hand of sound revenue-producing schemes, such as railway extensions and electrification, which would otherwise have been delayed; and we have thus secured immediate orders for our factories and have speeded up the development of useful undertakings which, in their turn, have provided improved facilities and led to further development. I hope that it may be possible to devise a policy with similar objects in regard to Imperial Development. As I have said, there lies without doubt before the Dominions and the Colonies a period of progressive development. That development is of advantage, immediate and prospective, both to the country developed and to this country. To the country in which the development takes place it brings accretions of population and wealth; to this country it means immediate orders, new openings for emigrants, and an increasing flow of trade in the future. The rate of development in any State is normally limited by its own immediate financial capacity. But if the normal rate of development can be accelerated, that is good policy and good business. The rate at which settlement is possible depends a good deal on the extent to which the necessary public works and public utility services are put in hand. If these initial works can be speeded up, emigration will proceed more rapidly; and as the flow of emigration increases, so increase the development of the resources of the State, its wealth, its capacity to produce, its capacity to trade.

The need and the value of such a policy of speeding up development applies at least as much to the Colonies as to the Dominions; and it is our purpose to pursue this policy in the development of the Colonies. Let me take a concrete example, which indeed applies to both. One of the most pressing problems with which one of our greatest British industries is faced to-day is the supply of sufficient supplies of raw cotton at a reasonable price. There are great tracts of territory within the British Dominions capable of producing cotton of the quality we need; but if these territories are to be developed rapidly and on an adequate scale, large capital expenditure is necessary on transport and irrigation. The more rapid the development the better. As quickly as the cotton can be grown and transported, it will be absorbed; and the territories so developed become sellers of a commodity we here badly need, and increasing purchasers of goods within the Empire.

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Given the resources which undoubtedly exist; given the wisdom no less than the desire of purchasing as much as we can of our supplies within the Empire; given the impelling need for all of us to develop an increasing mutual trade under stable conditions: I think we must be convinced that we should give careful consideration to the whole question of accelerating the development of our Imperial resources, and endeavour to work out a businesslike scheme of credit facilities and financial co-operation, in the responsibility for which we should share, and which will be to our mutual advantage.

## IMPERIAL PREFERENCE

Concurrently, we are anxious to consider the analogous question of Imperial Preference. We in this country are fully alive to, and keenly appreciative of, the value of the preferences which we have received under your tariffs. And on our part, we have definitely established the principle of Imperial Preference in our own more limited fiscal system. We wish to apply that principle, within the scope which is practicable for us, so as to stimulate still further the development of Imperial products and Imperial resources. Any increase which it is possible for you to make in the rate of preference will be of real value to us, and will the more enable us to buy from you. In this matter again we shall speak together frankly. We can expose to each other fully and frankly our desires and our difficulties. Indeed, any other form of discussion would be useless. On our part, we shall certainly approach the question of Preference with a strong desire to increase our mutual trade, ready and willing to take what action is possible for us and of value to other parts of the Empire to secure that end.

In addition to the broad questions of Settlement, Financial Co-operation and Preference, there must arise for our consideration a number of subjects in all of which it should be possible for us to do something practical for the improvement of inter-Imperial trade. Within this sphere a number of subjects have been placed on the Agenda, following the suggestions made by our respective Governments in the telegrams which we have exchanged.

## IMPERIAL COMMUNICATIONS

Imperial Communications have always rightly been a subject of discussion at our Conferences. A previous Conference established the Imperial Shipping Committee. We shall have the opportunity of considering the valuable work which it has accomplished, and which is set out in its Reports. I would refer particularly to the proposal for the establishment of an Airship Service to Egypt and India, a proposal designed on the commercial side to secure an acceleration in the mail service, on which so much insistence has been laid in the past and with regard to which we have already taken action. Again there are the steps which have been taken to secure unification in the Rules relating to Bills of Lading, following upon the original proposals of an earlier Imperial Conference. As practical men, we shall, I know, discuss these questions of shipping and communications in a practical way and with due recognition of the economic factors which govern them. It is obvious that cheap and efficient sea services depend on practical considerations; the reasonable certainty of obtaining cargoes on the outward and the homeward voyage; the rates levied in ports and harbours visited; the measure of taxation imposed. And, as we come to review the questions which affect our Imperial Shipping, it will be proper that we should consider what steps we can take to secure the co-operation of our Governments in safeguarding the overseas carrying trade of the Empire against discrimination by foreign countries.

## FURTHER STEPS FOR THE IMPROVEMENT OF MUTUAL TRADE

Other subjects designed to improve our mutual trade are: co-operation in commercial intelligence; the facilities accorded to traders in such matters as the free circulation of trade catalogues and samples; the preparation of Imperial economic statistics; the reciprocal enforcement of judgments; co-operation in the registration of patents, designs and trade-marks; the valuation of goods for customs duties; questions of currency and exchange as between the different countries in the Empire; co-operation in technical research; the immunity of State enterprises. We shall also have occasion to consider Imperial policy with regard to the import and export of live stock.

## THE NEED FOR A PERMANENT ADVISORY BODY

If we can frame practical proposals and can work out a common and complementary policy on many of these matters, the Conference will have accomplished work of real and lasting value. But I believe that, as the Conference proceeds, as we record our recommendations and work out our policy, we shall feel the need of establishing some machinery by which we can maintain a closer contact on economic questions than has been possible hitherto. We are aiming at a closer policy of inter-Imperial trade and development. We hope, as the result of our deliberations, to take steps, legislative or administrative, which will promote and foster that development. But the policy we seek to pursue will be carried out, not merely by the acts of our Governments, but in the daily work and business, the production and commerce of our people. If we are to pursue our policy to the best advantage, should we not try to establish some advisory or consultative body for consultation and discussion on matters arising out of our policy and the action which we take to give effect to it? Certainly, at this stage I do not seek to dogmatize or to define what form it should take. I have no doubt that a similar idea is present in your minds, and it may well be that you have clearly defined suggestions. But I am sure that it is a problem which we shall feel increasingly deserving of our consideration. There is always some risk that a Conference of this kind may fail somewhat in its purpose, by passing resolutions which are not adequately followed up and made effective. There is perhaps also a risk, having regard to the time at its disposal, that it may become unduly involved in matters of detail. It is, I am sure, our desire and our purpose to avoid both those risks. But the time at our disposal is necessarily limited. The field we have to survey is wide. There are many subjects on which we wish to take action or to make action possible in the future. We wish to achieve definite results, and to lay down lines of policy which will be progressively followed. If therefore we can, as a result of this Conference, take such action as is possible in the immediate future on the important matters which will come before us, and also establish some means of facilitating, both for our Governments and for our producers and traders, the better pursuit of our common aim, the Conference will have fulfilled its purpose.

I think I should interpret aright the powerful speeches delivered yesterday, if I say that the two-fold theme which ran through them all was the vast possibilities that lie within the Empire itself, and the great part which the Empire can play in the appeasement and reconstruction of the world. Wherever we look, the problems of to-day are largely economic problems. And how can the Empire play its part better in its own interest, and in the interest of the whole world, than by developing to the utmost the rich resources that lie within its borders?



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## OPENING SPEECH BY MR. MACKENZIE KING

President of the Board of Trade and Gentlemen, the President has referred to some precedents of which mention was made yesterday. Among the number is the precedent that the representative of the senior Dominion is supposed to be the first to take part in the discussion of different questions that may be raised. For that reason I venture to say just a few words following on the very able representation of the proposed work of the Conference to which we have just listened. I regret that my colleagues Mr. Graham and Sir Lomer Gouin are not here to-day. I had hoped that they might have been the ones to speak for Canada; they will be here in a day or two, and no doubt they will then have opportunity of speaking more in detail than I care to at the moment with reference to some of the subjects which have been mentioned.

## VALUE OF AN IMPERIAL ECONOMIC CONFERENCE

The thought which at the moment must be uppermost in the minds of all present, having regard to what is represented by this gathering, is the vastness of the inheritance which, as members of the British Empire, it is ours to possess. As we think of the different countries represented here, the extent and variety of their resources, their different populations, we must feel there is a very special obligation and responsibility to ourselves, and through us to the rest of the world, to make the most of what has come to us in the course of years. I cannot think of any phase of work to which a Conference of representatives of the Empire could devote itself to greater advantage than the consideration of the economic needs, and possible economic development, of different parts of the Empire. Here, if anywhere, the advantages of consultation, conference and co-operation must be apparent. There is this happy feature about our work; that whatever is achieved, which may be of advantage to any of the countries concerned—the countries that go to make up our vast Empire—is certain to be of advantage sooner or later to the whole. Similarly, whatever is of advantage to the whole must be of advantage to each of the several parts. I feel, therefore, that above all else, we meet together in a spirit of unity, a spirit of common advantage and opportunity which we enjoy as members of one great family.

## GREAT BRITAIN'S POST-WAR TRADE DIFFICULTIES

It will hardly be expected at this stage that much in the way of comment should be made upon the remarks of the President of the Board of Trade. I might, however, say just a word or two by way of observation on what they seem to suggest. It is clear that what at the moment we are seeking to do is to overcome the depression of trade, the dislocation of industry, and other ill-effects of the war. The situation, as far as Britain is concerned, is unquestionably serious in some of its aspects. I think we must all be impressed with this. Being nearer to Continental Europe than any other part of the British Empire, and larger in interests, it is perhaps inevitable that your problems of unemployment and dislocation of trade and industry should, if anything, be greater than they are in other parts; but we all have felt the ill-effects of the war in very considerable measure. Every Dominion, I think, has had its problem of unemployment. Certainly in Canada, within the last few years, we have had problems to cope with very similar to those you have here. I think we are beginning to turn the corner, and that the country is again getting upon its feet. I mention this because it enables us to appreciate more fully perhaps than otherwise would be possible, just the nature and extent of the problems that exist here.

## LIMITS OF GOVERNMENT ACTION IN THE ECONOMIC SPHERE

It is well, I think, that at the outset we should reflect a little upon what may be possible, through Government intervention or direction, by way of improving conditions. Governments can do much in some directions, but there are limitations to what Governments can do, and perhaps it is wise that we should not expect too much in too short a time. Time is a necessary factor in all things. Populations cannot be distributed over night, nor can trade find new channels within a day; capital is not likely to seek investment, certainly with the degree of caution which should be exercised, in a very short time; and therefore, it would be well, I think, not to raise undue hopes in any direction as to what may come through Government action. Moreover, I think it well at this time to recall the factors that have made British industry and trade the world over what it is; namely, that it has been individual initiative on the part of labour, on the part of merchants, on the part of manufacturers, on the part of the investors of capital. It is to individual initiative that countries must look even more in the future than they have in the past. The war led to a control of industry by Government, and a direction of industry by Government, to a degree that possibly the circumstances of the occasion may have justified, but to a degree certainly which has provoked to some extent a reaction against too much in the way of Government interference.

## WHAT GOVERNMENT CAN DO

Speaking my own view, I cannot but feel that one of the greatest services Government can render to-day is, in so far as may be advisable and possible, to clear the channels of trade and communication of obstructions, of whatever character they may be; to make as free as possible, with due regard to existing conditions, the movement of men and money throughout different parts of the Empire; and wherever an obstacle to closer communication and intercourse and development exists, to do what can be done by way of removing that obstacle. In the course of the proceedings I shall endeavour to point out wherein I think this may be effected to a considerable degree.

## CANADIAN ATTITUDE TOWARDS MIGRATION

The President has spoken in particular of two or three outstanding matters to which the Conference should direct its attention; the first was the question of migration within the Empire. Certainly the basis of trade development as the basis of the strength of the Empire will lie in its man-power and in its effective distribution through different parts of the Empire. I would like to say just a word in regard to the Canadian attitude towards immigration. I have gathered that in some quarters an impression has prevailed that we were not receiving, or rather were not anxious to receive, in large numbers, immigrants from other countries, and in particular from the British Isles. Nothing could be further from the truth than an impression of that kind. We had a serious unemployment problem after the war. After demobilization we were spending large sums of money on Unemployment Relief, and had numbers of immigrants come from Britain or elsewhere to Canada while we were dealing with that situation. I feel that the effect of it in the long run would have been to have set back any permanent settlement rather than to have advanced it. Last year we fortunately got through the winter without doing so much in the way of giving relief on the part of the Federal Administration, though some municipalities had to give assistance. I think we are now to the point where we can welcome immigration of the right kind to our country, and certainly no stock could be more welcome than British stock of the kind which has



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helped to make our country and our Empire what it is. It is important, however, that regard should be had to the economic situation of the country; to the position of our industries; to what it may be possible for industry normally to absorb. I think it is of importance that labour should have reason to feel that the standards which it has won, and which it has with effort attained, should not be threatened through any excessive immigration. I believe this body can do very much towards working out an arrangement that will ensure the avoidance of the kind of situation that might make the continuous flow of immigration embarrassing.

It is most important that men who are leaving one country and going to another should know where they are going and what they are going to do, and should not become, so to speak, stranded upon their arrival in a new country. Much can be done in Conference here by working out phases of emigration development which will be of advantage alike to the old world and to the new.

## EMPIRE'S NEED FOR BRITISH CAPITAL

Men, money and markets are fundamental considerations in our trade and industrial development. We want our own capital—when I say our own I speak now of British capital—capital available for investment in the British Empire; we want it invested in different parts of the British Empire. I should hope that as a result of these discussions the evident advantages of the investment of capital in the different Dominions may be made more and more apparent to the British public. As to markets, certainly, we must seek to develop our markets to the fullest extent possible. The more we can develop them within the British Empire the better.

## CANADA'S PREFERENCE POLICY

Perhaps I had better leave the question of Preference for more mature and careful consideration at some sitting of the Conference when that subject will be specially discussed. I should like to say this, however, with regard to trade Preference, that Canada feels not a little pride in the circumstance that she was the pioneer in granting a preference to British goods. At the present time we are giving a preference averaging  $33\frac{1}{3}$  per cent or more on all goods coming from Britain and also from different parts of the Empire. In the last session of our Parliament, we made a slight additional increase in the preference by undertaking to give a discount of 10 per cent of existing duties on any British goods that came through Canadian ports. We had in mind there development of trade by the "All red" route, but we had also very much in mind the action of the British Government in undertaking to remove the obstacles to the importation of our cattle into the British markets here. Throughout, the Canadian attitude in the matter of Preference has been one of goodwill; it has been based on goodwill; bargaining has not been the basis of it. We have done what we have done believing it would be to our advantage, but believing also that it would be helpful to the countries to which the preference was extended, and especially to the Mother Country; and I would like to repeat that the action we took at our last session in increasing the preference was due primarily—and I can speak with a knowledge of the circumstances which governed it—to the action of the British Government in meeting us, as they did meet us, with respect to an important commodity of trade and commerce. Now that spirit of seeking each other's mutual advantage will, I believe, go further than anything else to help build up the trade and further the industrial development of the Empire.

I am afraid, Mr. President, I have taken longer than I should have, but I would like to repeat that, so far as Canada is concerned, we have come to these Conferences, regarding them as Conferences, with the one motive, which I know is the motive that governs all others who are present, namely, that of doing what we can in the way of advancing the mutual interests of the component parts of the British Empire, believing, as I have already said, that as the strength of the whole is increased, so will become apparent the benefit to each of the parts; in other words, that the well-being of the parts is bound up in the well-being and unity of the whole.

#### OPENING SPEECH BY MR. MASSEY

I want, Mr. President, before I go on, to express appreciation of the fact that you have convened this Conference for some very important purposes; among them, that of considering how best to get rid of the present difficulties, not only in Britain itself, but also in the Overseas Dominions, and I hope and believe that something effective will be done and agreed upon before we return to our respective countries. You have suggested, Mr. President, that one of the best things to be done in the circumstances, and here I may say I thoroughly agree with you, is to find fresh fields for British enterprise. I quite agree with that.

#### ABSENCE OF REGULATED MIGRATION IN THE PAST

In the proposals that have been made it seems to me that we must always bear in mind that migration and preference go together whatever form they may take, and there are many forms of preference. The difficulty in this, and I am not finding fault with any one or any Government, because I take my share of the blame as much as anyone else for what has taken place, but the great difficulty at present is this, that the trouble with regard to migration from Britain and settlement overseas was not dealt with at a very much earlier period. What I mean is this. That for many years past, as long as I can remember, there has been a constant stream of migrants from Britain to overseas countries, and I think I am right in saying that very little inducement was given to those migrants to settle in countries under the British flag. The consequence has been that a majority, I believe a very large majority of them, have settled in countries outside the Empire. Consequently they have been lost to the Empire. I do not envy the Governments of the countries where they have settled, but they have been a decided gain to those countries. It is not too late now to stop what has been going on, and I believe that what has already been done by the British Government, backed up by the Dominions overseas, has been to a certain extent effective, but a great deal more requires to be done. You, Mr. President, referred to new areas for development—I know that is not quite the term you used. If a considerable number of those migrants that we have lost had been settled in the new countries of the Empire that await development they would have been customers to-day for the goods manufactured in Britain, and they would also have been able long before this to have supplied part, at all events, of the raw materials required in these islands and part of the foodstuffs necessary for the population of this country. That is the position that we have to look back upon and endeavour to do very much better for the future. Now so far as the overseas countries are concerned; there they are, many of them, with a very sparse population, and I am thinking not only of the Dominions, but of the Colonies, with a very sparse European population and producing very little indeed compared with what they ought to produce, and carrying only a very small population compared with what I believe they will carry in the years to come.

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## POSSIBILITIES OF INCREASED PRODUCTION IN CANADA, AUSTRALIA AND NEW ZEALAND

We have had an interesting speech from the Prime Minister of Canada. Take the export in which his country is particularly concerned. I take it that the principal export from Canada is wheat. At all events I know enough of Canada to know that very large areas of wheat are grown there, and that they have millions of acres untouched which will grow wheat in the future, and already the export from Canada to other countries, and particularly to Britain, is very large. Now Canada can make a tremendous increase in her wheat production, I know that from observation. There is no question about that. They can also go on improving and increasing their exports in connection with other products. Take Australia—I am dealing with the larger overseas Dominions in turn—for instance; Australia's principal export is probably wool. She exports meat very largely. She also exports dairy produce and minerals. Now in connection with all these things—I am not quite certain as to the minerals—but I know perfectly well that the export of meat, dairy produce and wool from Australia can be very greatly increased. There is no question about that. Food has to be found for stock, but even if it means cultivation it is labour that will pay for doing. Once we get a reasonable margin between the cost of production and the amount which the products will realise in the markets of the world, particularly Britain, then production will go ahead. Take my own country, which is small and young compared with Australia and Canada, but still on the whole making very satisfactory progress. I know there are people—some of our own friends, for instance—who say we are not making sufficient progress, but we have to remember that we came through a war which practically lasted for five or six years, longer than that if we take the aftermath of the war, and I want to call your attention to what was the case say ten years ago when my friend on the right was a member of the Government. At that time the exports from New Zealand amounted to approximately £23,000,000. In spite of the difficulties arising out of the war and matters connected therewith, our exports for the last producing year, ended the 30th June, amounted to over £47,000,000; that is to say, that they have more than doubled in ten years. Our imports for the last producing year amounted to £41,000,000. By calculation per head we are probably one of Britain's best customers, but during the war period, it must be admitted—and I think it is well known to all the representatives of the different British countries who are here to-day—that during the war Britain was not able to supply us with many of our requirements which consequently had to be obtained in other markets, and once we go to other markets for what we need it takes a little time to get trade back. That is the process we are going through in New Zealand. Speaking from memory, I believe our imports from Britain last year amounted approximately to £20,000,000; that is to say, as our exports go up our imports go up accordingly. I want also to call your attention to the fact that most of our imports came from Britain; probably Canada had a good share, and I think the United States to a certain extent; but New Zealand gives preference not only to Britain itself, but to other British countries as well, and Canada having a frontage to the Pacific, if I may use the term, is looked upon as one of our neighbours. Canada sends us some of her products, whilst we send Canada some of our products and the arrangement is a mutually satisfactory one. I give that as an instance of what can be done. I am not boasting of it. I am simply stating what has been done in New Zealand can be done in the other countries of the Empire. New Zealand is rapidly becoming the dairy farm of the Empire.

## INCREASED EXPORT OF DAIRY PRODUCE FROM NEW ZEALAND

The development in connection with dairy products, butter and cheese, since the war, has amazed me, and I have been watching it very closely, as all those present here will understand. Last year we exported from New Zealand nearly £17,000,000 worth of dairy produce. I believe no other country in the world exported so much, certainly no other country exported so much to Britain, and we can go on increasing. The climate of the Dominion is particularly suitable for dairy farming, particularly in the North Island, and even in the South Island, where the climate is more like Scotland and England, dairy farming is developing and to-day dairy produce is our principal export. Until just recently wool was our principal export. If the development in the dairy industry goes on, we shall be able to export a great deal more in the future than we have exported up to the present. We cannot expect every season to be particularly good, and the last two have been exceptionally good. I should like to think the spring season that is now opening in New Zealand will be as good as the last two. I sincerely hope it will be. There are two or three causes for the development that has taken place, the suitability of the climate and the fact that we are developing hydro-electricity in many parts of the Dominion. Farmers, local bodies and private enterprise are utilizing the hydro-electricity. The farmers are making use of it, and now there are many hundreds of dairy farmers, the motor power for whose operations is supplied by hydro-electricity. Naturally, of course, we want as much encouragement as we can possibly get. Now I come to other matters.

## EFFECT ON EMPIRE PRODUCTION OF PREFERENCE GRANTED BY GREAT BRITAIN

I have been connected with the movement for Empire Preference for quite a long time past. The subject was discussed at great length at the first Imperial Conference at which I was present in 1917. The proposals then met with favourable consideration from Ministers who were in office. The result was that the principle of Empire Preference was affirmed; and brought before Parliament I think by Mr. Bonar Law, who at that time was Chancellor of the Exchequer. The principle was agreed to, and Empire Preference has been given in the case of certain very important commodities. I am glad that the principle was affirmed and that these industries are benefiting by what took place. I am thinking particularly of sugar. Now I do not need to remind the members present of what the position was so far as the sugar supply was concerned at the time war broke out. The price of sugar soared and it was almost impossible to obtain. I was in England for some months at that time, but there was practically no sugar, and what little was obtainable was of very poor quality. The British people have had their lesson so far as the production of sugar is concerned and now I am glad to think that our planters in the West Indies have again taken up their old calling and that the output of sugar from the sugar producing countries of the Empire has very greatly increased. In consequence the importation of sugar from foreign countries has fallen off. The same with tea. The British Parliament have given a preference on tea. They have also given a preference on wines and some other commodities. I am thinking only of the more important matters, and in each case the result has been exceedingly satisfactory. A beginning has been made and it will be for this Conference to advise the British Government as to what we think should be done. We are not going to suggest anything unreasonable. I speak for myself and I believe I express the opinion of my colleagues from overseas when I say that. It is for the British Government to take the initiative and I hope they will do so, but I want to say here that we do not want



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and do not intend in any proposal that we may make, to increase the price of food to the consumers in Britain. If so, then there must be a compensating interest in the opposite direction.

## EMPIRE SUGAR REQUIREMENTS CAN BE MET FROM EMPIRE SOURCES

I have had to deal with the supply of sugar for New Zealand in my capacity as Finance Minister, and I know that sugar can be produced in a number of countries, even in the South Pacific. For a number of years, certainly ever since the war broke out, New Zealand has purchased from the Colonial Sugar Company sugar produced on their lands at Fiji to the extent of 60,000 tons per annum. There has been some trouble at Fiji I am sorry to say, though I think only temporary. The labour for sugar production at Fiji is obtained from India, and there has been trouble among the Indian labourers. A good many of them went back to their own country, but I have heard from Fiji that many of these men are coming back to their old occupation, and there is no reason why they should not be paid fair wages for their work. I think that the people at Fiji and the Company—it is an Australian Company largely—I think they are quite satisfied to pay them ordinary wages for ordinary labour. I have mentioned Fiji because it is one of our neighbours in the Pacific. It is practically the nearest British Country to New Zealand. There are other countries, of course, Tahiti, for instance, which belongs to France, but they are producing sugar there and much of the capital is found by British capitalists. I was rather interested in that. I am not finding fault with it because I believe in enterprise, even if it is not in a British country, so long as British people are associated with it. I was informed that the capital was being found by British people. New Zealand controls some islands in the Pacific; whether they can produce sugar I am not in a position to say, but there is an instance of what can be done. There is no question about it to my mind but that we can produce within the Empire all and a great deal more than the quantity of sugar required by the population of the Empire.

## EMPIRE COTTON GROWING

Cotton has been referred to, but I am not actually clear about what our position is in Egypt. I will say this: that so far as it is possible for me to judge matters from an outside point of view, the cultivation of cotton in Egypt is increasing, and increasing very rapidly. There are other places in the Empire where cotton can be grown. They are commencing to grow cotton in Northern Australia and in Queensland, and the reports are very good indeed. If we can grow cotton in sufficient quantities for our own population it will be a very fine thing to do. I have given some instances of what is possible.

## LAND SETTLEMENT IN NEW ZEALAND

There are the lands waiting to be cultivated by industrious people, lands already occupied to some extent by our own people, and where, in most cases, emigrants from the United Kingdom will be welcome. I have indicated that in New Zealand we have not huge areas of unoccupied land as in other countries, and therefore we are not able to offer lands on the same terms; but I will say this for New Zealand, we are never going to turn our backs upon our fellow citizens from the British Isles. I would just like to add this; I have lived practically all my life in New Zealand, all my connections are there, and my interests, such as they are, are in New Zealand. I have never seen an emigrant come to New Zealand, an industrious and capable man or a man with an industrious family—although he may have difficulties during the first period of his

residence there—who did not get on well, and in time become perfectly satisfied with the change that he made. I am looking forward to doing more in the way of Land Settlement in New Zealand. We have been doing a great deal for the returned soldiers, and they have had their difficulties. They took over the land during the boom, when prices were high and the country was prosperous, and everything was going on well in Britain. Then came the slump, which always follows a boom, and, I think, always follows a great war, and these soldier-settlers suffered. The Government had to come to their assistance. We had probably 20,000 of them to assist, and when I say 20,000, I am speaking of assistance that was given to those who settled in the towns and cities and made their homes there, as well as in the country. But we spent 27 millions in assisting our soldiers, and, when the difficulty came, it had to be faced. We did our best to face it, and I think we are getting over the trouble now. The State will lose a little money; I know that perfectly well; but it was no use going on and expecting these men to find a very large amount by way of interest or rent, knowing that in the end there would be very little left for themselves. They have now been given the opportunity, and, in consequence, the Lands Department in New Zealand is giving its time and attention to the business of the soldiers. When that is through we shall be able to prepare more land (I do not say there is none now) for new arrivals from Britain particularly, than has been the case in the past. If we are going to be successful in getting out of this depression, which I have been disappointed to find is more serious in Britain than I expected, if we are going to be successful in getting rid of it in the not far distant future, then we shall have to work together—the Dominions and Overseas countries and Great Britain—better and more closely than ever we have done in the past.

#### GREAT BRITAIN NEW ZEALAND'S PRINCIPAL MARKET

I hope, Mr. President, I am not taking up too much time, but let me just say this. We realize that Britain is likely to remain the principal market for our products. When depression comes along and the purchasing capacity of Britain is affected, it affects us in the oversea countries of the Empire. Our interests are one and indivisible, and we have got to pull together so far as it is possible for us to do so.

Reference was made by yourself, Mr. President, to the possibility of doing something in the way of improving our communications, but I am not able to follow the good example of the Prime Minister of Canada by saying we have no grievance. It is a very small grievance, and we appreciate all that has been done for us by the British Government and the British people, but there is one matter that has caused a certain amount of irritation, and it is not to be wondered at. Tenders were asked some time ago for supplies of meat, I think principally beef, for the Army and Navy. The contract went to a country outside the Empire, and our people naturally turned to me and said, "That is what your British Government is doing—is that the way to treat us?" I think even if it cost a little more, the overseas countries of the Empire should have first consideration. We can produce the quantity, there is no doubt about that. It will surprise many members sitting round this table to-day when I say that New Zealand sends more lamb and mutton into Britain than all the other countries put together, and again I say the quantity can be increased. I have ventilated my little grievance, and I hope it will not be forgotten when an opportunity offers to put matters right.

#### NEED FOR IMPROVEMENT IN IMPERIAL COMMUNICATIONS

Now as to Communications; I notice in the Schedule that has been supplied to representatives of the countries overseas that some stress is placed upon the



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improvement in what may be called Inter-Empire Communications, and I agree that it is absolutely necessary. I am not quite certain that I am very optimistic about the possibilities of airship communications. I do not say that it will not be possible to carry mails and passengers, but I am afraid we shall have to wait a long time before we see an airship coming to England loaded with, say, wool or cotton, or any of the bulky commodities of which you require large quantities in this country. I do not want to throw cold water on any proposal that may be put forward. I know that aviation has come to stay, and that it is possible for very great development to take place; I know that perfectly well, and, as far as I am concerned, while I say I am not perfectly optimistic with regard to the larger variety of airships, I do want to see the means of communications improved. I beg to call attention to my own experience in coming from New Zealand to Britain on this occasion. Generally the journey has taken very nearly forty days, sometimes more than that. I have, on a previous occasion, been forty-seven days coming from New Zealand to Great Britain; that was during the war period, and there were delays on that account; but this time I came to Britain from New Zealand in twenty-seven and a half travelling days. It can be done again; it can be done through Canada as well, I am quite satisfied of that. There will be new steamers in the Pacific before very long; but even then we want to shorten the distance as much as we can; we cannot shorten the mileage. It will be a very fine thing if we are able to shorten the time occupied in carrying mails and passengers from one country to another, and I want to call the attention of the British Post Office to this point. There is considerable improvement possible so far as the handling of mails between Australia and New Zealand on the one side, and Britain on the other, is concerned. There has been much waste of time; that is another little grievance, but I take the opportunity that I do not often get of ventilating my difficulties, and I do not think I shall be blamed for so doing. In connection with Wireless telegraphy I believe there are tremendous possibilities, and I trust that the time will come when the Prime Minister in Great Britain will be able to sit in his office and communicate by wireless with the Prime Minister of New Zealand, and possibly the publicity which we are afraid of at the present time may be avoided.

## EMPIRE AND CURRENCY EXCHANGE

There is a point mentioned in the Agenda to which I have been giving some thought, and so also has my colleague who is with me to-day. That is the matter of Empire Currency Exchange. There have been very serious complaints, and, as far as my own country is concerned, most of those complaints have come to me with regard to the very large sum of money which the exchanges have cost between the two countries doing business, that is to say, between New Zealand and Britain. We have got into a better position now and I hope it will continue to improve, but if we can do anything in this Conference to provide something that will take the place of gold, so far as currency is concerned, between the two countries, then we shall have done something which I believe will be of very great benefit. I know it is not so bad as it was.

In a recent transaction where I was forwarding money to Britain I may mention that instead of having to pay the Exchange I got a premium on it, but, of course, that is not always the case. I have no doubt that this matter will be given very serious consideration later on. I do not know that I should go further at present than ask for a Commission of experts to go into this question, but if that is done it will be a step in the right direction.

## TEACHING OF BRITISH EMPIRE HISTORY

There is just one other point I want to touch upon and it really does not come under the heading of the economic position, but it is to my mind of very great importance. It is under the heading of Education, and it suggests that

practical steps should be taken to encourage the teaching of the history of the British Empire throughout the Empire. I have no hesitation in saying that is a subject that has been grossly neglected in almost every part of the Empire. We are doing a little more at present than we have done up to the last few years, but even then there is plenty of room for improvement still. I believe that every child of British parents should be taught the history of his country and his Empire; it is not a thing to be ashamed of, it is a history to be proud of, and, in teaching our national history, we should be teaching patriotism and doing a very great deal of good for the future population of the Empire. I ought to apologise for speaking so long and I know that other opportunities will offer, but the matters brought up to-day are of great importance and, if the Conference does nothing more than bring about improvement in these matters, then it will be worth coming from the ends of the earth to attend it.

### OPENING SPEECH BY GENERAL SMUTS

Mr. President, my colleague the Minister of Finance, Mr. Burton, will be the principal representative of South Africa at this Economic Conference, and he may wish to make some remarks to you to-day; but I should like before he speaks to make some general observations which may suitably come from me. I wish, in the first place, to express to you the very great interest with which I have listened to the full and lucid statement that you have made of the position which we have to deal with. I am sure that the very welcome indications that you have given of the trend of British policy will be helpful to this Conference, and will enable us to make this a really fruitful Conference. I am sure that we have a great opportunity at present; we have not only passed through the war, we have passed through the difficult period which has followed the war, and we are in a position now to go ahead in the development of the Empire. We have an enormous estate which is very largely undeveloped, and we would be rendering not only a great service to the Empire and to its various component parts, but to the whole world, if we develop this great estate which has been entrusted to our care.

### NO ATTACK ON BRITISH FISCAL POLICY

There seems to be an impression abroad in certain quarters that the Dominions have come to this Conference to make a concerted attack on the settled fiscal policy of this country. Now let me say at once, speaking on behalf of South Africa, that I know nothing of any such conspiracy. There is no such intention to launch an attack upon your fiscal policy. We are leaving the British Government a completely free hand to settle the fiscal policy of their own country as they have always done hitherto. We respect your freedom of action, and in return, we also claim, and I think you will concede rightly claim, complete freedom of economic action so far as we are concerned. The Dominions first attained their independence in the fiscal sense. Our fiscal independence was the first real victory we scored in our old colonial development and we value it very highly. We have always settled our own fiscal policy, and we come here, so far as South Africa at any rate is concerned, in no spirit of making any surrender of what we have got, in no spirit of bargaining away rights that we have or trying to induce you to bargain away rights that you have. We come here in a spirit of mutual consultation, to see how we can best, by meeting each others point of view, develop the trade of the Empire to the fullest extent. That is the spirit in which we come here, respecting your policy and claiming respect for our policy, our freedom of action in developing our various countries to the utmost possible extent.

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We in South Africa are in this position, as no doubt many other portions of the Empire also are, that although the British market is, and remains, far and away our most important market, it is not our only market. We have other fairly important markets also, and with the trade difficulties which exist all over the world—shortage of markets, over-production of raw materials of certain kinds—we naturally are very anxious to retain our freedom of action in developing our markets in other countries also as far as possible.

Now Mr. President, I have said that I think we have a great opportunity at present in developing the resources of the Empire. But necessity is also laid on us and on you to prosecute this development and to reconsider our old policies.

## AMERICAN ECONOMIC POLICY NECESSITATES EMPIRE DEVELOPMENT

The assumption of the American debt seems to me to be an event which is bound to call for reconsideration of many of your old policies. The United States of America have not only erected a high tariff wall round their frontiers and debarred many of our products from going to her, but she now claims, and rightly claims, payment of a very large amount of money annually from this country.

The necessity under those circumstances is forced upon this country to develop the Empire as far as possible, to turn its attention to those portions of the Empire especially which are capable of great development and of producing those articles which in great quantity you still take from America. You, Mr. Chairman, have mentioned the matter of cotton. Cotton is a raw material which in largest quantity we still take from the United States. But that is not the only raw material we take from her; she supplies us not only with cotton, but very largely with copper, and very largely with tobacco; in fact, she has supplied us, and still continues to supply us, with a very large number of different raw materials which the Empire is perfectly capable of producing if properly developed. Mr. Massey has spoken with very great force and conviction of what has been done in New Zealand.

## ECONOMIC POSSIBILITIES OF AFRICAN CONTINENT

I wish to turn your attention for a moment to another side of the Empire—to the African continent. The African continent is, more than any other, a British continent. With the exception of certain important parts held by France and Belgium and Portugal, practically the whole African continent is a portion of the British Empire. It is capable of producing practically everything which you want by way of raw material. It is said to contain the biggest copper fields in the world. It is capable of producing all the cotton which this great country will need for its industries. It is certainly capable of producing most of the tobacco you want, and the development of this enormous African asset which belongs to the Empire is, I think, a task to which more than ever before you and we should have to turn attention in the years to come. There is a whole continent to develop. It contains all sorts of climate; it contains all sorts of resources in great abundance. It has been very largely neglected, and I am sure that if we go in for a settled policy of developing our great undeveloped African estate and producing those things which we are capable of producing we shall go far also in providing the means with which to pay off that enormous American liability which hangs like a millstone round your neck.

## SKILLED LABOUR AND CAPITAL REQUIRED

I speak from the African point of view, and the African point of view is a peculiar one in regard to a number of the questions which have been raised here to-day. Take the question of migration, of settlement. There again

Africa has its own peculiar angle for the consideration of its problems. We have a very large unskilled native population which does the rough work necessary for the development of the continent, and, when we come to discuss questions of settlement, so far as South Africa and other portions of Africa are concerned, we are at once met with the fact that the ordinary immigrant, unprovided with skill or capital, is not wanted in Africa. The work that he does in other continents is done in Africa by the native population. When we come, therefore, to deal with this question of settlement, so far as South Africa and the other portions of Africa are concerned, we have to bear in mind that the sort of immigrant we want in South Africa is different—a man of skill, a man of very special training, a man of the overseer type, a man of the skilled artisan type, or a man with a certain amount of capital, however small. That is the man we want, and not the ordinary unskilled labourer that the other portions of the British Empire claim in such large numbers for their rough work. What we want especially is capital. The resources are there, in South Africa and all over the continent in so far as it belongs to this country—the resources are there, but it requires capital for their exploitation, and I hope that during the course of this Conference, and in the discussions we may have outside this Conference it may be possible to shape some general Imperial policy of developing that great asset which I am sure is going to repay, and amply repay, whatever capital the people of this country and the Government of this country may be prepared to put into it.

#### ADDITIONAL BRITISH PREFERENCES TO DOMINIONS WILL AID EMPIRE DEVELOPMENT

With regard to Preference, let me say this. I have said that we do not want to bargain. We gave, many years ago, in South Africa a preference to British products and we claimed nothing in return. That has been our attitude and that remains our attitude. We are not going to bargain and you are going to be free agents in whatever you are going to do. But we appreciate very much what has already been done by you in the direction of Preference, and I am sure that, without departing from the settled fiscal policy of this country of not imposing duties either on essential raw materials or essential foodstuffs, it is quite possible for you to give the Dominions such additional preference on a number of articles that there will be a tremendous development of Empire resources. You cannot fairly claim that the Dominions should in very large numbers take immigrants from these Islands and at the same time refuse to help the Dominions in taking the produce of the work of their hands. The two policies go hand in hand, and I am sure that without any inroad on your existing fiscal policy you can so shape your course and give such preferences in future as will very much facilitate this work of migration and of Empire development.

#### SOUTH AFRICA PREPARED TO RESHAPE HER FISCAL POLICY FOR GREATER COMMON ADVANTAGE

So far as we in South Africa are concerned, our policy has been to give a general percentage preference in our Customs system in favour of British products. It has been a general percentage extended to practically all articles. We are quite prepared to reshape our policy in such a way as to be more beneficial both to the South African consumer and to the British producer. It is quite possible to give, instead of this general percentage preference, specific preferences and thereby increase the existing preference on those articles which are of greater importance to your producers. In that way I think we shall be able to meet you fairly. And we are also willing to consult with you in regard to those items which are of special importance to your industries. I think a consultation like that will supply us with guidance in shaping our policy when



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we come to deal with our tariff. It is not only with regard to Great Britain that the question is important; we have important trade relations also with the other Dominions, and I hope that use will be made of this opportunity to discuss with our colleagues from the other Dominions what can be done in order to facilitate trade and exchange with them to. We take, for instance, a great deal of stuff from Canada. Canada is a great exporter to South Africa, and I hope it may be possible, not only with regard to Canada, but also with regard to Australia and New Zealand and other portions of the Empire, to make arrangements which will be mutually beneficial and helpful in fostering inter-Empire trade.

## IMPROVED COMMUNICATIONS AN ESSENTIAL NEED

I only wish to make one further remark. You have referred to the question of communications. I have seen with great pleasure that the British Government has, of its own motion, embarked on a policy of improved communications. The airship policy which we discussed a couple of years ago was then abandoned under the stress of the anti-waste policy—I might almost say the anti-waste “stunt”—which was then raging in this country. You have come back to the ideas which we discussed at that last Conference and the British Government is going forward with their airship policy. The question of communications is probably the most important of all for the British Empire. One may adapt a legal phrase and say that communications are of the essence of our Empire, and unless we succeed in solving some of the more urgent problems of communications—more rapid and cheaper communications—it will be almost impossible in the future to hold together this vast Empire scattered over the whole globe. The Empire is developing in all its constituent parts to such an extent that unless we can solve this problem of communications the machinery for working this Empire will fail. At any rate that is what I am afraid of, and I hope, therefore, that the lead you have given will be followed up, that we shall continually give attention to this difficult problem, and that in the end our inter-Imperial communications will be such as to make not only Governmental consultation, but every other process of communication and consultation with each other much easier and more rapid than it is at present.

## ADVANTAGE OF A PERMANENT CONSULTATIVE BODY DOUBTFUL

I notice that you have referred to the question of further machinery, consultative machinery to be established to carry out the policies which may be recommended here. Personally I am somewhat doubtful about machinery. This Empire works so well without machinery. The spirit is so strong, the spirit has carried us so far—the spirit of goodwill and co-operation—that I am always somewhat diffident to tie us up with machinery of any kind which may be misunderstood and which may become the subject of debate in other portions of the Empire. However, I await the details of the proposals you will lay before us, and we shall then consider what we can do. My hope is that this will be a fruitful Conference. The opportunity is great, and the atmosphere is good. There is indeed a great psychological opportunity for marking a step forward in the business development of the Empire, and I hope that that opportunity will be utilised to the full in the few weeks we shall be together here.

## OPENING SPEECH BY MR. McGRATH

This, as you are aware, is the first occasion on which Ireland has been represented at an Imperial Economic Conference, free to present our own opinions and safeguard our own special interests. Those of us who are in charge of the responsibility for the economic well-being of the Irish Free State, lacking, as we do, the experience and knowledge of the representatives of other countries represented here, must take a modest, if an attentive, part in the deliberations of this Conference. Many of the items to be discussed are of great importance to our country, but it will be appreciated, I am sure, that less than a year has elapsed since the establishment of our State. During that brief period we have had to take over and adapt all the machinery of government, to initiate the collection and the examination of all the detailed particulars with which the delegates of this Conference should be familiar, and to deal with the other issues with which this Conference will not be concerned and to which I need not further refer. In consequence, neither the people nor the Government have had sufficient opportunity to examine the economic situation of our country in all its aspects and to determine a policy for the future. We are engaged upon these matters at the present time and will be so engaged during the coming year. On the present occasion we propose to hear the views of the other Delegates, to take part in the discussion of subjects in which we feel we can legitimately assist, and on other subjects to keep an open mind, learning from the deliberations how best we can improve our economic relations with the other nations here represented. We will then return to our country so that, in consultation with our own people, through their representatives in the Dail and through the associations directly concerned in economic matters, we may work out our policy for the well-being and prosperity of the Irish Free State and for the development of its economic intercourse, to our mutual advantage, with the nations whose representatives I have the pleasure of addressing.

## OPENING SPEECH BY MR. WARREN

Mr. President, my Lords and Gentlemen, as the hour is progressing I do not propose at this moment to go into any details as far as our participation in this Conference is concerned. I am reminded of an axiom that sentiment and business cannot go together profitably. I do not think that axiom can be applied in this particular case, because I am firmly convinced that this business, combined with Imperial sentiment, will lead to very, very good results and much more business.

## NEWFOUNDLAND'S BENEFIT FROM TRADE FACILITIES ACT

Mr. President, I want to take this opportunity of expressing the gratification of the people of Newfoundland to the British Government for giving us an opportunity of availing ourselves of the privileges of your Trade Facilities Act. That Act has had a marked effect on our local productions in Newfoundland and has given us such a start in the development of our water powers that I do not think that we shall in the future look back with any feelings other than those of satisfaction at the undertaking. The introduction of capital, as has already been pointed out by those who have preceded me, is very necessary. Under that Act we obtained all the capital we wanted. We are now starting fresh industries of a similar nature as the result of your Trade Facilities Act. England is not one of our markets, but we have products which you can buy. Later on during the Conference I propose to point out some of these to you.

In conclusion, Mr. President, I would like to emphasize one point that you made, and it is this: I do hope that any resolutions that are passed by this Conference will be translated into action.



## OPENING SPEECH BY MR. INNES

I am very grateful for this opportunity of saying, on behalf of India, a few words at the opening of this very important Conference.

## SPECIAL CHARACTER OF CONFERENCE

There have been Imperial Conferences before and these Conferences have passed important resolutions on economic subjects. But this Conference has a special character of its own. It has been summoned definitely for the purpose of considering economic questions. All of us who will take part in the discussion of these questions have some special connection with the trade of the country we represent. It is our ordinary day to day business to watch the movement of our country's trade, to try to disentangle the causes which make for prosperity or depression, to study the distribution of trade and to do our best to ascertain why the channels sometimes flow freely, sometimes are sluggish, and why they tend from time to time to alter their direction. And since we devote so much time to study of this kind, I am sure that there is not one of us who does not realise the difficulty of the problem. The main and more superficial factors are usually plain enough. But in the vast complex system of international trade, there is the interplay of innumerable factors, many of them very obscure, and most of us know, probably by bitter experience, how difficult it is to forecast the effect of any action in regard to trade which a Government may take. Reactions are apt to be set up, often in the most unexpected quarters, and long views are necessary. For the action which seems wise at the moment may prove to be the reverse when its full effects have had time to declare them. All these are commonplaces, of course. But it is just because we are so familiar with considerations of this kind that the conclusions of this Conference should be so valuable. Further, the considerations I have mentioned necessarily appeal with special force to those of us who are connected with the Government of India.

## POSITION OF THE GOVERNMENT OF INDIA

In India, until quite recently, the Executive Government was solely responsible for any action it might take, and its responsibility therefore was peculiarly heavy. Now we have made a considerable constitutional advance, and I am glad to say that the Executive Government is assisted by a Legislature which is mostly elected and which has large powers. To that extent the load of our responsibility is lightened. But even so, everyone will recognise that a special measure of responsibility rests upon the Executive Government which still does not depend for its existence on the will of the people as expressed by a legislature elected by the people. I take it that in our deliberations on every subject each of us will have to consider first what is in the economic interest of the country he represents. We shall then have to consider the interests of the Empire as a whole and how far the interests of our country can be brought into accord with the general interest. And always it will be necessary to bear in mind what is politically possible in our own countries. Interests of course do not always coincide. That would be too much to expect in so far-flung and so diverse an Empire. But I look for nothing but good from a frank interchange of views, informed, as they will be, by a sense of our common ties, and, as far as India is concerned, I can assure you, Sir, and the Conference, that we are here with every desire to help.

## GENERAL ECONOMIC OUTLOOK

I need not state the problem. You, Sir, have already done that. Behind all our discussion stands the spectre of Europe, particularly of Central and Eastern Europe. In large areas of Europe, formerly among the most prosperous of the world, we see the exchanges disorganized, credit impaired, purchasing power reduced, and the whole mechanism of modern trade gravely injured. That is one side of the picture. On the other side we have great countries intact, or almost intact, willing and able to produce and sell, some their manufactures, some their raw materials. They are suffering from loss of markets, and they are unable to buy as much as they did before the war because they cannot sell so much. That is the trouble. We are all suffering from it in a greater or less degree, but I think that we are all agreed that the country which is suffering most is that country to which we all owe so much, namely, Great Britain. Every one must look with sympathy upon her appalling unemployment problem. Every one must admire the way in which she has tackled the enormous economic difficulties bequeathed to her by the war. Personally, I have had a good deal to do in the last two years with the purchase of railway and other material for India. I have been astonished at the way British manufacturers have brought their costs of production down. They could not have done it without the co-operation of their workmen. They are having a hard struggle, but since British capital and British labour have shown such determination to overcome the difficulties with which they are confronted, I have no fear myself but that they will win through.

## EFFECT OF WAR ON INDIA'S TRADE AND FINANCE

With your permission, Sir, I should like now to make a few general remarks about India's trade and about the effect which the war and the aftermath of war have had on that trade and on India's financial position. Generally speaking, it may be said that India imports mainly manufactured goods and exports mainly raw materials and foodstuffs. Our imports come mainly from the United Kingdom, and our exports—and this is a fact which in India we have always to bear in mind—go mainly to foreign countries. Last year 60 per cent of our exports, which in normal times greatly exceed our imports, went to foreign countries, only 22 per cent to the United Kingdom. Our total import and export trade has averaged in value in the last three years £366 millions per annum. The figure is large, but it is inflated by the rise in prices, and when we revalued our trade at the prices prevailing in 1913-14 we found that in volume it had retrograded. The real loss in 1921-22 compared with 1913-14 was no less than 28 per cent. Thanks to the war and the disorganisation caused by the war, we sell less and therefore we buy less. This decrease of trade hits us in many ways. It affects most of our sources of revenue—our customs, our income tax and our railway receipts. The war again, and the great increase of prices which followed it, enormously increased the cost of the Administration, and at the same time it left us faced with the necessity of incurring heavy expenditure in order to restore our railways and other public services to efficiency. Taxation has been increased to an extent which a few years ago would not have been thought possible. Nevertheless for five years in succession we were unable to balance our budgets. The aggregate deficits indeed in these five years amounted to more than £66 million sterling—a gigantic sum for so poor a country. I think I may claim that India has tackled her problem boldly. We have taken as our text the dictum of the International Conference at Genoa in April 1922 that one of the essential requisites of economic reconstruction is a balanced budget. As I have said, we have increased taxation, and in many of our import duties I think that we have reached the limit of productiveness. With the help

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of Lord Incheape, we have cut down expenditure drastically. Thus for the current year we have been able to balance our budget, and as a result I think I may claim that India's credit stands high.

Private enterprise is engaged in the same painful process of retrenchment and reconstruction. The brief boom which followed the war was a period of unhealthy speculation and company promoting. Many of these companies have already gone under; others are having a hard struggle to keep their heads above water, and there is at present not much inclination in India to put money in new industrial enterprises.

That, Sir, is a brief and very inadequate outline of the effect of the war on India's trade and India's finance. Things are undoubtedly better than they were. There seems every prospect of good crops for the second year in succession, and that is a matter of first importance to the peace and prosperity of India, where two-thirds of the population live on the land. What we want now to set our finances right is a real revival of trade.

## POLICY OF DISCRIMINATING PROTECTION RECENTLY ADOPTED IN INDIA

I do not wish in any way to anticipate the discussions of the subjects on the Agenda, but I wish to develop one or two points of a general nature arising out of what I have said. It seems to me that this Conference will not realise its full value unless we understand one another's circumstances and problems.

I have referred to the fact that India at present exports mainly raw materials and foodstuffs, and imports mainly manufactures. I ought to mention that India is not content indefinitely to acquiesce in this position. She has declared recently in favour of a policy of discriminating protection. That is, she proposes to see whether those industries which enjoy a "comparative advantage" in India require protection, and, if so, whether they should be protected. This is not the time to discuss the merits of this policy. I am aware that it has caused some alarm in this country, but if, as we hope, the result of this policy is to increase the wealth and productiveness of India, then, Sir, those who trade with India have nothing to fear. Already that trade is considerable in volume, but it is small in comparison with the size of the country and the population. In India we have 315 millions of the people—roughly one-fifth of the human race, and if only we can raise the standard of living of these millions and increase their capacity to consume goods, India's potentialities as a factor in international trade and as a market are almost limitless.

## INDIA BRITAIN'S BEST CUSTOMER

I have already said, Sir, that the course of India's export trade is somewhat special. In 1921, 86 per cent. of New Zealand's exports went to the United Kingdom, 76 per cent. of South Africa's exports and more than half of the exports of Australia. India sends little more than 20 per cent. of her exports to the United Kingdom, and that, as I have said, is a fact which we in India have always to bear in mind. I now wish to bring out a striking fact regarding India's imports. As everyone knows, we make no discrimination in our import duties. At present our tariff is purely a revenue tariff, and it is the same for all. Nevertheless, India is by far Britain's best customer. She takes a greater proportion of her imports from the United Kingdom than any other Dominion. Her imports from Britain in the last three years have averaged annually £129 million sterling. That is, she has bought in this period from the United Kingdom as much as the three great Dominions of Canada, Australia and South Africa combined. It is a noteworthy fact, Sir, that this great trade is the result solely of the millions of British capital spent in India, of long-

established and very perfect trade shipping and banking connections, and of careful study of the requirements of the Indian market. Most of these imports are manufactures, and in spite of the difficulty with which he has to contend, the British manufacturer has practically recovered his pre-war predominance in this part of India's markets. Before the war he supplied 76 per cent. of India's purchases of manufactured articles; in the year ending March last he supplied 73 per cent. And this wonderful result has been attained by what is, after all, the main thing in business, namely, perfect organization and strict attention to economy in production.

#### NEW DEVELOPMENT SCHEMES

But it may be said, Sir, "That is true—India is already buying much—but cannot she buy more?" I have no difficulty, Sir, in answering that question. I have just explained our financial position and have pointed out that we have recently had drastically to cut down the cost of our administration. But every thinking person in India is agreed that what India wants is a bold constructive programme of development, in order that full use may be made of her great resources. Large sums have been set aside for the rehabilitation of her Railways, and I hope that we may be able to embark on some new construction. On railway material alone we spent last year, almost entirely in this country, more than 8½ million sterling. Other development schemes are in contemplation, and in one way and another the Government estimated that something like 70 million sterling will be spent on imported stores during the next five years for the railways and the other development schemes. As in the past, so in the future, I have no doubt that the skill and enterprise of the British manufacturer will see to it that the vast bulk of their moneys will be spent in this country.

I have tried to bring out a few points which are of significance from India's point of view, and which I hope are relevant to the deliberations of this Conference, and I will not detain the Conference. I stand for India, of course. We all of us stand for the country we represent. But I have no doubt, sir, that India's interests will be found to coincide very largely with those of this country and of the Empire, and it is with the idea of exploring all possible points of agreement that we are here to-day. I must thank you, sir, and the others present here for giving me so patient a hearing, and I should like cordially to join, on behalf of India, in the hopes that have been expressed of the benefits that will flow from this Conference for our respective countries and for England and the Empire.

#### OPENING SPEECH BY MR. ORMSBY-GORE

In saying a few words on behalf of the colonies and protectorates, I would like to emphasize the fact that, in so doing, a further new precedent is being set. This is the first occasion in the history of these Conferences that a special representative has been separately detailed to present the views of those other possessions of the British Crown, which, together with Great Britain, the six self-governing dominions and India, make up the complete British Empire.

#### SIZE AND IMPORTANCE OF COLONIES, PROTECTORATES AND MANDATED TERRITORIES

The colonies, protectorates and mandated territories, in whose name I speak, comprise an area of about two million square miles, and contain a population of over 50 millions. Of these, approximately 40 millions are of African race. With the exception of Gibraltar, Malta, Cyprus, Palestine, Bermuda, and the Falkland Islands, the whole of these territories lie in a belt round the



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globe wholly within the tropics of Cancer and Capricorn. Our oldest and most historic colonial possessions, with the single exception of Newfoundland, are in the West Indies. Parallel with them lie the four important West African dependencies, of which Nigeria, with its 20 millions of people, ranks after India and Great Britain as third in population of all the countries of the Empire.

In East and Central Africa we have a continuous belt of territory from the Upper Nile to the Zambesi confided to our direction and development, containing a population of 12 millions. Eastward again we have the Islands of Mauritius, the Seychelles and Ceylon. Then the Malay peninsula and Hong Kong. Eastward again Fiji and the groups of islands in the Southern Pacific.

To Great Britain and the self-governing Dominions that lie within the temperate zones, this belt of tropical possessions is becoming of ever-increasing importance, both as the main and most secure source of supply of essential raw materials, and as a steadily developing market for manufactured goods and those other raw materials and foodstuffs, such as wheat, which are not producible in the tropics.

If we could but increase the production for export of this 50 millions of people by one pound per head we should not only obtain 50 millions more of materials that Great Britain and the Dominions alike require, but at the same time create an additional purchasing power for goods which we in the temperate zones and in our factories can provide.

## GROWING NEED FOR MUTUAL ECONOMIC INTER-DEPENDENCE WITHIN THE EMPIRE

An Imperial Economic Conference that merely concerns itself with the economic relations and commerce of Great Britain on the one hand and the self-governing Dominions on the other, would be leaving out of the picture considerations which will grow in importance as the present century advances. The comparatively recent developments of mutual trade between Canada and the West Indies, between New Zealand and Canada with Fiji, are but the first steps of the realization of the need for a more comprehensive imperial vision of our mutual economic inter-dependence.

In Great Britain we are specially alive to the need of becoming less dependent on the United States of America and its dependencies for such essential tropical materials as cotton, sugar and tobacco, at a time when we have to make large annual payments to the United States on account of a debt contracted on behalf of our common effort in the Great War. It is to the interest of the whole Empire that we should all co-operate in developing the vast potential resources of our tropical possessions, human as well as merely material, and that we should not only direct production to the most needed channels, but also do what we can to use within our Empire the varied products of our Empire.

## PRODUCTIVE POSSIBILITIES OF THE EMPIRE

In this last connection I was informed only last week that hardly an ounce of the copra of Samoa (now a ward of the Dominion of New Zealand) is shipped to British ports, practically the whole of this immensely valuable raw material being bought in Hamburg and utilized in Germany. We already produce within the Empire the greater part of such materials as rubber, copra, palm oil, palm kernels and cocoa, and it is obviously to our advantage to secure as far as possible for our own populations the profits and employment that can be built on the manufacture of those products. Given the application of capital and trained intelligence we could produce those materials such as cotton, sugar, flax and silk, of which there is either a world shortage, or which are at present in the main produced outside our Empire. Better transport facilities, both

internal and external, better education, both of the skilled direction whether in production or marketing, as well as the training of the actual native producer, are urgently called for. There is a real demand to-day for capital and that spirit of commercial adventure which was formerly so characteristic of the British peoples if our object it to be achieved. If we do not take the opportunity others will step in and reap not possibly a quick profit in the first few years, but a certain profit and secure advantage in the long run.

All that can be done by Governments to stimulate and direct, whether by preference or otherwise, the fuller use of Empire products in the various Empire markets and Empire factories should receive our consideration, and if Governments give this lead it is to be hoped that private enterprise will respond.

Having been chosen to follow your deliberations from the angle of vision of the Crown Colonies and Protectorates and on occasions to submit propositions on their behalf both to the Conference and, in some cases, separately to the Delegations of particular Dominions, I have just formed an Advisory Committee composed of some of the leading persons engaged in the trade of particular tropical colonies or groups of colonies who can assist me during the Conference with expert knowledge of commercial conditions and potentialities. My chief object is to endeavour to bring before, not only the representatives of Great Britain, but also of the Overseas Delegations the growing importance to the Empire as a whole of our great tropical dependencies.

#### OPENING SPEECH BY MR. BRUCE

I have read the transcript very carefully, and it appears to me that we have not caused a delay which is going to affect us in getting through the work, and I certainly wish to thank the Conference for the courtesy and the consideration they have shown us by so arranging their programme that we would be able to take part in any decision of any moment that was arrived at. I also welcome very much the opportunity which is being given to me now to speak upon the general debate which arose out of Sir Philip's introductory speech, and I should like, if I may, to express my appreciation of the extraordinary clearness of that speech, and also of the impartial and open-minded manner in which Sir Philip and the British Government are prepared to approach all these questions of Empire importance and of transcendent importance to the Dominions.

#### MARKETS OF PARAMOUNT IMPORTANCE

I entirely agree with the manner in which Sir Philip stated the case, and I do not propose to cover the same ground. I think it is unnecessary, but I would like to make one comment, and that is that I was particularly pleased to see that he considers the question of markets as being one of paramount importance. He stresses it, of course, with regard to Great Britain, but he indicates that it is also of paramount importance to the Dominions.

We certainly welcome that statement as coming from the British Government, and we welcome, even more, Sir Philip's statement that the solution of the market trouble is through the medium of the development of the Empire as a whole. That, of course, is the view that Australia holds, and I am inclined to think it is the view held by every one of the Dominions.

On the general question, I could, of course, deal at very great length with the necessity for economic co-operation within the Empire and I could stress the possibilities of Empire development solving all our problems in a general way; but in view of the very sympathetic tone of all the speeches that have been made, I think that it is rather unnecessary, and it would be preferable, I imagine, if I contented myself with saying that I entirely endorse the attitude that has been taken up and that I do not propose to stress it on my own behalf.



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I think the best course I can adopt is to try and deal with the matter on a rather more definite basis, so that we may, if possible, immediately endeavour to find some concrete proposals which might effect a solution of the problem in which we are all so very much interested.

I think it is almost necessary, at this stage, to deal with the matter at some length, because there is no question but that the solution of the problem of Empire development is dependent upon three things, men, money and markets.

These matters are dealt with on the Agenda as separate items. One cannot, however, deal with the question of Empire settlement and come to any effective decision, because such settlement depends upon the markets available for the resultant production, and also upon the money which is provided for the purpose of Empire development.

I certainly think that the most useful course to follow at this stage is to deal with the whole problem; to try and show how, in our opinion, all these points depend one upon another; and to stress again, in the strongest possible way, that we believe the paramount question is that of markets and that it is quite useless to deal with Empire migration and discuss questions of that character in detail until we have arrived at some solution which ensures markets for the increased production that would result.

I do not, of course, wish to suggest that nothing can be done if we cannot solve the market problem. A great deal can be done; we will continue to absorb a certain number of men; we will employ a certain amount of money; we will proceed with the development of our countries; but we will be able to do it only at a very slow rate. There can be—in Australia's opinion, at all events—no really great development of the Empire until we can solve this vital market problem. Holding that view so very strongly, Australia believes that this Conference must appreciate that there is one outstanding question, and that we will be wasting our time if we are going to discuss these matters only in a general way and not be prepared to face the vital problem that confronts us and really see if we can find a solution of it. I must stress that point because in the past a great deal has been said in a general way that all our problems would be solved by migrating the people of Britain to the other parts of the Empire and by developing our amazing resources; but the question, I venture to say, has never yet been dealt with on a definite and proper basis, with a full realisation of what the great underlying problem is; we admit we have done this in Australia—we do not plead that we are guiltless—we have gone ahead, we have talked migration, we have brought people in, we have held up alluring pictures of what we could do, and now, to some extent, we are reaping the harvest.

When we brought our soldiers back from the war we adopted extensive land settlement schemes for them. The Commonwealth provided the finances and gave a rebate of interest; the State handled the different propositions, because practically the whole of the land in Australia is controlled by the States. We put a large number of men on the land to grow fruit, and now we are faced with the problem of marketing the enormously increased production. For each season during the last three years the Commonwealth Government has had to come to the aid of the fruit growers. This was quite inevitable. It did not matter whether one believed in Government assistance or in Government intervention, or whether one did not; it had to be done. The Government advanced large sums of money to these settlers, who were allowed thirty-six years in which to repay the advances. Something had to be done with their products or the men would have gone off the land. These men would have then migrated to the cities and increased unemployment. In addition the Government would have lost the very large sums which had already been advanced. Over the three years referred to, the Commonwealth Government

has lost through the fruit pools they have established and handled, something like 600,000*l*. One cannot continue in that way, and the Government has now to face the position that unless some method of marketing can be found the efforts that are at present being made to settle Australia more closely must be seriously limited.

I quote the fruit industry merely as one instance to show the position in which we find ourselves. In spite of this we certainly must go ahead with migration schemes in fairness to our own people. We have established a certain standard of living in Australia; we have a certain economic position, and that economic position only enables us to absorb a certain number of migrants. Unless we have assured markets we are going to have a serious surplus of labour and the most disastrous results arising from it.

I am afraid I am to some extent taking a pessimistic tone, but believe me I am by no means pessimistic. I am perfectly certain the whole thing can be solved and that its solution is not as difficult as is sometimes suggested.

The position I desire to put, and put very clearly, to a Conference of this character where all parts of the Empire have come together to consider our great national problems, is that Australia cannot stand still. We have to go on. We have a great country. We must populate it, or our very safety and integrity are menaced; and if we cannot solve the problem of marketing while we are here, then inevitably we must go back to our own country and seek some other solution. We recognize that any other solution must seriously limit our development. If we cannot find markets we shall be able to go forward only very slowly, but at least this will relieve us from a menace we are faced with to-day as a result of what we have already done and what we have in prospect. Consequently one would have to look at what one has to sell, and find a market for. This would mean looking round the world to see if there was not somebody with whom a bargain could be made so that the produce could be disposed of.

#### POLICY OF TARIFF PREFERENCE FOR BRITISH GOODS

During the last few years in Australia we have had many requests that we should enter into reciprocal arrangements with different countries. These countries offered to give us very great advantages in their markets for our primary production in exchange for advantages they sought in our markets for their manufactured goods. We have rejected all those requests and have refused to listen to them.

We say that the whole basis for our trading policy is to try to ensure, as far as we can, the Australian market for the British manufactures. But one must stress (and I am sure everybody would desire that one should stress) the point that while we are determined to pursue that policy in the future as far as we possibly can, our own economic necessities might drive us into a position in which, to some extent, we should have to relax it or we should be bringing disaster to our own country and to our own people. It is, therefore, necessary to consider whether such a relaxation would matter in the very least to Britain—whether it would matter if we removed these advantages we are giving her in our markets.

On many occasions I have heard it stated that the preference we give to Great Britain is of very little value at all. I recognise that that view is not generally held, but there is quite a body of opinion that expresses itself in that way. I think one need only look at the facts to establish quite clearly that it would be very unfortunate from Britain's point of view if Australia were driven to the point where she could not give such favourable terms to Britain as she does at the present moment.

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merce have made very handsome acknowledgments of the benefits British industry has received. I do not wish to labour this aspect of the matter, but I think it is essential, at the start of this Conference, that we should have the case set out as it is and show what the whole thing means.

I would now like to give a few statistical details of the specific trades which have obtained advantages under this preference. In regard to these particular preferences and the particular industries, for 1920-21, the figures show:—

Class	Value of Imports of United Kingdom origin	Concession of Duty under Preferential Tariff
	£	£
Apparel.....	3,977,751	577,339
Textiles.....	27,679,925	3,986,232
Machines and machinery.....	4,746,001	551,980
Other manufactures of metal.....	17,960,292	1,487,906
Paper.....	2,168,439	193,536

One must also remember that the history of the past shows that these preferences have been of some value. In 1882, the value of Australia's imports from Britain was 20,984,162*l.*—and in 1906 it was 20,228,836*l.* That is a period of twenty-four years, during which the trade was practically the same. The year 1906, as a matter of fact, was rather an abnormal one, the figures for 1905 being only 16,991,009*l.*, so that over that whole period Britain's export trade to Australia did not increase but remained about satisfactory. During the same period, however, Australia's total imports did not remain stationary. In 1880 the imports into Australia amounted to 24,622,000*l.*, but in 1906 they had increased to 44,745,000*l.*, so that over the same period, during which Britain's trade remained about the same, if indeed it showed no decrease, the imports into Australia had increased by over 20 million pounds.

All this increase took place with foreign countries, which were able to extend their trade with Australia although Britain could not.

Preference was introduced in 1906, and between 1906 and 1913, the position changed, British imports increasing from the 20,228,836*l.* already mentioned to 34,471,269*l.*, and in the latter year Britain was supplying 63 per cent of Australia's import trade. During the war, owing to the fact that supplies could not be obtained from Britain, the percentages that Britain supplied of Australian imports dropped to 46 per cent. In 1920, the Australian Parliament passed a new tariff under which largely increased preferences were given to Great Britain. We wished to help Britain to regain her place in our markets, if we could possibly do so, and the action taken was certainly effective, because by 1920-21, the percentage of British imports was restored to 64 per cent of the total trade.

I think these facts indisputably show that the preference is of value, and it will be a most unfortunate thing if anything is done to interfere with it.

#### VALUE OF DOMINION MARKETS TO GREAT BRITAIN

Another point I think we have to establish is that the Dominion markets have a value to Great Britain. The export figures for the United Kingdom in 1922 were: Europe 311,026,847*l.*, and the Dominions 285,780,649*l.*, a balance in favour of Europe of 25,246,198*l.*, but of the exports of United Kingdom produce and manufacturers, the Dominions took 270,404,802*l.* and Europe 247,655,266*l.*, a balance in favour of the Dominions of 22,749,536 *l.* I think those latter figures



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very clearly show the value of the Dominions trade to Great Britain, because practically the whole of the amount that they take represents direct British manufactures which are providing employment and helping the general economic situation here.

The exports from the United Kingdom to the different parts of the world are probably familiar to most of you, but I will quote them:—

## VALUE OF THE TOTAL EXPORTS OF PRODUCE AND MANUFACTURES OF UNITED KINGDOM TO—

—	Population	1913	1922
		£	£
India	320,000,000	70,273,221	90,621,301
Australia	5,550,000	34,491,269	60,457,294
United States of America	110,000,000	29,294,579	55,022,435
France	40,000,000	28,933,072	48,310,485
Germany	65,500,000	40,677,379	32,075,692
Canada	7,300,000	23,794,935	25,271,213

India heads the list, of course. In 1913, she took 70 millions; in 1922, 91 millions. Australia, in 1913, took 34 millions; in 1922, 60 millions. Those are the two Dominions I am taking, but other countries with which Britain trades show increases. The United States, for instance, shows an increase from 29 millions to 55 millions; France from 28 millions to 48 millions, and Canada from 23 millions to 25 millions.

These figures show a comparison between the Dominions and some other big countries, and later I propose to give you the actual *per capita* amount that the Dominions take, as against foreign countries, from Britain. The estimate that I have here, and which I think is of some interest, shows what percentage of the exports to different countries from Great Britain consists of manufactured production. The problem of to-day in Great Britain is to find employment in her great manufactures. The table I am now reading sets out that 95 per cent of what Australia imports from Britain is manufactured goods; India, 94·5 per cent; Canada, 80 per cent; the United States, 69 per cent; France 58 per cent; and Germany, 52 per cent. But an aspect that I think we have to consider in estimating the value of these markets is the percentages over a period of years of British exports to foreign countries as compared with the overseas Empire.

In 1901, Britain exported 62 per cent to foreign countries and 37 per cent to the overseas Empire. In 1922, the figures were 60 per cent and 40 per cent. I also gave the intermediate figures:—

## PERCENTAGE OF TOTAL EXPORTS OF PRODUCE OR MANUFACTURES OF BRITAIN

Year	Foreign Countries	Overseas Empire
	Per cent	Per cent
1901	62·5	37·5
1913	62·8	37·2
1921	57·6	42·4
1922	60·0	40·0

These at least show that we are taking at this moment a very substantial part of the trade. Personally, I am certain that we could do very much more and, of course, as I will show later on, the value to Britain of exports to the Dominions is considerably greater than the value of exports to foreign countries, but before I do that, I would like to put on record and bring under the notice of the Conference the development of Dominion markets over the last forty years and also to try and stress the point of their possibilities.

The following figures show the overseas trade of the different Dominions:—

TOTAL OVERSEAS TRADE

Year	Australia	Canada	South Africa	New Zealand	Grand Total
	£	£	£	£	£
1880	50,000,000	29,000,000	18,000,000	15,000,000	112,000,000
1901	92,000,000	71,000,000	55,000,000	28,000,000	246,000,000
1921	296,000,000	510,000,000	132,000,000	88,000,000	1,026,000,000

These figures show a very considerable development and growth, and I venture to say that, if there had been any statesmen in 1880 who could have visualised the development and growth of the Dominions trade, they would have given very serious thought to the question of concentrating upon Dominion trade and Dominion expansion, and of seeing whether that was not the best way to develop British industry generally. As we look back upon the position, I think that thought must cross our minds to-day. Surely, if we view it in that way, we ought to consider whether we are going to lay ourselves open to a similar charge a generation hence when people look back and see what we did—an increase from 112 millions to 1,026 millions, while we made no really serious effort to develop the Empire at all. The Empire has merely developed of its own initiative.

Up to date there has been no concerted plan and, I venture to suggest, no real and genuine effort. If we took the matter in hand and really did concentrate upon it I think the expansion in the figures over the next forty years would tell a tale which would mean a perfectly amazing position for the whole of the Empire as a commercial nation. That side I think is one we must stress if we are going to pretend that we have any sort of a vision into the future, and if we are really determined to try and achieve something for the generation that is coming after us.

COMPARATIVE VALUE OF DOMINION AND FOREIGN TRADE

Just now I referred to the question of the comparative value of the Dominions' trade as against foreign trade, and I wish to emphasize it in this way. I want to show in regard to the exchange between the Dominions and Great Britain that the Dominions take from Britain just about what Britain takes from them. In the case of foreign countries it is a very different story, particularly in regard to those countries where there is a possibility of development on the same lines as in the Dominions, namely, countries which are producing foodstuffs and raw materials. In those cases, Britain takes a great deal from them but they take very little from Britain. The particular countries I refer to are the Argentine, Denmark, and the United States, and these were the figures for 1922:—

Countries	Exports of Britain, 1922	Imports from Britain, 1922		
		British Produce and Manufacture	Re-exports	Total Exports
	£	£	£	£
Argentine.....	56,520,259	22,708,073	755,884	23,363,957
Denmark (including Faroe Islands)	40,309,506	12,451,767	1,247,767	13,699,534
United States of America.....	222,012,994	55,022,435	21,654,309	76,676,744
	318,842,759	90,182,275	23,557,960	113,740,235
Five Large Dominions. . . . .	232,112,491	217,773,215	11,372,409	239,154,624



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Taking as a whole these three countries, the exports to Britain in 1922 were £318,842,759; the exports from Britain in 1922 were, British produce and manufactures £90,182,275, re-exports £23,557,960, making a total of just over 113 millions. These three countries exported to Britain 318 millions and they took from Britain 113 millions.

In the same year the five large Dominions exported to Britain 232 millions and they took in exchange 229 millions. I think one can appreciate the value of a trade of that character as against the value of a trade where the amount taken by the other country is so much smaller. I think that point has to be particularly emphasised; it can be very well illustrated by the case of the United States which exported to Britain, in 1922, 222 millions, whilst the total exports from Britain to them were 76 millions. In view of the burden of interest on the American Debt, it would certainly help our whole economic situation if we could to some extent vary the position which exists at the present moment.

The per capita figures are well within the knowledge of most of you. According to their populations the Dominions buy on a much higher basis than any foreign countries in the world, as shown in the following table:—

	Population (Whitaker, 1923)	Exports		
		British Produce and Manufacture	Re- exports	Total
		£ s. d.	s. d.	£ s. d.
New Zealand.....	1,200,000	13 4 5	13 10	13 18 3
Australia.....	5,500,000	10 19 6	19 2	11 18 8
Denmark.....	3,000,000	4 3 0	8 3	4 11 3
South Africa.....	6,000,000	4 1 9	4 3	4 6 0
Canada.....	7,300,000	3 9 5	7 3	3 16 8
Argentina.....	8,250,000	2 15 0	1 7	2 16 7
France.....	40,000,000	1 4 2	8 10	1 13 0
Germany.....	65,500,000	0 9 10	5 2	0 15 0
United States of America.....	105,000,000	0 10 6	4 1	0 14 7
Spain.....	21,350,000	0 11 2	0 11	0 12 1
Greece.....	7,000,000	0 10 10	0 2	0 11 0
Italy.....	38,500,000	0 10 0	0 11	0 19 11
Russia.....	136,000,000	0 0 6	0 1	0 0 7

The highest is New Zealand with 13*l.* 18*s.* 3*d.* a head. Australia is next with 11*l.* 18*s.* 8*d.*, and the lowest on the list, if I exclude Russia, is Italy, which takes 10*s.* 11*d.* a head. A country such as the United States takes 14*s.* 7*d.* a head as against a Dominion like Australia 11*l.* 18*s.* 8*d.*

Those figures, I think, show that the Dominions at the present time are doing their trade with Britain as far as it is possible for them to do it. I think they must convince anybody that at the present moment the Dominion markets are of very great value to Great Britain and that their potential value is a thing, if we proceed along a proper line of development, which no man can possibly estimate.

There are some people who say everything is all right in this best of all possible worlds; that there is nothing wrong with British trade or British methods or anything else. I am not saying that as against Britain. It happens in every country. It happens in Australia. We also have people who say everything is all right in this best of all possible worlds. But it is not. That is not the attitude that is going to help.

We are very often told that everything that is happening now is a result of the war; that if there had been no war everything would have gone on perfectly well for Great Britain, and that there would have been no industrial situation to meet and no economic trouble at all. In 1913 I used to live in

England and I certainly did not gather the impression that everything was running quite on oiled wheels at that time. If one considers the positions of Britain, Germany, and the United States over the period between 1890 and 1912 (not complicating the situation at all by dealing with the period after the war) the export figures are certainly of considerable interest. I am quoting them only to show the relative advances made by the three countries:—

## TOTAL EXPORTS

Year	United Kingdom	Germany	U.S.A.
	£	£	£
1890.	263,000,000	165,000,000	176,000,000
1900	291,000,000	230,000,000	302,000,000
1905.	329,000,000	281,000,000	310,000,000
1910	430,000,000	367,000,000	356,000,000
1912.	387,000,000	440,000,000	452,000,000

I think these figures must suggest that there was certainly a very difficult period ahead of Britain on account of the intense competition of those two countries, which reserved to themselves their own markets, and used Britain only for the purposes of their surplus production.

Another point that I would venture to state (though in regard to anything I have to say I wish to make it perfectly clear that we are not in any way interfering in affairs which are matters of purely British interest and matters of British determination) is that the requests which have come in recently from rather surprising quarters that some action should be taken to protect their industries, certainly point to the fact that the position is not as satisfactory as might be desired. The woollen industry, the silk industry, and other industries have asked for protection under the Safeguarding of Industries Act. I am not using that as an illustration of any particular fiscal system at all. All I am using it for at this moment is to show that it is desirable that Britain should exhaust all the possibilities of creating new markets for herself, and that there is a real necessity for her to give that matter serious consideration.

## EFFECT OF A PREFERENCE POLICY ON BRITAIN'S RELATIONS WITH OTHER COUNTRIES

There is one other point I have to deal with, and that is a fear which was expressed in many quarters that if the British markets were ensured in any way—and I say that quite deliberately, in any way—to the Dominions, it would provoke foreign retaliation and would complicate the whole of Britain's economic relations with other countries. I personally cannot believe that that is so. Other countries have tariffs protecting their own industries, and those countries have offered Preference to Australia. Could anybody resent it if Britain, Australia's own mother-country, did exactly the same thing as foreign countries are doing at the moment? We in Australia and all the other Dominions have taken action to ensure that our markets to some extent will be available to Great Britain. Nobody has resented that, and nobody has ever suggested that it is not a perfectly legitimate and proper thing for us to do, and one that is well within our competence as an independent people.

We must remember also that foreign nations are not particularly apt to consider Britain's interest. At the present time we are not obtaining such extraordinary concessions and benefits from foreign countries that we need be very apprehensive that they would do anything to alter them even if they did not like what we are doing. I think it can generally be accepted that most foreign countries have done everything possible to see that Britain's trade did not get into their markets. I do not think, therefore, that we need be very

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much concerned with that side of the matter. This question has been raised, of course, many times, and I have a quotation here from a speech by Mr. Austen Chamberlain in the House of Commons. He said:—

“What we choose to do within the British Empire is the concern of the British Empire. It gives no right for any foreign nation to take offence. No foreign nation invites or would tolerate our interference in their internal customs arrangements, and I see no reason, but for the suggestions coming from the honourable gentleman, why any foreign nation should take offence at our doing what other foreign nations have done for years without complaint from us or anybody else. If that be the issue, if a foreign nation chooses to raise that issue, and to say, when one portion of the British Empire treats another portion of the British Empire as kinsmen, as parts of one whole, as partners in one great commonwealth, that that is an offence to the foreign nations, then, the whole British Empire would be ready to meet that and to stand shoulder to shoulder to combat it.”

The whole question of tariff policies of different countries towards their dependencies has been very carefully studied, and there is a very illuminating report on the subject which was prepared by the United States Tariff Commission. Anybody interested in the subject would be well advised to read it because it is a mine of information which sets out the whole position very clearly. I do not wish to deal extensively with it at the moment, but I do wish to give certain figures which are extracted from this report of the United States Tariff Commission. They show the arrangements which have been made by the chief foreign and colonial Powers in order to protect their dependencies in their own markets.

The United States has a differential tariff for its Possessions as against foreign countries which on the average amounts to about 100 per cent., Japan gives 100 per cent., France 50 per cent. to 80 per cent., Portugal 50 per cent. to 90 per cent., Spain 50 per cent., Italy 50 per cent. to 90 per cent. There are two countries which do not protect their colonies, namely, Belgium and Holland. There are particular reasons, however, in regard to those two countries, and, as far as Holland is concerned, without directly protecting her Colonies, she does a great deal to help them through insisting upon their shipping in Dutch boats only, and she assists them in other ways.

I apologise for speaking for such a long time, but to my mind the keystone to every question we have to consider at both the Imperial and Economic Conferences is the establishment of markets for the Dominions so that we can get true Empire development.

I have tried to show that there is a real value in Dominion preferences and Dominion markets; that there is a wonderful possibility of expansion in those markets, and I have tried to indicate that it would be a serious thing to British manufacturers if the position they have at present in the Dominion markets were lost to them.

## VALUE OF BRITISH MARKET TO THE DOMINIONS

It is also necessary, of course, to consider the value of the British market to the Dominions. I think there is no Dominion which does not recognise that the British market is the best in the world and that it has been an invaluable market to the Dominions in the past; and their greatest aim and greatest ambition is to ensure that they shall at all events hold their own in that market in the future. But the Dominions feel that there is a real danger that they are not going to hold their own in the British market in the future. There are some people who say that the Dominions ought to be prepared to consider that the free access they have to this, the greatest and best market in the world, is more than

equivalent for any Preference that the Dominions might give to Britain. I am not sure that the Dominions would not agree with that, if the great ideal of those who founded the theory of free trade had been carried out, and we had world free trade instead of every country protecting itself, and we had also the corollary of a reasonable standard of living in the countries with which we should be likely to compete. If that were the position, I think there would be a great deal in the argument that to have free access to this market would be all that anybody could ask; but, unfortunately, that is not the position, and I am certain that the great founders of free trade did not visualise a world of tariffs such as has grown up. I came across an extraordinarily interesting statement of Mr. Cobden's made in 1862, which I think bears out to some extent what I am saying and which is really direct support to the case I am trying to make now, namely, that it is necessary to keep the British market as far as possible for the Dominion production of food and raw material so that we can develop the Empire; what Mr. Cobden said in 1862 was: "I doubt the wisdom, I sincerely doubt the prudence, of a great body of industrial people to allow themselves to live in dependence on foreign Powers for the supply of food and raw material."

To a great extent that is the case that Australia is making to-day. We say that for the Empire it is a suicidal policy, quite apart from the fact that we believe we ought to develop the Empire.

#### APPREHENSIONS AS TO FUTURE BRITISH MARKET

One thing which makes the Dominions very apprehensive as to the future value of the British market to them is that in this market they have to compete with the production of cheap and/or coloured labour. That is the situation which faces a country which has as its policy to remain a White Australia and to have a reasonable standard of living for its people. We are confronted with competition from cheap labour (and by cheap labour I mean labour that is not paid a reasonable and fair wage according to the standard of civilisation we have reached) or coloured labour which has a different standard of living altogether.

Another thing that makes us very apprehensive is the dumped surplus production of other countries, and in a moment I will give an example of how that affects Australia.

Depreciated currency is also a factor against which, of course, one has to some extent to protect oneself.

The last, and probably one of the most dangerous factors, is the great combines which are growing up all over the world.

The examples which would stress those cases I have indicated are these. In Australia we have at present a large surplus production of dried fruits, and this production is increasing. We must find a market for it, but we are faced with competition from places with very cheap labour. The places I refer to are the Levant and those countries where there is certainly not a standard of living which would be acceptable to any British community. The other factor which affects our dried fruits is that we are subjected to the competition of dumped surpluses from California.

Those two factors make it very doubtful whether in the future the value of the British market is really going to be as great as we could wish.

The question of meat I do not intend to go into at any great length at this stage, but, of course, the British market is, if I may say so with all respect, practically at the mercy of a great combine over which Great Britain has no control at all, and that combine at the present moment is surely and inevitably driving Australia out of meat production.



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The factors which I have stated certainly make us very apprehensive as to the future, so far as the British market is concerned. But I hope that I will not leave any impression but that Australia certainly, and I am sure all the Dominions, realise the amazingly good fortune they have in being dependencies of the British Crown and in having this great British market, together with a great sympathy towards them which has been available at all times throughout their history and their growth up to the present hour.

## RESOLUTION OF 1917 CONFERENCE

The foregoing more or less covers the points I want to try and establish. We have then to consider the position in which we find ourselves. I do not want to go over the story of what has happened in regard to Imperial Preference, or the necessity of trying to find markets in Britain for Empire production, but I think I must refer to one matter because it is of such very recent date, and that is the resolution that was passed by the 1917 Conference. I would remind the members of the present Conference of what actually took place then. The resolution passed was that

"The time has arrived when all possible encouragement should be given to the development of Imperial resources, and especially to making the Empire independent of other countries in respect of food supplies, raw materials, and essential industries. With these objects in view this Conference expresses itself in favour of:—

- (1) The principle that each part of the Empire, having due regard to the interests of our Allies, shall give specially favourable treatment and facilities to the produce and manufactures of other parts of the Empire.
- (2) Arrangements by which intending emigrants from the United Kingdom may be induced to settle in countries under the British flag."

That resolution was passed unanimously by the representatives of every one of the Dominions and Britain herself.

That was the first occasion upon which the British representatives had associated themselves in a resolution of this character. I want to quote that, and I want to stress it very much, because you will remember that in 1917 we were in the midst of the war, and during the war I think most of us saw things with a little greater clarity than we do under ordinary circumstances in periods of peace. I am afraid that most of us are rapidly forgetting what we learned in the war and the lessons that we ought to have drawn from it as to regulating our future conduct.

But, as far as that resolution is concerned, I remind the Conference of it only because it is the last expression of the view held by a Conference of this character. It is now for us to express the view we hold.

As far as Australia is concerned, we still hold the view we held in 1917; we would again subscribe to that resolution with the utmost pleasure, and we think it would be a good thing if a similar resolution were actually recorded by this Conference. But I think it would be very much better if, instead of following the usual habit of Conferences and passing resolutions, we could on this occasion do something practical to give effect to what we actually believe in. I think that would really lead to the result that we all desire to achieve. Now, as far as Australia is concerned we have taken action along the lines of that resolution. We have passed a new tariff, as I have told you, increasing the favourable circumstances under which Britain comes into our market; we have passed legislation protecting Britain against countries with depreciated exchanges;

We have done everything in our power to try and promote the trade of Britain, which is the underlying idea of the resolution; and in certain cases where Britain has appealed to us with regard to individual industries, such as the dye industry, we have taken action to try and help her to foster the new industry which she is building up.

#### NEED FOR MAKING PRESENT BRITISH PREFERENCES EFFECTIVE

We recognize, of course, that Britain has followed up the resolution, but we venture to say she has only followed it to a very modified extent. In the Budgets from 1919 something has been done, and we are indeed grateful that anything has been done, but we also think that the interests of Britain (and I wish to put the case this way) would be advanced if she went even a little further along the path which she has already set her feet to, and I think that, if she would do one thing, it would greatly facilitate the solution of the questions we are now considering in Australia.

At the present moment Great Britain has a tariff upon certain items, such as dried fruits, and we have a scheme in Australia which is really the test scheme for the whole of our future migration ideas; the greatest production that will come from that scheme will be dried fruits, and if Britain could see her way to make the present preference effective, I think it would solve the problem of this particular scheme which I wish to explain to the Conference. As to whether Britain can see her way to do anything, that, of course, is a matter for British consideration, but may I urge the desirability of bringing this scheme to fruition and of so accomplishing our aims.

#### THE MURRAY RIVER SCHEME

The scheme I am referring to is one which is known as the Murray River Scheme. In that part of the Australian continent, development was really not initiated until about 1887. It progressed very slowly, but gradually an irrigation settlement grew up. In 1915 the Commonwealth Government and the States of Victoria, South Australia and New South Wales conferred and determined upon a large scheme for the conservation of water, the locking of the river, and the irrigation of a very large extent of country. That scheme is now being pressed onwards and when it is completed there should be available about 2 million acres of land, and on account of the particular circumstances of the settlement there, it is the most desirable form of settlement for British immigrants. It provides the ordinary amenities and decencies of life; it is a life that would be understood by a British migrant, and one to which he would be able to adapt himself very readily. That scheme to-day is in this position—the Commonwealth and State Governments have started it and have taken it a certain distance. The acreage under cultivation is increasing every year. At present there are about 200,000 acres and, roughly, 75,000 people. By 1928, 1½ million acres should be available, and in a few years after that, the whole 2 millions.

MR. CHAMBERLAIN: What population would that mean?

MR. BRUCE: For the 2 millions, about 750,000 people. The principal things produced there would be fruit, dried fruit in particular, and cotton; there would also be a certain amount of dairying, and as I have said, the settlement enjoys the best possible conditions and it offers the best amenities of life we have in Australia. Now the position of the Murray River Scheme is this (and that is my reason for stressing this matter so much and for saying that Australia more or less takes it as the test of what she may be able to do in the way of migration and development generally of the Empire): the production of dried fruit in 1914



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was about 12,000 tons, of which Australia herself could take 80 per cent, and about 20 per cent had to find a market overseas. By 1926, with existing soldier settlement, with our own ordinary land settlement, with a very little migration, with the actual land that is settled, with the actual trees that are in the ground and which will come into bearing by that time, we shall be faced with a situation exactly the reverse of what it was. We shall have to find a market for the export of 80 per cent, as we ourselves will be able to consume only 20 per cent in Australia. Similarly with canned fruits, which would be another great production in that area. To-day the production is about 500,000 cases of which we have to export about 150,000. By 1926 or 1927 the position will have arisen that we shall have to export about 80 per cent of our production.

## PROBLEM OF MIGRATION INSEPARABLE FROM THAT OF MARKETS

The Australian Government has been faced with this question in a very intense form, having had to form pools, handle the produce, and lose 600,000/ over three years in connection with schemes of a similar character. It is now quite clear that we cannot, in fairness to our own people, go on with the cry, which has been far too prevalent in Australia, of "produce and then produce more," and anybody really seriously interested is concerned as to what we can do with the production. If we cannot get what we believe will be an outlet for the production in the Murray Valley, we are prepared to go on and complete this scheme and eventually settle a very great number of people, but unless we can obtain a market we shall have to slow down the whole scheme. Instead of going forward and completing it as we contemplated, we shall have to take action to consider how far we can proceed or how we can delay the scheme so that when the production comes there will be a market available. In the circumstances, I think that is a very fair test case for Australia to take. If we can find a solution, I am quite certain that Australia will be able to enter enthusiastically into schemes for absorbing people. We will be encouraged to believe that we have assisted in the great question of marketing and at the same time we will be helped to populate our country.

Australia's desire above everything else is to populate her country and to advance from her present position of a very small people occupying a very vast territory, the real value of which no man can estimate, but which certainly has the greatest potentialities. Coming from Australia, I believe that they are greater than in any other part of the world.

As far as Australia is concerned—and I stress this even at the risk of wearisome repetition—the whole point turns on markets, and markets mean migration—if we have no markets we cannot have great migration, we cannot have the great development in the near future.

The problem of markets appears to me to fall into three divisions. The first one is the making effective of the preference already existing. If that can be done, I venture to say we have probably solved the Murray River problem, but that is a matter for the British Government and not for us. We have tried to put our case in such a way as to show that this scheme would mean a great stride in Empire development; that it would mean a very greatly increased purchasing power in Australia for British manufactures, and that we are not asking to have the preference increased merely to assist Australia in its trouble. We are not in trouble. We shall get out of our difficulties perfectly well, but must realise that, if we do not get preference, which we believe will be of value to Britain, we shall have to develop rather more slowly, and the improvement in our position as purchasers of British goods will be delayed for a very considerable time. With regard to Preference, there is a specific item on the Agenda. Of course, that will be the appropriate time to deal with the question.

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The CHAIRMAN: I would say at once, as I said at an earlier stage of the Conference in reply to Mr. Massey, that as soon as we open that I will tender quite definite proposals on that subject.

Mr. BRUCE: I need hardly say that I am extremely glad to hear it.

#### PREFERENCE IN PUBLIC CONTRACTS

The second point concerns preferences in Government contracts. This is not so big a question, but it is one of very considerable importance to the Dominions generally. On this question the Dominions possibly take a view which might well be considered a little extreme, but they have a very real feeling in the matter. They feel that where it is a question of Government contracts the Dominions should be entitled to get them, unless the difference in price is so hopeless as to render it impossible; but they think that there should be a very generous margin allowed in order to give the Dominions the fullest opportunity of tendering successfully. Our distances from your markets should also be remembered, so that there should not be too short a period for lodging tenders.

I should point out that there is in Australia a very strong feeling on the question of preference. Australia sent a great number of her sons overseas; she lost sixty thousand of them. In the war we all fought together, and there certainly is a sentiment in Australia about this particular question. I am merely mentioning this because it is a feature of the national point of view, which one certainly should bring under notice.

#### MARKETING OF DOMINION FOODSTUFFS AND AGRICULTURAL RAW MATERIALS

The other problem which we have to consider is of course a difficult one, and I think it should be stated in this way, that in order to assist the settlement of British migrants in the Dominions and thus relieve unemployment in Great Britain and in order to increase the volume of Imperial trade and the purchasing power of the Dominions for British goods, Britain should be prepared to assist in some way in the marketing of Dominion foodstuffs and agricultural raw materials. I particularly mention foodstuffs and agricultural raw materials for this reason, that these things are what the Dominions produce and it is their production which will bring about the development of the Dominions. It is no good our passing pious resolutions in favour of better preference to the Dominions and ever dodging the great issue. The issue is there, and it is not the slightest use our trying to avoid it. We must see if there is any way of getting over the difficulties involved, because of the fact that those are the things the Dominions must have a market for if they are to expand and develop.

I quite appreciate that at this stage I might very well leave the matter having said that we cannot develop without markets; that these are the things we want markets for, and that we would like a duty put upon them, with a preference to the Dominions. I am rather apprehensive that if I say anything more, I shall be accused of interfering in other people's affairs, but we have to remember that this is a Conference to which we have all come on an absolute equality, and we have only one object in view and that it, to try to promote the prosperity of the British Empire as a whole. Having come here in that spirit I think it is our duty to state the position as we see it, and to see whether from anything we may say some crumb of wisdom may fall which it would be possible to take up, and which might conceivably help to solve the problems we are faced with.

I do not propose, therefore, to leave the matter exactly where it is, but to say a little more, and I intend, if I may, to look at the whole position facing

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us at the present moment in regard to foodstuffs and agricultural raw materials generally. I again want to stress the point that I am doing this only in a spirit of trying to help, if possible, in the solution of this extraordinarily difficult problem.

## BRITISH AND DOMINION FARMERS FACED BY COMMON PROBLEM

In approaching the question, certain facts must be remembered. The agricultural producers in Britain and in the Dominions complain that on much of their produce they receive too small a return to cover the cost of production. On the other hand the British consumer complains that the retail price he has to pay restricts his consumption and involves great hardship during the present time of depression.

During my voyage from Australia I studied with very great interest the Reports of the Departmental Committee of the Board of Agriculture on the Prices of Agricultural Products which was presided over by the Marquess of Linlithgow. It appears that this Committee in its Reports largely confirms the complaints of both producer and consumer. The Reports show that distribution charges are very high. It appears to me that the requests which the Dominions are making under this head harmonise with the demands of the British farmer, who has been forced to make representations to the British Government for some definite assurance of stable markets for agricultural produce.

The British farmer states that if he cannot get substantial aid, many thousands of acres of arable land must go back to grass, and tens of thousands of agricultural workers will join the ranks of the unemployed. I desire particularly to draw the attention of this Conference to the similarity between the position of the British farmer and the farmers of the Dominions, in the hope that as a result of the deliberations of this Conference, some common policy may be found. Cannot a policy be framed to stabilize the price of such commodities as meat and wheat, to eliminate fluctuations, thereby confining the trader to his legitimate sphere of distribution, removing any incentive to speculation, and thus relieving at one and the same time the agricultural producer and the industrial consumer, at the expense of no legitimate interest?

I fully appreciate that even a suggestion that any steps should be taken towards stabilization will be greeted by many people with absolute horror. Our minds have run in certain directions for a very long time and we are very reluctant to contemplate any change, but I am quite certain that if we are going to be stereotyped in every opinion we form and are not prepared to alter these views at all, we shall find most of our problems almost impossible of solution to-day. Circumstances have changed enormously. Personally, I believe in the law of supply and demand, no Government interference, no sort of control. I believe in letting trade and industry flow in its own channel; but to-day we have some extraordinarily grave problems before us, and there are certain aspects of trade and industry which have developed, and, although we are told we should not interfere with trade and industry, these problems have assumed such a character that some action must be taken to defeat the machinations that are being carried on. I refer to great combines, and especially the great combines handling the foodstuffs of the people.

While I approach this question personally with an open mind, I do recognize that many people will not be prepared even to consider anything that involves any interference with the ordinary flow of trade throughout Great Britain. We have the same feeling in Australia, but I say without hesitation we must at least examine the position and see if there is not something which can be done.

One point we have to realize, I think, is that agriculture at home and in the Dominions cannot flourish so long as Britain remains the dumping-ground for

every available foreign surplus. Some foreign produce is produced by cheap coloured labour, labour that we Anglo-Saxons can only regard as sweated; other produce comes from countries with severely depreciated currencies. Where neither sweated labour nor depreciated currencies assist the foreign producer he generally has a protected home market, and can often afford to dump his surplus production into Britain. It is essential to regulate and, where necessary, to restrict the foreign imports.

I have not come to this Conference with any suggestion that I have the solution of this problem, but we do so regard it as the keystone of the whole Imperial structure that we feel we should try to put forward some ideas in regard to it.

### THREE OBJECTIVES

I suggest that the first objective we must have in mind in any solution that is arrived at is that we should ensure that the British agricultural producer should have priority over all comers for the sale of his produce in the British market. In Australia, educated as she has been in regard to her fiscal system, that appears to some people to be an absolutely essential factor. Of course, it is perhaps surprising that Australia takes that view, but as we demand that our own production shall have the first rights in our own market, we recognize that the British agricultural producer has exactly the same rights as we claim for ourselves.

The second objective is that, so far as the British farmer is not able to supply the British requirements of foodstuffs, the Dominions producer should be placed in a position to supply, to the greatest possible extent, the necessary requirements.

In order to achieve these two objectives, the importation of foreign agricultural produce should be limited to supply the deficiency that the British and Dominion agriculturalist is not able to supply. That is, of course, the producer's side of the problem.

The third objective is that we should realize that in a country such as Great Britain the consumer's point of view must have the fullest consideration. Any agricultural policy which resulted in a permanent increase in the cost of necessary foodstuffs might place the industrial interests of this country at a disadvantage in the markets of the world. It is, therefore, of the greatest importance to examine any proposals that may be put forward to achieve the objects which I have just stated in the interests of the producer, in order to see whether there is a reasonable chance of safeguarding the producer's interests without sacrificing those of the consumer and, through the consumer, those of the industries.

These are the three points that occur to me by which we must be guided:

(1) To assist the British farmer, (2) to encourage the Dominion producer, and (3) to safeguard the British consumer.

### FIVE PROPOSALS SUGGESTED FOR EXAMINATION

I wish now to deal with five different proposals for achieving these objectives. There is only one that I must say I think stands out over the others. With regard to all the rest, I am merely putting them forward as suggestions for examination, and I do not express any opinion at all with regard to them.

*(1) Protective Tariff on Foodstuffs and Raw Materials with Preference to Dominions.*

Dealing with them in order, the first method that naturally occurs to the mind, when considering how British and Dominion agriculture may be safe-



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guarded against what we may term the unfair competition of foreign supplies, is a protective tariff for British agriculture, with adequate Preference for the Dominions. Being the representative of Australia, and holding very strongly the views that we do hold, I must give my first choice to a tariff on foodstuffs and raw materials with Preference to the Dominions.

From a purely Australian point of view, I may state quite frankly that we should welcome any such solution of the problem. The Australian public is thoroughly accustomed to the idea of protective tariffs. They understand their significance, and the value of any Preference that the British Government might be able to give under such a scheme would be immediately appreciated in the Dominions. I think it could be claimed that a protective tariff with adequate Preference could undoubtedly be made to achieve all our objectives. I am aware of the prejudice that exists in this country against any tariff system being applied to essential foodstuffs, but I would point out to the Conference that the country which attempts to obtain, for any considerable period, its food supplies at prices below the cost of production, will certainly be eventually faced by a gradual decrease of production, with the necessary corollaries of scarcity of supplies and high prices, and, if the trouble be not remedied, ultimately by starvation. At the present time the position in Britain appears to be approximating to these unhappy conditions.

The British farmer is, I understand, incurring heavy losses from his arable areas in spite of excellent crops. The Dominion producer, in many instances, is unable to obtain prices that cover his costs. Surely we must look at the problem not as one of to-day, to-morrow, or the next day, but, taking a wider view, we must realize that proper measures to safeguard Empire agriculture will undoubtedly be in the interests of all classes of the community. The supply of some of the most important foodstuffs is now largely in the hands of foreign combines that manipulate prices to the detriment of both producer and consumer. Unless Empire agriculture can be encouraged, Britain must expect to see the control of its food supplies pass more and more into foreign hands, with what results in time of war recent experience can teach us. In view of the high prices which the British consumer has to pay for produce, there is no real reason why a system of Protection and Preference based on a tariff should necessarily increase the cost of living.

*(2) A Sliding-Scale Tariff.*

The second suggestion that I put forward is a scheme of sliding scales for Protection and Preference. Protection for British agriculture and Preference for the Dominions could be introduced on a sliding scale so as to give some measure of stability to the market by bringing the tariff into operation only when the prices of commodities sank to so low a level as to be unremunerative to the agricultural producer; in other words, a sliding-scale tariff. It has been suggested that the average cost of production of an essential commodity, such as, for instance, wheat, having been ascertained for the United Kingdom, the sliding-scale tariff should come into operation whenever the price sank below the average cost, thus giving to the British farmer Protection only when he needs it, and applying Preference to the produce of the Dominions at the same time. As the tariff would be applied only when prices had fallen below a certain level, it is probable that one result of this system would be to eliminate fluctuations to some extent, and this in itself would be a benefit to the consumer as well as to the producer.

*(3) The Method of Subsidies.*

The third suggestion is subsidies. A system whereby British and Dominion agriculture could be placed in a position of definite advantage over foreign



supplies would be a system of subsidies, where required, to British agriculture, and some form of subsidy to the Dominions producer. It has been suggested that subsidies from the British Government to the Dominion products could be based upon the ascertained value of the Preferences afforded by the Dominions to the Mother Country. For instance, if Australia had given preferential treatment to Great Britain to the extent of, say, £8,000,000 in a year, a proportion of this amount could be returned by the British Government in the form of subsidies against freight charges, overhead expenses, etc. Such a subsidy could take the place of a tariff preference on essential foodstuffs or raw materials.

It is argued that an arrangement of this sort would give an incentive to the Dominions to increase their preferences to British goods to the maximum amount in order to obtain as large a subsidy for their primary production as possible. I presume that under any such system the subsidies to the British farmer would only be available when the market price had sunk below a reasonable cost of production. On the other hand, if a subsidy system were to be regarded by the Dominions as in any way an adequate *quid pro quo* for their preferential treatment of British manufactures, the subsidies to the Dominions would have to be in continuous operation.

I have now briefly indicated two methods of attaining our objective that are based upon a tariff, and one method in which subsidies would be used.

There are two other methods worthy of consideration which do not involve either tariffs or subsidies, but which are based upon the idea of controlling the volume of foreign imports. I am aware of the feeling that still exists in this country against measures of control, and in considering these forms of solution it seems desirable to discover how control could be applied with the very minimum of friction and the least possible interference with the normal methods of business and of trade.

#### (4) *The Method of Import Licences.*

One method that has been suggested for giving effect to our purpose is an import licence system to discriminate against foreign countries. A suggestion of this sort was made by the Incorporated Society of Meat Traders to the Bridgeman Committee, and is mentioned in that Committee's report. A system in some way analogous to this is, I believe, carried out at the present moment by the Hop Control. There is little doubt that a licensing system could be made effective for this purpose. It would mean that British agriculture would be left entirely uncontrolled, and that the Dominions would be allowed to send their produce into Britain without restriction, except in instances where British agriculture was in a position to supply the entire needs of the community; but foreign imports would only be allowed under licence, and the volume of foreign imports would be controlled by the licensing authority.

It seems probable that both our first and second objectives could be attained by this method, and if the British and Dominion producers showed any tendency to make use of their advantages to unduly exploit the consumer, the licensing authority could effectively counter any such attempt by increasing the quantity of foreign importations.

#### (5) *The Method of Stabilization of Prices.*

The last method that I desire to bring to the notice of the Conference is what has been called a "stabilization policy." But, before outlining this method, I think it desirable to refer very briefly to the proposals that have been put forward from time to time for the establishment, for strategical purposes, of national reserves of such essential foodstuffs as, for instance, wheat.

When we remember the enormous difficulties that Great Britain had to encounter in maintaining her food supplies during the war, and when we remember

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that it has been stated that during the height of the submarine campaign in 1917 Great Britain was within three weeks of actual starvation, adequate national reserves appear to have the utmost strategic value. This stabilization policy to which I am about to refer appears to require for its proper functioning some form of National reserves also. The idea of a stabilization policy is that a system of Protection and Preference could be brought into effect, without any tariff, to give the maximum advantage to Empire agriculture and at the same time to safeguard and benefit the British consumer. This is a suggestion for a deliberate policy of the stabilization of prices of such essential commodities as meat and wheat.

The sources of supply of foodstuffs can be classified under three heads, *i.e.*, British, Dominions and Foreign. It is proposed, under this system, that the British product should be left entirely free and uncontrolled. In other words, the British farmer would be free to continue to market his produce precisely as he is doing it at the present time.

The Dominion produce would also be freely marketed so long as the quantity required from foreign sources was sufficiently large to allow the control of the entire foreign imports to effectively stabilize the price of the commodity in question in Britain.

The foreign supplies would be controlled by a National Purchase Corporation for either meat or wheat, the corporation to buy from foreign countries the shortage between what the British and the Dominion producer could supply and the total requirements of the country.

If these proposals are taken in conjunction with the idea of national reserves of foodstuffs, and if the control of the national reserves were vested in the National Purchase Corporation, it will be seen that in the case of, say, wheat, the controlling authority would be able to regulate the flow of foreign imports on to the London market in two ways: Firstly, by the amount actually allowed to enter Great Britain, and, secondly, by the rate at which foreign wheat was allowed into the market from the national wheat granaries. In the event of any shortage of British and Dominion supplies, and a tendency to increase all prices in the market, the National Purchase Corporation would release additional foreign wheat so as to prevent prices from rising. If prices were falling below the figure at which it had been decided to stabilise, the supplies of foreign wheat would be curtailed or temporarily shut off so as to keep the price stable.

The advantages of the scheme seem to be: First, it would involve the very minimum of control; British agriculture would be left entirely free; and control would only apply to a certain phase of wholesale business—the actual importation of foreign goods into Britain. The second advantage would be the elimination of fluctuation. In the interests of both the producer and the consumer, fluctuation of price is generally detrimental. Fluctuations only benefit the speculative middleman. When prices soar, the producer rarely receives the full value of the increase, but the consumer invariably has to pay it. A severe fall in wholesale prices is very rarely fully reflected in the retail price to the consumer, but is always completely felt by the producer. It would therefore seem that stable prices would benefit both the producer and the consumer. It seems possible that a system of this sort, if found workable, might enable us to realise fully all our three objectives.

I apologise very much to the Conference for having gone at such length into these matters, and I want to make it perfectly clear that I do not suggest that any of the proposals provide the certain solution of the trouble we are up against; but I do think it may be helpful to the members of the Conference to have all these matters kept under their review, because the question of securing

the British market for the Dominions—and I am speaking for the Dominions as distinct from British agriculture—is imperative.

#### EXAMPLES OF ACTION TAKEN BY FOREIGN GOVERNMENTS

I think we must face this problem with very open minds. Most of you will have observed that in America the position with regard to production has become so acute that the President is now taking quite definite action to stabilise prices for the producer of wheat. The world over people are having to do something of this sort; we are reluctant to do it; it is alien to our traditions, but if the rest of the world is going to do this sort of thing we must consider our position very seriously. Take Australia's position. A great country like the United States of America considers it worth while to take action of this character, which is certainly foreign to her traditions also, in order to make production pay and provide good employment for her people. If Australia and other great primary producing countries in the Empire cannot make their production pay they may gradually go out of production altogether. This would have an extremely serious effect upon Britain and upon the whole of the Empire. That Britain, for her own sake, will be compelled to do something with regard to this matter, quite apart from the development of the Empire, and purely with regard to her own food supplies, appears to me to be becoming increasingly evident. Strangely enough, I had a cable to-day which, I think, throws a great amount of light upon the present position of the British food supply. It reads as follows:—

“With the object of enhancing values cattle, Argentine Government has passed legislation fixing minimum price export beef. This affords striking illustration of what Great Britain may expect when dependent on foreign sources for supplies.”

The latter part is obviously the prejudiced opinion of the gentleman who sent the cablegram. But the point is certainly this—taking that particular instance—that the present position in the meat trade is such that to a very considerable extent Australia will be driven out of meat production unless some alteration takes place. If one of the meat producers of the world inside the Empire disappears, it is going to be more easily possible for foreign suppliers to do this sort of thing, and not at their own expense; they will certainly be doing it at the expense of Britain, which is the best market that is open to them.

For these reasons I certainly urge that this question has to be considered without prejudice and, if possible, by casting aside all our preconceived ideas in regard to these matters.

#### IMPERIAL ROYAL COMMISSION SUGGESTED

Now I have a practical proposal to put forward. It is this. The question of securing the British market for Empire and British agriculture is, to my mind, the outstanding question of the moment, and we have to try to do something in regard to it. The only effective method that I can see is to immediately appoint an Imperial Royal Commission to take into consideration without delay these questions and the schemes that I have put forward, and any others that may be advanced, with a view to making a recommendation to this Conference as to what action they consider would effect the objects that we have in mind. I understand, of course, that somebody will say that the time is too short, that we shall be sitting here only a month or perhaps five weeks, and that it could not be done in the time. I, personally, cannot see why it could not be done if we were quite determined to do it, and obtain a recommendation. There is no further enquiry necessary; Britain has had Royal Commissions which have enquired into almost everything. The whole of the facts are there; everything is

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known. All that is necessary is to appoint an Imperial Royal Commission, with a personnel that would command the confidence of the whole of the people of Britain and of the Dominions, to consider these schemes and to go into this question. It would only need to consider the information already available, and to make a recommendation to this Conference. That is the suggestion I make.

I offer very sincere apologies to the Conference for having spoken at such inordinate length, but I think you will realise that Australia regards this question as of paramount importance. Our obvious sincerity with regard to it may perhaps excuse us for the infliction of so long a speech upon you.

## PUBLICITY

Among the first questions considered by the Conference was the extent and nature of the publicity to be given to its proceedings. The Conference decided that as much publicity as possible should be given in the course of its meetings, and that a summarised report of the general results of the deliberations of the Conference should be published as soon as possible after its termination. In order to ensure the fullest day to day publicity, it was agreed to make arrangements similar to those made in connexion with the Imperial Conference, and Mr. J. C. C. Davidson, C.H., C.B., M.P., Chancellor of the Duchy of Lancaster, was accordingly placed in general charge of the arrangements for publicity and was asked to be present at the Meetings of the Conference for this purpose.

## AGENDA

A Draft Agenda prepared by His Majesty's Government as a basis for discussion was submitted to the Conference at the commencement of its proceedings and was adopted. The subjects of the Agenda were in general outline as follows:—

1. Oversea Settlement within the Empire.
2. Co-operation in Financial Assistance to Imperial Development.
3. Imperial Preference—
  - (1) Tariff Preference.
  - (2) Imperial Preference in Public Contracts.
4. Further Steps for the Improvement of Mutual Trade—
  - (A)—Imperial Co-operation in respect of Commercial Intelligence—
    - (i) Commercial Diplomatic and Consular Services.
    - (ii) Commercial Travellers' Samples.
    - (iii) Trade Catalogues.
  - (B)—Statistics.
  - (C)—Imperial Communications—
    - (i) Shipping—
      - (a) Imperial Shipping Committee.
      - (b) Carriage of Goods by Sea.
    - (ii) Air Navigation.
    - (iii) Cables and Wireless.
  - (D) Reciprocal Enforcement of Judgments, including Arbitration Awards.
  - (E) Imperial Co-operation with Reference to Patents, Designs and Trade Marks.

- (F) Economic Defence.
- (G)—Customs Formalities—
  - (i) Valuation of Goods for Customs Duty Purposes.
  - (ii) International Conference on Customs Formalities.
- (H)—Empire Currency and Exchange.
- (J)—Co-operation for Technical Research and Information.
- (K)—Immunity of State Enterprises.
- 5. Imperial Policy with Regard to the Import and Export of Livestock.
- 6. Imperial Policy with Regard to Forestry.
- 7. Workmen's Compensation.
- 8. Imperial Economic Committee.

In the following pages each subject of the above Agenda is treated separately and in the order of the Agenda, the relevant memoranda and reports being printed after the account of the proceedings under each main head.

## OVERSEA SETTLEMENT WITHIN THE EMPIRE

In discussing the question of Oversea Settlement the Conference had before them the Memorandum I.E.C. (23)-1, printed on page 121. The proceedings were opened at the Third Meeting, held on the 5th October, 1923, by Colonel Buckley, as follows:—

*Colonel Buckley:* Any discussion on Empire Settlement, if it is to be really fruitful, should be a frank discussion. The subject is so important, so vital to the best interests of our Empire, that to hedge it around with finesse would be fatal to its true interests. Therefore in my account of what has been accomplished under the Empire Settlement Act I propose to be perfectly frank in dealing with the difficulties which have confronted us, and in that spirit I invite discussion, assistance and criticism. We shall never see this problem in its true perspective, nor attain the conclusions which will bring us within measurable distance of its solution, unless we are prepared to speak fully what is in our minds.

### THE 1921 CONFERENCES

The present Conference will remember that the policy of State-aided Empire Settlement, which is now in operation, is the outcome of two Conferences which were held in 1921. The first Conference took place in January and February of that year. The opening meeting was presided over by Viscount Milner, at that time Secretary of State for the Colonies and President of the Oversea Settlement Committee, and at subsequent meetings the Chair was taken by Mr. Amery, who was then Chairman of the Committee. Ever since the Armistice, Mr. Amery has been most intimately associated with this work; and I believe that this great problem of Empire Settlement has been, and is, one of the absorbing interests of his life. He is here to-day, and will, I hope, speak at a later stage of our proceedings.

This first Conference of 1921 decided to advocate co-operation in a comprehensive policy of Empire land settlement and Empire-directed migration between the Government of this country and the Governments of those parts of the Empire suitable for settlement from these islands. That Conference appears to have taken a wide view of this problem, and here I should like, if I may, to say one word of recognition of the valuable help given by the chief Australian delegate, Senator Millen, whose death unfortunately occurred a few weeks ago.



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The Conference were of opinion that Empire Settlement should be of great value in establishing and strengthening the Empire, and in distributing in those parts of the Empire where they are needed a population whose ideas and sympathies are British. Accordingly, they proposed that the Governments of the Dominions concerned and of this country should join in a policy of co-operation, both financially and in all other respects, for assisting the settlement of migrants from this country in other parts of the Empire.

The Prime Ministers' Conference which met in June wholly endorsed the recommendations of the earlier Conference and passed a resolution in favour of effective co-operation, subject to Parliamentary sanction, by the several Dominions, though General Smuts would, I think, wish me to remind you that he pointed out at the 1921 Conference that South Africa, as affording only a limited field for white labour, would be precluded from co-operation in the same lines as were contemplated with the other Dominions.

## PROVISIONS OF THE EMPIRE SETTLEMENT ACT, 1922

As the result of these two Conferences, the Empire Settlement Act was introduced in the House of Commons and became law on the 31st May, 1922. The Act empowers the Secretary of State for the Colonies, who acts on the advice of the Oversea Settlement Committee, to co-operate with Dominion Governments or with public authorities or public and private organizations, either here or overseas, in carrying out agreed schemes for the joint assistance of suitable persons in this country who wish to settle overseas. Agreed schemes may be either development or land settlement schemes, or schemes for assisting with passages, initial allowances, training or otherwise. The limit of financial assistance by the Home Government was £1,500,000 for the first year and then £3,000,000 for each of the next fourteen years. By the passage of this Act of Parliament, this country, following the precedent established after the Napoleonic Wars and pursued thereafter for half a century, has inaugurated a definite policy of State-aided Empire Settlement.

## RESULTS ACHIEVED UNDER THE ACT DISAPPOINTING

No time has been lost in framing agreements under the Act. Passage agreements have been concluded with Australia and New Zealand and the Government of Ontario, and, as regards certain classes of migrants, with the Canadian Government. Important agreements for land settlement have also been arranged with three of the Australian States, Western Australia, Victoria and New South Wales, and a number of minor schemes have been initiated in co-operation with bodies such as the Salvation Army, Church Army, etc. Yet the number of persons who have actually proceeded abroad with assistance accorded under the Act since its passage in the summer of last year is relatively small: 23,479 have gone to Australia (I am taking the figures up to the 30th September); 4,502 to New Zealand, and 3,851 to Canada, making a total of 31,832; and in addition some further 7,000 persons have been approved but have not yet sailed. Our actual cash commitments under this Act amount to £305,000 in the case of Australia; £32,000 in the case of Canada, and £45,000 in the case of New Zealand, making a total of £382,000, as against authorizations of £1,500,000 up to the 31st March last, and £3,000,000 for the current financial year.

These results, it must be admitted, are disappointing. The numbers who have gone overseas are infinitesimal in comparison with the needs of the movement, and they fall far short of the numbers contemplated for absorption under the schemes to which I have referred. The assisted passage schemes, for example, were originally designed for the absorption of 50,000 per annum to

Australia, 10,000 per annum to New Zealand, and 17,000 per annum to Canada; and, in addition, the settlement schemes with Australia were to provide for about 18,000 persons, making a total of 95,000 altogether in the year. Nor is it possible to feel any very great confidence that the position will be much better in 1924.

#### SIR W. WINDHAM'S MISSION TO AUSTRALIA AND NEW ZEALAND

Australia, as I have indicated, has taken hitherto a larger number of settlers than any other Dominion, and may in the current year reach a total of about 25,000. On the cordial invitation of the Australian Government we sent an important delegation early in the year to Australia under Sir William Windham, an experienced official, who has special knowledge of migration problems. They have spent some months visiting the whole area of settlement in Australia and are at this moment in New Zealand. It has not been possible for the delegation to send us their complete reports in time for their utilization at the Conference, and it would not be fair perhaps to attach too much weight to such preliminary impressions as they have been able to communicate to us up to date, but in his last letter Sir William Windham states that he doubts whether migration to Australia in 1924 is likely to exceed 50,000 persons. I understand, and Sir James Allen will doubtless correct me if I am wrong, that New Zealand is not likely to increase in any conspicuous degree her absorption of migrants next year, and the same would appear to apply to Canada unless Mr. Graham has some new proposals to put before us. Similarly, as I have already said, the amount of our financial commitments fell far short of the £1,500,000 authorized by Parliament for expenditure in the first year, and shows no prospect on the present basis of approaching the £3,000,000 authorized for the future.

#### WHAT ARE THE CAUSES OF THESE POOR RESULTS

It is not, therefore, any difficulty as to finance on this side which stands in the way, and it seems to me that one of the first questions which the Conference has to consider in dealing with oversea settlement is the problem of the causes which have contributed to the somewhat meagre results which so far have been attained. Are these causes economic; are they political; are they psychological? Is there any lack of organization or of enthusiasm here? Is there in the Dominions any lack of organization or any want of confidence in the movement?

#### SOME ENCOURAGING SIGNS FOR THE FUTURE

Whatever the cause may be, I would venture, so far as the Home Government is concerned, to claim that the passage of the Empire Settlement Act and the action which has been taken under it alike prove that we have been, and are, wholly in earnest in our endeavours to promote the new policy. On your side, too, it is impossible not to derive much encouragement from the recent utterances of Dominion statesmen. We have all read with great pleasure the recent speech of Mr. Robb, the Minister in charge of Immigration in Canada, in which he stated that the encouragement of British immigration will hold the first place in his programme, and that he hopes to secure the co-operation of the British Government under the Empire Settlement Act for extending his schemes. We have also noted the encouraging speech of the Governor-General of Australia at the opening of the Commonwealth Parliament last June, when he said that the migration policy of the Commonwealth was to act in full co-operation with the British and States Governments; that it is intended to develop the nomination system and to encourage private schemes for the development and closer settle-

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ment of Australia; and that it is hoped, in co-operation with the States, to extend the facilities for the housing and training of settlers on arrival by the erection of suitable accommodation and the establishment of training farms. And we all, of course, have fresh in our memories the sympathetic manner in which Mr. Mackenzie King, Mr. Massey and General Smuts dealt with this topic in their speeches at the opening of the Conference.

## SOME OBSTACLES TO MORE RAPID EXPANSION OF THE MOVEMENT

All this shows that both overseas and in this country this question, so vital to the prosperity of the Empire, has been receiving the closest attention of the several Governments. Yet progress is slow.

I cannot avoid the feeling that if the Empire is to be populated and developed by people of British birth and British blood the movement must be quickened. What we have to consider now is how best to quicken it, while at the same time adopting a policy which will not force the pace beyond the limits of its economic possibilities.

(1) *Economic.*

Perhaps the primary difficulty in the way of the rapid expansion of Settlement is economic. It is unfortunately the case that many of the circumstances that make us specially anxious to stimulate this movement are themselves obstacles to its progress, as a study of statistics on the subject will show. The graph of pre-war migration given in the final report of the Dominions Royal Commission shows a startling fall immediately after the slump of 1907 followed by a very rapid rise as trade began to recover. The same causes, in fact, which bring about unemployment also hinder migration. Good times and good trade at home and overseas afford the best opportunity and the liveliest encouragement for the would-be settler to launch forth on his new experience and make his success more certain; and the successful settler as we all know is the best propagandist for migration. Such conditions unfortunately have not existed during the past two years.

(2) *Political.*

We and you alike have our political difficulties also to face. In this country the policy of Empire Settlement has met with opposition from certain extreme elements. Every case of failure is widely advertised, and publicity, which has deliberately been given to these cases has, within our knowledge, adversely operated against the movement. You, too, I can conceive, in the Dominions encounter similar difficulties, especially in times of depression such as the present, from those who fear that the introduction of fresh workers, even though destined for agricultural occupations, may affect employment and wages.

(3) *Psychological.*

Lastly, there are what may be termed the psychological difficulties. Many feel a not unnatural timidity at the idea of leaving their homes, of cutting themselves adrift from old associations and setting out to seek a new life in a strange country, where they fear that even among those of their own race they may perhaps not find themselves welcome. Even in these days of rapid communication it is not little thing for men and women to make up their minds to travel across half the world to Australia or New Zealand and to make their homes so far from their native land. Canada, of course, is comparatively near, and the fact that it is within a voyage of a few days' duration from this country probably accounts in no small measure for the fact that a much larger proportion of migrants go there without assistance than to the other Dominions.

## RELATION OF GENERAL ECONOMIC SITUATION TO OVERSEA SETTLEMENT

Some of these difficulties no doubt are not immediately remediable or at least are not remediable by measures which come directly within the ambit of the Settlement question. The economic problem, the problem of restoring trade and especially of the development of inter-Imperial trade, is the subject matter of the Conference as a whole. It will be dealt with under other heads and perhaps we need not do more here than note its close relationship to settlement. Nor do I think that it would be desirable for me to follow up the suggestions thrown out by Mr. Massey and General Smuts at the first meeting of the Conference as to the connection between Settlement and Imperial Preference. That, as I have said, is for consideration in another part of the Conference. But on the general question of the bearing of the economic situation upon Settlement I would just like to say this. We cannot expect to make water run up hill or to work economic miracles; we must adjust our plans to what is economically possible and economically sound, basing our judgment on the situation as we and you know it. And it is just *because* of those abnormal difficulties that we have met to seek a remedy. It is just because political unsettlement and commercial dislocation still overshadow the trade of Europe and infect by their widespread contagion the health development of commerce in general, that we turn more eagerly to developing Imperial resources. We in these islands are fortunate in partial or comparative isolation from the worst troubles of our neighbours in Europe. We have reached at last a more stable basis of prices, which is the foundation of commercial confidence, and that confidence and stability belong to the Empire as a whole. We believe in you, in your capacity for development, in your assured progress and prosperity, and, holding that faith, we need not regard our economic difficulties as an insurmountable barrier to progress.

## DETAILS OF SCHEME NEED IMPROVEMENT

As regards the political and psychological obstacles to migration, it is our duty I would suggest to take every precaution both on our side and on yours to secure, so far as it is humanly possible, that failures shall be eliminated and that, alike in small matters and great, would-be settlers shall receive the utmost consideration in their recruitment here, their journeying overseas and their reception in the Dominions. I would suggest therefore that when we go into committee we should scrutinize vigorously the possibilities of improving the arrangements for selection and recruitment of migrants in this country and for their reception and supervision overseas; that we should examine the question whether more might not be done in the matter of training; and whether the strangeness of new surroundings, the deterrent effect of the vast distances which will separate the new settler from his home and all that he has known in the past, could not be mitigated by some system of group settlement which would enable settlers from some particular county in Great Britain, or groups of persons bound together by religious or social ties, to be established together in the same area overseas. We have given much thought here to possibilities under these various heads and I shall hope to be able to make some suggestions when we are discussing these matters in committee.

## DIFFERENT CATEGORIES OF SETTLERS TO BE ENCOURAGED

I think also we need a clearer idea as to the particular categories of settlers who shall be encouraged.



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*(1) Juveniles*

I place juveniles first. Youth and adaptability are the chief qualifications for successful migration, and the young provide the Dominions with the best material for the foundation of the citizenship they require. On our side we have in this country something like 550,000 young people, rather more than half of them boys, leaving school and coming upon the labour market every year. The problem of absorbing them into industry at the moment is an exceptionally grave one, and the times seem peculiarly apt for encouraging their migration overseas.

*(2) Families.*

After juveniles, I place family migration. This is the ideal form of migration, but it is a difficult one to deal with. The need of maintenance for the mother and her children while the father is finding his feet, and the need of housing accommodation are both obstacles, but splendid types of settlers are turned away in large numbers every year simply because they have family ties, and I feel very strongly that we ought to grapple with this problem.

*(3) Women.*

Female migration, too, is a most important branch. Your vital statistics show a marked excess of men over women, a startling contrast to the situation in Great Britain, and the more remarkable still when one reflects upon the heavy losses of men in the war. Yet women are essential to settlement. They are wanted to help in creating the new communities and making the new homes and the new home life which must be established if new districts overseas are to be successfully opened up. Here in Great Britain, as you are no doubt aware, we have a large excess of women over men, amounting at the last census to nearly 2 millions. On the other hand, the tendency is for male migration largely to exceed female. In the forty years, for instance, between 1871 to 1911, the number of male migrants from England and Wales exceeded the female by nearly 600,000. The mutual advantage of some adjustment of the female population is obvious.

*(4) Public School Boys.*

About one other category I should like to say a word. Owing to the reduction in the Army and Navy, the Civil Service, and particularly the Indian Civil Service, the opportunities for the boys of our public schools are far fewer than they used to be, and they are now looking further afield. In these days many of them would be unable to settle overseas without some assistance, and I venture to think this is an opportunity which you in the Dominions might well wish to take into account.

## SUGGESTIONS INVITED FROM DOMINIONS

In this statement I have tried to tell you what has been accomplished, to outline the difficulties which attach themselves to the problem of Oversea Settlement and to indicate certain lines on which we think progress might be made. Let me add that we also look forward eagerly to receiving suggestions from the representatives of the Dominions who are here assembled. As is recorded in the memorandum already in your hands, His Majesty's Government are prepared on their side to consider any proposals that may be put forward by you for co-operation in schemes of Empire Settlement and Migration.

## POLICY UNDERLYING THE MOVEMENT

May I, in conclusion, say just one word about the policy which underlies the whole movement? It is a great policy, a noble policy and a vital policy.



I hope I have said enough to show you that we are in earnest about it. We do not look upon it as something which will enable us to avoid our own especial responsibilities. We are looking to the future, not thinking so much of the present. We see in this country that a disproportionate number of the people are wholly at the mercy of fluctuations in trade and that these fluctuations again are subject to the caprice of world-wide conditions which we cannot control. With us world trade is inevitable and indispensable, but we know too that a more highly developed Empire means stability and strength, and, stable and strong as is our position now, will make our people yet stronger and more secure in the years to come.

### DISCUSSION ON COLONEL BUCKLEY'S STATEMENT

Mr. GRAHAM: Mr. Chairman, it is a subject on which I would at once plead comparative ignorance—I say comparative because I have some knowledge of it—but never having been very intimately associated with the subject of immigration, it is in a sense new to me. I think the situation or the influences that retard immigration are perhaps more psychological than anything else. We cannot apply the same principles, the rule of three, to any branch of either public or private service as we could before the world was turned upside down. We have to approach all these things from a different angle, as we are appealing to a different state of mentality.

### RESULTS OF SETTLEMENT SCHEME IN CANADA

In Canada the advantage that has been taken under the Settlement Act has been productive of, we think, satisfactory results. It must be remembered it was only in May last that Canada proceeded to take advantage of the provisions of this Act, and since that time there has been a rapid improvement, comparatively speaking, of British immigration to Canada. To make a comparison of the British immigration, in 1922 for the first four months, April to July inclusive, there were 16,000; this year 1923, for the same four months, there were 29,500, an increase of nearly 100 per cent. I might say, broadly, Canada is prepared not only to accept but to endeavour to secure every British immigrant that she can absorb with advantage to the immigrant, the Empire and herself.

### NEED FOR A "FOLLOW-UP" SYSTEM IN DEALING WITH NEW SETTLERS

A dissatisfied newcomer is, perhaps, the most dangerous advertisement a country can get, and it invariably is the case that among a hundred settlers there will be one or two who will be discontented, and they can do more harm than ninety-nine can do good in the way of advertising the place to which they come. That is one reason why the Oversea Dominions felt it essential that they should only endeavour to secure (and an endeavour should only be made to send them) people who are likely to become contented settlers under fair conditions.

The Government has recently made a change in the Portfolios. For some months—for something over a year—the Department of Immigration has been under the management of a Minister who had three or four Departments under him. During the last few weeks, the Hon. James Robb has been appointed Minister of Immigration, and I think it is useful for the Conference to know that there has been attached to that Department for the first time what is known as "The Soldiers' Settlement Board." It was in the Department of the Interior previously, but under the new arrangement it has been attached to the Depart-

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ment of Immigration. The reason for that is that the machinery provided for the settlement of soldiers has proved efficient and it is thought that it can be applied with equal efficiency, without the necessity of establishing any new machinery, to the settlement of all newcomers.

It is readily understood, I think, by all who have taken any interest in this question that the securing of a new settler to any country is only the beginning of the steps that are necessary to make his coming a success. What might well be called a "follow-up" system is of more or as much importance as securing the newcomer, because, as has been well pointed out in the remarks just made, which are very comprehensive, distances are great; they are not only great from their original home, but they are great in the new countries themselves, and there should be some method of following up. You first meet the settler and make him welcome; second, escort him to his new home; third, visit him in his new home, through some machinery to see how he is getting along, and to let him understand that not only the place from which he came but the people to whom he has come are taking an interest in his welfare.

## CO-OPERATION OF CANADIAN RAILWAYS

We have come, in Canada, to the conclusion that that is one of the chief things in immigration, not only to get the settler, but to look after him after he arrives. I might point out that in addition to that, we have, during the past few months, formed an organization, in which the two great railways—the Canadian Pacific Railway and the Canadian National Railway—and the Government, are parties. These three, for the first time in the history of Canada, I think, have formed an organization for the purposes of immigration work.

## LARGE MAJORITY OF CANADIAN SETTLERS CONTENTED

In the press, too much has been said—more than the circumstances warrant—as to the condition in which some settlers a few months ago found themselves. We had an investigation made, and I am safe in saying that conditions are not at all as they were represented to be with these new settlers, and 95 per cent of them at the present time are quite contented and will, I believe, make good for themselves and make excellent settlers for the Dominion of Canada. The details of these things will be threshed out in committee, but I want to make it clear that the Dominion of Canada is in sympathy with this project, having taken advantage of it in a measure up to date, and is prepared to discuss any measure that will enable our country to secure as many settlers from the British Isles as we can absorb to their advantage, to yours, and to ours.

## NEW ZEALAND SHARES DISAPPOINTMENT AS TO RESULTS OF SCHEME

Mr. MASSEY: Owing to my having been detained by another engagement I have only heard what has been said in the last two or three minutes, and I have not heard the statement by the Minister. Sir James Allen is here; he has really had much more to do with this matter than I have, and he will make a statement on behalf of New Zealand.

Sir JAMES ALLEN: At the outset, I desire to say that I am quite sure New Zealand recognizes to the full the very liberal way in which the British Government has dealt with this problem, and we are as disappointed as you are that the scheme has not provided for that very large movement of settlers from here to the other Dominions that we all hoped and expected it would.

## NECESSITY OF AVOIDING LABOUR ANTIPATHY

You want a frank statement from us as to our difficulties, and I will be frank. One of our difficulties—and I suppose the same difficulty applies to all the other Dominions—is so to regulate migration into New Zealand that we do not create an unnecessary antipathy on the part of the Labour people themselves. We are constantly up against the opposition of Labour men who say we are bringing others out to compete with them and to lower their wages. We have avoided that in New Zealand so far, but it is a difficulty when you contemplate extending the scheme, unless you can by some economic means provide for the absorption of these settlers without interfering with the existing labour in the country.

## GOOD TRADE A PRELIMINARY TO INCREASED MIGRATION

On the economic side you yourself touched upon the main issue. Unless we can successfully trade with you or with the outside world, unless we can receive a good return for the labour of our farmers and others and are therefore more or less prosperous, we cannot absorb large numbers of migrants. Our occupations are largely seasonal and things may be bad in the winter time, and sometimes are, with temporary unemployment amongst our own people. It is an economic question. If we are prosperous we can absorb more people.

## NO LARGE AREA AVAILABLE FOR SETTLEMENT IN NEW ZEALAND

It is possible that means may be devised to find room for further migrants on lands in my own country, and I wish to say here that I realize circumstances may differ in other countries—and they do. For instance, in the great countries of Australia and Canada you have large areas of land which are available for settlement which we have not got in New Zealand. Our land now is comparatively limited, so that New Zealand cannot, generally speaking, provide the large land settlement schemes which are feasible probably in some of the other Dominions. In New Zealand we have not a large area of land available for settlement; indeed, we have been cutting up our large holdings and providing for smaller settlements. There is still a certain amount of land available, but there are a considerable number of our own people, sons of farmers and others, who are looking to that cutting up—the opening up of native lands—for homes for themselves; so that the amount of land available for settlement in New Zealand cannot be compared with the amount for new settlement that may be available in Canada or Australia.

## PROMISING RESULTS OF NOMINATION SYSTEM

But apart from the difficulty of absorption and finding work, there is the difficulty of housing. That will be got over in time, but it is a question of finance, and, when you come down to the bottom of this settlement question, so far as New Zealand is concerned, it is a question of economics and finance. If we are successful we can absorb people. If we have the money to open up lands or create new industries we can make room for more people. So far as I can see, that is the only way. It was because of the difficulty with regard to housing and absorption—we had, as you know, after the war a very severe slump which, I am thankful to say, has gone now—it was because of that difficulty, which, for the time being, set us back, that we had to adhere to a scheme already availed of by which our new settlers were brought out under a nominated system; that is to say, the nominator in New Zealand guaranteed to find housing and work for the new settler on arrival.

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We had worked under that system for some time and are working under it now. There is one promising feature about it which is rather a surprise to me. Whereas in the later part of 1922 and the earlier part of 1923 it looked as if the nominated system was not going to supply us with the 10,000 which we set ourselves to take every year for five years, nevertheless, in the last six months there has been a constant improvement in the number of nominations, and I am very hopeful that next year we may reach the full 10,000 under the nominated scheme, which is a safe one. It avoids difficulties with our labour people, it assures a home and work for the settler on arrival. Whether the number of nominations has increased because of the new settler or not, I am unable to say. From the inquiries of my Department I am inclined to believe that it is possible that the new people who have gone out have been successful; have seen the possibilities; and have nominated others to go. If that be true, we may look to the nominated system to increase by degrees and provide us with even a larger number than the 10,000, and I presume, Mr. Massey, that if, under the nominated scheme, there were more than 10,000 nominated, it would be safe for you to say that you could absorb them?

MR. MASSEY: Quite.

SIR JAMES ALLEN: Before dealing with the type of settler, the only other possibility, so far as I can see, is by the utilization of capital to develop either what lands there may be available, or other industries, in order to provide work and homes for additional settlers other than those we are now providing for in New Zealand. Given that capital, given this further development, I see no reason why we should not absorb a fairly large number of additional people each year.

## NO DIFFICULTIES WITH FAMILY SETTLEMENT

I do not think it is necessary for me to go into the type of settler. That is a matter of detail. We, of course, want those with energy, strength, and ability to work and make their own way. We have been taking families, as you know; and, fortunately, under the nominated system, we have found no difficulties with the families so far.

## PUBLIC SCHOOL BOYS

I am very strongly in favour of trying to absorb some of your public school boys, and have done what I could to secure cadetships for some of them in New Zealand with farmers. So far, fortunately, I have been able to secure a few. Whether that could be extended much wider or not I am unable to say. I doubt whether it is possible to extend very widely the absorption of public school boys as cadets on farms, to train with farmers. I do not need to go into the details of the type of immigrant, because that naturally will be thrashed out in Committee. I have put to you, as shortly as I can, what really are the difficulties and the possibilities with regard to absorption in New Zealand.

## NEW ZEALAND'S SOLDIER SETTLEMENT SCHEME

MR. MASSEY: I would just like to add a word to what has been said by Sir James Allen. I mentioned at one of these meetings—I cannot recollect whether it was in this room or at Downing street—the fact that we had, a few years ago, taken in hand a somewhat extensive system of soldiers' land settlement in New Zealand; that is to say, we wanted to give the returning soldiers who desired to go upon the land every opportunity to do so. The Government found land for them, sometimes of their own selection, and bought at compara-

tively high prices, and we found capital to purchase their stock and make the improvements that were necessary.

Then along came the slump or commercial depression to which Sir James Allen referred, and a great many of these men got into difficulties. I cannot recollect the exact number that we had assisted, but, speaking from memory, I should say between 25,000 and 30,000 men. This sort of thing meant a very great deal of work, but I think that during the last twelve months we have been able so to arrange matters and so to assist these soldier settlers that they will get on without further difficulty. We had also a number of young fellows such as Sir James Allen referred to, sons of farmers and others belong to the country, who have been waiting for an opportunity of going on to the land themselves. We are now taking them in charge. It is quite correct that we have not the large unoccupied areas that are to be found in Canada or in Australia.

#### BUSH AND SWAMP LAND NOT IMMEDIATELY AVAILABLE FOR SETTLERS

There is just another factor in connection with land settlement. As compared with Canada, for instance, any ordinary farmer or farm-labourer can go from England and if he has got the capital required for a start in connection with wheat growing, for instance, he can go ahead; but you cannot do that in New Zealand. We have no land in New Zealand that will grow wheat right away. I am now speaking of Crown lands. The Crown land that is left is either bush or swamp, and the bush has got to be felled and burned at the right season of the year, laid down in grass, and stocked for a number of years before it is fit for agricultural purposes. It is all right for pastoral purposes, sheep or cattle, as the case may be. As to swamp land, it has to be taken in hand and drained, and it will not grow wheat for a number of years. If it is good swamp land it is not long before it carries stock and does very well indeed; even for dairying purposes it does quite well.

These are some of the difficulties that we have to deal with in New Zealand. Just at present we have probably a million acres of Crown land being made available, and assistance has to be given by the Government in the way of draining those areas of swamp land and getting them ready for the settlers. During the coming summer—that is to say, September in New Zealand is a spring month, so is October—after October we get into the summer, and then the land will be made available for settlers, and I have no doubt a fairly large area will be available in the coming summer. I gave instructions before I left New Zealand that that was to be done. Of course, there is the fact that just at present, and especially since we experienced the slump of a couple of years ago, we have a good deal of opposition from the Socialistic Labour Party. They say: "We are quite pleased to see our comrades here, but we want to make certain that there is work for them to do and houses for them to go into," and all that sort of thing.

#### HOUSING DIFFICULTY

Speaking of the houses first, the population in New Zealand is increasing steadily; there is nothing sensational about the increase; but I should say the population is increasing at the rate of 50,000 a year at present, and as the population further increases, so will the number of additional settlers. But I want to speak very plainly. We cannot provide good houses for all the settlers that are coming to New Zealand. They must be prepared for a time to rough it to a certain extent. So far as my country is concerned—I have known many failures—but I have never known an industrious man and an industrious



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family go there, who exercised the ordinary industry that is characteristic generally of British people, who did anything else but succeed. I cannot think of a single one—and I have known thousands—who did not succeed if he took his coat off, as my own people had to do when they first came out. That is one of the troubles.

## URBAN POPULATION UNSUITABLE FOR SETTLEMENT ON LAND

Now take the people in the cities, in the manufacturing towns of this country. My opinion is that it is of very little use putting them upon the land—I am speaking now of New Zealand land. They have not the experience, and I am afraid that they generally get very tired of it before anything in the way of a profitable return comes to them.

## THE "GROUP SYSTEM"

Regarding the group system (if by this is meant the Socialistic idea which was tried some years ago in South America and failed utterly), I may say I am certain that such a system would not work as applied to agricultural pursuits in New Zealand. The man who tackles work on the land in New Zealand must be prepared largely to rely on his own individual industry and hard work.

## NEW ZEALAND'S NEED FOR SKILLED LABOUR

The people who are in demand at the present moment in New Zealand are tradesmen, builders, bricklayers, and carpenters; they are the people whom we want. I have returns showing that for quite a long time past bricklayers and carpenters have been earning an average of 2s. 6d. an hour, and some of them considerably more than that. There is quite a demand for them, and there is going to be a demand for the man who is not exactly a tradesman but a handyman and accustomed to any sort of work. He can get plenty of work; so can the man who goes out into country districts and takes to draining or fencing, and he is all the better for the experience which he gains in that way. We have a lot of that work waiting to be done.

## TAX ON UNOCCUPIED LAND

We have a law on our Statute Book which has only come into operation this year, which provides that a man who keeps his land in an unoccupied state is required to pay 50 per cent more land tax than the man who improves his land. An addition of 50 per cent is a very serious item; it is a much bigger tax than the Income Tax, but it is going to have a very good effect. It will prevent the holding of land for speculative purposes and it will make more land available for settlement. Before I came away the owners of several blocks came to me and they said: "You are making it impossible to hold this land." It is being offered to the Government for settlement purposes and it will help us to find land for the new settlers from other British countries. I do not mean that we want to steal settlers from Canada or anywhere else. We have had a few come down and they are good men and are doing well.

## NEW ZEALAND HOUSING SCHEME

I am glad to see settlers coming to Canada and to New Zealand if they are going to be successful. I don't care how many come if we can absorb them. Our emigration laws are very drastic, but where British countries are concerned there is no difficulty at all. However, that is the position, Mr. President. As

for the difficulty in regard to housing just let me say this. There is a Labour man out in New Zealand whose name I believe is not unknown in the House of Commons. I have forgotten it, but he is out there reporting upon the possibilities of settlement and he calls attention to the difficulties in New Zealand about housing. Every country, of course, has had this difficulty, and it is very hard to account for it. I know you have been providing bonuses for house building in England. I have been surprised to see the number of residences that have been built in the suburbs of London during the last two years. I am thinking more of the cities than of country districts for the moment, whole streets of houses have been built up during the last two years.

We have recently brought into operation a scheme in New Zealand which provides for loans to industrious people and people of good character who are anxious to become their own landlords, and we lend them money for the purpose. Last session I asked Parliament to agree to an amendment, and Parliament agreed to it, providing that a decent man with good character and who wanted to provide a home for himself and his family could borrow 95 per cent of the money required to pay for the building, and to pay for the section on which the building is intended to stand, and we let him have the money at  $4\frac{1}{2}$  per cent. Even before I left the Dominion the applications were pouring in, but I believe that is going to remedy the difficulty to a very great extent. The scheme will provide houses where it would not be possible for the applicants to provide them for themselves and by this means the housing difficulty will disappear before very long. The improved financial position of the Dominion enabled the Government to provide the necessary capital.

#### DAIRY FARMING IN NEW ZEALAND

Then in regard to dairy farming, which is becoming the most important of our primary industries in New Zealand, that is where most of the people with a limited capital, but who are able and willing to undertake hard work, go. They go dairy farming, and the history of hundreds and thousands of these dairy farmers is intensely interesting. I do not think you will find one in twenty who did not start as a working man practically without any capital, but with the exercise of thrift, industry and hard work on the part of themselves and their families, in a very few years these people are owning dairy farms themselves. Most of the dairy farming is done in this way. A man who has good land, land fit for dairy farming purposes, buys dairy stock up to the carrying capacity of his land; then he looks around for a family to milk, on shares. The family looks after the milking and carts the milk to the nearest factory or creamery and they get half profit, half the price of the milk and half the value of the young stock they are able to rear. They are often able to save £200 or £300 a year, and after working for a few years they look around for land for themselves. They do better than any one else, but I do not advise any one who is not prepared to tackle hard work to go to dairy farming. It means seven days a week or twelve to fourteen hours a day. If they choose to go to it it is their business, but I do not take the responsibility of advising them. If a man comes to me and says he is going to farm in New Zealand and he wants advice as to what to do, I say go to sheep farming. They don't need to work so hard for so many weeks and so many months in the year. It is very much easier and quite interesting, but there again experience and capital are wanted.

#### NEW ZEALAND ANXIOUS TO ABSORB AS MANY SUITABLE SETTLERS AS POSSIBLE

However, it all comes back to this. We are anxious to absorb as many as we possibly can of the settlers who are suitable for settlement in New Zealand. Every successful settler we put on the land in New Zealand or in any other

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Dominion is another customer for your goods and manufactures and is another producer of the raw material and food which you require. I have spoken very candidly about New Zealand. While there are defects in the present system, I say by all means go on, and I am very sorry this system was not started twenty or twenty-five years ago. It would have been a very good thing for Britain and a good thing for the Dominions if it had been done.

## MEANING OF THE "GROUP SYSTEM"

Colonel BUCKLEY: May I correct what I think is a wrong impression Mr. Massey has got? By a group system we mean a group of people from this country living together in the same area, not a communistic or socialistic system.

Mr. MASSEY: I am glad.

Mr. GRAHAM: Settled in districts.

Mr. MASSEY: I agree with that.

## DIFFICULTY OF INDUCING PEOPLE TO MIGRATE

Mr. BARTON: There can be no doubt about the enormous importance of this subject, its importance to you especially in present circumstances I think we all will realise, and its importance to us in the Dominions is also perfectly understood. You are, at all events you feel yourselves, at present over-populated; perhaps you are over-populated even normally. We, so far as European elements are concerned, are under-populated in South Africa. The difficulties of South Africa, causing the existence of what we call poor whites, are not due to an over-white population but to quite other factors that are known to you; and the filling up of what you may call the waste places of the Empire from centres where population is available, I do not suppose need even be discussed for a single moment. It cannot be doubted.

The difficulty always is how you are going to get the thing done, and I suppose for the main reason that people will not leave the land of their fathers and their own homes for generations and centuries past unless there is some very clear object of gain. They do not go out into the wilds for purposes of patriotism. If you put on a stiff income tax here you will probably find that as many of them as are affected by it will leave you, those who can afford to go. If you discovered diamond mines or goldfields anywhere you would not have to have any settlement or migration schemes for that purpose, but you have a great deal of trouble always in getting people to go out under conditions which are not quite those, and where they have to go and settle mainly on the land. Let me just say this: in South Africa we have had a great deal of experience of this particular matter and we have had a very varying experience. There seems to be no particular kind of test or any special line of criticism or of action by which you can judge of the probable success of any particular scheme.

## SOUTH AFRICA'S EXPERIENCE OF GROUP SCHEMES

Mr. Massey seemed to be alarmed about group schemes, apparently more for political reasons than anything else, but I quite understand what Colonel Buckley has just said, that the group scheme was simply intended to be a kind of communal arrangement by which people would go who were going to live in one locality. It is a very interesting subject for consideration indeed whether the group scheme is not essentially superior to the indiscriminate firing of individuals into other countries. There is a great deal to be said for the group scheme. I need not go into details now. They are probably quite familiar to you gentlemen who have to deal with the matter here. We have had a great

deal of experience in South Africa of the group schemes of migration. Some of them have been hopeless failures; some of them have been brilliant successes. In some cases a particular locality which has been settled on a group scheme has failed, and another group scheme years afterwards in precisely the same locality has been a brilliant success.

#### AN EXAMPLE FROM HISTORY

Well, it is very difficult to say what is the particular reason for the failure or success, but at all events there is one group scheme in South Africa the history of which has not been merely one of complete success but which has changed to a very substantial extent the history of our country. I think you referred to the post-Napoleonic war migration. Well, amongst the migration which took place then was one in 1820 of British settlers to the Cape of Good Hope. They were landed at Port Elizabeth, at what was then called Algoa Bay.

Mr. AMERY: Five thousand of them.

Mr. BURTON: I am told that the number was four thousand. Well, these people were landed at Algoa Bay, and they simply had to fend for themselves. They did so. They have transformed what is called our Eastern Province in the Cape of Good Hope into a flourishing agricultural part of the country; they have been eminently successful, and their descendants form to-day one of the most influential and important portions of our population. They have been there an eminent success, and to-day you have got actually going an organisation based upon the memory of that 1820 settlement in the shape of the 1820 Settlers' Memorial Association, which has been doing excellent work in an advisory capacity and in an assisting capacity in getting the right sort of man to come out to South Africa.

#### OTHER EXAMPLES, SUCCESSFUL AND UNSUCCESSFUL

Well, there have been other excellent settlements. There were some, I remember, which the British Government sent out itself in 1856 after the Crimean War. They were sent out, some of the German Legion and some of the English as well. They settled down round about East London, and later the Cape Government settled others in the Cape flats, which were absolute sandy wastes; they have converted that area into a blooming market garden, which supplies Cape Town with produce, and are doing remarkably well. Other settlements in other parts of South Africa have done well, too. Unfortunately, some of them have been hopeless failures, and one's experience evidently does not, even at this day, enable to say this is going to be a success, or it is not going to be a success.

#### NO ROOM FOR UNSKILLED LABOUR IN SOUTH AFRICA

Well now, at your last Conference South African representatives told you that South Africa could not do as much in this direction as the other Dominions because of our limited field for white labour, and in that connection you must always bear that practically controlling factor in mind. The ordinary unskilled labour of South Africa is done by the native in the main. The ordinary unskilled labourer of our country is the black man, and therefore it is quite impossible for us to negotiate the migration into South Africa of the ordinary unskilled labourer that you have in this country. It would be simply sending him to an already over-stocked market and he would probably be in a hopeless position. He must find his way there himself as an individual, and it will depend upon himself and circumstances, which I need not go into in detail now, as to whether he would succeed or whether he would not.

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We have got to confine ourselves almost entirely to what you may call land settlement. The settlers for whom you make schemes to come from here to South Africa must be settlers who are going to settle on our land, and therefore must be prepared to become agriculturists. Well now, I think General Smuts, at the meeting in 1921, told you of these limitations and our inherent difficulties. You know what our population percentage is there. We have  $1\frac{1}{2}$  million Europeans and  $5\frac{1}{2}$  million natives. You can see what our position is, and wherever you go in South Africa—whether you go to the docks, whether you go to the mines, whether you go to the railways, wherever you go and wherever there is work to be done of the ordinary unskilled character (and indeed sometimes of a considerably skilled character)—the bulk of that work is done by the natives of the country. They do it extraordinarily well. They are excellent workmen and their labour is comparatively cheap. So we have to confine ourselves to the other aspect, and what I want to say this afternoon is this, that on a more recent review and more detailed examination of our situation in South Africa, I am happy to be able to say that we hope now to do a great deal more than we felt we were able to do in 1921, and you may rely on our assistance, our co-operation and our entire sympathy in the whole of this work.

## NEED FOR AGRICULTURAL SETTLERS WITH A LITTLE CAPITAL

You will not expect me to go into details about that now as to what we can do. To some extent it depends upon the maturing of some of our larger irrigation schemes, where there may be a very large amount of land probably not taken up by our own people and which may be available, we hope, for settling people such as you have in mind. I would just like to say this, that, with regard to our terms, a good deal of trouble, I believe, has arisen and a good deal of criticism directed against South Africa, because it is said that before a man can come to our country he must have from £1,500 to £2,000 capital. They say that a man who has got that might as well remain in his own country. There is some sense in that, on the surface. But what I have just told you is that we want people to settle on the land.

Recently we have not done so badly for a comparatively small country like our own in that way. A good many people have come into South Africa, and the right class, but we must have people with some little means at all events, so that their settlement on the land can be something of a success. But, with regard to this limit also, this limitation upon the entry of agricultural settlers, we see our way to diminishing that, and very largely indeed to reducing any conditions of that sort which have to be imposed and which, as a matter of fact, are imposed really in the interests of the settler himself, more than for any other purpose. The terms we offer, I think, will compare favourably when the man once is there and is in a position to be assisted. Our terms compare favourably with the terms given by any of the other Dominions. I think I can say that quite fairly.

## TERMS OFFERED TO LAND SETTLERS

Under our Land Settlement Act, we advance up to four-fifths—if I am not mistaken—of any amount required by the settler for purchasing land up to £1,600, and we also advance in a similar way up to £500 for stock and implements which he may require. Our difficulties hitherto have lain more rather in the indefiniteness of our provisions with regard to the actual obtaining of the land, but in this way and in others that I have mentioned we see our way to taking what I hope will be a material step, in advance, in the absorption of a larger number of settlers whom we think we shall be able to provide for, in addition to looking after those in our own country, who naturally have the first call upon our attention.



## PROCEDURE

As to the details, I suggest that those should be discussed, as far as we are concerned, by a committee consisting of somebody from our side and some members of your own Government, who can go into that matter carefully and settle it.

MR. INNES: I do not think I can say anything useful in this discussion because the whole subject is one which bears no relation, as I think the Conference will realise, to the state of affairs which obtains in India.

## SETTLERS WITH CAPITAL NEEDED FOR RHODESIA

MR. ORMSBY-GORE: I was not going to touch Malta or British Guiana. I should like to say a word about Rhodesia. It is largely for publication. What Mr. Burton has just said, of course, applies equally to Rhodesia, but as the new Rhodesian Government is not represented here, except indirectly through me, I would like to point out that, under the settlement with the British South Africa Company, the new Rhodesian Government this week comes into full possession of 50 million acres of unalienated land in Southern Rhodesia over and above the native reserves. One of its first objects will be to people those 50 million acres with settlers, if it can get them. The European population of Southern Rhodesia is only about 34,000 now, while the native population is between 800,000 and 900,000. I am quite sure from all I have learned, that they are very anxious to increase the number of settlers with capital who can go out there and help to develop that hinterland of Africa. I will say nothing further than that this afternoon.

THE CHAIRMAN: I think it would be interesting to the Conference to hear the Minister of Labour on this subject.

## GREAT BRITAIN'S ATTITUDE

SIR MONTAGUE BARLOW: I do not propose, at any rate at this stage, to say more than one or two words. I think we all realise the difficulties of moving a large mass of men and women and children overseas. Of that there is no doubt, and I cordially welcome the speech of the Minister from South Africa in which he said that there was a great deal to be said for the group proposal, because we ought to be able to do something better nowadays than—to use, I think, his own words—"individual firing"; we ought to be able to organise things on some basis that represents the nation as a whole. For the last 100 years we have let the individual go out and more or less skirmish for himself. Well, now, cannot something better than that be done to-day?

I think I am fairly conversant with the difficulties, at any rate, of two of the great Dominions, South Africa and Canada, both of which I know pretty well. First may I say we realise your difficulties there, difficulties of labour, difficulties of handling men when they have arrived, difficulties of the grumblers, difficulties of the man who is not suited for land settlement, and so on. Secondly, with regard to our difficulties here, I would venture to suggest two things. I welcome entirely what Colonel Buckley said, that we will deal with our own immediate unemployment difficulties ourselves. We do not propose sending you our unemployables and getting rid of our own burdens. We will carry them, and carry them, I hope, successfully. That is not our attitude at all; but we are over-populated. As a result of the cessation of emigration for some six or seven years, the normal flow has been held up and we are like a pond that is over-stocked.

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## NEED OF TRAINING FOR RURAL LIFE

Under those circumstances, what is the best method of effecting a large system of migration overseas? Take a large class of people for whom I have a special responsibility—I mean some 200,000 or 300,000 ex-service men, who, had the war not come, would by this time have been trained and fitted into some skilled or semi-skilled occupation. They have not been trained, they are first-class material, they are in no proper sense of the word unemployable, but they have not had their chance. There is splendid material. I have just returned from a tour in Ulster, where I saw a large number of these ex-service men, disabled men, being trained for a rural life, trained in small handicrafts of all kinds, and I welcome Colonel Buckley's suggestion of training as a possibility, which you will no doubt explore, because a great many of our men, even though they are good material for country settlement, have not had much training in country life.

## POSSIBILITIES OF GROUP SETTLEMENT

Perhaps I may be allowed to say one word about the group system which I have always looked upon as being a very effective means of developing more scientific methods of migration. I was a little surprised to hear Mr. Massey's comment, because, if my recollection is right, Christchurch itself was settled very much on the system of what we are venturing to suggest under the term "group settlement." I think that to promote with success a great policy of this kind, you must have, in addition to the Government provision, finance measures, and so on, a large amount of real enthusiastic voluntary support. I do not believe that you can move large masses of men merely by the stroke of a Ministerial pen. It cannot be done. If you can bring into co-operation with the Government—somewhat on the lines on which we raised what we called the "Pals' Battalion" during the war—if you could bring in the enthusiasm and the co-operation of the great municipalities; if you could get our great towns—with the co-operation, of course, of the authorities in the Dominions—to take up tracts of land; if you could get Manchester to take up an area in Canada with the approval of the Canadian authorities to become a Manchester Village Settlement across the seas, and be responsible for shepherding their own people when they have got there; I believe you could do a great deal to put more spirit and more enthusiasm into the policy with regard to which the Government have laid down the broad lines.

Those are the only few words which I desire to say at present, but perhaps there will be an opportunity, when we get into more detailed discussion to develop these points at greater length.

This discussion was resumed at the Fourth Meeting, held on the 9th October, as follows:—

MR. WARREN: I will not detain the Conference very long. So far as Newfoundland is concerned, we regret very much that we are not able at present to avail ourselves of the Act. So that there may be no misconception of our attitude on this matter, I would like to explain why it is. Newfoundland had a very bad start. It was looked upon as a fishing country solely and entirely, and while people would emigrate many years ago in order to fish, to-day in comparison with other means of livelihood, fishing is an arduous and precarious business. For that reason, unless we train our own fishermen it is absolutely impossible to get them from other countries. That is the present state of affairs in Newfoundland, but I am glad to say things are changing. Recently we have undertaken a very large hydro-electric development and that is only one of the very many others which will eventually help out our industries in Newfoundland. It means the creation of new towns on parts of the island the resources of which

have not hitherto been tapped; the creation of these new towns on the west coast of the Island, which is in the Gulf of St. Lawrence, and a part of the Island which has great agricultural possibilities, means that the people there will have to be fed, and I look forward to the possibility of being able to avail ourselves of the Settlement Act, not at present, but within the next four or five years, if it is still then in force. That is all I have to say, Mr. President.

The CHAIRMAN: Is there any other member of the Conference who, before the First Lord replies on the general discussion, would like to add anything on the settlement question?

Mr. AMERY: Mr. President, I should like to offer a few observations on this question of Empire settlement, as I have been peculiarly interested in it for a great many years. I think it has been very valuable to be reminded, as we have been by Mr. Bruce this morning, that you cannot separate the question of Empire settlement from the general question of Empire development and markets. Men, money and markets, as he very rightly said, are an inseparable trilogy. In every problem that you face in connection with settlement you find that you cannot settle a man without capital. He must have his own capital, or the Government must raise it, or a private company must raise it, but in one way or another capital is essential to settlement. We shall be presently discussing schemes for promoting capital development in the Empire.

Of course it is equally true that neither men nor money will go to the Dominions unless they can find a market for their produce. I do not wish to follow now with any detailed discussion of Preference, but I should only like to say this in reference to what Mr. Bruce has said, that we do fully realise here, from the point of view of Empire settlement, that in any Preferences we give to help the development of the Dominions, they are given, not merely as bargaining counters to secure Preference in return, but that they are of direct interest to us in helping that flow of migration which is so essential for restoring the social health of our national life. But I should like to add this for consideration, that for the full development of that flow and of that policy, it is essential that Preference should be as mutual as possible, and that a policy of encouragement of trade at one end should not be hampered by anything approaching excessive restriction at the other, because there is coupled with the importance of tariffs in the directing of trade, the no less essential factor of transportation—of shipping so far as the British Empire is concerned. Both the flow of trade, and, what concerns us more at this moment, the flow of passengers or migrants, depends on freight rates and passage rates, and those can only come down effectively if there is a steady and increasing volume of trade and movement both ways.

#### NEED FOR ECONOMIC SECURITY

There is only one other thing I should like to say on that economic question and that is this, that we must also have economic security. Mr. Bruce referred to the great irrigation development which might be made far more easy if he knew we were going to pursue a policy of substantial Preference in regard to dried fruits, canned fruits and so on, but I have no doubt he would add that that Preference could only justify his action if he felt certain it was a Preference that was going to continue over a considerable period of years. The same, of course, is equally true about settlement policy. One of the greatest obstacles to the development of Empire settlement has been the high cost of passage since the war, and whenever I have discussed these questions with the representatives of the great shipping firms, they have always said: "Give us some assurance that there is going to be a steady flow of passengers and we can cut the rates by 15, 20 or 30 per cent, or more, but so long as the thing is uncertain, we always have to make temporary arrangements, which are far more costly."

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## PLEA FOR LONG-TERM ARRANGEMENTS IN SETTLEMENT SCHEMES

Therefore I do hope that from the point of view of Empire development, more particularly on the question of settlement, we should keep in our minds the importance of a fixed policy. Now this was urged by the Dominions at the last Conference in 1921, and it was in response to that demand that we on our side introduced legislation. That legislation did not really add to the powers that we had of spending money as we liked upon promoting Empire settlement, but was, in fact, declaratory. It made it clear to the Empire and to our own people that we were committed to co-operate with the rest of the Empire in such a policy for at least fifteen years, and that we were prepared to spend a sum of money, the non-spending of which would lay us open at any moment to direct criticism both in the Empire outside and in our own country. It may not be possible for the Dominions to respond in exactly the same form, that is to say, by passing similar legislation pledging themselves to spend up to a certain amount of money over a period of years. But I hope that in considering settlement schemes, assisted passage schemes, and all other schemes, they will not pursue a hand to mouth policy and make short-term arrangements, but that we shall get long-term arrangements so that everybody will know what they have to work to.

Admitting the immense importance of the economic factor, I should, however, like to add that reliance upon economic forces alone is not going to solve the settlement question. All three parts of the policy, men, money, markets, go together, and you want a positive policy over the whole field and in each part. Friction, obstacles, hindrances in one section do frustrate the effect of the rest.

## UN SOUND DISTRIBUTION OF EMPIRE POPULATION

In that connection I think it is essential to remember that at this moment the full effect of any policy of economic co-operation and Empire development is largely handicapped by the wholly unsound distribution of the population of the Empire. I am talking for the moment only of the area under consideration for this purpose, namely, the area suitable for white settlement. We have some seven million square miles or more of territory full of every resource, agricultural, mineral, power supply, etc. Three-fourths of our population is concentrated, huddled together I might say, on less than one-fiftieth of that area.

The result is not one that makes for efficiency in development. In this country the congestion of population has reached a point where it directly clogs the efficiency of industrial production by all the social reactions, the toxins I might almost call them, which it has created in the body politic—the burden of taxation, the social problems, and so on, involved. On the other hand, in the Dominions the inadequacy of population adds to the cost of production. It means a tremendous overhead charge for railways carried hundreds of miles to deal with scanty bodies of producers. I need not labour the point, but there is at this moment from the point of view of efficiency and from the point of view of social welfare a thoroughly unsound distribution, and the more rapidly we can take measures to remedy that the better it will be. The more rapidly we can get population from here to the Dominions, the healthier the economic and revenue condition of this country, the better the state of our best markets. On the other hand, from the point of view of the Dominions, the more population they can get in the more economical will be their whole system of development, the more justified their great railway schemes, the more possible the progress of economical means of development in every direction.

## PASSAGE RATES

That is one thing. Now take some of the practical obstacles to that, to a flow which we want to accelerate in any case, but which is at the present time being retarded. The greatest obstacle at the moment is the fact that you have widespread poverty in this country, consequent upon the war, and very high passage rates, so that hundreds of thousands of admirable settlers cannot get across and to a large extent are deteriorating for want of opportunity either of work here or of the kind of employment to which they could adapt themselves in the Dominions, in the main agricultural employment. Anything that gives direct assistance to bridge that gap, to get over that obstacle, is a very real help. As the Conference knows, immediately after the war, the British Government gave free passages to ex-service men and their families. Now, they were carefully selected, and that is essential, but out of nearly ninety thousand who have gone the percentage of failures has been infinitesimal. But for those free passages they would not have gone. I have no doubt whatever that that expenditure by the British Government has been amply repaid. It has meant an addition to the resources of the Dominions, and has repaid us here both by the increase in our markets and by the diminution of what we should otherwise be spending on unemployment expenditure. So I do want to lay great stress, in this business of Empire settlement, on the form of assistance that in a sense covers every other form of assistance, to get over the cost of passages, because with a reasonable selection, if you can get the people across, they do find their openings and they do create the new wealth which enables others to follow on after them.

## MIGRATION BY FAMILIES

More particularly I should like to lay stress on what I referred to just now in connection with the ex-service free passages, the desirability of making it possible for the man who has a family to go across, because, from the point of view of future citizenship, that is the most valuable element we can send to you. It is true from the point of view of the individual employer the single man is preferred, but from the point of view of development the man who goes with a family of growing children, the citizens, the creators of the wealth of the future, is the most welcome settler. I should like to draw attention to this fact, that New Zealand, in this respect, has agreed with us on assisted passage schemes very substantially ahead of any other Dominion in the very liberal assistance they give to the man with a family, that is to say, that children up to a certain age go entirely free and the older sons and daughters at a very reduced rate. I think to-day a man with quite a large family can get to New Zealand on practically no more than it takes a man and his wife alone to go to Australia. I should like to press very strongly the importance of that. There are many other points which I do not think at this moment I need dwell on, the importance of extending in every way the principle, which I think Australia first introduced, of nomination; both individual nomination and nomination by responsible bodies, churches, masonic lodges, rotary clubs, and so on. That method is especially helpful in the case of migration of women.

## IMPORTANCE OF HOUSING

Then there is another point which is of the greatest importance and that is the question of housing. It is undoubtedly true that all over the Empire housing accommodation for the farm labourer is often very inadequate. Now unless you can provide housing accommodation which is not only tolerable for the man but tolerable also for his wife, that man will not stay on the land for



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long, however good his intentions to begin with. If his wife finds conditions on the land intolerable she will worry him until he goes to the city. I always feel in this question of settlement we have paid far too little attention to the dominant factor which is the woman. It is her interests, her well being, the possibilities of her living decently and bringing up her children which will in the long run decide where the man is going.

## PREFERENCE FOR BRITISH SETTLERS

There is always a danger under our Parliamentary system in every part of the Empire that when some unsuitable person gets in or something happens that is not altogether desirable, it is brought to the notice of Parliament and some general restrictive regulation is then passed which keeps out 100 desirable immigrants for one bad one. I do hope that at any rate as regards British subjects there should be substantial Preference as far as possible in making those regulations. Canada has done a good deal within the last few months to give that sort of Preference in its restrictive regulations; for instance, as to the sum of money required on entry for British subjects as against aliens, and I do hope that we may be able to explore the possibility of going further in that respect.

## NEED OF PROPER SELECTION

Then, of course, there is another side of the question, coupled with the removal of obstacles, and that is the great importance of proper selection and proper direction when the settler gets out there, and the proper protection and help to him when he is arriving. There is no doubt that bad selection has a very unfortunate reaction on the whole movement afterwards. A few people go out who are thoroughly unsuitable. They are failures, they discredit the English migrant in the Dominion they go to, and the letters they send home, the bad remarks they make when they come home, discredit the Dominions over here. It is very important to get good selection. We have made great progress, between ourselves and the Dominion Authorities, within the last few years on that, but there is, of course, still substantial room for improvement, both in the system of selection itself and the expedition of seeing it through. There is great importance in seeing that the people go to the right place, that they are given the right initial training, whether they go to carefully-selected farms or whether it is possible to establish training grounds away from the cities where they can get the rudiments of agricultural knowledge before they are placed with farmers. That, and what Mr. Graham called the "follow up" policy afterwards are very essential.

What I think it is very important to remember is that the indiscriminate system of migration without care does involve tremendous waste. There is an appalling waste of human capital and of actual capital when people cross the oceans, spend some years there, fail and come back again; spend years in trying to make something out of a farm which is too far away from the railway to make it profitable; that farm ought never to have been occupied until the railway was within 10 or 15 miles of it. In all those ways there is a tremendously important field for guidance and for careful planting. After all, you may dump people in the cities, as the Americans have done, I think, with not too happy results. But when you are considering a policy which is mainly one of settlement on the land you have got to remember that a man can only be planted on the land like any other plant, and that great care has got to be taken that he is helped to take root properly.

## THE GROUP SYSTEM

In that connection I should like to say a word endorsing what Colonel Buckley and the Minister of Labour said about the importance of the group system, meaning by that nothing in the nature of a communistic or a joint-stock system, but that of settling close together people who have got a common interest, whether they come from the same part of the United Kingdom or are united by other ties, say, belonging to the same service or the same regiment or something of that sort. It is so essential in settlement to recognise the importance of the social and gregarious side of people. When you want people to contend with a wholly new and very difficult environment it is a great help that at any rate socially they should not feel too much among strangers. I do not mean they should not be well mixed up with the inhabitants of the Dominion to which they go, but that they should also be in sufficiently close touch with a sufficient number of people akin to them, and perhaps already old acquaintances, to feel at home socially when they have to struggle with the other new and unfamiliar problems. That is specially important in the case of the women. It is the friendly intercourse among women, the gossip about old associations even, that may see a colony through and overcome difficulties which it would not otherwise face.

Then there is the other important aspect about the group system to which Mr. Bruce referred in connection with irrigation, namely, that closer settlement is very economical; it means a greater amount of production for the same amount of capital put into railways and the same amount of capital put into schools and for every other purpose; you can get more out of the same scheme in the long run, though it does undoubtedly require more Government care and supervision than any scheme of simply letting people take their chance and peppering them over the vast surface of the country. I think, too, that the group system lends itself more particularly to the settlement of those people who have got a little capital of their own and who have got considerable enterprise and are not, except quite temporarily, content to work under others. Of course, as you know, in this country to-day, what with ex-officers and the great output of our public schools and the limited openings for the professional classes, we do turn out a very large surplus of young men of character, ability, good education and energy, and if not with substantial capital at any rate in most cases just a little, which, with some financial assistance, will see them through a long way. I feel in that way, given its peculiar circumstances, South Africa has followed a very wise policy, and I am delighted to hear from Mr. Burton that she means to expand it still further, because she has gone in for the policy of attracting that very class of people with a small amount of capital, and in that way, without having to raise Government capital, she has in fact brought in something like two and a half millions of capital from this country with several hundred settlers into South Africa during the past twelve months.

## THE PSYCHOLOGICAL DIFFICULTY

I do not wish to detain the Conference at any greater length, but I should like to say just one word more about what Colonel Buckley referred to as the psychological difficulty. Of course, one has always got to fight against the sense of strangeness, the unknown, but in an Empire like ours we can overcome that by greater development of mutual trade, by the spreading of better information, by better service in our newspapers, by cheapening the postage rates and by encouraging communication between settlers and friends at home, perhaps by airship development, and not least by facilities for enabling the settler in the Dominions to come home again after a few years on easy terms to visit his friends.

## IMPORTANCE OF CREATING A RIGHT MENTAL ATTITUDE TOWARDS OVERSEA SETTLEMENT

Besides that I think the important thing that we have got to create is the right mental attitude in all our communities. For instance, in this country we are still far too much under the domination of the idea that this business of migration and settlement is simply a sort of safety-valve to unemployment.

From that point of view, it is not considered by one section of people until a grave unemployment crisis has arisen, and by others it is looked upon as an attempt to dodge our social responsibilities, to push people out of the country, instead of facing our social and economic responsibilities towards them. Now, we want to get away from that point of view and to treat it as a policy of building up trade, building up Empire, and helping social reform. The people with whom we have the most difficulty are the very people who are always keenly interested in such a reform as town planning. We have got to make people in this country understand that Empire settlement is only town planning on a large scale, and that Empire development is only social reform writ large. On the other hand, you have got a similar difficulty in the Dominions. You have on the one side, the type of person who simply thinks of immigration in terms of getting cheap and adaptable labour. The cheaper it is the more readily adaptable it is, the more he is favourable to it. He would prefer the sheep skin clad Galician, regardless of what kind of citizen he makes in future, to the less adaptable, but in the long run sturdier and more self-reliant Britisher. On the other hand, you have got the Labour objection arising from the same point of view, which simply thinks of competitors. Now, we have got to create the point of view which thinks not of recruiting labour, but of recruiting citizens. Anything that can be done to promote that point of view in the Dominions—it cannot be done by legislation, but it can be done by the influence of those at head of affairs—anything that can be done to get that point of view strengthened, to create the atmosphere that makes for a ready welcome of the immigrant when he lands, is all to the good. This whole business of settlement is an intensely human business. Your new settler, when he lands and passes the formalities of the Immigration Department and finds himself in his new country is very sensitive, very touchy, very easily discouraged, very much like a new boy at a strange school. At that moment anything in the nature of a friendly word, a hand-shake, or a little bit of good advice, makes the whole difference in the world. I do hope that those who have the whole of this policy of development at heart, those who perhaps remember what they themselves or their brothers or sons met with over here during the war, will realise how much they can help individually towards making this great policy a success.

## EVEN DISTRIBUTION OF EMPIRE POPULATION A FUNDAMENTAL NEED

Indeed, while I fully agree that the development of Empire settlement can only go on hand in hand with the development of trade and the spread of capital, I do feel that it is the basic element of the whole problem of development. The sound distribution of our population in the Empire is the key to social and economic well-being in every part. If I may add one thing further, it is also the key to the problem of defence. In other discussions during this Conference I shall have to point out to the representatives of the Dominions the enormous burden which the defence of the Empire imposes upon this country, over and above the terrible burdens imposed upon us by social conditions largely due to over-population. The answer, which I know I shall get from the Dominions, is that while willing to help to the extent of their capacities, those capacities are, in fact, limited by the very fact that they are faced with the problems arising from under-population, with great tasks of development which need to be done

before they can have a population that can play an adequate part in the defence of the Empire. In those two arguments there is one common element, one common obstacle—over-population here, under-population in the Dominions. Now, if we can, during the years of peace—and I hope they may be long years which may be granted to us—get the population of the Empire more evenly distributed, that even distribution will mean a far more rapid and healthy growth in each part and we shall be the better able to meet the problem of defence, and secure an adequate share by each part in the common task, without laying upon any part of the Empire an excessive burden or leading to the danger of that undue diversion of our resources on defence, which can be summed up in the word Militarism. To secure our mutual peace and defence without incurring burdens which mean a militarist organization of our society, we must in the next generation see that our population is more evenly distributed and grows more healthily throughout the Empire. If the United States have grown in the last century from 5,000,000 to a population of 100,000,000, there is no reason why, in the coming century, we should not grow to a population of 200 or 300 millions of white people in the Empire. That bears equally on those political relations which we have discussed at intervals without coming to any very definite solutions. We stand in a position of absolute equality of status. We are also faced with the position of a very profound inequality in actual population, in actual power of co-operating in the common task, and it is only as we can make the reality of our position, as between the great Dominions and ourselves, correspond more closely to the theoretical equality of political status, that we can arrive at a more perfect co-operation over the whole field of matters that interest the Commonwealth of British nations.

#### APPOINTMENT OF COMMITTEE ON OVERSEA SETTLEMENT

Might I perhaps wind up this second reading discussion by suggesting that the matter should now be referred to a Committee to work out the many details that have to be considered both in the Committee as a whole, and directly as between the various Governments concerned? I would like to propose that a Committee be formed as follows—one or more representatives of Great Britain and of each of the Dominions to consider and report to the Imperial Economic Conference upon the question of oversea settlement, and to recommend such measures as they may think desirable for the furtherance of the policy.

Mr. MASSEY: I second it.

The CHAIRMAN: Agreed. The names will come in to the Secretary and it can be left to Colonel Buckley to settle by arrangement whether it is convenient for the whole of his Committee to meet at once, or take preliminary discussions with the different members of it.

Mr. AMERY: May I just raise one point? I assume that naturally the Irish Free State, which, though a Dominion, has an interest more akin in these matters to the interest of Great Britain than that of the other Dominions, that is to say, as a supplier of settlers rather than a receiver of settlers, would wish to be represented, and the Colonies also; but I imagine that India, whose problem of settlement is going to be raised at the main Imperial Conference, will probably not wish to be represented.

The Committee on Oversea Settlement, appointed in accordance with the foregoing decision, submitted its report to the Conference (see page 136) on the 2nd November, and the discussion in the main Conference was resumed at the Twenty-first Meeting held on the 7th November, as follows:—

Colonel BUCKLEY: In presenting to the Conference the Report of the Committee on Oversea Settlement, I only wish to say a very few words by way of introducing it.

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I want, first of all, to express my grateful thanks to all those who have been on the Committee and have assisted the representatives of the various Dominions on the Committee for the very friendly spirit and co-operation which they have shown towards us. They have shown a desire to understand our difficulties, a sympathy with us, and every possible desire to meet us as far as they can.

## RESULTS OF COMMITTEE'S WORK USEFUL, BUT NOT SPECTACULAR

We have not accomplished anything spectacular. By that I mean there is nothing in the Report to which I can point and say that it is going to lead to an immediate increase in the stream of migration. But we have done a lot of useful work. We have explored the ground covering the provision and maintenance of proper recruiting, of selection and reception. In this connection I might mention that Canada has decided to reinaugurate her immigration employment service, and to give that service the power of nomination, and I think that will prove a very valuable adjunct to emigration to Canada. Australia has agreed to recommend to the States the establishment of farm reception depots in the States, which are places where settlers can go for the first few weeks of their sojourn in their new country. Possibly they may receive some preliminary training there, and from there find their way into permanent employment.

## MORE GENEROUS PASSAGE AGREEMENTS

The most valuable work that we have done has been, I think, to conclude more generous passage agreements. Unfortunately, we have not been able to persuade the shipping companies to reduce their freights, but we have agreed between ourselves to give more generous passage agreements to Australia and Canada, and this ought to be very helpful, particularly with regard to getting families into the Dominions. We have not been able to see our way to agree to any scheme whereby the dependents of a married man can be sustained for the initial months while he is in the Dominions endeavouring to find his feet, but the more generous passage agreements should help considerably in that direction; and the whole problem of sustenance of the families of married men is going to receive further consideration on behalf of the Dominions.

## THE NOMINATION SYSTEM: RECOMMENDATIONS

With regard to the nomination system, I might draw your attention to page 3 of the Report, where you will see that we make two very useful recommendations; first of all that the system should be extended by popularizing individual nominations—by means of publicity and arrangements to relieve the nominator of his responsibility and to put the obligation on the nominee; secondly, that collective nomination, that is nomination by Churches and other groups or societies, should be encouraged.

## GROUP SETTLEMENT

We have considered and explored the whole ground very carefully in regard to Group Settlement. You will see that our conclusions on that subject are enumerated on pages 8 and 9, and I draw your attention to the final conclusion, which says that both the Canadian and Australian representatives have agreed to discuss with the Provincial and State Governments the inauguration of some such schemes in favourable areas in their respective Dominions. If they can see their way to granting any stretches of land by way of experiment, we are prepared to try something further in Group Settlement than we have tried hitherto.



## TRAINING

We have decided that training should not be undertaken in this country except in so far as some sort of preliminary scheme of testing is concerned, the expense of which has to be borne by this country and will not be shared by the Dominions. Canada has offered, if we were to establish testing farms or testing centres here, to send us instructors if need be.

## PUBLIC SCHOOL BOYS

We have not forgotten public school boys. New Zealand is on the point of concluding an arrangement whereby she can take twenty a month under an apprenticeship system with the ultimate idea that they should set up for themselves and have farms of their own. Australia and Canada are also considering arrangements on somewhat similar lines, and we are, I hope, on the point of concluding a very valuable little settlement scheme with South Africa which should be very helpful to the young fellows of this class.

## A BETTER UNDERSTANDING

But, when all is said and done, I think that perhaps the best work we have done has been to create a very good atmosphere. We understand one another's difficulties now far better than we did before, and, in conclusion, I can only say this: It is not enough to say to the Dominions, "You have too few people and we have too many. We will send you numbers of our excess population, and then you will go ahead and prosper." That statement is probably strictly true, but until the Dominions have themselves said so we cannot force people down their throats. I feel that they will be able to absorb larger and larger numbers which we, on our part, are able to spare, and I cannot do better than read the concluding lines of the Report, which run as follows:—

"The Committee in reporting these matters to the Conference venture to express the hope that the several Governments concerned, both in Great Britain and the Dominions, will look upon the results attained as an instalment only of what might be achieved, and will be unremitting in their efforts to further the policy of redistribution of population alike by the removal of any obstacle to which their attention may be called, and by framing fresh schemes of land settlement as and when circumstances may permit."

## VALUE OF COMMITTEE'S DISCUSSIONS

MR. GRAHAM: I should like to congratulate the Oversea Settlement Committee on the results achieved in their Report, the more so considering the very difficult question with which they have had to deal and its multiplicity of complications. Meeting, as they did, from different parts of the Empire, they learned the difficulties and problems confronting each other, to which the Chairman has alluded, and I think the result of the meetings of this Committee will be very good indeed. I attended a meeting or two, when I heard matters discussed, and I was agreeably surprised at the spirit in which all the members of the Committee approached every question that came up, and appreciated the difficulties of those from different parts of the Empire. As with all these gatherings, such a free and open discussion, almost submerged, I might say, in frankness, cannot but have a very healthy influence on future negotiations, because those who have charge of migration in Great Britain will now know exactly the conditions with which they are dealing when they approach any Dominion in reference to this question, and those who are responsible for the working out of the problem in the different Dominions will also recognize the attitude of Great Britain in dealing with this question.

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Of course, we in Canada concur in the Report of the Committee, and I might venture to hope that the conclusions arrived at are but a step towards further negotiations and co-operation at a later date, which will bring about the results and development which we all anticipate and hope for.

## CLOSER CONTACT THE COMMITTEE'S GREATEST RESULT

MR. BRUCE: The conclusions to which the Committee have come are set out in the Report, but I think a most useful thing has been done, and that is that in the Report they have presented the position and dealt with the different phases of migration in a way that makes the position clear and easily understood. The Report deals with all these questions so fully that I do not propose to go over them. To deal with all the different aspects of migration at the present moment would be a lengthy process, and I do not think it is necessary. I entirely agree that results have been achieved by this Committee, but it will take a little time to see the effect of them. The greatest result of all is that the representatives of all the Dominions have got into close contact with the representatives of Great Britain; they have discussed the whole problem, and I am confident that some further move will be possible as a result of this very full and frank discussion.

## NOMINATION SYSTEM THE EVENTUAL SOLUTION OF THE PROBLEM

I am glad to see that the Committee has stressed the nomination system because I personally believe that that is going to be the eventual solution of the whole problem; there will be a large number of schemes put forward, Government schemes and private schemes, but no schemes of any character that can be submitted in the future are going to take the full flow of migrants that we want to see if we are going to bring about a true redistribution of our population. The way the flow is going to take place is by means of the migrants who can nominate others to come after them, which gradually expands it, and the flow will reach a point when something will be achieved towards an actual redistribution of the whole of the people of the Empire.

As far as Australia is concerned we concur in this Report, and we will certainly do everything we can to try and give effect to the ideas adumbrated at this Conference. I do not know whether my colleague would like to say anything; he was on the Committee.

SENATOR WILSON: Sir Philip, I do not think I need add anything to the Prime Minister's remarks. I quite agree with the Report and we will do everything in Australia to push this thing on.

SIR JAMES ALLEN: I want to repeat what I said at the previous meeting. The arrival of the nominated migrant in the Dominions, as far as migration is concerned, is a very powerful factor in increasing the number of nominations. The number of nominations has been increased very largely by the nominations of those who have already gone out.

SIR WILLIAM MACINTOSH: I was on the Committee, and we have gone as far as we can in South Africa. I think you know our special difficulties there, but I think some good results will come from what we have been able to do.

MR. ORMSBY-GORE: The Report is adopted, I presume.

THE CHAIRMAN: Will you move your resolution?

## RESOLUTION ADOPTED

Colonel BUCKLEY: I move that:—

"This Imperial Economic Conference approves the Report of the Committee appointed to consider questions relating to oversea settlement. The Conference endorses the recommendations of the Committee

and notes with satisfaction the arrangements as recorded in the Report which have been arrived at, or are in contemplation, with a view to improving the facilities for settlement within the Empire.

"The Conference takes this opportunity of reaffirming its sense of the importance of the policy of oversea settlement to the well-being of the Empire."

The CHAIRMAN: Is that agreed?

(Agreed.)

#### TRIBUTE TO COMMITTEE ON BEHALF OF BRITISH GOVERNMENT

The CHAIRMAN: I should like to say, on behalf of the Home Government, how grateful we are for the very long and detailed work that the representatives of other Delegations on this Committee have given to it, and I think it has been well put by those who have spoken to-day, that there may have been some misunderstanding as to what you could get out of a discussion of this kind. I do not think anyone who is well acquainted with the whole oversea settlement problem ever thought that we should, round the table, be able to make arrangements for the taking of 50,000 settlers here and 20,000 settlers there. What was necessary was to thresh out all the difficulties experienced about machinery, about care, about selection, and about supervision, and all the various things which have been gone into in this Report, in order that the way would be made clear for the schemes to go forward, and I think it has been made clear, both in this discussion and in the expression of the opinion of the Committee and the expressions of opinion given here, that this has served the requisite purpose, and that it will make it possible for settlement to be developed to the fullest possible extent. Therefore, certainly, the value of the work of this Committee has to be judged, not by the number of settlers tabled at this moment, but must be judged by what is made much more possible between now and the next Conference.

#### THE ITALIAN GOVERNMENT'S INVITATION

Colonel BUCKLEY: There is just one other matter I have been asked to mention. The Italian Government have issued an invitation to us to a Conference in Rome in the early part of next year on the subject of emigration generally. The details of all this have been communicated to the Dominions, and our only object is to secure unity of action in general. I do not think that I need go into the whole matter now unless any of the Dominions wish to mention it. I understand that an invitation has been issued to all the Dominions to form a small Committee to consider what action should be taken. They have all accepted the invitation and they are endeavouring to arrive at a common policy. I was only asked to mention it in case any of the Dominion Prime Ministers here wanted to say anything.

The CHAIRMAN: Well then the Report and the Resolution are adopted.

#### OVERSEA SETTLEMENT WITHIN THE EMPIRE

##### MEMORANDUM (I.E.C. (23)—1).

A Conference on State-aided Empire Settlement took place in the months of January-February, 1921, between representatives of His Majesty's Government and the Governments of Canada, the Commonwealth of Australia and New Zealand (see Appendix V to Cmd. 1474).

That Conference put forward proposals for co-operation between His Majesty's Government and Oversea Governments in a comprehensive policy

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of Empire land settlement and Empire-directed migration extending over a period of years. The proposals contemplated an annual expenditure by His Majesty's Government up to a maximum of £2,000,000 in respect of schemes of land settlement, assisted passages and other kindred schemes, such expenditure to be conditional upon the full financial co-operation of the Dominions concerned (see Annex I).

The Conference of Prime Ministers held in the summer of 1921 approved the proposals of the earlier Conference (see Section X, page 8 of Cmd. 1474). It expressed the hope that His Majesty's Government would, at the earliest possible moment, take power to perform its part in any schemes of co-operation subsequently agreed on, preferably in the form of an Act, which would make it clear that the new policy was intended to be permanent (see Annex II).

The Conference further recommended that the Governments of the Dominions should consider how far their existing legislation might require modification or expansion in order to secure effective co-operation, and should work out for discussion with His Majesty's Government the proposals which appeared to them most practicable and best suited to their interests and circumstances.

In accordance with this Resolution, His Majesty's late Government introduced a Bill into Parliament in April, 1922.

The Bill was passed with virtually no opposition, and is now on the Statute Book. Its short title is "The Empire Settlement Act, 1922," and a copy of the Act is appended to this Memorandum (see Annex III). The Act authorises His Majesty's Government to spend up to £3,000,000 per annum on participation in schemes for facilitating settlement in or migration to any part of the Dominions overseas, including schemes of development or land settlement. The executive work in the United Kingdom has been entrusted to a Committee (the Oversea Settlement Committee), on which the Departments concerned are represented together with unofficial members having a special knowledge of migration problems. About 11,500 persons have been assisted under the Act to proceed overseas between July 1922 and February 1923.\*

A statement is appended (Annex IV) containing particulars of the Agreements entered into under the Act with Dominion and State Governments and with private organizations.

A table giving statistics bearing on overseas settlement is also appended (Annex V).

The primary object of the new policy is to promote the development of Empire production and consequently of Empire trade. A growing population overseas is a necessary condition and concomitant of the development of Empire production. It is not the only factor, since movement of population cannot by itself be effective unless the settlers are able to make good and to find markets for the produce of their labour. Such aspects of the question are being examined in other memoranda, but it will be generally recognized that an increase of population in the Dominions is one of the essential requirements for the end in view. The new policy, therefore, aims at remedying the shortage of white population overseas and at diminishing in some degree the present excessive inequality of distribution of the white population of the Empire, while at the same time ensuring that a larger proportion of the normal stream of migrants from the more densely populated countries of the Empire shall be retained under the British flag. It should not be looked upon as a remedy for the immediate abnormal unemployment in this country, but rather as a constructive method of increasing the strength and well-being of the white nations which owe allegiance to the Crown.

\*NOTE.—His Majesty's Government also initiated shortly after the armistice a scheme of Free Passages for ex-service men and women wishing to settle overseas. The number of approved applicants and their dependents who have sailed under the scheme is approximately 83,000. This scheme has now been closed down.

The aims of the new policy can only be secured by the settlement of population upon the land overseas. There are at present few openings in the Dominions for industrial workers from this country, and the only male settlers for whom openings are available in considerable numbers are those who are able and willing to work upon the land. At the present time, therefore, a policy of Empire-assisted settlement and Empire-directed migration must be primarily a policy of settlement upon the land.

In this connection the importance of making suitable provision for the settlement overseas of women and girls must not be overlooked. A certain number of men to be settled under approved schemes will no doubt be young married men, who will be accompanied by their wives and families. But the settlement of single women and girls is also essential if the policy is to have lasting results in the development of the new communities; and the question of the conditions under which such settlement can best take place is a matter which requires careful consideration.

Although the figures quoted show that the new policy has already produced concrete results, there are indications that the scheme of State-aided Empire settlement has not as yet been so successful as it might be made in promoting the development of primary resources and placing new settlers upon the land overseas.

In so far as State-aided settlement has fallen short of success, the lack of success appears to be due to the fact that the co-operation between the Governments of the Empire contemplated by the Empire Settlement Committee, who reported in 1917, by the preliminary Conference and the Prime Ministers' Conference held in 1921, and recently extended and made permanent by the Empire Settlement Act, has been less complete and the measures adopted less comprehensive than they should have been. In this country there is still misunderstanding and ignorance in regard to the aims and nature of the new policy, and the arrangements made between His Majesty's Government and the Dominion representatives for selecting and recruiting new settlers are still far from perfect.

One of the chief difficulties is the insufficiency of arrangements overseas for the reception, distribution, training, settlement upon the land and initial supervision of British settlers. Unless these arrangements are made adequate and prove adequate in practice, the adoption of a strong policy in this country will result in disillusionment and disappointment and will ultimately check instead of increasing migration.

The Report of the Oversea Settlement Committee for 1922 (see Cmd. 1804) refers at length to each class of settler to be dealt with under the new policy, *i.e.*, children and juveniles (the migration of which classes appears to give the greatest promise of success), women and adult males, both single and married, and with families. The Report indicates the arrangements which are thought necessary for each class of settler.

This Report also explains and emphasizes the importance of migration in the development of trade between the Dominions and the United Kingdom, and in the creation of new wealth for the Empire.

His Majesty's Government feel strongly that the need of population overseas, and also wider and more far-reaching considerations, such as the defence of the Empire, and the future expansion of the British race, make it desirable that the Governments of the Dominions and of the United Kingdom should co-operate in a continuous policy of State-aided Empire settlement.

It is fully recognized that in present circumstances it is difficult for certain overseas Governments to co-operate upon a large scale, that it may be harder to promote a large volume of successful migration in times of trade depression, like the present, than in times of trade activity, and that the fall in the price of agricultural produce is a temporary hindrance to successful settlement.



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It is also recognized that migration is viewed with disfavour by certain classes of the community both here and overseas. So far as the United Kingdom is concerned, it is believed that this disfavour is partly traceable to the lack of organization in the past, and it should, therefore, be diminished by the improvements of organization which we recommend. So far as the oversea countries are concerned, it is believed that apprehensions will be allayed when it is clearly understood that the policy is framed primarily with a view to land settlement and provides an adequate organization for selecting and training the intending settlers.

In view of the importance of the establishment of a continuous policy of State-aided migration, His Majesty's Government are prepared, on their side (subject, of course, to the necessary co-operation on the part of Oversea authorities), to consider any proposals which may be put forward for co-operation on their part in schemes of Empire settlement and migration within the limit of £3,000,000 available annually for the next fourteen years under the Empire Settlement Act.

They are also prepared to do everything possible in concert with Dominion representatives to perfect the arrangements in the United Kingdom for selecting and recruiting intending settlers.

They desire, however, to repeat and emphasize the fact that the next essential step in promoting Empire settlement on right lines lies with the Dominions. They venture accordingly to urge on the Governments which participated in the January-February 1921 Conference which may not yet have given full effect to Resolution No. X of the Conference by making "special arrangements for the reception, distribution and initial supervision of British settlers," the importance of making satisfactory provision for this purpose with the least possible delay.

April, 1923.

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ANNEX I.

(Appendix V to Cmd. 1474.)

## CONFERENCE ON STATE-AIDED EMPIRE SETTLEMENT

*January-February, 1921: Record of Proceedings*

A Conference on State-aided Empire Settlement was held at the Colonial Office on the 28th and 31st January and on the 1st, 2nd and 4th February, 1921, between representatives of His Majesty's Government and representatives of the Governments of Canada, the Commonwealth of Australia and New Zealand.

His Majesty's Government were represented at the opening meeting by Viscount Milner, President of the Oversea Settlement Committee, and in his absence the chair was taken at subsequent meetings by Lieutenant-Colonel L. S. Amery, M.P., Chairman of the Oversea Settlement Committee. Representatives of the Treasury, Ministry of Labour and Oversea Settlement Committee also attended.

The following represented the three Dominions concerned:—

Canada—

The Hon. Sir George Perley, K.C.M.G.  
Lieutenant-Colonel J. Obed Smith.

## Australia—

Senator the Hon. E. D. Millen.  
Mr. Percy Hunter.

## New Zealand—

The Hon. Sir James Allen, K.C.B.  
Mr. H. C. Cameron.  
Mr. V. Mills.

In opening the proceedings, Viscount Milner stated that the Conference had been summoned in order to advise upon an enduring policy of oversea settlement which should tend to bring about the best distribution of the man-power of the Empire and so to develop and strengthen the whole Empire. He pointed out that oversea settlement should not be regarded as a means of dealing directly with abnormal unemployment in the United Kingdom, at any given moment, but as a means of remedying fluctuations of trade by developing our best markets and of permanently minimising the risk of unemployment here and throughout the Empire. He emphasised the view of His Majesty's Government that no stone should be left unturned to secure for the Dominions the population which they require and to ensure that the outflow of population from the United Kingdom should have opportunities for settlement under the flag in countries British in spirit and British in their institutions.

The Agenda submitted to the Conference for discussion was as follows:—

Part I.—To consider the general question of Empire development, including schemes for land settlement on a comprehensive scale.

Part II.—To discuss the following particular proposals:—

- (a) Advance of cost of ocean passengers and railway fares to approved settlers.
- (b) Advance of cost of outfit where required.
- (c) Free passage for State-aided children.
- (d) Preference to British settlers over foreign immigrants, *e.g.*, in respect of landing money, &c.
- (e) Arrangements for recruiting settlers in this country and for their reception, settlement, employment and welfare overseas.
- (f) Appointment of representatives of His Majesty's Government overseas to co-operate with the Oversea Governments in the reception, settlement and welfare of newly-arrived British subjects.

It was clear from the outset that in all the Dominions represented the openings available for workers of other classes depended upon the increase in the number of primary producers. It was, consequently, agreed that the problem covered by Part I of the Agenda, *i.e.*, the problem of establishing settlers from this country as primary producers upon the land overseas, must be the basis of any policy of State-aided Empire Settlement, and that the facilities for inter-Imperial migration generally, proposed in Part II of the Agenda, would only be of limited value unless granted as part of a policy based on land settlement.

In this connection Senator Millen pointed out that there are considerable areas in Australia suitable for settlement, but at present entirely undeveloped, which could be developed by comprehensive settlement schemes at considerably less cost than would be involved in the purchase of land in districts already opened up. Such schemes would have the further advantage that the work of opening up an area by railways and roads, the construction of other public works, and the clearing of the land, &c., would find employment for many of the intending settlers, as well as an opportunity for getting acclimatised to Aus-

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tralian conditions. Opportunities for settlement on a very large scale would also be afforded by the irrigation works in progress on the River Murray. As an indication of what Australia might be willing to do, if she could secure the co-operation of His Majesty's Government, he put forward for consideration a scheme for establishing 20,000 British settlers on certain selected areas, to be financed by a Commonwealth loan of £20,000,000 to be raised in five annual instalments. On the analogy of the assistance given by the Commonwealth to the Australian States in connection with the Australian soldier settlement schemes, he suggested that the assistance of His Majesty's Government might take the form of a payment for five years of half the interest of each instalment of the loan.

Sir G. Perley and Sir J. Allen intimated on behalf of their respective Governments that they would welcome a policy of co-operation which would enable them to receive and establish on the land a larger number of British settlers than they could otherwise deal with. They had not received definite instructions from their Governments, and were not therefore in a position to submit definite proposals. They would, however, communicate with their Governments, who would no doubt formulate proposals before the meeting of the Prime Ministers in June. It was pointed out that conditions varied in every Dominion, and that what was desirable was agreement not on a uniform type of scheme, but upon the general principle of co-operation between the Governments concerned.

On behalf of His Majesty's Government it was pointed out that the most convenient form of financial co-operation and the most easily adaptable to various kinds of schemes, would be in the shape of loans to individual settlers made through and collected by the Dominion Government or settlement agency concerned, thus diminishing the amount required to be found by the latter in respect of each settler. This was preferable to a direct contribution towards a Dominion development scheme such as was implied in Senator Millen's suggestion of payment of part interest of a Commonwealth loan, and would achieve the same end.

In the discussion on Part II there was general agreement as to the satisfactory working of the system of co-operation between the Oversea Settlement Committee and the Dominion and State representatives in connection with the grant by His Majesty's Government of free passages to British ex-service men, and as to the desirability of any future joint scheme of assisted passages being conducted on similar lines. The need for assisted passages was more particularly emphasised by the representatives of Australia and New Zealand, Sir G. Perley explaining that Canada had never, in the past, contributed towards passages, and might possibly prefer some other form of joint co-operation in helping new settlers to sharing in a scheme for granting or advancing passages.

The special attention of the Conference was drawn to the successful results attending the Australian and New Zealand system of nominations for assisted passages of relatives or friends in the United Kingdom by settlers already established in those Dominions, as well as to the very satisfactory working of the Canadian system of settling and supervising State-aided and other suitable children from the United Kingdom.

It was generally felt that in present circumstances, at any rate, there was not sufficient justification for the appointment of permanent representatives of His Majesty's Government in the Dominions in connection with the settlement of newly-arrived British subjects, and that the need for close personal touch with the actual work of settlement overseas could be sufficiently secured by periodic visits of representatives of the Oversea Settlement Committee.

As the outcome of the discussions of the various matters covered by both parts of the Agenda, the following proposals were submitted to the Conference

by Lieutenant-Colonel Amery as a basis for discussion at the forthcoming meeting of Prime Ministers:—

1. His Majesty's Government to co-operate with the Oversea Governments in a comprehensive policy of Empire land settlement and Empire-directed migration, extending over a period of years, and to this end to contribute up to a maximum of £2,000,000 a year in any year in respect of schemes of land settlement, assisted passages and such other kindred schemes as may commend themselves to the Governments concerned.

2. The assistance to land settlement to take the form of advances to settlers up to a maximum of £300 a settler, the advances to be made through the Oversea Governments concerned or through specially approved private organizations, and repayments collected by them. These advances to reckon *pari passu* with the advances made by the Oversea Government or private organization in respect of conditions, security, terms of repayment, etc. The repayments to be devoted to further advances to new settlers. In so far as expenditure not recoverable in the form of advances may be involved in training or allowances during training, His Majesty's Government to share this with the Oversea Government or private organization concerned, the amount so spent being deducted from the amount available for loan purposes.

3. His Majesty's Government to assign normally about half its total contribution, viz., about £1,000,000, to land settlement. In view, however, of its commitments in respect of the free-passage scheme for ex-service men and women and other kindred expenditure arising out of the special conditions of the post-war situation, the amount available for land settlement for the financial years 1921-22 and 1922-23 will probably not exceed £750,000. In allocating this money as between different schemes it will be guided primarily by the merits of the schemes both from the point of view of their economy, i.e., the number of settlers they can deal with for a given British contribution, and still more from that of the arrangements for training, future prospects of the settler, social amenity (group settlements), etc., and other things being equal, by the desire to afford all the Dominions an equal opportunity for developing their resources and strengthening their man-power.

4. His Majesty's Government to assign the balance of its contribution to assisted passages, including, if necessary, outfit and landing money allowances. As regards passages, the following was suggested as a basis for discussion: One-third of the passage money to be given as a free grant and one-third as an advance, the latter to be increased up to two-thirds in special cases where the Governments concerned are agreed as to the desirability of the assistance being given and as to the prospects of repayment. The cost of the assistance so given to be divided equally between His Majesty's Government and that of the Dominion concerned, the latter undertaking to collect the advances on behalf of His Majesty's Government. The repayment to be devoted to additional assistance to passages. Contributions to schemes of child emigration or settlement to be wholly in the form of grants and not of loans.

5. If any Dominion would prefer, in lieu of a joint contribution to assist passages, some alternative scheme for the assistance of settlers generally or for land settlement, His Majesty's Government to consider the allocation to such scheme of the amount it would otherwise have contributed to assisted passages in respect of settlers proceeding to that Dominion.

6. In view of the commitments of His Majesty's Government to its ex-service men up to the end of 1922, and of the arrangements already made by other Governments for their own schemes of assisted passages, it is not contemplated that the general scheme for assisted passages referred to above should come into operation before the middle of 1922 or the beginning of 1923.

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7. All settlers receiving assistance under any of the above schemes to be subject to selection and approval by His Majesty's Government and by the Government of the Dominion concerned. Preference to be given, as far as may be possible, to ex-service men.

8. As a part of this general scheme of co-operation, the Dominion Governments to make special arrangements for the reception, distribution, and initial supervision of British settlers, who should, as far as conditions permit, be given preferential treatment over foreign immigrants. His Majesty's Government on its side to undertake to make the necessary corresponding arrangements for furnishing information and advice and for carrying out any policy with regard to Oversea settlement and emigration that may be agreed upon.

These proposals were approved of by the Conference, the representatives of the Self-governing Dominions expressing the view that they contained a generous offer on the part of His Majesty's Government and represented a sound and practicable scheme. It was clearly understood that the offer was conditional upon the full financial co-operation of the Dominions concerned as regards both land settlement and assistance in respect of passages.

The Conference passed the following resolutions:—

"1. That this Conference recommends the proposals appended to the Minutes of its meeting of the 4th February (*i.e.*, the proposals given above) to the most careful consideration of the Governments of the Empire for discussion and final decision at the forthcoming meeting of Prime Ministers.

"2. That in cases where money for expenses overseas is advanced to settlers from Government funds, the money should be paid to the Oversea Representative in this country on the settlers' account and transmitted overseas for payment to the settlers on arrival.

"3. That the bonus system, *i.e.*, the system of recruiting settlers by means of *per caput* bonus payments to third parties, should be abolished as from the 1st July, 1921.

"4. That it is desirable, in order to emphasize the distinction between the movement of British subjects within the Empire and emigration to or immigration from foreign countries, that such expressions as 'oversea settlement,' 'Empire settlement' or 'British settlement,' 'oversea settlers' or 'British settlers' should be used in connection with the movement of British subjects within the Empire in preference to 'emigration' or 'immigration,' 'emigrants' or 'immigrants,' these latter expressions being confined to movement to and from countries outside the Empire."

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CONFERENCE OF PRIME MINISTERS, 1921: SECTION X OF REPORT

(Cmd. 1474, 1921).

X.—*Empire Settlement and Migration*

The question of Empire Settlement and Migration was considered by a special Committee under the chairmanship of the Secretary of State for the Colonies, and the following Resolution was finally adopted by the Conference:—

"The Conference having satisfied itself that the proposals embodied in the Report\* of the Conference on State-aided Empire Settlement are sound in principle, and that the several Dominions are prepared, subject to Parliamentary sanction and to the necessary financial arrangements being made, to co-operate effectively with the United Kingdom in the



development of schemes based on these proposals, but adapted to the particular circumstances and conditions of each Dominion, approves the aforesaid Report.

"The South African representatives wish to make it clear that the limited field for white labour in South Africa will preclude co-operation by the Union Government on the lines contemplated by the other Dominions.

\* Annex I.

"(2) The Conference expresses the hope that the Government of the United Kingdom will, at the earliest possible moment, secure the necessary powers to enable it to carry out its part in any schemes of co-operation which may subsequently be agreed on, preferably in the form of an Act which will make clear that the policy of co-operation now adopted is intended to be permanent.

"(3) The Conference recommends to the Governments of the several Dominions that they should consider how far their existing legislation on the subject of land settlement, soldier settlement and immigration may require any modification or expansion in order to secure effective co-operation; and should work out, for discussion with the Government of the United Kingdom, such proposals as may appear to them most practicable and best suited to their interests and circumstances."

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### ANNEX III

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#### EMPIRE SETTLEMENT ACT, 1922

##### Chapter 13

*An Act to make Better Provision for Furthering British Settlement in His Majesty's Oversea Dominions. [May 31, 1922.]*

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

1. (1) It shall be lawful for the Secretary of State, in association with the Government of any part of His Majesty's Dominions, or with public authorities or public or private organizations either in the United Kingdom or in any part of such Dominions, to formulate and co-operate in carrying out agreed schemes for affording joint assistance to suitable persons in the United Kingdom who intend to settle in any part of His Majesty's Oversea Dominions.

(2) An agreed scheme under this Act may be either—

(a) a development or a land settlement scheme; or

(b) a scheme for facilitating settlement in or migration to any part of His Majesty's Oversea Dominions by assistance with passages, initial allowances, training, or otherwise;

and shall make provision with respect to the contributions to be made, either by way of grant or by way of loan or otherwise, by the parties to the agreed scheme towards the expenses of the scheme.

(3) The Secretary of State shall have all such powers as may be necessary for carrying out his obligations under any scheme made in pursuance of this Act:

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Provided that—

- (a) the Secretary of State shall not agree to any scheme without the consent of the Treasury, who shall be satisfied that the contributions of the Government, authority or organisation with whom the scheme is agreed towards the expenses of the scheme bear a proper relation to the contribution of the Secretary of State; and
- (b) the contribution of the Secretary of State shall not in any case exceed half the expenses of the scheme; and
- (c) the liability of the Secretary of State to make contributions under the scheme shall not extend beyond a period of fifteen years after the passing of this Act.

(4) Any expenses of the Secretary of State under this Act shall be paid out of moneys provided by Parliament:

Provided that the aggregate amount expended by the Secretary of State under any scheme or schemes under this Act shall not exceed £1,500,000 in the financial year current at the date of the passing of this Act, or £3,000,000 in any subsequent financial year exclusive of the amount of any sums received by way of interest on or repayment of advances previously made.

2. His Majesty may by Order in Council direct that this Act shall apply to any territory which is under His Majesty's protection, or in respect of which a mandate is being exercised by the Government of any part of His Majesty's Dominions as if that territory were a part of His Majesty's Dominions, and, on the making of any such order, this Act shall, subject to the provisions of the Order, have effect accordingly.

3. This Act may be cited as "The Empire Settlement Act, 1922."

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#### ANNEX IV.

Agreements Entered into Under "The Empire Settlement Act, 1922."

(i) *Schemes Concluded up to April 18, 1923.*

(a) *Passage Schemes.*

1. A Passage Agreement, dated the 19th July, 1922, has been concluded with the *Government of the Commonwealth of Australia* for the assisted migration of suitable persons (men, women and children) desiring to settle in the Commonwealth. Under this scheme the assistance normally takes the form of a free grant of one-third and a loan up to one-third of the cost of the passage. Additional assistance by way of loan is given in special cases towards the cost of passages, and provision is made in necessitous cases for assistance towards other expenses. The cost of the assistance granted is shared equally by His Majesty's Government and the Commonwealth Government. The probable cost to His Majesty's Government during 1923-4 is approximately £420,000.

2. A Passage Agreement, dated the 28th August, 1922, has been concluded with the *Government of New Zealand* for the assisted migration of suitable persons (men, women and children), the Dominion Government and His Majesty's Government contributing upon an agreed scale by way of grant and loan towards the cost of passages. The probable cost to His Majesty's Government during 1923-24 is approximately £125,000.

(b) *Land Settlement Schemes.*

(See Appendix II to Report of Committee on Oversea Settlement, page 149.)

(c) *Other Schemes.*

1. *Passage Agreements* have been concluded with the *Dominion of Canada*, providing for assistance to the following classes of settlers:—

- (a) *Children*.—Grants of 80 dollars per head in respect of the transport expenses of 5,000 children (boys and girls) not less than 8 years of age at the date of sailing, or who have not reached the age of 15 years on the 1st April, 1923, and are sent to Canada under the auspices of a recognised Child Migration Society. The total cost to His Majesty's Government during 1923-4 will be approximately £50,000.
- (b) *Single Women*.—A loan of the minimum third-class fare to approved domestic household workers from port of embarkation in this country to their rail destination in Canada. The total cost to His Majesty's Government during 1923-4 will be approximately £50,000.
- (c) *Families*.—A loan of 75 per cent in the cost of transportation in the case of families nominated by a person of British birth domiciled in Canada and proceeding to agricultural employment. The total cost to His Majesty's Government during 1923-4 will be approximately £50,000.

2. *Ontario*.—An Agreement, dated the 1st February, 1922, has been concluded with the Government of Ontario, for assisting 2,000 single men and 2,000 single women to migrate to Ontario during a period of twelve months. The men will be placed on farms and the women in household service.

3. *Society for the Oversea Settlement of British Women Loan Fund*.—An Agreement has been concluded, dated the 19th March, 1923, supplementing the Loan Fund of the Society. Assistance will be granted to suitable women settlers who are able to bear the whole of the expenses of their journey overseas, and who are not eligible for assistance under Agreements with Oversea Governments. The estimated cost to His Majesty's Government during 1923-4 is approximately £2,500.

(ii) *Schemes under Negotiation on April 18, 1923*(a) *Land Settlement Schemes*

(Since concluded: See Appendix II to the Report of the Committee on Oversea Settlement, page 149.)

(b) *Other Schemes*

1. *Salvation Army*.—Agreements are nearing completion for dealing with:—

- (a) Single women; and
- (b) Blind-alley boys.

2. *Church Army*.—An Agreement is nearing completion for training boys for farm work and girls for domestic service.

3. *Dr. Barnardo's Homes*.—An Agreement has been drafted for assisting, as an experiment, parties of 75 boys and 50 girls to proceed to New South Wales, and is awaiting an indication of the amount of assistance which will be afforded by the Commonwealth Government.

4. *Fellowship of the Maple Leaf*.—An Agreement has been drafted, and is now with the Society, for supplementing their Loan Fund, out of which they assist teachers to proceed to the Western Provinces of Canada.

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5. *Australian Farms, Limited.*—A scheme is being discussed whereby the Company will raise a loan for a land development scheme on condition—

- (a) that the interest on the loan is guaranteed to them for a term of ten years, and
- (b) that they will raise at least an equivalent loan without a guarantee of interest.

This scheme is now being considered by the Directors of the Company in Australia.

6. *Child Emigration Society.*—A scheme has been agreed in principle for assisting the Fairbridge Farm School in Western Australia with the provision of new buildings and the maintenance and training of additional children.

7. *The Craigieclinn Boys' Training Farm.*—An Agreement is now ready for assisting in testing 100 boys per annum in Scotland with a view to their migration to Canada and Australia. This Agreement will probably be signed at an early date.

8. *British Dominions Emigration Society.*—An Agreement has been drafted for assisting seventy-five families to proceed to Canada during the next three months.

## ANNEX V

## MIGRANTS OF BRITISH AND IRISH NATIONALITY TO AND FROM EXTRA-EUROPEAN COUNTRIES IN THE YEARS 1913, 1921 AND 1922

	Emigrants	Immigrants	Excess of Emigrants
British North America—			
1922 .....	45,818	16,197	29,621
1921 .....	67,907	21,055	46,852
1913 .....	190,854	26,288	164,566
Australia—			
1922 .....	39,099	8,310	30,789
1921 .....	27,751	8,861	18,890
1913 .....	56,779	12,351	44,428
New Zealand—			
1922 .....	12,259	2,223	10,036
1921 .....	11,513	1,568	9,945
1913 .....	14,255	2,446	11,809
British South Africa—			
1922 .....	8,772	7,509	1,263
1921 .....	12,903	5,894	7,009
1913 .....	10,916	10,541	375
India and Ceylon—			
1922 .....	7,054	9,809	2,755
1921 .....	9,830	9,393	437
1913 .....	6,810	5,928	882
Other parts of Empire—			
1922 .....	5,408	5,639	231
1921 .....	6,873	5,776	1,097
1913 .....	5,432	3,971	1,461
Total, British Empire—			
1922 .....	118,410	49,687	68,723
1921 .....	136,777	52,547	84,230
1913 .....	285,046	61,525	223,521
Total, foreign countries—			
1922 .....	55,686	18,339	37,347
1921 .....	62,700	18,820	43,880
1913 .....	104,348	24,184	80,164
Total, all countries—			
1922 .....	174,096	68,026	106,070
1921 .....	199,477	71,367	128,110
1913 .....	389,394	85,709	303,685

## BRITISH AND IRISH SUBJECTS RECORDED AS EMIGRANTS FROM OR IMMIGRANTS INTO EACH DIVISION OF THE UNITED KINGDOM IN THE YEARS 1913, 1921 AND 1922

	Emigrants	Immigrants	Excess of Emigrants
England—			
1922.....	110,198	52,568	57,630
1921.....	128,383	54,998	73,385
1913.....	271,756	64,219	207,537
Wales—			
1922.....	3,038	990	2,048
1921.....	3,614	1,306	2,308
1913.....	5,040	1,585	3,455
Scotland—			
1922.....	39,857	9,029	30,828
1921.....	41,424	10,602	30,822
1913.....	68,202	13,965	54,237
Ireland—			
1922.....	21,093	5,439	15,654
1921.....	26,056	4,461	21,595
1913.....	44,396	5,940	38,456
Total, United Kingdom—			
1922.....	174,096	68,023	106,070
1921.....	190,477	71,367	128,110
1913.....	389,394	85,709	303,685

## MIGRATION FROM THE UNITED KINGDOM, 1871-1920

Period.	Excess of outward over inward passengers of British nationality to and from non-European countries
1871-80.....	981,000
1881-90.....	1,728,000
1891-1900.....	726,000
1901-1910.....	1,481,000
1911-1920.....	1,004,000

NOTE.—The information obtained prior to the 1st April, 1912, did not distinguish between migrants and other passengers.

## COMMITTEE ON OVERSEA SETTLEMENT

## REPORT

The Committee appointed by the Imperial Economic Conference at its meeting on the 9th October, 1923, to consider problems connected with oversea settlement within the Empire was constituted as follows\* :—

*Great Britain—*

Chairman, Lieutenant-Colonel A. BUCKLEY, D.S.O., M.P. (Parliamentary Secretary to the Department of Overseas Trade and Chairman of the Oversea Settlement Committee).

The Right Hon. L. S. AMERY, M.P. (First Lord of the Admiralty).

*Canada—*

Mr. F. C. BLAIR (Secretary, Department of Immigration and Colonization).

*Commonwealth of Australia—*

Senator the Hon. R. V. WILSON (Hon. Minister in Charge of Departments of Health and Migration).

\*Mr. G. F. Plant (Overseas Settlement Department) and Mr. C. B. Burdekin (Office of the High Commissioner for New Zealand) acted as Joint Secretaries to the Committee.



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*New Zealand—*

The Hon. Sir JAMES ALLEN, K.C.B. (High Commissioner for New Zealand).

*Union of South Africa—*

Sir WILLIAM MACINTOSH, M.L.A.

*Irish Free State—*

Mr. E. J. RIORDAN.

*Colonies and Protectorates—*

The Hon. W. G. A. ORMSBY-GORE, M.P.

The Committee held its first meeting on the 11th October, 1923.

The Chairman, in his opening statement, dealt generally with those aspects of oversea settlement which are common to all Dominions.

The oversea representatives replied dealing specially with the problem in its relation to their respective territories.

It was agreed that the representatives of His Majesty's Government should meet the representatives of Canada, Australia, New Zealand and South Africa separately.

The results of these meetings were considered at a further meeting of the whole Committee held on the 2nd November, when it was decided to submit the following Report:—

# I.—GENERAL POLICY

The Committee endorse and reaffirm the policy of State-aided Empire settlement submitted to, and approved by, the Conference of Prime Ministers, 1921 (see Cmd. 1474, Resolution X and Appendix V), and implemented in the United Kingdom by the passing of the Empire Settlement Act, 1922.

The aim of this policy is a redistribution of the white population of the Empire in the best interests of the Empire as a whole.

State-aided Empire settlement should be regarded, not as a means of dealing with abnormal unemployment in the United Kingdom, but as a means of promoting primary production and increased trade, thus permanently minimising the risk of unemployment both in the United Kingdom and in other parts of the Empire.

The Committee have carefully considered the results achieved under the Empire Settlement Act, and estimate that by the 31st December, 1923, upwards of 40,000 settlers will have been assisted to proceed from the United Kingdom to other parts of the Empire at an outlay of about £800,000, in part recoverable, and shared between the Imperial Government and the Governments of the Dominions concerned. It must of course be borne in mind that these figures refer only to State-aided migration under the Empire Settlement Act. The total number of persons who migrated to the Dominions (chiefly to Canada) during the year ending the 30th June, 1923, was 132,000, of whom 22,498 received assisted passages under the Act and approximately 11,200 were granted passages under the Government free passage scheme for ex-service men and women.

These results would seem to be incommensurate with the needs of the situation, both in the United Kingdom and in the Dominions, more especially in Australia and Canada, but it is clear that the rate at which any redistribution of the white population of the Empire can take place must be governed by the rate at which the Dominions can satisfactorily absorb these new settlers.

The Committee have carefully considered the causes, partly political partly economic, which have checked the development of Empire migration and Empire settlement during the last two years. They would point out that a redistribu-

tion of population upon a large scale necessarily involves considerable initial expenditure, and requires scientific administration over a period of years. Such a policy can only be carried out effectively by the Governments concerned with the approval and continuous support of their respective peoples. A further difficulty arises from the fact that large expenditure has been, and still is being, incurred in the Dominions in the settlement of ex-soldiers upon the land.

Experience also shows that the figures of migration and settlement are highest in times of trade prosperity and lowest in times of trade depression. During the present period of depression, when agricultural operations and other branches of industry have in many cases been carried on at a loss, there has been a natural decline in the opportunities afforded to British settlers.

The evidence placed before the Committee does not suggest that the comparatively disappointing results achieved are due to lack of publicity or to deficiencies in organisation, either in the Dominions or in the United Kingdom, since the number of applicants in the United Kingdom has been continuously in excess of the demand from overseas. This does not, of course, imply that improvements in organisation cannot usefully be effected, and, as will be seen from the later paragraphs of this Report, arrangements have, in fact, been concluded during the discussions of the Committee for ameliorating in several particulars the facilities provided.

The Committee believe that the obstacles referred to above will tend gradually to diminish as the importance of a satisfactory distribution of population is more fully understood and as economic conditions improve; and they are confident that the ultimate results of the new policy will amply justify its inauguration.

They therefore recommend that the Governments of those parts of the Empire suitable to settlement should use every endeavour to ensure the progressive enlargement of the policy in their respective territories. Especially, it would appear to be of the first importance that every effort should be made to expedite development, *e.g.*, transport, irrigation, etc., in those parts of the Empire where such development is still needed. The rate of settlement in such areas must, it is clear, in a large measure depend upon the rate of development. In the earlier stages this is likely to be comparatively slow, but as the newly-developed areas begin to accommodate settlers, and as fresh development of further areas is initiated, the rate of absorption should increase more and more rapidly. Development works should therefore be pressed on as promptly and steadily as possible.

The Committee also believe that much may be accomplished by encouraging among the young during the years of education a desire for life upon the land, together with a knowledge of the geography of the Empire and the conditions of life and opportunities within its territories.

It is relevant to point out that the forthcoming British Empire Exhibition should exercise a valuable influence in directing attention to the opportunities afforded by life in the Dominions. The Committee are glad to hear that a special series of exhibits is being prepared for the British Government Pavilion with the object of illustrating the need for redistribution of population within the Empire and the advantages which settlement overseas offers to the right type of men and women in this country.

## II.—MIGRATION ARRANGEMENTS

### (A) SELECTION AND RECRUITING

The arrangements for selection and recruiting, both through official and voluntary channels, are at present adequate, except in the case of women, to ensure as large a flow of settlers as the Dominions can absorb. It is realised,

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however, that as developments take place overseas, further measures may be required in order to stimulate applications for settlement. Certain of these measures are indicated under subsequent headings.

## (B) NOMINATION

It is recognized that the successful settler is the best recruiter of new settlers. The nomination system is based on this principle. It is desirable, however, that the existing system should be extended, (i) by popularizing individual nomination by means of suitable publicity overseas, and by arrangements to relieve the nominator, whenever necessary and possible, of any obligation for the repayment of passage money, (ii) by encouraging collective nomination, i.e., nominations by churches and other groups or societies in favour of persons to be selected by kindred organizations in this country.

In the case of Canada, the nominator is liable for the repayment of advances of passage money made to the nominated settler. The Committee understand that this liability is likely to act as a deterrent, and it would seem desirable therefore that nominators should be released from this obligation. The Canadian Government have declared their willingness to relieve nominators of this liability in the future, whenever necessary and possible, and have also agreed to advances up to 100 per cent of the fare to approved persons proceeding under nomination to settle on the land in Canada. In the case of Australia, whilst nominated settlers are eligible for the usual free grant in respect of passage money, it is not the usual practice to advance any part of the balance cost of passages to nominated settlers. Where this is done, however, the nominee is solely responsible for the repayment of any advances. The Commonwealth Government have undertaken to consider the possibility of extending to nominated settlers the loan provisions of the Assisted Passage Schemes, which have hitherto been accorded to nominated settlers only in special circumstances.

As regards collective nomination, arrangements have already been made under which the British and Canadian Governments are jointly bearing the cost of sending two representatives of the Y.M.C.A. to Canada to organize the system through the various Churches, Masonic Lodges, Rotary Clubs, and other associations.

The possibility of sending representatives to Australia and New Zealand with the object of increasing collective nomination in those Dominions is at present under consideration.

It is clear that any reductions in passage rates, such as those discussed below, will stimulate the working of the nomination system, both individual and collective.

## (C) PASSAGES

The Committee fully recognize the importance of cheap transportation in connection with migration and settlement. It is understood, however, that the steamship companies are not in a position at the moment to make reductions in general passage rates, nor has it been possible to arrange for a larger rebate on fares for assisted settlers.

In these circumstances, the Committee have taken into consideration the question whether any further contributions should be made by the British and Dominion Governments towards the cost of assisted passages.

*Canada.*—It has been arranged that the scheme entitling children to a free passage grant, which has hitherto applied only to children proceeding under the

auspices of societies, such as Dr. Barnardo's Homes, shall be extended to cover children up to 16 years inclusive proceeding as members of families with their parents, provided that the parents are proceeding under an Assisted Passage Scheme. The age limits for children entitled to free passages proceeding under the auspices of societies, hitherto from 8 to 14 years inclusive in the case of girls, and from 8 to 16 years inclusive in the case of boys, have been extended in order to include, in approved cases, children below 8 years of age, and girls of 15 and 16. Consideration is also being given to the possibility of making the grants applicable to boys and girls of 17.

Under the nomination system, as mentioned in Paragraph (B) above, up to 100 per cent of the whole cost of the journey instead of 75 per cent may in future be advanced to the nominated settler, and the settler's own security will be accepted for repayment of the advance.

Women proceeding to household work, will, as at present, be eligible for an advance of the whole of their passage money, but they will in future be allowed a rebate of £6 from the sum repayable in respect of this advance, provided that they have completed one year's residence in household service on a farm in Canada, and have meantime repaid their loan instalments satisfactorily.

*Australia.*—The existing Assisted Passage Agreement provides for a free grant of £11, being one-third of the passage money, and a loan of the balance £22, where required, in all approved cases. It is felt that in spite of the generous provisions of this Agreement the amount of the advances repayable by families who have received this assistance is so large as seriously to handicap their successful settlement. In practice, this difficulty has prevented the acceptance of otherwise suitable families. In these circumstances, the Australian representative has undertaken that his Government shall consider the possibility of amending the existing Agreement as follows, viz., children under 12, whether proceeding as members of families or otherwise, to travel free of charge instead of at half fare, and the half-fare rate to be accorded to children over 12 and up to and including 16 years of age.

*New Zealand.*—The attention of the Committee has been called to the generous terms of the Assisted Passage Agreement which was revised shortly before the meeting of the Conference. This Agreement provides free passages for women proceeding to domestic service, and for children up to the age of 16 inclusive. Juveniles of 17 and 18 receive passages on payment of £5 10s. per head, whilst a man and wife, if accompanied by one or more children under 19, are provided with passages for themselves on payment of £11 each, each child under 17 receiving a free passage, and between 17 and 19 being charged £5 10s. It is, therefore, possible for a man and wife with a family of children under 17 years of age to proceed to New Zealand under the Agreement on payment of only £22.

#### (D) RECEPTION

The Committee have been impressed by the importance of adequate arrangements for the reception and absorption of new settlers. They feel that the arrangements described below should go far to meet the needs of the situation.

*Canada.*—The Dominion Government have decided to re-establish in the rural districts of Canada the Immigration Employment Service which ceased to function at the outbreak of war. The Agents of this Service in Canada will ascertain the number of farm helpers required in their several districts, and will forward requisitions for the desired numbers to the Canadian Superintendent of Emigration in the United Kingdom. The numbers required will be selected in this country by the usual process, and on their arrival in Canada, the new

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settlers will be received by the Agents of the Employment Service and distributed to the farms where their services are needed. Should any settler fall out of employment, the Agent of his district will be prepared to assist him to find another suitable place.

*Australia*.—Under existing arrangements, the new settlers are met at the port of arrival by the Government Immigration Officers who arrange for their accommodation, if necessary, at hostels, from which they are distributed to their destinations in the country districts. Nominated passengers are, of course, received on arrival by their relatives or friends.

The Committee welcomed a statement by the Australian representative that he would gladly take up with the Governments of the Australian States the desirability of supplementing the existing arrangements by establishing Farm Reception Depôts in the various States, where settlers might be received, and afforded, where necessary, brief preliminary training before being placed out upon farms. These Depôts should be available for the accommodation of new settlers, who may not have found permanently satisfactory employment, at any time within, say, one year, from the date of their first arrival.

*New Zealand*.—The bulk of the new settlers for New Zealand are nominated by relatives or friends who generally meet them at the port of arrival, and immediately take charge of them. All other settlers are met by the Government Immigration Officers, and, where necessary, are accommodated in hostels until they can proceed to permanent employment. This system is regarded as adequate for the present.

## (E) FAMILIES

The Committee agree that family migration is the ideal form of migration. There are, however, certain difficulties to be overcome if the settlement of families upon the land overseas is to be carried out successfully, viz:—

1. The difficulty which the head of a family finds in providing maintenance for his dependents while he is gaining experience in land work;
2. The lack of accommodation for families in the country districts overseas.

It has already been pointed out that the restrictions upon family migration which result from the high cost of passages have been largely modified by the liberal assistance afforded under the revised Assisted Passage Agreements mentioned in paragraph (C), Passages, above.

With regard to (1), the Committee have taken into consideration the feasibility of experimental schemes under the Empire Settlement Act for granting allowances where necessary to the heads of families (say 10s. a week for a wife and 5s. for a child) for a period not exceeding two months from the date of their arrival overseas.

*Canada*.—The Dominion representative, whilst making it clear that the provision of maintenance allowances for selected families presented various difficulties and might not be acceptable to his Government, has undertaken that the possibilities of introducing experimentally an arrangement of this kind for a limited number of families should receive careful consideration.

*Australia*.—The existing land settlement schemes for New South Wales, Victoria and Western Australia make certain provision for the maintenance of families during the initial period of settlement by means of the payment of wages or the like. These schemes, however, only deal with the limited number of settlers who have been selected with a view to their establishment as independent farmers on their own account. The Australian representative considered



that in the present position of the movement no further action was necessary by his Government, particularly as the difficulties in question would be to some extent met if the States established the projected Farm Reception Depots.

#### (F) CHILDREN AND JUVENILES

The Committee attach the greatest importance to the migration of children and juveniles, which they regard as one of the most hopeful of all forms of migration.

*Canada.*—The Dominion Government adhere to the policy, which has been successfully pursued for the last forty years, of encouraging the settlement in Canada of Children who proceed to the Dominion under the auspices of societies such as Dr. Barnardo's Homes. This system deals, generally speaking, with orphan and destitute children. In addition, the Dominion Government are anxious to stimulate the migration of children and juveniles proceeding as members of families and have agreed, as explained in paragraph (C) above, to extend the free grant at present given to children going out under the auspices of approved Societies to children going out as members of families as well as to children and juveniles preceding their parents under any other approved arrangements. Schemes for dealing with children and juveniles of the last mentioned class are at present under discussion with the Government of the Province of Ontario.

*Australia.*—A beginning has been made in regard to child migration on similar lines to the existing system in Canada, but the Australian representative considers that juvenile migration is better adapted to the local conditions of Australia, and hopes that that form of migration will be developed to the utmost possible extent. Schemes are already in existence in most of the States of Australia for the reception, placing and supervision of boys between the ages of 16 and 18. Under these schemes, the State Governments accept responsibility for the boys, placing them at agreed rates of pay under approved farmers in the country districts and keeping them under careful supervision. The bulk of the wages is deposited regularly to the credit of the boys in the State Savings Bank. At the end of their apprenticeship the boys will be helped to settle satisfactorily upon the land with a view to becoming independent farmers. If thrifty, they should by this time have a sum of about £100 to their credit in the Savings Bank.

#### (G) PUBLIC SCHOOL BOYS

*Canada.*—With a view to stimulating the settlement of public school boys and others of a similar class, the Dominion Government will consider the possibility of arranging with the Agricultural Colleges of Canada to offer free courses annually to a certain number of students from this country, and we will make efforts in other directions to encourage the movement of this class.

*Australia.*—With the same object in view, it is hoped to arrange at an early date for scholarships in agriculture to be awarded to selected boys in this country who would proceed to Australia and enter an Agricultural College or Training Farm in the Commonwealth. Steps would be taken to establish these boys as independent farmers under the existing land settlement schemes, or by means of the share-farming system, or some other suitable method.

*New Zealand.*—The New Zealand Government will take twenty selected boys a month and place them with suitable farmers for agricultural training. These boys will be under Government supervision throughout their training, and it is anticipated that suitable opportunities will be available for their settlement in New Zealand at the conclusion of their course.

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*Union of South Africa.*—The scheme of land settlement referred to in section III will also deal with a number of new settlers of this class.

## (H) WOMEN AND GIRLS

No redistribution of population can be effective unless it results in the settlement overseas of an adequate proportion of women and girls. The need of women for women's work in the household and as wives of the present and mothers of the future generations is urgent throughout the Dominions—most urgent of all in agricultural and newly developed districts. It is admitted that the numbers of women and girls who are proceeding overseas fall far short of this urgent demand.

The Committee consider that all possible steps should be taken to stimulate this form of migration, but they would lay equal stress upon the necessity for the most careful provision being made for the supervision and after-care of women and especially of young and inexperienced girls. They are glad to learn that women officers have already been appointed to assist in this work both in this country and overseas, and that steps are being taken to extend the system.

The following arrangements have been agreed with a view to stimulating the settlement of women overseas, viz.:—

Every family proceeding under nomination either to Canada, Australia or New Zealand will be authorised, if they so desire and subject to the concurrence of the nominator, to include one additional woman, either relative or friend, amongst their number.

*Canada.*—A rebate of £6 from the passage loan will be granted, in the case of women household workers who have satisfactorily settled on farms (see paragraph (C) above).

With a view to stimulating the settlement of women of a class corresponding to public school boys, the Dominion Government will consider the possibility of arranging free courses at the Provincial Agricultural Colleges in Canada for women students from this country.

*Australia.*—The Australian representative recommends a system of apprenticeship with all necessary safeguards, for girls from 15 to 17 years of age on lines similar to the South Australian system of farm apprenticeship for boys.

*New Zealand.*—The Government already stimulate the migration of women by granting free passages to domestic workers and additional concessions in respect of the fares of the wives of intending settlers with children. These arrangements are indicated in paragraph (C) above under the heading "Passages."

## III.—LAND SETTLEMENT

## (A) SCHEMES

*Canada.*—The Canadian Government offer to ex-service men from other parts of the Empire the facilities afforded to their own ex-service men for settlement on the land under the auspices of the Soldier Settlement Board. Over 25,000 Canadian ex-soldiers have already been placed on the land in the Dominion by the Board. The number of British ex-service men so placed is 266.

The Soldier Settlement Act enables the Board to grant loans to settlers for the following purposes:—

1. To purchase land up to 4,500 dollars.
2. For stock and equipment up to 2,000 dollars.
3. For permanent improvements up to 1,000 dollars.

Loans are repayable in twenty-five consecutive annual instalments at 5 per cent interest amortized.

His Majesty's Government are considering the possibility of formulating a scheme in co-operation with the Dominion Government under the Empire Settlement Act, in order to enable larger numbers of British ex-service men to take advantage of this offer.

In present circumstances, the Canadian Government are not in a position to extend the privileges of the Soldier Settlement Act to men who have not served with the Forces.

*Australia.*—Schemes for land settlement in the States of New South Wales, Victoria, and Western Australia have already been concluded under the Empire Settlement Act. A summary of these schemes is contained in Appendix II. It is understood that the Australian authorities have under consideration schemes of development involving openings for land settlement which will be brought forward at an early date.

*New Zealand.*—The Dominion Government, as indicated in a preceding paragraph, have undertaken to place on farms under supervision a number of public school boys with a view to their settlement upon the land under favourable conditions, but so far have been unable to formulate further definite land settlement proposals.

*Union of South Africa.*—The Union Government, whilst stressing the fact that the limited field for white labour in South Africa precludes co-operation on their part on the lines contemplated by the other Dominions, are negotiating an agreement to enable a number of selected settlers (fixed provisionally at 500 per annum for three years) who possess not less than £500 of their own, to take advantage of the land settlement facilities afforded by the existing South African legislation.

*Rhodesia.*—The representative of Rhodesia expressed regret that in view of the fact that the new Government had come into existence as recently as the 1st October last, he was unable at present to submit proposals for co-operation under the Empire Settlement Act. In view, however, of the fact that the Government of Rhodesia is now in full possession of 50 million acres of unalienated land, it seemed probable that that Government would, in due course, desire to co-operate in schemes under the Empire Settlement Act.

#### (B) GROUP SETTLEMENT

The importance, as well as the difficulties, of land settlement and development have been referred to in an earlier paragraph of this Report, and it need only be added that the Committee hope that development and settlement may be stimulated by means of "group settlement." A system of placing new settlers upon the land in groups is already in operation in Western Australia. The Committee regard the results as hopeful, and it has been agreed that experiments should be undertaken with a view to the adoption of the system in other suitable parts of the Empire, and its extension on the following lines. The object of the extended system would be to select in the United Kingdom groups of families not drawn as at present from various parts of the country but connected by some bond of sympathy, such as residence in the same town or district, or membership of the same organization, and to settle these groups under skilled supervision upon a suitable tract of land overseas. The groups would not form isolated communities, but would be intermingled, *ab initio*, with the existing population, and the area chosen would be sufficiently extensive to allow of the settlement from time to time of further groups from the same

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source and similarly connected. This form of settlement should not be confused with community settlement in the sense of settlement upon a communal basis. At the same time, every advantage would be taken of the principle of co-operation in respect both of purchasing equipment, etc., and of marketing produce. The Committee are of opinion that such schemes, especially if linked up with some local organization in the Mother Country would be of great assistance in the recruiting of large numbers of suitable settlers.

Both the Canadian and Australian representatives have agreed to discuss with the Provincial and State Governments the inauguration of some such schemes in favourable areas in their respective Dominions.

## (C) TRAINING

The Committee have come to the conclusion that such training (apart from any brief period of testing in order to ensure suitability) as may be required by persons in the United Kingdom who contemplate settlement upon the land overseas should be undertaken overseas and not in this country. It was admitted that a brief period of testing in this country might conduce to the elimination of unfit persons, but the Committee felt that if such an experiment were to be tried the cost could not be shared by the oversea Governments. The Canadian representative intimated, however, that his Government would be prepared to supply free of charge instructors familiar with Canadian conditions.

As regards women, the Committee considered that if it were decided to arrange for the training of selected women for household service overseas, such training should be given in this country. At the same time, the Dominion representatives made it clear that they could not commit their Governments to sharing part of the cost of such training.

## IV.—CONCLUSION

In view of the results enumerated above, the Committee venture to think that the discussions which have taken place have not been unfruitful. It will readily be understood that in the time at the disposal of the Committee it has not been practicable to arrive at definite decisions in all cases, since the representatives of the several Dominions have naturally had to refer certain questions for examination by their Departments at home. It will be seen, however, that the questions dealt with during the sessions of the Committee include provisions for stimulating the working of the nomination system; larger contributions towards assisted passages, especially under the very important heads of families and children; provision for the reception of new settlers; arrangements in regard to children and juveniles, public school boys, and women and girls. As regards land settlement a valuable scheme is under negotiation with the Government of the Union of South Africa; the Australian Government hope before long to be able to bring forward important proposals for development and settlement; and the possibilities of group settlement have been explored. The Committee in reporting these matters to the Conference venture to express the hope that the several Governments concerned, both in Great Britain and the Dominions, will look upon the results attained as an instalment only of what might be achieved, and will be unremitting in their efforts to further the policy of redistribution of population alike by the removal of any obstacle to which their attention may be called, and by framing fresh schemes of land settlement as and when circumstances may permit.

Signed on behalf of the Committee,

ALBERT BUCKLEY

(Chairman).

November 2, 1923.

## APPENDIX I

## ASSISTED PASSAGE RATES TO CANADA

(Ordinary Third Class Fare approximately £16)

Class of Settler	Assistance Granted under Existing Agreements	Modifications to take effect from January 1, 1924
Single farm workers (nominated)	Advance up to 75 per cent of cost of journey if nominated by British subject resident in Canada, and proceeding to farm work, joint undertaking to repay being given by nominator and nominee.	Advance up to 100 per cent to all persons nominated by Canadian Government Employment Agents or by private persons as before, the bond of nominee himself being accepted as security for repayment.
Single women (household workers)	Advance up to 100 per cent of cost of journey.	Advance up to 100 per cent, with conditional rebate of £6.
Families (nominated and proceeding to farm work).	Advance up to 75 per cent of cost of journey on joint bond of nominator and nominee.	Advance up to 100 per cent on bond of nominee alone. Children accompanying parents assisted under the Empire Settlement Act to be eligible for free grant of cost of journey not exceeding \$80. One additional single woman to be included in each nominated family if so desired.
Children and juveniles proceeding under the auspices of societies.	Free grant of cost of journey in respect of children (boys, 8 to 16; girls, 8 to 14).	Age limits to include all children and juveniles up to their seventeenth birthday.

## ASSISTED PASSAGE RATES TO AUSTRALIA

(Reduced Third Class Fares £33.)

Class of Settler.	Assistance Granted under Existing Agreements.	Modifications to take effect from January 1, 1924.
Non-Nominated—		
(a) Single men and single women.....	One-third free grant; remaining two-thirds as loan, with additional loan of landing money where necessary.	No alteration in rates. Additional single woman to be included in family nomination.
(b) Families.....	One-third free grant; loan of remaining two-thirds and of landing money, where necessary.	See note below.
(c) Children and juveniles	One-third free grant; two-thirds loan	See note below.
Nominated—		
Of any of the above classes.....	One-third free grant; balance passage money to be provided by nominator or nominee. No loans granted except in special cases.	Loan of balance passage money to be made where necessary, in cases where the Commonwealth Government are satisfied as to the status of the nominator.

NOTE.—The Australian representative has agreed that the following concessions shall receive the consideration of his Government, viz., free passages to children under 12, and half fares to children of 12 and up to 16 years of age inclusive.



## APPENDIX II

## AUSTRALIA

*Summary of Existing Land Settlement Schemes*

(a) *Western Australia*.—An agreement with the Commonwealth Government and the Government of Western Australia for settling 75,000 new settlers within a period of from three to five years, and establishing about 6,000 of these settlers on farms of their own at an estimated cost, excluding passages, of £6,000,000. The British Government will pay one-third of the interest for a period of five years on loans raised to finance the scheme.

(b) *Victoria*.—An agreement for assisting 2,000 persons to settle on farms of their own in Victoria over a period of fifteen months. The contribution of His Majesty's Government takes the form of a payment of one-third of the interest on loans raised to finance the scheme, a loan of one-half of the wages paid to the settlers while engaged on preparatory work on their own farms, and a guarantee to the Victoria Government against one-half of any losses (with a maximum of £300) which they may incur through making advances (approximately £625) to the settlers for the purchase of stock and equipment.

(c) *New South Wales*.—An agreement for assisting 6,000 persons to settle on farms in New South Wales over a period of five years. The contribution of His Majesty's Government takes the form of a payment of one-third of the interest on loans raised to finance the scheme, a loan of one-half of the cost of sustenance of settlers and their families during training, and a guarantee to the bank in respect of advances (approximately £500) to settlers. The agreement was signed on the 1st June, 1923, and will come into operation on the 1st February, 1924.

## CO-OPERATION IN FINANCIAL ASSISTANCE TO IMPERIAL DEVELOPMENT

The proceedings began with the following statement by the Chairman at the Seventh Meeting of the Conference, held on the 10th October, 1923:—

The CHAIRMAN: The next subject on the Agenda is the question of financial co-operation. I think it is apparent from all the discussions we have had that settlement, markets, Preference, and finance are really all different aspects of the broad question of development, and the extent to which development programmes can be carried out is the measure of the production which can be obtained and the measure of the extent to which settlement can be undertaken.

### ACCELERATION OF DEVELOPMENT SCHEMES THROUGHOUT EMPIRE OF VITAL INTEREST TO GREAT BRITAIN

I will say at once that to us in this country it is of the most vital interest, both directly and indirectly, that the putting in hand of these development schemes all over the Empire should be speeded up. It means an earlier chance for settlers and for more of them; it means—you know our unemployment situation in this country and the prospects that are before us—it means immediate orders, and it means a growing trade coming from the development and the production which fosters, and therefore we feel most strongly that no possibility should be left out of account which can help to speed up development. Now we

have already taken up the question of Preference, and I want to put to you another aspect this afternoon, the question of direct finance. I think it is also clear from the statements everybody has made around this table that if the Dominions are to undertake large schemes of development, two conditions are necessary: in the first place, as Mr. Bruce so well put it, a reasonable certainty that there will be a market for the produce of the population, and secondly that the financial commitments which are undertaken will not in the initial stages place an undue burden on the particular State or the particular undertaking.

The first of those questions we are going into on other subjects. I want to consider this afternoon whether we cannot use our credit to co-operate with you in the second, the purely financial question. I put in my opening of the Conference the general proposal. As I say, you have got programmes of development, every one of you, which you hope to undertake over a period of years. If we could speed them up on sound terms it is good policy and it is good business. We have been following that policy here. We have followed it in our home affairs under the Trade Facilities Act by the giving of guarantees. We are following it to-day in getting local authorities and Public Utility Companies to anticipate their programmes; to put in hand work they would not put in hand for some years, and we give them financial assistance in order to get that done; the value to us of course being the immediate orders which we get and the development of sound revenue-producing schemes. It is a policy which we propose to follow in helping on the most rapid possible development through the Colonies. Now it is true that we already grant funds under the Settlement Act and the money voted under that financial assistance goes for the development of settlement; but my broad proposition to you to-day is, if we can get the speeding up of the development programmes that lie before you over a period of years, if we could get the earlier undertaking of works which would place orders here, we should be prepared to assist directly and financially.

You will remember that in the early stages we tabled this as a subject for discussion. We sent to you last July a telegram, which was in these terms: "Following is general indication of lines on which His Majesty's Government, subject to results of discussion at Economic Conference, would be prepared to consider schemes of financial co-operation which may be proposed with view to assisting early development of public utility undertakings in the Dominions and India which without such assistance would be delayed, or not proceeded with. Undertakings assisted should be of a nature which if put in hand rapidly would confer direct benefit both on Dominion and India and on employment by placing of orders in United Kingdom. Conditions and limits of financial assistance and shares of co-operating Governments in such assistance would be settled in each case by special agreement. Without excluding from consideration any form of assistance His Majesty's Government consider guarantee of interest or advance of part of interest for limited period is likely to prove the most generally useful method. Specific proposals under an agreed general scheme would naturally be examined carefully by competent authorities both in Dominion and India and United Kingdom before approval." I need not elaborate here the question of guarantee. It is present to all your minds that in the first place there will be cases where a mere guarantee would not afford adequate financial inducement. In the second place the addition of a direct British Government guarantee might not give a material financial advantage; it might make little or no difference in the rate at which the money can be borrowed. I know there is also the question in considering guarantees which certainly you will have to take into account, whether the acceptance—and upon this I think opinions will differ—whether the acceptance of a guarantee on an issue would tend to depreciate the value of past or future unguaranteed issues.

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## GRANT OF INTEREST DURING INITIAL STAGES

I think therefore the most hopeful system is that of a grant of part interest over a period in respect of anticipated schemes which are put in hand before their normal time and which are reflected in orders placed here. Now let me take one or two concrete examples of what I mean arising out of the kind of statements which have been made here.

## NEW ZEALAND'S HYDRO-ELECTRIC SCHEMES

Let me take New Zealand. Mr. Massey spoke to us of programmes of hydro-electric development. Normally I take it those programmes are going to be spread over a period of years and the orders will come here. Well, we want orders as quickly as we can get them. This is our black time. You would be glad enough, I presume, to get the development quicker if you were satisfied with the financial conditions. Normally that development would spread over a period of years. Would you put it in hand more rapidly and place the orders here if we helped the accelerated part of it with interest during the initial stages?

Mr. MASSEY: Most certainly.

## AUSTRALIAN RAILWAY SCHEMES

The CHAIRMAN: Now let me take again the kind of subject I think that came out in Mr. Bruce's speech and which have been constantly discussed here by Australian representatives. There are big tentative schemes of railway development in Australia. Some are going forward in any case, but there are schemes of one kind or another which are postponed or not taken in hand yet because the immediate financial outlay would not be justified. If it can be arranged that there should be a grant of interest for some part of the initial period, part of the interest for an initial period, in respect, say, of that proportion of the capital of these anticipated schemes which was represented by orders here and by freight, would you undertake those in the immediate future?

## INDIA'S DEVELOPMENT PROGRAMME

Take India. Mr. Innes gave us a picture of a big programme. There was, if I remember right, £70,000,000 worth of orders which would be placed over five years. Now what I would put to you is: Supposing assistance were given in the matter of interest, would it be possible for India to increase the programme above the figure at present in their minds and or alternatively—I put it for preference “and”—while increasing the aggregate of the programme to take some of the orders of the later years and put them in earlier years? For instance, you have this programme spread over five years, that is, say, £15,000,000 a year. Now can you take all or any part of the last two years' programme and put it in hand in the first two years if some assistance were given in the matter of interest? Those are the kind of things which I wish to see if we can accelerate to our mutual advantage.

## FOUR CONDITIONS OF PROPOSED SCHEME

I think that in proposals of this kind there are four conditions which ought to be fulfilled.

*First Condition.*—In the first place we should have to be agreed as to the character of the schemes. I think they should be (and I use the word in its broadest sense) schemes of a public utility character. I think it is plain that we could not be giving direct financial assistance in order to establish a compet-

ing industry with something that exists in this country. Personally, I hold the view that the broader the development, generally the better it is in the long run for the good of the whole Empire. But it is one thing to take that view and it is another thing in a time when you have very serious unemployment to give direct financial assistance to establish an industrial concern; therefore I put it, that the type of scheme should be public utility undertakings; and those are the kind of undertakings which are the initial prerequisites of development. But granted that the undertaking was of a public utility kind, I think we should hold equally open to assistance such an undertaking, whether it is directly conducted by the State or by a Local Authority or by a Municipality or by a Company.

*Second Condition.*—Secondly, the scheme to be assisted must be a scheme the development of which is being anticipated. It is not possible, I think you will agree, to contemplate the giving of subsidies for work which in any case is going to be put in hand. That would tend on the one hand to raise prices and on the other to make people sit back on their haunches and say: "If we are to have grants for something which in any case we are going to do, then we shall not progress till we get them." But there is a clear distinction between work which is going forward in any case and what I call anticipated development work put in hand before its time, and this only applies to work put in hand before its normal time.

*Third Condition.*—Then the third condition (naturally the immediate interest to us is that we should get orders in this time of our very dire distress) is that these schemes should be reflected in orders placed here.

*Fourth Condition.*—The fourth condition is what I will call joint responsibility, that is to say, if a scheme is put up by a Dominion Government or by a Government of a State within a Dominion, we should both accept some share of responsibility for it. If the undertaking is a State undertaking, of course you do accept direct financial responsibility for it, because it is carried out with money raised by you. It is a State Loan, and the financial liability of that loan is there.

If, on the other hand, it were put forward by a public utility company which we were asked to support, I think then, in that case, the project being for our mutual advantage, we should both take some share in supporting that Company. That condition would, of course, automatically apply wherever it was a State undertaking. The condition of dual responsibility would only have to be made effective in the way I have suggested where it is to be undertaken by a Company or Local Authority.

#### MEASURE OF ASSISTANCE WOULD VARY WITH DIFFERENT SCHEMES

Now if those general lines are acceptable and are useful, I think it would be perfectly easy to devise machinery in the Dominions, in India, and on this side to test the schemes and to settle the terms for each. The measure of assistance would naturally have to vary with different schemes. Some are of a more remunerative character than others. If you get a scheme which is likely to show considerable profit in a reasonable time, that requires less assistance; and it would be reasonable that, if it showed surplus profits after a period of years, then the advance made by this country might be paid back out of surplus profits.

You get other schemes which are very necessary, but which are not going to be revenue-producing on any considerable scale for a considerable time. In these cases the measure of financial assistance would probably have to be larger in order to justify the Dominion in undertaking it immediately; and the prospects of ultimate repayment would be much more remote, and possibly it would

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not be in any case susceptible of repayment at all. But what we could say on this side would be: We want to go in for this policy; it is good for us; we hope it will be good for you if you are prepared to take it up, and we will devote a certain sum of money each year to make these grants on agreed schemes which are put in hand in the immediate future.

## A BUSINESS PROPOSITION

Now I am putting this forward, not as a philanthropic proposition, and not as an unsound one economically. I am putting it forward as a business proposition. It is good business for us if we can get orders and get development more quickly; the better the prospect of settlement the more immediate the development of trade. It is good business for you—at least I think so—because you get the development quicker and the increase of population and increase of wealth with this financial assistance earlier than you otherwise would. We have all been saying here: We have got this great undeveloped Estate; and the whole job of this Conference is to push on with its development. I am putting this forward as another practical suggestion and contribution, which, I believe, will be for the benefit of both sides; and I would just add this, and this alone: This is not an uneconomic specific. I believe it to be an absolutely sound policy economically, because what it comes to is this, that together we are using our credit, not to do something which is uneconomical, but to speed up the normal revenue-producing development earlier, and at the time when we need it most. That, Gentlemen, is the broad proposition I want to put before you.

## DISCUSSION ON CHAIRMAN'S STATEMENT

Sir LOMER GOUIN: As you were told yesterday by my colleague, Mr. Graham, Canada is an industrial, as well as a farming country, and for that reason, your proposition, which is very interesting, does not appeal as forcibly to Canada as it might to some of the other Dominions. I understand that your idea is to solve the problem of unemployment in this country, the depression of British Trade, and to assist in the development of the Dominions and Colonies. The main proposition that I find in your scheme is, firstly, an offer by the British Government of an advance of capital or a guarantee of interest on capital . . .

The CHAIRMAN: It was the other way on; either a guarantee of capital or an advance of some part of the interest.....

## PROPOSALS NOT OF DIRECT INTEREST TO CANADA AT PRESENT

Sir LOMER GOUIN: To create new public utility undertakings; and this conditionally, provided the Dominions or the States interested should contribute for a same amount or a same proportion of the guarantee of interest or capital. Secondly, that the work should be started at once; and, thirdly, that the machinery necessary for the equipment should be purchased in the British Market. As to the extent of capital and guarantee of interest, we are happy to say that in Canada in the last year, and for years, has been able to borrow all the necessary money for any of her undertakings on her own credit. As to the public utility undertakings, we are amply provided with our canals and railways. As to waterpowers; I think that, more than any country, we have developed some of the very many waterpowers that we have, so that we do not see very well the advantage that we could derive from your proposition.

What we need most is an increase in population and goods to keep busy the public utility undertakings that we no whave in our country. If we need more of them, some more developments, as you make it a condition for such an advance of capital or guarantee of interest on the capital that we should come



to the British market or to the British manufacturers for our machinery, we are not sure that this proposition would be welcomed in our country, because we produce; we manufacture machinery ourselves, and all that is necessary for such development. All this is, Mr. President, not to discredit, in any way, your very interesting proposition for some of the other Dominions. We certainly approve of it, and we would take advantage of it. Some day we may have to take advantage of it, but just now I may say we do not see that we are directly interested in the proposition.

#### AUSTRALIA WELCOMES PROPOSALS

Mr. BRUCE: Mr. President, I certainly desire to say, on behalf of Australia, that we welcome very much the attitude the British Government has taken up with regard to this matter, and we certainly recognise the way you have put it forward, but I think it much better that at a Conference of this character we should put the case as we see it from our own side. You have, with perfect frankness, said you have an industrial situation which you want to relieve and, with all respect, I think Australia would say you have taken the very statesmanlike way of trying to deal with it by development in the Dominions. We certainly welcome your scheme very much, and I am very hopeful that in some ways it may be of very great mutual benefit to us, if we avail ourselves of the suggestions which you have put forward.

#### ADVANCE OF INTEREST MORE SUITED TO AUSTRALIA'S NEEDS THAN GUARANTEE

As far as the suggestion of guarantee is concerned, I am inclined to think that that is not a matter that interests Australia at all. We are in a position to raise such moneys as we require for our own development, and owing to an admirably respectable past, generally speaking, in our financial affairs, we can raise our money on terms which I do not think would be very materially affected even if we had a guarantee, for, in a way, we are trying to avail ourselves of the credit of the British Empire rather than Australian credit. Of course, I appreciate there might be some slight difference, but I can see rather serious complications in the future on the basis of a guarantee, and as, happily, we are not in the position, with regard to any scheme of this character, of having to take that course, I think Australia would regard a guarantee as not being a side of the scheme that she was interested in.

The CHAIRMAN: I mentioned it rather to put it aside. It had been suggested. I agree that the advance of interest is the most promising way.

Mr. BRUCE: Believe me, I think it is very admirable that a guarantee is given. I should certainly say, with regard to a small Colony, for example, that it might be the solution of a great deal of trouble in finance. I am merely putting it from our point of view. As regards the other side, the interest side, that might very possibly be of great importance to Australia, because, mainly speaking, development is dependent upon finance. In Australia we are certainly not in the happy position of Canada in being able to say that we have explored all the possibilities, and that there is nothing, if we were favoured by circumstances, which we could not press on with. We believe there are innumerable things, but certainly our programme for the future is very much conditioned by the burden that we can place on our present population. When I say it is conditioned by finance, I do not mean by the amount of finance that could be raised on one's credit; I mean the burden of interest that one could place upon the people. There are, in Australia, a number of schemes which, unless we could put them in hand and proceed with them at once, without immediately incurring a great burden of interest which would have to be met by

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the people, and unless we had had a large flow of migration into the country, would mean increase in our taxation. We have had to put these schemes aside; we could not go on with them. But these proposals of yours open the door to the possibility of very considerable acceleration because we regard any schemes with which we are going forward as being very wise schemes, and schemes which will promote the well-being of Australia, and which, after a very short time, will give us a very great return for our money. A guarantee over a period of years, while these schemes were coming to fruition, might be of the greatest interest to Australia, because we would press on with their development; we would not have to cast a greater burden upon our people while those schemes were coming to productivity, and when the full burden of interest fell upon our shoulders we would hope to be enjoying the results of our enterprise and energy in having promoted the schemes.

## CONDITIONS OF SCHEME ACCEPTABLE TO AUSTRALIA

I say unhesitatingly from Australia's point of view that we are extraordinarily interested in this scheme, and I hope that something material will develop from it. It has the characteristic that it is an extremely good one both from the point of view of Britain and from the point of view of Australia. That we should develop as rapidly as possible is our great desire; I think that we should develop as rapidly as possible is your great desire also, because our purchasing power increases and we become a greater factor in Britain's trade.

With regard to the condition that the moneys which are raised, or the amount upon which interest is guaranteed, shall be determined upon the amount of the supplies we take from this country, we entirely agree with that condition, because there would be no reason for your making this proposal to us unless it was going to be of some benefit to you. Of course in any schemes that we put forward we shall be able to take advantage of your proposals only in so far as we cannot supply our own requirements in our own country. We are not going to injure our own industrial development in order to get an advantage in interest and place orders in Britain which we could well fill in our own country. Unfortunately we are not so industrially developed at this moment that with regard to many of the schemes we have in mind, we could contemplate meeting or could hope to meet all our own requirements. To put them through we would have to go somewhere to obtain part of the equipment we required. If we can come to Britain, and as a result of coming here get assistance in the interest, which will allow us to speed up development very greatly, that is a thing which we think will be of mutual benefit to both of us. We also like to think that we would be coming here and providing employment, because that would increase your purchasing power, and we hope that you are going to buy things from us with that increased purchasing power.

So that from every point of view we certainly welcome this scheme greatly, and we are now very anxious to discuss concrete propositions with you, and see whether an arrangement can be come to to bring the Australian Government and the British Government together. I will be quite frank and say that I did not really regard this with very much interest before yesterday, because, as I have said, we can only speed up and press on, if at the end of a period of five or ten years we can visualize such an increase in our population and such a strengthening of our position that we can carry the additional burden of interest comfortably. But until you shed a ray of hope and light on the situation yesterday I was very doubtful whether there would be anything we would be able to do. But your having given us that earnest yesterday of your intention to do everything possible to try and help us in the direction I suggested, I am

fairly confident that there are a number of very sound schemes we would be able to put before you which will fulfil all the conditions you are asking for, and which, if they are put into operation, will greatly help in the development of Australia and will, I hope, be of considerable assistance to you at a time which you have described as one of very dire distress in Great Britain. On behalf of Australia I welcome the scheme, and say that we will do everything in our power to see if we cannot act with the British Government in regard to it.

#### COLONIES' NEED OF DEVELOPMENT

If I might commit perhaps an indiscretion, as I certainly did yesterday, I would like to say that we would certainly welcome this scheme from another aspect and that is, we would regard it as being a very wise action to have taken so far as the Colonies of the Empire are concerned. We believe it may give them a great opportunity for very considerable expansion, and I am sure that, in the case of your Government, this action is not being taken merely because of the necessities of the moment. I believe it is being taken through true statesmanship also—that you do wish to try to bring the Colonies to the fullest state of development possible. I think I may say, on behalf of Australia, that we are not quite convinced that some action of this sort so far as the Colonies (I am not for the moment talking of the self-governing Dominions) are concerned, might not have been taken at an earlier date, because we do sometimes look at our own great countries and what we have been able to do with them with our own powers of self-government—I agree it is an impertinence—but sometimes the self-governing Dominions do commit the impertinence of wondering whether the Colonies are developing quite as fast under the rule they enjoy as under the rule which you have been good enough to give us.

#### ADVANCE OF INTEREST WOULD ACCELERATE NEW ZEALAND'S DEVELOPMENT SCHEMES

Mr. MASSEY: Like the previous speakers, Mr. President, I agree that the Representatives of the Oversea countries who are here to-day, each and everyone, must look at this matter from the point of view of the country to which he belongs. Now I believe that great good may result from the scheme. I welcome it unreservedly, I believe New Zealand will welcome it; I am sure it will, and I believe if it is brought into operation it will do a lot of good, not only in developing the country, but also to Great Britain itself. I believe it will do good at both ends of the World—if I may put it that way. As far as the actual provision of money is concerned, I am happy to say that our credit is quite good, and for the last few years we have had no difficulty at all in raising the amount of borrowed capital which we required; as a matter of fact I think I am not boasting in saying that we are able to get money just as cheaply in London as the Chancellor of the Exchequer himself, and that is saying a very great deal. I hope it will continue. Going further, I speak of New Zealand as a developing country and we are developing just as rapidly as we can manage. This will help us to develop more rapidly; and that is an important point. I would like to be clear on this point. While I say, so far as obtaining the actual cash is concerned, we can do pretty well—I do not think it will be necessary to come to the British Government itself—the assistance in the way of interest is quite a different matter, and I should be glad to hear something more definite with regard to that.

#### INSTANCES OF UNDERTAKINGS IN NEW ZEALAND LIKELY TO BENEFIT

You will understand what I mean when I say what we are doing. I have already referred to the schemes for developing hydro-electricity. We have a number of these schemes on hand at present. Local bodies have some, and on

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the whole I think we may look forward to spending, including what has been £15,000,000. There is plenty of running water in the Dominion and plenty of spent in the last two or three years on hydro-electricity, probably not less than opportunity for using it for the purposes of electricity. Then our railways are not nearly complete. We have between 3,000 and 4,000 miles of railway, and New Zealand is not the easiest country in the world in which to build railways, but I can think of another 250 miles which are in course of construction now and which are very urgently required. We talk about land settlement in a free and easy way, and we forget that it is not of the slightest use putting settlers on the holdings unless you give them access to the holdings. They must have ingress and egress. We try to keep abreast of settlement in this way. I said, I believe, we have at least 250 miles of railways to complete, and the work is going on now. We have approximately 6,000 men employed in public works regularly; the number hardly varies from month to month. Perhaps for a few weeks at Christmas men go for a holiday and the number is reduced for the time being, or in a bad winter, when work is scarce and we have unemployment, we get more, and they are put on public works.

In addition to the railways, there is the roading question itself. The building of roads in New Zealand was commenced about sixty years ago, and we have just an ordinary macadamized road, sometimes, not always, a macadamized road—simply broken metal or gravel—and up to a certain point there was nothing very seriously wrong. There have been tremendous developments and along comes the advent of the motor-lorry. Instead of the horse-wagon of perhaps 2 tons axle-load, along comes the motor-lorry carrying 10, 12, or 15 tons, and while the macadam road will stand that sort of thing in a fairly dry summer, what about the winter? When bad weather in the winter comes the road goes to pieces, and I am sorry to have to admit that the roads last winter suffered badly. In some places we have had to pull off motor-lorries for the time being. There would not be a trace of the road left if we had not done that. They have to be withdrawn in the winter months, but only temporarily. We have to take up a great roading scheme at once, we cannot wait for it, and I do not think it is any use to go in for anything else but concrete roads, and they are exceedingly expensive. But the position has to be faced. We have had this matter before Parliament on several occasions and Parliament has agreed to legislation, but legislation is only a very small part of what is required for road-making schemes. We have to find the money and we have to find the labour.

If the President would give us some idea of what the British Government propose to do in the way of assisting and developing the countries of the Empire with regard to interest, then I could tell him pretty well what my country would do. I think we are paying  $4\frac{1}{2}$  per cent, that is the net rate we have been paying, including the cost of raising the money, stamp duties, and so on. I think that is about it. If for a period of, say, three or five years the Government come along and say: "We will assist you to the extent of half this interest or until the work which is being proceeded with becomes interest earning," I can say what we shall be able to do. Something of the sort will be necessary. We need to know exactly what we are doing, and so far as I am concerned, I say unreservedly I believe we can make a great deal of use of this proposal and do a great deal with it, and directly a great deal of good would come to Britain itself.

With regard to migrants, it is the case, I am sorry to say, that you have more people in this country than the country can keep. That is the position you are up against, and you have to get rid of some of your population, and some parts of the Empire are undoubtedly places to which these people ought to go. If we can find employment for a few thousand in each of our countries, if we can find employment for a few thousand men extra on these works of which we are thinking and speaking, then we can come along to Great Britain



and say: "We want 3,000 or 4,000 more next year," and you would be relieved to that extent. I know it is not a very great deal compared with the difficulty with which you are faced, but every man who goes from this country to the oversea countries of the Empire helps to relieve the pressure and solve the problem, and I believe it is well worth thinking out. I think it is the most beneficial proposal that has been placed before this Conference so far as developing countries are concerned, and we are all developing. The surface of the oversea countries of the Empire has only been scratched. We have only got to the fringe of farming, with one farm in twenty complete. We are just taking what nature produces for us, and the markets of Britain and other places are prepared to take our produce, but without an increase of production we cannot do any good in our own countries or in Britain.

#### CONCRETE PROPOSALS TO BE DISCUSSED AT A LATER STAGE

The CHAIRMAN: Might I say this now? As I say, Mr. Massey, I was giving the broad outline of the scheme, and I think it is plain that you cannot lay down a hard and fast rule as to what interest is going to be paid in any given case, the interest must necessarily vary, but when we come to the end of this discussion probably those of us who think we can take advantage usefully of this will be able in a much smaller body to go into it in detail. We could, in discussion with the Chancellor of the Exchequer and myself, go into the thing in greater detail and bring back a concrete scheme.

#### AUCKLAND HYDRO-ELECTRIC SCHEME

Mr. MASSEY: Here is one instance that occurs to me. In New Zealand we are just about commencing a big hydro-electric scheme for the purpose of supplying Auckland city and part of the Auckland district with electricity. I do not know that the work has gone on except preparation in making roads, the roads over which the machinery will be carted and roads for the men at work. This work is estimated to cost certainly not less than a million and a half. It will require a dam, and where a dam is required it makes the production of hydro-electricity much more costly than it otherwise would be. In many places there are natural dams, lakes from which the supply of water can be taken. In this case there is a river with plenty of water, but we have to build a dam over 100 feet high in order to get the water supply that is wanted. Now you will come along and say to us, finish this in about four years—I do not think it can be finished under—and we will help you with half the interest that the capital will cost until you get a return from the work itself. In the same way I mentioned yesterday tenders are now being invited; we do not do our railway work by contract work—not as contracts are understood in Britain—it is done by piece-work, that is, co-operative parties get together and get a small contract and go on with the work. In many cases we pay the ordinary wages. As I was saying, we are trying to let a contract for the construction of 25 miles to finish a piece of line on the east coast of the North Island of New Zealand which will connect Auckland city with a well settled district and a flourishing town on the coast. By that means we shall probably get the work done much more rapidly than if we proceeded with our co-operative men. If that turns out to be a success, we intend to go further with it, but it all comes back to this: there are many, many millions required for the development of New Zealand, and I suppose the same thing obtains in Australia and South Africa and even Canada. I know Canada fairly well, and I know a great deal of work has been done there. I know what has been said by the representative of Canada is absolutely correct. I take the responsibility of saying I shall be very glad if the scheme is carried out and to assist my country in taking advantage of it.



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SOUTH AFRICAN GOVERNMENT UNDERTAKINGS NOT LIKELY TO NEED  
FINANCIAL ASSISTANCE FROM GREAT BRITAIN

MR. BURTON: I take it that your remarks to-day really contemplate, very much as your Trade Facilities Act does, expenditure in Governmental schemes in the Colonies and Dependencies; although I happen to know, and no doubt you know too, of one case in which you exhibited quite a sympathetic attitude to expenditure in the Union, in one big matter. I am not sure that you are aware of it. However, we appreciate very much the attitude of the British Government in all our financial relations with them and the way you have treated our financial needs and requirements from time to time, but, like the rest of the Dominions, our position really is that, so far as Government schemes are concerned, we raise our money for ourselves. So really that leaves two things, one is the scope that this kind of expenditure would have in respect of public utility schemes for which the Government itself had not primary responsibility and, in the second place, private schemes, schemes in which private enterprise was engaged.

THE CHAIRMAN: Not only, Mr. Burton; because surely while you raise your money at a very good rate, if you get an advance of interest from the British Government during the initial stage that is a direct advantage over and above the rate at which you can raise your money.

MR. BURTON: Yes. We are not in South Africa by way of refusing anything which is to our advantage. I do not suppose we differ from the rest of mankind in that respect. I agree with the views that have been expressed by the representatives of Canada and Australia particularly, and what strikes me, in the matter of the financial enterprises of a Dominion Government, is that our self-respect alone would place us in the position of having to do this work for ourselves, and we can do it, unless there is really some scheme in which it is clear that your special advantage is linked up with a rapid and immediate advantage of our own, when some mutual arrangement of that sort might be made. But, broadly speaking, we look after financial affairs of that sort for ourselves.

POSSIBLE APPLICATION OF PROPOSALS TO PUBLIC UTILITY AND PRIVATE  
UNDERTAKINGS

So that I come to the two things that I have already referred to, namely, Public Utility Schemes for which the Government is not primarily responsible and schemes involving private enterprise. As to the public utility schemes, it would be impossible to lay down any general kind of undertaking. Every one of those schemes would have to depend entirely upon its own merits and would have to be examined carefully and exhaustively by the Union Government and no doubt by yourselves, before any kind of arrangement could be made involving these advances.

So far as South Africa is concerned I may tell you, speaking as Minister of Finance, I feel that we are already involved in very considerable development schemes, as much as our financial situation can carry for the present. It is really in respect of the assistance which can be given to private enterprises in important matters that the advantages of the proposals which you have made come in, and with respect to that I am bound to say that if you get to business—because this is precisely one of the matters in which we are wasting our time here by simply talking in generalities—the need is to find out in which particular things and in what parts of the Empire you can do something and to do them at once.

As far as I can make out from the papers given to us the sort of things which are contemplated are mainly railways, harbours, lighting and power and water conservation. In respect of most of those, as I say, our business is to do those things ourselves, but there is one way which I can think of now, and which I want to put to you, in which, if you get to work, and we shall get to work, we can really do a great deal for the development of South Africa, and in which I think you will be able to reap great advantage from the point of view you have been urging.

#### PLEA FOR APPLICATION OF SCHEME TO COTTON GROWING IN SOUTH AFRICA

There has been recently sent out to South Africa an expert of your Empire Cotton Growing Corporation. He has made an exhaustive examination of the whole of that country and he has issued a report which, if you have not seen it, I strongly recommend you to read. It is one of the most important and most interesting documents I have seen for a long time. Mr. Keatinge, whose report I refer to, says that there can be no doubt there is going to be a great development of cotton growing in South Africa. He puts it down at very large figures in the not distant future and he says in one part of his report that what has got to be done now is for active steps to be taken. Well, I know, we in South Africa all know, what has been done in cotton growing there already and that the possibilities are immense. Our people are beginning to look it and have already taken steps in the way of growing cotton, but a great deal more is necessary before the kind of thing which you have in mind and which I have in mind also, can be accomplished. Now what Mr. Keatinge says in one part of his report—I hope I don't weary you with this.

The CHAIRMAN: No.

Mr. BURTON: Because the matter is of very great importance indeed and it is an extremely interesting thing, one of the most interesting things I have come across for a long time. Mr. Keatinge sums up his examination, a very exhaustive examination of the main parts of South Africa in which this can be done, by saying that there is going to be a large development of the cotton industry in South Africa. The Empire Cotton Growing Corporation can do much to help and expedite this movement and the moment is opportune for such assistance to be offered. If the Corporation decides to associate itself with this important development the assistance given must be on an adequate scale and to take full advantage of the existing opportunities a decision should be reached without delay.

These are the things that he put to the Empire Cotton Corporation and he makes recommendations to them. He also makes recommendations to the Union Government. These recommendations, let me say, embrace the establishment of experimental stations in the Transvaal and the establishment of stations for cotton collection and so forth. These recommendations we are either already carrying out, or will carry out. The recommendations will involve considerable financial responsibilities by us, but in the main we have already done or are going to do them. Our part of the business, therefore, I can commit the Union Government and the people of South Africa to in the main. There is one very important point which he makes. He points out that one of the great difficulties in respect of the successful development of this industry in South Africa is the difficulty of handling and marketing the stuff there. The farmer has to wait a long time before he gets his money, and Mr. Keatinge suggests that a most important thing would be for a branch of the Empire Cotton Growing Corporation to be established in South Africa, with the support of the Union Government.

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The CHAIRMAN: I think the South African Committee of the Corporation have arranged already to meet General Smuts this month and go into all this.

Mr. BURTON: I am very glad to hear that. I am quite sure that in this respect we can do a great deal in the development of South Africa, to help ourselves and to help you also. You have presented to us the desirability of the Empire growing more sugar, cotton and tobacco. The rapid and large development of these things will assist you, not merely in your difficulty with regard to unemployment here, but in your financial relations with other parts of the world; and here is something which to my mind, as far as my country is concerned, is tangible and practicable, and which we can put our hands to at once. So far as we are concerned in the Union, we will do whatever is necessary on our part to assist the development, but your scheme of advances to assist in the rapid development will, I think, come in in South Africa perhaps better in this than in any other respect I can think of at the moment, in order to achieve your object.

Mr. RIORDAN: I do not think I can add anything worth while at the moment, but shall wait till the full scheme is known.

## CONCRETE CASE ILLUSTRATING VALUE OF PROPOSALS

Sir MARMADUKE WINTER: Mr. Chairman, the advantage of such an arrangement as is proposed here has been recently illustrated in Newfoundland. Perhaps I may give you a concrete case. A reputable and wealthy English firm with a capital of 20 million dollars were anxious to develop the water power of the west coast of Newfoundland and to erect a paper and pulp mill, but they were only prepared to do it on condition that the Government would guarantee the principal and interest—that is 20 million dollars. The amount seemed to be very large considering the limited financial position that the country is in, and the matter was taken up with the British Government; and after considerable negotiations had taken place an arrangement was made with the British Government by which they agreed to guarantee 10 million dollars; that is half the amount required; and the Newfoundland Government agreed to guarantee the other half, on the understanding with the British Government that the 10 million dollars which they guaranteed would be spent in Great Britain in buying the machinery and material required for erecting the mill. I may say that the contract has been signed and the work is now well under way, and that the 20 million dollars will be spent within the next two years, which will mean an expenditure in labour in England of 10 million dollars, and will also mean that about a similar amount will be spent in Newfoundland where at present there is a great need of employment.

I may say that the necessity for a guarantee for such a large amount was not that the venture was considered to be doubtful as to the ultimate result, but in connection with the marketing of the bonds they would sell at a better advantage with a Government guarantee. Those who are acquainted with the enormous water power that we have in Newfoundland think that there is no risk whatever in the British Government or in the Newfoundland Government guaranteeing the bonds. As a matter of fact, I think, at the present moment the bonds are selling at a premium. However, that is a concrete case of the value of the proposition that we are now considering. Had we not received the assistance from the British Government which we have received, the contract would not have been signed and the project would have fallen through. I think it is a concrete case showing what good the proposal which the Government has made to us now is likely to do.

## INDIA PREPARED TO CO-OPERATE

Mr. INNES: Mr. Chairman, I am afraid I have taken my own line on the last two subjects which have come before this Conference, but I am happy to be able to say that with regard to this particular question the Government of India are very anxious to co-operate with His Majesty's Government. In fact, I think I may say that we are already co-operating, probably to a greater extent than any other country represented round this table. I do not mean to suggest for a moment that we have embarked upon our development programme in order to help His Majesty's Government in their present time of trouble. As Mr. Graham said yesterday, we all have to look to the interests of our own country first, and we embarked upon these programmes because we were satisfied that the development was what India needed.

## LARGE ORDERS BEING SENT TO GREAT BRITAIN AS RESULT OF PRESENT DEVELOPMENT SCHEMES

But it is a matter of great satisfaction to the Government of India that there is at the present time unprecedented activity in India in development, and that the result of this activity is that we are sending home very large orders to this country. I made my position perfectly clear this morning. I do not mean to say that we give any guarantee that we will always buy in England; we do not; we buy in the best market; but as a matter of fact we buy 90 to 95 per cent of our material in England. At the end of this year we shall have spent—on railway material alone—35 million pounds in the course of three years, and about 90 per cent has been spent in this country. With the full assent of the Legislative Assembly, only last year we decided that we must make a real effort to rehabilitate our railways, and for the rehabilitation programme we have set aside the sum of 100 million sterling. We anticipate that in the next five years 57 millions will be spent on material usually imported into India, and of that 57 millions I am sure that the British manufacturer will see to it that the greater part is spent in England.

That is by no means the whole story. I have referred so far only to the rehabilitation of the railways. We hope to be able to embark upon some new construction, although I recognise that new construction does not interest His Majesty's Government as much as rehabilitation at the present time. New construction naturally does not mean immediate orders for rolling stock. The Bombay Government has now also in hand a very large and very costly scheme for the development of Bombay City. That scheme will cost many million pounds. It is already in process of execution, and I am quite sure that that scheme has had the result of sending many orders to the British manufacturer. We have just sanctioned an enormous irrigation scheme called "The Sukkur Barrage Scheme," which will bring several million acres under cultivation, or, at any rate, render assured the cultivation of that area. There are other irrigation and hydro-electric schemes in contemplation. As I have said, that is what we have done so far. The Government of India are very anxious to co-operate in whatever measures may be necessary, consistently with the interest of India, unemployment in the United Kingdom, and they have expressly authorised me to say that, with this object in view, they will endeavour to push on the execution of schemes which are projected or are in progress and which will involve considerable purchases outside of India.

## DIFFICULTY IN ACCELERATING RAILWAY REHABILITATION SCHEMES

I should like, however, to safeguard myself in one point here. You, Sir, asked me a definite question whether we should find it possible to accelerate our

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rehabilitation programme for railways and to execute this year orders which in the ordinary course would not be executed before, say, the fourth or fifth year. I am afraid that there may be difficulty in that. A railway programme, especially a railway programme of such magnitude as we have undertaken, a rehabilitation scheme, is not merely a matter of ordering rolling stock or rails or locomotives, as the case may be; it is a question of bringing the whole of our lines, all the lines throughout India, into a proper state of efficiency. In some places it is a matter of regarding the line, in other places it is a matter of crossing stations, in other places it is a matter of remodelling a station which at present happens to be a bottle-neck. It is not merely a matter of rolling stock, but having your line in such a state that you can make the best use not only of the rolling stock that you have got, but of such additional rolling stock as the traffic requires. Now, when you have a programme of that kind, it has naturally to be carefully thought out from year to year, and we are proceeding now at such a pace that it would be impossible for me to say that we shall be able to speed it up so much that we can place orders now for railway material and stock which ordinarily we should not require until, say, five years hence.

## INDIA MAY BE INTERESTED IN OFFER OF ADVANCE OF INTEREST

As I have already said, however, we are prepared to examine such schemes as we have got in hand and to see whether they can be accelerated or expedited. We are prepared to do this without any reference to the offer which His Majesty's Government has just made. As the Prime Ministers of the Dominions have just said, in some ways the offer of guarantee of interest does not appeal very much to us in India, for in India, as in the Dominions, we have no difficulty now in raising what money we require at reasonable rates. As regards the other suggestion, of an advance of interest, all I can say at present is that if we can find, in regard to any particular scheme, that an arrangement of that kind would be a sound business proposition, we will certainly consider it. That, I am afraid, is as far as I can go at present. I have no doubt that I shall get opportunities of discussing points of this kind privately with representatives of His Majesty's Government who are interested in this matter, when we shall be able to go into them more in detail.

## SUGGESTION THAT TRADE FACILITIES ACT BE BROUGHT TO NOTICE OF BUSINESS INTERESTS IN INDIA

I have only one other remark to make, because I know the President wishes to go. What remark is in reference to the use of the Trade Facilities Act. I understand that private enterprise has already made use of the Trade Facilities Act in India. I have already said, on another occasion, that, owing to stagnation of trade and general depression, there is a certain disinclination at present on the part of private enterprise to embark on industrial undertakings, but, if I might make a suggestion, I believe it would have good results if this Act were brought to the notice of corporations and private firms in India. His Majesty's Government possesses the machinery for so bringing it to notice in the officers of the Department of Overseas Trade in India. I think that if action of that kind were taken by the Department of Overseas Trade in India it might lead to useful results and to business.

## ATTITUDE OF THE COLONIES

Mr. ORMSBY-GORE: The Colonies have been referred to in this debate, and in dealing with them I will endeavour to be as brief as possible. There is no doubt that Africa opens a great field for the development of transport facilities



railways and the like, and I hope you will not think it looking a gift horse too much in the mouth if I say that the success of the proposals of the President of the Board of Trade this afternoon, from the point of view of our Delegation, depends entirely upon conditions.

#### TREASURY CONTROL NOT ACCEPTABLE

If it means Treasury control I am afraid it does not mean Colonial development. That has been our experience in the past. We must also bear in mind that just as the credit of Australia and New Zealand has been alluded to in connection with this proposal this afternoon, so it is vital to bear that in mind in connection with the Colonies. After all, we raised £20,000,000 last year on our own. Nigeria comes out with a loan of several millions this week on its own. The budgets have been balanced; if they do not balance they get under Treasury control.

I think the most important consideration is that raised by Mr. Burton this afternoon as to whether bodies like the Empire Cotton Growing Corporation, with the assistance of the financial resources of the British Government, cannot come in and assist Colonial Governments to develop these undeveloped territories.

I am in a difficult position this afternoon, partly because there is at this moment sitting a Private Enterprise Committee, whose terms of reference are: "To consider whether, and, if so, what measures could be taken to encourage private enterprise in the development of the British Dependencies in East and West Tropical Africa, with special reference to existing and projected schemes of transportation." It may be that this Committee may recommend that the development of these tropical areas in future should not be what it has been in the past, a matter of State enterprise. Until that Committee has reported, it is very difficult for me to give an answer this afternoon. Of course, if anybody is coming with a free gift the Colonial Governments can spend it to great advantage.

May I say, just as Mr. Innes has informed the Conference that India is speeding up their orders as far as she can, that instructions have been sent to the Colonial Governments and the Crown Agents to do the same, and they are doing that to the utmost of their ability with a view to helping unemployment here? Of course, in developing some of these more backward countries, like Tanganyika, you have limitations of labour and limitations of other kinds to bear in mind, and consequently it all depends on the conditions and the limitations imposed on any assistance that is forthcoming before one can say how far these propositions will help forward the development of our Colonies and dependencies. With these few words, as I know you wish to rise, I will await the further discussion of the details now before you.

#### PROCEDURE FOR FURTHER EXAMINATION OF SCHEME

The CHAIRMAN: I think perhaps the most convenient course, subject to the Chancellor of the Exchequer—I do not think the experts can get very far with this until the Ministers have discussed it together—would be if we can arrange for an informal meeting at the Treasury between the Chancellor of the Exchequer and myself and one of the Ministers of each Delegation interested, Australia, New Zealand, South Africa, India. Mr. Burton, perhaps you will consider whether you—

Mr. BURTON: Yes. Unless there is something definite for us to discuss, some definite scheme, your proposal—

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The CHAIRMAN: You are looking to the future when it would come in. What I think we ought to get down to facts on is the number of years for which the proportion of interest would be granted, what the amount of that proportion should be, varying with the different types of scheme and so on, whether it should be exclusively on orders placed here—these practical points—and I think we may also get down to—

Mr. AMERY: A small meeting to supply each Minister with enough material on the strength of which he could discuss it with his own people.

The CHAIRMAN: Mr. Massey would be in a position to discuss, and Mr. Bruce would.

Mr. BRUCE: Not definite schemes, but the definite limits.

The CHAIRMAN: Yes, within the limits. You will say if we paid  $\frac{1}{2}$  per cent for two years that is of no use—but I mean general terms.

Mr. CHAMBERLAIN: The general terms upon which this assistance should be given.

Mr. BRUCE: Is it proposed to arrive at a definite scheme as to what will be done if anything is proposed for a certain period and lay that down so that everybody will get equality of treatment, or is it proposed that if this proposal is generally approved on very broad lines it will be a matter for any Government producing a scheme to negotiate with the British Government as to what they will do with regard to it?

The CHAIRMAN: I think they would have to negotiate as to what they would do. We want to get the limits within which the terms would be apportioned. Obviously a scheme put up either by you or your neighbour might have less favourable terms because yours might be a much more revenue-producing scheme than his, but it is the broad limits of the terms we want to get at. I think this thing has gone far enough to show that it is clearly worth going on with, and we shall get schemes under it, and we want to get machinery for working it out, and the financial limits.

Sir LOMER GOUD: Which would apply to all the Dominions.

The CHAIRMAN: Certainly.

Mr. AMERY: And private and municipal schemes of each Dominion?

Mr. CHAMBERLAIN: If we do once agree upon these terms they might be brought back again, and then those Dominions who, up to now, have not seen any possibilities in this might, after all, think it was worth while to send them back and consider them with their own people.

The CHAIRMAN: Surely; and indeed we should want to do that. We shall require, I think, legislation, and we should certainly wish to take that legislation with the full approval of the whole of the Conference. You would approve of it just as much, although you were not able to take as much immediate advantage of it.

Mr. GRAHAM: And we might be able to give more valuable advice by looking in.

The CHAIRMAN: Perhaps, Mr. Chamberlain, then you will arrange when it is convenient to you to have such a meeting at the Treasury.

In accordance with the decision arrived at in the above discussion, meetings outside the Conference took place of a small informal Committee of Ministers. The discussions in the full Conference were resumed at the Eighteenth Meeting, held on Friday, the 2nd November, 1923, as follows:—

The CHAIRMAN: The Chancellor is unable to be here himself this afternoon, but the Committee met to go into the question of financial co-operation, and

we arrived at complete agreement on that Committee, both as to the desirability of such a proposal and as to the terms of the scheme to be adopted. The Committee therefore proposes to the Conference that we should recommend for adoption the scheme which is set out on the paper which I have circulated and which comprises the proposals which the representatives of the British Government put forward as the result of the discussions which took place on the Committee.

The report of the Committee reads as follows:—

“The Committee on Financial Co-operation recommends for adoption by the Conference the following scheme which was submitted to the Committee by the representatives of His Majesty’s Government:—

“The suggestion which the Imperial Government make is that in order to facilitate the anticipation of work which otherwise would not be taken in hand for some years, they should give a contribution towards the interest charges on loans raised for capital expenditure of this kind by public utility undertakings (*viz.*, communications, power, lighting, water, drainage, irrigation, etc.). These undertakings might be under either public or private control or management.

“The assistance would be in respect of expenditure on orders placed in this country, and would be applicable only to schemes approved by the Dominion or Central Government concerned and certified by it to be in anticipation of normal expenditure. Payment would be made to the Dominion or Central Government which would be responsible for payment to the ultimate recipient.

“It is suggested that the maximum grant should be three-quarters of the interest charges for a period of five years.

“In order to qualify for the Imperial contribution a scheme must be accepted by the Imperial Government within the next three years. The approval on behalf of the Imperial Government would be given after consultation with the Treasury, the Colonial or India Office and the Board of Trade.

“It would be understood that priority will be given to schemes involving the earliest placing of orders.”

If this scheme is adopted and recommended by the Conference, and as I say the Committee was unanimous in its favour, it would of course require legislation in this country, and the British Government would propose, if that is adopted, to introduce legislation as early as possible to enable us to make these contributions of interest in order to anticipate the schemes. You endorse it, Mr. Graham?

#### A GENERAL WELCOME EXTENDED TO THE PROPOSALS

MR. GRAHAM: Yes.

MR. BRUCE: I do not think there is very much that one wants to say. We have, of course, all been at the meeting where it was discussed, and, as far as Australia is concerned, we quite concur in this proposal. I am very hopeful that something may flow from it. It may not be a Federal Government proposition; it may not be a State Government proposition; it may be a municipality or private enterprise proposing to press on with work in connection with public utilities in regard to which, as they are placed at the moment, they are unable to contemplate the full burden of interest involved in the expenditure they would have to undertake. But, with relief from the interest over a period while the initial stages are being passed, and having to bear the full burden only when the undertaking will have come on to a paying basis, I am reasonably

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hopeful there may be something which will come from these proposals. I think we are very well advised to make the proposal as simple as possible. When we considered it before we had many complications which presented themselves, and I personally had some doubt whether the thing was practicable if we were going to introduce those complications, but now that it is based solely upon the amount of orders placed in this country (and that amount will be determined entirely by the country from which the orders are coming, and will only be placed when they are not in a position to fulfil their own requirements) and the interest relief is solely in respect of money actually expended, the scheme seems to me to be very simple, very easy of understanding, and I believe it is quite possible that some substantial benefit will arise from it. Certainly, as far as Australia is concerned, we welcome it, and even if no great results follow we think it a statesmanlike proposal of the British Government, and we will do anything in our power to see if some results can be achieved under it.

Mr. MASSEY: I agree with the scheme, Mr. President, and on behalf of New Zealand I accept it and will endeavour to make use of it at the earliest date possible.

Mr. BURTON: I have already indicated, I think, to you that I am quite satisfied with the scheme. If the proposals of the British Government do not result in business, then all I can say is I do not see how we can expect it to make any more favourable terms in order to get the business done.

Mr. RIORDAN: I entirely agree also.

Sir PATRICK McGRATH: As I understand our Prime Minister was at the meeting this morning and agreed to it. I do not think there is anything for me to add.

Mr. INNES: I think, Sir, that everybody must recognize that this is a very liberal scheme, and the Indian Delegation will make it their business at once to place the scheme before the Indian Government and the local Governments, and I hope some of our local Governments may be able to make use of it for particular concrete schemes now held up for lack of funds.

Mr. ORMSBY-GORE: I do not think I need say very much except that we shall convey this to each of the Governments of the various Colonies and Protectorates, and ask them if they, as Governments, can suggest any schemes where this would be of assistance. Further may I say I am very glad you have put in either policy or privately controlled schemes, because we are most anxious in the Colonies and Protectorates to attract enterprise and capital to supplement Government efforts in this matter? I think that in that respect this assistance may be most encouraging and hopeful.

The CHAIRMAN: I think we are all unanimous. I take it the Conference will adopt the Report of the Committee and recommend the scheme, and probably, now this is definitely adopted and with our full agreement, you wish to communicate it home so that the terms of it might be known to your Government Departments as soon as possible?

Mr. BRUCE: I think publicity is essential if anything is going to come from it. If it is only limited to the knowledge of the Commonwealth and State Governments, there is no possibility of any municipality or private enterprise endeavouring to avail themselves of it. I suggest the earliest possible publicity. I will communicate with Australia at once of that is decided.

The CHAIRMAN: Then it is adopted.

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## TARIFF PREFERENCE

This subject was opened by Sir Philip Lloyd-Greame at the Fifth Meeting of the Conference, held on the 9th October, 1923, the discussion proceeding as follows\*:

The CHAIRMAN: I think the Conference will agree that there could hardly be a more apposite or comprehensive prelude to a detailed discussion on Preference in all its aspects than the speech delivered by the Prime Minister of Australia this morning,<sup>†</sup> and, as he truly said, the principle of Preference is definitely established, and we want to do all we can, all that is possible, in applying that principle to developing Inter-Imperial trade.

<sup>†</sup> See opening speeches, page 57.

BRITISH INDUSTRY CONVINCED OF VALUE OF PREFERENCES ACCORDED BY AUSTRALIA

Mr. Bruce said, "Were we convinced of the value of the Preferences accorded under the tariff to us?" There should be no doubt about that. There is nobody, I believe, in this country in business to-day who has obtained the benefits of these Preferences, who is not fully alive to the value of them, and intensely anxious that they should be maintained, and, as far as possible, extended, and I think there are very few people in this country, whether engaged in business or not, who do not hold the same view. They have been, and I hope will continue to be, of the most intense value to British trade and to British industry, and I think it is also true that they have increased our capacity to buy from the Dominions.

### EXTENSION OF EXISTING BRITISH PREFERENCES OF MUTUAL ADVANTAGE

In the same way the Government here realises to the full that, in so far as we can increase and make more effective the Preference which we are now giving, that will not merely be of value to you, but will be of value to us also, because it will increase the whole inter-change of trade between us. I do not think Mr. Bruce puts it at all too strongly, and it has been put by General Smuts and by others, while we, in approaching this question, have realised this too, that it is impossible to expect the Dominions to absorb settlers in vast numbers unless you are reasonably sure that your settlers will find a market for that which they produce.

### QUESTION NOT APPROACHED IN A BARGAINING SPIRIT

Therefore, we do not approach the question of Preference in any bargaining spirit—any more than you did in establishing the Preferences which you gave to us many years before we established the principle in our own tariff—but with a desire in this, as in other matters, to work out to the best of our ability practical steps that could be taken to improve the producing and the trade prospects of any part of the Empire. If I might put it in this way, I would say that we look at each as playing as a side and for the side.

### EFFECTS OF EXISTING BRITISH PREFERENCE ON IMPERIAL PRODUCTION

Now Mr. Bruce gave figures, which proved very conclusively the value of the Preferences, and the effect of the Preferences which the Dominions had created. Even the Preference which we have created, and which exists to-day, has had a very marked effect on directing the course of trade and stimulating Imperial production. For instance, in the three years before the war, in cocoa, 48 per cent of what we consumed came from the Empire; in 1922-23, 93½ per cent was coming from the Empire. Coffee—you had 21 per cent before the war,

\* A summary statement of the Preference proposals put forward by His Majesty's Government is given on page 241 *et seq.*



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before there was any Preference; 35½ per cent in 1922-23. Sugar, 6.9 per cent coming from within the Empire in the pre-war years; 22 per cent of our total imports coming from within the Empire in the last year. For molasses you get somewhat similar figures. Then you get the effect on dried fruits, of which I shall have a good deal to say in a moment. But even with the rate of Preference that there is to-day—take currants, practically negligible before the war—0.4 per cent of our consumption came from within the Empire; last year 6.5 per cent. Raisins, 2.5 per cent coming from within the Empire before the war; 16.8 per cent this year. Raw tobacco 1.4 per cent before the war; 6.2 per cent to-day. Then, when you go into the industrial sphere—motor-cars—that is not without its interest in Canada—in 1919-20, when the Preference was just starting, just over 1.3 per cent of the importation coming from within the Empire; last year, 1922-23, 32½ per cent coming from within the Empire. The same sort of thing you find happening under the industries, which are the subject of Part I of the Safeguarding of Industries Act, essential industries which we had to have for the safety of the Empire, in an emergency, and essential to this country also in peace, but made free throughout the Empire. Take things coming in from Canada like cameras and optical lenses; the immediate effect of that free Preference was to develop industry, trade and importations on a considerable scale, thereby bringing new money, new capital, more work, more opportunity and more settlers into the country.

Well now, take those few figures—I do not want to dilate too much, the field is unlimited—but does not that show the value of the policy, does it not show, without opportunity of contradiction I think, how sound a policy it is, that, wherever in this country we have a duty, we should give to the Empire a Preference on it, and that we should make that Preference as effective as we can?

## SPECIFIC PROPOSALS OF HIS MAJESTY'S GOVERNMENT

Well now, I said I would at once on behalf of the Government put forward certain specific proposals immediately. We have considered them particularly exactly in the light that Mr. Bruce and Mr. Massey have laid stress upon. The importance of securing to the settlers—Mr. Bruce cited the Murray River, but there are other areas also as well as that—a market for all the different kinds of fruit which they produce, and not only that, but the development of all the ancillary industries, canning and so on, that go with it.

(1) *Dried Fruits.*

Let me take these specific proposals; let me take dried fruits first. At the present moment dried figs, raisins and plums—which I believe for some horticultural reason include apricots but exclude peaches—are dutiable at the rate of 10s. 6d., a hundredweight coming from foreign countries, and the Empire receives a Preference of one-sixth, which is a Preference of 1s. 9d. a hundredweight. What we would propose is that the duty upon the foreign imports should be maintained at 10s. 6d. a hundredweight, and that all Empire products should come in free of duty, entirely free.

(2) *Currants*

Then I want to take the case of currants, which, while subject to duty, are in a different position. At the present time the duty on dried currants is 2s. a hundredweight, and there is a preference of one-sixth in favour of the Dominions, that is 4d. Now, without any question, we should of course be prepared to admit the Empire produce free, but if we did that alone that would mean there was 2s. against the foreigner, and the Empire currants came in free; that would only be a Preference of 2s. I think you know what the position is in regard

to currants. There is a Commercial Treaty between this country and Greece, which has in fact been denounced, but is retained subject to three months' notice on either side, under which we are precluded, so long as it is in force, from raising the duty above 2s. On the other hand, if you are satisfied that you are able to produce on a large and adequate scale, and that in order to do that a larger Preference is necessary, a larger rate of duty, we should be very ready to consider at a future date raising the rate of the currant duty to some measure which, while admitting Empire produce free, would give you a more effective Preference, and to fix here and now, in the course of this Conference, the rate of duty and the date at which that increased duty should be imposed. What I take to be the necessity for you, is to know that if your people undertake the growing of these crops there will be an effective Preference by the date the crop is ready for shipment and we should enter into an arrangement that the duty would be put on it in time to meet that.

Mr. MASSEY: Do you propose to fix the duty for a specified period, that is to say, for a number of years? Do you intend to attempt anything in that way?

The CHAIRMAN: I was going to make a proposal on that over sugar; that is a matter which certainly should be open for discussion. We have a specific proposal to make in regard to sugar which I think of exceptional importance, and we should be prepared to discuss it in regard to any of these products. Then I want to come to the other classes of dried fruits which are not at present subject to duty at all. Our Tariff is rather complex and quite illogical in this matter. As I say, some classes of fruits are subject to a duty, some are not subject to duty at all.

### (3) *Other Dried Fruits.*

Now in regard to the other dried fruits, for example, dried apples, dried pears, and dried peaches, which are not subject to any duty, we would propose to take those types of fruit which are of interest to the Dominion and which they are growing, and put a duty of 10s. 6d. a hundredweight upon the foreign fruits and admit the Empire fruits free.

Mr. MASSEY: Dried fruits again?

The CHAIRMAN: Dried fruits, that is to say, if I may summarize it, in regard to the dried fruits now subject to a 10s. 6d. duty, we keep the duty at 10s. 6d. and give you 100 per cent Preference. As regards the other dried fruits which are not subject to any duty at all, we take those which are of interest to you, and we can settle the list, and put a 10s. 6d. duty upon those and give you 100 per cent Preference on them. So much for dried fruits.

### (4) *Other Preserved Fruits.*

Now let me take the case of preserved fruits, for example, canned, and bottled. Except for fruits which I have named, preserved fruits are not subject to any duty except upon the sugar content, if any. Here again we think we ought to be able to do something to complete the encouragement offered to the fruit grower, and to do something of value both to the grower and to the development of the ancillary industries. What we would propose would be that we should put an all-round duty of 5s. a hundredweight on the types of preserved fruits which are of interest to you, and admit your stuff free. That would mean that this fruit, when preserved with sugar, would obtain a double advantage. It would first of all obtain the Preference in respect of the sugar content, and it would then obtain a 5s. Preference on the fruit content. As I say, the list that occurs to one contains things like apples, pears, pineapples, peaches and nectarines. But we can settle a list which would be complete. We want to make it as complete as possible. I would only mention there one small point.

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We would wish to exempt fruit pulp for jam making. It is a very important raw material for our jam makers. I only want just to table that exception now.

MR. MASSEY: It will all come to you in the form of jam?

THE CHAIRMAN: No, it won't, because we propose to tax jam. Jam is preserved fruit and will be subject to the double duty, first of all on the sugar content and then the 5s. duty on preserved fruit; so that is all right, Mr. Massey. So much for fruit, and I think that covers the whole area of the fruit grower's operations.

(5) *Sugar.*

Now let me take sugar. At the present time sugar is dutiable according to a scale which depends on the polarization of the sugar, with a basic rate of 25s. 8d. I think it is, a hundredweight on fully refined sugar. Empire sugar enjoys a Preference of one-sixth, that is about 4s. 3½d. a hundredweight or nearly a halfpenny a pound on refined sugar. Now that is a substantial Preference undoubtedly, but what we have felt and what has certainly been strongly put to us is, that if it was known throughout the Empire that the Preference—what I call roughly a halfpenny a pound—was going to last, that is quite good enough for growers to go in and develop sugar growing on a large scale and put capital into it. But supposing we were to reduce our sugar duty considerably in the next two or three years, and the Preference was only to remain one-sixth and was therefore going to fall substantially below the halfpenny a pound, all the growers' calculations would be upset. Therefore what we would propose in regard to that is, that we should give that guarantee of certainty over a period of, say, ten years and that we should undertake that the sugar Preference should not fall but be maintained at its present rate, which, as I say, is practically a halfpenny a pound, so long at least as the duty on foreign sugar did not fall below that level. That I think would give just the security which the sugar growers in the Crown Colonies and the Dominions want to make sure of before engaging in further work, and it is of enormous importance, in view of our financial commitments elsewhere, that we should draw as much sugar as we can from the Empire.

(6) *Tobacco.*

Then I want to take one other item. I have dealt with the whole of the fruits; I have dealt with sugar, and now I want to come to tobacco. At present the duty on tobacco varies according to kind, being higher on cigars and unmanufactured tobacco. On unmanufactured tobacco it is about 8s. 2d. per pound, on which the Empire enjoys a Preference of one-sixth. That is to say about 1s. 4d. on raw tobacco. With regard to tobacco, we want to submit two alternative propositions for consideration; either that, in the same way as we propose to deal with the sugar duty, we should stabilize the tobacco Preference, so that, so long as the duty was maintained at a level which permitted it, the Preference would not fall below its present actual cash value per pound; or, alternatively, that we should increase the rate of Preference, which is now one-sixth, to one-quarter; that would make the Preference about two shillings in the pound, as against 1s. 4d. at the present time. So we would submit those two alternative propositions with regard to tobacco.

## SPIRIT IN WHICH PROPOSALS MADE

Now we want at once to table those proposals as an immediate and practical contribution conceived in the spirit of making Preference within the existing tariff as effective as we possibly can. General Smuts, I think it was, said that without revolutionary changes he thought we could do much of real value.

We feel so too, and it is in that spirit we make those proposals. But let me make this clear. By making those immediate proposals we do not in the least want to pre-judge or to prevent or to prejudice the discussion of any other proposals or of any aspects of this question. We ought to face them all—it is what we are here for.

We all of us know that there are difficulties, but I think I speak not only for my colleagues, but for the whole Conference when I say, "Do not let us shirk it"; we have come here as a complete Imperial Economic Conference; let us face all the issues. Let us see what the facts are; and above all do not let us content ourselves or pass on to our constituents outside throughout the Empire formulae in the place of facts.

#### PROCEDURE FOR DEALING WITH MR. BRUCE'S PROPOSALS

I do not want at this moment—and I am sure you would not expect me—to follow all the suggestions or to consider all the questions which Mr. Bruce raised this morning. All of them are essentially germane to the subject. All of them are subjects which we ought to discuss here, and I would, at this moment, only say this. I think we have felt that a Royal Commission would not really be the best body to debate this problem. After all, I am not sure whether Mr. Bruce meant precisely what we understand by a Royal Commission in what he said. He used it rather as a term of art or description I thought, unless I misunderstood him. What he said was in effect, "We want to get some body which can approach these questions impartially, which can carry conviction. Well, if an Imperial Economic Conference cannot approach these questions impartially, cannot carry conviction when it makes its findings and recommendations, I do not believe there is any body in the whole Empire which can. Therefore, I venture to suggest that it is this body, sitting round this table, which should have the courage to take these questions one by one and thrash them out.

Mr. BRUCE: That I would accept quite willingly. I do not know whether this Conference, sitting to the extent that it does, would be able to get through the work very rapidly or efficiently. It might conceivably be more suitable for only part of the Conference to do it, but, provided the thing were investigated at once, I would raise no objection as to what particular body examined these proposals in the first place.

Mr. MASSEY: I would just like to say that I am very glad the proposal to appoint a Royal Commission is not being pressed. My reason for it is this, and I cannot help thinking what was said on one occasion by a statesman who does not belong to the British Empire, that a Royal Commission was a very convenient way of burying a very difficult subject. I would not suggest that the British Government would do anything of that sort, but I know it has been done, and done pretty frequently, and it has been done overseas. We do not want it to happen in connection with an important subject like this, in which we are all concerned.

#### EXAMINATION OF PROPOSALS BY COMMITTEE

Mr. BRUCE: I would like to say a word with regard to that, because I cordially agree with Mr. Massey that a Royal Commission is a well-known and convenient method of getting rid of a number of subjects; but I venture to suggest that the Royal Commission which does that is the Royal Commission appointed when you are completely defeated yourself and have no sort of suggestion to put forward. I felt that I was not on quite such dangerous ground as it might appear in suggesting a Royal Commission or any other body to investigate it. When one has quite definitely put forward proposals, it is not

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intended to ask a Royal Commission to solve things you cannot make any attempt at yourself, it is really intended to ask them to examine certain proposals that you have put up; something smaller than this whole Conference is really all I am pressing for as being a more convenient way of going into the matter than to have the whole Conference handle it as one of its ordinary subjects,

The CHAIRMAN: Would it be possible to meet the double point in this way, that we should take the subjects that you have raised and see at what date any part of them could be conveniently referred to an expert Committee?

Mr. BRUCE: An expert Committee?

The CHAIRMAN: Yes; I would say an expert Committee because you have raised—I do not want to discuss it now on its merits—the question of a large form of control of a producing and distributing and price-controlling agency. Well, it might very well be convenient to refer certain aspects of a question like that to a small Committee who could go into the practical administrative difficulties and report to us.

Mr. MASSEY: A Committee of this Conference?

The CHAIRMAN: A Committee of this Conference.

Mr. AMERY: That would not preclude, so to speak, the discussion by the whole Conference in Committee of the main question and its details.

The CHAIRMAN: No. Indeed, it would arise out of the discussion in Committee.

Mr. BRUCE: But I would suggest, in the first place, that it be handled by some small body which can make a report. I am quite certain that any discussion which takes place here is going to be much more useful if we have something definite and concrete to work upon than if we take the whole question and range over it. I think it would take a great deal more time to deal with it here than if it were referred to a Committee.

## SCOPE OF SUGGESTED COMMITTEE

The CHAIRMAN: Possibly, Mr. Bruce, you would consider exactly what you suggest should be referred to this Committee? You made a series of suggestions this morning. One of them which you put forward was a question of tariffs. That obviously is a much simpler matter than a complex question of control. It is a matter which we, I should think, could discuss in this Conference without referring to a Committee. Then you adumbrated certain alternative methods of control. Those, possibly, could conveniently go to a Committee rather to thrash out administrative details than the broad question of policy as to whether such a control was at all possible.

Mr. BRUCE: Save for this fact, that even if you come to a Preference you have to carefully consider the effect of it, and put a number of facts forward as to what it would actually mean *vis-à-vis* the consumer, who, I have tried to indicate very clearly, is the person who must be very much considered. I should be inclined to think that this Conference would not be in any way pledged to any conclusion this Committee arrived at, it would be a matter for the Conference to consider; but if the whole subject were handled and discussed and a report submitted to this Conference upon the five propositions I have put up, or any more that may be submitted, I think we should be advanced to a position where we could usefully discuss it here, whereas I am rather afraid that if we just took it now and considered it we would not get very far.



## COMMITTEE TO REPORT ONLY ON MR. BRUCE'S LAST THREE PROPOSALS

SIR ROBERT SANDERS: Would it not be better to do what you, Mr. President, suggested—to refer the last three of these proposals to a more or less expert Committee for discussion? The two first were tariff proposals, which really raise the broad question of principle more than anything else. I do not think that a discussion by a Committee would add anything very material to our present knowledge of the subject. On the other hand, the three subsequent proposals were subsidies with a home price fixed, import licenses like the present hop control, and stabilization. All those three are principles which want a good deal of explanation and working out, and I believe that if a Committee considered those three questions as an alternative to the tariff proposals it would be more useful than putting all five before the same Committee, which would have first to consider the big question of whether they were going for a tariff or whether they were going for anything else.

MR. MASSEY: Are you referring to the proposals in connection with British agriculture?

SIR ROBERT SANDERS: They refer both to British and Dominion agriculture.

MR. AMERY: Might I say that I would much rather like to support Sir Robert Sanders' suggestion, from this point of view—that the three latter subjects do require very careful investigation, not from the point of view of policy, but as to how far they would work practically. On the other hand, the preferential question is so important from the point of view of policy that I fancy that all the principal representatives would want to be present. If so, the Committee would in fact not be smaller than this body. Although the room is very full, I think the actual number of principal representatives at the Conference is not really so very large.

MR. BURTON: I go further than the First Lord upon this. It seems to me that no Committee of this body could settle the question of Preference. That question is entirely one of policy. You know what you could propose to us, and we know; we have examined, and I take it you and your officials have examined very carefully how far you are able to go in meeting us. We know what we can offer from our side. Those matters must be discussed at this table and we can only settle them here. Detailed points on one or two of these matters, such as the First Lord and Sir Robert Sanders have referred to, may be threshed out by experts. You, Mr. Chairman, have made to us certain definite proposals on behalf of the British Government, which you say they are prepared to stand by. I think we should say now what our view is with regard to those matters, whether we accept them, what we think of them, and so forth, and tell you what we can do from our side. That can only be done at this table, and reference of matters of that sort to a Committee, especially a Committee of experts, cannot possibly carry us any further.

MR. AMERY: May I add a word again to what Mr. Burton has said? If, on consideration of these other proposals or suggestions, any of us are prepared to go further than when we started the Conference, that, least of all, is a matter which an expert Committee could decide for us. That is only a matter for the principals. I should be inclined to think that Mr. Burton is right.

THE CHAIRMAN: Would that meet you Mr. Bruce, because if you take your last three points, if it is put as fairly as it is put by you, they require a good deal of amplification before we can consider them usefully. For example, how your Control Board is to work, how it is to be constituted; is it to be an English Control Board or is it to be an Imperial Control Board? It is necessary to know how it should operate. At what stage will it operate? By what principles would it be actuated? And so on. All that has an effect on such a

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question as whether it can work into the ordinary selling agencies of the markets. All these things could be worked out by experts so that we knew what it was we were asked to consider and what were the pros and cons of it. About the other thing, I must say I do feel very strongly that the whole value of this Conference, when you come to the big questions of principle, is that we should face up to them here. If I may say so, your own speech this morning was the very best example and proof of the truth of that.

## PROCEDURE AGREED TO BY MR. BRUCE

MR. BRUCE: I think I can quite agree, that the last three proposals should be considered by a Committee and when the Committee has gone into them and really thrashed them out and considered all the details, it should bring a report back here, and then the whole question of the alternative ways of securing markets can be considered. I am sorry I was not able to be here earlier, but may I ask one question? I gather that you have made quite definite proposals with regard to existing duties and preferences?

THE CHAIRMAN: Yes, and with regard to certain new duties which we would have on.

MR. BRUCE: These proposals are extraordinarily welcome from our point of view, and we are very gratified that the British Government has seen its way to make them. I want to make this point quite clear. When I was speaking I tried to draw a very definite line between the position as it exists to-day, where you have duties and are granting a Preference, and any action that may be taken with regard to them. What I mean is that it will not be sufficient for us merely to deal with the present position in respect of existing duties and preferences, but that there is something further to be considered, and I want to have that aspect of the question made clear. I had no idea of the matter being dealt with by a committee: I thought it could be settled here and settled with reasonable promptitude. Am I right in that?

## DISCUSSION ON HIS MAJESTY'S GOVERNMENT'S PREFERENCE PROPOSALS

THE CHAIRMAN: Certainly. That meets Mr. Burton's point. Certain proposals I can make now, and we can go into those. We can follow on with the second point you want to raise about Preference in public contracts which the Chancellor is prepared to deal with from our side as soon as we are ready to get on with it. We are generally agreed as to our principle.

MR. MASSEY: Yes; personally I do not see any objection to what is proposed, referring this to a Committee, on which, of course, Members of the Conference would be well represented. I am not thinking of Members of the Department only.

THE CHAIRMAN: Quite.

## CANADA'S ATTITUDE

MR. GRAHAM: Mr. Chairman, as you rightly remarked some time ago, we have never approached the question of Preference in any kind of bargaining spirit. To my mind the proposals you have made must have been decided by your Government as the ones you should make in the interests of all concerned. So far as Canada's representation is concerned they are not to criticise your propositions. They are your propositions made by the British Government on behalf of the British people. We placed our Preference on the Statute Book in 1897, increasing it gradually until in some cases it reaches over 50 per cent.

and I am bound to say that that was not altogether the result of an altruistic motive to help the British Empire; it was to help the Canadian people. We believe that it is your function to do things to help your people, and if it helps the British Empire at large so much the better for the British Empire. I think it would be out of place altogether for me, as a representative of Canada, or my colleague, to attempt for a moment to dictate what the British Empire should do in the way of its tariff. It is dangerous ground; it is your business. We are willing to accept what you give us and, so far as you wish to go, we will not stop you. But to attempt to drive you along faster than you feel it is in the interests of your own people to go, I think would be altogether out of place so far as we are concerned.

#### PECULIAR ECONOMIC POSITION OF CANADA

Canada is in a peculiar position—perhaps I might refer to that for a moment—in that it differs, I think, from the other dominions. Our Dominion is industrial as well as agricultural. You would be surprised to know that our exports in 1921 of manufactured, and partly manufactured goods exceeded the exports of agricultural products by a large amount; so that we are in a little different position from that in which the other Dominions find themselves, in that their products are largely agricultural.

#### INTER-DOMINION PREFERENCES

I look to a time when we will have our Preference extended among the Dominions themselves as well as with the Mother Country. We have recently done something that was not popular in Canada, we have raised the duty of a certain product that Australia produces, in the hope of developing trade with Australia and of having a reciprocal arrangement by which we will be able to sell them a greater quantity of goods and we will take certain products from them in preference to products of the same kind from other countries; but each Dominion finds its own difficulties just as you do, and we have to go along slowly and feel our way and extend the Preference as rapidly as we can.

#### ECONOMIC RELATIONS WITH UNITED STATES

It must be remembered that we lie beside a great nation, as I said the other day, and notwithstanding what sentiment we may have—and we would all prefer the trade with Great Britain—the fact remains, that we are beside this great country and they buy from us and we buy from them, and that fact has to be considered in any steps we may take. Recently, of course, our United States friends raised their tariff, but we are not going with our heads down about it. I admit frankly that the increasing of that tariff has injured us, but the British Government has met us in a measure in raising the embargo on cattle. I hope we will be able to get other difficulties straightened out, and our export trade of cattle to Great Britain is now beginning to thrive again, of course.

#### OBSTACLES TO IMPORTATION OF BRITISH FABRIC GOODS

I wanted to bring a thing to the attention of the Conference, which perhaps is not germane, but yet it may be. The question is rightly asked, why we do not import a greater amount of fabric goods from Great Britain? Now here is one of the difficulties that one of our leading clothing manufacturers brought to my attention before I came away. They are not, in the present state of the market for the purchase of their raw material, in a position to stock up as

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heavily as they would do under normal conditions, for the sole reason that the market may break at any time and leave them in the lurch, as they were after the war, having their shelves filled with high-priced goods, while the market had gone down. As a consequence they are compelled always to buy in small quantities and turn over rapidly. Now, perhaps, your manufacturers will not be averse to me saying it takes about six weeks, so this manufacturer of clothing told me, to get an order filled in London or Liverpool before the goods are returned. They might as well never come to our manufacturer at all as to take six weeks. He has an order and he can in twenty-four hours have his goods on the way from the United States in just the quantity he requires. Consequently it must be purchased in the United States or he will lose his order.

A suggestion has been made which will not help Great Britain out, though it will help the manufacturer out, that it would be wise if some of our friends in the British Isles would establish branches in Canada by which this difficulty could be overcome. This gentleman, who is President of the Association of Manufacturers of this kind of goods, assured me that that Association would much prefer to buy British goods as they believe the quality is better and they would rather deal with our people if they possibly can. He made an alternative proposition and that was that British manufacturers might well establish warehouses in Canada and carry a stock of the goods that our manufacturers require so that they could secure them at short notice. I do not know whether that would appeal to the manufacturers or not but that is just a detail of trade, and the situation which geography compels rather than which sentiment dictates.

## REBATES ON RE-EXPORTED RAW MATERIALS

I was speaking of manufactured goods a moment ago to show the amount of manufactured goods which is produced in Canada which makes us somewhat different from our sister Dominions. In the year 1920, the last complete figures I have, the value of goods manufactured in Canada was over three and a half billions which, for 9 million people, is a somewhat large expenditure. Now for export trade Canada allows on the raw material which enters into the manufacture of these goods a rebate of 99 per cent, so that, as one of the delegates said this morning—I think it was Mr. Bruce—there is an instance of where the purchaser who is not a resident in Canada has an advantage over the Canadian resident because, in fact, the Canadian resident does not get the rebate of 99 per cent on the raw material.

At a recent Session of Parliament, as you well know, an Act was passed which I will not glorify, in reference to the purchasing of goods from countries with a depreciated currency. The Act merely recites that when there is any discussion or question as to the value of these goods for duty they shall be valued as if they had been manufactured in Great Britain, so that, so far as duty is concerned, it gives them no advantage over the British manufacturers as they have to pay the duty equal to the cost of the manufacture of similar goods in Great Britain.

I do not know that I can say anything further as to the Committee. I am not in favour of Royal Commissions except to do things which we do not want to do or cannot very well do ourselves, but in regard to this question of the Tariff I want to repeat what I said before, this is the proposition made by the British Government, this is the best proposition they can make. I am bound to say that it will help some of the other Dominions more than Canada, but it will help the Empire, and it must not be considered that it is really missionary work among the Dominions because the first thing the British Government must look after, as the first thing that the Dominion Governments would look after, is the interest of their own people, and, as far as Canada is concerned, we are

glad to accept that proposition without any discussion. If the British Government desire to enlarge it that might help us, but it is their business primarily and not ours. After all, trade is developed on sentiment to a certain extent, and I can assure you that the Canadian people, if they can on equal terms, would prefer to buy British goods rather than American goods. The feeling at the present time is that our friends across the line, and these are really the only neighbours that we have in trade in close proximity, have raised the bars so high that though the action may be aimed at us it will injure them to a certain extent and eventually they will probably reduce these duties. But that is their business again and not ours. In the meantime we should like to develop wider trade in every respect with our relatives within the Empire, in all parts of it, but for practical purposes, as it is your duty to look after the interests of your people, we are compelled at every step to keep in view, as the paramount question, the interests of the people of the Dominion of Canada.

#### AUSTRALIA WELCOMES HIS MAJESTY'S GOVERNMENT'S PROPOSALS

MR. BRUCE: I am sorry I was not here when you made your pronouncement, but, as I remarked before, I need hardly say, as far as Australia is concerned, we are very much gratified that the British Government have seen their way to take the action which they have taken. I entirely associate myself with the representative of Canada in that it is certainly none of our business what you do in regard to your own Tariff, and it certainly would be quite improper for me in any way to press you to do anything more than you possibly can in the interests of your own people. I confess some slight regrets in regard to currants, but, as I have said, I will behave in the way that I should.

THE CHAIRMAN: Let us be clear about the currants. My proposal in regard to currants was immediately to put the Empire on the free list and then to discuss with you at what date you would be in a position to make use of an increased duty if we put it on. I mean I want to thrash that out. We are quite definitely prepared to raise the duty later on to meet the time of development, if that is of real value to you. Let me make that quite clear to you.

MR. BRUCE: Under these circumstances, I certainly have nothing more to say with regard to the matter at all, except to again express our very great gratification. I think I can assure you that this will materially revolutionize the whole of the prospects of the settlement scheme that I went into at very great length this morning, and, for our part, we are extremely pleased that the British Government has taken this action. There is one other particular item which is under taxation at present, namely, wine, and I merely ask the question, believe me, in no sense trying to get anything for Australia. Are there any proposals at all with regard to the position of wine?

#### POSITION WITH REGARD TO AUSTRALIAN WINES

THE CHAIRMAN: The position with regard to wine is this. The Preference at the present moment is a very substantial one. When we were considering the wine question we thought that the Preference was already so large there that we should be sacrificing revenue, unnecessarily probably, without giving you substantial benefit by dealing with it. Believe me, in this Conference whether one side or another throws a thing out we accept at once that the ultimate decision with regard to tariffs must rest with the country concerned, but it is no good our discussing at all unless we are to consider what will be of benefit to us and what will be of benefit to you.

MR. BRUCE: That spirit is the very one that we wish to come here in, and our only fear was that we might be in some way misunderstood, but as you



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have taken that attitude there is certainly nothing to prevent our saying anything we have to say. The only point really that has given us considerable anxiety in Australia with regard to wine—while we appreciate that the Preference we have at the moment is a very valuable one and a very large one—is that depreciated currencies are rather embarrassing our position. That was the only side of the question that we wanted to raise—whether anything can be done to help the competition we are faced with from countries with depreciated currencies. You naturally want time to give it consideration, and I shall say no more about it, except to raise the point and to give you the information that it does cause us very considerable difficulty.

The CHAIRMAN: We had framed these proposals with a view to helping Empire trade, particularly with a view to helping those settlement schemes which you have referred to, and we wanted to know whether they would do that and to have any criticism upon them, and of course to get the list as complete as possible. Possibly after you have had a chance of seeing the specific proposals on the transcript you may return to the charge.

Mr. BRUCE: If there is anything I wish to say after reading the transcript no doubt the Conference will let me do so to-morrow.

Mr. GRAHAM: After we have looked at the effect which the different proposals will have on our different countries we shall be free to discuss them to-morrow.

The CHAIRMAN: Certainly.

## NEW ZEALAND'S ATTITUDE

Mr. MASSEY: Just a word, Mr. Chairman, about the depreciated currency. The position that we take up, the position of the Government to which I belong, and of the New Zealand Parliament, with regard to depreciated currency is just this; we cannot allow manufactured goods or products coming from a country with a depreciated currency to come into unfair competition, because that is exactly what it would mean, with manufacturers or producers in our own country. We take steps to prevent that sort of thing. However, I am not going to follow that. Referring to the proposals of the British Government with regard to Preference on dried fruits and different varieties of preserves, I would just like to say that I am very strongly of opinion that these proposals will be welcomed by fruit growers and preservers of fruit in almost every part of the Empire. I am not speaking from a selfish point of view, because, up to now, I do not think it will benefit my country very much.

## POSITION OF NEW ZEALAND FRUIT-GROWING INDUSTRY

We have been trying to establish a fruit-growing industry in New Zealand, and with a certain amount of success; but there is still a very great deal to be done. The difficulty is the distance from the market. We have been sending over fruit to London, and where it had been landed without damage we have been encouraged to send more; but somehow or other we are in the habit of getting a lot of it damaged, either by freezing, or in some other way, and the fruit growers are correspondingly discouraged. I am not a fruit grower personally, but I have given a good deal of attention to the question of fruit growing in my country, and have given every possible encouragement to the fruit growers. We have given them a low guarantee with regard to price; that is to say, when they export fruit we guarantee that they will get a certain minimum price for it; if they do not get that price we pay the difference. We have had to pay up to £10,000 or £12,000 already. However, we may get over that

and probably will. But with regard to duties, we have, as they have in Australia, some country particularly suitable for fruit growing. It is a dry climate, the driest climate in New Zealand by a very long way, with a very light rainfall, but it is very good country and grows fruit magnificently. We have taken it in hand recently and it is going on; we have already 150 miles of water-races. We are irrigating probably half a million acres, but in a few years I hope and believe we shall have quite a community of fruit growers there. I am very optimistic about it and when that time comes, and I hope it will come, what is being done now by the British Government will be of some advantage to them.

A point that I want to raise here is that there was no reference made to duty on condensed and sweetened milk. There is a pretty large export of condensed milk from some of the oversea countries, my own among them, and if it were possible to give them a Preference it would be just as welcome as what is proposed with regard to the fruit growers themselves.

#### APPEAL ON BEHALF OF NEW ZEALAND MEAT TRADE

Reference was made this morning by the Prime Minister of Australia to the difficulties of Australia with regard to the export of meat. I am not going to raise the whole question. We are concerned as much as Australia, perhaps more, with the exception of beef. I think Australia is far more concerned with the export of beef than we are; but it may surprise the members of the Conference when I tell them that we send more mutton and lamb into Britain than all the other countries in the world put together. It is one of our principal exports as a matter of fact. Now this is a point to which I want to call attention. The difficulty that we have—and it applies to Australia just as well as to New Zealand—is in competing with the South American States. Take New Zealand again. There are other meat-producing countries in South America besides the Argentine, because the war gave a tremendous impetus to the production of meat in South America—all outside the Empire. The distance to the Argentine is just as nearly as possible half the distance to New Zealand. They have the advantage of freights. As a matter of fact, they do not need to freeze all their meat; quite a lot is sent here in what is called "chilled" form, sufficiently cold to preserve it. That is an advantage in itself. There are the freights that I have mentioned, and the labour. The labour is ever so much cheaper; I do not think they pay half or anything like half the wages that the producer in New Zealand pays for the labour he requires. They have all these advantages. I am not pressing for an answer on this, I simply ask the President of the Board of Trade to take this into account, and see if something cannot be done to place the people within the Empire in a slightly better position than the people outside the Empire. I think we are entitled to consideration, and it all comes back to what we have been able to do in the way of Preference.

#### EXTENT OF PREFERENCE ACCORDED BY NEW ZEALAND

Each country of the Empire gives Preference to Britain—every country. Unfortunately, the figures at my disposal at present are of very little value, because we had a revision of the tariff at the end of 1921 and it has upset all the figures for 1922, because every time that people in the trade know where the duty is going to be increased—it is marvellous how it gets out—we find there is a rush on the bonded stores and that sort of thing, and there is not much left for about six months after the revision takes place. But I can say this, that approximately we purchase £20,000,000 worth of goods from Britain every year—and it is increasing. I shall be able to get later figures than those

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I have got; I shall be able to get them for the financial year instead of the calendar year; I cannot get them for the calendar year to be of much value, but we give a very substantial Preference; all the countries do—I do not say that New Zealand stands by itself in that respect—a very substantial Preference to British manufacturers and to Britain generally; and so far as contracts are concerned, we make a point of seeing that when a local body imports machinery or imports iron-work or anything that is dutiable to New Zealand, we take precious good care that the Preference is extended by them. So far as the general Government is concerned, I would not like to say that we never by any chance buy anything outside the Empire which could be produced in it, or buy anything anywhere else that could be produced by Britain itself, but we go as near it as we possibly can. In some cases, 99 per cent of the varieties of goods that we require are purchased in Britain. I think I can find some figures to quote very briefly, which are particularly interesting on this point. The principle of Preference was first placed before the New Zealand Parliament in 1903. It was made to apply to 38 items. In 1907 it came up again and it was made to apply to 199 items. In 1917 it came up again and was made to apply to 218 items; and in 1921 it was made to apply to 425 items. That is a pretty good record, and I know the sentiment of my fellow citizens in New Zealand, and I say we are prepared to go further even than we have gone up to the present in connection with Preference to Britain. We are prepared to go further than we have done yet. With regard to the questions that I have asked, I am not pressing for details. I only say that I hope that the propositions with regard to Preference on dried fruits and so on will not end the matter, that we shall have another opportunity of considering this question, and I hope that other items will be brought under the scope of Preference, which have not yet been referred to at this Conference.

## PREFERENCE AN ESTABLISHED POLICY IN SOUTH AFRICA

Mr. BURTON: Mr. Chairman, the question of British Preference was hotly debated in South Africa and settled twenty years ago. Since then it has been practically an established fact with us and I do not suppose that anyone who is a serious politician in our country really expects to see it removed from our existing system. Perhaps I may just add as a matter of interest, which may not be known to all of us here, that so far back as the first Imperial Conference, which took place in 1887, the principle of reciprocity in Inter-Imperial Preference was advocated by the South African representative, who was also a distinguished South African Dutchman, who, at Ottawa, proposed amongst other things that there should be a 2½ per cent tax imposed upon all foreign goods brought into any British port within the Empire, for the purposes of common defence. Well, we have advanced since those days, but so far as the granting of a Preference by South Africa to British manufacturers and British products is concerned that is a settled question with us.

It seems to me from the discussion we have had here to-day, that the point really is how far you are going in order to meet the advances which have been made so far by the Dominions in this respect. May I say before I conclude this part of the very brief statement I am going to make, that we have given you so far for the last twenty years what is roughly a Preference of one-fifth; it is 3 per cent, broadly speaking, on 15 per cent, with a general *ad valorem* rate. The exact amount of benefit which that gives to the British producer or manufacturer is very difficult to determine. This morning Mr. Bruce gave us some calculations of the money value of the Preferences given by Australia. Well, I cannot but think that calculations of that sort are apt to be very illusory, because in respect of many of the articles which are included in our general *ad*

*valorem* rate, the actual benefit to the British producer is very little for the simple reason that whether Preference were there or were not, he would probably have the business in any case.

#### SOUTH AFRICAN DESIRE TO EXTEND PREFERENCES SUBJECT TO LOCAL NEEDS

Now as far as we are concerned we are anxious, within the limits which our local conditions impose upon us and our South African necessities—because although we are deeply interested in this matter of the co-operation of the people of the Empire, and we quite understand and value the necessity of such co-operation, our first duty quite naturally is to the people within our own borders, as no doubt you feel yourselves at this very Conference that we are attending now—within the limits therefore of our local situation and our local necessities we are desirous of doing what we can to improve what we have done, to make an advance upon what we have done, in respect of this Preference, and to adjust our duties in such a way as to give your British manufacturers and producers a more substantial benefit. It may be quite possible—in fact, we are advised that it is so—by adjustment of our rate, by, for instance, changing the system of a general ad valorem rate to a rated duty on selected articles, so to arrange matters as to give really to those British industries which are in need of assistance, particularly at this juncture, much more substantial aid than we do at present. To-day I cannot go into the details of the matter because we want to obtain the suggestions and advice of your people as to what the articles are which are deserving on their merits, but we propose—and that is our suggestion from South Africa—we propose to go into this matter with yourselves and with your advisers and to ascertain what the articles are which, in your opinion, would be the most benefited by additional assistance from South Africa with our limited market there, and then to take steps to carry out the adjustments that I have referred to.

#### SOUTH AFRICA APPRECIATES GREAT BRITAIN'S PROPOSALS

You have stated that the British Government is prepared to do certain things. Well, Mr. Chairman, I think that we cannot do otherwise than express our appreciation of this announcement. There is no doubt that the action you propose taking in respect of some of these things must materially assist our producers in South Africa. The proposals with regard to dried fruits and to preserved fruits and other matters of that sort unquestionably must be of very great assistance to us. You mentioned—I was not sure whether you mentioned under dried fruit—peaches. You said something about peaches being excluded.

THE CHAIRMAN: No, I had to take it like that because some of the articles are now subject to duty, when dried, and some are free. What I propose to do is to take a complete list of dried fruits that are of interest to the Dominions, put them all on a 10s. 6d. basis and let all the Dominions' stuff in free.

MR. BURTON: I am very glad to hear that. Of course, dried peaches are of vital importance to South Africa.

THE CHAIRMAN: The peach is not subject to duty at present. I propose to make it subject to a 10s. 6d. Duty and bring yours in free.

MR. BURTON: Amongst the details I assume raisins will include a branch of raisins being made in South Africa, which will become a general industry, growing continually in extent owing to the over-production of wine in that country. We find our people are producing more wine than we can dispose of, and it would be better to divert their energies to some extent from the growing of grapes to such things as sultanas. I assume sultanas would come in under the raisins?

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The CHAIRMAN: They are subject to 10s. 6d. to-day and you get 1s 9d. as a Preference and we propose to give you 100 per cent.

Mr. BURTON: Then the same observations apply to what you have said about Sugar and with regard to Tobacco. There we appreciate what you have proposed, and I would like to ask you to allow us, with the Advisers we have with us here, to consider the alternative you have proposed.

The CHAIRMAN: Certainly.

Mr. BURTON: At present I have a clear idea myself as to which alternative I prefer, but possibly the apparent advantage may not turn out to be a real one in the end, and I would like to discuss that before I intimate to you which of the two we would rather have.

## POSITION OF SOUTH AFRICAN WINE EXPORT TRADE

Now, as to wine, the position is really this. I quite understand what you say about the Duty. The real trouble about South African wine in this connection is the matter of alcoholic content. You get wines sent from Spain, for instance, to England, and the shortness of the voyage enables them to send it so slightly fortified that it keeps quite easily for transmission to England, and by that means comes in under your smaller duty. To send wine from South Africa to England involves a long sea voyage, and involves necessarily additional fortification in order to keep the wine. That means that when our wines arrive here their alcoholic content is found to be greater and they have to pay the higher duty. That is a thing perhaps you will allow us to discuss with your people to see whether it is possible to make any arrangement in that respect. It is not a question with us of the duty, but the way the duty operates owing to the alcoholic content of the wine.

## PREFERENTIAL TARIFFS ON FOODSTUFFS A MATTER FOR GREAT BRITAIN TO DECIDE

I do not know whether we are going to discuss some of these larger matters which were raised this morning in Mr. Bruce's speech.\* In fact, I think he did foreshadow the possibility of your taking some specific action in respect of other matters, foodstuffs, like grain, meat and things of that sort. Well, our feeling about those matters is this: As Mr. Graham has said, we cannot help feeling that these are matters really which mainly, in the action that you have to take, are your business. It concerns you and your people very vitally, we can understand that, but, of course, if you find yourselves able to do anything at all in that direction, we can only say that we should very much appreciate it. I would just mention one thing which is not really an article, as I understand, of human consumption in England, and that is the maize which we send you. That is one of our principal exports amongst the products of the soil, and it is becoming very large. We anticipate having this season, so I am told, an exportable surplus of about between 5,000,000 and 6,000,000 bags, which means something like 500,000 tons of a value of £2,500,000. The Argentine export to you is considerably larger, about three times that now, but we have been catching up to them very rapidly and there really is what you may call an unlimited field for the production of Maize in South Africa, in the Up-lands of the Transvaal, in the Free State, Natal and other parts. It is going to be a very great maize-growing country if it can succeed in finding a suitable market. However, I mention this to you just to let you know of one of our great agricultural products there which is a matter of vital importance to South Africa, and to say without going further now, that if it is found possible by the British Govern-

\* See opening speeches, page 57.



ment to take any action in respect of an article like that, of course it would be a very great assistance, but at the same time I qualify that by what I have already said, and what I think General Smuts said, that we feel it is not desirable or necessary that we should endeavour to make any revolutionary changes nor to press you in respect of matters upon which you may find it impossible to take action. That is all I have to say at this stage. I suppose in respect of some of these details we can get the matters enquired into by our Committees.

The CHAIRMAN: Please.

#### ATTITUDE OF IRISH FREE STATE

Mr. FITZGERALD: Ireland produces very few of the commodities referred to in your announcement of the British Government's new Preferential proposals. Therefore, we shall await with interest any subsequent announcement you may make in regard to an extension of the list, which, we trust, will include items that should benefit Irish producers.

#### PRINCIPLE OF PREFERENCE NEVER YET ACCEPTED BY INDIA

Mr. INNES: In the discussion of this question, India occupies a special position. For most of the countries represented round this table, as you said just now, Sir, the principle of Preference has been established, and the discussion has turned, so far, not upon the merits of the principle, but mainly on questions whether the application of the principle can be extended. Now the difference of India's position is that, so far, we have never yet accepted the principle of Preference, and no doubt this Conference will wish to know whether India has altered or proposes to alter in any way the position we have hitherto taken up. It is a question which, of course, has often been discussed in India, and some members of the Conference may be familiar with the well-known despatch, written by the Government of India on the subject in 1903. The conclusion arrived at in that despatch was, that from the economic standpoint, while India had something, but not very much, to offer the Empire, she stood herself to gain very little by Preference, and stood to lose or risk much. I do not think it is necessary for me to go into past history of the question in India. What we are concerned with is the present, and I wish to try to place before the Conference what are the main governing factors of the problem as it applies to India now. Those factors are partly economic and partly political, for in India, as I think in all countries, political considerations enter very largely into the decision of economic questions.

#### ECONOMIC POSITION OF INDIA

On the economic side, the position in some respects is very much the same as when the despatch of 1903 was written, that is to say, we still receive a preponderating share of our imports from the British Empire, and we still rely mainly on foreign countries for our export markets, and this, as I said last week, is a factor which we in India have always to keep very much in mind. Again, broadly speaking, we export raw materials and foodstuffs, and it is true, at any rate as a general proposition, that raw materials and foodstuffs stand less in need of preferential assistance than do manufactured goods. Most of our raw materials and foodstuffs, with some exception, enter free into most countries.

#### RECENT INCREASE IN IMPORT DUTIES

In other respects, however, the position has undergone considerable change. I propose only to mention one of these changes. It is a point to which I drew

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prominent attention when I made a statement last week at the opening of this Conference. Our financial interests in India have compelled us in recent years very greatly to increase our import duties. They now constitute a very large part of the revenues of the Government of India. Having regard to the circumstances of India the pitch of them is high. The general *ad valorem* rate is 15 per cent, and leaving out of consideration altogether the duty on wine, spirits, cigarettes and cigars, the rate in the case of some articles is as high as 30 per cent. This fact complicates the problem.

## DIFFICULTIES IN THE WAY OF ADOPTING IMPERIAL PREFERENCE—ECONOMIC AND POLITICAL

If we embarked on a general policy of Imperial Preference we should have to carry it into effect in one of two ways, either we should have to reduce our import duties in favour of goods from British countries, or we should have to raise our import duties against goods from foreign countries. We cannot adopt the former course, because we simply cannot afford to sacrifice the revenue. I have already explained to what extremities we have been driven in order to balance our Budget for this year. Nor can we adopt the latter course. I have just said that, considering the circumstances of India, the general level of our duties is high, and if we raise them still higher, that is to say, if we raise our duties on goods coming from foreign countries, we should in some cases stand a considerable risk of setting in motion the law of diminishing returns. Also, we have to consider the Indian consumer. Each concrete proposal would have to be carefully examined from the point of view of his interests, and with special reference to the risk of raising prices against him. This is most important when you are speaking of a country where the people are so poor as they are in India. It is perfectly true that wages, even real wages, have risen very greatly in recent years, but even so they are extremely low in comparison with the level of wages in Western countries and in the great Dominions. I do not wish to embark upon what is rather a dangerous topic. It is always dangerous to commit oneself to statements as to the average level of wages or average incomes, but I can just illustrate my point by giving an example which I have drawn from my own experience. When I first went out to India, twenty-five years ago, a very common rate of wage for an unskilled labourer was four annas, that is, 4d., a day. Now, in some of the bigger towns at any rate, a typical wage for that same unskilled labourer would be about a rupee, that is, 1s. 4d., a day. I just mention that to illustrate how poor the Indian, the vast majority of Indians, are, and how careful we have to be of doing anything that may raise prices against them. In all our tariff matters that is the point we have to keep in mind, namely, the poverty of the Indian. So far I have only dealt with economic considerations, and it may be thought that this is a question which ought not to be looked at solely from the economic point of view, and that I ought to have given more weight to considerations of what I might call Empire sentiment. These economic considerations, which I have just referred to, point to the conclusion that from the economic point of view would be very difficult for us in the present circumstances in India to embark upon a preferential tariff, that is to say, to set up an all-round two-decker tariff. Turning to the other point of view, I should like to say at once that the Government of India realize to the full the desirability of adopting any step which would tend to cement the ties of Empire and promote Imperial interests, but on this side we have to consider, not only the constitutional position of the Government of India, but also the stage of self-government which India has attained. When in 1897 Canada, of her own free will, reduced her import duties in respect of British goods, she had long claimed and won the right to order her own fiscal affairs in

her own way. She had had autonomy for nearly fifty years, and her act of 1897 was the spontaneous act of a self-governing community. The same may be said of New Zealand, Australia and South Africa when they followed suit. Now in 1903 the Government of India, when it was in the position of a trustee for three hundred millions of people, obviously could not take upon itself the responsibility of acting in that way. It had to examine the question of Imperial Preference most closely from the point of view of the economic interests of the people of India. Even now, India has only made an advance along the road to self-government. She is in a transition stage, always, as the Prime Minister has said, a difficult and delicate stage, and it is still necessary for us to look at the question mainly from the economic side. Moreover, no fiscal policy can be stable unless it is based securely upon public opinion, and I should be failing in that frankness upon which you, Sir, have laid such stress, if I disguised the fact that Indian public opinion is much exercised at present on the question of the position of Indians in certain Colonies and Dominions. Please do not think that I wish to open up in any way that subject in this Conference. It would be entirely out of place for me to do so, and I have no intention of doing so, but I merely wish to state the fact that that subject is one which lies very near the heart of India, and it is bound to colour public opinion in India in regard to such questions as Imperial Preference.

#### INDIA GRATEFUL FOR PAST AND PRESENT CONCESSIONS

Now so far I have dealt with Imperial Preference solely as a general policy, and I have pointed out that in present circumstances it would be difficult for India to embark upon any policy of Imperial Preference. I recognize, of course, that I have covered only a part of the ground and that I may reasonably be asked whether, even granting that a general preferential tariff is at present out of the question, some measure of Preference could not be given at any rate in respect of certain selected items in our Tariff Schedule, especially as valuable tariff concessions have been made to India not only by His Majesty's Government, but also by New Zealand and Canada. I should like to say that with regard to the Government of India we are very grateful indeed both to His Majesty's Government for this concession and for the extended concessions announced to-day, and also to the Dominions I have mentioned. The concessions in respect of tea, coffee and tobacco are particularly valuable, and when the time comes to consider the question I am perfectly sure that India will not be unmindful of the additional benefits which have been announced to-day.

#### POSSIBILITIES OF RECIPROCATION BY INDIA

The course I have just mentioned would not be open, at any rate to the same degree, to the economic objections which I have just taken to a general preferential tariff. I may say that it is perhaps a possible line of advance, but at present I cannot say any more than that. The political tension to which I have referred makes it undesirable to force the issue, and I am sure that the Conference will not expect the Government of India, placed as we are placed, as a Government, to give any undertaking or promise which would purport to bind the Indian legislature in advance. Therefore, the conclusion follows that I am not at present able to commit the Government of India to the principle of Preference. I have already said that without Preference British goods enjoy the largest share of India's market and that India is Britain's best customer. I must leave the matter at that. The Government of India must continue to reserve freedom of action in this matter.

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## COLONIES WELCOME ANNOUNCEMENT WITH REGARD TO SUGAR DUTY

MR. ORMSBY-GORE: In view of the announcement of the Chairman this afternoon on behalf of the British Government, I think it will ill become the representatives of the Colonies and Protectorates not to lay stress on the gratitude that will be felt, particularly in Mauritius and in the West Indies, at the announcement made this afternoon about the sugar duty. When in company with my predecessor in office I was in British Guiana and the West Indies early last year we had the position of the American Dependencies—the American Sugar Colonies *vis-à-vis* the British sugar Islands—brought home pretty clearly to us. America gives to Porto Rico a Preference not of £3 15s. per ton, but of £10 per ton and gives a considerable Preference to Cuba as against British sugar-growing Islands; and by that means America has more and more, ever since the collapse of the beet sugar industry in Europe, controlled the production and price of sugar—I may say throughout the world. If we were to ensure a British sugar industry in the historic sugar-growing islands of the Empire, it was quite clear that it was not so much the amount of the Preference as the certainty of the Preference that was required to attract capital, labour and industry to British sugar production. After all, the production of sugar from cane requires a very large expenditure of capital. Modern machinery has enormously improved and cheapened the cost of production, but it is expensive. I have in the last two or three weeks had approaches from persons with capital in this country considering whether they would or would not establish further sugar factories and extend the sugar industry, particularly in the Island of Jamaica, and I believe this announcement this afternoon will make the whole difference, and you will get the orders for the machinery here in Great Britain, and you will get an increasing sugar supply. My adviser from Mauritius tells me that, owing to the expansion of the sugar industry, Mauritius is producing very largely, but it wants the certainty, if it is to mature and if it is to keep the sugar lands in cultivation. I must say I am quite sure that the announcement made this afternoon will be of immense benefit in the long run to the British consumer as well as to the sugar Colonies and Protectorates.

One word about tobacco. I am quite sure that Rhodesia and Nyasaland are quite prepared to follow whatever line the Union of South Africa think wise in this respect. I hope that not only Great Britain, but also the self-governing Dominions, will consider the possibility of extending preferential treatment to the products of the Colonies and Protectorates.

I shall have a resolution to bring forward on behalf of the Colonies about Preference in public contracts. Some have given to the Dominions specific reciprocal arrangements, notably in the West Indies, between goods of the West Indies and Canada. I believe that could be extended in other parts of the Empire, with advantage both to the Dominions and to the Colonies and Protectorates concerned. I hope that the possibility of developing our Colonial Empire as well as the self-governing Dominions by the wise, common-sense and skilful application of the principle of preference will not be lost sight of.

## BRITISH PROPOSALS NOT THE LAST WORD

MR. NEVILLE CHAMBERLAIN: Mr. Chairman, after the very valuable speeches that we have had this afternoon I do not know whether it is really necessary to say anything more to elaborate the position of the British Government in this matter; but perhaps I might just be allowed to emphasize what you said about the nature of the proposals that are being put before the Conference this afternoon. You will have observed that those proposals do not concern matters which are what you might call of vital and direct interest to

our people in these Islands, and they have not been put forward in the spirit of the Blessed Glendoveer—" 'tis ours to speak, 'tis yours to hear," because if that had been our attitude, we might just as well have sent you a letter saying: These are our proposals. But we have come here as I understand it to take counsel together and to give one another information as to the manner in which inter-Imperial trade can be helped by adjustment of arrangements between us; and therefore, we have avowedly framed our proposals as our contribution to the task of increasing inter-Imperial trade, and if these proposals in any way fail to carry out the object which we have in view, then we want to know it; and we want you, who have the knowledge of the conditions in your respective countries, to tell us whether what we have proposed is going to help you: whether our proposals can in any way be improved and, if so, in what direction. That does not bind us to accept any suggestions that you make to us, any more than you are bound to accept any suggestion we may put to you as to what we might desire by way of increasing our trade with you; but it does give us the opportunity at any rate of realizing what the position is, and then it will be for us to say whether, consistently with the interests of our own people here, we can carry out what you have suggested to us.

#### SUGGESTIONS INVITED

I hope, therefore, that the Members of the Conference will consider our proposals in detail from that point of view, and that, when we discuss them again, they will tell us whether they consider them adequate, complete, or whether they think they are capable of improvement and in what direction.

As a result of the foregoing discussion the question of Tariff Preference was adjourned to enable further consideration to be given to the matter by the various Ministers and their expert advisers. A Committee (the Food and Materials Committee) was appointed meanwhile, in pursuance of the decision arrived at in the above discussion, to consider the practicability of certain methods, suggested for examination by Mr. Bruce, for assisting the marketing of food-stuffs and agricultural raw materials originating in the British Empire. The Committee reported on the 25th October and their report is printed on page 244.

The discussion was resumed at the Twentieth Meeting of the Conference, held on the 7th November, as follows:—

The CHAIRMAN: The first two items on the agenda to-day are Tariff Preference and the Report of the Food and Materials Committee. I think it would probably be convenient, as the two are so closely interlinked, if we took items 1 and 2 together. If it were agreeable to you I would summarize the Report of the Food and Materials Committee, which went very fully into the questions referred to it, and also make a statement on certain other items of Tariff Preference, which have been a matter of discussion informally outside the Conference.

Mr. MASSEY: Where you propose to apply Preference?

The CHAIRMAN: Where we propose to apply Preference.

#### FOOD AND MATERIALS COMMITTEE REPORT

I think it would probably be convenient if I took the Food and Materials Committee first, because the object of that Committee was to consider certain possible alternative suggestions which were put forward in the speech of the Prime Minister of Australia. We had a Committee, representing all the Delegations at the Conference, which went very fully into the three questions raised,



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and the Report of that Committee is unanimous. The three methods that we were asked to consider were the Method of Subsidies, the Method of Import Licenses, and the Method of the Stabilization of Prices.

## THE METHOD OF SUBSIDIES FOUND TO BE IMPRACTICABLE

The Committee considered the question of Subsidies first, and in considering that we were considering the question of the possibility of a grant by the Home Government of direct subsidies to Dominion producers. The Committee found that to be impracticable for several reasons. In the first place, the grant of a subsidy of that kind involved the right—indeed, the necessity of retaining the right—of the Government granting the subsidy to exercise a large measure of supervision and direction over the recipients of the subsidy, and they were unanimous in thinking that it would obviously be impracticable for one Government to do that within the jurisdiction of another.

There was also the question of whether it was practicable, if a subsidy was to be considered at all, to make that subsidy vary with the preferential rebates accorded to United Kingdom products. That appeared to the Committee to be impracticable because you could not get accurate measure of the money value; because any subsidy would have to be constant, and therefore you could not make your subsidy depend upon a variable factor, and, because even if the proposal were attempted while the direct financial benefit of the preference would be going to an individual trader, the money to pay the subsidy would be coming from the taxpayers generally. It was also clear that a differential subsidy of the kind suggested might operate very unfairly as between one Dominion and another. You might have two Dominions giving exactly the same rate of tariff preference, but by reason of there being a keener competition in one market than in another, the actual benefit obtained by the same rate of preference would vary in the different Dominions, although the rate of preference accorded was the same. Finally, it was clear to the Committee that a system of direct subsidies of this kind would have no limit once it was accepted in principle, and would impose financial burdens which would be too great to contemplate.

## METHOD OF IMPORT LICENSES AND STABILIZATION OF PRICES: SOME DIFFICULTIES

Then we considered the two other suggestions, the question of Import Licenses and the question of a Purchase Board to effect the Stabilization of Prices. The Committee went very carefully into that, and they came to the conclusion that they had really to take these two things together, because a system of Prohibition and License would involve the establishment of a State Purchase Board and Price Control. They considered Prohibition and License, and they felt bound to report against it for the following reasons. At the Genoa Conference very careful consideration had been given to the question of Prohibition and License, and there was a unanimous resolution of that Conference, which was supported by the whole of the British Empire Delegation, that the system of Prohibition and License ought to be avoided if any other system was applicable.

## OPERATION OF SYSTEM WOULD PRODUCE UNCERTAINTY OF TRADE

The reasons which led us to endorse that resolution at Genoa were the reasons which weighed very strongly with the Committee on this particular reference. One of the reasons was the tremendous uncertainty in trade. If you have a tariff, everybody knows what the tariff is; if you have a Prohibition and Licenses, nobody knows, and the result would be that you would have great difficulties in getting your supplies, and great difficulties in obtaining shipment.

Certainly, it would be impossible to rely on getting the delivery of supplies promptly on the issue of a license, and the very people whose production you were trying to restrict by a system of Prohibition and License would be, naturally, the first to take advantage of any artificial shortage that might occur if they could profit by holding up their deliveries. Therefore we felt that it was impossible to count on obtaining, at the moment they were needed, either the precise amount of the supplies or the means of shipment.

#### A LICENSING SYSTEM WOULD NECESSITATE A SINGLE IMPORTING AGENCY

Then again, all our experience—and we have not only the experience of the United Kingdom but the experience of other Dominions who tried to run licensing systems—went to show that it was difficult, and indeed impossible, with the best will in the world, to administer a system of licensing fairly between a number of different applicants; unless you had one single importer, you would always be charged with having discriminated between one importer and another. So great is that difficulty that it was felt that if you adopted a system of this kind you would be forced ultimately to form a single importing agency, which, indeed, was the proposal or suggestion of the Purchase Board.

#### OTHER OBJECTIONS TO A LICENSING SYSTEM

There was another point. The effect of a licensing system, like the effect of an import duty if it were so high as to exclude all goods that would not come except under the license, would be to give an enhanced value to the goods which were admitted into the country, but the added value, in the case of the duty, would be paid into the Exchequer, whereas the added value, in the case of the license, would merely go into the pocket of the person who obtained the license.

Finally, it was felt that if a system of licensing were adopted it would throw on the licensing authority a duty which was far too invidious to be borne. The license would have to be granted in two cases—either if the Empire supplies were inadequate, or if the prices were being raised unduly. We felt, first of all, that it was difficult, and indeed impossible, to assess accurately the supplies which would come forward. We also were faced with the kind of difficulty as to whether you were to exclude chilled meat if frozen meat were available.

But we had an even greater difficulty, perhaps, than either of those. That difficulty was the impossible position in which the licensing authority would be placed, whether in granting or refusing licenses. If it granted licenses, all the producers, whether here or in the Dominions, would say, "Why have you granted these licenses?" If, on the other hand, the licensing authority refrained from granting licenses, you would have the consumers saying, "Prices have risen. Why are you not granting licenses?" That would create a situation which would give a maximum of friction; you would have none of the certainty of a tariff, and it really might prejudice the whole scheme of Imperial development.

Again, there was the impossibility of fixing what would be the price factor which would govern the grant of licenses. If the quantity you admit were sufficient to make the world price effective, then no benefit would come to the Empire producers; if, on the other hand, the Empire price was to govern the price of the relatively small proportion of foreign supplies, no competition is introduced, and, therefore, you would be in an impossible situation in trying to settle any rule by which you should license on the ground of prices. For all those reasons, we came to the conclusion that it was quite impossible to recommend a system of Import Licenses.

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## STATE PURCHASE AND PRICE CONTROL

Then we went on to State Purchase. Well, State Purchase obviously means import licenses with all the difficulties they involve, plus a State Purchase Board and Price Control. Under any licensing system you would have to have that State Purchase, because the State could not risk finding itself short of supplies. Moreover, if you once began to control imports by licensing, you would have an irresistible demand for Price Control, and a very cumbrous and expensive machinery set up. Therefore, we felt that the purchase scheme was tantamount to prohibition, coupled with an equivalent to export licenses, and, therefore, it was open to many of the objections which applied in the case of licensing and to certain others. The experience in different parts of the Empire of control, made it clear that it was impossible, in a system of control, to let quality govern price. You have to have rules and regulations, and while you might charge different fixed prices for different cuts of meat and so on, yet you would have to fix limits which did not let the ordinary question of quality as between this or that thing to be sold govern the price.

We also had found, all of us I think who have tried control of prices, that it was very costly; that when you came to fix your prices you always had to fix them, not by the most efficient producer, but very nearly by the least efficient producer, and some of the margins which exist to-day between what the producer gets and what the consumer pays are the remnants of a system of control where margins were fixed higher than competition would have fixed them, because you had to take into account the least efficient producers or the least efficient sellers.

We also felt it was not feasible to confine Price Control to any one stage. Once applied it would become necessary to extend to all stages, and you might very well arrive at a position in which the State was driven into the necessity of taking over every phase of the business of marketing.

## ADOPTION OF REPORT MOVED

Therefore, we felt bound, all of us, to report to the Conference, after very careful consideration, that these methods were impracticable. But although this is not strictly within our terms of preference, we certainly felt, and we felt we ought to say to the Conference, that the matter did not end there and that there were many things short of these impracticable systems where we could usefully get together. I would like to read to the Conference what we felt it was not inappropriate to add to the Report:—

“While, for all these reasons, the Committee have felt compelled to reject all the alternatives they have been asked to consider, they emphatically agree that it is in the interest of both producer and consumer that profit margins should be as small as is reasonably possible. This is a common interest of the Home and the Dominion producer.

“The Committee, therefore, strongly recommend the closest co-operation, alike between Dominion Governments and the Home Government, and between Dominion producers' organizations and Home organizations, in concerting and carrying out any action which is possible for improving the marketing of Empire agricultural produce, including the provision of further statistical information.”

It will be observed that it is relevant to the decision taken by the Conference yesterday to establish an Economic Committee. It seems to be exactly the kind of question which that Committee might very well take up.

Well now, Gentlemen, that is the Report which we have made on the three points referred to us, and as we were all unanimous upon it I would move its adoption. There may be some points that members of the Conference would like to raise on it. I think, therefore, we had better take the adoption formally at the end.

#### INCREASE IN TOBACCO PREFERENCE FROM ONE-SIXTH TO ONE-QUARTER

May I now proceed to certain points under Tariff Preference? We invited discussion on the proposals we had already tabled with regard to increased preferences and we have also gone into the question of further extensions of the same kind with all Delegations. I will therefore state briefly what, as the result of these discussions, we should be prepared to recommend as early as possible to our Parliament to do. The Conference will remember that I made, on behalf of the Home Government, an alternative proposal with regard to tobacco, either to stabilize the preference or, alternatively, to increase it from one-sixth to one-quarter, and that was to be considered by the tobacco-producing parts of the Empire. I have now received the considered opinion of the Dominions and Colonies, and it is unanimous in favour of increasing the rate of preference from one-sixth to one-quarter, and therefore we propose to invite Parliament to do that.

#### THE TEST TO BE APPLIED IN THE GRANT OF PREFERENCES

We have considered certain additional items. I think it would be generally agreed that, as in the items which we have already had under discussion, the important factor to consider is: Is this a matter of real interest to the Dominions, and, if an additional preference is accorded, or a new duty is put on and Dominion produce is to come in free, is there reasonable probability that the Dominions will be able to supply a large bulk of the commodity in question? And we have applied that test to some suggestions that have been made.

#### RAW APPLES

Now the first of these is apples, raw apples. We have already agreed that there should be a duty upon the dried fruit and upon the canned fruit and that Empire produce should come in free. Now with regard to apples a case is clearly made out that the Empire can supply practically all the apples we require. They are supplying a very large quantity at the present time. I think the figures of the importation are familiar to the whole Conference. Last year we were importing 2,555,600 cwt. of Empire-grown apples and we were importing from non-Empire countries 1,916,000 cwt. More than one Dominion is interested in this. Canada has large imports—1,643,000 cwt. Australia has large imports—836,000 cwt. New Zealand is interested and will, I think, be increasingly so.

Mr. MASSEY: We are only commencing.

The CHAIRMAN: Exactly, and Newfoundland and the Union of South Africa are also interested. What we propose there is to invite Parliament to impose a duty of 5s. per hundredweight upon raw apples and to admit all Dominion apples free, absolutely free. I think you will find that is a duty which is reasonably commensurate with the scale of preference which you will obtain on the dried and preserved fruits.

#### CANNED SALMON

Then there came the question of canned salmon, which is of particular interest to Canada. Now it was represented to us strongly that while the Canadian exports to this country are not to-day as great in volume in proportion

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as are the Empire exports of apples, yet they are very substantial. For instance, in 1921 while 406,000 cwts., roughly, was coming from foreign countries, 170,000 cwts., almost was coming from Canada, and the development in Canada can be indefinitely expanded; the supply is there in overwhelming quantities, and in a very short time the industry can be developed to supply the whole of our requirements. I think Mr. Graham will confirm that. In these circumstances we would propose that there should be a duty of 10s. per hundredweight upon canned salmon imported from foreign countries and that the Empire canned salmon should be admitted free of duty.

## FRUIT JUICES

Then the question was also raised about fruit juice. It is not a very large point, but, on the other hand, it was represented to us that it works in very conveniently with the general stimulus which is being given to the drying and preserving and fruit growing trade generally in the Dominions, and it is also of particular interest to some of the Colonies in regard to such things as lime juice and lemon juice. In that case we shall be prepared to recommend a duty of 6d. a gallon on all fruit juice which can be reasonably supplied within the Empire. The list can be settled without any difficulty. I know limes and lemons are involved and there are a number of other juices. Sixpence a gallon upon these juices and the Empire produce to come in free.

## HONEY

Then another question was raised, and that is honey. Well, that is a thing of interest to the settler, and it was represented to us that we were going to put a duty upon the jam and the fruits. Now honey is a very similar product, and it is quite plain that the Empire can supply without much difficulty a very large proportion at any rate of whatever imports of honey there may be. New Zealand is interested in this. She sent us last year 12,000 cwts. The West Indies are interested; they sent 14,000 cwts; and the Empire exportations to us last year were 26,000 against 32,000 cwts. of foreign. And it is quite clear that that is capable of great expansion because in 1919, when there was a great demand for honey in this country owing to the scarcity of sugar, Australia sent us 63,000 cwts. and Canada sent, I think, 5,000 cwts. Therefore in that case, in the case of honey, we should propose to recommend to Parliament a duty of 10s. per hundredweight, and the Empire produce to be admitted free.

## WINE

We also propose to make certain further recommendations for improving the preference on wine, but those I should like to announce definitely to-morrow after the Chancellor of the Exchequer returns. The larger part of them is settled, but there is one point still out-standing upon which I would not like to pronounce without his authority; but I would say definitely at once we propose to improve the preference on wine, and we shall be able to state before the Conference ends precisely what extension we contemplate.

## BARLEY AND HOPS

Then I think I ought perhaps to mention two matters which are contingent upon decisions of policy in this country, barley and hops, but I would like to say at once that in the event of a duty being imposed upon malting barley we should give a preference of one-third to the Dominions, and similarly if at the end of the period of the hop control it was decided to safeguard the hop pro-



ducers here by means of a duty rather than by means of a continuation of control, we would also give a preference of one-third upon imported hops, which ought to give a considerable benefit.

Those are the further items which, as the result of these discussions, we are prepared definitely to table and to ask the Parliament of this country to sanction. I think with that I would leave the further discussion on Preference open for the Conference.

#### PROPOSALS WELCOMED BY CANADA

Mr. GRAHAM: Mr. Chairman, needless to say, I have listened with interest and with gratification to the remarks you have just made in reintroducing this question of Preference. The Canadian members of the Conference considered at some period the proposals as to Preference put forward by the Government of Great Britain at the meeting of the 9th October, and, as you are aware, we have taken repeated opportunities since to discuss the whole situation with yourself and with the Chancellor of the Exchequer, in the endeavour to set forth the Canadian position.

The preferential proposals which have been mentioned to-day, and which it has been observed are within the framework of the existing fiscal system of Great Britain, will, we are certain, be received in Canada with due appreciation, as of distinct value to Dominion producers.

On two subsidiary phases of these proposals, questions have been put for consideration by the Dominion representatives: First, the duty on "other dried fruit" is proposed to be levied on such fruit, e.g., apples, pears, and peaches, as the Dominion representatives may consider of interest to their trade. The dried fruits suggested, in addition to those already included, appear to comprise those in which our producers are chiefly interested. Secondly, as to tobacco, two alternative proposals are made, stabilization of the existing duty over a term of years, or an increase of the preference from one-sixth to one-fourth. An increase of the preference would, in our belief, present most in the way of advantage to the producers of tobacco in Canada. As to the course which the British Government and Parliament should follow, we would not venture to express an opinion.

#### CANADA'S PRESENT POSITION IN REGARD TO IMPERIAL PREFERENCE

More important are the general issues raised in the statements made by yourself in your presentation of the present proposals, and by the Chancellor of the Exchequer. I may quote from the statement made by the Chancellor:—

"We want you . . . to tell us whether what we have proposed is going to help you; whether our proposals can in any way be improved, and, if so, in what direction. That does not bind us to accept any suggestions that you make to us, any more than you are bound to accept any suggestion we may put to you as to what we might desire by way of increasing our trade with you; but it does give us the opportunity, at any rate, of realizing what the position is, and then it will be for us to say whether, consistently with the interest of our own people here, we can carry out what you have suggested to us."

In response to this welcome overture, I have pleasure in giving you a brief statement of our position. Canada has been the pioneer in the modern development of preferential trade within the British Empire. She gave the first preference to British goods in 1897-8, and took the initiative in requesting the abrogation of treaties which stood in the way of Imperial Preference. This policy

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she has steadfastly maintained. The Canadian preference now covers, in varying degrees, practically the whole range of competitive British exports to the Dominion. During the last session of Parliament, a 10 per cent discount on existing duties, constituting a further increase in the prevailing preference, was provided in the case of British goods imported through a Canadian port.

## PREFERENCES NOT ACCORDED IN A BARGAINING SPIRIT

Canada has given preference in her own interest as well as what she conceived to be the interest of the rest of the Empire. It has never hitherto, in the case of the United Kingdom, been made conditional on the grant of an equal preference in return. We have at all times recognized the importance of conceding to each Government concerned the right to legislate as its own interests might demand, on tariff matters, or, in other words, complete control over its own fiscal policy. Should the British people decide at any time that it will be in their own interests, as well as what they conceive to be the interests of the Empire, to make far-reaching changes in their present fiscal policy, Canada will naturally expect that in the establishment of a tariff full and adequate consideration would be given, through preferential duties, to the interests of Canada's producers and to the substantial preferences which Canada accords to British goods. The Prime Minister of Great Britain has recently announced that the new fiscal policy of the British Government will include a substantial preference to the Dominions, not as a matter of bargaining but as a free will offering. This has been the spirit in which Canada has approached the question, and it was, we believe, the only position possible to take under past circumstances.

## CHANGE IN BRITISH FISCAL SYSTEM WOULD CREATE NEW SITUATION

If, however, a general tariff is established in Great Britain as well as in the Dominions, and reciprocal trade arrangements are negotiated with foreign countries, as the Prime Minister has forecast, it is plain that in some measure a new situation will be created, and bargaining on a business basis, with weighing of reciprocal advantage, will tend to become the rule inside as well as outside the British Empire; though we hope that this will not involve any lessening of the forces of sentiment and Imperial policy which have operated in the past and which animate the proposals of the British Government to-day.

## CANADIAN EXPORTS ON WHICH PREFERENCE WOULD BE OF MOST VALUE

Coming specifically to the proposal of the Chancellor of the Exchequer that we state what preferential duties would be of most advantage to our producers, and noting that the Chancellor quite properly observes it will be for the British Government to consider whether such duties would be in the interest of the British people, I now outline some of the chief Canadian exports to Great Britain in which an effective preference would be of most value. The list, of course, is not exhaustive.

## WHEAT

Wheat obviously comes first and easily foremost. It is our most important article of export: the quality is unquestioned; the market is now highly competitive; Canada's export surplus is greater than the British import. We recognize, however, that in this case the issue has been decided. The Prime Minister has announced that the British Government does not intend to put a duty on wheat. We accept that decision. It, of course, restricts the range and value of the preference as regards the Canadian producers, but we fully and freely recognize that it is for this country to decide what is in the interests of its people and to act thereon.

## BARLEY

Next in export importance among the grains comes barley, of which Canada normally produces 60 to 70 million bushels, and exported to the United Kingdom last year about 10 million bushels.

## FLOUR

Milling, particularly of wheat flour, ranks high among Canadian industries. It is closely and naturally connected with our agricultural industry. The production of flour normally runs about 15 million barrels; last year our exports reached nearly  $7\frac{1}{2}$  million barrels, of which nearly 5 million came to the United Kingdom. The industry is capable of very great expansion if greater markets are opened. Flour is, of course, a commodity of which the production and milling capacity in Great Britain is large. The effect of a duty would, therefore, depend very largely upon the extent to which the Canadian miller was put in a less advantageous position than the British miller: a duty which was distinctly protectionist rather than preferential would not, in the long run, we believe, be as advantageous to Canadian millers as the existing situation. This is also the case with certain other commodities.

## OTHER AGRICULTURAL PRODUCTS

Of the other agricultural products, excluding those already covered, the most important are fresh fruits, apples, peaches, pears, and plums, all of which Canada produces in unexcelled quality, and, especially in apples, in very large quantities, with difficulty at present in finding profitable markets (for Canada, a preference on fresh fruits is of much more importance than on dried or preserved fruits, and appears to present no difference in principle); cheese, butter and eggs, bacon and hams, canned vegetables, flax fibre, dressed or undressed linseed, linseed cakes, casings.

## FISHERY PRODUCTS

Of our fishery products, canned salmon which is faced with competition from Russia, the United States, and Japan, would at present be most helped by a preference. I might just say here that two items that I have mentioned in the last sentence or two have been noted for preference in the remarks made by the Chairman, and I wish to express our thanks for that action by the British Government, and believe it will be very helpful to the producers of these goods in Canada.

## FOREST PRODUCTS

Our forest products, with due observance of conservation principles, are capable of great expansion; notably lumber, newsprint and other paper, mill-board and strawboard, and chemical and mechanical pulp.

## METALS, MINERALS, VARIOUS MANUFACTURES, ETC.

Canada has also large resources in ferrous and non-ferrous metals, and in the non-metallie minerals, which a substantial preference would assist in developing. Our iron and steel and other metal industries, including agricultural implements and electrical apparatus, our wood-working, rubber and other manufacturing industries would supply a wide range of products—of which examples are: pig-iron; iron and steel products, including wrought-iron tubing, wire, wire rods, wire and other nails, screws and rivets, bolts and nuts; brass and copper products; lead, pig and sheet; zinc, crude and manufactured; hollow-ware and enamelled ware; hardware; implements and tools; electrical goods and appar-

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atus; agricultural and other machinery; office and other furniture; miscellaneous wood manufactures; sole, upper and fine leathers; leather and rubber footwear and other goods; heavy and other chemicals, including acetate of lime, acetic acid and acetone, carbide of calcium; brooms and brushes; condensed milk and milk powder, macaroni; cordage; linseed cake; starch; dextrine; casings; potato flour, etc.

## CANADA'S MANUFACTURED GOODS NOT ASSEMBLED FROM IMPORTED FOREIGN PRODUCTS

I would like to call the attention of the Conference to this phase which I am now going to present, but to which I made reference yesterday. That is the allegation that has been made time and again in the press, that Canada is merely a place for the assembling of products of other countries to be forwarded to Great Britain in order to secure the benefit of Great Britain's market.

The statement is sometimes made here in the press and in public discussion that Canadian manufactured goods are not rightly entitled to a preference in the British market, as they are not really manufactured in Canada, but are merely assembled from imported parts and sent over here as Canadian products. It may be pertinent to our discussion to-day to state that this conception is wholly erroneous. It could not survive a visit to Canada's manufacturing centres or a study of the statistical reports of the development of our industries.

## CHIEF MANUFACTURES WHOLLY CANADIAN

Our chief manufacturing industries are based primarily on the natural resources and extractive industries of Canada. For example, our two largest manufacturing interests, flour-milling and meat-packing, represent the two broad divisions of Canadian agriculture; our third largest is lumber; our fourth, pulp and paper; and our fifth, smelting. Of scores of our other largest industries—based in part, according to the universal practice, on imported raw materials—it needs but to mention them to note that they are wholly Canadian, as for example our textiles, rubber goods, chemicals, agricultural implements, boots and shoes, etc.

## THE 25 PER CENT RULE MUTUAL

The British people have in general exactly the same measure of assurance that goods which come from Canada and claim preferential tariff rates are distinctively Canadian as the Canadian people have that goods which come from Britain and claim our preferential rate are distinctively British. When Canada first granted a preference to British goods, complaints were raised that German and other goods were coming through Britain and securing the benefit of our preference. It was therefore provided that no goods imported into Canada should be entitled to the preference unless at least 25 per cent of the value consisted of British labour and materials. When this country adopted a limited preferential system a few years ago, it adopted the same rule.

## SPECIFIC EXAMPLES OF WHOLLY CANADIAN MANUFACTURES

But it is not merely on these general considerations that I wish to rely in repudiating the reckless statements that have been made. I may take the specific items which bulk largest in our export of manufactures to Great Britain and to the Dominions and India. Paper, particularly newsprint, takes a high place in this list. It is a 100 per cent Canadian product, made in Canadian mills from Canadian wood. Wheat flour and rolled oats are also widely exported, again, made in Canadian mills from Canadian wheat and Canadian oats. Sugar

now comes first among our exports to Great Britain which receive a preference. While we grow larger quantities of sugar beets in Canada, our raw material in this case comes preponderantly from outside, but the refineries are out and out Canadian; and further the sugar which we use for our exports to Britain is drawn mainly from the British West Indies, to which Canada gives a very substantial preference. Under the British regulations, the preferential rates apply only to sugar produced within the Empire; and by a further application of this principle, which goes beyond anything in our regulations, preference is not accorded on jam or condensed milk, unless the jam or condensed milk is made in Canada, and the sugar used is refined in Canada from raw sugar grown within the Empire.

#### THE CANADIAN MOTOR CAR INDUSTRY

Automobiles are another large factor. In some instances, our motor factories began as assembling plants, but this stage has long been passed. Our motor factories are substantial and efficient organizations, carrying the process of manufacture from the ground up; it is almost exclusively from these factories that the half million cars which Canadians themselves now use, have been drawn—one car for every four families. Engines, radiators, axles, wheels, springs, sheet metal work, hardware, upholstery, tyres, are all manufactured in Canada; one company draws upon 485 Canadian sources of supply. Of the two cars of Canadian make most largely imported into Britain, not 25 per cent, but, in one case, 60 per cent and in the other, 80 per cent of the cost is represented by material and labour of Canadian origin; and in the case of the car chiefly exported to other parts of the Empire, the percentage runs still higher. It is not necessary to go into further detail; the items mentioned constitute the bulk of our export of factory products; the same story would be told of the great majority of other manufactured exports.

I apologize for taking so much time. I think I have gone far enough into the subject, both generally and in detail, to explain our position. I wish again to say how thoroughly we appreciate what the British Government has seen fit to do in its proposition.

#### AUSTRALIA'S APPRECIATION OF GREAT BRITAIN'S PROPOSALS

MR. BRUCE: I certainly wish to associate myself with Mr. Graham in expressing Australia's appreciation of the proposals which the British Government have brought forward of their own volition. I think that inside the limits of the existing fiscal system in Britain the British Government have done everything possible to give an expression of their belief in the principle of Empire Preference and the fostering of Empire trade. Certainly as far as I am concerned, I am very gratified at what it has been found possible to do, always, of course, remembering the limits that the existing British system imposes.

#### PRINCIPAL AUSTRALIAN INDUSTRIES WHICH WILL BENEFIT

The preferences that will help us most are those that were previously announced, namely, those on dried fruits and canned fruits, and also one to which you have referred, but as to which no definite statement has yet been made, namely, wine. These three, coupled of course with preferences on fruit juices and honey, which you have announced this morning, are certainly going to assist us materially in one particular scheme which I outlined when speaking on this subject on a previous occasion. We are interested in tobacco, but not at the moment to the extent that one would wish; but possibly the greater generosity of treatment which has been given to us will enable us to become considerable producers of tobacco in Australia. We have great possibilities of doing it.



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## IMPROVED EFFICIENCY OF PRODUCTION AND MARKETING: AN ASSURANCE

Australia certainly recognizes that these preferences which have been given to the Dominions are not going to ensure the products of the Dominions flowing with certainty into Britain unless we, on our side, are prepared to do all that is necessary to keep a trade in which we have been given exceptional opportunities. We shall have to take great thought as to our costs of production; we shall have to do everything in our power to bring about the greatest efficiency. With regard to fruits in particular, we shall have to go on every year trying to improve the standards of our grading, and our packing, and we must also provide for efficient marketing. I think it must be recognized that during the last few years we have made very great strides, and I think we have been able to educate our producers to a realization of the necessity of doing all these things if they are going to hold the markets in which they are gradually obtaining a footing. But I think I should give to the British Government, who are trying to meet us in this matter, an assurance that as far as the Australian Government is concerned, we will do everything in our power to try to ensure that the fullest advantage is taken of this opportunity, and it certainly will not be through costly production or inefficient marketing that we will lose the markets in the future.

## DANGER OF FOREIGN DUMPING RENDERING PREFERENCES INEFFECTIVE

In discussing preference there is one point I should particularly like to raise, and it is this. I am quite sure that the British Government desires to give to the Dominions effective preference to the extent that has been indicated already; but we do feel that there is a possibility of that preference not actually being effective, unless the British Government can see its way to take action, if it becomes necessary, to ensure that their own desire and the desire of their Parliament, if these alterations are made, are actually going to be given effect to. These trades have not been exclusively in the hands of the Dominions in the past, and there are great interests concerned to see that they do not get into the hands of the Dominions in the future. I certainly anticipate that these interests will take action to try to prevent the alteration that we desire being brought about, and if they have that intention, the action they will take will be that of dumping into this market, to try and strangle the trades of the Dominions as they are gradually growing up. To take the case of dried fruits; in particular items, such as apricots, prunes, sultanas, peaches and so on, California is the largest producer in the world. She conducts her business largely through large and well-organized co-operative selling associations, and she has an enormous home market in which her home production is absolutely protected. Californian producers are certainly in a position to take action against our intention and our desire if they so decide. As regards currants, we have Sir Phillip's assurance that he will put on the full dried fruit duty when we can show that our production will supply a reasonable part of the market requirements. The bulk of currants come from Greece at present, and the whole position is handled by the Greek Currant Bank, and there is no doubt they could take dumping action if they wanted to. On the other hand, they are so dependent upon the price they realize for their product that I do not think that they are in quite the same position as California, nor that there could be any long sustained attack. I am merely raising the question to ask the British Government if they will give it their consideration, because I am quite certain from the whole of their attitude that the British Government have every desire to make the preference which they are offering at the present time to the Dominions a real and effective preference.

## BRITISH MANUFACTURER PROTECTED AGAINST DUMPING IN AUSTRALIA

The Dominion, of course, do take action in the direction I am suggesting. The British manufacturer is protected against dumping in Australia in connection with importations from countries where there is an excessive depreciation of exchange. I do not think, therefore, that it is unreasonable that we should ask that something should be done so that we will not go ahead with great schemes of development and expansion with an increased production, and then find that, although this preference may stand on the Statute Book, we are subjected to a dumping attack which will absolutely destroy the intention of the British Government and of the British Parliament.

## LIMITS OF AUSTRALIA'S REQUEST FOR PREFERENTIAL TREATMENT

There is another point that I want to make quite clear. I, of course, as Mr. Graham did, very much welcome the attitude that was taken up by Sir Philip and the Chancellor of the Exchequer, and the invitation to state our opinions on the effectiveness of the British proposals, and to put forward any other points with regard to which we considered some action should be taken. In the discussions we have confined ourselves entirely to the position created by the fiscal system of Britain as it is, but I do want to make it clear that, even in discussing in broad outline the present position, Australia does not wish to come here and enumerate a long list of industries that it desires to be protected in this country. That is not the position at all. That is not our desire. For example, in the greatest primary industry we have in Australia, the woollen industry, I am making no suggestion that we wish to ask for protection for our wool in the British market; similarly with a great number of other commodities; and I want to make it abundantly clear that in talking of Empire Preference, and in desiring a certain preference in the British market for Australian production, it does not mean that there are dozens and dozens of things—even running into hundreds—that might be suggested, or that, if this idea of Empire reciprocity were adopted, it would mean that on all the things that Australia produced we intend to ask that there should be a protection in this market. We would only make a request when there was a valuable industry which we considered should get some preference in Great Britain if there was a tariff item in this country with regard to it.

## THE CRITICAL POSITION OF THE AUSTRALIAN BEEF INDUSTRY

There is one industry, which I dealt with yesterday, and I do not want to labour it again to-day, which we are very concerned about, not because of what it means to Australia, but because of what it means to the Empire as a whole, and that is the beef industry. That problem is one that I suggest must be regarded from quite a different standpoint from the general question of a future and continuous policy with regard to the question of meat generally. This particular industry is in grave danger of being reduced in a way that would be very detrimental to the interests of the whole Empire. I think our beef industry is more or less in a similar position to agriculture in Great Britain, and while it may be a matter for the future to determine what is going to be done in regard to these particular industries, I certainly think, in regard to the Australian beef industry, we have to find some solution urgently, even if it be only a temporary solution of the difficulty we find ourselves in. But I dealt with that yesterday, and I certainly think that the Economic Committee, which has now been agreed to by the Conference, may present some way in which we can find a solution to this question.

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## THE FOOD AND MATERIALS COMMITTEE REPORT

In connection with that particular matter I think it would be more or less appropriate to say a word or two in regard to the Report which has been submitted by the Committee, and which Sir Philip also dealt with. I was the person who made the suggestions which were investigated, but again I want to make it clear, as I tried to do at the time, that I take no responsibility for any of these suggestions, nor have I any brief for any of the methods that were proposed. I indicated that Australia believes there is only one really satisfactory way in which the desired result can be brought about, and that is by a tariff and a preference; but while I said that that was our view, I also indicated that we did not say we had all the wisdom of the world as to how results can be effected, and I referred to the fact that many other suggestions had been put forward, and I indicated that I thought they should really be examined and considered to try and ascertain whether there was any other way in which a solution of this difficulty could be found.

Well, the Committee has met and the Committee has reported, but I say, with the utmost respect to the Committee, that I cannot believe it was possible for any Committee, in the time which it had at its disposal, to have exhaustively studied this subject, and to have come to a final and definite conclusion as to whether there is any possibility along those avenues, with possible modifications, with possible substantial alterations, or even by some new scheme that might be evolved, of bringing about the result we desire, which is to try and ensure the British market for Empire production.

## FURTHER EXPLORATION OF THE QUESTION ADVOCATED

I would be very sorry if, as a result of the Report which has been submitted, we are going to say that the door is closed to any further consideration of any alternate method of dealing with the question of trying to ensure the British market for Empire production, because if that is the position, then it seems to me we are in very grave difficulties in attempting to give effect to what I think is the considered opinion of this Conference, namely, that we should try and ensure the British market for Empire production, having in mind that that will stimulate the development of the Empire generally.

## COMMITTEE DID NOT CLOSE DOOR ON CONSIDERATION OF OTHER METHODS

The CHAIRMAN: May I say at once on that, Prime Minister, nothing was further from the minds of the Committee? We found, as we felt bound to find, that these three specifics were impracticable, but that very fact concentrated attention all the more upon any other ways which were effective. It was not in the least intended to shut out other means; it was only intended to show that those three methods were impracticable and therefore if we were to achieve our purpose we must achieve it on other lines.

## EXPERIENCES OF WAR-TIME CONTROL NO CRITERION

Mr. BRUCE: I am very glad to hear that is the position, but it does not quite meet me the whole way because I still hold the view that it would be impossible for the Committee even to have considered these questions as exhaustively as is necessary to make quite sure whether, with some modification or some alteration, our object could not be achieved somewhat along these lines, and I certainly think that the Report lays too much stress upon the experiences of the war. The experience of the war was at a time when you had control which to a great extent was designed to limit consumption. You were in serious trouble

as to your supplies and you also had great difficulty in limiting your consumption within the supplies that were available. The position is quite reversed now.

#### PROBLEM OF MARKETS NOT FULLY SOLVED BY PROPOSED PREFERENCES

In saying that, I do not for one second wish to be understood to be an advocate of any of these alternatives, or of control in any way, but I do feel we are in difficulties by reason of the fact that the British Government, through the voice of the Prime Minister, has said that there is to be no tax upon meat or wheat. Well, if there is to be no tax upon meat or upon wheat (although the whole of the statement made to-day seemed to indicate that a tariff was infinitely preferable to any other method), and if we are also going to shut the door on other methods and not try to find whether there is not some way outside the tariff of giving effect to what we want, then we have to recognize that we have closed the door to a great extent to any real stride forward in Empire development. I can only speak for Australia, but in regard to these great industries upon which we are mainly dependent, we can only really go forward, we can only accelerate the pace of our development, if we can see some reasonable certainty of having a market for our products, and for that reason I want to make the position that I am taking up as clear as I possibly can.

I, of course, recognize that it is entirely a matter for the British Government to determine what they are going to do in Great Britain in regard to anything that is imported into this country, and it is, of course, in no sense any business of any of the Dominions to attempt to dictate or to do anything to try and put pressure upon any Government to take action in that direction. We certainly would resent it if anybody attempted to exert pressure on us, and we understand we cannot do so to anybody else. All that I have been trying to do is to show the problem we are faced with. The problem, as I see it, is that we must develop the Empire, so that we shall increase its purchasing power, increase its man power and provide a better market in the future for Britain's manufactures than she has ever had in the past; I think that expresses the desire of Britain and of every part of the Empire, but it can only be achieved, and the Dominions can only go forward, if they have some assured market.

#### NEED FOR FURTHER INVESTIGATION OF PROBLEM

It very possibly is the right course (I express no opinion about it) to say that we cannot have a duty upon meat or wheat in this country at this time, but if that is so I certainly do urge that we should never cease from examining every plan that may be put forward. We ought to employ the best brains in the country to try and find some alternate method to the straight-out tariff (which Australia understands and believes in). There is no real difficulty in the solution of this problem if it can once be established that you can give a certainty, or a reasonable certainty, to the Dominions of this market for their primary products without increasing the cost to the consumer in Great Britain.

#### PROBLEM OF THE AUSTRALIAN MEAT MARKET IN GREAT BRITAIN

When one reads the reports of the Linlithgow Committee, when one considers the position, it seems that we must have become very bankrupt in statesmanship and also in commercial ability if it is not possible to find some way of achieving our objective. Take the position of the particular thing I was talking about before, namely, meat. We have established the fact that the average price of Australian frozen meat ex-store in London is 3½d. We produce a pound of beef, including the cost of raising it, probably of droving it

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great distances, getting it to the meat works, killing it, handling it, putting it into a ship and carrying it 12,000 miles, and, as a result of all that (after providing payment for everything, including freight and insurance), we get 3½d., and yet the meat costs 9d. when it is bought in a retail shop. Surely there must be some way of remedying the position without increasing the cost to the consumer in Great Britain. I am sorry to weary the Conference with this particular point, but it is vital beyond words to Australia, and, I believe, to the whole Empire, that we should find some solution. I recognize that there are tremendous difficulties in the way of putting on a straight-out tariff upon these vital necessities of the people, and possibly it is a right decision to say that it will not be done, but if it is not going to be done, then it seems to me some other way must be found of arriving at our objective. I do not want to go at much further length into this question, but there is another point that I feel I must put and must stress, and it is this.

## ACCELERATION OF EMPIRE PRODUCTION AND DANGER OF UNEMPLOYMENT

We are in the position now that we are inevitably (even if we do not make any great acceleration) going to get increased production from the Dominions, and if we really do accelerate it, it is going to be a vastly increased production; and we may find ourselves in the future in a position which (I do not think I shall be misunderstood if I say it) Britain finds herself in to-day with regard to her own population. Great industries have been built up in this country; the world has taken a turn in a certain direction; markets that were requisite to keep those great manufactures running have disappeared, with the result that there is no outlet for the production. Tens of thousands, or even millions, of men are out of employment, and a situation has grown up which is so intolerable that something must be done. The situation is of such a character that when one comes to consider what should be done, proposals can be made and can be considered seriously and can be possibly accepted, which, if they had been made a few years ago, nobody would have even heeded, nobody would even have listened to; it would have been said that they were quite beyond the bounds of practical politics and were utterly impossible.

But I feel that we may find ourselves in the same position with regard to Empire production. Things may get to such a point that we may see a crisis impending for the whole Empire, and we may suddenly be faced with the necessity of putting through some revolutionary proposals—always, of course, assuming that the interests of the whole Empire are one. If we found ourselves in a crisis, Britain would be prepared to do anything to try and relieve the pressure and find a way out.

Surely it is better to try and avoid that to-day by seeing if there is not some way we can find by which we shall be ensured that in the future, as this production comes to hand, there will be some market in which it is possible to dispose of it.

## EFFECTS ON EMPIRE PRODUCTION OF REVIVAL OF TRADE WITH RUSSIA

Another side which I think I ought to stress is that there is going to be a revival in Russia; there are British financial arrangements being made by which the grain of Russia can be handled, and probably and presumably can be disposed of in this market. In the future this may be a very serious question for the Dominions, and for Britain herself and the whole of her agriculture, and I think we ought to see the danger ahead of us, and certainly see if there is not some way by which we can guard our interests, and not have to take extreme measures when something in the nature of a crisis arises.



The position in Russia is that it has the poorest standard of living of any country on the Continent; the whole of its grain supplies are controlled by one interest and dealt with in any direction that interest chooses. Russia's production poured into the British market would mean that the British agriculturist and the Dominion agriculturist would be placed in a position where, with his standard of living and resultant natural cost of production, he simply could not live; Canada and Australia would have to reduce their production of wheat; and probably wheat production would almost disappear in Great Britain. That surely is not a thing that we can contemplate very cheerfully, and if we can find some way to meet it, it will not mean inevitably that we cannot trade at all with Russia. We shall probably trade with Russia to a considerable extent, but Russia will not be the solution of the whole of Britain's difficulties in the way so many people suggest.

The trade that has been done with Russia in the past was nothing phenomenal; it was nothing that would really affect very materially the situation in Britain to-day. I would like to put on record the figures for 1913, which was prior to the war, when Russia was enjoying as great a prosperity as she has ever seen. In that year she purchased £18,102,683 of British goods; or 2s. 1d. a head. Of course the Dominion trade is infinitely more valuable than that. Australia in the same year purchased £34,471,000 or £7 1s. 7d. a head, and New Zealand bought £10,833,265 or £10 6s. 4d. a head. I think you should remember those figures, because if the Russian trade is fostered, it will probably very materially affect the purchasing power of Australia, Canada, and all the other Dominions, and the effect on their purchasing power will be very much more serious, than if Britain did not absorb the whole of the Russian trade, which might be possible if we gave them an unlimited field in the market.

#### NECESSITY OF ENSURING TO THE DOMINIONS A MARKET IN GREAT BRITAIN

All this may possibly appear to be wandering a little from the subject we have before us, but I suggest it is not in the least so. The reason why I am mentioning it is to try and urge the absolute necessity of finding some way, and finding it quickly, by which we can at all events give a reasonable possibility of the Dominions having a market in Great Britain. What I want to try and stress above everything is that, even if it is Britain's considered and determined policy that there shall be no tariff upon wheat or meat, let us not on that account abandon our ideas or hopes that there is any possibility of doing anything at all. That is the particular point I want to stress.

#### AUSTRALIA'S ATTITUDE

I apologise, Sir Philip, for going at rather considerable length into this question, but there is only one other word I want to say. I want to make it very clear to this Conference that Australia at this moment is in no particular trouble. I am always apprehensive, because I am stressing these questions so much, that an impression will get abroad that Australia herself is in difficulties, and that I am here putting up a fight to try and grab something for Australia. Believe me, that is not the position at all. We are one of the fortunate countries which are in no particular trouble, and we can go on very comfortably. But we will have to condition our development to the circumstances in which we find ourselves. Our attitude in this is that we believe, that our future lies inside the Empire, and we want to do whatever we can to promote the welfare and well-being of the Empire as a whole, believing that if we do that, while helping the Empire we are also going to help ourselves to an even greater extent.

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I want, if I may, to move two resolutions, at whatever may be the appropriate time, dealing with the question generally of the development of the Empire and the methods that should be adopted to that end. Perhaps it would be suitable if I read them now?

THE CHAIRMAN: I think so.

## RESOLUTION MOVED

Mr. BRUCE: The resolutions as I have drafted them are as follows:—

"(1) That the greatest economic development of each of the several countries and territories composing the British Empire is to be found in the promotion of their mutual trade, and in the development of the resources of the British Empire as a whole.

"(2) That the further extension of the policy of Imperial Preference which was inaugurated by Canada in 1897 and which was accepted in 1917 by all the Governments represented at the Imperial Conference offers the most effective means of achieving this end."

## NEW ZEALAND'S APPRECIATION OF BRITISH PROPOSALS

Mr. MASSEY: I desire to commence my remarks by expressing appreciation of what the British Government is proposing to do in connection with the extension of Empire Preference in favour of a number of the commodities produced in the oversea Dominions.

## SYSTEM OF SUBSIDIES IN NEW ZEALAND NOT A SUCCESS

But first I want to say a word or two about the Report of the Food and Materials Committee, a memorandum in connection with which has been placed before members of the Conference. I want more particularly to refer to the last two paragraphs. I do not think it will be news to many people when I say that in New Zealand we had considerable difficulty during the war, and even more serious difficulty after the war, with regard to certain articles of produce. We gave the principle of subsidies a thoroughly good trial in connection with these articles, but I am bound to say that we were not particularly successful. They cost the Dominion a lot of money for which I cannot help thinking we did not get value.

## REDUCTION OF PROFIT MARGINS POSSIBLE

So far as the keeping of profits down to a reasonable rate is concerned, it is possible to prevent exploitation, and we proved it. I hope that effect will be given to the suggestion contained in the last paragraph but one of the Report of the Food and Materials Committee. I will not quote the whole of it, but the Committee say: "While, for all these reasons, the Committee have felt compelled to reject all the alternatives they have been asked to consider, they emphatically agree that it is in the interests of both producer and consumer that profit margins should be as small as is reasonably possible. This is a common interest of the Home and the Dominion producer." With that I agree absolutely.

## PROBLEM OF MARKETING BEEF IN GREAT BRITAIN

The Prime Minister of Australia gave an instance of what is going on in connection with the marketing in England of Australian beef. I can endorse what he said. When I was in England in 1921—I am bound to say that matters have improved a little since then—a shipment of beef to this country was sent from a farm with which I was acquainted. About 150 carcasses were

sent over and they realized 3½d. per pound. The cost of sending them, including slaughtering and other charges, was 3½d. per pound. That left a ½d. per pound for the producer—practically nothing. I am glad to say the position has improved a little since then; and, so far as New Zealand is concerned, we are trying the experiment of chilling beef. I do not know whether the experiment will be successful, but a shipment of chilled beef is on its way now from New Zealand in the hope that our producers will be better able to compete with South America, and particularly the Argentine. I agree with the Prime Minister of Australia that the problem with regard to beef is the most serious in this connection that the British Government have to tackle, and at present I do not quite see the way out of the difficulty, unless it be by a further extension of Preference—and I know what that is likely to mean when it comes before the British Parliament.

#### MARGIN OF PROFIT ON NEW ZEALAND APPLES IN GREAT BRITAIN

There is another illustration I want to supply as to the necessity for something in the way of limitation of profits. Since I have been in England on the present occasion I have had some correspondence from a firm who found it necessary to purchase a number of cases of New Zealand apples. We have been placing New Zealand apples on the British market for some time past. The price which this firm—I have not the correspondence with me here—paid for the apples was at the rate of 25s. per case of 40 lb. I think that works out at 7½d. per lb. for apples which were purchased by the case in the London market. Apple-growing is with us a struggling industry, though I have great hopes for it, and the Government have been encouraging it for a number of years past. But this is what has been happening in New Zealand. In order to encourage export, we guaranteed the apple growers 1d. lb. net. Last year we had a considerable deficit. I think we went to the bad about £12,000, but, at all events, the best that could happen to the New Zealand producer in connection with the price of his apples was 1d. per lb. That was all he received. The same apples were sold here in London at 7½d. per lb. I think the margin is too large.

It is not for me to suggest what the British Government ought to do, but if there is no legislation already on the Statute Book to deal with such a case as that, then I think it ought to be placed there, and that matters such as this should be looked into. I do not mind a reasonable profit to the trader—not in the very slightest—I think he should get a fair and reasonable profit, but anything of this sort is little short of exploitation. I do not say the same about beef, because I am not so well up in that; what I mean is that I do not know the retail prices of beef at present.

#### CO-OPERATIVE MARKETING A POSSIBLE SOLUTION

The CHAIRMAN: Price control, even if you could apply it, would not give your man a better price. Is not what the producer has to do to go into the market and, by co-operative methods, sell himself?

Mr. MASSEY: That is exactly what they are proposing to do. I have had notice of some of the legislation for the next session of Parliament, and I understand they will ask for the necessary power for the control of the marketing of their own produce. I hope it will have as good an effect in connection with apples as it has had in connection with the export of meat. When I say meat, I mean mutton and lamb; I am not speaking now of beef.

The CHAIRMAN: And your dairy produce too?

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## NEW ZEALAND BECOMING THE DAIRY FARM OF THE EMPIRE

Mr. MASSEY: Of course—the dairy farmers in New Zealand have already taken action. It has become a tremendous industry. The export of dairy produce from New Zealand to Britain last year amounted to nearly £18,000,000 worth, and it is still increasing rapidly. It may be selfish to suggest that New Zealand is going to supply the British market with dairy produce altogether, but I believe we are going a long way towards it in the next few years. In fact, New Zealand is rapidly becoming the dairy farm of the Empire.

## TOBACCO-GROWING IN NEW ZEALAND

As far as the other tariff items are concerned, New Zealand is interested in the proposal to extend the preference on tobacco from one-sixth to one-fourth. Tobacco-growing is another struggling industry in New Zealand. I am not going to predict that the industry will prove successful. All that I can say is that, so far as I am able to judge, the tobacco plant grows very luxuriously in the Dominion. It has been suggested to me that the growth is too rank to produce a good smoking tobacco. I do not know if that is so, but I do know that we can produce plenty of what is called raw material. Whether we shall be able to produce good smoking tobacco remains to be seen. Personally, of course, I hope so. We are giving growers in New Zealand a little encouragement by way of preferential duties.

## PREFERENCE ON APPLES: EFFECT IN NEW ZEALAND

As regards apples, as I have already indicated, we are particularly concerned in that industry, and I think that 5s. per cwt. will go some considerable way to assist the fruit-growers in my country—and they need it. Apple-growing is only a young industry yet in the Dominion, but already no less than an area of 31,000 acres is planted in orchards—which, of course, include other fruits, but mostly consist of apple trees. That is a fairly good commencement. Of the 31,000 acres, I have no doubt that about 28,000 acres are apples. The apples are of good quality; there is no question about that. We have been rather unfortunate in that several shipments have been damaged, but I think the fault was in the handling of the apples, not keeping them just at the right temperature on the voyage. I do not suggest that absolutely, but I think so. But I believe there is the making of a fine industry in New Zealand in the growth of apples. It is not a new thing; it is a new thing as far as export is concerned, but there are settlers in the northern district of the Dominion who went on to the land sixty years ago, and who grew apples very successfully. These men started practically with very little capital or experience, because they came from the manufacturing centres of Britain and settled on the land in its natural state, with practically no good market and nothing but their own industry to help them. I cannot remember one who has not acquired a competency by his own industry.

These settlers at first had to depend largely on fish, which was very plentiful; they grew maize to a certain extent, and vegetables, and incidentally most of the clothing for their children was made out of the flour sacks that brought the flour for their consumption. We have now gone rather past those days. However, I am sanguine about apple-growing, and I welcome this extension of preference.

## PROSPECT OF OPENING UP CANNED SALMON INDUSTRY

It may be news to some of the members of the Conference that New Zealand is also interested in the canning of salmon. I was pessimistic about the acclimatization of salmon in New Zealand waters for a long time. New Zealanders

tried to acclimatize salmon many years ago, and had very little to show for it for a long time. But there are plenty of fish now. We have not allowed the public to take fish for export yet, but I think we shall be able to do so next season. I know the salmon are doing very well indeed. There are two varieties, the quinnat salmon and the Atlantic. I had a beautiful fish sent to me not long ago weighing 26 pounds. Fishermen state that the salmon abound in hundreds of thousands. I am looking forward in a year or two to our entrance into the market with canned salmon.

#### HONEY EXPORT INCREASING

Then there is another growing industry in which we are greatly interested, and that is honey. Last year we exported to England 1,187,000 pounds of honey. That is a very good start. The increase in the export is to some extent due to the fact that a number of partially incapacitated men who came back from the war and whose pensions provided only a bare living, were given the opportunity of going in for either poultry farming or bee farming. A number of them are taking up bee farming, and have been fairly successful, and they will increase. I am confident there will be production in the future much greater than that which I have just quoted.

#### WINE PRODUCTION IN NEW ZEALAND

I do not know that wine can be produced to any extent in New Zealand; I am not sanguine about it. But we can grow grapes. We have more than one climate in our country, but I think generally the atmosphere is too moist. There are two wine-growing districts, Central Otago, and Hawkes Bay on the east coast, which are quite dry enough, and good wine is produced in the latter district. But in other parts I doubt whether we could make it a great success.

#### TRADE WITH RUSSIA AND EMPIRE DEVELOPMENT

I think it is quite likely we shall come into competition with Canada in exporting barley before very long, because we have a good deal of land suitable for that particular purpose. In reference to the Russian wheat proposal, I think just at present, when we are struggling to assist in lifting the depression from the United Kingdom, that what has been suggested by the papers is a very dangerous experiment. I do not want to say that I hope the people concerned will lose their money, but I do think that it would be very much better for the Empire as a whole if, instead of going to Russia for the purpose of development, they should assist in developing parts of the oversea Dominions. There is plenty of opportunity to do that. I am not suggesting that New Zealand can export wheat to any extent, because I am afraid the cost of production would be too heavy. We grow very big crops, but the financial balance to the producer is very small. But I know what Canada can do. I have crossed Canada so often that I know something about her producing capacity, and I have not the slightest hesitation in saying that Canada could produce enough wheat for the whole Empire if it became necessary; and Australia could do it, too, or at all events can increase the quantity it at present produces.

#### BRITAIN'S GROWING MARKET IN NEW ZEALAND

The Prime Minister of Australia, referring to the purchases that are being made by the people of the Dominions from Britain, mentioned the fact, and I have no doubt it is correct, that in 1913 New Zealand purchased £10,000,000 worth of goods from Britain. This is approximately correct, but for the first



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six months of the the present year we purchased over £10,000,000 worth of goods from Britain. I know that business has increased enormously, and I do not need to say that we are going to do our best to place some very large orders for machinery and metal manufactures, and to take advantage of the arrangements of the British Government to encourage the purchase by the oversea Dominions of their supplies in the British markets, and thereby assist in lifting the depression, and providing employment for those who are experiencing difficulty in finding it now.

## NEW ZEALAND'S PREFERENCE POLICY

Now just another word or two about the principle of Preference. We all know that Canada led the way in the principle of Preference; I remember the legislation being agreed to perfectly well, and there are very few of us who disagreed with it at the time. I am very glad to see that idea has developed; all the Empire has taken it up to a certain extent. New Zealand has increased her preferences enormously. She commenced in 1907 in a very small way. About forty articles or commodities were given preference, and now the number has risen to 425, and I am prepared to ask Parliament to go further if the British Government—and I am not making any bargain, because I am simply suggesting reciprocity—if the British Government will simply continue in what they propose to do, i.e., to extend the preference as opportunity offers.

## THE CHANGING ATTITUDE OF THE BRITISH PUBLIC TOWARDS IMPERIAL PREFERENCE

I said that I had some idea of the difficulties that will be met with later on, and I can see these difficulties in the distance. So far as I am able to judge I do not think there will be any difficulty in the British Parliament about the commodities which have been mentioned here this morning, but I believe that the British public are being educated up to the necessity of making the Empire a self-supporting Empire, and I think we should all work in that direction.

I have come across a number of public men in this country, men who take an interest in public affairs, men some of whom have been in the British legislature at different times. A very influential man said to me: "At one time Free Trade was my religion, but I begin to see now where we are getting to and I am no longer a Free Trader in the sense in which the word is used to-day." He holds the same opinion as I do, that what is called Free Trade in Britain is not Free Trade in the proper sense of the term. There are many such people. I have met them repeatedly. I have come across them at public meetings and in places of public resort and I believe when the opportunity arrives that you will find a tremendous vote in favour of the principle which it is proposed to affirm in connection with these resolutions.

## THE EMPIRE SHOULD SUPPORT BRITISH INDUSTRIES

Let me emphasize the point I referred to just now. I do hope that the different countries of the Empire will do all they possibly can to place orders in the British markets for metal manufactures, or for any other form of manufactured goods, and as soon as possible, so as to employ some of these million and a quarter of men who it is estimated are out of work. We can do a great deal of good by encouraging each other. I have not the slightest doubt that there is sufficient capital in Great Britain to employ the whole of these people if they were only satisfied that the country was going to get over its financial and commercial difficulties. I believe it will.

At a crisis like this we must have confidence in each other as British citizens. I am not speaking for the people of any other country. We must have confidence not only in the country where we happen to be located, but also in the Empire. If we can adopt that principle and continue in it I do not think it will be very long before we find the depression lifting. I think it is lifting now. I have heard many evil predictions during the last six weeks, but I hope they are not going to be verified. We can look round the Dominions and there is not one of them now suffering from depression. We have that to start with. Our neighbour, Australia, is prosperous; so also is Canada. I think South Africa is prosperous, and I know my own country is particularly prosperous, much more so than it was a year or eighteen months ago. The outlook is good, but we do not forget that Britain is our market; if anything went wrong with the British market and the purchasing capacity of the British people was thereby reduced, then we are going to be affected, and, even looking at it from that point of view—and that is a selfish point of view, I admit—it is our duty to assist in lifting the depression.

#### POSSIBILITIES OF A SELF-SUPPORTING EMPIRE

There is another point I have often emphasized, that anything in this way provides another tie of Empire. I look upon it that what we are doing now is only a commencement. There are tremendous possibilities in the way of a self-supporting Empire. I hope every public man will look at the question from the point of view of the Empire rather than from a strictly local aspect. We have got past that stage.

#### AMENDMENT OF MERCHANDISE MARKS ACT

There is this one other point, which I am not going to elaborate, because I understand it is going to be provided for by legislation; I refer to the necessity, at least the desirability, of an amendment of the Merchandise Marks Act, which would allow the public here, the consuming public, to know whether the goods they were purchasing are produced within the Empire or outside the Empire. That is practically all I am asking for.

The CHAIRMAN: Sir Robert Sanders says he has a statement to make in answer to that and I think it would be convenient to take it after your speech.

#### THE 1917 RESOLUTION ON IMPERIAL PREFERENCE

Mr. MASSEY: I am going to take a little credit for what is happening. When I came here to the Imperial Conference of 1917, Mr. Bonar Law, who has passed away and whose death we all regret, was Leader of the House. He was an enthusiastic supporter of Empire Preference, and, after consulting with him and one or two others, I drafted a motion and submitted it to the Conference, affirming the principle of Empire Preference. It was referred to a Committee, representative of the different parties in the Government at that time (because do not let us forget it was what was called a Coalition Government or a National Government formed for the purpose of carrying on the war), and they gave it a great deal of attention. I can remember Lord Milner taking a very prominent part in connection with it as well as Mr. Bonar Law, but at all events it came back from the Committee to the Conference, where it was unanimously agreed to. I mentioned it the other day when taking part in the opening of a big sale of Empire produce which is going on this week in London at the Army and Navy Stores, and the point I made then, and which I want to repeat now is, if it was the proper thing for all parties to support Empire Preference at that time, with the lessons of the war before their eyes, it is absolutely right now.

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## IMPROVED OUTLOOK FOR A SELF-SUPPORTING EMPIRE

I am not so pessimistic as to believe we are going to have war next year, or in ten years, or anything of that sort, but I hope when it does come—and it may not come in this generation—I hope when it does come that the Empire will be better prepared in the way of foodstuffs and raw materials necessary for its citizens than it was at the commencement of the last war; and this is the way to do it. I know this is only comparatively a small thing, but it is an earnest of what is to follow, and I am glad to think, whether the idea was mine or not, the germ was there; it was laid up; it has been one of the reasons at all events leading up to the position to-day, and from the point of view of a self-supporting Empire I have no hesitation in saying the outlook is better than ever it was before. That is all I have to say.

The CHAIRMAN: I think it would be convenient, Sir Robert, if you were to make your statement.

## MERCHANDISE MARKS BILL AND "EMPIRE PRODUCE"

Sir ROBERT SANDERS: My statement is in regard to the Merchandise Marks Bill. I may say that that Bill was introduced by a private Member in the House of Commons early in the session which is at present going on and it has passed through the Committee stage. It has now been arranged that the Government is to take up the Bill for the remaining stages, and it will come on in the session which begins next week. At the suggestion of the Prime Minister of New Zealand it was agreed that this question should be placed on the agenda of the Imperial Economic Conference, and I wish to announce that in deference to the wishes of the Dominions it has been agreed that the words "Empire produce" and "Foreign produce" should be used in the Bill instead of "Imported produce" in order to distinguish between articles coming from the Dominions and articles coming from foreign countries. It has also been decided to insert in the Bill a general provision as to indication of origin applying to all the cases falling within the scope of the Bill. This general indication would be either an indication (whether by means of a direct statement or some recognized mark) of the country in which the articles are produced, or a statement that the articles are Empire produce or foreign produce. This decision has already been communicated to the various Dominion Prime Ministers, and, as I believe it will meet the principal criticism of the Bill on the part of the Dominions, I presume it will not now be necessary to discuss this question at this Conference.

Mr. MASSEY: I would like to thank Sir Robert Sanders for the information he has given us with regard to what appears to me to be a very important matter. I will not discuss it now, but my object in bringing it up was that I wanted to give the consumers in this country the opportunity of discriminating—because they are just as patriotic as other people—between foreign produce, in which they have no interest, and produce and commodities from within the Empire—the goods of their own fellow citizens. I think I know what most of them will do.

The CHAIRMAN: We are all very grateful to you for bringing it up, in the interests of all the Dominions as well as of your own.

## SOUTH AFRICA AGREES WITH FINDINGS OF FOOD AND MATERIALS COMMITTEE

Mr. BURTON: I agree entirely with the finding of the Committee on Food and Materials. Mr. Bruce has said that the Committee could not possibly have had time to examine the matter fully. I do not see how any fuller examination could have led them to a different result. I am glad to hear that he disclaims responsibility himself for these proposals.

## SOUTH AFRICA'S EXPERIENCES OF TRADE CONTROLS

We have had plenty of experience of these attempts to put matters right by subsidies and restrictions and control and licences and things of that sort, and I am perfectly certain that no solution of our difficulties is to be found along those lines. In South Africa we had quite a recent experience in regard to the control of imports of boots and shoes. It was a most highly unsatisfactory proceeding from beginning to end, but I am glad to say we have given it up now and meet our difficulties there by the imposition of a tariff.

## PROTECTION BY TARIFFS THE ONLY REAL SOLUTION

I am inclined to think that there really is no alternative to protection by tariffs, if we except these arrangements being made amongst ourselves now by way of helping on trade. But Mr. Bruce seems to think that if these proposals were turned down—and I think it was inevitable that they should be turned down—there may be some other way of doing it. What other way of doing it is there? The tariff idea I understand, but the other thing I confess I do not understand. However, I entirely agree with the findings of that Committee, and, as I say, I do not see how they could have come to any other conclusion.

## THE SOUTH AFRICAN POSITION: NO INTERFERENCE WITH BRITISH FISCAL AUTONOMY

Now, Mr. Chairman, I just want to say with regard to Preference generally, that my attitude on behalf of South Africa remains what it was at first. We welcome what you propose to do in respect of the matter you have mentioned. As to going any further, the principle of reciprocity, as I told you, was advocated in South Africa many years ago, and is perfectly sound in itself. But while we welcome what you propose to do, we do stand upon this basis, that we claim the right in our Dominion to settle our own fiscal policy, and therefore we do not claim any right, whether by actual motion or even by "methods of education," to interfere with the right of the British people here to settle their own fiscal policy for themselves. That is our position in broad outline.

## APPRECIATION OF GREAT BRITAIN'S FURTHER PREFERENCE PROPOSAL

Now, as to the details of your statement to-day, Mr. Chairman, I am very glad to hear your proposals with regard to fresh apples. That, I think, will be of material assistance to South Africa, where both in the Transvaal, and in certain parts of the Cape Province, there is a great deal of apple-growing going on, and which can undoubtedly be extended considerably. This proposed preference of your will mean about 2s. 6d. preference on a bushel, I think, and it should go a long way to assist the South African producer to pay his freight and enable him to compete in respect of this article in your markets. That is quite a good thing from our point of view. I welcome also the proposal with regard to fruit juices and honey. The honey may be a comparatively small matter now, but is capable of being expanded. With regard to wine, I shall have something to say about that to-morrow.

Now, I just want to mention one further point. Mr. Bruce expresses appreciation of the proposals you make of your volition. I am afraid, Mr. chairman, that that attributes to us in the Dominions a shy modesty and backwardness that we are not exactly entitled to—I am afraid not even Australia and New Zealand. In view of the speeches we have heard to-day we cannot make that claim. As a matter of fact we have brought representations to the notice of your Government in various matters, and what I want to say is once

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more to express our appreciation of the fair and liberal way in which you have met the representations that have been made.

## APPEAL FOR PREFERENCE ON CANNED CRAY FISH

There is one point of detail, and that is canned salmon. I have nothing to say against that. On the contrary, I welcome it, but may I point out to you that, whereas in South Africa we do not can salmon, we do carry on a very large and increasing business in the canning of cray fish. I think, last year, if I am not mistaken we exported about a quarter of a million pounds' worth of this commodity. It used to be more appreciated in France than here, but now the market is shifting and there is a good deal of it coming here. If excellent salmon from Canada and elsewhere are entitled to have this preference, it seems only fair that preserved cray fish from South Africa should be included in the same category.

## PRINCIPLES ON WHICH PROPOSED PREFERENCES BASED

THE CHAIRMAN: Let me take that point up with you now. I have gone into that. The tests we were inclined to lay down for ourselves in considering any of these propositions were: (1) Is there a reasonable chance of the Dominions being able to provide a large volume of trade? (2) Is it a trade which they have not already exclusively enjoyed? Because, obviously, if there is no risk of competition a duty would merely put up the price. Conversely, if they are doing the whole trade at present, and there are not competitors, we should only put up the price by putting on a duty.

## QUESTION OF PREFERENCE ON CRAY FISH WILL BE CONSIDERED

Cray fish I certainly will consider. They come under "Other sorts of fish, including shellfish," as we described them. There you do about 33,000 cwts., while the foreign countries do about 41,000. You have not put the case forward. I rather anticipated you would.

MR. BURTON: Yes, I am doing it now.

THE CHAIRMAN: I will take it now.

MR. BURTON: As long as you see that it seems a fair thing, and as you say that cray fish shall come in too, I think that is all I have to say for the present.

MR. RIORDAN: The position we are in is rather a happy one; we have no grievance to ventilate in regard to this matter. I think I am right in saying that already inter-trade between Ireland and Great Britain is greater than that between Great Britain and any other Dominion; this, of course, is due to our proximity. There seems every prospect that trade between the two countries will increase as time goes on.

The items upon which you propose recommending further preference are in most cases items which do not interest us. The question of raw apples opens up the possibility of an extension of that trade. Honey is another item which may interest us to a certain extent, but not the others you have mentioned, with the possible exception of wine—I do not know whether or not you propose referring to the "wine" of my country to-morrow. At any rate, I shall wait until then for your disclosures on this point.

## QUESTION OF FROZEN SALMON AND CANNED LOBSTER

SIR PATRICK McGRATH: I have merely to add a word of thanks on behalf of Newfoundland for the inclusion in the list of articles under preference of canned salmon, which is about the only product we export, of those so listed,



that is affected. I would suggest though, that consideration might be given to the item of frozen salmon—fresh salmon and salmon in the chilled state—of which we export some. Canada, I think, also exports some, and there is competition from Norway and Sweden. I had intended raising the question of canned lobsters, suggested by Mr. Burton, because there was a competing industry from the State of Maine in the United States as against canned lobsters from Canada and Newfoundland. But if the figures show there are no competing exports to the United Kingdom now, it is not necessary to press that point.

The CHAIRMAN: I think there really is not, because, if I take 1922, the total imports from all foreign sources were 1,560 cwt., while the Empire imports were 35,577 cwt.

Sir PATRICK McGRATH: Largely from Canada, Newfoundland and South Africa?

The CHAIRMAN: From Canada and Newfoundland, yes.

Sir PATRICK McGRATH: May I make one suggestion, that in the phrasing of the provision with regard to shellfish it might be so worded that the question will not arise which those familiar with international problems of fifteen or twenty years ago will recall, when Newfoundland had a very important dispute with France, running for nearly two centuries, an aspect of which was whether the lobster was a fish or not. It was ultimately settled by an exchange of territory in West Africa and by buying out the French fishermen on the coast of Newfoundland by a payment of £250,000 from the British Treasury.

#### NEWFOUNDLAND EXPERIMENTS IN TRADE CONTROL

With regard to the larger question, I wish to express my sympathy with the view and the argument put forward by Mr. Bruce on behalf of Australia, but I do not think the remedies lie along the line he suggests. Like Australia, we produce a perishable foodstuff in the form of dried cod fish, and at times we have a situation such as confronts Australia at the present time with regard to her beef.

We, too, have tried some of the experiments suggested in his speech at the opening of the Conference. We have tried the question of stabilization, and we have tried to regulate the market, not by import but by export licences. We tackled both of those problems during the past couple of years with disastrous results, both to the state and to the business people concerned.

In an endeavour to stabilize the price of cod fish, the Government set aside half a million dollars for the purchase of cod fish on Government account and put the business in the hands of three or four firms of good standing. But despite that, the result was very disastrous. The return to the Colony did not exceed 20 cents in the dollar.

We also tried a scheme of export license, and attempted to control the export of the product from our own country by stipulating that nobody should be allowed to export cod fish unless he undertook to sell the cargo of fish in foreign markets at a price not less than that fixed by the Government through a Board of Control. The result of a year's experimentation along these lines was that several of the people concerned in the export of cod fish went bankrupt. I know traders who, in the fall of 1919, could write a cheque for hundreds of thousands of dollars, but who two years later had failed and could not pay 10 cents in the dollar.

I do not mean to argue that that entire result came from this scheme of Government control, because we were due for a setback like the rest of the world, but many think it contributed very largely to it. Not alone did we lose the sale

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at a profit of much of the current season's catch of cod fish, but we ran the risk of losing some of our markets altogether, because our competitors invaded them, undersold us, and strengthened their own position while ours was weakened.

I might simply add that, like Mr. Innes in India, I was Food Controller in Newfoundland during the war, and the result of my experience and observation was to convince me that the less any Government has to do with the marketing of food products, or interference in general industry, the better for the country concerned.

The discussion was resumed at the Twenty-first Meeting, held on the afternoon of the same day (the 7th November, 1923), as follows:—

## ATTITUDE OF INDIA TOWARDS PREFERENCE NEGOTIATIONS

MR. INNES: I have very little to say, Sir, upon the proposals for increasing and extending the existing preference. I should just like to explain that we made no representations to His Majesty's Government in regard to these proposals and that we have taken no part in the negotiations which have been going on with His Majesty's Government since these proposals were last discussed in the open Conference. That was not due to any modesty on our part it was merely our own self-respect. India, as I have already explained, under her existing system of revenue duties, grants no favours to anyone, and in consequence we are not in a position to ask for any favours. But since there are crumbs falling from the rich man's table I am glad some have fallen our way.

## INDIA GRATEFUL FOR INCREASED PREFERENCE ON TOBACCO

I was particularly interested in the announcement made that the preference on tobacco was to be increased to one-fourth. Since the war we have built up quite a large trade with the United Kingdom in unmanufactured tobacco and I hope that that trade will be further stimulated and increased by this increased preference. I should like to repeat what I said before, namely, that we are grateful to His Majesty's Government for these concessions which they have shown to India without asking for any return on India's part and I do hope that when the time comes for India to consider the question of preference, India will not be unmindful of the benefits she has received not only from His Majesty's Government, but also from New Zealand and Canada.

## INDIA ENDORSES REPORT OF FOOD AND MATERIALS COMMITTEE

I now turn to the Report of the Committee on Food and Materials. I was a member of that Committee and, naturally, I subscribe to every word of the Report. I heard the Prime Minister of Australia suggest that, in the time allotted to it, it was not possible for the Committee to give that exhaustive consideration to those proposals which they required. It is quite true that we were not able to devote very many days to the consideration of the proposals. At the same time some of the members of the Committee were men who had had actual experience of the working of schemes similar to those suggested by the Prime Minister of Australia, and, speaking for myself, as one of those who has had this actual experience, I may say that I do not think it would have made any difference if we had sat for a month on these proposals instead of for three days. It is perfectly true that my experience, and the experience of Sir Patrick McGrath, was experience gained in war conditions, but my experience gained during the war was merely reinforced convictions which I have always held. Statesmen may be very wise. They are nearly always assisted by the best brains they can get in the country in the shape of their permanent Civil

Service At the same time international trade is so vast and so complicated that my own conviction is that the less statesmen and Governments interfere, by way of prohibitions and restrictions, in international trade the better for everybody concerned. I am particularly glad that this Committee's Report endorses the resolutions already passed by the very important Genoa Conference, and I hope that this Conference will also endorse those conclusions.

#### MR. BRUCE'S GENERAL RESOLUTION ON PREFERENCE

I should have liked more time to consider the general resolutions which have been moved by the Prime Minister of Australia. In particular I have not been able to consult my leader, the Secretary of State for India, as regards these two resolutions. I notice that they make a special point of the fact that the policy of Imperial Preference was accepted in 1917 by all the Governments represented at the Imperial Conference. India was represented at the Imperial Conference of 1917, but there have been very rapid changes in India since 1917, constitutional and otherwise.

#### INDIA CANNOT BE COMMITTED TO PRINCIPLE OF IMPERIAL PREFERENCE AT PRESENT:

When this question of Imperial Preference was last discussed in the open Conference, I explained the position which the Government of India was compelled to take, and I should like to say that, though I have not been able to consult the Secretary of State for India regarding these present resolutions, the Secretary of State entirely agreed and approved of all I said at that meeting. At the same time I think I must repeat what I said then, namely, that I cannot commit the Government of India at present to the principle of Imperial Preference. Hitherto we have had purely revenue duties and we have made no distinction, no discrimination, between any countries. I gave my reasons why I was very doubtful whether we could embark upon a general scheme or system of Imperial Preference. I suggested that a more hopeful line of advance might lie in the giving of a preference on selected items, but I pointed out that it would be very unwise to force that issue and I had to leave the matter there. I must re-emphasize those points.

#### BUT WILL NOT OPPOSE RESOLUTIONS

At the same time this resolution is drafted in quite general terms and if my position is clearly understood, then I do not see any reason why I should oppose this resolution in this Conference.

#### DOUBTS AS TO APPLICATION OF FIRST PART OF RESOLUTION TO INDIA

I should just like to say a word or two about the first part of the resolution. No doubt that statement may be true for the Empire as a whole, and for that reason I do not propose to offer any formal objection to it; but I cannot help feeling doubtful, if you take particular parts of the Empire for instance, India, whether that statement is in fact correct. I hope I shall not be misunderstood. I am as anxious as anyone at this table for the development of inter-Imperial trade in every possible way, but we have got to look at facts as they are. I have already pointed out that of our export trade no less than 60 per cent goes to countries outside the Empire, and I must make this point clear. What is most important for India at the present time is that, if possible, Europe should stand upon her legs the whole of our prosperity depends upon that and I doubt very much, having regard to the character of our exports, whether anything can make up to us for the loss of our European markets.

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India exports the sort of things which the whole world buys. She exports, particularly, jute and jute goods she exports hides and skins and materials of that kind.

Take our leather: we have already tried an experiment; we tried to get the Empire to take our hides by means of preference; we put an export duty of 15 per cent upon all hides and skins exported from India, and we gave a rebate of 10 per cent on all those hides and skins which were tanned inside the Empire. We did that deliberately with the idea of trying to get England and other parts of the Empire to take our hides, which had formerly gone to Germany. What was the result? This is an example of how hard it is, by tariffs and things of that kind, to divert trade from its beaten channel. Germany seems to be the only country in the world which can work up the Indian light hide. In spite of all we did, in 1922 England was hardly taking any of our hides and Germany was, as before, buying nearly all the lot. The result of that was that we merely injured our own export trade by this export duty and we did ourselves very little good by the preference we gave.

The same with shellac; the vast bulk of the shellac we export from India goes to the United States. Why? Because it is required for making gramophone records. For some reason or other that is an industry which apparently flourishes very much in the United States and has a huge market there. I doubt very much whether anything we could do could divert those exports of shellac from the United States to any other country. So, personally, I should be inclined to demur to the first paragraph of this resolution, if it were intended to apply to India alone, but it may be perfectly correct as a general statement for the Empire as a whole, and therefore it is not necessary for me to object to it.

I hope, sir, that my position is quite understood, and, in the sense that I have explained, I do not think there is any reason why I should stand out of this resolution.

## DESIRABILITY OF STABILIZATION OF TOBACCO PREFERENCE

MR. ORMSBY -GORE: I would like to say just one or two words; first, as to the further preferences which the British Government has outlined this morning. I am quite sure that the increase of preference to tobacco will stimulate the production of tobacco in countries like Rhodesia and Nyasaland. On the other hand, I am quite sure, from the documents I have seen and from those who represent the producers of tobacco in those countries, that while they naturally take the alternative which gives them the greater preference now, there will be from now on a demand for the stabilization of the preferences, because to build up a new industry of this kind in the face of the very well organized and established position of the United States of America, which sends, after all, more than (I think it is) nine-tenths of the tobacco required by Britain, is not very easy. The problems of quality and problems of grading are very difficult when you have to carry them out on a small scale in a new country, and the one chance of building up a British tobacco industry in those Colonies where it can most suitably be grown is, as in the case of the sugar industry, to establish confidence in the minds of the planters and those who have to put in capital in the development of an industry of this kind. Experiments have to be made. I know it is not easy; and the one sort of stability that would be of value would be the general recognition of the whole body politic in Great Britain that the policy of Preference had come to stay. If only that could be established I am confident that you would get capital and you would get enterprise to go into an industry like the tobacco industry in Nyasaland and Rhodesia, but until time has proved that there is no going back on substantial and effective preferences such as the former, there may be slow development.

## THE LIME JUICE CONCESSION

Now as to the other two things which the British Government concede, certainly the lime juice concession will be extraordinarily welcome to one island which is going through a particularly difficult time. The Island of Dominica, which produces far more lime than the whole of the rest of the world practically put together, is a very peculiar place. It is about the wettest place in the world, and also the steepest, and practically lime is its only economic product. It does produce quite the best lime in the world, and the industry that was formerly in Montserrat has been transferred to Dominica, and what is now called "Montserrat Lime Juice" is produced in Dominica. It is hit, at this moment, by the depreciated exchange of Italy and the production of citrate and citrous fruit in Sicily as never before, and I am confident that this little preference may mean new hope to the small British community that is endeavouring to conquer the very arduous forces of nature in that very peculiar island.

## HONEY

Now, as to honey. Jamaica beats New Zealand at present, which stands second on the list, and the log-wood honey of Jamaica, I believe, last year stood first in the imports of honey into Great Britain from the rest of the Empire. That industry also is capable of expansion, and I sincerely hope that agriculture, which is considerably developing in the log-wood growing district in southwest Jamaica, will get a fillip and encouragement from the preference that is offered.

## THE PROBLEM OF MARKETING INSTANCE OF CJCJA

Now let me come from the specific preferences to the general question which was raised by the Committee which went into Mr. Bruce's propositions, and the general discussion that has taken place on that this morning. I have been receiving in the last few weeks representations from the cocoa producers of West Africa and elsewhere with regard to the extraordinary disparity between the price of cocoa and the price to the consumer of chocolate in this country. It is the same story as, I think, Mr. Bruce instanced this morning of the 3½d. and the 9d., only in a very aggravated degree. I think it is a subject which, together with all these questions, should be examined by the Economic Committee as to what is the cause of this great disparity between the price to the consumer and the price to the producer.

HIGH RATE OF TAXATION RESPONSIBLE FOR HIGH PRICES TO CONSUMER  
IN BRITAIN

If I may say what I feel about it, and the answer which I give to my enquirers, I say this, that the main reason why there is a great disparity of price to the consumer in Great Britain and the amount given to the producer in the Dominions and the Colonies is the high rate of central and local taxation in Great Britain. The distributor, whether wholesale or retail, in this country has got to pay income tax and rates which are out of all proportion to what he used to have to pay before the war; and the whole of that direct taxation is taken out of the consumer, and always will be. It is not the result of any ring or any association or any agreement between the distributors in this country; it is what every shop-keeper and every distributor is doing up and down the length of the country. Where you have got a country which is burdened with a high rate of direct taxation, especially a tax like income tax, you necessarily get that reflected in the price to the consumer. I know case



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after ease where the ordinary shop-keeper has to pay treble, quadruple—even more than that—what he did before in taxation, local and central. He has got a restricted trade owing to the depression. How does he do it? By putting more on every article he sells. And it is high taxation, it does not matter what form it takes, you may call it the taxation of the rich, and it all falls on the consumer and is passed on. That is the main cause, to my mind, and one of the chief difficulties in the adequate development of the markets of Great Britain to-day—the enormous burden of taxation which we have got to pay for the war, for the maintenance of our unemployed, for the payment of the American debt.

## APPEAL FOR INCLUSION OF COLONIES IN PREFERENCES GRANTED BY DOMINIONS

Now may I say one word about Mr. Bruce's resolutions? I hope that those resolutions will include, in the consideration, not only of Great Britain, but of each Dominion, the Colonies and Protectorates. I hope that where he says "the development of the resources of the British Empire as a whole" it means "as a whole," and that where it is possible for the Dominions to give preference to Colonies and Protectorates in the early stages of their development, each Dominion will be able to feel that the Colonies and Protectorates are just as much their estate as they are the estate of Great Britain, and that they will share in their development. Whether it is Fiji, whether it is Mauritius, whether it is East Africa or West Africa, I hope that, as has been done already by Canada in the West Indies, the preferences which are given by one Dominion to another, and by the Dominions to Great Britain or *vice versa*, will be extended, as they are extended to-day by Great Britain, to the produce of the Colonies and Protectorates. I believe that we have in the coming century in the Colonies and Protectorates a market—I admit not as great a market immediately as the great White Dominions overseas—but at any rate a steadily developing market, and that it would be in the interests of the Dominions as of Great Britain to get into those markets, to get the use of their special raw materials, and to develop trade with them. Inter-Imperial trade, and a further extension of the policy of Imperial Preference, will, I believe, include in an increasing degree the Colonies and Protectorates, just as I believe that in an increasing degree the Colonies and Protectorates will give preferences in return.

I cannot say more in specific detail than that, but as far as I can see the Colonies and Protectorates will be most ready to do all they can, subject, in the case of Tropical Africa, to the very serious limitation imposed by the Berlin-Congo Act and the subsequent International Treaties, to give full effect to the policy laid down in both resolutions.

In the course of further discussion of the draft resolution moved by Mr. Bruce, the Chairman said that he thought there was no doubt at all that the policy of Preference was going to be a permanent one. He said: I think it is inconceivable that in any part of the Empire the principle of Preference, established and acted upon as it has been, should not go forward. I also think, if I may say so in passing, that it is of great importance that where preference is given it should be given in respect of a genuine product of the part of the Empire which it is intended to benefit, that if it is a preference given by a Dominion it is intended to be given to benefit British undertakings and British work, and in the same way where British preference is given it is intended to benefit the workmen of the Dominion and the people who will put their capital in the Dominion to set up factories, and not merely to benefit an entrepôt of trade. I believe that is the general purpose of all of us in carrying out Preference.

Well, at this Conference, as it seems to me, we have gone further than we ever have before, and I think anybody who believes in the policy of Imperial Preference would indeed be a pessimist if he ventured to predict that what has been done as the result of this Conference is the end. I think there is great force in what has been put by Mr. Bruce and others, that people in all parts of the Empire want to know and to see what the possibilities are, what the facts are, and what results can be obtained if this policy is carried out much more extensively even than we are carrying it out as the immediate result of this Conference. At an earlier stage of this Conference I said that I thought it was our business to face the whole of this question perfectly frankly. Well, Mr. Graham has said: "We are not trying to dictate to you, but, of course, the things we are particularly interested in are wheat and so on." Mr. Bruce has said, frankly, that the position with him is largely dependent upon beef, and we recognized, when we went into the question of settlement and finance—and this was the common opinion of the Conference—that the extent of settlement must in the long run depend on the extent of the markets which, in turn, must depend on the extent of mutual trade within the Empire. If we have said that in the course of the Conference—and we on our side agree to it—I do not think we shall be embarrassed by any resolution which restates that fact. But people do want to know what the real position is, and unless they know what the real position is they cannot form a fair judgment.

I will take, specifically, the points put by Mr. Graham and Mr. Bruce. If people in this country are to form a final and considered opinion on whether or not they should have taxes upon basic food products, they would want quite definitely to know certain things; they would want to know whether, if such a policy were adopted, the Dominions could supply the requirements at a fair price; they would want to know what they would get in return. That is not a matter of a haggling bargain, it is something much bigger and yet much simpler than that; it means that they would want to know whether, if, on their side they adopted that policy, it would absorb our population and our products. As I say, that is certainly not a question of driving a bargain; it is merely saying what I think is the plain truth—that we have not finished with this matter, that it is a matter which will require much closer study, and that that closer study can only be given if, on both sides, we are able to state our difficulties frankly and are able to consider what would be the effect of any policy in one part of the Empire and in another.

#### AMENDED RESOLUTION SUGGESTED

In these circumstances, I think it is not only reasonable, but natural, that this Conference should pass a resolution which sets out our collective opinion as to the need of Imperial development and as to the value of preference in that development, and I can assure the Conference that if that is the sentiment, we should not feel it a matter of any embarrassment at all.

After some discussion, the Conference agreed upon a Resolution in the following terms:—

"This Imperial Economic Conference, holding that, especially in present circumstances, all possible means should be taken to develop the resources of the Empire and trade between the Empire countries, desires

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to reaffirm the Resolution on the subject of Imperial Preference passed by the Imperial War Conference of 1917.\*

The Conference also adopted the Report of the Food and Materials Committee, which is printed on page 244.

At the Twenty-second Meeting, held on the 8th November, 1923, the following discussion took place on the subject of the preference on Empire Wines:—

Colonel WALTER GUINNESS: I am very sorry it was not possible to take this when the Chancellor of the Exchequer was back, because he has given close attention to the matter and has been most anxious to meet the wine-producing industry of the Dominions to the utmost in his power, but I have heard this morning that he has now finally agreed to give the following preferences:—

## WINES OVER 30°

In the case of wine of over 30° there will be an increased preference, bringing the total preference up to 66 $\frac{2}{3}$ . Up till now we have been giving 33 $\frac{1}{3}$ . At the present time the duty on non-Empire wines is 6s.; on Empire wines it is 4s., and in future it will be only 2s. That will be a preference of 66 $\frac{2}{3}$  per cent. Those are wines over 30 degrees of proof spirit.

These wines, when imported in bottle, also pay a surtax of 1s., as against a surtax for non-Empire wines of 2s., and the combined effect of this 50 per cent preference on the surtax and the 66 $\frac{2}{3}$  preference on the ordinary wine duty, in the case of these wines of over 30 degrees imported in bottle, will give a preference on the combined duties of 62 $\frac{1}{2}$  per cent.

## SPARKLING WINES

On sparkling wines negotiations have been progressing, and on the surtax it is proposed to give the Empire produce an increased preference from the present 30 per cent to 50 per cent. Here again there is the ordinary wine duty apart from the surtax. The ordinary wine duty gives a preference of 40 per cent, so in the case of sparkling wine the combined effect on the two duties will be a preference of just under 50 per cent. I am sure the Conference will realize that this is a far higher rate of preference than has been given in any other case where a customs duty is levied. The Chancellor has agreed to this rather new departure in the hope that it will help to develop this new wine industry in the various parts of the Empire which have made representations during the last fortnight.

## CONCESSION WILL BENEFIT ONTARIO

Mr. GRAHAM: It might be a surprise to the Conference to know that in one of the prohibition provinces of Canada we manufacture wines to quite a large extent. Under the Ontario Temperance Act native wine is excluded from these provisions, and I am hoping that perhaps it will get some benefit under this proposal. It is really an Ontarian manufacture. In certain districts of Ontario

\* The resolution of 1917, which appears on p. 114 of C'd. S566 (1917), is in the following terms:—

"The time has arrived when all possible encouragement should be given to the development of Imperial resources and especially to making the Empire independent of other countries in respect of food supplies, raw materials and essential industries. With these objects in view this Conference expresses itself in favour of—

- "1. The principle that each part of the Empire, having due regard to the interests of our Allies, shall give specially favourable treatment and facilities to the produce and manufactures of other parts of the Empire.
- "2. Arrangements by which intending emigrants from the United Kingdom may be induced to settle in countries under the British flag."

wine of different grades of exceptionally good quality in every respect is produced. Although it may seem a little invidious that it is manufactured in a prohibition province, it is true, nevertheless. I will investigate this, as I said, and I hope it will be of some benefit to the wine-manufacturing industry in the province of Ontario.

#### CONCESSION OF CONSIDERABLE VALUE TO AUSTRALIA

Mr. BRUCE: Well, Sir Philip, there is very little I want to say. We recognize the concession that has been given to us, and we are quite sure it will be of considerable value.

#### THE STANDARD OF PROOF STRENGTH

There is, of course, one point that we have pressed very heavily upon your volition, but we have apparently not influenced the situation, and that is in regard to the difficulty that arises as to the degrees of proof strength. Having such a long journey to come as we have from Australia, and having to cross the equator, we have to fortify our wines rather more than they have to from nearer distances and cold countries, and that places us at a considerable disadvantage, because those countries can bring their wines in on the present basis with the 30° and get the lower duty, while owing to the fortification that we have to put into the wine we get over the 30° and have to pay the higher rate of duty. What we hoped to be able to achieve was that the standard should be varied, either by reducing it to 26°, which would prevent what is happening in regard to wines from near-by countries and cold climates, or else to lift it to 35°, which would enable ours to get in with the slight fortification we have to put in to get over our difficulty in regard to coming through the tropics.

The CHAIRMAN: May I interrupt for one moment? I rather think that that particular suggestion is precluded by treaty and therefore the only way in which you can be met on this point is by giving a larger preference on the more highly-fortified wines. To vary the scale of fortification is a thing which is impossible under the existing treaties.

Mr. BRUCE: What is the period of the treaties, do you know?

The CHAIRMAN: Three years; a minimum of three years.

Mr. BRUCE: I said in preface that I was not going to press the point, I was only going to raise it and point out the difficulty we find ourselves in, and express the hope that at any time it is possible to vary the basis from the 30° the case will be very fully considered. But apart from that, Sir Philip, I do not want to say anything else. There is another point that one would have liked to press for even a greater concession in one direction, but we recognize the embarrassment it would put in regard to your beer duty and so on, and for our part we are prepared to leave it where it is at the moment.

The CHAIRMAN: I think it ought to be of pretty substantial benefit.

Mr. BRUCE: I think so; a very substantial benefit.

#### NEW ZEALAND LITTLE AFFECTED, BUT WELCOMES EXTENSION OF PREFERENCE

Mr. MASSEY: I have very little to say, Sir Philip. It is another extension of Preference and, of course, I approve of that, and though I do not think it will be of much benefit to my country, it will be of benefit to producers of wine in different parts of the Empire, and I am satisfied to let it go.

#### SOUTH AFRICA GRATEFUL FOR PROPOSED PREFERENCE

Mr. BURTON: Mr. President, this is a matter, of course, of considerable importance to us in South Africa, and I should like to say at once what I have already communicated to the Chancellor of the Exchequer himself, that we appreciate very much what has been done, and it will be of very great assistance.

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I can quite imagine that a good number of the wine-growing community in South Africa would probably have liked the preference to have been extended to light wines as well. I think the bulk of the wines sent here from South Africa at present are light wines, wines of a light type, but I do not think, in view of present circumstances, we can press that, and I do not propose to do so. Sparkling wine, I am glad to say, is included. They are beginning to make sparkling wine in South Africa, and no doubt this will be a stimulant.

## THE NAME "PORT"

May I just mention one point, which I do not press, but which possibly you are aware of, and that is one of our great difficulties in South Africa—this bother about the name "port"? Our people make wine of the type of port wine; they may not print the name "port" on the bottles. They send it here, but they may not call it "port." I quite understand the position, but it is a substantial difficulty to them and I hope it may be adjusted at some future date.

## TARIFF PREFERENCE

## SUMMARY OF PROPOSALS BY HIS MAJESTY'S GOVERNMENT

As regards Imperial Preference, under the United Kingdom Customs Tariff, to Empire goods, His Majesty's Government intimated that they intended to submit to Parliament the following proposals:—

## DRIED FRUIT

At present dried *figs, raisins and plums* (includes apricots) are dutiable at the rate of 10s. 6d. per cwt., if from foreign countries and enjoy if of Empire origin a preference of one-sixth, *i.e.*, of 1s. 9d. per cwt.

It is proposed to admit these goods free of duty from the Empire so that Empire raisins, figs and plums will enjoy a preference of 10s. 6d. per cwt.

## CURRANTS

At present dried *currants* are dutiable at the rate of 2s. per cwt. and enjoy a preference of one-sixth, which on the existing duty only amounts to 4d.

His Majesty's Government are prepared to offer free admission to Empire currants and to consider what increase in the duty on foreign currants may be necessary to make the preference effective, such increase to come into force at a future date to be agreed upon.

## OTHER DRIED FRUIT

At present there is no duty on any *other dried fruit*, but whilst continuing to admit such Empire dried fruit free, His Majesty's Government would propose to impose a duty of 10s. 6s. per cwt. on such foreign dried fruit, (*e.g.*, apples pears and peaches) as the Dominion representatives may consider of interest to their trade.

## OTHER PRESERVED FRUITS

Preserved fruits other than those mentioned above are not dutiable save in respect of sugar contents, if any. It is proposed in addition to any such duty on the sugar contents to impose an all-round duty of 5s. per cwt. on the principal forms of preserved fruit not at present dutiable, except fruit pulp for jam manufacture, which will remain free of duty. All such fruit will be admitted free from the Empire.



## SUGAR

At present sugar is dutiable according to a scale dependent on the polarization of the sugar with a basis rate of 25s. 8d. per cwt. on fully refined sugar.

Empire sugar enjoys a preference of one-sixth or 4s. 3½d. per cwt., being nearly a halfpenny a pound on refined sugar.

It is not possible at present to offer an increase in this preference, but His Majesty's Government are ready to guarantee that if the duty is reduced the preference shall for a period of ten years not fall with it, but be maintained at its present rate of nearly ½d. per pound so long at least as the duty on foreign sugar does not fall below that level.

## TOBACCO

At present the duty on tobacco varies according to kind, being of course higher on cigars than on manufactured tobaccos. On the latter it is about 8s. 2d. per lb., on which the Empire enjoys a preference of one-sixth or, say, on raw tobacco of 1s. 4d.

His Majesty's Government would be prepared to adopt the course proposed in regard to sugar, *i.e.*, to stabilize the existing preference for a term of years or alternatively they are prepared to increase the preference to one-quarter, *i.e.*, to about 2s. on unmanufactured tobacco at present rates, the amount of the preference of course varying as the basis varies.

As a result of consultation with the oversea representatives concerned, it has been decided to adopt the second alternative, *i.e.*, to raise the preference from one-sixth to one-quarter.

## WINE

The proposals are:—

1. To double the existing preference of 2s. per gallon on the duty of 6s. per gallon on wines of a strength exceeding 30° and not exceeding 42°. The rate of duty on such wines coming from the Empire would thus become 2s. per gallon.

2. To increase from 30 per cent to 50 per cent the preference on the surtax of 12s. 6d. per gallon on Sparkling Wine.

## RAW APPLES

It is proposed to levy a duty of 5s. per cwt. on Raw Apples of foreign origin and to admit Raw Apples from the Empire free of duty as at present.

## CANNED SALMON AND CANNED LOBSTER, CRAY FISH AND CRABS

It is proposed that a duty of 10s. per cwt. shall be imposed on foreign Canned Salmon and Canned Lobster, Cray Fish and Crabs, and that these goods shall be admitted free of duty from the Empire.

## HONEY

It is proposed that a duty of 10s. per cwt. shall be imposed on foreign honey, and that Honey of Empire origin shall continue to be admitted free of duty.

## LIME, LEMON AND OTHER FRUIT JUICES

The proposal of His Majesty's Government is that a duty at the rate of 6d. per gallon shall be imposed on foreign Lime and Lemon Juices and His Majesty's Government would consider a list of other Fruit Juices which the Dominions regarded as of interest to their trade. The same duty would fall on Fruit Syrups and would be exclusive of the duty on the sugar content of such

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syrops. Fruit Juices from the Empire will continue to be admitted free of duty.

## FOOD AND MATERIALS COMMITTEE

The Committee was constituted as follows:—

The Right Hon. Sir Philip Lloyd-Greame, K.B.E., M.C., M.P., President of the Board of Trade;

The Right Hon. Sir Robert A. Sanders, Bt., M.P., Minister of Agriculture and Fisheries;

Lieut.-Colonel the Hon. Walter Guinness, D.S.O., T.D., M.P., Financial Secretary to the Treasury;

Dr. J. H. Grisdale, Deputy Minister of Agriculture, Canada;

The Hon. Duncan Marshall, Commissioner of Agriculture, Canada;

Senator the Hon. R. V. Wilson, Honorary Minister in charge of Departments of Health and Migration, Commonwealth of Australia;

The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;

Sir Ernest Chappell, C.B.E., Union of South Africa;

Mr. E. J. Riordan, Secretary to Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State;

Prof. T. A. Smiddy, Irish Free State;

The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland (assisted by the Hon. Sir Patrick T. McGrath, K.B.E., M.L.C., and Capt. V. Gordon, Acting High Commissioner, Newfoundland);

Mr. C. A. Innes, C.S.I., C.I.E., Member of Governor General's Council for Commerce and Railways, India;

Mr. L. R. Lumley, M.P., Colonies and Protectorates.

Mr. R. J. Shackle, Board of Trade, and Major R. McK. Oakley, C.B.E., Comptroller General of Customs, Commonwealth of Australia, acted as joint secretaries to the Committee.

## REPORT

The terms of reference to the Committee were:—

"To consider and report to the Imperial Economic Conference on the practicability of certain methods, suggested for examination by the Prime Minister of the Commonwealth of Australia, for assisting the marketing of food-stuffs and agricultural raw materials originating in the British Empire, namely:—

"(a) The method of Subsidies.

"(b) The method of Import Licences.

"(c) The method of Stabilisation of Prices."

The Committee has approached this question with a full realisation of the importance of developing and encouraging the production of food supplies within the Empire, and with the desire to support any practical proposals which can be devised with that object. The Committee have, therefore, given the most careful consideration to the three schemes enumerated in their terms of reference in the light of experience of control in Great Britain, the Dominions and India, and having regard both to the present economic position and to the general questions of Imperial trade and development which the Conference is seeking to solve.

## I.—METHOD OF SUBSIDIES

The Committee consider that any scheme of direct subsidy by the Home Government to producers in the Dominions is impracticable. If a subsidy is to be given by a Government to a class of producers, it is inevitable that the subsidising Government should retain the right to exercise a large measure of supervision and direction over the recipients of the subsidy. This is in fact a condition upon which any Parliament would require to be satisfied, before assenting to a subsidy. But it would obviously be not only highly inconvenient, but practically impossible for one Government to attempt to exercise this power within the jurisdiction of another Government.

Apart from these general objections, the particular proposal that such subsidies should vary in accordance with the preferential rebates accorded by each Dominion to United Kingdom producers would seem impracticable, since—

- (a) It is impossible to arrive at any accurate measure of the money value of the preference to the British trader, as such value must vary in every case in proportion to the severity of the foreign competition.
- (b) Moreover, in order to make any scheme of subsidies effective, the amount of the subsidies would have to be constant.
- (c) Incidentally, the effect of this proposal would be that, while the direct financial benefit of the preference given by the Dominion in each case would accrue to individual traders, the corresponding subsidy would be paid by the Home Government at the expense of the general taxpayer. On the other hand, even if it were practicable to tax the value of the preference in the hands of the trader who benefits by it, this would simply be to reverse the effect of the preference.
- (d) Such a differential subsidy might operate very unfairly in cases where the same preference is given by two Dominions, but where the volume of British exports differs. It is submitted that it would be inequitable to treat differently two Dominions who accord the same advantage to the Mother Country.

In addition to the above considerations, which, in the opinion of the Committee, show that the administrative difficulties render the proposal impracticable, the Committee are convinced that, were the scheme once adopted in principle, it would be difficult to put a limit to its extension, and it would become almost impossible to avoid budget burdens on a scale too heavy to be contemplated.

## II.—IMPORT LICENSES, AND III.—PURCHASE BOARD (STABILISATION OF PRICES)

The Committee are of opinion that a system of Prohibition and Licences would involve the establishment of a State Purchase Board and Price Control, and they are confirmed in their view by experience of control not only in Great Britain, but also in Canada, South Africa and India. Reasons for this opinion will appear later (see paragraph 6 (a) and (b) below).

But, in any case, the Committee cannot recommend the adoption of a system of Prohibition and Licences for the following reasons:—

1. The system, whatever its purpose, is one to be avoided if any other is practicable, and only to be resorted to where no other can avail. The Genoa Conference, on the advice of the British Empire Delegations, adopted a resolution (Articles 6, 7 and 8 of the Report of the Economic Commission, Cd. 1667) declaring that "These measures [*i.e.*, import or export prohibitions or restrictions] constitute at the present time one of the gravest obstacles to international trade.

"In consequence, it is desirable that no effort should be spared to reduce them as soon as possible to the smallest number."

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The reasons which weighed with the Genoa Conference when they adopted this resolution were generally identical with those set out in the following paragraphs, and they seem to apply with equal force to-day.

2. The operation of the system would produce a paralysing uncertainty in trade from the point of view of the producer, subject to the system of Prohibition. To take the particular case of meat, there would be difficulty in deciding not only how much he should kill, but also at what size he should maintain his herds, and he would probably find further difficulty in negotiating with shipping companies for freights, for the disposal of tonnage would be equally affected by the uncertainty.

Nor would there be only a risk of producers ceasing to produce, if they were liable to be excluded from the market; the importers, who would be directly subject to control, and whose interests would be injured by it, could never be relied on to deliver supplies promptly on the issue of a licence, if they thought they could profit by producing artificial shortages.

It would be impossible, in short, to count on obtaining, at the moment when they were needed, either the precise amount of supplies or the necessary means of shipment.

It is to be noted that this aspect of the licensing system formed, in the view of the Genoa Conference, the gravest indictment against it.

3. It would be most difficult, even with the best will, to administer the system fairly as between various foreign sources of supply and various importers. Constant complaints would be made by applicants who had been refused a licence, alleging that licences had been granted to their competitors in cases like their own. So long as there was more than one importer to be dealt with, the necessity would arise of making an allocation between them, and this difficulty would ultimately, if the policy were persisted in, involve the formation of a single importing agency.

4. The effect of a licensing system, as of an import duty sufficiently high to produce an equally exclusive effect, is to give an enhanced value to goods admitted to the country; but there is the fundamental difference that the import duty is paid to the Exchequer, while under the system of Licences the corresponding sum accrues to the profit of the foreign producer and/or importer of foreign produce.

5. Moreover, a grave objection to the proposal for Licensing lies in the fact that the duty thrown on the licensing authority would be too invidious to be borne.

It would have to grant licences in two events—

- (i) If Empire supplies were inadequate.
- (ii) If prices were raised unduly.

In this connection the following points should be noted:—

- (a) The extreme difficulty of assessing accurately the supplies that are likely to be forthcoming, and therefore, the additional supplies to be admitted from foreign sources.
- (b) The further difficulty, in the case of meat, of deciding whether chilled meat is to be excluded if alternative supplies of frozen meat are available. A gradual replacement of chilled meat by frozen would not provide a solution of this dilemma.
- (c) The licensing authority would be placed in an impossible position, in which it would be assailed by consumers for refusing licences, and by Home and Dominion producers for granting them: the maximum of friction would result, and the whole scheme of Imperial development would be liable to be prejudiced.
- (d) Difficulty would arise, from the point of view of price, in determining what amounts of produce should be admitted, and at what price-level

the market was to be stabilised. If the quantities admitted were sufficient to make the world price effective on the Home market, no benefit would inure to Empire producers; if not, the Empire price would govern the price of the relatively small proportion of foreign supplies.

6. *State Purchase*.—As previously mentioned, the Committee consider that the proposal for Import Licences (and indeed any system of Prohibition) would involve a State Purchase Board and Price Control, inasmuch as—

- (a) The State could not risk finding itself short of supplies, and would, therefore, be compelled to maintain stocks in reserve, at heavy expense and with considerable risk of incurring losses.
- (b) Control by limitation of imports would create an irresistible demand for Price Control. It has been suggested that consumers might be represented on the controlling authority. If so, experience goes to show that Price Control would be one of their first demands, and the setting up of cumbrous and expensive machinery would become necessary.

The Purchasing Scheme is tantamount to Prohibition, coupled with an equivalent to Import Licences. But State Purchase is open to many of the objections enumerated above, and in addition to the following:—

War-time experience has demonstrated that, under control, it is impracticable to let quality govern price, since the variety in quality is too great for the controlling authority to be able to take accurate account of it. Thus, in the case of meat control in Great Britain, it was not found possible to differentiate in price according to varying quality for the same cuts of meat.

Control is also costly, in that experience shows that the profit margins fixed must be governed by the least efficient elements in the controlled trade. Present day margins (in so far as they are excessive) are in no small measure a relic of the wide margins which it was in this way found necessary to establish under control.

Nor is it feasible to confine price control to any one stage. Once applied, it becomes necessary to extend it to all stages. Indeed ultimately the State might find itself involved not only in control, but in the necessity of taking over every phase of the business of marketing. And, having done so, it would probably find that margins had increased rather than diminished in consequence.

While, for all these reasons, the Committee have felt compelled to reject all the alternatives they have been asked to consider, they emphatically agree that it is in the interest of both producer and consumer that profit margins should be as small as is reasonably possible. This is a common interest of the Home and the Dominion producer.

The Committee, therefore, strongly recommend the closest co-operation, alike between Dominion Governments and the Home Government, and between Dominion producers' organisations and Home organisations, in concerting and carrying out any action which is possible for improving the marketing of Empire agricultural produce, including the provision of further statistical information.

Signed on behalf of the Committee,

(Signed) P. LLOYD-GREAME, *Chairman*.

October 25, 1923.



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## IMPERIAL PREFERENCE IN PUBLIC CONTRACTS

The discussion of this subject was begun at the Sixth Meeting, held on Wednesday, the 10th October, 1923.

### EXISTING PRACTICE OF BRITISH GOVERNMENT

The CHANCELLOR OF THE EXCHEQUER, in opening the discussion, observed that while Imperial Preference included preference to the home supplier, and while, so far as the requirements of the public Departments were concerned, they were to a large extent met by manufacturers and producers in this country, the broad principle which His Majesty's Government had adopted was that in public contracts an effective preference should be given to goods produced within the Empire as compared with foreign goods. Early in 1919, following on a discussion in the Imperial War Cabinet, a circular instruction had been issued to all Government Departments, and this had been followed ever since.

### NO FIXED PERCENTAGE OF PREFERENCE

Recently, however, a close investigation has been made in an endeavour to find out whether it would be possible to agree upon a uniform policy for all Departments, and in particular whether there should be laid down a fixed or a minimum percentage of preference. The conclusion had been come to that it was not desirable to fix any definite percentage, or any maximum, nor was it desirable to make any public announcement of the particular preferences given. Of course, for more than one reason it was necessary to retain power to suspend the preference if faced with certain circumstances.

### DIFFICULTY OF STIPULATING FOR EMPIRE RAW MATERIALS

A further point to consider was whether the preference should be extended to raw materials used in the manufacture of goods required by a Department, but experience had shown that it was impracticable to lay down an invariable rule, since the exact origin of such materials was often impossible to trace. Nevertheless, administratively it is possible to ensure to a very large extent that the raw materials are Empire raw materials.

It had been suggested on behalf of the Colonies and Protectorates, that that tenders should be called for "duty paid" where a preference is given, so that the benefit of the preference should be secured in all cases. That substantially is the practice of the British Government. The Chancellor gave instances to show that if there had been any exceptions they were practically negligible in quantity.

### PRACTICE OF COLONIES AND PROTECTORATES

Mr. ORMSBY-GORE said he had not much to add, but he would like to take up the point raised by the Chancellor of the Exchequer about the difficulty of tracing back to their raw material sources the materials used in British contracts. He read the following letter, which he had received the week before from the Crown Agents for the Colonies, which was instructive as an example of the difficulties that had to be met:—

"We recently had a case in which we placed an order for pumps with a firm of well-known English makers, but to our surprise we were afterwards told that the pumps were to be made in America by their American branch. This, I need not say, was not at all what we desired, and we are now adding to all our forms of engineering contracts the following phrases: 'In the case of stock materials not of British manufacture the place of

origin must be stated when tendering. When it is proposed to manufacture the whole or any part of the work abroad the names and addresses of the proposed manufacturers, and a list of the parts proposed to be obtained from them, must be stated when tendering.' This formula is not suitable for ordinary store contracts, in which we are going to add: 'In the case of materials not of British manufacture the place of origin must be stated when tendering.'"

If that could be added to the contracts they would have knowledge on which to base possible future action. At present he was afraid that a certain number of contracts, given nominally to British firms, were made either of materials produced outside the Empire or were actually handed over by those British firms to branches or firms in alliance outside the Empire.

He outlined the practice of the Colonies and Protectorates, as it might serve as an encouragement to Great Britain and the Dominions to give them reciprocal treatment. Ever since the Colonial Conference of 1902 there had been an instruction to the Crown Agents for the Colonies, who worked under the Secretary of State for the Colonies and were the purchasing agents for Colonial Governments, to give effective preference to the products of the Empire over those of foreign countries. Their practice was to invite tenders from selected British firms only. Foreign firms were only asked to tender in very exceptional circumstances, *e.g.*, when some special article was required which was not produced at all in the Empire, or when it was necessary, as in the case of certain old telephone apparatus, that the parts required for renewal or expansion should correspond with the old apparatus already installed. The practice of the Crown Agents could stand examination. He gave the following example: The drug salvarsan was required for some of the Dependencies; a German firm made an offer to the Colonial Government of about half the price of the British article, but the Secretary of State had asked the Colonial Government to order their supplies of the drug from British manufacturers in spite of the difference in price. He felt that we had to develop, and if Governments, both State, provincial and local, set the example in this matter, private individuals might follow suit. He did not want to lay down a hard and fast rule, but at a time like this the public Departments throughout the Empire should do all they could in the wording and framing of their contracts to secure the use of Empire materials and Empire products.

#### COLONIAL CONTRACTS GIVEN TO DOMINIONS.

Mr. AMERY said that in recent years a habit of the Crown Agents had been not only to encourage Empire materials generally, but to encourage Empire finished manufactures. He gave several instances showing that the Administrations of the Colonies and Protectorates were anxious to help not only in the interests of the Mother Country, but the interests of every part of the Empire.

#### PREFERENCE IN ADMIRALTY CONTRACTS.

As regards the Admiralty, they gave a preference sufficiently substantial to eliminate, apart from oil, all but 1 per cent of foreign purchases. They had been able finally to transfer their last purchases of Argentine meat to Australia, and all meat for the Admiralty now comes from Empire sources.

#### CANADA'S VIEW.

Mr. GRAHAM said that he could readily understand the difficulty of laying down any fixed stated percentage of preference. There must be flexibility. The interests of the taxpayer, in the part of the Empire dealing with preference,

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must be considered. It was essential, in his view, that the business men or those interested in every portion of the Empire should be given an opportunity to tender. He was strongly in favour of each part of the Empire (everything being equal) giving a preference to every other part.

## WAR OFFICE MEAT CONTRACTS.

LORD DERBY said that the War Office fully intended to give every possible preference to Empire goods. He assured the Conference that they took the whole of their frozen meat from Australia and New Zealand, and with regard to preserved meat he quoted the opinion of a deputation from the Commonwealth of Australia that the War Office had given the Dominions every consideration in connection with a recent tendering for preserved meat, over which there had been a publicity campaign adverse to the War Office. He pointed out certain difficulties in the way of giving preference which would be removed if the Dominion High Commissioners were able to have a guaranteed list of firms, whom they could recommend as sure to carry out a contract, and on whose behalf they would be able to sign if they were not otherwise directly represented in this country.

## PRINCIPLE ALREADY IN OPERATION IN AUSTRALIA, NEW ZEALAND AND SOUTH AFRICA

SENATOR WILSON said that the principle of preference in public contracts was already in operation in Australia, and that public bodies there gave preference at all times to goods produced within the Empire. Quite apart from the question of the legal aspect of the tariff, the sentimental value of the preference given by Australia to Great Britain was estimated to be in the vicinity of £2,000,000, and he, personally, thought that that figure was considerably underestimated.

MR. MASSEY said that New Zealand had been working on the principle of preference in public contracts for a long time past.

MR. BURTON found himself in substantial agreement with what had been said by the Chancellor of the Exchequer and by Mr. Graham. In South Africa preference had been given for some time past. He pointed out that on previous occasions this subject had been discussed and general agreement arrived at, but it had not been thought necessary to take any resolution; as they were all in agreement about the principle, it was really only a question of carrying it out. He thought it was unnecessary to pass a resolution, but would be glad to examine any proposal which might be submitted.

MR. RIORDAN said that he did not desire to express any definite views in this subject; that a Fiscal Enquiry Committee had been appointed by his Government and was sitting at the present moment; that until the Committee referred to had concluded its investigations, and reported, and the Irish Free State Government had considered the report, the Irish representatives at the Conference must reserve judgment concerning questions of tariffs Imperial Preference, and matters such as these.

MR. WARREN also expressed himself in favour of the principle of preference, which was in accordance with the practice of Newfoundland.

## DIFFICULTIES TO INDIA'S ACCEPTANCE OF RESOLUTION

MR. INNES said that two distinct classes of cases were indicated. In one the raw material itself was the subject of a contract. That case did not cause much difficulty in India, as most of their raw materials required for such contracts were obtained in India. Still, there were difficulties, as instanced by the case of sugar. They could not grow all the sugar they required, and large quantities were imported from their nearest neighbour, Java. Owing to the geographical situation of India, expenditure on the army in India swallowed a very large portion of their revenue, and they had had to take very drastic

steps recently to reduce that expenditure. The army required large quantities of sugar, and the Government of India in such circumstances would not be justified in incurring increased expenditure by purchasing their imported sugar from within the Empire at a higher cost than Java sugar.

#### PROCEDURE FOR PURCHASE OF INDIAN GOVERNMENT STORES

That class of case, however, presented much less difficulty than the case in which the raw material involved was only an ingredient in a manufactured article. The Government of India were required by rule to buy their imported stores through their Store Department in London, which was under the control of the High Commissioner for India. Such purchase was on a very large scale, involving annually many millions of pounds, and they had had to lay down the rule that purchases must be made in accordance with strict business principles. In other words, the High Commissioner had to accept the lowest satisfactory tender; not necessarily the cheapest tender, for he had been given wide latitude to take into consideration such matters as ease of inspection, reliability and other matters of a similar character. Owing to the superiority of the British manufacture the practical result had been that between 90 and 95 per cent. of the value of purchases made through the High Commissioner during the past year had been expended in England on articles produced by British manufactures. As a result of the debate which took place recently in the House of Commons, the action taken by the Government of India in that matter had been endorsed by the House without a division.

There were, further, practical difficulties in the way of carrying out instructions to use only Empire materials in manufacture. They would find it very difficult to satisfy themselves, for instance, that only Empire-produced manganese had actually been used in a girder, or that linseed oil used in the manufacture of any particular paint had been produced within the Empire. The work of their Inspectors would be very seriously complicated by such instructions. Any resolution which they might wish to pass to that effect would be unworkable in practice.

He was quite prepared to consult the Government of India regarding the terms of any resolution that might be moved, but could not go further than that.

EARL WINTERTON wished only to add on behalf of India, that, in addition to purchasing in England the large proportion of her requirements in the shape of Government stores which had been indicated by Mr. Innes, she was on private account one of the best customers that Great Britain had.

#### RESOLUTION

The Conference decided to adjourn the discussion, so that a Resolution might be drafted which should give expression to the views of the Conference in regard to the principle of preference in Government Contracts, on the question of the materials used in carrying out contracts of Empire production, and on the question of those contracts which fall within the province of State, provincial and local authorities. The following Resolution was accordingly tabled at the Twenty-first Meeting, held on Wednesday, the 7th November, 1923, and adopted:—

"1. That this Imperial Economic Conference reaffirms the principle that in all Government contracts effective preference be given to goods made and materials produced within the Empire except where undertakings entered into prior to this Conference preclude such a course or special circumstances render it undesirable or unnecessary.

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"2. That so far as practicable, efforts be made to ensure that the materials used in carrying out contracts be of Empire production.

"3. That State, provincial and local government authorities should be encouraged to take note of the foregoing resolutions."

## COMMERCIAL FACILITIES AND STATISTICS

A discussion on some aspects of these questions took place during the preliminary consideration of the work lying before the Conference at the Second Meeting, held on the 4th October, 1923.

### CO-OPERATION IN RESPECT OF COMMERCIAL INTELLIGENCE

With regard to commercial intelligence, the Conference had before them a memorandum on Co-operation between Home and Dominion Governments in respect of Commercial Intelligence, I.E.C. (23)—5 (see page 257). The Chairman pointed out that the Imperial War Conference in 1917 recommended that the services of His Majesty's Trade Commissioners should be placed at the disposal of the Governments of the Dominions and India. There had now been established a commercial diplomatic service in foreign countries, and attention had been paid to the development of the commercial side of the work of the Consular Service. It was now proposed that the services of commercial diplomatic officers, and of senior consular officers in certain countries where no commercial diplomatic officer is stationed, should be made available to the Governments of the Dominions and India in the same way and to the same extent as the services of the Trade Commissioners had already been made available. The principle His Majesty's Government had in mind was the principle of mutuality, and they hoped that the services of commercial representatives of the Dominions might in the same way be made available to British traders in areas where there was no commercial representative of the United Kingdom.

A tribute was paid by Mr. Massey to the British Trade Commissioner Service, and Mr. Innes said that the Government of India had asked him to take the opportunity of saying in open conference how very greatly they valued the facilities which had been placed at their disposal by the British Government. Mr. Ormsby-Gore paid acknowledgment on behalf of Jamaica to the services of the Canadian Trade Commissioner in Jamaica, and hoped that in future the whole service of commercial intelligence would be regarded not only from the point of view of the United Kingdom, but also of the Colonies and Protectorates. The Chairman also expressed appreciation of the services rendered by the Canadian Trade Commissioner Service to British traders and to the British Government.

### APPOINTMENT OF COMMITTEES

THE CHAIRMAN then touched on questions connected with commercial travellers' samples, trade catalogues and price lists, and the valuation of goods for Customs duty purposes. It was decided to refer all these matters to a Committee. With regard to Statistics, he said that what His Majesty's Government had in mind in putting statistics on the Draft Agenda was that everything ought to be done to produce whatever statistics were produced by the various Governments of the Empire in such a manner and in such a form as would be of practical utility to Imperial Trade. It was decided to refer this matter to a Committee whose terms of reference should be confined to trade statistics.

Resolutions were accordingly tabled and adopted at the Third Meeting of the Conference, held on the 5th October, 1923, in accordance with which a



Committee was appointed to consider and report to the Imperial Economic Conference on the following questions arising under paragraphs 4 (A) and (G) of the Draft Agenda, viz.:—

- (i) Commercial Diplomatic and Consular Services,
- (ii) Commercial Travellers' Samples,
- (iii) Trade Catalogues,
- (iv) Valuation of goods for Customs duty purposes, and other matters connected with Customs formalities.

It was decided that the same Committee be also instructed, in connection with paragraph 4 (B) of the Draft Agenda, viz., Statistics, to consider and report to the Imperial Economic Conference what steps can be taken in the light of the Report of the British Empire Statistical Conference, 1920,\* and of subsequent experience, to improve the Trade Statistics published by His Majesty's Government in order to increase their value from the point of view of the development of inter-Imperial trade, and.

That it be left to the delegations concerned, should they so desire, to nominate additional members to the Committee for the purpose of this part of the terms of reference.

#### REPORTS OF COMMERCIAL FACILITIES COMMITTEES

This Committee (the Commercial Facilities Committee) presented three Reports. The First Report (see page 261), which contained four Resolutions dealing with commercial intelligence services, commercial travellers' samples, trade catalogues and price lists, and matters connected with Customs formalities, was discussed at the Fourteenth Meeting of the Conference, held on the 24th October, 1923. The Conference adopted all four Resolutions.

The Second and Third Reports of the Committee (see pages 264 and 281), dealing the one with Certificates of Valuation for Customs purposes and the other with Statistics, were tabled at the Seventeenth Meeting of the Conference held on Thursday, the 1st November, 1923. Resolutions V, VI and VII, recommended for adoption in the Second Report, and Resolution VIII (on Statistics), recommended for adoption in the Third Report, were adopted. In connection with Resolution VIII, the Conference reaffirmed the principle that the object of any work that was put in hand should be to make the trade statistics of the Empire as valuable as possible for trade.

#### CONCLUSIONS OF GENEVA CUSTOMS CONFERENCE SUPPORTED

The question of Customs formalities was again discussed at the Twenty-second meeting, held on Thursday, the 8th November, 1923. The Conference had before them a letter, dated the 5th November, from Sir H. Llewellyn Smith, British delegate at the International Conference on Customs formalities, convened by the League of Nations, for the simplification and improvement of Customs procedure, together with prints of the Convention and Final Act adopted by the International Conference. The letter reported that the International Conference had completed its labours, and that the Convention was adopted *un. con.* by the votes of thirty-two out of thirty-five delegations (including all six delegations from the States of the British Empire), with two abstentions and one absentee. Some of the States voting for the Convention did not possess full power to sign at Geneva but the convention was signed on the 3rd November by the following twenty-one States (to which should be added Japan, whose signature was delayed at the last moment by the illness of the Japanese delegate):—British Empire, South Africa, France, Italy, Belgium, Germany, Austria, Spain, Portugal, Switzerland, Yugoslavia,

\* See Cmd. 648/1920.

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Greece, Finland, Egypt, Morocco, Tunis, China, Siam, Brazil, Chile and Uruguay. The letter further pointed out that the position of inter-Imperial trade and of the application of the Convention to oversea Colonies, &c., was fully safeguarded.

It was decided to adopt the following Resolution:—

"That the Conference should take note of the work accomplished by the recent League of Nations International Conference on Customs and other Similar Formalities (the 15th October to the 3rd November, 1923), and that the conclusions of that Conference should be recommended for favourable consideration to the various Empire Governments concerned."

# MEMORANDUM BY HIS MAJESTY'S GOVERNMENT ON CO-OPERATION BETWEEN HOME AND DOMINION GOVERNMENTS IN RESPECT OF COMMERCIAL INTELLIGENCE (I.E.C. (23)—5).

In connection with the general question of closer co-operation between the various countries within the British Empire, consideration has been given to the possibility of extending the facilities for the supply of commercial information required by the Government of the Dominions and of India. The Commercial Intelligence Services overseas maintained by His Majesty's Government are the Trade Commissioner Services within the Empire and the Consular and Commercial Diplomatic Services in foreign countries.

## *The Trade Commissioner Service.*

Occasion was taken at the Imperial War Conference of 1917 to call the attention of the representatives of the Dominions and India to the measures which were being adopted at that time to extend and strengthen the Trade Commissioner Service. As a result of a resolution passed by that Conference, the Governments of the Dominions and of India were invited to utilise the services of His Majesty's Trade Commissioners should they desire to do so. The present position is as follows:—

*Canada.*—The Canadian Government stated that for Canadian purposes use could be made advantageously of the services of His Majesty's Trade Commissioners in India and Ceylon, and also in the Straits Settlements when a Trade Commissioner for that territory should be appointed. In the other countries included in the Trade Commissioner scheme the Dominion of Canada already had its own Trade Commissioners, and, beyond establishing mutual goodwill and co-operation between them and His Majesty's Trade Commissioners in these centres, they considered that it would not be necessary to make demands upon the time of His Majesty's Trade Commissioners. In the countries named above in which Canada had no trade representative, and until such time as such representatives should be established, the Dominion Government accepted the offer of His Majesty's Government.

In September 1921, the Canadian Government appointed Trade Commissioners for India and the Straits Settlements, and have consequently now ceased to utilise the services of His Majesty's Trade Commissioners.

*Australia.*—The Government of the Commonwealth of Australia are also taking steps to establish a Trade Commissioner Service, and consequently have not found it necessary definitely to avail themselves of the offer of the services of His Majesty's Trade Commissioners.

*New Zealand.*—The Government of New Zealand have availed themselves of the services of the Trade Commissioners in Canada and in South Africa.

*South Africa.*—The Government of the Union of South Africa expressed their appreciation of the offer, and requested that Trade Commissioners should be asked to render any assistance possible when addressed direct by them.

*Newfoundland.*—The Newfoundland Government utilise the services of the Trade Commissioner at Montreal.

*India.*—The Government of India availed themselves of the services of the Trade Commissioners in all parts of the Empire, and still do so.

The duties of Trade Commissioners in the matter of co-operation with the Governments who utilise their services have been laid down as follows:—

- (a) To reply to commercial enquiries which may be addressed to them by traders or by the Governments represented, and to suggest suitable local agents for producers or manufacturers in the part of the British Empire represented;
- (b) To notify the Government represented of changes in the customs tariff or other regulations affecting its trade;
- (c) To report any openings for trade or contracts open to tender which might interest producers or manufacturers in the part of the British Empire represented;
- (d) To circulate or distribute in the area in which they are stationed official literature relating to the trade, agriculture and manufacture of the part of the British Empire represented; and
- (e) Generally to watch over the trade interests of the part of the British Empire represented in the area in which they are stationed.

#### *The Consular Service.*

As the result of an arrangement made in 1912 with the Government of Canada and subsequently extended to the other Dominions, Dominion firms are at liberty to apply direct to any of His Majesty's Consuls for information as to the possibilities of sale of Dominion products, the method under which business is conducted and the best means of getting into touch with markets. Under the terms of the agreement, Dominion Trade Commissioners are also at liberty to apply to His Majesty's Consuls for advice and assistance.

The agreement did not, however, provide for Governors-General, Dominion Government Departments or High Commissioners communicating direct with Consular Officers. On one or two occasions when this point has been raised by a Dominion Government or a High Commissioner, attention has been called to the inconvenience which would be caused by direct applications from Dominion Governments or their official representatives in the United Kingdom addressed to Consular Officers for information on commercial and similar questions. It has been pointed out that—

- (a) The desired information can in many cases be supplied by the Commercial Intelligence Branch of the Board of Trade (which branch is now merged in the Department of Overseas Trade) or by the Diplomatic Missions abroad, thus avoiding unnecessary demands on the time of the Consular Officers; and
- (b) The Secretary of State for Foreign Affairs should, as far as possible, be in a position to know the amount of work which is being placed on individual Consular Officers.

It has, however, been made clear that no objection is seen to direct communication between a Dominion Government and Consular Officers outside Europe taking place on exceptional occasions when time was of importance and where a distinct saving of time would result from direct communication, though it has been requested that all communications with Consular Officers in Europe should as hitherto be carried on through the Secretary of State for the Colonies. In cases where it is merely a question of obtaining commercial information there is, of course, no objection to a High Commissioner bringing the matter directly to the attention of the Department of Overseas Trade.

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*Commercial Diplomatic Service.*

The question of the Governments of the Dominions and India making use of the services of commercial diplomatic officers by means of direct correspondence was not raised, as in the case of the trade Commissioner Service, during the Conference of 1917, very largely because it was considered premature to do so whilst the Service was undergoing a process of complete reorganization, and whilst it was not yet possible to gauge with any accuracy the amount of work which would be thrown upon the newly-appointed officers. The reorganisation of the Service has, however, now been completed, and, in 1921-2 arrangements were made with the Government of Canada and later suggested to the other Dominion Governments under which Dominion firms and Trade Commissioners would be able to apply to Commercial Diplomatic Officers for similar assistance to that which they receive from Consular Officers.

It is still considered desirable that enquiries which the Governments of the Dominions and India or their official representatives in the United Kingdom wish to address to commercial diplomatic officers stationed in Europe should, in the first instance, be transmitted through the regular channels to the Department of Overseas Trade. Little or no delay will result from the maintenance of this procedure, and in many cases the supply of information required will, in fact be expedited owing to the information already being within the possession of the Department.

If, however, the Governments of the Dominions and of India think it would be of advantage to them, His Majesty's Government will be glad to make arrangements under which the services of commercial diplomatic officers outside Europe can be utilized by them in the same way and to the same extent as the services of His Majesty's Trade Commissioners are at their disposal. Similar arrangements could also be made in respect of Senior Consular Officers in extra-European countries where there are no commercial diplomatic officers if this is desired.

April, 1923.

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### COMMERCIAL FACILITIES COMMITTEE

The Committee was constituted as follows:—

- Sir Sydney Chapman, K.C.B., C.B.E., Permanent Secretary, Board of Trade;
- Sir W. H. Clark, K.C.S.I., C.M.G., Comptroller-General, Department of Overseas Trade;
- Mr. C. J. T. B. Grylls, C.B.E., Board of Customs and Excise;
- Mr. Harrison Watson, and Mr. R. H. Coats, B.A., F.S.S., Canada;
- Major R. McK. Oakley, C.B.E., Comptroller-General of Customs, Commonwealth of Australia;
- The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;
- Mr. G. Owen Smith, I.S.O., Commissioner of Customs and Excise, Union of South Africa;
- Mr. C. J. Flynn, Revenue Commissioner, Irish Free State;
- The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland (assisted by The Hon. Sir P. McGrath, K.B.E., and Capt. V. Gordon, Acting High Commissioner for Newfoundland);
- Mr. F. A. Lindsay, C.B.E., Indian Trade Commissioner in London;

Sir Gilbert Grindle, K.C.M.G. C.B., Assistant Under-Secretary of State for the Colonies;  
 Mr. A. J. Harding, O.B.E.;  
 Mr. L. R. Lunley, M.P.

} Colonies and  
 } Protectorates.

Mr. H. Broadley, Board of Trade, and Lieut.-Colonel J. Ried-Hyde, C.B.E., Dominion of Canada Delegation, acted as joint secretaries to the Committee.

## FIRST REPORT

The Commercial Facilities Committee appointed by the Imperial Economic Conference at its meetings on Thursday, the 3rd October, and Friday, the 5th October, beg to make the following interim report. The following matters were referred to the Committee for consideration:—

- (1) Commercial intelligence services;
- (2) Commercial travellers' samples;
- (3) Trade catalogues and price lists;
- (4)—(a) Certificates of valuation for Customs purposes;  
       (b) Other matters connected with Customs formalities;
- (5) Statistics.

With regard to items (4) (a) and (5) the Committee will be making a report shortly.

With regard to items (1) (2) (3) and (4) (b) the Committee have prepared the following Resolutions which they would suggest should be submitted for adoption by plenary meetings of the Imperial Economic Conference.

### RESOLUTION I

#### *Commercial Intelligence Services*

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"The Conference takes note of the offer of His Majesty's Government to place the services of His Majesty's Commercial Diplomatic Officers in foreign countries at the disposal of the Governments of the Dominions and India and of the Colonies and Protectorates in the same way and to the same extent as the services of His Majesty's Trade Commissioners within the Empire are already at their disposal. It notes that His Majesty's Government propose that as regards countries outside of Europe the Governments should utilise direct the services of Commercial Diplomatic Officers or of senior Consular Officers where no Commercial Diplomatic Officers have been appointed, but that communications which it is proposed to address to Commercial Diplomatic Officers in European countries should be transmitted in the first instance to the Department of Overseas Trade.

"The Conference, recognising the importance of all possible steps being taken to strengthen the mutual co-operation of the several parts of the Empire in matters of commercial intelligence with a view to the development of Empire trade, welcomes the arrangements proposed by His Majesty's Government.

"It also welcomes the offer of the Governments of the Dominions which have appointed Trade Commissioners in countries overseas to make a similar arrangement for the utilisation of those officers by Governments of other parts of the Empire.



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"The Conference further recommends that, when two or more Governments of the Empire maintain commercial representatives in the same country, an endeavour should be made to arrange that the offices of these representatives should be in the same building or in close proximity, in order to facilitate all possible co-operation between such representatives in their work on behalf of Empire trade."

## RESOLUTION II

*Commercial Travellers' Samples*

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"The Conference proposes that articles liable to duty imported into any part of the British Empire as samples or specimens by commercial travellers representing manufacturers or traders established in any other part of the British Empire, should be temporarily admitted free of duty, subject to such persons complying with the laws and regulations and also the Customs formalities established to assure the re-exportation or deposit in bond of the articles or the payment of the prescribed Customs duties if not re-exported or deposited within the prescribed period. But the forgoing privilege should not extend to articles which, owing to their quantity or value, cannot be considered as samples, or which, owing to their nature, could not be identified upon re-exportation.

"The marks, stamps, or seals placed upon such samples by the Customs authorities of any part of the Empire at the time of exportation and the officially attested list of such samples containing a full description thereof, including, in the case of goods liable to *ad valorem* duty, a statement of their value, should be accepted by the Customs officials of any other part of the Empire as establishing their character as samples and exempting them from inspection, except so far as may be necessary to establish that the samples produced are those enumerated in the list.

"The Customs authorities of that part of the Empire into which the samples are brought may, however, affix a supplementary mark to such samples or lists in special cases where they may think this precaution necessary.

"In cases where the regulations require the provisional payment of the duties or deposits for such samples on entry a receipt for such payment should be given and the duties or deposits should be reimbursed at any Custom-house at which the samples may be produced with a view to re-exportation."

## RESOLUTION III

*Trade Catalogues and Price Lists*

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"The Conference proposes that, where freer admission of catalogues and price lists is not provided for, single copies of trade catalogues and price lists of firms having an established place of business within the Empire, sent by post, or with consignments of goods, from any part of the British Empire, to business firms in any other part of the British Empire, should be admitted free of duty, provided that they are the trade catalogues or price lists of firms or persons having no established place of business in the territory to which they are sent."

## RESOLUTION IV

*Matters connected with Customs Formalities*

A number of matters relating to Customs formalities and procedure were brought to the notice of the Committee which they were given to understand were within the scope of the Customs Formalities Conference convened by the League of Nations, which will open at Geneva on the 15th October. As the several parts of the British Empire will be represented at the Geneva Conference, and as the programme which has been elaborated as a basis for its discussions has already been the subject of consultation among representatives of the various Governments of the Empire, the Committee came to the conclusion that it was unnecessary and undesirable to duplicate the work of the Geneva Conference by any detailed discussion of the same subjects at the Imperial Economic Conference.

They accordingly recommend that the Imperial Economic Conference should content itself with passing the following Resolution:—

"The Conference has had its attention called to the programme of the International Conference on Customs Formalities convened by the League of Nations, for the simplification and improvement of Customs procedure so as to reduce to a minimum its interference with the flow of commerce, which will open at Geneva on the 15th October. It desires to express its sense of the great importance to overseas trade of the matter dealt with therein, and its hope that as many of the Empire Governments as possible will find it practicable to participate in the league of Nations Conference."

Signed on behalf of the Committee

(Signed) S. J. CHAPMAN (*Chairman*).

October 13, 1923.

## SECOND REPORT

The Commercial Facilities Committee appointed by the Imperial Economic Conference at its Meetings on Thursday, the 3rd October, and Friday, the 5th October, beg to make the following Report. The following matters were referred to the Committee for consideration:—

- 1 Commercial Intelligence Services.
- 2 Commercial Travellers' Samples.
- 3 Trade Catalogues and Price Lists.
- 4—(a) Certificates of Valuation for Customs purposes.
- (b) Other matters connected with Customs formalities.
- 5 Statistics.

The Committee have already submitted a Report, dated the 13th October, dealing with Items 1, 2, 3, and 4 (b); they hope to submit a further report very shortly dealing with Item 5—Statistics.

*Certificates of Valuation for Customs Purposes*

With regard to Item 4 (a), the Committee have prepared the following Resolutions (Nos. V, VI and VII—Resolutions Nos. I to IV, dealing with other matters, having been included in their First Report), which they suggest should be submitted for adoption by plenary meetings of the Imperial Economic Conference. To supplement these Resolutions they attach an explanatory memorandum setting out the position in regard to certificates of valuation for

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Customs purposes as it existed at the close of the Imperial Customs Conference, 1921, together with particulars as to developments which have taken place since that date. Appended to this memorandum are copies of the invoices and certificates to be used—

- (a) Where duty is levied on "current domestic value" or similar basis (Form A), and
- (b) Where duty is levied on "invoice price" (Form B).

## RESOLUTION V.

*Form A.*

"A common form of invoice and certificate for use by exporters having been adopted by Australia, New Zealand, the Union of South Africa, and Newfoundland, as well as by a number of Colonies, the Conference strongly recommends, in the general interests of inter-Imperial trade, that the early adoption of an identical form may be sympathetically considered by all the other Governments throughout the Empire which levy duty on a system similar to that in force in the above-mentioned parts of the Empire.

"The Conference understands that legislation to give effect to the recommendations of the Imperial Customs Conference has already been passed in Australia and New Zealand, and they venture to urge the passing of similar legislation in every case in which such may prove to be necessary."

## RESOLUTION VI.

*Form. B.*

"The Conference has had before it a form of invoice and certificate which has been prepared as suitable for use in those parts of the Empire which levy duty on the invoice value of goods imported from other parts of the Empire, and require for this purpose a certified statement made by the exporter of the goods.

"The Conference strongly recommends, in the interests of inter-Imperial trade, the early adoption by all parts of the Empire which levy duty on the system in question of the form annexed to this Resolution" (*i.e.*, the invoice and certificate set out in Appendix II to the attached memorandum).

## RESOLUTION VII.

*Certificate in Regard to Postal Packages.*

"The attention of the Conference has been drawn to the short form of certificate prepared by the Imperial Customs Conference, 1921, for use as establishing the origin of goods sent by parcel post from the United Kingdom.

"It understands that this form has already been adopted by a number of the Dominions and Colonies, and considers that in the interests of inter-Imperial trade the adoption of a similar form is desirable in the case of parcels arriving in one part of the Empire from another part.

"The Conference therefore strongly recommends that, in the case of parcels sent by parcel post, the contents of which are of small value and are not merchandise for sale, the following short form of certificate should be adopted at an early date by all parts of the Empire concerned, as providing satisfactory evidence of the origin of the goods in cases where the production of such evidence entitles the goods to entry at a lower rate of duty than would otherwise obtain:—

14 GEORGE V, A. 1924

"The contents of this package are not merchandise for sale, and every article herein, to the extent of at least one-fourth of its present value, is *bona fide* the produce or manufacture of

.....  
(name of part of British Empire)

"Dated at..... this ..... day  
of .....19.....

".....Sender."

Signed on behalf of the Committee,

(Signed) S. J. CHAPMAN, *Chairman*.

October 22, 1923.

## ANNEX

### VALUATION OF GOODS FOR CUSTOMS DUTY PURPOSES

#### *'Empire Customs Certificates.*

1. The main object of the Imperial Customs Conference (held in London in February and March 1921) was to prepare a uniform form of invoice and certificate of value and origin which could be used by exporters sending goods to any part of the Empire. An arrangement achieving this would, it was felt, be a very great saving of time and expense to exporters in that they would have to keep in stock only one set of such Customs documents instead of many different ones (which in many cases differed in quite unimportant respects). A uniform invoice and certificate was accordingly prepared by the Conference and published as an appendix to its Report. It was formally circulated to the Dominions, India, the Colonies, and Protectorates, and subject to four slight alterations, subsequently agreed to by the parties represented at the Conference, adopted by Australia, New Zealand, Newfoundland (subject to the proviso regarding the deletion of the portion of the certificate dealing with origin referred to in paragraph 4 below), Union of South Africa, Cyprus, Gold Coast, Fiji, British Guiana, and most of the West Indian Colonies.

#### *Dominions which have not yet Adopted the Proposals of the Imperial Customs Conference*

2. As indicated in paragraph 1 of this Memorandum all the Dominions with the exception of Canada and the Irish Free State have accepted the recommendations (as subsequently modified) of the Imperial Customs Conference. Canada, however, partly owing to existing legislation and partly to the special circumstances of her trading relations with other countries has not so far seen her way to fall into line with the other Dominions. With regard to the former objection, it might be added that the Governments of both Australia and New Zealand found it necessary to take legislative action to bring into force in their respective countries the recommendations of the Imperial Customs Conference. The Resolution which the Commercial Facilities Committee has prepared takes special cognizance of this fact in hope that the necessity of legislative action will not of itself be an insuperable difficulty in arriving at the much desired uniformity throughout the Empire in this matter. With regard to the latter objection (*i.e.*, special circumstances of trade) it may be noted that although the

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Certificate set out in Appendix I to this Memorandum might in certain respects supply more information than the Canadian Authorities would require for assessing Customs duties, the position would not in that respect be essentially different from that in the case of the other Dominions who have already adopted the invoice and certificate, as the object of a uniform invoice and certificate is to provide *all* the information which *any* of the Dominions require for assessing Customs duties in their territories.

At the time of the Imperial Customs Conference, the Irish Free State did not exist as a separate Dominion. Since its establishment it has continued the use of the same forms as are required by the United Kingdom and to collect duty on the same basis as is adopted in this country. At the present time, therefore, the Irish Free State does not levy duty on the "current domestic value" of goods, and the form of certificate and invoice prepared by the Imperial Customs Conference would obviously be unsuitable.

The case of India is similar to that of the Irish Free State and Great Britain in that no certified statement by the exporter of the goods is at present required for the purpose of levying duty. Neither Form A nor Form B is, therefore, applicable.

*Difficulties of Parts of Empire basing Duty on "Invoice Price"*

3. In the case of all Dominions (except, as pointed out above, the Irish Free State) import duties are calculated on the "current domestic value," *i.e.* the value in the country of production of similar goods sold for consumption in that country. It was, therefore, necessary that the invoice and certificate should make provision for the inclusion of full particulars regarding the "current domestic value" as well as the actual "invoice price" of the goods. In the case of the Colonies and Protectorates, there is no such uniformity of policy. Some of them follow the example of the Dominions and base their duties on the "current domestic value," whilst others levy duties on the "invoice price" itself.

To meet the difficulties of the latter a suggestion was made by the Colonial Office on the 25th April, 1923, to the various parts of the Empire levying duty form of invoice and certificate which omitted all references to "current domestic on such a basis that they should consider the possibility of adopting an abbreviated value." Since the date of the Colonial Office despatch referred to further amendments, to meet the requirements of the West African Colonies, have been made in the form for use by such parts of the Empire, and the form of invoice and certificate now proposed is set out as Appendix II to this Memorandum. If this proposal is generally adopted it will result in there being only two forms of invoice and certificate in use throughout the Empire where a certified statement by the exporter of the goods is required for the purposes of levying duty.

*Dominions and Colonies not Granting Preference*

4. In the case of Dominions and Colonies not giving preference to British goods owing to Treaty obstacles or on other grounds, the invoice and certificate referred to can in ordinary circumstances still be used. No certificate of British origin is, of course, required in such cases and, therefore, only the respective invoice and the first part (dealing with "value") of the respective certificate are required. Where duty is based on "current domestic value" the relevant parts of Form A should be used. Where duty is based on "invoice price" the relevant parts of Form B should be used.

*Present Position*

5. Copies of the two forms of invoice and certificate are attached (Appendices I and II) together with the relevant Explanatory Memorandum



for the guidance of exporters using each. Where a certified statement by exporters is required for the purpose of levying duty in the various parts of the Empire one or other of these forms is now in use, except in the following cases:—

Canada.	Kenya.
Aden.	Zanzibar.
Straits Settlements.	Sudan.
Ceylon.	Somaliland.
Mauritius.	St. Helena.
Hong Kong.	Nigeria.
Papua (administered by Australia).	Gold Coast.
Falkland Islands.	Sierra Leone.
Bastoland, Bechuanaland,	Gambia.
Swaziland.	Turks and Caicos Isles.
Nyasaland.	Gayman Isles.
Uganda.	Virgin Islands.
Antigua.	St. Kitts—Nevis.
Montserrat.	North Borneo.
Bermuda.	Brunei.
British Honduras.	Sarawak.
Gibraltar.	British Solomon Isles.
Malta.	Gilbert and Ellise Isles.
Federated Malay States.	Tonga Isles.
Malay States not in the Federation.	New Hebrides (under Joint British and French administration).

### *Explanatory Memorandum*

6. In Appendices I and II to this Memorandum are included as well as the relevant invoices and certificates Explanatory Memoranda regarding their use. These are based upon the recommendations of the Imperial Customs Conference and should in all cases be adopted where the invoices and certificates are themselves required. These Memoranda are in a form primarily for the guidance of United Kingdom traders sending goods to those parts of the Empire where the respective invoices and certificates are required. For traders in other parts of the Empire the provisions of the Memoranda would still apply subject, of course, to the necessary changes, *mutatis mutandis*, making them applicable to the particular part of the Empire from which the goods are shipped to the Dominions and Colonies using the respective invoices and certificates.

### APPENDIX I (FORM A)

*Explanatory Memorandum for the Guidance of Exporters using the Form of Certificate and Invoice prepared for use in Parts of the Empire, basing Duty on "Current Domestic Value."*

1. Appendix (A) of this memorandum is the form of invoice required by the Customs Authorities of the Commonwealth of Australia, New Zealand, the Union of South Africa, and Newfoundland, and such other parts of His Majesty's territories as may from time to time be notified in the *Board of Trade Journal*.

2. On the back of the invoices must be written, typed, or printed the combined certificate of value and origin (Appendix (B)) in respect of all goods whether sold outright or shipped on consignment. The certificate of value and of origin will be required in respect of goods on which preferential tariff treatment is claimed, exported either from the United Kingdom or British Possessions; and only the certificate of value in respect of exports from foreign countries, or exports of foreign goods from the United Kingdom or British Possessions.

I.—*Value for Duty*

3. Special attention should be paid to the column of the invoice dealing with current domestic value, as full information of this is required by the Customs authorities of the Dominions when assessing value for duty. Exporters should, furthermore, see that the particulars required by Clauses 3 and 4 of the certificate are accurately stated.

4. It should be clearly understood that the prices shown in the column of the invoice headed "Current Domestic Value," must be those which are being quoted in the open market at the date of invoice for delivery for home consumption, and not necessarily those at which the order for the goods was accepted, as it may frequently happen that fluctuations will occur in the home market price between the date of order and the date of exportation. In ordinary circumstances the date of invoice will be regarded as the "date of exportation," but where any alteration in value occurs between the date of the invoice and the actual date of exportation, such change in the current domestic value should be shown.

5. If goods are sold for home consumption at gross prices less discounts and/or rebates, such gross prices, together with particulars as to discounts and rebates, should be shown in full in the "Current Domestic Value" column of the invoice.

6. Where the discounts shown in the "Current Domestic Value" column are not the ordinary trade or cash discounts, but are of the nature of contingent discounts or rebates, they must be specified as such, and their nature detailed on the invoice.

7. Where the goods invoiced are samples and the price on the invoice has been arrived at after the deduction of a sample discount, the ordinary gross prices and the ordinary trade discounts applicable to the goods in question should be specified in the "Current Domestic Value" column.

8. Any shipment which forms portion only of a complete order should be valued at the price per unit which, at the date of despatch of such shipment, would be quoted for the total quantity of such complete order for supply under similar conditions of delivery to a domestic purchaser.

(NOTE.—In the case of shipments to New Zealand, the total quantity referred to above is limited to the quantity actually specified for delivery within twelve months.)

9. When goods are shipped "on consignment," that fact should be indicated in the column headed "Selling Price to Purchaser," and the "Current Domestic Value" inserted in the column provided for that purpose, as in the case of ordinary sales.

10. In the case of goods exported in bond or subject to draw-back, the value required in the column headed "Current Domestic Value" is the duty-paid domestic value, and not the in-bond value or the domestic value less drawback. The amount of duty or drawback involved should be specified in Clause 4 of the certificate. A similar course should be followed in regard to goods subject to stamp duty, luxury tax, or other internal imposts.

11. As regards goods which are prepared specially for export and which ordinarily have no sale on the domestic market, the value to be shown in the column headed "Current Domestic Value" is that at which the supplier would, at the date of exportation, be prepared to supply identically similar goods in equal quantities to any purchaser for home consumption in the country of exportation, in the event of an order for home consumption being accepted. In this connection attention is directed to Clause 3 of the certificate.

12. Care should be taken to enumerate correctly the charges detailed at the foot of the invoice, as the practice of the various Dominions, regarding the inclusion in or exclusion from the value for duty of such charges, is not uniform.

13. It will be observed that charges such as wharfage, dock dues, lighterage, cartage, craneage, etc., if incurred in the dock area, and charges in the nature of bank exchange and export duties are not required for duty purposes to be enumerated at the foot of the invoice. There is, however, no objection to such charges, if incurred, being shown separately.

## II.—Conditions of Preference

14. Preferential Tariff arrangements exist in Canada, Australia, New Zealand and the Union of South Africa, but not in Newfoundland.

15. The conditions under which preference is granted in the various Dominions are either—

- (a) That the goods are wholly produced or manufactured in the United Kingdom, or
- (b) That the goods, if not wholly produced or manufactured in the United Kingdom, contain at least 25 per cent of United Kingdom labour and material in the factory or works cost.

It is essential in every case that the final process of manufacture shall take place in the United Kingdom, and that the goods are consigned therefrom to the Dominions for which they are destined.

(*Note.*—For the words "United Kingdom" in paragraphs 15 and 17 of this memorandum there may be substituted, in the case of goods destined for Canada, Australia and South Africa, the name of the part of the Empire entitled to preference in respect of goods shipped therefrom; and in the case of goods sent to New Zealand the name of any British Dominion or possession in which they may have been produced.)

The following statement has been prepared as a guide to exporters in computing the factory or works cost of the goods exported and the percentage value therein of United Kingdom labour and material:—

### *Factory or Works Cost*

The factory or works cost is the total of the following items (i-iv):—

- (i) The cost of materials as received into factory, but not including customs or excise or other duty paid or payable in respect of such materials in the United Kingdom.
- (ii) Manufacturing wages.
- (iii) Factory overhead expenses.
- (iv) Inside containers.

The following items must not be included in the factory or works costs, being charges incurred subsequent to the completion of the manufactured goods:—

- (v) Outside packages and expenses of packing thereinto. Such packages include zinc linings, tarred paper, etc., in which the goods are ordinarily exported.
- (vi) Manufacturers' or exporters' profit, or the profit or remuneration of any trader, broker, or other person dealing in the article in its finished manufactured condition.
- (vii) Royalties.

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- (viii) Carriage, insurance, etc., from place of production or manufacture to port of shipment.
- (ix) Any other charges incurred subsequent to the completion of the manufacture of the goods.

*Proportion of United Kingdom Labour and Material*

In calculating the value of United Kingdom labour and material in the factory or works costs for the purpose of determining whether the goods are eligible for preference, the following items only may be included:—

- (a) Materials so far as they are of United Kingdom origin, but not including any excise or other duty paid or payable in the United Kingdom.
- (b) Manufacturing wages.
- (c) Factory overhead expenses.
- (d) Inside containers of United Kingdom origin.

(Note.—In the case of goods which have at some stage entered into the commerce of or undergone a process of manufacture in a foreign country, only that labour and material which is expended on or added to the goods after their return to the United Kingdom shall be regarded as the produce or manufacture of the United Kingdom in calculating the proportion of United Kingdom labour and material in the factory or works cost of the finished article.)

16. Further particulars as to the conditions under which preference is granted by the various Dominions may be obtained either from the Department of Overseas Trade, 35, Old Queen Street, London, or direct from the Dominion Governments themselves or their overseas agents.

*III.—Postal Packages*

17. The following short form of certificate will, in general, be accepted as satisfactory evidence of origin for admitting at the preferential rate of duty in the case of post parcels of small value arriving from the United Kingdom, where the contents are not merchandise for sale:—

“The contents of this package are not merchandise for sale, and every article herein to the extent of at least one-fourth of its present value is *bona fide* the produce or manufacture of the United Kingdom.

“Dated at .....this .....day  
of .....19....

“.....Sender.”

The limit of value for the purpose of this provision is in general £10. Particulars with regard to the requirements of any individual Dominion or Colony may be obtained from the Department of Overseas Trade, 35, Old Queen Street, London, or direct from the Dominion or Colonial Governments concerned or from their overseas agents, where such exist.

*IV.<sup>41</sup>—Signature of Certificates on Invoices*

18. The certificate on the invoice must be signed in his personal capacity by the supplier or the manufacturer or any person having authority to sign on behalf of the supplier or manufacturer. The witness to the signature need not necessarily be a magistrate, notary, or other public official, but may be any person competent to sign as a witness to signatures on ordinary business documents.

## APPENDIX (A)

*Form of Invoice*

Country of Origin.	Marks and Numbers on Packages.	Quantity and Description of Goods.	Current Domestic Value in Currency of Exporting Country. (See paragraphs 3 and 4 of Certificate.)		Selling Price to Purchaser.	
			@	Amount.	@	Amount.

Enumerate the following charges and state whether each amount has been included in or excluded from the above current domestic value:—

	Amount in Currency of Exporting Country.	State if included.
(1) Cartage to rail and/or to docks.....		
(2) Inland freight (rail or canal) and other charges to the dock area, including inland insurance.....		
(3) Labour in packing the goods into outside packages .....		
(4) Value of outside packages .....		
(5) If the goods are subject to any charge by way of royalties.....		

State full particulars of royalties below:—

## APPENDIX (B)

*Combined Certificates of Value and of Origin to be Written, Typed or Printed on Invoices of Goods for Exportation to British Dominions, Colonies, etc.*

I (1) ..... of (2) ..... of (3) ..... ,  
 manufacturer/supplier of the goods enumerated in this invoice, amounting to  
 ..... hereby declare that I [(4) have the authority to make and  
 sign this certificate on behalf of the aforesaid manufacturer/supplier and that I]  
 have the means of knowing and do hereby certify as follows:—

- 
- (1) Here insert manager, chief clerk, or as the case may be.  
 (2) Here insert name of firm or company.  
 (3) Here insert name of city or country.  
 (4) These words should be omitted where the manufacturer or supplier himself signs the certificate.



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*Value*

1. That this invoice is in all respects correct, and contains a true and full statement of the price actually paid or to be paid for the said goods and the actual quantity thereof.

2. That no different invoice of the goods mentioned in the said invoice has been or will be furnished to anyone; and that no arrangements or understanding affecting the purchase price of the said goods has been or will be made or entered into between the said exporter and purchaser, or by anyone on behalf of either of them either by way of discount, rebate, compensation, or in any manner whatever other than as fully shown on this invoice, or as follows (5).....

3. That the domestic value shown in the column headed "Current Domestic Value" are those at which the above-mentioned firm or company would be prepared to supply to any purchaser for home consumption in the country of exportation and at the date of exportation identically similar goods in equal quantities, at (6)..... subject to ..... per cent cash discount, and that such values include/exclude the cost of outside packages, if any, in which the goods are sold in such country for domestic consumption.

4. That the said domestic value includes any duty leviable in respect of the goods before they are delivered for home consumption, and that on exportation a drawback or remission of duty amounting to ..... has been/will be allowed by the revenue authorities in the country of exportation.

*Origin*

[In the case of goods exported to Newfoundland, or other parts of the Empire not granting Preference to British goods, the following portion of the certificate dealing with origin should be struck out.]

(Delete whichever of 5 (a) or 5 (b) is not applicable. If 5 (a) is used, delete 6 and 7. If 5 (b) is used, insert required particulars in 6 and 7).

5. (a) That every article mentioned in the said invoice has been wholly produced or manufactured in (7).....	5. (b) That every article mentioned in the said invoice has been either wholly or partially produced or manufactured in (7).....
--	--

6. As regards those articles only partially produced or manufactured in (7).....

(a) That the final process or processes of manufacture have been performed in that part of the British dominions.

(b) That the expenditure in material produced in (8)..... and/or labour performed in (8)..... calculated subject to qualifications hereunder, in each and every article is not less than one-fourth of the factory or works costs of such article in its finished state. (See note.†).

(† NOTE.—In the case of goods which have at some stage entered into the commerce of or undergone a process of manufacture in a foreign country, only that labour and material which is expended on or added to the goods after their return to the United Kingdom shall be

(5) Here insert particulars of any special arrangement.

(6) Here insert "warehouse," "factory" or "port of shipment."

(7) Insert "United Kingdom" or name of other part of British dominions.

(8) Insert "United Kingdom" in case of exports to Australia if justified by facts, or name of part of British dominions in case of exports to other destinations.

regarded as the produce or manufacture of the United Kingdom in calculating the proportion of United Kingdom labour and material in the factory or works cost of the finished article.)

7. That in the calculation of such proportion of produce or labour of the (8).....none of the following items has been included or considered:—

“Manufacturer’s profit or remuneration of any trader, agent, broker, or other person dealing in the articles in their finished condition; royalties; cost of outside packages or any cost of packing the goods therein; any cost of conveying, insuring, or shipping the goods subsequent to their manufacture.”

\* 8. With regard to bottles, flasks, or jars, being containers of goods mentioned in the invoice, that such bottles, flasks, or jars are of United Kingdom manufacture, and if purchased from bottle exchanges have distinctive marks or features which enable me to certify to their United Kingdom origin.

Dated at.....this.....day of.....19....  
Witness .....Signature .....

## APPENDIX II (Form B)

*Explanatory Memorandum for the Guidance of Exporters using the Form of Certificate and Invoice Prepared for use in Parts of the Empire, basing Duty on “Invoice Price.”*

1. Appendix (A) of this memorandum is the form of invoice required by such parts of His Majesty’s territories as may from time to time be notified in the *Board of Trade Journal* which adopt the “invoice price” as the basis for assessing duties.

2. On the back of the invoices must be written, typed, or printed the combined certificate of value and origin (Appendix (B)), in respect of all goods whether sold outright or shipped on consignment. The certificate of value and of origin will be required in respect of goods on which preferential tariff treatment is claimed, exported either from the United Kingdom or British Possessions; and only the certificate of value in respect of exports from foreign countries, or exports of foreign goods from the United Kingdom or British Possessions.

### Value

3. Where goods are shipped “on consignment,” the price at which the goods were purchased, or, if they are consigned by the manufacturer, the “current domestic value” in the country of consignment, should be stated in the column headed “Selling Price to Purchaser.”

### Conditions of Preference

4. The conditions under which preference is granted are either:—

- (a) That the goods are wholly produced or manufactured in the United Kingdom, or
- (b) That the goods, if not wholly produced or manufactured in the United Kingdom, contain at least 25 per cent of United Kingdom labour and material in the factory or works cost.

(8) Insert “United Kingdom” in case of exports to Australia if justified by facts, or name of part of British dominions in case of exports to other destinations.

\* Paragraph 8 may be struck out in all cases except where goods are exported to Australia.

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In the case of certain Colonies it is essential that the final process of manufacture shall take place in the United Kingdom, and that the goods are consigned therefrom to the Colonies in question.

5. The following statement has been prepared as a guide to exporters in computing the factory or works cost of the goods exported, and the percentage value therein of United Kingdom labour and material.

*Factory or Works Cost*

The factory or works cost is the total of the following items (i-iv):—

- (i) The cost of materials as received into factory, but not including customs or excise or other duty paid or payable in respect of such materials in the United Kingdom.
- (ii) Manufacturing wages.
- (iii) Factory overhead expenses.
- (iv) Inside containers.

The following items must not be included in the factory or works cost, being charges incurred subsequent to the completion of the manufactured goods:—

- (v) Outside packages and expenses of packing thereinto. Such packages include zinc linings, tarred paper, etc., in which the goods are ordinarily exported.
- (vi) Manufacturers' or exporters' profit, or the profit or remuneration of any trader, broker, or other person dealing in the article in its finished manufactured condition.
- (vii) Royalties.
- (viii) Carriage, insurance, etc., from place of production or manufacture to port of shipment.
- (ix) Any other charges incurred subsequent to the completion of the manufacture of the goods.

*Proportion of United Kingdom Labour and Material*

6. In calculating the value of United Kingdom labour and material in the factory or works cost for the purpose of determining whether the goods are eligible for preference, the following items only may be included:—

- (a) Materials so far as they are of United Kingdom origin, but not including any excise or other duty paid or payable in the United Kingdom.
- (b) Manufacturing wages.
- (c) Factory overhead expenses.
- (d) Inside containers of United Kingdom origin.

(NOTE.—In the case of goods which have at some stage entered into the commerce of or undergone a process of manufacture in a foreign country, only that labour and material which is expended on or added to the goods after their return to the United Kingdom shall be regarded as the produce or manufacture of the United Kingdom in calculating the proportion of United Kingdom labour and material in the factory or works cost of the finished article.)

7. Further particulars as to the conditions under which preference is granted by the various parts of the Empire may be obtained from the Department of Overseas Trade, 35, Old Queen Street, London.

*Postal Packages*

8. The following short form of certificate will, in general, be accepted as satisfactory evidence of origin for admitting at the preferential rate of duty in the case of post parcels of small value arriving from the United Kingdom, where the contents are not merchandise for sale:—

“The contents of this package are not merchandise for sale, and every article herein to the extent of at least one-fourth of its present value is *bona fide* the produce or manufacture of the United Kingdom.

“Dated at ..... this.... .....day  
of....., 19.....”

The limit of value for the purpose of this provision is in general £10. Particulars with regard to the requirements of any individual part of the Empire may be obtained from the Department of Overseas Trade, 35, Old Queen Street, London, or direct from the Government of the part of the Empire in question or from its Overseas Agents, where such exist.

*Signature of Certificates on Invoices*

9. The certificate on the invoice must be signed, in his personal capacity, by the supplier or the manufacturer or any person having authority to sign on behalf of the supplier or manufacturer. The witness to the signature need not necessarily be a magistrate, notary, or other public official, but may be any person competent to sign as a witness to signatures on ordinary business documents.

## APPENDIX (A)

## FORM OF INVOICE

Country of Origin.†	Marks and Numbers on Packages.	Quantity and Description of Goods.	Selling Price to Purchaser.	
			@	Amount.

†To be completed only where preferential rates of duty are claimed.

## APPENDIX (B)

*Combined Certificate of Value and of Origin to be Written, Typed, or Printed  
on Invoices of Goods for Exportation to British Colonies, etc.*

I (1) ..... of (2) ..... of (3) .....  
manufacturer/supplier of the goods enumerated in this invoice amounting to

- (1) Here insert manager, chief clerk, or as the case may be.  
(2) Here insert name of firm or company.  
(3) Here insert name of city or country.

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..... hereby declare that I [(<sup>4</sup>) have the authority to make and sign this certificate on behalf of the aforesaid manufacturer/supplier, and that I] have the means of knowing and do hereby certify as follows:—

*Value*

1. That this invoice is in all respects correct, and contains a true and full statement of the price actually paid or to be paid for the said goods, and the actual quantity thereof.

2. That no arrangements or understanding affecting the purchase price of the said goods has been or will be made or entered into between the said exporter and purchaser, or by anyone on behalf of either of them, either by way of, discount, rebate, compensation, or in any manner whatever other than as fully shown on this invoice, or as follows (<sup>5</sup>).....

*Origin*

[In the case of goods exported to Colonies not granting preference to British goods, the following portion of the certificate dealing with origin should be struck out.]

(Delete whichever of 3 (a) or 3 (b) is not applicable. If 3 (a) is used delete 4 and 5. If 3 (b) is used insert required particulars in 4 and 5.)

3. (a) That every article mentioned in the said invoice has been wholly produced or manufactured in ( <sup>6</sup> ) .....	3. (b) That every article mentioned in the said invoice has been either wholly or partially produced or manufactured in ( <sup>6</sup> ) .....
--	--

4. As regards those articles only partially produced or manufactured in (<sup>6</sup>) .....

(a) That the final process or processes of manufacture have been performed in that part of the British dominions.

(b) That the expenditure in material produced in (<sup>6</sup>)..... and/or labour performed in (<sup>6</sup>).....calculated subject to qualifications hereunder, in each and every article is not less than one-fourth of the factory or works cost of such article in its finished state. (See note.†)

(†Note.—In the case of goods which have at some stage entered into the commerce of or undergone a process of manufacture in a foreign country only that labour and material which is expended on or added to the goods after their return to the United Kingdom shall be regarded as the produce or manufacture of the United Kingdom in calculating the proportion of United Kingdom labour and material in the factory or works cost of the finished article.)

5. That in the calculation of such proportion of produce or labour of the (<sup>6</sup>).....none of the following items has been included or considered:—

(<sup>4</sup>) These words should be omitted where the manufacturer or supplier himself signs the certificate.

(<sup>5</sup>) Here insert particulars of any special arrangement.

(<sup>6</sup>) Insert "United Kingdom" or name of other part of British dominions.



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"Manufacturer's profit or remuneration of any trader, agent, broker, or other person dealing in the articles in their finished condition; royalties; cost of outside packages or any cost of packing the goods therein; any cost of conveying, insuring, or shipping the goods subsequent to their manufacture."

Dated at ..... this ..... day  
of ..... 19..

Witness ..... Signature .....

### THIRD REPORT

At the Meeting of the Imperial Economic Conference held on Friday the 5th October, 1923, a Resolution was passed instructing the Commercial Facilities Committee, in connection with paragraph (4) (B) of the draft Agenda, viz., Statistics, to consider and report to the Imperial Economic Conference what steps can be taken in the light of the Report of the British Empire Statistical Conference, 1920, and of subsequent experience, to improve Trade Statistics published by His Majesty's Government in order to increase their value from the point of view of the development of inter-Imperial trade.

The Committee propose that the following Resolution (No. VIII—Resolutions 1—VII, dealing with other matters, having been included in their First and Second Reports) should be submitted for adoption by a plenary meeting of the Imperial Economic Conference:—

#### RESOLUTION VIII

"The Conference, recognizing the importance of rendering the trade statistics published by the Government of the United Kingdom as valuable as possible with reference to the development of inter-Imperial trade, recommends that the United Kingdom Board of Trade, after reviewing the statistics in question from this point of view, should draw up a detailed scheme and submit it to the Governments of the several parts of the Empire for their consideration."

With regard to the establishment in this connection of an Imperial Advisory Committee which was proposed by His Majesty's Government for discussion, the majority of the Commercial Facilities Committee were in favour of adding the following to the above Resolution:—

"In the preparation of the scheme referred to and in any further questions that may arise in relation to Imperial Trade statistics, the Board of Trade should have the advantage of the considered and combined views of the users of Imperial Trade statistics, and to this end should consult with an Advisory Committee generally representative of trade interests and nominated by the several Governments concerned."

The representatives of the Dominion of Canada on the Commercial Facilities Committee, however, explained that their Government could not support such an addition to the Resolution, as they could see no advantage in the setting up of such a Committee and, indeed, apprehended that it might exercise an influence detrimental to the expeditious carrying out of the proposal contained in Resolution VIII (as set out above), by hampering the establishment and maintenance of close contact between the Dominion Statistical Offices and the

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Statistical Officers of United Kingdom Departments. The representatives of Canada further stated that in the event of the establishment of such a Committee the Dominion Government would not wish to be represented thereon.

The New Zealand representatives explained that they were instructed to state that the New Zealand Government did not favour the establishment of an Advisory Committee on the lines proposed.

The Committee regret that they have not been able to reach an unanimous decision on this subject. They desire, however, to place on record that their failure to agree on the recommendation of an Advisory Committee does not imply that any member of the Committee would wish in any way to limit the right of the Board of Trade of the United Kingdom to establish whatever machinery they may think desirable or to consult whatever interests they may wish, either in regard to the preparation by them of the detailed scheme referred to in Resolution VIII, or for their own guidance in other statistical questions.

Signed on behalf of the Committee,

(Signed) S. J. CHAPMAN, *Chairman*.

October 25, 1923.

## IMPERIAL COMMUNICATIONS

The questions before the Conference under this heading fell into three main divisions: (1) Shipping Communications, (2) Air Communications, and (3) Cables and Wireless. As regards Shipping Communications the Conference decided at an early stage of their proceedings that the most convenient procedure would be to invite Sir Halford Mackinder, the Chairman of the Imperial Shipping Committee, to make a statement which would cover the various matters arising out of the Reports of that Committee, as well as any other questions of importance connected with shipping. Similarly, it was decided to invite the Secretary of State for Air to make a statement to the Conference on Air Communications, and to invite the Postmaster-General to address the Conference on the subject of Post Office Communications (mail services, cables and wireless).

### (1) SHIPPING COMMUNICATIONS

As regards Shipping Communications, the Conference had before them the various Reports of the Imperial Shipping Committee, viz., the Interim and Final Reports on the Deferred Rebate System (Cmd. 1486 of 1921, and Cmd. 1802 of 1923); the Report on Rates of Freight in the New Zealand Trade (Cmd. 1564 of 1921); the Report on the Limitation of Shipowners' Liability by Clauses in Bills of Lading and on certain other matters relating to Bills of Lading (Cmd. 1205 of 1921); the Report on the Functions and Constitution of a Permanent Imperial Body on Shipping Questions (Cmd. 1483 of 1921); the Report on the work of the Imperial Shipping Committee, 1920-1922 (Cmd. 1872 of 1923); the Report on the Economic Size and Speed of Vessels trading between the United Kingdom and Australia (Cmd. 1917, 1923); and also the Report on Methods of Assessment of Shipping to Income Tax within the Empire (Cmd. 1979, 1923), which became available during the Sessions of the Conference. They also had before them a memorandum by the General Post Office on Inter-Imperial Mail Services, Paper I.E.C. (23)—9, printed on page 333.

The proceedings were opened at the Ninth Meeting of the Conference on the 16th October, 1923, when the following references were made to the question of Mail Services:—

Sir LAMING WORTHINGTON-EVANS: Mr. Chairman, I do not know how much you want me to say on this occasion, but I propose, if the Conference desires it, to give a brief *résumé* of the position of the mail services, the telegraphic services, and wireless. It is, of course, impossible for me to go over the whole field in detail, but I suppose all the Dominion Governments are pressed, just as we are at home, from many quarters to provide quicker and more frequent services to the oversea parts of the Empire, without much regard to the cost which would be entailed by doing so.

#### MAIL SERVICE FACILITIES DEPENDENT ON CARGO AND PASSENGER TRAFFIC

It may be useful, therefore, to emphasize, at the outset, the elementary and obvious fact that ultimately the frequency and, to some extent, the speed of the mail services must depend upon the cargo and passenger traffic upon each route. The payments under a mail contract can, at most, represent a very small proportion of the cost of running a service, and it is therefore impossible, within reasonable limits of expense, to provide services in excess of what the passenger and cargo traffic demand. The development of improvement of the mail services, therefore, proceeds *pari passu* with the improvements in the commercial services, which increased commercial intercourse between the different parts of the Empire brings in its train, and it has been the policy of successive British Governments, for very many years, to confine the mail subsidies to the payments for services rendered, by which I mean, not only the actual conveyance of the mails, but the acceptance by the shipping companies of a definite standard of regularity and speed on the route to which the contract relates.

#### RECENT IMPROVEMENTS EFFECTED IN MAIL SERVICES

In our view, the justification for a contract lies in the fact that without it the sailings on a particular Imperial route would be irregular and slow. On certain routes, served by several different lines, we find that the best service is obtained not by a contract with a particular company, but by utilizing the ships on each and every line as may prove most convenient. For example, the West Indies, which before the war were served by contract ships giving as a rule a fortnightly despatch of mails, are now served by four or five different lines, giving a despatch to most of the islands at least once a week and, in some cases, oftener. As regards the main services which are still performed under contract, either with the Home Government or with one of the Dominion Governments, considerable improvement has been effected in the last two years. We have now on some of the important routes regained the pre-war standard. For example, the South African mail carried by the Union Castle Company under contract with the Union Government is now, as it was before the war, a weekly service, occupying seventeen days in transit. To Canada, the fastest service is performed by the Atlantic lines via New York, and it is also practically as good as pre-war, except that in the winter months some of the largest and fastest ships of the Cunard and White Star Line are laid up and slower boats have to be substituted. The Indian mail is a weekly service, as it was before the war, but the transit time is twenty-four hours longer. The Australian service is not so satisfactory. Before the war a weekly service was provided by the P. & O. Company in contract with the British Government, and by the Orient Line in contract with the Commonwealth Government, in alternate weeks. These companies are now only able to provide a fortnightly service between them, but by using the ships of the Commonwealth Line it is usually possible to secure a despatch of mails three weeks in each month. Both the P. & O. and the Orient Companies have just arranged for an acceleration of their services, which will shorten the voyage to Australia by two days and practically restore the pre-war time of transit.

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REASONS AGAINST REVERTING TO EMBARKATION OF INDIAN AND AUSTRALIAN  
MAILS AT ITALIAN PORT

I have been recently urged from several quarters, not least by the Italian Government, that mails for India and Australia should be embarked at an Italian port, either Brindisi or Taranto, as they were before the war, and it is represented that a considerable acceleration could thereby be secured. I have examined this possibility very carefully, but I have come to the conclusion that the advantage, if any—and it is very doubtful if there would be any acceleration at all—would certainly not be sufficient to compensate for the very heavy additional cost. It is true that the transit time of the Indian mail is now about twenty-four hours longer than it was before the war when the mail was embarked at Brindisi. Of this twenty-four hours not more than half can be attributed to the shortening of the sea passage by carrying the mails through Italy. The remaining twelve hours were due to the small boats which carried the mail from Brindisi to Port Said (where it was transferred to the P. & O. mailship) being considerably faster than the mailships themselves. These shuttleboats have now been sold out of the service and the cost of replacing them and restoring the Brindisi-Port Said service would be extremely heavy and would ultimately entail an addition to the P. & O. contract payments. Apart from this it is very questionable whether the Italian Railways could maintain the pre-war timing. The cost of the overland transit through Italy would be between £60,000 and £70,000 per annum. The rather problematical saving of about twelve hours would land the mail at Bombay in the evening or at night and would have little or no effect in accelerating its delivery. I am satisfied therefore that the extra cost which, as I have said, both for the land transit and the additional sea service, would be extremely heavy, would not be warranted.

## PROSPECT OF MORE FREQUENT SERVICE TO AUSTRALIA

With regard to the restoration of the full weekly service to Australia, the P. & O. have built, or are building, four new ships, and when these are completed there would be some prospect of a more frequent service. But there remains the question whether the passenger and cargo traffic would be sufficient to repay more frequent sailings, and this is an aspect of the question which would require some consideration when the time arrives.

## IMPERIAL PENNY POST MUST BE PRECEDED BY INTERNAL PENNY POST

The question of the Imperial penny post naturally, as far as we are concerned, depends upon our being able to get an internal penny post. An internal penny post will cost us approximately £5,000,000 a year; and until we can get a penny post in this country it is obvious that we cannot have an Imperial penny post. The actual Imperial part of it is roughly half a million; that is to say, if we once got an internal penny post, to make it apply to the Empire would mean an extra half million, but that is relatively small. I have not any doubt that if once we got an internal penny post we would stretch it and make it an Imperial penny post. I know New Zealand is very proud of itself; it has already got it.

Mr. MASSEY: It has very good reason, when I hear what you have got to say about Britain.

The CHAIRMAN: I think it is useful to have that undertaking from the Postmaster-General, that when we get an internal one it will be an Imperial one.

Sir LAMING WORTHINGTON-EVANS: I think that can be done.

The CHAIRMAN: For the purpose of this afternoon, we confine ourselves to the subjects raised by the Postmaster-General, and do not, I take it, digress into the wider shipping questions which will come up to-morrow.

#### MAIL SERVICES BETWEEN CANADA AND EUROPE NOW ON PRE-WAR BASIS

Mr. GRAHAM: The question raised by the Postmaster-General as to the mail service throughout the Empire is, of course, very interesting. Heretofore, Canada has given a subsidy to certain lines to carry our mails. Now we are willing to pay for the carrying of mails, and we do, to any ship that takes them, so that the mails do not have to wait for a boat of any particular line. As the Postmaster-General says in his statement, as to the rapidity of the mails between Canada and Great Britain, that is in pretty good condition, and I do not think we can very well improve on it at the present time. I think we can practically say that the mail carrying between Canada and Europe is on a pre-war basis.

#### CANADIAN POST OFFICE DEPARTMENT AN EXPENSIVE ONE

In Canada, of course, our mail service has got to be quite expensive, and the fact that we have undertaken rural mail delivery in a country of wide expanse and sparse population—it is not extended, of course, to all parts of the Dominion—lays a heavy burden on the exchequer of the Post Office Department. But it gives us great satisfaction. The life of the rural citizen, who is far removed in some cases from the centres, is brought into daily, or almost daily, touch with the centres, and he is able to take his daily paper, which he could not do before.

Then we have a parcel post, which is another great expenditure, from the fact that the transportation of our mails costs so much more money now on account of the bulky nature of the parcels carried by parcel post. So that, on the whole this is a fairly expensive department.

There is another call on the Post Office Department in Canada, owing to recent legislation, which will reduce, not the income of the Government, but the income of the Post Office Department. We have, since the beginning of the war, and later, established certain stamp taxes. Up to the recent session, postal stamps were allowed to be used on receipts or cheques or notes. The Minister of Inland Revenue took the view that the Revenue Department should have credit from the receipts for the purchase of the stamps, and Parliament passed an Act requiring all those using cheques, notes, receipts, etc., to use other stamps; so that the postal department will only have receipts from its own absolute postal revenue as from the 1st October, 1923.

#### CANADIAN POSTAL RATES TO GREAT BRITAIN

The question has been raised with us by our own people, not by any person in Great Britain, that our postal rates discriminate against correspondence with Great Britain; not that our rates are higher than those of Great Britain, but that our rates are higher to Great Britain than to some other countries. Our rate is 3 cents to the United States, for we are compelled to charge as low a rate as we can, for the simple reason that for the last half-century there has been a Convention between the United States and Canada on postal rates. Our rate is 3 cents to them and theirs is 2 cents to us. We charge more to Great Britain, *i.e.*, 4 cents, for we follow the rate charged in Great Britain.



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## QUESTION OF REDUCTION OF RATES

As to the fixing of rates, of course, Canada is an adherent of the Berne Convention and has been for very many years. That Convention discusses postal rates, and meets again, I think, in Sweden next year, and it is possible by that time that the Dominion of Canada, and Great Britain as well, may be in a position to consider a reduction of rates; but I think it would be well for that to be left for discussion at that Conference, where all the nations of the world are represented, because postage is a matter between nations in which you cannot very well give a preference. You make a general consideration and survey of the whole situation. I just wished to say that it is not intended to make a discrimination.

## IMPORTANCE OF CHEAP RATES

Now as to the question of the reduction in rates. As I said before, our rate is 3 cents—practically the same as the British internal, I mean. If postal rates on ordinary correspondence could be reduced I think it would be one of the greatest incentives to better acquaintance between the different parts of the Empire that could be imagined. Years ago, in pre-war times, we reduced the rate from 3 cents to 2 cents. The result of that was an increase in revenue. But it is not a fair basis to make that bald statement without explanation. Before that time the Canadian people had used postcards to a great extent which only cost 1 cent, but when the rate was reduced to 2 cents the postal card correspondence practically disappeared and it has not reappeared under the 3 cents. That is in a measure the reason why our revenue increased when we placed a 2-cent rate on letters. However, I think it induces more correspondence. We discuss the 2-cent letter generally in connection with business. It is a good thing for business, of course, but to my mind it is a greater thing if it results in increased correspondence between the ordinary people on the farms and the men who are employees rather than employers; it is an incentive to better acquaintance, and does, I believe, conduce to increased business among different parts of the Empire as well as internal business.

Now we have discussed migration a good deal, but a letter from a contented settler in Canada, New Zealand or Australia, or any part of the Empire, sent home to friends here is the best advertisement that a Dominion can have, and the more we can encourage that kind of correspondence among the ordinary people, the better it is for the Empire and for the Dominions.

MR. BRUCE: Mr. President, the question of communications in this discussion, as I understand it, is limited to mails, cable and wireless.

THE CHAIRMAN: Surely.

## PRESENT POSITION OF AUSTRALIAN MAIL SERVICES

MR. BRUCE: There is not a great deal that I wish to say in regard to any of these. Of course, Australia, being the farthest away of all the Dominions, attaches the greatest importance to improved methods of communication; and it is for us to see, either by ourselves or in co-operation with the British Government or other parts of the Empire, that all the time our communications are being improved and we are keeping closely in touch with the other Dominions and Great Britain herself. In regard to mails, I have not much to say at this stage. Of course, we are in the position now that we are not as well served as we were in pre-war days. But mails, as far as their frequency is concerned, at all events, depend to a great extent upon commercial shipping requirements; and while at the moment we are averaging something like three mails

a month, including the P. & O., the Orient, and the Commonwealth Line, we are by no means satisfied that that meets our circumstances or is all that we require. But we recognize that to a great extent, as far as the shipping side of it is concerned, more frequent mail services could only be established at a prohibitive cost unless there is the passenger traffic and the goods traffic which will make the placing of other vessels a commercial proposition.

#### FUTURE PROSPECTS

I understand that the companies in Australia at the moment have in mind certain expansions and developments which should result in their at least getting back to a weekly service in the not very distant future; so that as far as the frequency of our mails is concerned, we can only say at the moment that we do not think we are being adequately served, but we are very hopeful that we are getting back to a weekly mail and will have to be content with that for the time being.

#### THE TIME FACTOR

With regard to the time taken, which is probably a more important factor, the position is not at all satisfactory. It is being considered, and considered at great length, and now we are knocking off a day or two days under different arrangements; but the sum total of it is that it takes twenty-nine days now—it used to take twenty-eight days once upon a time—so we are not advancing in this direction quite as far as we are in other matters.

The CHAIRMAN: That leaves out of account the airship service.

Mr. BRUCES: Yes; I am coming to that in a moment. This matter has been very exhaustively considered, and there is no doubt it will be dealt with when we are considering shipping, and we shall then have to consider the report of the Shipping Committee, the effect of steamers travelling at a faster rate, what its commercial results will be, and so on. I do not want to consider that now.

#### NEED FOR ACCELERATION OF MAIL SERVICES

But there is one solution which would certainly help and would probably make more difference than anything else, and that is the airship mail service to Egypt. Of course, Australia is very anxious to see that brought about, and to see the shortening of the time which is taken for mails to travel from Australia to Britain. Quite apart from getting down to the minimum time, it is, of course, necessary, on a commercial basis, that we should continue to accelerate these mails to some extent, because the cargo vessel is every day travelling faster, and it puts commerce in a quite intolerable position if shipping documents cannot be got through as the cargoes come to hand.

With regard to mails, our position is quite clear, that we want increased and accelerated services, and we know roughly what are the practical possibilities.

Mr. MASSEY: Mr. President, I have listened with a certain amount of interest to the Postmaster-General, expecting him to tell me, as the representative of New Zealand, that great improvements have taken place in the postal service between England and New Zealand in recent years. He did not vouchsafe that information, and there was a very good reason why.

Sir LAMING WORTHINGTON-EVANS: I confined myself to the truth.

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## NEED FOR IMPROVED POSTAL COMMUNICATION WITH NEW ZEALAND

Mr. MASSEY: That is quite an honest admission and one which I appreciate. I was going to say that instead of the service being as good as the pre-war service, it is not as good as it was many years ago. I do not know who is to blame, but it is a fact all the same. I have been looking for improvements lately, and I hoped that the Postmaster-General would be able to tell me that he was going to assist us. Before the war—twenty-five years ago—we used to have an annual fight in the New Zealand Parliament over postal subsidies. I was only a private member, but I took a certain part in this, and I know that we used to get our letters regularly from New Zealand to Great Britain in 30 days. I do not say that that was so on every occasion, but it was usual—oftener under 30 days than over. I do not think we have got a mail through under 30 days for years past; generally it takes 35 or 36 days, and sometimes over 40. It all depends how the letters are sent.

## THREE MAIN MAIL ROUTES BETWEEN GREAT BRITAIN AND NEW ZEALAND

There are three main mail routes between New Zealand and Britain; one is through the Panama Canal. I believe that will be the fastest of the three routes before long when an improved service is inaugurated, but it is certainly not yet, because the vessels trading through the Panama Canal from New Zealand to England are mostly cargo vessels with passenger accommodation—good ships and comfortable ones to travel by—but the voyage usually takes 36 days, very seldom under 40. The other two routes are via San Francisco and New York, and by way of Vancouver and one of the ports on the eastern side of Canada, either Halifax to Montreal.

I do not think there is much difference in the time occupied by either of these two routes, but I wanted to find out for myself what could be done with regard to this matter. That was one of the reasons for my coming on this occasion across the United States in coming to England. I came from New Zealand to London in twenty-seven and a half days actual travelling time.

## THE PROBLEM OF THE TIME FACTOR

Naturally it occurs to me that if it is possible to get passengers from New Zealand to England in twenty seven and a half days, it should surely be possible to get mails across. There is the problem to be solved. We are paying subsidies—I am speaking of the New Zealand Government—to the Shipping Company for the steamers coming from Wellington to San Francisco and also from Auckland to Vancouver. I think the amount is about £25,000 in each case. The New Zealand people are grumbling, and the matter was recently brought up in the New Zealand Parliament when the postal estimates were before the House. I promised that I would look into it, and I thought this was a good opportunity for doing so. The vessels are being improved. There is a very fine steamer, likely to be the best in the Pacific when she is placed in the service, being built for the Sydney-Auckland-Vancouver route. Sydney will be the terminal port. She is to be fitted with new Diesel Engines, and is expected to steam 19 knots. There are, of course, faster vessels on the Atlantic, but in the Pacific an average speed of 19 knots is very good. The vessel I travelled in when I did the journey in twenty-seven and a half days was just an ordinary ship carrying both passengers and cargo. She was built originally to carry fruit from the West Indies to England, but the trade did not pay, and she was sold to the present Company, who have used her for several years. The best speed she could attain

was 17 knots, and yet the whole journey here took only twenty-seven and a half days. Much faster steamers are wanted—of course, that is a big consideration—perhaps a better time-table on the railways, and that may be difficult to manage.

I am not finding fault with the time taken in crossing the continent of America, but what is wanted is a more businesslike arrangement so that when the steamers come either to Canada or San Francisco no time is lost in getting the necessary train connections. On the night I arrived at San Francisco there was a train going to New York. About 500 bags of mails were entrained. I stopped two and a half days in the States, and was able to make a long promised visit in Washington. I cannot vouch for this—and honestly I should like to think my information was not correct—but I was informed by people in London, whose correspondence came in the steamer in which I travelled to San Francisco and which was placed on board the train for New York that night, that the mail was not delivered until the day we arrived in London, though I remained two and a half days in the States, during which I was not travelling. Now there is something wrong there. I am not able to say what it is; I hope I shall be able to find out, but I do want the British Post Office to help us in these matters. Nowadays it is far too long to occupy thirty-five or forty days in carrying mails between New Zealand and England, and we ought to do a great deal better than that. What is wanted is speeding up, and, so far as we are concerned, we are quite ready to do our share at the other end if the British Post Office Authorities will help us at this end and I hope they will.

#### APPEAL FOR RESTORATION OF PENNY POST BY GREAT BRITAIN

With regard to penny postage—I do not need to repeat what has been said before on this occasion—but New Zealand has led the way. Many years ago the British Government led the way in connection with penny postage, and there was a loss. New Zealand followed up closely with regard to penny postage, and soon the revenue was increased. We were making a profit with penny postage, but when mention is made of the fact that the Chancellor of the Exchequer would lose £5,000,000 by adopting penny postage, what I think is forgotten is that there is bound to be a large increase in the number of letters carried and therefore a corresponding increase in the revenue. I am not able to say that the one will balance the other, because I think it is very doubtful that it will, and, as far as I am concerned, I am looking at it as Finance Minister, and I have to watch very carefully that my accounts balance at the end of the year. I quite expect to make a loss with penny postage for three or six months before we get back to a normal revenue. All the same, I think that the authorities here are taking a pessimistic view of what will happen by its adoption. I am simply expressing an opinion on a subject in which we are both interested. Here is an anomaly. A letter is posted in New Zealand to Great Britain and the postage is 1d. The reply from Britain to New Zealand costs 1½d. I think it is an anomaly that ought to be put right, and I believe it will be perhaps before very long.

#### MR. MASSEY TO CONFER WITH G.P.O. REGARDING NEW ZEALAND MAIL SERVICE

Sir LAMING WORTHINGTON-EVANS: May I say one word in answer to Mr. Massey. I do not want to debate your statement at all, but I am told that it is New Zealand herself who makes the arrangements in regard to the Pacific, the sailing in the Pacific.

Mr. MASSEY: Yes.

Sir LAMING WORTHINGTON-EVANS: It is in your contract, not in the British Post Office contract, but I would very much like to take the opportunity while

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you are over here of having a conference with you, because I entirely sympathize with your desire to shorten the time. If you can get a passenger across in twenty-seven and a half days, why not get the mails across? I quite agree that that question has got to be answered, and I would very much like, if you yourself were going to go into it, or if you could depute somebody to go into it, that you should come to the Post Office and do us the honour of conferring down there about it. We ought to do something together to reduce the time.

Mr. MASSEY: Thank you very much; I shall be very glad. As a matter of fact if it were possible to get the mails through the Canal there is no reason why we should not have a weekly service, but the vessels through the Canal are slower than the others and I hesitated to suggest it. With the others we can have a fortnightly service with no trouble at all.

Sir LAMING WORTHINGTON-EVANS: We could go into all these points.

Mr. MASSEY: I should be very glad.

## IMPERIAL PENNY POST AND POSSIBLE REVENUE LOSS

Colonel GUINNESS: There is just one point which Mr. Massey raised about the Imperial penny post. I am sure the Treasury will not forget the Imperial value of any such change, but Mr. Massey mentioned that it was possible that the increased revenue would very soon wipe out the anticipated loss. Well, I am informed that the increased cost of handling the greatly increased mails would be so great, especially for the internal post of which the volume is probably ten times greater than the external post, that it might well be that we should repeat the experience when the penny post was originally instituted when I understand it took twenty-five years to make up the loss in revenue. I can only say that I will see that the Chancellor of the Exchequer is made aware of the opinions that have been expressed this afternoon and I am quite sure he will bear this Imperial consideration in mind when he comes to consider the point.

Mr. MASSEY: I am quite sure he will be sympathetic if it is possible to do it.

## INDIA DESIRES REGULARITY OF MAILS RATHER THAN INCREASED SPEED

Mr. INNES: I have very little to say. As regards our mails it is true that our services are one day longer than before the war, but the mail steamers do what is after all their main duty, they bring documents of title before the goods to which those documents of title refer arrive. What we chiefly desire in India, since we do so much of our business by cable, is regularity rather than increased speed, especially as we recognize that increased speed must mean a largely increased cost.

The discussion was resumed at the Tenth Meeting of the Conference, on the 17th October, 1923, when Sir Halford Mackinder, Chairman of the Imperial Shipping Committee, attended and made the following statement:—

## ORIGIN AND CHARACTER OF THE IMPERIAL SHIPPING COMMITTEE

Sir HALFORD MACKINDER: Mr. President, I imagine that the Conference would probably like me, in the first instance, to say a few words by way of report on the work of the Committee itself, because, of course, the Committee was the child of the Imperial Conference. It originated, you will remember, in a Resolution passed at the 1918 Conference, on the initiative, I think, of Mr. Massey. I may remind you that at first the idea was that there should be two bodies concerned with the shipping of the Empire, the one charged with con-



sidering improvements, the other charged with the consideration of complaints. But after discussion at the 1918 Conference, it was determined that there should only be one Imperial Shipping Committee, because it was felt that such a single body would carry more weight and also that you would get better people to serve upon it. The Committee is technically what is known here as a Prime Minister's Committee. It is appointed by the Prime Minister of the United Kingdom, but practically it is an Imperial Committee, because the Prime Minister nominates the representatives of the different parts of the Empire at the suggestion of the several parts. Several Dominions have for their representatives their High Commissioners in London; that is so in the case of India also. Others, as in the case of Australia, have chosen shipping experts. Then, in addition, there is a certain number of persons experienced in shipping and commerce—two chairmen of great shipping companies, one chairman of a great ship-building company, and two merchants, who have both of them, I think, been presidents of important Chambers of Commerce. So that the Committee is both representative of the whole Empire and it is also, within limits, expert. The Committee, of course, differs from all ordinary committees appointed by the British Prime Minister, in that it is instructed to report direct to all or any of the Governments of the Empire; and nearly all our reports, as the Prime Ministers will remember, have been addressed to the Prime Ministers of all the Governments of the Empire.

#### POWERS OF THE COMMITTEE

Well, Sir, there was some delay after the 1918 Conference because there were negotiations in regard to the constitution of the Committee, and the Committee did not get to work until the autumn of 1920, just three years ago. Since that time there have been sixty meetings of the full Committee, many meetings of sub-committees, and a certain number of conferences between parties in dispute, over which I have presided as the impartial chairman of the Imperial Shipping Committee. I think we may say that if you exclude the months of August and September the Committee has held a meeting of some sort on an average every week during the three years. Well, then, Sir, more important than those points, are the powers of the Committee; it is purely an advisory Committee, of course, but if you are to measure what the Committee has been able to do and to express satisfaction or dissatisfaction, it is necessary also to remember that it has no power to compel the attendance of witnesses or to compel the production of papers or accounts, and it has no money wherewith to obtain technical advice or criticism in regard to any propositions that may be put before it.

#### THE HABIT OF UNANIMITY

Now, recognizing these limitations we decided very early in the history of the Committee that it was necessary that we should set to work in order to accomplish two things; in the first place that, if possible, we should always be unanimous. Our advice would carry weight in proportion to the degree of our agreement. When you have to do practical things, and when execution will not wait, you may have to act by a majority. But in the case of such a committee as ours we felt that unanimity and a habit of unanimity was essential. There were two possible sources of difference. One part of the Empire might take one view and another part of the Empire another view, or you might have had the representatives of the Governments taking one view and the experts experienced in commerce and shipping taking another view. In either case, our report would have failed to carry weight, and I am

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glad to say that all the reports from time to time sent to the Prime Ministers have been, as a fact, unanimous. That has been accomplished by a method to which I would venture to draw your attention.

## METHOD OF OBTAINING UNANIMITY

We determined that actual members of the Committee, representative of particular Governments, should not themselves initiate subjects for our discussion. Had they done so, they would have become advocates. A man who laid himself out to convince his colleagues from the start that a particular proposition was advisable would find it difficult to retire from that position unless the evidence were absolutely overwhelming against him, and therefore, we took the course of requiring that when any Government or any body brought a case before us, that case should come before us officially from the Government in writing, and should be supported by witnesses sent by the Government Office or other body. The representative then of a particular Government—it might be New Zealand, Australia or Canada—would watch the case and see that it was properly developed, but he would be perfectly free at the end to associate himself with his colleagues from the other parts of the Empire, and he has always done so, with the result that we have always obtained unanimous reports.

## GOODWILL OF THE SHIPOWNERS SECURED

Well then, Sir, the other matter on which we had to steer with great care was in regard to outside authorities and interests. It is quite obvious that, dealing with such matters as we have to deal with, the Departments of various Governments might feel that we were infringing on their spheres. The shipowners, also, were very suspicious of us—naturally they felt that they had had their fill of Government interference during the war and immediately afterwards—and, therefore, we had to steer very carefully so as to acquire goodwill, and I am happy to say—I think I am justified in saying it, I am speaking in the presence of at least three of my colleagues on the Committee—that we have succeeded in obtaining the goodwill of the shipowners. I mention that because it was essential, and I believe that everything that we have been able to do with our limited powers has been due to the fact that we have acted in a friendly way and all the time have tried to get agreement and not to override.

## POST-WAR SHIPPING CONDITIONS

Well now, Gentlemen, we started by taking up that portion of our reference which directed us to survey the facilities for shipping within the Empire. We took a certain amount of evidence. We sent out questionnaires, and in the course of about six months we compiled a considerable amount of information which has undoubtedly been useful since, but then two things happened. On the one hand we began to find that the whole of the shipping world was in such a state of flux, was so busy recovering from the disorder into which it had been thrown by the war, that it was hopeless to think that we should be able to make any general report for a considerable time to come, which would not be out of date before it had actually been presented; and then on the other hand we found that at about the end of six months we were overwhelmed with complaints, and it was necessary to turn to the second part of our reference.

## IRRITATION IN THE SHIPPING WORLD

Let me just say a word or two with regard to that fact; that the complaints poured upon us. Undoubtedly in the shipping world there was a considerable

amount of irritation—I think that perhaps is the right word to use—as the result of the conditions during the war. That irritation was not only on the part of the shipowners who had been greatly interfered with, but it was also on the part of the shipper associations, the producers in various parts of the Empire, who found that they had not the facilities that they would have liked for sending their produce over the seas; or that they had to pay too highly, as they thought, for the services of shipping; and in addition, of course, there were also Government complaints against shipowners. But at any rate there was a state of irritation, and my colleagues and I felt that under all the circumstances we could not do better than to turn our attention to the allaying of that irritation which we felt to have certain elements of danger in it. The chief shipowning community of the Empire is the United Kingdom—there are other owners of ships obviously—but a very large proportion of the shipowning interest is resident here. On the other hand, the Dominions and India, and in equal degree proportionately to their size, also the Colonies and Protectorates have this in common, that they are all dependent on exports; we here are dependent on the export of our coal and manufactures, and obviously producers of primary products over the seas are equally dependent in their different ways.

Therefore as between the producers in large portions of the Empire and the shipowning interests in this country such irritation as there was took on a geographical aspect. It tended also to become, if I may venture to say so, political, that is to say, the producer in New Zealand or in Australia or in any other part of the Empire, feeling he had a grievance against the shipowners, sought to influence the politics of his own region, and the shipowners were thrown on to the defensive and sought help at this end. That in itself was obviously a most undesirable condition of affairs. It did not make for friendship within the Empire and might in conceivable circumstances ripen into a condition of things which one would not like to contemplate. We laid ourselves out then to try and smooth down these differences.

#### BILLS OF LADING

The first great complaint that came before us we reported on to the last Imperial Conference, but inasmuch as there have been further developments since that time, and since developments are in progress at this moment in regard to it, I must mention it very shortly; and that is the question of shipowners' liability under bills of lading. That, of course, was a very old question, but it became acute after the war on account of the prevalence of pilferage. No one quite knew who was to blame; everyone said the other man. If you went to a shipowner he said the pilferage is at the docks, if you went to the docks they said it is on the railway. Wherever you went it was elusive and therefore the question of the shipowners' liability under bills of lading became urgent.

#### THE PRACTICE AT COMMON LAW

May I just remind the Conference very shortly of the points at issue? Under the British Common Law the shipowner, as a common carrier, is liable for the goods entrusted to him for conveyance, but under the same Common Law he is free to contract himself out of his liability, and the practice had arisen of so contracting himself out by endorsing in various ways the bill of lading. The result had been that there was a dispute involving at least four different sets of people. The shipowner naturally wished to eliminate liability as much as possible. The banker who had to deal with bills of exchange supported by bills of lading naturally wished to be able to handle the bill of lading, knowing without examining it too closely what its contents must be. He did not wish to

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have to examine every bill of lading to find out what had been written into it—I won't say capriciously—but with great variety. The merchant, of course, and the producer wished to have the maximum protection and wished to have recourse against all the people they could, including the shipowner. Finally the underwriter, in view of the amount of pilferage that was going on, wished to make the servants of the shipowner more careful and to impose upon them a responsibility. The whole position, of course, was complicated by the fact that the practice of endorsement, being customary in the United Kingdom, was at variance with the law in the United States and within the Empire in both Canada and Australia.

We went to work, and we determined in the end unanimously to recommend that the shipowner should not be free to contract himself out of his liability, and we recommend that throughout the Empire the Canadian Act should be accepted as the model and that we should try to have a similar condition of affairs right through the Empire. I may say incidentally that we sounded shipping interests outside. We appealed to their patriotism. Naturally they did not much like the change that we proposed, but those interests that we consulted agreed that they would not oppose, provided there were certain safeguards inserted, and we arrived at a unanimous compromise on that subject. Our Report was published, having been sent to the various Prime Ministers, and was accepted by the last Imperial Conference. The whole Empire therefore, by the Resolution at that Conference, undertook to legislate in the same direction, but immediately after that Conference a movement took place to internationalize the practice which was to be established within the Empire.

## THE HAGUE RULES

Meetings were held and a series of rules known as the Hague Rules were passed, and maritime countries were asked to legislate to make the Hague Rules the law in their several jurisdictions. Then, Sir, there arose an agitation on the part of shippers, of a certain number of shippers in this country, who asked to have the Imperial Shipping Committee's Report translated into law rather than the Hague Rules, their point being that our compromise had given greater security to the shipper as against the shipowner than the Hague Rules.

## THE AMENDED RULES

Further discussions took place, and the Hague Rules were modified, and on behalf of my colleagues on the Imperial Shipping Committee I have to say that we considered the modified Rules, and, if our opinion is desired, we think that they carry out the intention of the Report which was presented by us unanimously and endorsed by the last Imperial Conference. There is this further fact, that the shipowners and shippers as represented by their different Associations are agreed internationally on this matter, with very few exceptions. Only within the last ten days a meeting has been held, I think it was in Brussels, and I understand that the differences are now so small that it is almost certain that on the basis of the amended Hague Rules you will be able to get a world-wide common practice in this matter of vital importance to the commercial world.

A Bill has been introduced into the House of Lords here; was referred to a Joint Committee of the two Houses; has been unanimously endorsed by that Joint Committee; and if this Conference is willing to accept as equivalent to what was adopted at the last Conference, the Hague Rules as now modified and as scheduled in the Bill before the British Parliament, then I imagine that Bill will be pressed forward; and the hope of those of us who have been busy

with it for the last three years is that it may now be accepted as a model Bill, and that we may see legislation with a view to uniformity in the Empire, we hope by way of an example to other nations, and in the end throughout the world. That, Sir, is all I have to say on that subject.

#### THE FORM OF THE BILL OF LADING

There were other questions in regard to bills of lading and one especially that has attracted considerable attention. It is in connection with what is known as the "received for shipment" bill of lading. The normal bill of lading states that goods have been shipped. It accompanies the bill of exchange and the banker negotiates the bill of exchange on the basis of the bill of lading and the producer is able to obtain his money while the goods are on the high seas.

There are certain inconveniences occasionally attaching to giving a "shipped bill of lading." You may have goods lodged in the warehouse of the ship-owning company for shipment at the earliest practicable date, and the producer in some cases wants to get his money before the goods have actually been put on board ship. A practice arose of giving a "received for shipment" bill of lading. The bankers were very insistent that every bill of lading should state facts—should state no more than the truth. If the goods had been shipped, it must say so, but if they had only been received for shipment, it must not say they have been shipped; otherwise, faith in the value of the document will be lost.

Two questions came before us in regard to "received for shipment" bills of lading. The first came from the Far East, from the shippers and merchants interested in the trade of Singapore and Hong Kong, and there I presided as chairman of the Imperial Shipping Committee over a conference, and we were able to arrive at a *modus vivendi*, the essence of which was that there should be two forms of bill of lading: the one should say "shipped" and should be printed wholly in black, and the other might say "received for shipment"—those words being printed in red. The bankers would then know at a glance what type of document they were dealing with.

The other difficulty arose in regard to New Zealand. Sir James Allen brought before the Imperial Shipping Committee certain difficulties, and it was arranged that, again acting as chairman of the Committee, I should preside at a conference at which were present bankers, shipowners and the representatives of the New Zealand producers of wool. We were again able to arrange a compromise, the details of which I need not go into, on conditions which were accepted by the bankers, and the result was that the producers were able to touch their money without undue delay.

#### THE QUESTION OF DEFERRED REBATES

Now, Sir, the next great question that came before us had regard to deferred rebates—again an old stager. A Royal Commission had sat upon this question as a result of difficulties which had arisen early in the century with regard to South Africa. It sat, if I remember rightly, for some two or three years. It produced a majority Report, a minority Report, and a Report of a single member, which last was a very weighty document. The recommendations have practically not been acted upon. The Royal Commission was very useful to us, as its records shortened our proceedings, but to all intents and purposes nothing came from the Report of the Royal Commission. As in the case of the bill of lading question, so in the case of deferred rebate, there was a certain acuteness in the dispute immediately after the war. That was due to the fact of Government ownership of merchant shipping.

The question came before us in the first instance, and mainly, on a representation from the Austrian Commonwealth Government. There was a quarrel



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—I think we may to-day, now that peace has been arrived at, use that expression—there was a quarrel between the Commonwealth Government Line and the Australian Conference of Steamship Lines. That quarrel of course involved a great many points, but the matter as brought before us turned on the question of deferred rebates. The Australian Government Line could not give rebates—it was forbidden to do so by Commonwealth legislation. The Australian Conference of Shipping Lines stuck tenaciously to its practice of giving rebates, on the outward voyage, of course, but inasmuch as the round voyage is the unit of shipping, that had its repercussion on the homeward trade.

We examined this question and we presented two reports, an interim report and a final report. The interim report dealt with a special and urgent point. The Commonwealth Government Line represented to us that those who shipped with them had on a number of occasions been penalized by the Conference Lines by having their goods tendered for shipment refused, even though the ship had sailed not full—practically refused on the ground of what is technically called disloyalty. You see, that goes beyond merely refusing to pay up the deferred rebate; you boycott a particular shipper because he has shipped with your competitor. Lord Incheape was before us giving evidence and we put this point to him, and he, with great emphasis, said, that no line he was connected with would do such a thing. We came to the conclusion that it had been done, but that in all probability it had been done by the zealous action of subordinates, and therefore I was authorized by the Committee to communicate with Lord Incheape calling his attention to the evidence which he had given, informing him that it was our intention to examine any case of such boycotting that in future came before us, and asking him whether he could enlist the assistance of the Australian and New Zealand conferences in the event of our having to make such an enquiry.

Lord Incheape called meetings of the two conferences and replied that the conferences would give us assistance, and the result was that we were able to report to Mr. Hughes—then Prime Minister in Australia—in our interim report, that should such a case occur again we would investigate it and that we had been promised the help of the Shipping Lines themselves. From that day to this no such case has been brought to our attention.

## A QUASI-MONOPOLY ESSENTIAL IN THE CASE OF LINERS

We were then free to go on to consider the main question of rebates, which are illegal, of course, in various portions of the Empire, and which, in the main, affect only the outward trade from this country to other portions of the Empire. The Committee came to the unanimous conclusion that in the case of liners—and this matter does not touch tramps—a quasi-monopoly, if I may be allowed to use the phrase, was essential to the maintenance of a permanent and healthy service. A railway has a physical monopoly except at certain points where it comes into competition with other railways, and when a Government gives statutory powers to construct a railway it is, within limits, granting a monopoly. Now, from its very nature, no traffic on the ocean can have a physical monopoly. The shipping of any country is free to come and cut in, to stand for business, at any port to which it is admitted; but a shipping line, a regular line of steamers, if it is to render the services that are expected of it, must put steamers on the berth regularly, in the slack season as well as in the good season, and must sail at the advertised date, full or empty. It is quite obvious, therefore, that the whole year's business must be the economic unit of liner business. If that is not so, then at the time of harvest the tramps will come in, will take the cream of the business, and will leave the lines to deal with the slack season. On such a basis, no liner company can possibly survive in the long run, and therefore,

though it was against the—may I use the expression—prejudice of a number of the members of the Imperial Shipping Committee, having heard all the evidence, having weighed up the whole position, they came to the conclusion that a certain quasi-monopoly was essential, and that, given the fluid conditions of the ocean and the unity of the ocean, that could only be arrived at by some tie of some description between the shipper who wished to ship parcels at any time by the liners and the owners of the line.

Now may I say at once that as between the North Atlantic and all the rest of the ocean there is a great distinction to be drawn. In the case of the North Atlantic your shipping is plying between two vast communities, and both of them wealthy communities. Take the United States and Canada, on the one side, with 120 million people, and Europe, on the other side, with 300 or 400 million people. Many things can be done on the North Atlantic which cannot be done in the rest of the world, and what I am now saying would be subject to very considerable exceptions if you were thinking of the North Atlantic.

#### THE TIE OF "LOYALTY"

As regards the rest of the world, we arrived at the conclusion that a certain tie—it was technically called of "loyalty"—was essential between the shipping line and the shipping communities which it served. But the deferred rebate was not the only possible tie, and we had brought to our notice a practice which had recently arisen in South Africa. There the granting of a deferred rebate has for some time past been made illegal, but a tie had been established between the merchant and producing community and the shipping lines by means of an agreement.

Instead of having a promise of a rebate to be paid to you after a certain period of deferment, provided you are loyal in the meantime, there was substituted an agreement whereby you sign a contract to remain loyal to the companies and to ship with certain exceptions, with the companies belonging to the Conference under the penalty of liquidated damages. So that there are two possible sanctions for loyalty. On the one hand is the promise of a rebate which you will forfeit if you are not loyal; on the other hand is the payment of damages if you fail to act up to your agreement to be loyal.

#### OPTIONAL SYSTEM OF REBATES OR AGREEMENT RECOMMENDED

We took careful evidence in regard to the South African practice. The shipowners were very tenacious, and we finally came to the conclusion that in view especially of the nugatory character of the recommendations of the Royal Commission, we would recommend the experiment of allowing an option, so that, on a given trade, shippers would have an option of whether they would commit themselves to the liner service which was catering for them by an agreement or by the system of referred rebates.

#### DANGER OF RATE WAR AVERTED

Well, Sir, our report was drawn up unanimously and was despatched to the Prime Ministers. We allow normally six weeks in order that the report may reach New Zealand, the most distant of the Dominions, before it becomes public. In that six weeks, one morning I read my newspaper at breakfast and I found that the Commonwealth Government Line had suddenly cut its rates, and that it was expected that within another day or two the Conference Lines would reply with a still more drastic cut; in other words, we were probably in for a rate war. This was in the middle of last winter. I at once felt that since

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these two parties had been before us, and, indeed, were represented within the Imperial Shipping Committee itself, the position had an element of the ludicrous in it, and, in any case, was most undesirable. There was no time to be lost; issue had not been joined; that is to say, Conference Lines had not replied by cutting their rates. I therefore at once got on to the telephone and asked the two parties if they would meet me. I subsequently had condonation from the Imperial Shipping Committee. Well, Gentlemen, when they met I found that the issue between them was in regard to the detailed application to the Australian trade of the general principles that we had come to. My hope was to get a truce, and I trusted that if I could get a truce, the publication of our report would put such public pressure on the two interests that such a rate war would be impossible.

We sat for four hours, the ice was very hard and cold to begin with, but gradually the thaw came on, and finally the ice broke up and we achieved not a truce but a peace.

The other day, knowing that I was to speak to you, I thought it would be interesting to obtain from the two parties who are now friends, a statement of the present position, and I will read a letter which has been addressed to me by Sir Kenneth Anderson, the Chairman of the Orient Line, on behalf of the Conference Lines, and Mr. Eva, who is the representative in London of the Commonwealth Line.

"Dear Sir Halford,

"In reply to the question you have addressed to us, we are glad to say that the optional system of rebate or agreement, evolved in the Australian trade as a result of the enquiry by the Imperial Shipping Committee into the rebate system, is working satisfactorily. The form of agreement as originally introduced has already been signed by over 800 firms, and now that certain amendments are about to be made to meet the wishes of the Merchants' Association, and the document, subject to these, has been formally approved by them, it may be anticipated that the number of firms adopting the agreement alternative will be increased.

"Yours sincerely,

(Signed) "KENNETH S. ANDERSON.

"E. A. EVA."

There are about 1,500 firms shipping in this trade, I understand, so that already more than half of them have agreed to abandon the rebates and to accept the agreement, and since a further number are likely now to come in—the amendments have been adopted only within the last few days—I think it probable that at least three-quarters of the trade will avail themselves of the offer which we induced the two interests to put before them. I hope that the freedom which we obtained will have resulted in a settlement, at any rate in that trade, of this long-vexed question. I hope that the example may spread through the trade of the Empire generally.

## VARIOUS MINOR COMPLAINTS DEALT WITH

Well now, Sir, a number of other and smaller questions were brought before us of the same character, dealing, that is to say, with complaints. The ship-owners themselves having met us, and having learnt to trust us, came with their grievance, and we welcomed it as an indication of goodwill. Their first little grievance was that there was great delay in the bunkering of ships in Calcutta. We were able to make representations, and I understand that things are better. Then, Sir, certain shippers of rice from Rangoon came to us on the ground that

the shipowning agents in Rangoon, being also concerned in the merchandising of rice, were discriminating against certain rice merchants. We made certain representations there which, I believe, had some effect.

In East Africa the merchants had some differences with the Lines serving the East coast of Africa, and as chairman of the Committee, I met a Conference representative of the various interests. It soon became apparent that we were dealing with a chaotic condition of affairs, and that the shippers in East Africa had no sort of association. I took it upon myself to tell them that until they had formed an association they did not deserve to carry weight with the shipping companies. I understand that an association has been formed and has been in negotiation with the shipping lines.

In the case of certain of the West Indies, we were appealed to to obtain reductions of freight, and I am glad to say that in certain cases we were able to induce the shipowners to listen to the complaint; in other cases we were not able to effect a reduction, but a full statement of the reasons why it could not be given was communicated to the commercial units concerned and we heard no more.

Much the most important of these minor cases concerned New Zealand. The New Zealand Government sent to us the finding of a Select Committee of the New Zealand Parliament in regard to the freights charged for cargo on the voyage from New Zealand to this country. Well, Sir, we went into this question, and we made a report to the New Zealand Government. We came to the conclusion that, as regards the six months that we investigated, under all the circumstances holding after the war, we could not find that the charges had been excessive, but we took the opportunity to point out some of the reasons why high freights had had to be charged on the homeward voyage, in the case especially of New Zealand, and in a less degree of some other countries.

#### THE ROUND VOYAGE THE ECONOMIC UNIT

Perhaps I may spend just one moment on that matter, because it clears up a good many others. As regards tramp economics, the round voyage must be the unit. Unless a tramp can obtain a cargo outward she cannot give favourable terms for cargo homeward. The most striking case of that occurred soon after the war, outside the Empire it is true. Wheat had to be brought home from Argentina. At that time we were exporting little or no coal from this country. Practically the whole of the cost of the voyage had to be thrown on the import of wheat from South America to this country. When the export of coal from Great Britain was resumed, freight on wheat homeward was halved. Well, that holds generally. In the case of the liner it also holds, but with the further addition which I have already mentioned, that there you have to consider good seasons and bad seasons, because the liner must sail, full or empty, and therefore the round voyages of the whole year must be taken into account when you come to deal with the liner.

#### THE QUESTION OF TERMINAL CHARGES

Not only must you have cargo to carry both ways but you must also have terminal charges reduced to the lowest. I have here, and I dare say members of the Conference have received from the Chamber of Shipping, a series of three resolutions with regard to high Port Charges, Light Dues, Pilotage, and Quarantine Expenses, at the Australian Ports, with regard to Light Dues levied by State Governments in Australia as distinct from the Federal Government, and with regard to Light Dues in New Zealand. Well, Sir, the questions are of an intricate character, and I am going to throw out the suggestion that, perhaps, Mr. Bruce

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himself, or if he is too busy he will nominate someone else, would like to meet some representatives of the Chamber of Shipping, and if so I would organize a little meeting in order that these very detailed questions affecting not the whole Empire, but a particular portion of the Empire, might be gone into in a practical way. Perhaps, Mr. Massey would do the same thing with regard to New Zealand. It seems to me that that would be the shortest way, and, perhaps, as chairman of the Imperial Shipping Committee I might know whom to get together.

## THE RELATION OF MIGRATION TO SHIPPING RATES.

There are, of course, other matters which have to be borne in mind. Emigration bears a very important relation to the cost of the round voyage. Migrants, settlers, take the place of cargo. I have only this to say from a shipping point of view with regard to Empire Settlement, and that is that the steadier you can make the stream of settlers, the cheaper you will get them transported. The shipowner who is taking settlers out from this country has to fit his ship, and the fitments are, of course, up to a point expensive. If a shipowner knows that he can expect for a considerable period a steady flow of settlers, he will go to the capital expenditure that is necessary to give the accommodation, and his ship will be so fitted, no doubt, that it will be able to carry cargo back in the space occupied by settlers on the outward voyage.

## COASTING VOYAGES

Then, Sir, there comes the question of coasting voyages. Now obviously no Imperial Committee is a suitable body even to investigate such a question as coasting voyages, which belongs to the jurisdiction of the different portions of the Empire, and therefore I have merely to point out that if regulations are adopted which have the effect of excluding ocean shipping more or less completely from the coasting traffic, that means, of course, that the ships are not earning on the round voyage all that they could earn. They are going partially empty it may be through a certain portion of the voyage and, therefore, the cost of the voyage has to be spread over the remainder. I do not venture to say more on that subject, but I do point to it as one of the elements.

## HIGH PORT CHARGES

And lastly, there is, of course, the high cost of certain ports. On that point I would venture to quote the report which is going to be presented to the Prime Ministers. It was adopted by the Imperial Shipping Committee on Monday, and is going to be presented as soon as it can be printed. I would venture to quote one paragraph from it; I do so because it was carefully drawn up, and I think it probably puts the matter more tersely than I can put it now:—

"It has been pointed out to us that where a percentage charge by way of tax is made upon the freight and fares from a given port, that charge becomes almost inevitably a part of the port charges, which charges are always taken into account by a shipowner when comparing the competitive value of the various freights open to him."

(The question being: Shall I send my ship to this port or to that port?)

"Such a tax may, in fact, act as a repellent reducing the amount of tonnage offering at a given port as compared with other ports, and thus placing the producers who ship through that port at a disadvantage with other producers in the world market."

The report will be in print in a very few days.



I have gone into these matters I am afraid at some little length, because almost all these complaints in regard to the homeward voyage to the United Kingdom involve the question of high freights. We are convinced broadly, and apart from particular cases, that in the present state of the shipping world when you have some ten million tons of shipping laid up, it is the cost of the service and not the enjoyment of monopoly which is the governing factor, particularly in regard to the freights charged. I do not say that that would always be so and under all conditions, but in the present situation it is so. What you have to take into account is the round voyage, and if you are going to get a cheap voyage home you have got to consider the whole of the economies involved, the effect of tariffs in checking cargo outward from Europe, the effect of emigration in giving you settlers taking the place of cargo, the effect of exclusion from coasting leading to the fact that your ship goes partly empty through a portion of her voyage, the effect of terminal charges and of taxation raised on a percentage basis.

#### THE QUESTION OF SUBSIDIES

Now I turn to the other side of the question, and with that I need not deal at quite the same length. We have to consider how we can better the services within the Empire as well as remove sources of friction. Mr. Hughes, at the last Imperial Conference, brought that matter very urgently before me in the discussion which took place, and I asked him whether he would send me an official Australian request for us to investigate the question which he had raised, namely the subsidy necessary in order to give Australia a faster service of steamers. I pointed out to him that such a committee as the Imperial Shipping Committee, consisting of important and busy men, could hardly be asked to investigate any proposition that might be put up by any individual idealist throughout this Empire. Any proposition that came before the committee ought to be brought before it responsibly by some government or organization which considered there was a *prima facie* case. He agreed, with the result that we received a request from the Australian Government. We went into the matter and we have presented a report to the Australian Government which has also been circulated to the other Prime Ministers of the Empire. We came to the conclusion that we could not give a specific answer to the question which was addressed to us. Things are still too much in a state of flux in the shipping world for it to be possible to give any precise estimate in regard to a subsidy which would remain true over any perceptible time, and apart from that, any such subsidy would be a matter of bargain. But we did give a general indication of the kind of subsidy that would be necessary.

#### THE VERY BIG SHIP

We went into the whole matter, and as you are aware we came to the conclusion that the very big ship which had been so often suggested was not the solution. The Dominions Royal Commission recommended that very big ships should be built which could carry large quantities of cargo cheaply. We came to the conclusion that the Dominions Royal Commission had omitted one fact, and that is that large quantities of cargo must be forthcoming within a very short time, otherwise your very big ship would spend most of her time in port waiting for the cargo to accumulate. Now as we have indicated, on the outward voyage from this country, manufactured articles being sent out, the ideal system would be an endless band upon which small parcels would be going out all the time just as they are cabled for from the market at the other end, the result being that you would get cheaper articles

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because there would be no capital charges, no charges for storing and for the risk of storing manufactured goods at the other end waiting for the market to ripen.

## SUBSIDIES OUT OF THE QUESTION

Having discarded that, we were then driven to the conclusion that the present position was necessarily unsatisfactory and that nothing but a very large subsidy would give you a satisfactory service to Australia which was wholly a shipping service. On the North Atlantic you have such a vast trade that you have been able to differentiate. You have got purely passenger lines. You have got cargo vessels that may carry a few passengers. You are able to carry passengers as fast as they can be carried if they will pay for it. You are able to carry the cargo as cheaply as it can be carried if you go at the economic pace. But when you come to deal with such a country as Australia or New Zealand, and the two countries together, remember, have only seven million people, though it is quite true that they do the largest oversea trade, I believe, per head, of any part of the world, the first-class passenger question becomes very difficult. There are but a limited number of first-class passengers available for the steamers on that trade, and unless you are to charge a prohibitive fare for the voyage you must have a very heavy subsidy if you are to have a ship specialized for passengers. But if she is not to be specialized for passengers, if, as is the fact everywhere except on the North Atlantic, she is to carry passengers and cargo, then she must not carry cargo at a prohibitive rate.

Well, the result is that the shipowners in such a trade as the Australian and New Zealand trade are in an impossible position. On the one hand, they are asked by Prime Ministers and others whose time is of high value to give the quickest possible voyage between Australia and this country. On the other hand, they are pressed by those same Prime Ministers, acting on behalf of their producing community, to give the cheapest possible freight for cargo. No satisfactory compromise is possible, and we came to the conclusion that, since in the present financial condition of the world it was extremely unlikely that the Governments of the British Empire would pay such a subsidy as would pay for the building of purely passenger ships and would guarantee to their owners a long term of use, since we came to that conclusion, the only thing to do was to seek some other solution.

## SCHEME TO SAVE A WEEK

We came to the conclusion that the only way in which you could hope to carry passengers and mails rapidly within the next few years from certain portions of the Empire to the central parts of the world would be by a combination of air, sea and land, and we have proposed to you a system whereby you will save a week in the carriage of mails and first-class passengers between London on the one hand, and Melbourne and Sydney on the other hand. You are to save four days by airship from this country to Egypt, two days on the Indian Ocean by speeding up a little the steamships on that ocean, and one day by saving a certain amount of time which at present is lost at Fremantle before the train starts, and perhaps a little on the trans-continental journey. I can assure you, as one who has sailed for a certain distance in an airship, that it is the most comfortable form of travelling that ever was imagined—quite different from aeroplane travelling.

There may be technical difficulties to be got over; that is not the business of the Imperial Shipping Committee; we take the advice of the Air Ministry here. On all technical air matters we should not presume to express an opinion.

But the net effect is that we have made that report, and, as has been stated in Parliament here, the British Government have accepted the portion of it which refers to airships, and I understand that, subject to endorsement and perhaps to negotiations in this conference, the endeavour will be made to supply that service at no distant date. Shipping companies on the Indian Ocean have already shown what they can do in hastening up their steamers, and I venture to say on behalf of the Committee that we hope it will be considered that we have done a more practical thing in trying to save a week in that way than by suggesting to you what was originally put to us, namely, that you should pay a subsidy sufficient to give you a service of steamers comparable with the service of steamers which you find on the North Atlantic.

#### MINOR QUESTIONS DEALT WITH

Now, Sir, there were a number of minor questions. They are always coming before us—on this side of our reference. We have been asked, for instance, in regard to a lightship on a particular reef off Ceylon; we brought the matter to the attention of the Ceylon Government. We have been asked with regard to a wireless installation on a pilot vessel off the Hooghly; we referred the matter to the Indian Government. We were asked to improve the steamer communication between Cyprus on the one hand, and the United Kingdom and Canada on the other hand; we were able to effect an improvement; shipowners agreed to visit Cyprus and to give the service. We were asked to see what could be done to improve the shipping communication between India and Seychelles; we made recommendations, and I understand that improvements have been made. We were asked to do what we could in the case of the Falkland Islands, but I am sorry to say we were obliged to tell the Falkland Islanders that under present conditions they must be content to go by the West Coast of South America.

The Colonial Office consulted us with regard to the harbour at Kingston in Jamaica. They had before them the recommendations of the Dominions Royal Commission, based on the probability of large ships, and they wished to know whether they were to make a harbour at Kingston which would be suitable for such great ships. We were able to assure them that the position had so far changed that we did not think the very great ship was the problem it was at one time thought likely to be, and in any case the time of building such a great ship would be such that there would be ample time to improve the harbour of Kingston.

#### THE ASSESSMENT OF SHIPPING TO INCOME TAX

Now, Sir, broadly, the position is that British shipping to-day is struggling. The mercantile marine of the Empire proved its value from the point of view of defence during the war. There is an excess of tonnage in the world to-day. Very small profits are being made by the shipowning community. There may, of course, be exceptions. Therefore, we have ventured to hurry forward for your attention a matter upon which we were asked to report by the Chamber of Shipping of the United Kingdom and by the Liverpool Steamship Owners' Association. It regards the levying of income tax on shipping throughout the Empire. I am not going into detail; the detail will be presented to the Prime Ministers as soon as ever the printers will supply us with copies of the Report. We have not ventured to make a definite recommendation, but we have presented certain alternatives. We have not ventured to make a definite recommendation for the reason that there involved purely financial questions, questions of the amount of revenue which different parts of the Empire thought it necessary to raise, and we

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did not feel that it was right for us to go into that. But, broadly speaking, we have arrived at the conclusion that the variety of methods of assessment throughout the Empire is, in fact, an impediment to commerce.

The Imperial Shipping Committee sits regularly, and I believe that it has this great advantage—I claim it—that whereas a Royal Commission or other body has this question or that question referred to it and is an *ad hoc* body, and has as such to go into all manner of preliminary matters, we have a group of gentlemen who are in the habit of acting together, who have acquired the habit of unanimity, who represent different parts of the Empire, and who can shorten investigation because they are able to take a great many things as already proved.

The CHAIRMAN: I am sure the Conference is very much obliged to Sir Halford for his important statement. The account that he has given of the work which the Imperial Shipping Committee has done, and is doing, proves the wisdom of those Dominion representatives who wisely pressed for its formation.

## DISCUSSION ON SIR HALFORD MACKINDER'S STATEMENT

Mr. GRAHAM: Mr. President, the Report is very interesting and I join with you all in saying how much we are indebted to Sir Halford Mackinder for it. It is true that the larger things in it refer mostly to Australia and New Zealand, but this does not make it any the less interesting to other Dominions so far as the general principles are concerned. I will just mention one or two things referred to by him. He mentions small ships and the wisdom of having these small ships utilized. Just for general information, if any portion of the British Empire desires a number of small ships, I could indicate where they could procure them at a reasonable price.

## SHIPPING PROSPERITY DEPENDENT ON EMPIRE DEVELOPMENT

It is true that the forwarding or shipping business is not in a prosperous condition. It might be said perhaps that few businesses are, but the aftermath of the war seems to be reacting against the shipping business perhaps more severely than any other, because it can only depend upon commerce and plenty of it. Notwithstanding the fact that it is not prosperous, the rates are considered by the shippers too high, and the great difficulty is in straightening out this divergence of views without altogether ruining the shipping business. The Chairman of the Imperial Shipping Committee has rightly said that you cannot get reasonable rates, much less cheap rates, unless you have a cargo both ways; so that, as he remarked, the success of shipping depends, as the solution of nearly all our other troubles depends, upon the development of the outposts of the British Empire, so that we shall be able to have cargoes not only one way but both ways. With us it is just the reverse of the situation commented upon by Sir Halford. We can get a cargo to Liverpool, but we fail to get a full cargo back. Consequently, we are in difficulty a good deal of the time.

## DIFFICULTY OF APPLYING PRINCIPLE OF "LOYALTY" IN CANADA

Sir Halford has mentioned the question of "loyalty"; that is "loyalty" in its technical sense, as referring to shipping. In broad terms that is loyalty to the Company that is doing your carrying business; it is not fair to give one person the lean end and give some other person the remunerative part of your business. The reverse strikes us in Canada, and we had a Parliamentary investigation last session. The Canadian Merchant Marine was roundly con-

demned because its manager, or one of its representatives, "sat in" with representatives of other companies to discuss the best means of carrying on the shipping business. We were at the reverse end of this principle in that our people were objecting to the Government-owned Transportation Company having any dealings with the Samaritans at home, the shipping companies. I have rather taken the view, which I think is the right one, that when a Government goes into a pure business venture, it must do as other people in the same business, or it is not competent to carry on the business. However, I want to point out one of the difficulties that might arise if we attempt to apply that principle of shipping loyalty in our country.

#### DEVELOPMENT OF CANADIAN HARBOURS

With reference to the harbour dues and charges, we have expended very vast—almost fabulous—sums upon developing the harbours of Montreal and Quebec on the St. Lawrence, Halifax and St. John on the Atlantic, as well as internal harbours, and at the present moment are developing the Vancouver harbour. Prince Rupert, one of the finest natural harbours in the world, is yet to be developed on the Pacific. It may be of interest, but I do not want to detain the Conference long, to point out that a new sea path from Canada to the British Isles has been opened up since the opening of the Panama Canal, and traffic in farm products, particularly wheat, is starting from a certain dividing line in Western Canada towards Vancouver and the Pacific, where it originally went to Montreal and Quebec and Halifax and St. John on the Atlantic. This year there have been shipped through the Vancouver port something over 20 million bushels of wheat. The Federal Government loans the money for these, on which the Harbour Commissioners pay interest; so it may be that you will have to approach that question of restriction which Sir Halford raised, with a little caution, lest it might result in slowing up the development in these harbours, which has been very extensive, but which we hope will repay in increased Empire traffic in addition to the international traffic.

#### DISCRIMINATION AGAINST CANADA IN BRITISH SHIPPING RATES ON FLOUR

Now I come to just two things which are of great interest to us, and perhaps some person in the discussion when we meet again can give me a little light upon them. In the first place—this applies to ships registered in Great Britain—a cheaper rate is given on flour, for example, from New York than from our Canadian port of Montreal. That was a question which was threshed out largely in a committee of Parliament last session. I only yesterday received a cable from the Minister of Trade and Commerce including a complaint from the millers of the Dominion of Canada, that the Canadian shippers are being discriminated against this way. They can send their flour to New York by rail over an American railway and get a cheaper rate from New York than they can from Montreal. As a result, the Canadian miller in shipping from Montreal is under a handicap, and if he ships via New York not to be under a handicap he injures the Canadian railways. There should be some possible way by which at least those within the Empire might get as favourable a rate from their own ports as from the ports of a foreign country. It might be argued that if the Americans were giving a cheaper rate on American flour only, than was given on Canadian flour from Canadian ports, it would be in defence of their own milling industry, but they carry Canadian flour from their own ports at a cheaper rate than from Canadian ports.

THE CHAIRMAN: Are you able to say, Mr. Graham, whether these lower American rates, the New York rates, were brought in by the United States Lines



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and whether our lines had to conform in order to keep a share of the trade? The fault may lie in the fact that, the United States backing their shipping lines with subsidies and so on, the United States Lines have quoted these rates and that anybody else who wants to get any carrying trade there has to conform to them. We could go into that.

## INSURANCE RATES ON THE ST. LAWRENCE ROUTE

MR. GRAHAM: It is a matter for investigation. The other question of great importance to us is the matter of insurance on the St. Lawrence route. The Canadian route is discriminated against on account of extra insurance imposed on traffic going through the St. Lawrence. We maintain that that is altogether unjust and the Canadian Federal Government has spent very very large sums in making the channel safe through to Montreal. It has the depth, and is well lighted, and we want to urge as strongly as possible that the rates against traffic from the Dominion of Canada, as compared with the insurance rates from New York and other American ports, are altogether unjust. In fact, We have come to the point in Canada, this is not a threat at all but just a statement of the plain situation—that if these insurance rates cannot be adjusted we are inclined to form a Company of our own to carry the marine insurance now carried by other organizations. In the merchant marine, I might say in evidence of our faith in the channel, we carry no insurance whatever. We adopted the policy last year after investigation over a period of years, that the amount of insurance paid on the vessels themselves (I am not speaking of the cargo now) has so far exceeded the amount it has cost to carry the insurance that it is a splendid investment for the Canadian National Railway and the Canadian Government to carry the insurance themselves and that is being done.

SIR HALFORD MACKINDER: That would be the case with a certain number of the great companies carrying on shipping here; they insure their own vessels.

MR. GRAHAM: These ships ply the St. Lawrence route, many of them, and we consider the insurance rates imposed on the traffic through that route altogether out of proportion to the amount required to carry them and leave a good margin of profit.

The discussion was continued at the Eleventh Meeting of the Conference, on the 18th October, 1923, as follows:—

MR. BRUCE: Mr. President, we are all very grateful to Sir Halford Mackinder for the very lucid and informative statement he made to us yesterday afternoon. He covered all the activities of the Imperial Shipping Committee since its establishment, and after having heard what he said and having studied the various reports that the Committee has made, I think we must come to the conclusion that this Committee has rendered very great service to Britain and all the Dominions. As far as Australia is concerned, I desire to express our very great appreciation of the work they have done and the manner in which they have carried out the duties that were allotted to them. The appointment of the Committee was something that almost approached an inspiration; and Mr. Massey, who I understand took a very great part in it, must be very well satisfied with the result of the appointment of the Committee he was so instrumental in bringing about. The work of the Committee has certainly been done in a way which inspires very great confidence. They have managed to obtain the goodwill of all the persons connected with the great shipping industry, and knowing, as most of us do, the suspicions that were entertained with regard to this Committee by those directly concerned

with shipping, I think it is a very great achievement that they have been able to still those suspicions and to create an atmosphere of goodwill with the people with whom they have had to deal.

The question of shipping is, of course, quite vital to the whole Empire, and it is particularly vital to Australia because we are so far away from the markets in which we have to dispose of the greater part of our production.

#### BILLS OF LADING.

The first question that Sir Halford dealt with was that of Bills of Lading. None of us who have had any commercial experience at all, can have any doubt as to the great benefits that will result if, as appears now to be almost certain, an international basis for Bills of Lading is adopted. The question has been a very burning one for many years, and it became particularly acute during the period of the war. There are two aspects of it, of course. There is the point of view that if you have varying terms in Bills of Lading, that is only another way of promoting competition between the different shipping agents. There is also the point of view of the shipper that his interests have to be safeguarded. Most of us remember the struggle that went on as to the shipping companies' liability and the amount at which that liability was to stand, and the more or less satisfactory conclusion that was arrived at after a good deal of negotiation and something nearly approaching to a fight.

#### DEFERRED REBATES.

The next point was the question of Deferred Rebates. The position was a very difficult one, and the Commonwealth Government Line was to a certain extent instrumental in bringing this whole question under notice. I think it is very satisfactory that, as a result of the efforts of the Shipping Committee, the trouble which at one time was very acute has been settled. If there were war between two great forces such as the Commonwealth Line and the other shipping lines, the position would be very detrimental to the interests of the shippers themselves, but it is very difficult to make a fact like that clear to the people generally in any country. In Australia we have exactly the same feeling as Mr. Graham indicated exists in Canada. There are grave suspicions about any arrangements arrived at between shippers, and there is always an idea that such arrangements will operate very detrimentally to the interests of shippers by the different lines. If there had been no Shipping Committee, and this matter had been settled without an exhaustive examination of the position by a body that really carried weight in the Dominions, I am afraid we never should have been able to allay the suspicion in the minds of the people; but with this very authoritative pronouncement from the Shipping Committee I am confident that that suspicion will disappear, and we shall not be forced into a position in which no arrangements could possibly be permitted—a position which would have resulted in very serious detriment to the interests of those who have to ship.

#### THE QUESTION OF FREIGHT CHARGES.

The whole question of getting cheap freights is one of the greatest possible interest to Australia. It is very difficult to make the people of Australia understand that cheap freights are dependent to a great extent upon the possibility of running ship services on a profitable basis, but it is also very difficult to make them understand that an arrangement between shipping companies may possibly have the result of giving them an improved service and cheaper

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freights. I think the Shipping Committee has done a great deal to assist us in bringing that fact home to the people in Australia, and for that we are very grateful to them.

## VALUE OF COMMITTEE FINDINGS FROM POLITICAL POINT OF VIEW.

Nowadays, everything lends itself to political agitation; and if you have objections coming in continuously with regard to freights, and suggestions being made that freights are unduly high, it inevitably leads to a certain stagnation of effort by the people, and is apt to undermine their independence; because they consider if that sort of thing is happening they are justified in coming to Governments and asking for government assistance. If they see that they are not being unduly exploited with regard to freights, they go forward in a more contented spirit, and with better results. For my own part—and I am sure this view would be very strongly held in Australia—I should very much like to know that there is some body whose findings could be relied upon, and to whom any question of this description could be referred.

## PORT CHARGES IN AUSTRALIA.

The other points raised were with regard to certain factors which may add to the cost of freights in Australia, in particular, the question of port charges was raised. That question is one to which we have also given very serious consideration. The Shipping Companies issued a Memorandum setting out the port charges in Australia, comparing them with the charges in other ports of the world and dealing with specific items, such as lighterage, light dues, pilotage and other handling charges, in the different ports. In May of the present year we had a Conference between the Commonwealth and all the States, at which the States were represented by their Premiers, and this question was raised by the Commonwealth. We set out the whole position in an exhaustive Memorandum, and at the Conference the matter was considered and certain definite conclusions were arrived at. The most important of those conclusions is one that I will read to you. I personally was speaking and I dealt with several questions that had to be considered, including coast light, and I said this:—

“Can we subscribe to the principle—which the Commonwealth is prepared to do—that a profit should not be made out of harbour charges, naturally affecting freights which, as I have stated, are a most important matter to Australia? If revenue has to be raised, it is very desirable that it should be derived from some other source.”

To that proposal of mine the States all assented, so that we have now got to a point which I think is very important that every one of the Governments in Australia have subscribed to the proposition that revenue should not be derived from this particular source, and the charges in our ports should be limited to the pure costs of providing the services which are required by shipping entering into our different harbours.

## LIGHT DUES

The main question, which was discussed at very great length, was with regard to the lights around the Australian coast. The position with regard to those lights is that up to 1916 they were the responsibility of the different States, but in that year the Commonwealth Government took over all the ocean lights and the States only retained the harbour lights. The proposal we made to them was that we should take over the whole of the lights so that there would be no justification or excuse left for the States charging any light dues at all.

That I think will be agreed to, but it is not finally determined yet. It is important that something of the sort should be done, because, although the States have been relieved of practically the whole of their responsibility in connection with lighting, they are in most cases still charging, either the same amount as they used to when they were responsible for the whole of the lights, or a figure which is still quite substantial.

Sir Halford made a suggestion that perhaps it would be a good thing if I, or somebody else representing Australia, met the shipowners—I should be very glad indeed to do that, and I think it would be most appropriate if Sir Halford, as Chairman of the Committee, would be good enough to arrange the meeting.

#### THE COMMONWEALTH NAVIGATION ACT

As to coastal trade, in Australia we have a Navigation Act of our own in which we lay down certain standards for ships trading around our coasts. The Navigation Act was passed by Australia with a view of trying to establish a Mercantile Marine of our own, and I am sure the First Lord of the Admiralty will agree with me that to have a Mercantile Marine of our own is very desirable. We have heard many complaints as to the provisions of our Navigation Act, but you must take it that Australia is quite determined that she will have a Navigation Act of her own, and try to create a Mercantile Marine of her own. However well designed any Act may be, there may be some things in it which do not really help to achieve the objects aimed at, and may even be detrimental to them.

At the end of the last Session of Parliament we appointed a Royal Commission, which is sitting at the present time, and which should report very soon after Parliament meets again in the New Year. The purpose of the Commission is to consider the whole incidence of the Navigation Act, and to report generally upon its effects on Australian trade; so that all these questions are very much under consideration at the present moment.

#### ASSESSMENT OF SHIPPING TO INCOME TAX

The question of income tax was also dealt with, and we are prepared to discuss income tax or any other charge that increases our freights, but the question is not quite so simple of solution as some people seem to suggest. Australia at the present moment has one principle in regard to income tax; and that is, that she collects income tax on all income derived within her borders; but we do not charge income tax on income derived outside. I think that is a fairly reasonable attitude to take up, and it is a fairly logical one. Britain, of course, takes a very different view. She follows for income tax purposes income earned anywhere, whether inside or outside her borders, provided it is the income of a person who is a British domiciled resident. In Australia we do not; we confine ourselves to collecting income tax on income derived in Australia. Now there is no question but that part of these shipping profits is derived in Australia; and it would mean a complete departure from the basic underlying idea of our income tax rating if we agreed to abandon the taxation which we levy upon shipping in our ports. Still, if it will achieve any real result, we are quite open to discuss any method of adjusting this matter between the Governments concerned. But I ought to make it quite clear that at the present moment the Australian Government would be very reluctant to subscribe to the principle that, for example, British registered tonnage, which possibly is owned by a British Registered Company, should be freed from all taxation in Australia, although earning profits there, and that the British Government should solely collect that tax.

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## A RECIPROCAL ARRANGEMENT

The CHAIRMAN: Would that apply, Prime Minister, to the new proposal which is that we should reciprocate and that we should collect tax on our Companies leaving yours free of taxation on profits earned here and graft on to the ordinary taxation the special exemption in the case of shipping by reason of its special difficulties?

Mr. BRUCE: We might be open to consider that but, of course, a moment's reflection will show that it is an entirely one-sided bargain. If you look at the registered tonnage of British shipping, and then look at Australia's magnificent mercantile marine, and discuss it on the basis of a reciprocal arrangement, you will see there is a very large benefit in one direction and a small one in the other. We are perfectly prepared to consider whether there is any reciprocal arrangement we could come to in regard to it; but at the present moment we cannot quite see that shipping companies should come into our waters and derive profits there, without our getting any revenue at all from them. As to the suggestion that we take an arbitrary rule as to what the profits are, it is almost impossible to avoid doing something of that sort; but we are quite prepared to consider whether we are taking an unfairly high standard of profit in assessing companies. We have I think shown very recently that we are not taking up any unreasonable attitude on that point. We used to charge on the basis of 10 per cent on the takings, but in the Income Tax Act of last Session we have reduced that to  $7\frac{1}{2}$  per cent, and we are still open to consider whether that is too high or whether it is a fair basis. In regard to the past, I think that, up to the time when the shipping slump occurred, the shipping companies have no very good grounds for any great objection to what we did. I have considerable sympathy for them as regards the period which followed after the shipping slump took place, but over the whole period during which they have had to pay, I must say I do not think they have been very unfairly treated. I have explained the principles of the taxation; and, as to the amount, we are quite open to listen to any representations, our whole object being to try and ensure that we shall get for Australia the cheapest possible freight.

## THE PROBLEM OF IMPROVING THE SERVICES

The only other point I want to deal with is the other side of the picture which Sir Halford dealt with; that is, what can be done in the way of bringing about any improvements. I do not think the importance of the report which was made by the Committee, as a result of the direct request of the Australian Government, can possibly be exaggerated. It has been rather usual to draw pictures of our great distance from the markets we have to trade in, and to stress the importance of accelerated services. Nobody would for one second argue that that is not a very proper attitude to take up, but what you desire to achieve must be conditioned by what is possible to do. Take the Report of this Committee. I am quite sure that in Australia, at all events, this cry would have been raised year by year, almost week by week, and there would have been no authoritative answer to give, and no means of showing what was possible and what was not. But this Report, with the great weight that it has behind it, will be of the greatest assistance in bringing home to the people of Australia exactly how far it is possible to go in this direction, and what is quite out of the question to attempt to do.

There are many factors concerned with it. The economic size of vessels, it has been pointed out, depends upon the cargoes that are offering; and I think the conclusion arrived at by the Committee is sound, that, as far as cargo and



passengers are concerned, it is not so much a question of the speed, but the certainty and continuity of the service. But that point is dealt with in the fullest manner by the Report, and it does show that both as to size and as to speed it is necessary to consider whether it is economically possible either to build ships of a much larger size or greatly to increase their pace.

Personally, I agree entirely with what has been found by the Committee. The only thing that has left a doubt in my mind, which perhaps Sir Halford Mackinder will be able to clear up, is that after exhaustively reviewing the position and showing all that can be done—including an acceleration of the speed during the sea passage part of the transit—we arrive at a position where the total time occupied is one day longer than used to be the original practice for making this journey. I have no doubt there is an explanation, but at the moment I am not very clear as to what it is.

I wish to deal with one other point with regard to that particular Report. It is very useful to have it shown that as far as passengers, with very few exceptions, and cargoes are concerned, any expedition which could be achieved would certainly not compensate for the increased cost and the uneconomic basis of the service. It would not justify the enormous subsidies that would have to be paid by the Governments concerned.

#### MAIL SERVICES

With regard to mails, while they are not to-day as important as once they were, because we rely much more upon cable communication and wireless for all matters where great expedition is required, it is essential that we should have the most accelerated mail service that we can get. The suggestion is to accelerate the mail; and the greatest acceleration we bring about is by an air service between Egypt and Great Britain.

#### CONTINUANCE OF IMPERIAL SHIPPING COMMITTEE

The other matter that we have to consider is the question of the continuance of this Committee. I know that on a previous occasion Australia took the view that the matter should be further considered before any definite decision was come to, but I think that was to a great extent due to the fact that the Committee had yet to prove its real usefulness. I think it has now quite proved itself to be invaluable from the point of view of the Empire, and, on behalf of Australia, I am prepared to say we desire this Committee to continue and to be placed upon a permanent basis.

The functions which it has to perform will, of course, depend upon circumstances as they arise.

#### COMMITTEE SHOULD CONTINUE AS AN IMPERIAL BODY

On none of these questions will this Committee be in any sense dictating to the Governments. It will merely be giving an authoritative opinion which should be of great value to the different Governments in forming their opinions upon matters that they have to decide. I believe there is an extraordinary amount of useful work that this Committee can do, particularly having regard to the fact of the paramount importance to the whole Empire of shipping communication and shipping facilities for our inter-Imperial trade, which we all hope will be very greatly extended in the years that are coming. I think that it should be a truly Imperial body; and the only basis upon which we would consider it was a right and proper thing to continue it permanently would be that it should be really an Imperial Committee which has its responsibility to the whole of the Prime Ministers or to the Imperial Conference, and not to any individual part of the Empire.

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MR. MASSEY: I want to commence, Mr. President, by congratulating Sir Halford Mackinder and expressing my appreciation of the very fine statement which we had from him yesterday, and also in regard to the good work which the Committee has done; and here I feel that I ought to make a confession. For some time after the Committee was set up, I was somewhat doubtful as to whether very much good would result, either to the people overseas or on this side of the world. My doubts have been quite set at rest by the statement that was made yesterday, and I am very glad to be able to admit it. It is quite evident now that British citizens on all sides of the world are beginning to realise that as the ocean is our national highway—and it is undoubtedly—it is just as important that we should make the best use of it, just as we do in connection with our railways and roads.

## VITAL IMPORTANCE OF SEA COMMUNICATIONS

It was a very important principle in the old Roman days of settlement, that when people became possessed of new territory the first thing they did was to make good roads, provide means of access, not only for the Romans themselves, but also for the people of the occupied country, and undoubtedly it was a good principle. We have only to look to-day at what has been left behind, at the roads we are using to-day. I am referring to this as an instance of foresight on the part of a people who were undoubtedly successful in colonising. If it were necessary for them to provide the best roads possible, then we must do the very best we can so far as the ocean highway is concerned by providing and getting the best means of sea communication that is possible, because there is no question about it, that improved shipping services and reasonable freights go a long way towards promoting the prosperity of the countries concerned. I speak feelingly because our prosperity in New Zealand depends upon our getting shipped the primary products for which New Zealand is so justly noted.

I was very glad to hear the very considerable improvement that has been made in the somewhat difficult question of Bills of Lading and Rebates. I know that the question of Rebates, as they stood for a long time past, caused very strong feeling in New Zealand, and if the agreements which appear to be taking the place of the Rebates work satisfactorily—as I hope they will—then I think we have heard the last of the trouble with regard to Rebates for some time to come. The Shipping Committee seems to have found a solution of the difficulty, and I congratulate them thereon.

## A NEW ZEALAND FREIGHT DIFFICULTY

Now one of our difficulties—and I am still thinking of freights—and it is extraordinary that it should be so, is that nature has been particularly generous to New Zealand in the way of providing harbours. The coasts of both islands are indented with harbours, and even where the population is sparse good harbours are to be found. Now, that raises this difficulty. Where these settlers are producing mutton and wool, say, they produce a few thousand carcasses of mutton or lamb, as the case may be, or a few hundred bales of wool, they insist upon the large steamers coming into their port to lift their meat and wool. That is very convenient to the settlers, and indeed, it would be an awkward proposal to say the ships should not call, if they are willing to do so; but in actual practice a great deal of time is lost. The time of these big ships of 12,000 tons is estimated at £300 or £400 a day. It means, therefore, that the settlers or the people in more closely settled parts of New Zealand have, under existing circumstances, to pay, in the form of higher freights, for the time occupied by the ships in travelling round the coast.

It is a difficult question, and, as far as New Zealand is concerned, I am afraid it is getting worse because we have many of these small harbours which are being improved at the present time. I know harbours in New Zealand—New Plymouth and Wanganui—where fifteen or twenty years ago they never dreamed of ships up to 10,000 tons entering, but they do so now. They appear to be quite successful with them. Those things, of course, increase the difficulty, but in spite of that I am glad to be able to say—and I want to give the Committee credit for the work they have done in this—that there has been a very important reduction of freights during the last twelve or eighteen months.

#### RECENT FREIGHT REDUCTIONS

I have not got the figures by me at the moment, but speaking approximately I believe that the reduction of freights to exporters from New Zealand has not been less than £1,000,000 per annum during the last twelve or eighteen months. That means that the price they receive for their products is increased by that amount, and it is a very fine thing for them, it is a good thing for the country, and undoubtedly encourages the settler and producer. There is a little more to be done in this connection.

#### THE MEAT EXPORT CONTROL BOARD

I ought to mention that a very successful organization has been established in New Zealand itself, part of whose business it is to look after shipping freights. I am now speaking of the Meat Export Control Board. That Board has been in existence, I think, for about two years, and in quite a number of directions it has done good work.

#### THE NEW TYPE OF SHIP

On the whole our shipping service is satisfactory. We do not expect it to be perfect, and we know that shipping as a whole is passing through what may be called a transition stage. We cannot go the length of asking the ship-owners to scrap the ships they at present use, because we know perfectly well that the users of the ships would have to pay for them by increased freights or something of that sort. But gradually, a new type of ship is being adopted—anyone who is interested in or connected with shipping will understand that—a new type of ship with Diesel engines, which will be able to travel probably on the average faster than the ships which are in use now and also carry more cargo. The internal combustion engine is taking the place of the ordinary engine, and so far as they have gone they have been quite successful. At all events, New Zealand ship-owners are proving their faith by having ships built with Diesel engines. I know it will be an improvement, but we do not ask them to scrap the other types and adopt a new type for some considerable time to come.

#### THE CARRIAGE OF PASSENGERS AND MAILS

Now, as to the carriage of passengers and mails, I shall be very glad when it is found possible to speed up the connections.

We have long had a great deal of difficulty about the time taken in carrying mails, but we think we are justified in asking that they should be delivered in the shortest time possible between the two countries. I think it can be done because I come back to the argument I made the other day when dealing with postal matters. If steamers can carry passengers between New Zealand and

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England in twenty-seven and a half days, they can surely carry mails in the same time, and that is all that we are asking for; and I should be very glad if the Shipping Committee would see its way to look into this matter for us.

## INCOME TAX

Just a word about income tax. I do not think we have had the same trouble in regard to this in New Zealand as they have had in Australia and in Britain itself. We are fortunate in New Zealand in having a very good man at the head of the Income Tax Department. The principle that I would like to go upon is this, that the income will pay taxation where it is earned. I know it is difficult of application, but, as I have said, we have very little difficulty in New Zealand. I know that difficulties have taken place in other countries, and if they go upon the principle of arriving at a mutual understanding about the percentage that ought to be charged or payable in income tax, many of these difficulties would, I think, disappear.

## QUESTION OF GIVING THE COMMITTEE FURTHER POWERS

There is another point which has occurred to me since dealing with the Report, which is under discussion. I think it would be desirable to consider whether it would not be possible to give this Committee, in whom we have all confidence, more power than they possess at present. When we set up a Parliamentary Committee we always give them power to call for persons and papers. Would it not be possible to give the Shipping Committee the same power? I am not insisting upon the persons; it may not be advisable to compel a person to come forward—I am not going so far as that—but I do think that the Committee has earned our confidence and our gratitude, and in that case I think it ought to be considered by the Government—possibly it means legislation—as to whether the Shipping Committee should not be given the power to call for persons and papers when such papers are required for the public good. I ask the President of the Board of Trade to look into this and see if anything can be done.

The CHAIRMAN: It is a matter, Mr. Massey, which we have considered carefully, and I have discussed it with Sir Halford, and when he replies he will deal with it.

Mr. MASSEY: I shall be glad to hear his opinion, because I have not had the opportunity of consulting the Chairman, but I want to express my gratitude to the Committee for what they have done, which seems to me only an earnest of what they will be able to do in the future, and I hope they will continue the good work which has been so well and auspiciously commenced.

Mr. BURTON: I was unfortunately unable yesterday afternoon, owing to some other important work I had to do, to hear Sir Halford's statement, but I have read it, and I hope he will allow me to join in what has been said with regard to the extreme interest with which we have heard the statement.

I do not know that there is very much that I need say. I agree the Committee has done good and useful work, and, so far as we are concerned, we are all in favour of its continuance. I noted with interest the statement made about the change of opinion with regard to the size of ships. That statement, of course, is a matter of importance to all of us, but it is a matter of particular interest to South Africa, where we recently have been considering the possible necessity of making great alterations in our dockyards and things of that sort.

## SOUTH AFRICAN ACTION WITH REGARD TO DEFERRED REBATES

Sir Halford also referred to the change which had been made in the Deferred Rebate system, and I note there that he speaks of the introduction by South Africa of the new system—I think she was the first to introduce it by legislation. The South African Parliament was the first in the Empire to legislate against Deferred Rebates, and to substitute for that system a general contract or agreement. As I fancy the Committee itself points out in its Report, the new system is open to certain objections as well, but it undoubtedly is an improvement on the old one, and I am glad to notice that this change made by the South African Parliament is now being adopted elsewhere as well.

## PROPOSED LEGISLATION REGARDING BILLS OF LADING

I really think that is all I need to say, perhaps, except this. I am not quite sure whether Sir Halford knows, or you do, Mr. Chairman, that with regard to the Bills of Lading we propose also to deal with them. We have got on our legislative stocks a Bill, which we hope to introduce quite early, which will provide against unfair or unreasonable conditions in Bills of Lading, and which will endeavour, so far as these things are humanly possible, to provide against any evasion of the Act when it becomes an Act, by efforts to contract outside of the Union.

## BILLS OF LADING. APPEAL FOR EMPIRE UNIFORMITY

The CHAIRMAN: Mr. Burton, on that last point of Bills of Lading and your proposed legislation, I do hope that it may be found possible in the Course of this Conference that all the Dominions should be able to adopt The Hague Rules in the final form that they have come to. I was going to suggest at a later stage this morning the appointment of a small Committee to go into these rules in detail and see if they could not report to us.

Mr. BURTON: Yes. I am told by our Commissioner of Customs that, as a matter of fact, your Hague Rules are substantially adopted in our Bill. There is no reason at all why it should not be submitted to the Committee and the thing discussed, by all means.

## IRISH INTEREST IN ALL-RED ROUTE

Mr. RIORDAN: There is one aspect of this subject that particularly interests Ireland, Mr. President. Various speakers have referred to the question of speed in obtaining communication between one part of the Empire and another. As you are aware, some years ago there was a great deal of discussion in regard to an All-Red Route. The question was before previous Imperial Conferences, I think, and it looked for a time as if something in that way was likely to result, the idea being that one of the western ports in Ireland should form a link in the route. I notice that no speaker here in the last two days has made any reference to that subject. I am not advocating the scheme nor am I stating that it is not advisable, but I think it would be well if Sir Halford, in his reply, could make some reference as to the practicability of that scheme or whether the idea has been abandoned altogether, and if so, for what reason. It has not been abandoned so far as local interests in Ireland are concerned. We are being continually reminded that there was such a scheme, and we should like to have some authoritative views on the subject. There is no other point that I wish to deal with.

Mr. WARREN: There is nothing I can contribute, Mr. President. We are pretty well served in the North Atlantic, and the discussion seems more to affect my friend on my right (Mr. Massey) and Mr. Bruce.



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Mr. INNES: I won't detain the Conference very long, but I should like to associate myself on behalf of India with the appreciation of the Prime Ministers of the Dominions, not only of Sir Halford Mackinder's very clear and comprehensive address yesterday, but also of the value of the work which has been done by the Imperial Shipping Committee. That Committee has already been of very great service to us in India, particularly in two matters, namely, the question of Bills of Lading and also the question of Deferred Rebates.

## POLICY OF INDIA AS REGARDS BILLS OF LADING

As regards Bills of Lading, I think I may say at once that if this Bill, the Carriage of Goods by Sea Bill, which is now before the British Parliament is passed by Parliament, I think there is no doubt that India will endeavour to follow suit. I think we shall probably be able to introduce legislation on exactly similar lines.

## THE DEFERRED REBATES QUESTION IN INDIA

As regards Deferred Rebates, the Report of the Imperial Shipping Committee came at a peculiarly opportune moment for us. There is a great feeling in India at present that the Deferred Rebate system does operate as a bar to the formation of an Indian Mercantile Marine, that it prevents any Indian steamship company that may be started from doing any profitable business. Well, there was a good deal of rather loose talk upon the subject, and when we got the Imperial Shipping Committee's Report we were able at once to circulate it as widely as possible throughout the country, and I think that that Report which, if I may say so, is a very clear, impartial, almost a judicial, examination of the whole system, has had very great educative value. Of course, I cannot say what the result of the present discussions which are now going on in India will be, but, at any rate, I have no doubt at all that that Report has done a great deal of good.

## SHIPPING TAXATION

I do not propose at present to go into the question of the taxation of shipping. I understand that the Imperial Shipping Committee is putting in, in the course of the next two or three days, a Report upon that subject, and I would prefer to avoid going into such a difficult subject until I get that Report, and also I am excused from doing so because, if I may say so, the Prime Minister of Australia has put the case for India with far greater ability than I could do. I think we should have some difficulty to agreeing to any reciprocity arrangement. For instance, I find from figures which I happen to have here showing the tonnage of the ships that entered British Indian ports from foreign countries in 1919-20, the tonnage of British ships was 5,200,000, and the tonnage of British Indian ship was 124,000. We do recognize in India that this question of the taxation of shipping is a matter of very great importance to the shipping community, and if we can reduce the complexity of the subject without any serious sacrifice of revenue, I think we in India will recognise that every effort should be made to that end.

## DANGER OF CONVERTING COMMITTEE INTO A BUREAUCRATIC BODY

There is one other point I should just like to touch on before I close, and that is the question of the continuance of the Imperial Shipping Committee. As I have said, we in India think that the Imperial Shipping Committee has thoroughly justified itself by the results it has already been able to show, and we are entirely of opinion that the Shipping Committee should continue to

exist, but I could not help thinking as I listened to Sir Halford Mackinder yesterday that the Shipping Committee had owed a great deal of its success to the fact that at present it is a purely honorary body. It commands great weight from that very fact as an impartial conciliating body. I think that we shall have to consider whether, if we convert that body into a permanent body with a paid Chairman, a paid Secretary and a paid establishment, it will continue to carry the same weight. I recognize, of course, that a Committee which has sat, I understand, on an average once a week since it was established three years ago probably may not be able to continue to command the honorary services of the distinguished people who now serve upon it, but I am rather afraid that damage may be done if it is in any way converted into what I may call a bureaucratic body, an official body. I should be rather afraid of giving it powers, as suggested by the Prime Minister of New Zealand, to call upon the shipping companies to produce papers or to produce witnesses. I am afraid that if we conferred these powers upon it, or if the British Government did so, it might at once alarm the shipping community, but, at any rate, I should like to say that the Government of India do hope that the Committee will continue to exist in some form or another.

#### VITAL INTEREST OF THE COLONIES IN SHIPPING QUESTIONS

SIR GILBERT GRINDLE: As a member of the Imperial Shipping Committee, I do not like to say anything about its doing good work, but I should like to assure the Conference that it certainly does most interesting work, and I think that anybody connected with the administration of the Colonies and Protectorates in any way is impressed with the advantage of such a Committee being in existence and of our being represented on it. There is no part of the Empire more dependent on shipping than we are. The Colonies and Protectorates are dependent upon the British Mercantile Marine not only for their prosperity but for their bare existence, and they are therefore much more interested in the solution of shipping questions than any other part of the Empire. As regards East Africa, I should just like to add that I understand the East African shippers are not yet entirely satisfied, but they have taken the first step towards becoming entirely satisfied by forming an organization which will be able to discuss the questions at issue in the spirit of co-operation and mutual goodwill and confidence which is the tradition of the Committee.

The CHAIRMAN: I will now ask Sir Halford Mackinder to reply upon the general points that have been raised on his statement.

#### SIR H. MACKINDER'S REPLY TO THE DISCUSSION

SIR HALFORD MACKINDER: I will not go into all the points in the different speeches, but there are just a few points I should like to deal with. May I, in the first place, on behalf of the Committee, express my gratification? I am sure when I report it to the Committee it will be the general feeling, that the work that we have tried to do in the last three years, not only has been assessed from the point of view of the endeavour that was put into it, but apparently also it has had the good fortune to meet the practical difficulties that have arisen in more than one part of the Empire.

#### DISCRIMINATION AGAINST CANADIAN PORTS

Mr. Graham referred to the question of the rates for cargo, and he mentioned flour from New York, as compared with Montreal. That is precisely the kind of question upon which agitation arises, and upon which it seems to me it is very necessary to have all the facts impartially worked out. Often

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one finds that there is a reason which does not appear on the surface. If Canada wished us to undertake an inquiry of that kind, we should be very glad to see what we could do to ascertain the facts so far as they are accessible on this side, and so far as Canada is able to put them before us on the other side. I rather gathered, from the fact that Mr. Graham raised the question, that his complaint had reference to rates fixed no doubt largely by the United Kingdom owners. If that is so, we shall be very glad to inquire into it if it is referred to us.

## THE INCOME TAX QUESTION

Well then, Sir, Mr. Bruce referred to the question of the income tax and, perhaps, I might just say a word on that. The report which is coming to you will not present any cut and dried solution of the difficulties which we depict. What the report has done is, first of all, to marshal the facts with regard to the whole Empire as to income tax and as to the mode of assessment as it affects shipping, and in marshalling those facts we have had the assistance of the Inland Revenue authorities of the United Kingdom. Secondly, we marshal the grievances as put before us by the shipowners. We have had the assistance of the Inland Revenue of the United Kingdom in our criticism of that *ex parte* statement; but, as we shall state quite clearly, we have not had the advantage of the assistance of the fiscal authorities of the Dominions, of India, and of the other parts of the Empire.

By way of conclusions, we present you with a number of suggested solutions which have been put forward, without giving you a recommendation as to any one of them, because we recognize that many questions are involved outside our reference. But we have thought that it was within our reference to make quite clear the fact that the variety of assessment in the Empire is so great that shipowners are involved in heavy and costly work, and, in fact, that the whole situation, though not, perhaps, serious as regards any one jurisdiction, does, when you take a shipping line into account or a tramp owner into account who is dealing with many countries, amount to an impediment to trade. It is a truly imperial question, because, while it is simple in regard to any one jurisdiction, it becomes very complicated for a shipowner who has to consider all the various jurisdictions of the Empire.

I suggest that the Conference would do well to see our Report before it takes further action. The Report does not pretend to give any final opinion, but it does marshal the facts in a way that I think will be helpful.

With regard to the points raised by Mr. Massey, he will remember that in the Report that we made to him in regard to the freights between this country and New Zealand, we drew special attention to the difficulty that was involved by these many harbours and the many calls. I am sure the Imperial Shipping Committee will be very glad to hear that Mr. Massey is considering that question.

## VALUE OF SHIPPING ASSOCIATIONS

May I now take just one more point of Mr. Massey's statement? That was in regard to the Meat Export Control Board, and, at the same time in Sir Gilbert Grindle's statement with regard to East Africa. May I say that the work of the Imperial Shipping Committee is greatly facilitated, and would be immensely facilitated, by the general existence of strong associations of shippers? You have on one side well-organized Conferences of the ship-owners. Of course that is a relatively simple thing to achieve because you are dealing with a homogeneous interest but anything that could be done throughout the Empire

to get the shipper interest to organize itself so that it can negotiate with the ship-owners, and also make authoritative representations to the Imperial Shipping Committee, would very greatly facilitate matters.

#### THE DURBAN DRY DOCK AND THE SIZE OF SHIPS

Well then Mr. Burton mentioned the matter of the size of the ships in South Africa. Of course, the Shipping Committee is aware that at Durban you are making a very large dry dock which is capable of receiving the very largest contemplated ship. The case of South Africa differs from the case of Australia and New Zealand, mainly because the Suez Canal has not to be traversed by a great deal of shipping that goes there. If there were a traffic between South Africa and Australia on a considerable scale the whole position would be changed. One of the solutions of the rapid service from Australia which we considered, was whether very large ships could not come via the Cape. There would have to be subsidies, and we felt that in all probably the South African Government could not subsidise unless a certain amount of space were reserved in those large ships for South Africa. That would mean, of course, under existing conditions of trade, that the ship would have to go partly empty across the Southern Ocean between South Africa and Australia. I hope that nothing that has been said would be taken as implying that we think that where a great work is being undertaken, such as the Durban dry dock, that all possible provision should not be made for the possibilities of the future in regard to the use of very big ships. I am not talking of big ships, but of very big ships. Nobody can give you an authoritative utterance on that matter which will be authoritative for more than a limited time; no one can predict what the future development will be. That matter was discussed by the Imperial Shipping Committee, and the feeling was very strong that we should insert words, and we did insert words, in the Australian Report on the economic size of ships which would prevent our being taken as implying that such a work as the Durban dry dock was a useless work and a useless expenditure. We do not hold that view in that case.

#### THE ALL-RED ROUTE

Well, Sir, I do not quite know what the representative of Ireland wanted me to say in regard to the All-Red Route."

MR. RIORDAN: May I mention that I perhaps did not make myself clear when I referred to it as the "All-Red Route"? I merely mentioned that name, because that is what it was known by. I mentioned that the matter had been discussed, I understand, by previous Imperial Conferences. The British Government and the Governments of some of the Dominions were very interested in the subject at the time. The advocates of the scheme I understand claim that, if one of the western ports of Ireland were adapted for this purpose, that instead of Mr. Massey, although he made a record journey, taking 27½ days to come from New Zealand to London, he could have done it, according to their figures in 22½ days. Those are really the points. That is all past history of course. What I would like to know is whether that scheme of utilizing a west of Ireland port to expedite the trade between these countries, Canada, Australia, and New Zealand, has been abandoned, and if so, whether it would be possible to give any reason for its abandonment.

SIR HALFORD MACKINDER: Well, if the Government of the Irish Free State chooses to put the case before us, we should be very glad to enquire into it and to give you a report. It would be a matter of much interest to us to give a report to the Irish Free State, and it would be of any help that the facts should be shown in such a way that you could put them before the Irish public, we should be only too glad to assist.



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Mr. AMERY: May I say a word on that subject now? I took a considerable interest in it in the old days. Mr. Riordan is quite right in saying that it occupied a very considerable part of the time of Imperial Conferences of fifteen and twenty years ago, and it is conceivable that it may again in future. The scheme was that in the first case this country should be linked up with Ireland by train ferry, so that trains could run straight through to a harbour in the west of Ireland. The harbour was to be Blacksod Bay (which is the nearest to the mainland of Canada) Cork or Galway, with 22 or 23 knot steamers, so that Canada could be reached in four days. Then accelerated train services across Canada and accelerated mail Vancouver-New Zealand so as to make it possible to get to New Zealand in just over twenty-two days.

I went into it very closely at the time. The financial obstacles to the scheme have increased since, owing to the cost of high speed shipping. There is the Panama Canal as an alternative for freight. There is the air possibility purely for mails at very high speed, and there is also the substantial difficulty that apart from mails and passengers there would not be any great volume of traffic either on the link Ireland to Canada or on the link Vancouver to New Zealand to justify the high speed, short of an altogether inordinate subsidy, till traffic on both sides had developed very considerably. If Ireland develops and by a great development of the system of train ferries is able from a port in western Ireland to distribute goods at once all over the British Isles and if the total volume of traffic for Canada increases very greatly I daresay that scheme, which does make use of the fundamental geographical fact that the Atlantic is much narrower as you get further North, that scheme may come into very practical consideration again, but I imagine at the present moment that the subsidy required to carry it out would be in excess of the economic advantages.

Sir HALFORD MACKINDER: If Mr. Riordan wishes it examined we can examine it, but I think the facts that have been stated by the First Lord of the Admiralty would be found very pertinent in all probability at the present time.

Mr. RIORDAN: The First Lord has thrown a great deal of light on what I wanted to know.

## EXTENSION OF COMMITTEE'S POWERS DEPRECATED

Sir HALFORD MACKINDER: There is only one other point which you, Sir, expressly asked me to say something about, otherwise I should have felt that it was rather a matter for the Conference to deal with than for me to say anything upon, and that is in regard to the Committee itself. In regard to its powers, I very much hesitate to accept the idea, so far as I am concerned, that they should be increased. I doubt whether, if you had power to send for witnesses and for documents, you would in fact, get a great deal more. You would have to know of the existence of the documents, and you then have to be able to interpret them. Let us say there are the books of a great company. I have sat on several Government Committees where the enquiry has been very safely burked because you could not interpret accounts unless you knew a very great deal of the industry or the particular line of commerce which was involved. I feel sure if we once get on those sort of terms with the shipping companies we shall be able to do far less than we have accomplished in the last three years. If we were at daggers drawn with them, and we should be before we came to investigating their accounts on demand. I question whether we should get out of them the same acquiescence in measures which they did not like connected with Bills of Lading, connected with deferred rebates, and other similar matters which, in fact, we have managed to obtain, and I should prefer to leave the matter, if the Conference saw fit, in the position that if the Committee found it could not



obtain the information it required, and that it was more likely to obtain it by more autocratic methods, it should ask for more power. Though there were times, I know, when some members of the Committee felt that we might have been a little more inquisitorial, I cannot help thinking, looking back on the whole three years, and on the increasing confidence which has been expressed in us, and the increasing goodwill which we have managed to acquire, I cannot help feeling we should have done no more, if as much, if we had had greater powers.

The mere fact that you possessed those powers would put everybody meeting you in a cautious attitude instead of being in a confidential attitude. The mere fact that we had those powers, for instance, would have prevented me from doing what I have been allowed to do on occasion. A company has held out on principle against its accounts being seen. On one very important occasion I, as Chairman, was allowed to see those accounts with skilled assistance, though the accounts were not shown to the full Committee, and the Committee was good enough to accept my report with regard to them. Well now, that is a confidential relation which obviously could not exist if I were Chairman of a Committee equipped with powers suddenly to turn round and say: "You are not doing what I want; now I am going to exercise my powers." I very much question whether we should gain.

#### THE POWER OF PUBLICITY

I point out to the Conference the enormous power of publicity. It is in our power to make a report, and if the Governments of the Empire consent to the publication of that report, well if a situation which won't bear investigation is revealed, then the persons involved are seriously implicated. I do feel that the fact that we are an Imperial Committee, that we have acquired, may I say it, a certain prestige, and that our printed word carries some weight, gives us in reality a very great power, and as long as people feel they are treated equitably they are likely to treat us with confidence. So far as I am advised (I have not had an opportunity of consulting with my Committee) I cannot help feeling that I have expressed the view of the Committee at large. If we ever found we wanted powers we would ask for them, but at present I think we are in a stronger position without them. That is my feeling.

SIR JAMES ALLEN: Might I say one word as a member of the Committee? There was one time during the process of our work when I really did feel that it would possibly have been helpful to us if we had had greater powers. I was very concerned on behalf of my country in regard to the freight question and incidentally with the profits of the shipping companies in years gone by. But I am bound to confess that the arrangement that was made for the Chairman of our Committee to see, with an accountant, the accounts of some of the shipping companies, did very largely remove the difficulty, and, on the whole, I am inclined to think that the Chairman's remarks point to the wisest course to pursue for the time being, but it is conceivable that the day may come—I hope it may never come—when we may be refused information which is of essential importance to the Committee when enquiring into certain problems. I think we should perhaps wait, as is suggested, until the day does come, and then if it is felt that the Committee ought to be given the powers, they can be granted to them.

THE CHAIRMAN: I very much incline to that view myself. One starts naturally with the feeling: Well, ought not this Committee to have the fullest possible powers? I have watched its work all the time. It was either going to solve its problems in the way it has or it was going to break down, and the more it goes on with the co-operative spirit that it has at present, the more

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certain do I feel that we shall not need these powers; and if we can get on without them I believe it is going to do the greatest work. I would add this, that nothing could encourage the Committee more in its work or make sure that it did not shirk any position, such as Mr. Massey has indicated, than the appreciation which has been expressed by the Prime Ministers of the Dominions of its work to-day. Its constitutional position, as it exists, is that it is the creature of the Imperial Conference; it reported to the Prime Ministers, as was fitting, as soon as this Conference assembled. I believe in a sense it is anomalous perhaps; it is difficult to define it, but it is just because it does possess that relation it has been the success it has.

## RESOLUTIONS ADOPTED

On the motion of Mr. Massey, seconded by Mr. Bruce, the following Resolution was then agreed to:—

“That this Imperial Economic Conference desires to convey to Sir Halford Mackinder, as Chairman of the Imperial Shipping Committee, and to the members of that Committee an expression of its appreciation of the very excellent work which they have done during the period of the Committee's existence, both in the interests of the commercial and producing communities, and of British citizens generally.”

At their Thirteenth Meeting held on the 23rd October, 1923, the Conference adopted the following Resolution:—

“That this Imperial Economic Conference is of opinion:—

“1. That the work accomplished by the Imperial Shipping Committee is convincing proof of the wisdom of its establishment, and that it is of the highest importance to the Empire that this work should continue.

“2. That it is, therefore, desirable to maintain the Committee on its present basis, deriving authority from, and responsible to, the Governments represented in the Imperial Conference.”

## BILLS OF LADING COMMITTEE

Arising out of the discussion reported above, the Conference appointed, on the 18th October, 1923, the Bills of Lading Committee, with the following terms of reference:—

“To consider the provisions of the rules applicable to Bills of Lading as settled at the final Conference at Brussels, and to report whether the rules so settled should be recommended for adoption throughout the Empire.”

At their Seventeenth Meeting, on the 1st November, the Conference had before them the Report of the Bills of Lading Committee (see page 340) and decided to adopt the following Resolution:—

“This Imperial Economic Conference having examined the Rules relating to Bills of Lading recommended by the International Conference on Maritime Law held at Brussels in October, 1922, and embodied in

the Carriage of Goods by Sea Bill now before the British Parliament, is of opinion that in all essential principles they are based upon the Canadian Water Carriage of Goods Act, 1910, and the Report of the Imperial Shipping Committee, 1921, and believing that there is a good prospect of international agreement in regard to Bills of Lading on this basis which would be of benefit to every part of the Empire, considers that these Rules can be recommended for adoption by the Governments and Parliaments of the Empire."

### SHIPPING TAXATION COMMITTEE

The Conference also decided at their Thirteenth Meeting, held on the 23rd October, 1923, that a Committee be appointed "to take into consideration the Report of the Imperial Shipping Committee on the methods of assessment of shipping to Income Tax within the Empire, and to make recommendations to the Imperial Economic Conference."

The Report of this Committee (the Shipping Taxation Committee) is printed on page 346. The Report was considered by the Conference at their Nineteenth Meeting on Tuesday, the 6th November, when it was decided that the recommendations put forward in the Report be adopted.

### INTER-IMPERIAL MAIL SERVICES

#### MEMORANDUM BY THE POST OFFICE (I.E.C. (23)—9).

A tabular statement is attached showing (a) the present mail services to the Dominions and India compared with the services before the war, and (b) the mail services to the less well-provided of the Colonies, &c.

The mail services to the Dominions must be regarded as still in the post-war transitional period. They are constantly improving, and they are closely watched in order that no opportunity may be lost of accelerating or otherwise giving better facilities.

It is perhaps hardly necessary to point out that inter-Imperial communications are based on commercial requirements, and that if cargo and passenger traffic demand speedier ships the mails will automatically benefit; but that in the absence of those commercial requirements it is not the policy of the Post Office to create fast services for the sake of the mails alone.

As regards the less prosperous Colonies which lie off the main routes of sea communications, it has been found that more frequent and less expensive mail services can be provided by making use of all opportunities afforded by the calls of passing steamers. In these circumstances, it is the policy of the Post Office not to make contracts involving large annual payments, but to send mails at poundage rates by all ships available. For instance, the service to the West Indies under the R.M.S.P. contract, which was terminated by the company in 1915, limited the service to once a fortnight; under present arrangements mails are sent four or five times a month.

Generally speaking, all steamship services, with one or two notable exceptions, such as the Union Castle service to South Africa and the New Zealand Shipping Company's service through the Panama Canal, are performed at slower speeds than before the war.

March, 1923.

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## I.—MAIL SERVICE TO DOMINIONS AND INDIA

—	Pre-War Service	Present Service	Remarks
Australia.....	Weekly service via Suez. Time to Adelaide, 29 days.	Regular fortnightly service, with additional despatches by non-contract steamships of Commonwealth Government Line, thus giving a service, as a rule, three weeks out of every four. Time to Adelaide, 30-31 days.	The Peninsular and Oriental and Orient Companies which maintain the contract service have not yet been able to replace their war losses so as to provide a weekly service; but further ships are being built. It is doubtful, however, whether commercial requirements would justify a more frequent service than that at present in force. The route through Italy has been abandoned since the war; the gain in time would not be very considerable, and the cost of carrying the mails across Italy would be very high.
Canada.....	Twice a week via New York. Additional despatches at least once a week by direct Packet. Time to Montreal, 8 days.	Practically the same as pre-war service, except that during the winter months some of the faster and larger ships are laid up or diverted from the Atlantic service. Time to Montreal, 8-9 days.	British lines to New York and direct.
New Zealand.....	Weekly service alternately via Suez and via North America. Times to Auckland—Via Suez, 37 days. " Vancouver, 33 days.	Despatches about five times a month at varying intervals via North America, via Suez, and by direct ship from the United Kingdom through the Panama Canal. Times to Auckland—Via Suez, about 40 days. " N. America, about 34 days. " Panama, about 37 days.	Regular service is impossible at present as the Trans-Pacific sailings are not at regular intervals as before the war. The New Zealand Post Office, which controls the Trans-Pacific service, been asked to consider whether any improvement can be effected.
Newfoundland.....	Twice a week by direct Packet or via Canada. Time of transit—Direct, 7 days. Via Canada, 9-10 days.	Same as for Canada, with additional despatches about twice a month by direct Packet. Time of transit—Direct ship, 7 days. Via Canada, 9-10 days. " New York, 12 days.	British Lines.
South Africa (including Rhodesia, Bechuanaland, Basutoland, Swaziland and South-West Africa).	Weekly..... 17 days to Cape Town.	Weekly..... 17 days to Cape Town.	Service by Union Castle Mail Steamship Company of same speed and regularity as before the war. Only alteration is that the mail now leaves on Friday instead of on Saturday.
India.....	Weekly service by Peninsular and Oriental Packets via Brindisi. Time of transit—London-Bombay, 13½ days.	Weekly service by Peninsular and Oriental Packets via Marseilles. Time of transit—London-Bombay; 14½ days.	

## II.—COLONIES, &amp;c., WITH IRREGULAR MAIL SERVICES

—	Pre-War Service	Present Service	Remarks
Bahamas...	Twice a week to New York, and thence on alternate Saturdays by direct steamship to Nassau, and about weekly from Miami, Florida, to Nassau. Time to Nassau, 11-14 days.	Same as pre-war service.	Service from United States is by United States Steamship Lines.
Bermuda...	Twice a week to New York, and thence by direct steamship. Also about once a fortnight via Halifax. Time— Via New York, 13 days. " Halifax, 15 days.	Twice a week to New York, and thence by direct Furness-Bermuda Steamships (British) sailing twice a week during the winter months, and about six times a month during the remainder of the year, or by R.M.S.P. Steamship (British) sailing about once a week during the winter months. Time, 10-16 days. To Trinidad, and thence by R.M.S.P. (British) Trinidad Line (British), Clyde Line (U.S.), Dutch and French Lines sailing collectively about twice a week. Also by direct non-contract steamship to Demerara about once a month. Time to Demerara, 16-21 days.	The Mail service is by British Lines throughout.
British Guiana...	Fortnightly by R.M.S.P. Contract Packet to Barbados, and thence by inter-Colonial Contract service. Time to Demerara, 15 days.	To Trinidad, and thence by R.M.S.P. (British) Trinidad Line (British), Clyde Line (U.S.), Dutch and French Lines sailing collectively about twice a week. Also by direct non-contract steamship to Demerara about once a month. Time to Demerara, 16-21 days.	See Windward Islands for service to Trinidad.
British Honduras	Twice a week to New York, and thence once a fortnight by direct steamship, and once a week via New Orleans. Time to Belize, 17 days.	Same as pre-war service	Service from U.S. by U.S. Lines.
Falkland Islands....	Once every four weeks by P.S.N. Contract Packet. Time to Stanley, 25 days.	About once every six weeks by direct non-contract P.S.N. steamships. Time to Stanley, 28 days.	
Jamaica...	Twice a week to New York, and thence by direct steamship. Time, 12-15 days.	About weekly by direct Elders and Fyffe's non-contract steamships, and also to New York, and thence by United Fruit (U.S.) and Clyde (U.S.) Lines sailing collectively two or three times a week. Time, 16-18 days.	
Kenya and Uganda, Tanganyika Territory	Fortnightly by British steamship or German Packet from Aden, about twice a month by German Packet from Naples and monthly by French Packet from Marseilles. Time to Mombasa, 17-19 days.	Weekly to Aden or Bombay by P. and O. Packet thence by first opportunity, also fortnightly by French Packet from Marseilles. Opportunities from Aden are. Sailings of Union Castle, British India and other British Lines, also Scandinavian East Africa Line about twice a month in all. From Bombay: British India	This service is improving. The French sailings are now fairly regular.



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II.—COLONIES, &c., WITH IRREGULAR MAIL SERVICES—*Continued*

—	Pre-War Service	Present Service	Remarks
Mauritius . . . . .	Fortnightly by French Packet from Marseilles, monthly by French Packet from Aden, and about once a month by British Packet from Colombo. Time, 24-33 days.	Contract Service fortnightly. Time to Mombasa,— 18-24 days.  Weekly via the Cape by Union Castle Packet, thence by Union Castle or Clan Line about once a month; also fortnightly by French Packet from Marseilles. Time, 23-37 days.	The Colonial Office is considering the question of the establishment of a contract service between Mauritius and the United Kingdom (probably via a French port).
Seychelles . . . . .	About once a month by French Packet from Marseilles (with supplementary despatch from Aden), and monthly by British Packet from Bombay. Time via Marseilles, 19 days. Time via Aden, 15 days. Time via Bombay, 23-29 days.	Weekly by P. and O. Packet to Bombay, thence fortnightly by British India Steam Navigation Company's Packet. Time, 25-32 days.	This is a regular contract service. The great objection to it is that it is slow. A better service, however, does not seem to be attainable.
West Indies— Leeward Islands (except Tortola) viz., St. Kitts, Nevis, Antigua, Montserrat and Dominica.	Fortnightly by R.M.S.P. Contract Packet to Barbados, and thence by inter-Colonial contract service. Time, 15-17 days.	Twice a week to New York, and thence by steamships of Quebec (British) and Clyde (U.S.) Lines sailing collectively about four times a month; also via New York and Bermuda (by British Lines) and thence by Canadian R. M. S. P. steamships (British) sailing once a fortnight. Time, 16-24 days.	The service is partly dependent on U.S. Lines.
Tortola . . . . .	By various routes four or five times a month. Time, 16 days.	To New York twice a week. From New York to St. Thomas, Virgin Islands of the U.S.A., by the Quebec, Clyde, and other Lines, sailing collectively at least twice a week. Time, 16 days.	
Windward Islands— (a) Barbados, Trinidad and Tobago.	Fortnightly by direct R. M. S. P. Contract Packet. Time to Barbados, 13 days. Time to Trinidad, 14 days.	About four times a month by direct steamships of Royal Netherlands West India Mail, Harrison and Leyland Lines; also, for Trinidad only, by French Packets sailing in alternate fortnights from Bordeaux and St. Nazaire. Time to Barbados, 14-19 days. Time to Trinidad, 15-20 days.	Service is partly dependent on Dutch Line and French Packet (to Trinidad).

H.—COLONIES, &c., WITH IRREGULAR MAIL SERVICE—*Concluded*

—	Pre-War Service	Present Service	Remarks
(b) Grenada and St. Vincent	Fortnightly by R.M.S.P. Contract Packet to Barbados, and thence by inter-Colonial contract service. Time, 14 days.	To Barbados or Trinidad by all routes used for mails for Barbados and Trinidad, and thence by R.M.S.P. (British) and Trinidad (British) Lines sailing collectively about six times a month, and by frequent inter-island sloop services. Time, 13-20 days.	
(c) St. Lucia	Fortnightly by R.M.S.P. Contract Packet to Barbados, and thence by inter-Colonial contract service. Time, 15 days.	Via New York with mails for Leeward Islands. Also once a month by French Packet to Fort de France and thence by connecting service calling at St. Lucia. Time, 16-24 days.	See Leeward Islands.
Zanzibar .....	Fortnightly by British steamship or German Packet from Aden, about twice a month by German Packet from Naples and monthly by French Packet from Marseilles. Time 18-24 days.	See under Kenya. Time, 19-29 days.	

## BILLS OF LADING COMMITTEE

The Committee was constituted as follows:—

The Viscount Wolmer, M.P., Parliamentary Secretary, Board of Trade;  
Mr. C. Hipwood, C.B., Mercantile Marine Department, Board of Trade;  
The Hon. Sir Lomer Gouin, K.C.M.G., Minister of Justice and Attorney-General of Canada;

Dr. O. D. Skelton, M.A., Ph.D., Professor of Political Science, Kingston University, Kingston, Canada;

Major R. McK. Oakley, Comptroller-General of Customs, Commonwealth of Australia;

Mr. W. J. Young, Commonwealth of Australia;

The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;

Sir William Macintosh, M.L.A., and Sir Ernest Chappell, C.B.E., the Union of South Africa;

Mr. E. J. Riordan, Secretary of Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State;

The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland;

Mr. H. A. F. Lindsay, C.B.E., Indian Trade Commissioner in London;

Sir Gilbert Grindle, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies, Colonies and Protectorates.

Mr. A. E. Lee, Mercantile Marine Department, Board of Trade, and Mr. H. A. F. Lindsay, C.B.E., Indian Trade Commissioner in London, acted as joint secretaries to the Committee.

## REPORT

The Imperial Shipping Committee, in their Report of February, 1921, on the limitation of shipowners' liability by clauses in bills of lading, recommended that there should be uniform legislation throughout the Empire on the lines of the existing Acts dealing with shipowners' liability, but based more precisely on the Canadian Water Carriage of Goods Act, subject to certain further provisions.

The Imperial Conference of 1921 approved this recommendation, and also recommended the various Governments represented at the Conference to introduce uniform legislation on the lines laid down by the Committee.

Before effect could be given to these recommendations, a movement had developed for the purpose of securing world-wide uniformity to rules on this same subject of bills of lading, and this resulted in the preparation of a draft set of international rules known as *The Hague Rules, 1921*. These rules have been discussed at great length by the interests chiefly concerned in the various maritime countries, and in October, 1922, at the international Conference on Maritime Law at Brussels, a set of Rules based on these Hague rules was unanimously recommended by the delegates of all the Governments present as a basis for an International Convention.

The rules thus recommended at Brussels were embodied by the British Government in a Bill introduced into the House of Lords. It was considered very carefully by a Joint Committee of Lords and Commons, presided over by late Lord Sterndale, and certain alterations were made in the Bill, which is now before the British House of Commons.

The Committee made it their business to ascertain to what extent the United Kingdom Carriage of Goods by Sea Bill at present before the House of Commons carries out the recommendations contained in the Report of the Imperial Shipping Committee of February, 1921, and they compared section by section the Canadian Water Carriage of Goods Act, 1910, with the provisions of the United Kingdom Bill and the Rules scheduled thereto. The comparison is set out in the Paper I.E. (B.L.2) (see Appendix).

It is apparent that the rules were based on the Canadian Act, and that the more important differences in principle of any importance were:—

1. That whereas under Section 4 of the Canadian Act the shipowner is under a definite obligation to use due diligence to make and keep the vessel seaworthy, under the Bill and Article III (1) of the Rules the definite obligation is only to use diligence to make the ship seaworthy before and at the beginning of the voyage, though the Bill and Rules cover the voyage obligation in practice by the requirement in Article III (2) of the Rules that the carrier shall properly and carefully load, handle, stow, carry, keep, care for and discharge the goods carried.

2. Under Section 6 of the Canadian Act the carrier is relieved from liability for loss or damage resulting from faults or errors in navigation or in the management of the ship or from latent defect, but the relief is subject to the exercise of due diligence to make the ship seaworthy. Article IV (1) and (2) (a) and (p) of the Rules cover this point, but there is no definite stipulation that the relief is dependent on the seaworthiness of the vessel, though under Articles III (1) and IV (1) the carrier is liable for any damage arising or resulting from unseaworthiness if he has not used due diligence to make the ship seaworthy.

It was ascertained that provision has been made in the Rules for the further proposals of the Imperial Shipping Committee.

The Committee recommend the adoption by the Conference of the following resolution:—

“The Conference, having examined the Rules relating to bills of lading recommended by the International Conference on Maritime Law held at Brussels in October, 1922, and embodied in the Carriage of Goods by Sea Bill now before the British Parliament, is of opinion that in all essential principles they are based upon the Canadian Water Carriage of Goods Act, 1910, and the Report of the Imperial Shipping Committee, 1921, and believing that there is a good prospect of international agreement in regard to bills of lading on this basis which would be of benefit to every part of the Empire, considers that these Rules can be recommended for adoption by the Governments and Parliaments of the Empire.”

Signed on behalf of the Committee,

(Signed) WOLMER, *Chairman*.

2, WHITEHALL GARDENS, S.W.1.  
October 30, 1923.

## APPENDIX

### IMPERIAL ECONOMIC CONFERENCE, 1923

#### *Bills of Lading Committee*

To what extent does the United Kingdom Carriage of Goods by Sea Bill carry out the recommendations contained in the Report of the Imperial Shipping Committee of February, 1921?

The Imperial Shipping Committee, in their Report of February, 1921, on the limitation of shipowners' liability by clauses in bills of lading, recommended that there should be uniform legislation throughout the Empire on the lines of the existing Acts dealing with shipowners' liability, but based more precisely on the Canadian Water Carriage of Goods Act, 1910, subject to certain further provisions in regard to—

- (1) Exceptional cases in which goods should be allowed to be carried by shipowners at owners' risk;
- (2) The precise definition of the physical limits to the shipowners' liability;
- (3) The fixing of maximum values for packages up to which shipowners should be liable to pay.

It will be convenient to compare the sections of the Canadian Water Carriage of Goods Act with the provisions of the United Kingdom Carriage of Goods by Sea Bill:—

#### *Canadian Water Carriage of Goods Goods Act*

##### Section 2: Definitions—

(a) Under the definition of “goods,” live animals and wood goods are excepted.

(b) The “ship” includes every description of vessel used in navigation not propelled by oars.

(c) Definition of “port.”

Section 3 applies the Act to goods carried or received to be carried from any port in Canada.

#### *Provisions in the Carriage of Goods by Sea Bill*

Article I (c) of the Rules excepts live animals and deck cargo from the definition of “goods.”

Article I (b) of the Rules. “Ship” means any vessel used for the carriage of goods by sea.

The Bill contains no definition of “port.”

Section 1 of the Bill applies its provisions to goods carried from any port in Great Britain or Northern Ireland

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*Canadian Water Carriage of Goods Act*      *Provisions in the Carriage of Goods by Sea Bill*

Section 4 prohibits clauses in bills of lading—

(1) Relieving the owner, charterer, master or agent of a ship from liability for loss or damage arising from negligence, fault or failure in the proper loading, stowage, custody, care or delivery of goods received for carriage.

(2) Relieving the owner or charterer of any obligations to properly man, equip and supply the ship, and make and keep the ship seaworthy.

(3) Relieving the master, officers, agents or servants of the ship from obligations to carefully handle, stow, care for, preserve and properly deliver the goods.

This is covered by Article III (2) and (8) of the Rules.

This is covered by Article III (1) and (8) of the Rules, but the exercise of due diligence is limited to making the ship seaworthy before and at the beginning of the voyage.

This is covered by Articles III (2) and IV (2) of the Rules.

Article III (8) of the Rules provides that any clause, covenant or agreement in a contract of carriage relieving the carrier of the ship from liability for loss or damage arising from negligence, fault or failure in the duties and obligations provided in the Article shall be null and void.

Section 5 requires an express reference to be made to the Act in bills of lading.

Clause 3 of the Bill contains a similar provision.

Section 6. Subject to the exercise of due diligence to make the ship seaworthy, the carrier is relieved from liability for loss or damage resulting from faults or errors in navigation, or in the management of the ship or from latent defect.

Article IV (1) and (2) (a) and (p) cover this point, but relief from liability is not dependent upon due diligence to provide a seaworthy ship.

Section 7. Certain immunities of the shipowner from liability for loss or damage to goods are set out which are not in any way conditional.

Article IV (2) and (4) of the Rules detail similar unconditional liabilities.

Section 8. The shipowner's liability is limited to \$100 per package, unless a higher value is stated in the bill of lading.

Article IV (5) of the Rules makes a similar provision, but the limit is £100.



*Canadian Water Carriage of Goods Act*

The shipowner is not to be liable for loss or damage if the nature or value of the goods has been falsely stated by the shipper.

The declaration by the shipper as to the nature and value of the goods is not considered as binding or conclusive on the ship.

Section 9. The carrier, on the demand of the shipper, is required to issue a bill of lading showing the marks necessary for identification as furnished in writing by the shipper, the number of packages the quantity or weight, and the apparent order and condition of the goods as delivered to, or received by the carrier, and the bill of lading is *prima facie* evidence of the receipt of the goods as therein described.

Section 11 requires the ship to give notice of arrival to consignees of goods.

Section 12 provides a penalty for the making of illegal or defective bills of lading, or the refusal to issue a bill of lading, and for refusal or neglect to give notice of the ship's arrival.

*Provisions in the Carriage of Goods by Sea Bill*

This is covered by Articles IV (6) and III (5) of the Rules.

Under Article III (4) of the Rules the bill of lading is to be *prima facie* evidence of the receipt by the carrier of the goods as therein described.

Article III (3) of the Rules requires the carrier to issue a bill of lading on demand of the shipper containing the same particulars required by the Canadian Act, except that the number of packages or quantity or weight of the goods is to be furnished in writing by the shipper.

Article III (4) of the Rules provides that the bill of lading shall be *prima facie* evidence of the receipt of goods as described in the bill of lading.

There is no similar provision in the Bill.

The Bill as originally introduced into Parliament contained a penalty clause, but it was cut out on the recommendation of the Joint Select Committee of both Houses of Parliament, which considered the Bill. The reasons for deleting the clause are stated in paragraph 20 of the Report of the Joint Committee. The reasons are briefly as follows: (1) If a person be prosecuted under clause 3 (2) and raise a defence under Article 6, the interpretation of that article (as to whether the particular shipments in question were ordinary commercial shipments made in the ordinary course of trade, or shipments where the character or condition of the property carried, or the circumstances, terms and conditions under which the carriage was performed were such as reasonably to justify a special agreement) the interpretation of that article is necessarily left to a Court of Summary Jurisdiction, which is not well suited for such decisions; (2) similar provi-

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*Canadian Water Carriage of Goods Act*

Section 13. A penalty is imposed on persons who ship goods of an inflammable, explosive or dangerous nature without disclosing their nature and obtaining the permission of the carrier in writing.

Section 14 provides that dangerous goods shipped without permission of the carrier may be destroyed without compensation, the person shipping the goods shall be liable for all damages directly or indirectly arising out of the shipment.

Section 15 makes provision for existing contracts.

The recommendation of the Imperial Shipping Committee, that there should be provision in regard to exceptional cases in which goods should be allowed to be carried by shipowners at owners' risk, is carried out in Article VI of the Rules.

The second recommendation of the Committee, that there should be a precise definition of the extent of physical limits within which liability should obtain, so that a shipowner may not have to accept liability for that which is not within his control as a shipowner (e.g., when acting as warehouseman, forwarding agent, etc.) is covered by Article I (e) of the Rules which limits the application of the Rules to the period from the time when the goods are loaded to the time when they are discharged from the ship.

The recommendation as to fixing maximum values for packages up to which shipowners should be liable to pay, is carried out in Article IV (5) of the Rules, which provides that the carrier shall not be liable to an amount exceeding £100 per package or unit, but a higher maximum amount may be agreed upon between the carrier and shipper.

*Provisions in the Carriage of Goods by Sea Bill*

sions in the American "Harter Act" and other Carriage of Goods by Sea Acts have not been made use of to any extent; (3) Article III (8) of the Rules makes any provisions not in accordance with the Rules null and void.

Sections 446-450 of the Merchant Shipping Act, 1894, provide penalties for not disclosing the nature of goods of a dangerous character which are put on board ship.

Article IV (7) of the Rules contains a similar provision.

Clause VI (3) of the Bill provides for existing contracts.

## SHIPPING TAXATION COMMITTEE

The Committee was constituted as follows:—

Sir Richard V. N. Hopkins, K.C.B., Chairman of the Board of Inland Revenue.

Mr. R. H. Coats, F.S.S., Statistician, Dominion of Canada.

Mr. John Sanderson, Commonwealth of Australia.

Mr. G. F. Copus, and

Mr. E. T. Toms, New Zealand.

Sir W. McIntosh, M.L.A., and

Sir Ernest Chappell, C.B.E., Union of South Africa.

Mr. E. J. Riordan, Secretary, Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State.

The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland.

Sir E. M. Cook, C.S.I., C.I.E., India.

Mr. H. A. F. Lindsay, C.B.E., Indian Trade Commissioner in London.

Sir Gilbert Grindle, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies, Colonies and Protectorates.

Mr. E. A. Eborall, Board of Inland Revenue, and Lieut.-Colonel J. Reid-Hyde, C.B.E., Dominion of Canada Delegation, acted as Joint Secretaries to the Committee.

## REPORT

### 1. The Terms of Reference to the Committee were:—

"To take into consideration the Report of the Imperial Shipping Committee on the methods of assessment of shipping to Income Tax within the Empire and to make recommendations to the Imperial Economic Conference."

2. The Committee have carefully considered the Report of the Imperial Shipping Committee, and have also had the advantage of hearing a statement by Sir Halford Mackinder, the Chairman of that Committee.

3. It is unnecessary to recapitulate here the details of the complaint of the shipowners as set out in the Report of the Imperial Shipping Committee, which has already been circulated to the Imperial Economic Conference (I.E.C. (23)—28). The complaint of the shipowners is summarised under the following headings in paragraph 18 of that Report:—

"(i) The arbitrary nature of a tax levied on a certain percentage of gross receipts.

"(ii) The loss of time and labour and the expense involved, where the tax is leviable not on such a percentage, but on net profits, owing to the different methods of assessment in the various countries to which a shipowner may trade.

"(iii) The difficulties experienced in obtaining relief from the double payment of Income Tax and the inadequacy of the relief when obtained."

4. The observations which the Committee have to offer on these three points are set out in the following paragraphs.

### ASSESSMENT ON A STATUTORY PERCENTAGE OF FREIGHTS, &C.

5. It is true that, if the shipowner is not given the right to have the assessment subsequently adjusted in accordance with the actual results of his business, the system of assessment on a statutory percentage of freights, &c., has the advantage of simplicity with the resulting economy of administration.

There are, however, inherent imperfections in this system of assessment. There is a clear difficulty in fixing an appropriate percentage when the ordinary cycles of prosperity and depression have been disturbed by war. Even if a percentage reasonably measures a shipowner's profits over a period of years, it may be fairly contended that the disadvantage to a shipowner of having to pay Income Tax when he is making losses must outweigh the advantages he may gain by paying tax on a favourable basis in times of prosperity.

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6. Again, in times of depression shipowners under this system cannot always secure the compensatory relief ordinarily obtainable from United Kingdom Income Tax (see paragraphs 9 and 10 of this Report).

7. The Committee agree that the difficulties are met to some extent where the shipowner is allowed the option of being assessed on actual profits, but such an option of course operates against the interests of Exchequers, and if this option can be exercised only after payment of tax levied on the statutory percentage of freights, &c., it has the further disadvantage in times of depression of requiring the shipowner to find money in excess of that ultimately payable at a time when he can ill afford to do so.

## ASSESSMENT ON ACTUAL PROFITS

8. The difficulties experienced by the shipowner when he is called upon to declare his profits to each Government are set out fully in the Report of the Imperial Shipping Committee. He has to contend, to a greater degree than other taxpayers, with diversity of law and practice resulting from world-wide operations, and the nature of his trade is such that he is faced with peculiarly difficult questions in any attempt to segregate profits or losses arising in each country in which he trades.

## RELIEF FROM UNITED KINGDOM INCOME TAX IN RESPECT OF THE PAYMENT OF DOMINION INCOME TAX.

9. The main difficulties under this heading have arisen where the Dominion assessments have been based on a percentage of freights, &c. The relief due from United Kingdom Income Tax depends upon the true rate of the Dominion Tax on the real income, and that rate is determined by dividing the amount of the Dominion Tax paid by the amount of that income.

Thus a Dominion rate of 2s. in the £ on a sum equal to 10 per cent of the freights, &c., may, in a time of depression such as the present, be a rate of 10s. or more in the £ on the profits actually earned. The relief from United Kingdom Income Tax is, however, limited to 50 per cent of the rate of the United Kingdom tax as charged on those profits.

10. It will be seen, therefore, that at the present time the relief from the United Kingdom Income Tax may be very small compared with the total amount of the Income tax paid in the other countries of the Empire and that where there are actually losses there can be no relief.

## RECOMMENDATIONS

11. The Committee have considered carefully the first suggestion in the Report of the Imperial Shipping Committee that the solution might be found by the various Governments of the Empire agreeing to the exemption from Income Tax of the non-resident British shipowner. Such a solution of the problem has been brought recently into great prominence by the offer of the United States of America to grant exemption from Income Tax to the shipping of any country granting an equivalent exemption to United States shipping, and by the corresponding action of the United Kingdom Government in taking power, under the Finance Act of 1923, to conclude reciprocal arrangements with any foreign State for the granting of this exemption.

12. Such an arrangement between the countries of the Empire would, of course be a complete and very simple solution of the shipowners' difficulties. The proposal, however, besides involving considerations as to the yield of revenue, raised far-reaching questions of principle and the Committee's discussions disclosed no present prospect of the various Governments reaching unanim-

ity on this subject. The Dominion of Canada exempts from Income Tax the profits of non-resident shipowners, and it would seem right that Great Britain should take power to make reciprocal arrangements with that Dominion (and any other Dominion or Government which might choose to adopt the like principle) on the lines of the legislation as to reciprocity for foreign countries included in the Finance Act of 1923. To meet other cases, the Committee have turned from the consideration of any solution based upon this principle, to proposals which do not in any way impair the right of any country of the Empire to tax income arising within the sphere of its jurisdiction.

13. For the reasons indicated in paragraphs 5 to 8 of this Report the Committee recommend that henceforward the normal basis of assessment to income tax on the profits of non-resident British shipowners in the various countries of the Empire should be the actual trading results and not a statutory percentage of freights, fares, &c.

14. For the more convenient ascertainment of the profits chargeable, combined with due security to the Exchequers concerned, the Committee recommend that, as a working rule, the countries of the Empire should adopt the following practical administrative measures:—

- (a) The shipowner to furnish the complete accounts of his business to the taxing authority of the country in which he resides, *i.e.*, the country from which his business is directed and controlled.
- (b) Where a shipowner, in addition to trading in the country where he resides, trades also with any other country or countries of the Empire where Income Tax is levied, the taxing authority of the country in which the shipowner resides to furnish him upon request with a Certificate stating:—
  - (i) The ratio of the profits of any accounting period as computed according to the Income Tax law of the last-named country (subject to adjustment as may be necessary in regard to loan interest) to the gross earnings of the shipowner's vessel or fleet; or
  - (ii) The fact that there were no such profits.
- (c) The non-resident shipowner to produce the above-mentioned Certificate together with a return of the amount of his freight, fares, &c., to the taxing authority of each country in which such income arises and that authority to apply the certified percentage to the amount of the freight, fares, &c., in that country in order to compute the amount of the profits assessable there.
- (d) Where a country interested in the settlement of this percentage has a representative in the country where the shipowner resides, that representative, after being sworn to secrecy, would confer, where he deems it necessary, with the taxing authority concerning the Certificate to be granted to the shipowner.
- (e) While normally it may be unnecessary for a taxing authority assessing the profits of a non-resident shipowner on the basis of these proposals to raise an assessment on a percentage of freight, fares, &c., before receipt of the Certificate referred to in (b) above, circumstances may exist where such an assessment is desirable (for example, in the case of the casual call for a tramp ship where there is no responsible resident agent): but where this is necessary, the shipowner should have the right to claim adjustment in due course on the basis of the Certificate.

15. It seems to the Committee that these recommendations as a whole would, if adopted, substantially remove the difficulties to which the Report of the Imperial Shipping Committee is directed, without impairing the jurisdiction of the Governments concerned.

On behalf of the Committee,

(Signed) R. V. NIND HOPKINS, *Chairman*.

October 31, 1923.



## (ii) AIR COMMUNICATIONS

The discussion of this subject began at the Twelfth Meeting, held on the 19th October, 1923. The Conference had before them a memorandum by the Air Ministry on "Empire Commerce and the Air," I.E.C. (23)—10 (printed on page 357); the First Report on Imperial Air Mail Services by the Civil Aviation Advisory Board (Cmd. 1739/1922); and the Report on Government Financial Assistance to Civil Air Transport Companies, 1923 (Cmd. 1811/1923).

## IMPORTANCE OF AIR TRANSPORT TO THE EMPIRE

Sir SAMUEL HOARE, Secretary of State for Air, in opening the discussion, said that he proposed to give a summary of developments in air transport since the last Imperial Conference, and to inform the Conference of any definite steps that the British Government proposed to take in the field of civil air policy. He emphasised the importance of developing civil air communications, and referred to the memorandum by the Air Ministry (page 357), which contained a statement, in tabular form, of the savings of time between London and various parts of the Empire that might reasonably be expected to take place if air communications could be extensively developed.

The last Imperial Conference left this question without arriving at any very definite decision, or taking decided action. Since 1921, advances had been made both as regards aeroplane development and airship development.

## AEROPLANE DEVELOPMENT: THE HAMBLING COMMITTEE

As regards aeroplane development, progress had been made both as a result of certain enquiries conducted and in the light of practical experience gained. The Hambling Committee, although primarily concerned with European cross-Channel Services, had a definite connection with the wider question. Up to the time when the Committee was appointed, civil aviation, so far as aeroplanes were concerned, had been proceeding in a hand-to-mouth manner. It had been operated by a number of small private undertakings, and, judging the results from an international point of view, no very great advance had been made. It seemed to the Committee that civil aviation must be put on a stronger and wider basis, and their principal recommendation was that, instead of three or four small companies, all operating cross-Channel services, there should be a single strong company with a large backing of private capital. If this company could be well started, it would be easier to develop the longer Imperial routes. In Sir Samuel Hoare's view, the longer aeroplane routes would probably have to be developed by international arrangements, but it would be easier to negotiate such arrangements if there were a single strong national company with substantial Government representation.

## POSSIBILITIES OF AN IMPERIAL AIR ROUTE

Another inquiry had been instituted in connection with the development of air mails. The Committee had collected much valuable information, and made an experiment, which had shown that a saving of 13½ hours could be made between Plymouth and Manchester, and a saving of 19½ hours between Plymouth and Belfast. Again, the Civil Aviation Advisory Board had undertaken a survey over a wide field of the possibilities of an Imperial air route by aeroplane. In their report they had proposed that research should be undertaken as to the type of machine and so forth, that various preparations should be made over certain sections of the route, and that tenders should be invited, either for a complete service or for a service over certain portions of the route. Sir Samuel

Hoare had not been in a position to produce the money in his estimates for the whole of these proposals, but he had been able to set aside a sum for building an experimental civil aeroplane capable of undertaking the long-distance journeys. He pointed out that the Government had actual experience of a mail service by aeroplane between Bagdad and Cairo. Although this service was being operated by military machines, which are economically somewhat extravagant, over a country that is practically desert, with no intermediate points at which to obtain passengers or traffic or mails, yet over this route of 886 miles, of the last sixty-nine journeys, sixty-five were successfully completed, and the average weight of mails carried during the twelve months ending September, 1923, was more than double that carried during the twelve months preceding. Very remarkable efficiency, he believed, had also been achieved in Australia with similar experiments, and, although he did not wish to set the case too high, and although civil aviation, as far as Europe was concerned, must be to some extent dependent upon Government subsidies for some time to come, his general conclusion was that heavier-than-air travel was becoming very much more reliable and was getting on to a much sounder economic basis.

#### AIRSHIP DEVELOPMENT: THE BURNEY SCHEME

The subject of airships was fully discussed at the last Imperial Conference, and there had subsequently been various communications between this country and different parts of the Empire. Nothing, however, came of the discussions or the communications, and the British Government came to the conclusion, in August, 1921, that they could not proceed with the maintenance and operation of airships. Since that time, however, certain proposals had been made to the British Government by private persons, the most conspicuous being connected with the name of Commander Burney. These had seemed to him of sufficient importance to demand most careful enquiry. A Sub-Committee of the Committee of Imperial Defence went into them with the result that on various grounds, military and civil, the Cabinet came to the conclusion that they ought to resume, in some way or another, the operation of airships, and that the best way to proceed was by subsidizing a private company on the general lines suggested by Commander Burney. The scheme generally was to develop a commercial airship service to India (originally to Australia, but this was found impracticable, at any rate to begin with). Commander Burney proposed, in the first place, to produce an airship that could get to India in 100 flying hours, and to conduct experiments with that ship. Next, to develop a weekly service to India with three airships; and, finally, to operate a bi-weekly service with six large airships of perhaps 5 million cubic feet. Government assistance would correspond with these three stages, and would be conditional on the various tests appropriate to each stage being satisfactorily carried out. Sir Samuel Hoare then gave an indication of the savings of time that would be effected between Great Britain and various parts of the Empire if the scheme developed successfully; so far as the practicability of the scheme was concerned, while not exaggerating its possible advantages, he thought that it was well worth trying. The technical experts saw no insuperable difficulties, and there were various developments connected with airships which went to diminish, if not to remove, certain of the most serious obstacles which had hitherto retarded progress. Other great countries were proceeding with the development of airships, and the actual position in Great Britain was that the Government had accepted, in principle, the Burney Scheme, discussion of details was proceeding, the financial side was in the main agreed, and there was no reason why the Scheme should not be agreed in full.

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## HELP OF DOMINIONS INVITED

He was most anxious that those Dominions interested in the question should give him their views on the subject and if possible assist the British Government financially or otherwise in carrying the Scheme into effect. He made it clear, however, that the British Government meant to go ahead, and not in any way depend upon the help of any Dominion. He suggested that the representatives of the Dominion who were interested in the development of airships should take the matter up with him at the Air Ministry, or that the Conference should appoint a Committee to go into the matter.

## AIRSHIPS NOT OF IMMEDIATE INTEREST TO CANADA

Mr. GRAHAM said that he thought that at the present moment the question of airships was not of immediate practical interest to Canada. Canada was, however, interested in the development of air communications, and they had done some work in that respect themselves. He thought that the question of carrying freight was still largely a question for the distant future, but that the carrying of mails was a very important matter, and also to a limited extent the carrying of passengers.

## AUSTRALIA'S INTEREST IN AIRSHIPS

Mr. BRUCE said that it seemed to him that the main question as regards the establishment of Empire air communications was the question of airships, and this would have to be very seriously considered. Australia would be quite prepared to consider the matter seriously if they were once convinced that it was a practical proposition, but he would like to have an opportunity of looking into the information available and of discussing the matter with the Air Ministry.

## AUSTRALIA'S AEROPLANE EXPERIENCE

As regards aeroplanes, there were a number of questions which might usefully be considered by a small committee, and in this connection Australia had some experience. They had had one service running for about eighteen months now, and it had run without mishap, carrying a great quantity of mails and some passengers. That experience had demonstrated that in a country of very vast distances without communications a very valuable service could be rendered by the aeroplane. Another service was being started now in Queensland, and they had it in contemplation to start a service in other parts. He was interested in the Hambling Report, and Australia had had a Committee considering the same question, and that Committee had come to the same conclusion as the Hambling Committee, namely that the subsidizing of a number of small commercial enterprises was not a satisfactory way of handling the question. Other questions he would like to discuss with the Air Ministry were the question of the value of aeroplanes for survey work, and generally the question how far it is possible to employ the military side of aviation for more or less commercial purposes in peace time. It would be very valuable if some sort of liason could be established between the Governments so as to secure some continuity of information.

## SOME DOUBTS REGARDING AIRSHIPS

Mr. MASSEY said he would like to see something practical done in the way of experimenting with airship services. Personally, he was somewhat sceptical about airships, because he was here in 1921 when the big airship, built in this

country and sold to the American Government, had, on its last trial flight, after trials which had been to a certain point exceedingly satisfactory, broken in two and caused a most terrible accident. He thought that it was important to know as soon as possible whether the practical experience that was yet to be obtained would warrant the development of airship services being pursued. If airships were going to be useful, Australia and New Zealand being so far away, would want to make use of them more than any other country. He knew of no better form of trial than that which had been suggested, namely, that airships should be tried by carrying mails to Egypt and, if possible, to India.

#### SOUTH AFRICA CHIEFLY INTERESTED IN AIR SURVEY

Mr. BURTON agreed that a meeting at the Air Ministry with the Minister and his experts was much better than a discussion at the Conference. The most interesting feature in the Minister's speech, to an undeveloped country like South Africa, was the use of the Air Service for survey purposes, and was a matter well worth attending to. He stated that, as South Africa was not in the scheme of Airship communication, and might not be in it for a long time, although the scheme was of immense interest and of tremendous potential future importance, at the moment South Africa was not really affected by it. He would, however, accept the Minister's offer to see him and his experts about the use of the Air Service for survey purposes, which might be of great importance there in future.

Mr. RIORDAN said that his Government were considering this matter at the moment, and were very directly interested in the question of civil aviation. He would like to arrange for one of their experts to attend the proposed Committee.

#### TWO PROBLEMS—THE DOMESTIC AND INTERNATIONAL

Mr. INNES thought that they might regard the problem from two points of view. First, that of their own internal civil aviation routes. That was a domestic problem which each country had to decide for itself, but at such a Conference as they were holding, if each one of them brought into the common stock the experience and knowledge they had gained it might be of great assistance to them. He had with him a complete statement of the position in India, and would like to be able to discuss it with the experts of the Air Ministry. That would be of great assistance to India. The other aspect of the question was the problem of the great international air routes. That problem concerned the Conference, as a Conference, very nearly. India had had a great deal to do with the problem during the past few years. His Majesty's Government had consulted the Government of India on more than one occasion, mostly with reference to a heavier-than-air service between England and India. Acting on the advice of their Air Board, the Indian Government had always felt doubtful whether such a service could be justified as a commercial proposition, at any rate for a very long time to come, but the Air Board in India had considered the figures which had been placed before it in regard to Commander Burney's airship scheme and that scheme appeared, on the figures given, to offer much more in the way of a commercial scheme. He was authorized to say that, though the Government of India could not say much on the subject, as they were not acquainted with the details of the scheme, they did take the keenest interest in a scheme of that kind, especially as it would reduce the time taken in the transit of passengers, mails and parcels between England and India from, he understood, fourteen and a half days to five days.

As every one knew, the Government of India was in financial difficulties, and he doubted whether they could agree to assist in the experimental stage of



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the scheme. He understood that that stage covered the period during which a service would be worked experimentally between England and Egypt and that the extension to a later stage, namely, the continuation of the service from Egypt to India, would depend upon the result of the first experiment. He would be very glad if the small committee suggested by Sir Samuel Hoare were formed in order that the full details of the scheme might be given to him. The Government of India were prepared to consider those details with the greatest interest and sympathy.

## VALUE OF AIR SURVEY IN DEVELOPMENT OF THE COLONIES

Mr. ORMSBY-GORE referred to survey work. An attempt had been made in British Guiana, but the machine sent out had been unsuitable, and had come to grief, and the Colony could not afford another one. The trouble was that the very Colonies where an aerial survey would be most useful, such as British Guiana and Northern Rhodesia, where there was a great belt of sleeping sickness difficult to pass through, were the very ones that could not afford to pay for it. Their experience suggested that a specialized type of machine was required as well as experienced observers and surveyors. When the Air Force went into this matter he hoped they would consider British Guiana and Northern Rhodesia and Tanganyika Territory; they were valuable fields for further experiment, and aerial survey in them might be of great value to the development of the Empire.

## THE IMPERIAL SIGNIFICANCE OF AIRSHIP DEVELOPMENT

Mr. AMFRY then urged upon the Conference the great importance of the airship to Empire development. Experiment had gone very far. German Zeppelins flew some hundreds of thousands of miles as a commercial proposition before the war with hardly an accident. During the war one of them flew to East Africa and back. In the United States long distances had been achieved. Other proposals were on foot which, if the matter were still in a purely experimental stage, would hardly be practicable. Mr. Massey had referred to a serious accident. This was undoubtedly due to the fact that the ship had been built for military purposes, without that strength and stability that it would have had if built for commercial purposes. Technical experts were convinced that the larger the airship the easier to handle and the safer it would be. An airship was far more comfortable than a liner and went faster. But what was really important was that, if it were once proved that airships could do long distances without halting, the whole question of world transportation would be enormously simplified. All that mattered then would be the shape of the globe, and the winds that blow round it. The north-east wind would send an airship north of Iceland across Greenland by the shortest route to Western Canada. With the trade wind that Columbus followed, the ship would go in three to three and a half days to the West Indies and round with the south-west wind back via the United States. It might be a sound proposition to go to Australia by way of the Cape with the advantage of the forty miles an hour of the Roaring Forties. And this not in the remote future. Within five years, lines of airships might be found developing to all sorts of points in the Empire. This would affect economic development to an enormous extent. It would also affect the important problems of defence and constitutional relations. He had a very profound conviction that, unless some unforeseen difficulty should emerge, within ten years we should find ourselves in a new age of transportation.



## APPOINTMENT OF COMMITTEE

The Conference decided that a Committee should be set up (1) for the purpose of enabling the Air Ministry and the Dominion Representatives to discuss the financial, technical and operational details of the Burney Scheme with a view to ascertaining how far and in what way it is possible to ensure Imperial co-operation, (2) for the purpose of affording an opportunity for an interchange of information with reference to other questions connected with civil aviation and for arranging the best means for ensuring a continuance of this interchange of information for the future.

## ADOPTION OF RESOLUTION

The Committee sat, and reported in due course. Its report was discussed at the Twenty-first meeting of the Conference, held on the 7th November, 1923. The Conference adopted the three resolutions contained in the report (see page 363).

## AIR COMMUNICATIONS

## EMPIRE COMMERCE AND THE AIR

*Memorandum by the Air Ministry (I.E.C. (23)—10).*

When the question of speeding up Imperial Communications was discussed at the Imperial Conference in 1921, the conclusion was reached that surface communication offered no hope of considerable improvement, and the use of air routes for this purpose was therefore considered. At that time, however, there were not sufficient data upon which definite action could be taken. The object of the present memorandum is to summarize the subsequent developments in regard to air commerce and to suggest the desirability of the co-ordination of Imperial air policy in the future.

The main directions in which the air offers service of commercial utility to the Empire are Communications and Survey.

1. *Communications.*—Since the Imperial Conference of 1921, a Civil Aviation Advisory Board consisting of technical experts and representatives of the leading commercial associations in Great Britain have considered in detail the operation of alternative services by heavier-than-air machines from Great Britain to India. The report of the Committee is attached.

Since this report was issued further experience has been gained on the subsidized air routes between England and the continent, which has resulted in increased efficiency in the maintenance of regular services only surpassed by the 100 per cent efficiency obtained in Australia. It has also shown the practicability of a more intensive use of material than in the past with resultant economies in running costs, and it is reasonable to suppose that this principle could be still further extended by a unified control and operation of British air lines. Recommendations embodying this principle were made by the Hambling Committee which sat early in this year. The report of this Committee is also attached. Although consideration of Imperial air routes was outside the terms of reference to this Committee, many of the considerations upon which their recommendations are based are equally applicable to the question of Imperial air routes.

Proposals for utilization on a commercial basis on the Imperial routes have been formulated and are now under consideration, but it should here be recorded that though the adoption of an airship policy for the main Imperial

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routes would affect aeroplane services, the effect would not be adverse. Heavier-than-air and lighter-than-air services should be complementary. The commercial utility of airships is confined to long distance flight, and in any airship route the stopping places would be at a great distance from one another. It can be anticipated that an airship service would create a demand for speedy transport radiating from these stopping places to cities off the line of route and to intermediate commercial centres on the line of route.

The saving of time which would result from the establishment of air routes will be apparent from the comparative table attached (Annex (A)), which shows the times taken in transit on certain Empire routes when travelling—

- (i) By existing means of communication.
- (ii) By airship services employing a type of airship known to be a practical possibility.
- (iii) By an existing type of aeroplane employed in daylight flying only.\*

Practical proof of the potentialities of obtaining such time-saving results is afforded by the service which is carried out by the R.A.F. from Cairo to Bagdad. By this service the time occupied in the carriage of mails between Cairo and Bagdad is reduced from nineteen days to two. Extension of the route to Karachi as recommended by the Civil Aviation Advisory Board would reduce the time occupied in transit from Cairo to Karachi from twelve to four days, and a natural extension of the line to Calcutta would effect a saving of five days on the existing service of eleven days from Cairo.

In assessing the Imperial and economic value of air services such as these, it is the increased traffic which may be expected and not merely a proportion of existing traffic that demands attention. Increased commerce invariably follows improved means of communication, and it is largely the time factor that prevents the business man in Great Britain from visiting Canada as he now visits France, or from travelling to Australia with the same frequency with which he now travels to the United States.

To avoid any possibility of the unnecessary duplication of overhead charges, and to obtain the utmost economy in the operation of aircraft for purposes of Imperial commerce, it is, of course desirable that there should be the highest possible degree of co-ordination consistent with such freedom of action as is necessary to meet local conditions.

2. *Survey.*—It is of importance that the Governments of the Empire should assist one another to systematize the development and operation of air survey services. In Great Britain the usefulness of such undertakings is for obvious reasons small, though even here commercial undertakings have appreciated its utility, and recently an aerial survey party was sent from London to the North of Ireland to carry out an aerial survey of Lough Neagh for a commercial firm undertaking hydro-electric power plant erection. In parts of the Empire, which possess territories as yet undeveloped, air survey undoubtedly offers advantages not yet fully realized. To air survey in Canada belongs the achievement of being the first aerial commercial undertaking to reach an established self-supporting basis. On this service virgin forest country is photographed and the nature of timber subsequently classified with complete accuracy. The presence of mineral oil in vegetated areas can be ascertained in the same manner. For geographical survey and mapping, air work can now be relied upon to give an accuracy of 99 per cent as compared with land survey in country which is comparatively flat, and of 95 per cent in mountainous country.

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\* In this latter connection it should be stated that recent night flying experiments demonstrated the complete practicability of commercial night flying in the absence of fog and low cloud.

Costs of initial equipment and of transport equipment call, however, for co-ordination of air survey schemes over large areas in order to bring overhead expenditure within reasonable limits. It is impossible, owing to variations in cost due to different geographical conditions, to lay down general estimates of the cost of aerial survey, but some idea of the saving effected by operation over large areas may be obtained from the fact that, at a rough estimate, the cost of an aerial survey of an area of 55,000 square miles would be 1*l.* per square mile, and if the area were 110,000 square miles the cost would be reduced to 1*s.* 10½*d.* per square mile.

The machinery for co-ordinating these Empire air services remains to be set up. Such co-ordination cannot, however, be fully achieved without co-operation for utilization of Imperial equipment within the Empire. This is not merely a matter of securing markets within the Empire for Empire aircraft, but it is essential with a view to securing mutual benefit from progress in design, common operational practice, and the ultimate advantages of standardization and interchangeability. But most important of all is a common realization that the greatest value can be obtained for the air services of the Empire only by co-ordinated effort.

April, 1923.

### ANNEX (A).

#### TIMES TAKEN IN TRANSIT ON EMPIRE ROUTES

Service	Existing Transport	Airship or Airship and Aeroplano	Aeroplano Daylight Flying
London-Dublin.....	9½ hours		4 hours
London-Malta.....	5 - 7 days		2 days
London-Cairo.....	5½- 8 "	2 days	3 "
London- (Mombasa.....	18-24 "	9 "	10 "
Zanzibar.....	19-29 "		
London- (Karachi or.....	17 "	4½ "	6 "
Bombay.....	14½ "		
London-Colombo.....	17½ "	6 "	
London-Calcutta.....	16½ "	6½ "	8 days
London-Rangoon.....	18½ "	6½ "	9 "
London-Singapore.....	24 "	8 "	11 "
London-Shanghai.....	30-34 "	12 "	14 "
London-Perth (W.A.).....	28 "	11 "	14 "
London-Melbourne.....	31-32 "	13 "	16 "
Cairo-Malta.....	2½ "		1 "
Cairo-Khartoum.....	4 "		1½ "
Khartoum-Port Sudan.....	1½ "		1½ "
Port Sudan-Aden.....	7 "		2 "
Aden-(Mombasa.....	8-14 "		3 "
Zanzibar.....	9-19 "		
Cairo-Karachi.....	12 "	2½ days	3-4 "
Cairo-Baghdad.....	19 "		1-2 "
Baghdad-Karachi.....	9-11 "		2 "
Karachi-Bombay.....	2 "		2 "
Karachi-Calcutta.....	3½ "		2 "
Bombay-Madras.....	2 "		1 "
Calcutta-Rangoon.....	3 "		1 "
Colombo-Madras.....	36 hours		1 "
Rangoon-Singapore.....	5 days		2 "
Singapore-Perth (W.A.).....	17 "		4½ "
Singapore-Port Darwin.....			2 "
Port Darwin-Perth (W.A.).....			2 "
Singapore-Hong Kong.....	6 days		2 "
Hong Kong-Shanghai.....	3 "		1 "

## ANNEX (B)

*Customs Duties on Aircraft and Accessories*

The following statement, which has been compiled in the Department of Overseas Trade from the latest information available, shows the duties leviable on aircraft on importation into the various countries of the Empire.

	British Preferential Tariff	General Tariff
<i>United Kingdom.</i>	Per cent	Per cent
Aircraft and engines for aircraft are free of duty, and so are accessories as such. Certain articles, however, which are, or may be, used as aircraft accessories (as, for example, ignition magnetos and arc-lamp carbons) are subject to key industry duty at the rate of 33½ <i>ad valorem</i> . Key industry duty is not applicable to goods produced in and consigned from the British Empire.....		
<i>Irish Free State.</i>		
The customs tariff, which took effect on the 1st April, 1923, appears to agree in all respects with the tariff of the United Kingdom.....		
<i>Australia.</i>		
Aeroplanes and other aircraft, including balloons and parachutes.....	25 <i>ad valorem</i>	35 <i>ad valorem</i>
Parts and materials used in the manufacture and repair of aeroplanes and other aircraft, as prescribed by departmental by-laws.....	Free	10 "
Landing lights specially constructed for use in aerodromes for night flying.....	"	10 "
<i>Canada.</i>		
■ Aeroplanes and other aircraft, and complete parts thereof, under regulations prescribed by the Minister of Customs and Excise.....	"	27½ "
And on and after the 1st July, 1923.....	15 <i>ad valorem</i>	27½ "
NOTE.—A "sales" tax is levied, in addition to import duties, on the duty-paid value at the following rates:— 3½ per cent on importations by wholesalers or manufacturers. 6 per cent on importation by retailers or users.		
<i>New Zealand.</i>		
Flying machines.....	Free	10 "
Engines, specially suited for flying machines, including necessary controlling gear for same.....	"	10 "
Eyebolts, galvanised.....	"	10 "
Implements and fittings specially suited for use in straining or stretching wires.....	"	10 "
NOTE.—A primage tax of 1 per cent <i>ad valorem</i> is also levied, whether goods are otherwise dutiable or not.		
<i>South Africa.</i>		
Airships, aeroplanes and other aircraft, including completed parts thereof.....	Free	3 <i>ad valorem</i>
<i>British India.</i>		
Aeroplanes, aeroplane parts, aeroplane engine parts.....		2½ "
<i>Newfoundland.</i>		
Aircraft, &c., are not separately mentioned either in the dutiable or in the "free" list, and no definite information is available as to the customs treatment applicable to such articles.....		
<i>Aden*.</i>	Free	Free
<i>Ceylon.</i>		
Prime movers and component parts thereof.....		2½ <i>ad valorem</i>
Unenumerated goods.....		10 "
<i>Cyprus*.</i>	8½ <i>ad valorem</i>	10 "
<i>Falkland Islands*.</i>	Free	Free
<i>Federated Malay States*.</i>	"	"
<i>Fiji*.</i>	15 <i>ad valorem</i>	27½ <i>ad valorem</i>
<i>Gambia*.</i>		7½ "
<i>Gibraltar*.</i>	Free	Free
<i>Gold Coast and Togoland*.</i>		20 <i>ad valorem</i>

\*Aeroplanes are not specifically mentioned. The tariff treatment specified is that to which unenumerated goods are subject.

	British Preferential Tariff	General Tariff
<i>Hong Kong*</i> .....	Per cent Free	Per cent Free
<i>Kenya*</i> .....		20 <i>ad valorem</i>
<i>Malta*</i> .....		7½ "
<i>Mauritius*</i> .....		12 "
<i>Nigeria</i> .....		
Free. (Certain accessories, however, might be held to be dutiable at the rate of 15 per cent <i>ad valorem</i> , as "articles of brass, copper, zinc . . . and all minor metal articles").....		
<i>Nyasaland*</i> .....		16 <i>ad valorem</i>
<i>Palestine*</i> .....		12 "
<i>Rhodesia</i> .....		
Airships, aeroplanes and other aircraft, including completed parts thereof.....		
<i>Sierra Leone*</i> .....	Free	3 "
<i>British West Indies*</i> .....		25 <i>ad valorem</i>
<i>Antigua</i> .....	10 <i>ad valorem</i>	15 "
<i>Bahamas</i> .....	9½ "	12½ "
NOTE.—Steam, oil, gas or electric engines are duty free.		
<i>Barbados</i> .....	10 "	20 "
<i>Bermuda</i> .....		11 "
<i>British Guiana</i> .....	16½ <i>ad valorem</i>	33½ "
<i>British Honduras</i> .....	10 "	20 "
<i>Dominica</i> .....	10 "	15 "
<i>Grenada</i> .....	12½ "	18½ "
<i>Jamaica</i> .....	15 "	20 "
NOTE.—Prime motor engines of all kinds are duty free.		
<i>Montserrat</i> .....	10 "	15 "
<i>St. Kitts Nevis</i> .....	10 "	15 "
<i>St. Lucia</i> .....	10 "	15 "
<i>St. Vincent</i> .....	11 "	16½ "
<i>Trinidad and Tobago</i> .....	10 "	20 "
<i>Straits Settlements*</i> .....	Free	Free
<i>Tanganyika*</i> .....		20 <i>ad valorem</i>
<i>Uganda*</i> .....		20 "

\*Aeroplanes are not specifically mentioned. The tariff treatment specified is that to which unenumerated goods are subject.

## AIR COMMUNICATIONS COMMITTEE

### REPORT

1. The Air Communications Committee was established at the meeting of the Imperial Economic Conference on Friday, the 19th October, 1923, with the following terms of reference:—

"That a Committee be set up (1) for the purpose of enabling the Air Ministry and the Dominion Representatives to discuss the financial, technical and operational details of the Burney Scheme with a view to ascertaining how far and in what way it is possible to ensure Imperial co-operation; (2) for the purpose of affording an opportunity for an interchange of information with reference to other questions connected with Civil Aviation and for arranging the best means of ensuring a continuance of this interchange of information for the future."

2. The Committee was constituted as follows:—

The Right Hon. Sir Samuel Hoare, Bt., C.M.G., M.P., Secretary of State and President of Air Council.

His Grace the Duke of Sutherland, Under-Secretary of State for Air.

Sir G. L. Barstow, K.C.B., Controller of Supply Services, Treasury.

The Hon. G. P. Graham, LL.D., Minister of Railways and Canals, and



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Major-General J. H. MacBrien, C.B., C.M.G., D.S.O., Chief of General Staff, Canada, and

Commodore W. Hose, C.B.E., R.C.N., Director of Naval Service, Canada.

The Right Hon. S. M. Bruce, M.C., Prime Minister of the Commonwealth of Australia.

The Right Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand.

Mr. J. J. Walsh, Postmaster-General, Irish Free State.

The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland.

Mr. C. A. Innes, C.S.I., C.I.E., Member of Governor General's Council for Commerce and Railways, and

Sir E. M. Cook, C.S.I., C.I.E., India.

Sir James Stevenson, Bt., G.C.M.G., Personal Adviser to the Secretary of State for the Colonies on Business Questions, Colonies and Protectorates.

Mr. Noel Smith, M.B.E., Air Ministry, and Mr. J. C. B. Drake, O.B.E., Secretary to Indian Delegation, Joint Secretaries to the Committee.

3. Brigadier-General F. H. Williamson, C.B., C.B.E., Director of Postal Services, joined the Committee on the 25th October.

4. The Committee met on the 29th October at the Air Ministry, discussed the subjects within its terms of reference, and decided to recommend the following resolutions for adoption by the Imperial Economic Conference:—

- (1) That the British Government should circulate to the Dominions and India a statement showing the present anticipated operational performances of rigid airships and in the future should circulate regularly up-to-date information of the progress of the Burney airship proposals in order that consideration of Empire participation in these or future airship proposals might be facilitated.
- (2) That the British Government should prepare a draft procedure designed on a reciprocal basis to secure more rapid and more extensive interchange of information in regard to civil aeronautics and should submit this for the consideration of the other Governments of the Empire with a view to general adoption.
- (3) That having regard to post-war developments, any British overseas countries which have no up-to-date experience of air photography and contemplate the use of air survey, would be well advised, whenever possible, to consult other Empire Governments having such experience before accepting estimates or schemes providing for its use.

Signed on behalf of the Committee,

SAMUEL HOARE, *Chairman.*

November 5, 1923.

### (iii) CABLES AND WIRELESS

The Conference had before them the Memorandum on Cables and Wireless Communications of the Empire, I.E.C. (23)—7, printed on page 404. In connection with representations made to them by the Empire Press Union, the Conference appointed a Committee to receive a deputation from the Union on the subject of overseas communications by cable and wireless telegraphy. The proceedings of the deputation, which was received on the 23rd October, 1923, are printed on page 414.

At the Ninth Meeting of the Conference, held on the 16th October, 1923, the Postmaster-General, Sir L. Worthington-Evans, made his opening statement, the earlier part of which, dealing with mails and postal questions, has already been reported under the heading of Shipping Communications above. The portion of the Postmaster-General's statement, and of the subsequent discussion, which related to Cables and Wireless, was as follows:—

SIR L. WORTHINGTON-EVANS: I will now turn to Telegraphic Communications, and I think the two aspects of this problem which will be of interest to Dominion representatives are, firstly, the sufficiency of the cables connecting the different parts of the Empire for the traffic which they have to carry, because upon this depends a quick and reliable service; and, secondly, questions of rates and charges.

The cable communications of the Empire fall into two main groups, firstly, the Transatlantic routes and, secondly, the system of the Eastern and its associated Companies.

#### (A) TRANSATLANTIC ROUTES

The Transatlantic routes provide communication with Canada and Newfoundland and form an important link in the State-owned route via Imperial and Pacific to Australia and New Zealand. Before the war it was somewhat of a reproach to the British Empire that the whole of the cables across the Atlantic were either owned or leased by American Companies and their operation was, therefore, under American control.

##### (i) *Imperial Cables.*

Since that date the British Government has acquired the two Imperial cables which are worked direct between London and Halifax (Nova Scotia). The first cable was constructed in 1917 by diversions and additions to the German Emden-Azores-New York cable, which was taken possession of by the British Government in the war. The second was purchased in 1920 from the Direct United States Company. Between them these cables now carry about 14 million of paid words per annum, and there is still considerable spare capacity for expansion of traffic. The steadily increasing business of these cables shows, I think, that the service is satisfactory, and, in point of speed, it beats all the other Transatlantic routes. The average transmission time between London and Montreal via Imperial during the past six months has been about three-quarters of an hour for full-rate telegrams.

##### (ii) *Pacific Cable. Additional Capacity required.*

The other link in the State-owned route to Australia and New Zealand is the great Pacific cable which was laid in 1902. The traffic carried by the cable has increased from about 3 million words before the war to 10 million words in 1921-23, and I understand it is now loaded to its full capacity. The Pacific Cable Board, which is responsible for its administration, has been considering for some time past the duplication of the whole or part of the route, and additional cables have been laid and will be brought into use, I believe, within the next few weeks, which will relieve the pressure between Australia and Fiji. But the more difficult problem still remains of providing an alternative route over the long stretch of about 3,500 miles between Vancouver and Fanning Island, in mid-Pacific, and between Fanning Island and Fiji. Experiments have been carried out by the Board to test the possibility of a wireless service as an alternative means of communication between Vancouver and either Fiji or Fanning, and in the light of these experiments the Board will, no doubt, be able to reach a conclusion whether wireless or a duplication of the cable is the most promising

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policy. In view of the steady expansion of the traffic, I have no doubt it will be the view of all the Dominions concerned that additional capacity, whether by wireless or cable, is urgently required on this route. Although the present traffic can be carried efficiently, the absence of spare capacity is a bar to the reduction of rates, because any substantial accession of business which a reduction of tariff might be expected to bring could not be comfortably carried on the single cable and would lead to delay and deterioration of the service.

Before I pass from the problems of the Pacific Cable Board I should like to give expression to the regret we all feel at the recent and unexpected death of the Chairman, Sir Henry Babington-Smith, who has guided the policy of the Board at a very difficult period of its history with an ability to which I think his colleagues will be the first to testify.

## (B) EASTERN SYSTEM. TRIBUTE TO EASTERN COMPANY

The other principal group of cables is the extensive system of the Eastern and its associated Companies, which provides communication *inter se* between Great Britain, the whole of Africa, India and the Far East, with connections to China and along the East Coast of South America and with other foreign countries. It also offers an alternative route to the Pacific cable to Australia and New Zealand.

In the period immediately succeeding the war, telegraphic communication with India and the East was subject to serious difficulties and delays. At one time telegrams to the Far East took from seven to ten days in transit. This situation was mainly due to three causes:—

1. Considerable increase in traffic;
2. The suspension of the alternative routes to the Far East via Siberia, and to India via the Indo-European Company's lines, and
3. The interruption of the normal work of cable repair and renewal during the five years of war.

By now, however, the Siberian route to the Far East is again open, and the Indo-European Company's route through Germany, Russia and Persia to India has been restored and was opened to traffic last month.

The Eastern Company have not only made up the leeway in the renewal of their existing system, but they have completed two additional lines of cable the whole distance from Great Britain to Singapore, touching at various stations *en route*. The additional cable capacity thereby obtained, together with the reopening of the alternative routes, has restored the service to its pre-war efficiency, and the normal transmission time for full-time messages to all the more important destinations in India, Africa and Australia on the Eastern system does not now average more than three or four hours. It is difficult to over-estimate the debt which the Empire owes to this great association of Companies which were the pioneers of British cable enterprise. The Eastern Company celebrated its jubilee last year and it is a significant example of the enterprise which the Company have always shewn that they should have been able and ready to spend the very large sums, running into several millions, involved in the provision of two new cables to almost the farthest ends of the Empire.

## NEW CABLE SCHEME FOR WEST INDIES

There is one part of the Empire in which cable communications are not in such a satisfactory position. I am speaking of the West Indian Colonies. The requirements of these Colonies are at present served to a large extent by the West India and Panama Company. The Imperial Government has considered the best means of providing the communications required in the event of this

Company ceasing to function, and a comprehensive scheme has now been prepared which has been agreed to in principle by the Government of Canada and by the Colonies concerned. The scheme involves the provision of a new cable from Turk's Island to Barbadoes, whence it will bifurcate to Trinidad on the one hand and British Guiana on the other. The smaller islands will be served by a number of wireless stations subsidiary to the cable which will connect with a central station at Barbadoes. The new cable will connect with Canada via the Halifax-Bermuda cable. Tenders are on the point of being invited for the cable required, and I hope the order will be placed in a few weeks' time.

#### CABLE RATES

I will now turn to the question of rates. It has been the settled policy for many years past, both of the Imperial and Colonial Governments, to bring cable communication within the reach of an increasing proportion of the population by the gradual reduction of rates, and for some years past all licenses to British Companies issued by the Government have included a clause providing that the Postmaster-General may call upon the Companies to reduce their rates, any difference being referred to the Railway and Canal Commission for decision. It is fair to the Companies to say that, generally speaking, they have willingly fallen in with this policy. The reduction of rates would, no doubt, have proceeded more quickly if it had not been for the war, and for the consequent large increases in the cost of cable operating and maintenance. It is not only the wages of the operators which are involved but the rise in the cost of cable for repairs and renewals, and the maintenance of ships, and practically every other item of expenditure. Notwithstanding these increases important concessions to the public have been made. The Eastern Company's rate of 2s. 6d. a word to South Africa has been reduced to 2s. at the end of 1919, and quite recently the 1s. rate to Canada has been reduced to 9d. The Australian Government have the right, when they choose to exercise it, to require the Eastern Company to reduce the Australian rate from 3s. to 2s. 6d., and I have no doubt that as soon as further capacity is available on the Pacific cable, to which any reduction would also have to apply, this concession will be called for. But the reductions on full-rate telegrams, valuable though they are, have only been one and perhaps not the most important means of cheapening cable communication.

#### DEFERRED, WEEK-END AND NIGHT LETTER SERVICES

The last few weeks has seen a notable development in the cheaper types of telegram, I mean such classes as deferred, week-end and night letter telegrams. There is no doubt that a considerable proportion of the messages sent over these long distances can, without disadvantage, be deferred for one or two days, and the popularity which these cheap services have attained show that they meet a real demand on the part of the public. Week-end messages can now be sent to Canada at the rate of 2½d. a word. The week-end rate to Australia was reduced to 7½d., and to New Zealand 7d. on the 1st September last. A day letter service was introduced on the 1st September for Australia and South Africa at rates of 9d. and 6d. a word respectively, and to India on the 1st October. These rates represent about one-fourth of the charge for ordinary telegrams, and I think the large use which is being made of them shows they are successfully developing what I may call the social or domestic traffic. The week-end telegrams sent over the Pacific cable last year aggregated three and a half million words, almost as many as those sent at full rate. I hope the process of reduction will continue. I think we shall all be agreed that especially in the case of long distances there is still considerable scope for it.

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## IMPERIAL WIRELESS SCHEME ABANDONED

I will now turn to the question of wireless communication. I do not suppose there is any fundamental difference of opinion between us as to the importance of wireless service. A few enthusiasts anticipate that wireless will supplant communication by cable, but I think its proper function and probable development is rather to supplement than to supplant cable communication. In the present state of wireless science it certainly does not provide either as accurate, or as reliable, or as swift communication as cables, and it is, moreover, open to interception, but all of us recognize that its enormous potentialities and improvements are developing every year, and the provision of up-to-date wireless service will increase the existing capacity of our means of Imperial communication and tend ultimately to the reduction of rates.

The late Government, acting on the advice of a committee constituted in 1919, submitted to the Dominions a comprehensive scheme for the provision of Imperial wireless stations, each of which would be owned and operated by the Dominion in which it was situated. This scheme, however, did not meet with the approval of the Dominions, and I can quite understand that, faced with the same financial difficulties that we are at home, they preferred to employ or license a private undertaking and so avoid the necessity of incurring the considerable capital expenditure entailed in the erection of State-owned stations. The means by which each Dominion would co-operate in the Imperial scheme, I mean whether it should employ a private company or erect a station of its own, was of course a question entirely for each Dominion Government to settle, and the Imperial Government accept the decisions they have come to.

## BRITISH WIRELESS TRAFFIC TO BE DIVIDED BETWEEN GOVERNMENT STATION AND PRIVATE COMPANIES

As regards Great Britain, the Government have decided, in the first place, to provide themselves a station which will be owned and operated by the Government, and, secondly, to license private companies to conduct services subject to an agreement with the Government as to the division of traffic between the companies and the Government station. We are pressing on with the Government station as quickly as possible. A site near Rugby has been secured. The orders for a considerable portion of the plant have already been placed, and I anticipate that the station will be completed before the end of next year, but we have not yet arrived at a satisfactory division of the services with the Marconi Company.

## NEGOTIATIONS WITH MARCONI COMPANY

The Marconi Company originally expressed a strong preference for a pooling arrangement as between the Government station and the Company's station. There appeared to me to be disadvantages in a pool under which responsibility for the services would be, to some extent, divided, but as it was the basis which the Company themselves desired, negotiations proceeded on that footing, and by the end of July last we had reached such a measure of agreement that only a few minor points were outstanding, and I had hoped that an agreement would have been completed within a few days.

The Company have, however, since then changed their minds, and they have intimated that, for reasons which I am not altogether able to appreciate, this arrangement is not now acceptable to them. I regret that they did not arrive at this conclusion at an earlier date, for a good deal of delay would have been avoided, but I do not wish to press a scheme of joint working upon them.



if they are definitely opposed to it, and I have indicated that the Government would be prepared to divide the services on what I may call a regional basis, which, at the outset, appeared to me to be the best arrangement, so that the services for Canada and South Africa, for example, should be conducted by the Government station, whilst those for India and Australia should be conducted by the Marconi Company's station. The Government station is to be erected partly for commercial and partly for strategic reasons. It is essential, that in parting with the monopoly which the Government possesses by statute, we should secure that a sufficient amount of commercial traffic is reserved for the station to operate. Provided this is secured I shall be ready to meet, as far as I possibly can, any views which the Marconi Company may submit to me. The services to be given by the Government station will not be less efficient than the Marconi Company's, and the Government station is likely to be open for traffic before the Company's, and I hope that the Canadian and South African Governments will see their way to concur in the proposal I am making.

#### APPEAL FOR SUPPORT OF IMPERIAL ATLANTIC CABLE ROUTE BY DOMINION GOVERNMENTS

There are two or three minor matters upon which I should like to ask the assistance of my colleagues from overseas. On the subject of Imperial cables there are two points of detail in regard to which I should like to bespeak the assistance of the Dominion authorities. I think the movement in favour of the State-owned route to Canada and Australia derived its impetus as much, if not more, from the Dominions as from the mother country, and, now we have such a route, we are anxious to secure as much traffic as we legitimately can, and in particular we think we have a fair claim to all Government messages, that is, on cables. All the traffic initiated by the Imperial Government to Canada, Australia and New Zealand is sent via Imperial, but we have reason to know that several of the departments representing the Canadian and Australian Governments in London, and some of the Government departments in the Dominions themselves still use the competitive routes either of the American or the Eastern Companies, and I should be very grateful if the Prime Ministers of Canada and Australia could see that all the traffic over which they have control is sent via the Imperial route, which is certainly not inferior to its competitors either in speed or in accuracy.

#### DESIRABILITY OF CO-OPERATION OF CANADIAN PACIFIC RAILWAY IN IMPERIAL ROUTE SCHEME

The second point concerns Canada only. The traffic passing over the Imperial cables is conveyed across Canada by a land line leased from the Canadian Pacific Railway, and the railway claim an exclusive right to all telegrams destined for the Imperial cable. This claim, if it be recognized, prevents traffic handed in to the Canadian National Telegraph Offices being forwarded by the Imperial route. It is clearly a deplorable situation that, for this reason, messages handed in at a Government Telegraph Office in Canada should have to be forwarded by the route of an American Company, and it occurs to me that possibly the Canadian representatives may be able to help us in smoothing away the difficulty which has arisen with the Canadian Pacific Railway. I understand the question is not one of legal right, but of harmonious working, and, as the Canadian Pacific Railway give an admirable service, we are anxious to carry them with us rather than to override autocratically a claim which is no doubt honestly put forward.

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## APPEAL TO AUSTRALIA TO REDUCE TERMINAL RATE

While I am on this subject, perhaps I might appeal to Mr. Bruce to re-examine the possibility of reducing the Australian terminal rate, which is in part responsible for the very high charge to Australia. The Australian Post Office at present collect 5d. a word on all traffic, including that which is collected or delivered by the Eastern Company or the Pacific Cable Board, even though it is not handled at all by the Australian Post Office. To this extent the terminal charge is a royalty and not a payment for services rendered. The corresponding charge in England is 1d. a word, and this only applies to traffic which is actually handled by the British Post Office. The exaction by the Government of so heavy a charge appears to me hardly consistent with an avowed policy of cheap communication, and I feel sure a lowering of the rate would be highly appreciated by the commercial community and would stimulate cable communication with Australia.

Well, Sir, I have dealt I am afraid rather at length, but still as briefly as I could, with the mails, the telegraphs and the wireless, and I have ventured to point out to my colleagues from overseas two or three things which I felt sure they would like to meet us upon, if it is at all possible.

## THREE RESOLUTIONS TO BE SUBMITTED

There are three resolutions which are to be submitted to the Conference, and perhaps I had better call attention to them. They occur in I.E.C. (23)—7 on the last page. "It is suggested that the following proposals should be put before the Imperial Economic Conference: (a) That representatives of the Dominions and India should be associated in the work of the Imperial Communications Committee when questions of interest to them are under consideration." I think Mr. Amery would explain that. I have already dealt with (b): "That in view of the fact that the Dominions interested in the Pacific cable have for a long time pressed for the provisions of a State-owned connecting link across the Atlantic, all possible support"—I am here appearing as a trader asking for custom—"should be given by the Governments of the Empire to the State-owned Atlantic cable route which has now been provided." That I hope we shall agree to. Then (c) is: "That in any concessions given in the British Empire to private enterprise in respect of cable or wireless services (including broadcasting stations) preference should be accorded to British Companies." That I think speaks for itself.

## DISCUSSION ON POST OFFICE COMMUNICATIONS

## NATURE OF IMPERIAL COMMUNICATIONS COMMITTEE

Mr. AMERY: I did not know that Resolution (a) was really coming forward at so early a stage. The Imperial Communications Committee is a committee of the British Government and of its Departments, which deals with Imperial communications—that is to say, more particularly with cables and wireless. I have been its Chairman for some time, and previously Lord Milner, and afterwards Mr. Churchill, were Chairmen. I believe in the days of its inception there was some consultation actually carried out, or at any rate contemplated, with representatives of other Governments of the Empire, with a view to making it an Imperial committee as well as a British committee dealing with Imperial communications; but as a matter of fact, pending the actual carrying out of the scheme then contemplated, of a State-owned chain of wireless stations round the Empire, that aspect of the Committee was not proceeded with and it has up to the present remained, in effect, a British Departmental committee.

## CAUSE OF ABANDONMENT OF IMPERIAL WIRELESS SCHEME

Now, as the Postmaster-General has explained, the State-owned conception has largely lapsed, partly no doubt for revenue reasons, but partly also because, with the progress of wireless science in the last few years, the conception of a chain of stations round the Empire is itself out of date; because it is now possible for each part to have a station, if it cares to put up the money, which will communicate with any other part of the Empire. You do not need links at intervals of 2,000 miles. It is possible to have a station in England to communicate direct with a station in New Zealand, and vice versa, and it is that which, taken together with the original financial difficulty, caused the original scheme to break down.

## NEED FOR EXCHANGE OF TECHNICAL INFORMATION

Recently, in dealing with the new situation as it has arisen, we felt, on the Imperial Communications Committee, that while it may be desirable, and perhaps is desirable, that there should be free play round the Empire both of State-owned and of privately-owned stations dealing with wireless, there are certain very important questions affecting wave-lengths. There are only a certain number of limited wave-lengths which we can get allotted to us among the wave-lengths which have been partitioned among the wave-length nations of the world.

There are certain technical and other aspects of the problem which are of interest to the Empire as a whole, and with regard to which it would be valuable for each Government to have an advisory opinion from somebody who can exchange technical information with the other Governments; and it occurred to us that it might best be met by asking the Governments of the Empire to attach some representatives to the present Imperial Communications Committee or in some other form to create an Advisory Committee on the technical aspects of inter-Imperial wireless. It is not a question of creating any body whose functions would be otherwise than purely technical and advisory on some of these rather intricate points affecting wave-lengths—the type of station, and a number of problems which crop up in connection with the astonishing developments which wireless science has been going through, and will no doubt continue to go through in the next few years. That is really all I have to say on that point.

## APPRECIATION OF WORK OF PACIFIC CABLE BOARD

Mr. GRAHAM: As to the telegraphs, cables and wireless, I will not say anything particularly about the cables only that I join with the Postmaster-General in regretting the death of the President. We had two vacancies on the Board for Canada to fill recently, and I am glad to say we have secured Sir Campbell Stuart and Mr. Paeaud, and we think they will make valuable additions to that Board. As to the work on that Board, I think it can be summed up by a little statement I have as to the value of the work of that Cable Board: "The financial statement of the Pacific Cable Board, contained in their annual report for 1922, shows a profit of £153,565." I will not give the details. Sufficient to say that they operate at a profit, and in these times, when orders may be rather hard to get, and cable orders are few and people are economizing, I think it is very encouraging to know that this Pacific Cable Board is one organization on which the Empire can rely for business management.

## GOVERNMENT WIRELESS STATIONS IN CANADA

Now as to our wireless. I must not get into any complications as between Government ownership and private management. We in Canada have both.

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In connection with our Air Force, in our Defence Department we have a number of stations, and this year have extended those stations up into the far north of the Yukon. These stations in the Defence Department are under military control, and while I dare not say a word about control of any other Department, as I am not in the Defence Department myself, the discipline, particularly in outposts of this kind under the Defence Department, does not injure the good management of the wireless system. We have altogether in Canada about 280 stations. The wireless system, I might say, excluding that portion of it managed by the Department of Defence, is under the Marine Department.

## CANADA PREFERS PRIVATE OWNERSHIP FOR THE LARGER STATIONS

Now as to Government management. Canada has Government ownership of 22,600 miles of railways. As the Postmaster-General has stated, it also has a telegraph line; and outside those stations that the Government has established, which are very useful, and which, among other things, afford great protection to our shipping on the Great Lakes, as well as on the sea coast, I am inclined to think that on the larger scale we prefer to leave it with the private companies. The Department of Marine now grant licenses and thus control the operation. In addition to the stations owned by the different departments, they have granted licenses to the Marconi Company for stations on the Atlantic, one at Montreal and one at Vancouver, if I remember correctly. This would, of course, afford a link in the round-the-Empire chain, and whatever arrangements were made, unless Governments change their minds—and sometimes people change their minds for them—this would be the policy of Canada. If you were to ask to-day what the policy would be, I would say that for the Empire chain it prefers private ownership.

Sir LAMING WORTHINGTON-EVANS: The question I put really was whether, having adopted—as you, of course, are entitled to adopt—the company policy, you see any objection to that company communicating with the Government-owned station at this end.

Mr. GRAHAM: Oh no, that is your affair largely.

Sir LAMING WORTHINGTON-EVANS: That would be the link at this end.

Mr. GRAHAM: My own view is that if you are to have a round-the-Empire system you would have to come to some arrangement by which each Dominion and each link will connect up with the other links.

Sir LAMING WORTHINGTON-EVANS: That is right.

Mr. GRAHAM: I might say, to illustrate it, that we have in Canada now a telephone system—the largest is the Bell. We have a system of rural telephones, but I introduced an Act to compel the Bell Telephone Company to make arrangements with the local companies to take their messages at rates to be fixed by a Board that we have appointed.

## QUESTION OF CO-OPERATION OF C.P.R. IN IMPERIAL CABLE SCHEME

Now I come to the question which the Postmaster-General raised as to the C.P.R. Telegraph line being the sole beneficiaries of the Government-owned cable. I had not raised that, but I am not regretting that it has been raised. Being the Minister of Railways with a telegraph system under control of the national railway system, I appreciate the difficulty in which the Postmaster-General finds himself and the disability under which we find ourselves as the owners of this telegraph system in connection with the Imperial cable. I will give you a concrete case to show the difficulty. We are here at the Imperial



Conference; we are supposed to be bubbling over with it; we give orders that our cables are to be sent by the Imperial Cable, but when they get to the other side our messages do not go over the Government line. If I wished from London to send a message to the Manager and President of the Canadian National Railways, it will be delivered by the C.P.R. messenger boy; so I would not suggest how it should be done, but it brings up this point—and the Postmaster-General will readily appreciate it—that if we cannot get any messages for the Canadian National lines over the Imperial Cable, we cannot be expected to hand in messages to the Imperial Cable if we can send them otherwise.

Sir LAMING WORTHINGTON-EVANS: May I point out that it is on your own ground? It is nothing to do with me. If you can clear your end you will get the Imperial right through.

Mr. GRAHAM: I am afraid you have made that end very Imperialistic. A contract has been made with the Canadian Pacific Railway.

Sir LAMING WORTHINGTON-EVANS: I think you will find there is no legal difficulty.

Mr. GRAHAM: I am not speaking of a legal difficulty. That probably can be cleared up. All I would say in reference to that, because business is business after all, is that I might take this part (c) of this suggested Resolution: "That in any concessions given in the British Empire to private enterprise in respect of cable or wireless services, preference should be accorded to British companies." I might say in concessions given in the British Empire to private enterprise in respect of cable or wireless, I would not say preference, but equal treatment should be given to a Government-owned line. However, that is a detail that can be worked out. Now the Postmaster-General mentioned the West Indies and a suggestion that has been under consideration by the Canadian Government for the improvement of cable services; we have no wireless services with the West Indies.

The CHAIRMAN: Before you leave that, (c) is rather a different point.

Mr. GRAHAM: I was just giving it as an illustration. I do not want that paragraph changed. The sentiment in that might be reversed.

The CHAIRMAN: You accept (c).

Sir LAMING WORTHINGTON-EVANS: (b) is what we want you to do.

Mr. GRAHAM: I am not accepting anything. I am proposing to the Postmaster-General that he might adopt the sentiment, but reverse it.

Sir LAMING WORTHINGTON-EVANS: I do, I am full of sentiment!

Mr. GRAHAM: You do not get my point; I was bringing it down to the Canadian National Telegraph Line.

POSSIBILITY OF WIRELESS COMMUNICATION BETWEEN CANADA AND WEST INDIES.

I had wondered, without consultation with my colleagues, if a wireless system could not well be established between Canada and the West Indies. I have not discussed that at any length, it is only a suggestion that may be of value. We have now between the West Indies and Canada three lines of steamships; one the British line, another the C.P.R., and the other the Canadian merchant marine, and it might be well that the West Indian Government and the Canadian Government should discuss the possibility of wireless communication between these two outposts of the Dominion. I do not know, Mr. President, that I should have said all I have said, and I will not say any more. I presume that these resolutions here will be given careful and close scrutiny, so we will know exactly what they mean before we are asked to vote.

The CHAIRMAN: I would not ask you to vote. It may not be necessary to vote. I hope we shall probably be able to accept them. I would not be averse from setting up a committee to discuss them, but I think it would be



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convenient, if there are any further questions to elucidate—the Postmaster-General, I think, explained pretty clearly what those resolutions meant—to have them put now and here, while he is here and can answer them. (a), I think, is perfectly plain. Probably everybody will agree to that.

## MEANING OF RESOLUTION (A)

Mr. BRUCE: Save that up to the moment I am not too clear what the Imperial Communications Committee work consists of, other than the consideration of wireless or any technical matters in connection with the establishment of wireless.

Mr. AMERY: For instance, the West Indian situation has been before it. If I may perhaps for a moment just go back to that, it will exemplify the point. Mr. Graham has raised the question whether wireless might not be put in. On the section Canada to Bermuda wireless is used as an alternative, and the whole scheme which was worked out by the Imperial Communications Committee has been discussed with the Canadian Government, and I think in the main outline it is agreed generally. The sole object of that Committee has been to study schemes, whether of cables or of wireless, from the point of view of securing technically, and in every way, the best service, the best conditions for license, and so on.

Mr. BRUCE: The resolution merely proposes that on occasions when this Committee, which is actually a British Committee, is considering a question, and it is thought that the matter under discussion would be of great interest to some Dominion, they should invite a representative.

Mr. AMERY: That is all it comes to, certainly.

## PRINCIPLES UNDERLYING RESOLUTIONS (B) AND (C)

Sir LAMING WORTHINGTON-EVANS: Resolution (b), of course, is a little more. From a business point of view I want you to support the Imperial cable where you can.

The CHAIRMAN: As far as possible, I mean. If it be the fact that Mr. Graham has a contract which precludes him, obviously he cannot do it, but having set out with the idea of getting an effective Atlantic cable in British hands, and having got it largely as the result of pressure, and perfectly right pressure, at the Imperial Conference, we want to endorse it by getting all the support we can from the Governments.

Sir LAMING WORTHINGTON-EVANS: I am sure you will do it if you can.

The CHAIRMAN: Resolution (c) speaks for itself—that you give preference to British undertakings.

Mr. INNES: British, I suppose, means the British Empire. Would it not be a better phrase—British Empire?

Mr. GUINNESS: Or companies registered within the Empire.

Mr. GRAHAM: What do you mean by British Empire Company?

Mr. AMERY: As distinct from a United Kingdom Company?

Mr. INNES: As distinct from an Indian Company?

The CHAIRMAN: That is also a British Company, from that point of view.

Mr. AMFRY: I think in that context, like "British subject," "British Company" means a company domiciled anywhere in the Empire. We have no lawyer here, but I think that is so.

Mr. GRAHAM: A British subject was not always that.

Mr. BRUCE: That might be, technically, but I think many people would take that to mean a company registered in Great Britain.

The CHAIRMAN: It is not intended for that.

Mr. BRUCE: I think it should be made quite clear.

Sir LAMING WORTHINGTON-EVANS: We had better say companies registered within the Empire or in the Empire.

Mr. AMERY: Registered and owned, really, because they might be registered but not owned.

Sir LAMING WORTHINGTON-EVANS: Registered and controlled, or something of that sort.

The CHAIRMAN: We can work out a form which will meet it.

#### AUSTRALIAN FOR ALL-BRITISH CABLE

Mr. BRUCE: Cables, of course, are of even greater interest to us than mails, because it is vital that we should be in the closest touch with Great Britain and the other Dominions. I do not propose in this connection to go over all the difficulties that we are faced with as an outlying Dominion of the Empire because of the time it takes for us to communicate with Britain, or how extraordinarily dangerous it might be at some time if we could not readily and fully consult with regard to questions of very great moment. But leaving that side of the question out, commercially we desire that we should have a reliable cable service to Australia, and we take the view that the establishment of an all-British cable service is an admirable thing that we should all support.

As to the third resolution, reading into it the words which have been indicated by the President of the Board of Trade to the effect that acquiescence in it must at times be conditioned by one's own special circumstances, we broadly subscribe to it and will do everything in our power to assist.

#### EASTERN CABLE SERVICE CHARGES

Another point with regard to the cable service which has been raised is the position as to the Eastern service and our power to reduce the present charges. That has been very carefully considered by the Australian Government. There is the difficulty of the carrying capacity of the cable at the present time, and we have really deferred consideration of it until we can get a clearer indication of the development of wireless telegraphy and how far it is going to meet our particular circumstances. But without question, if wireless is not going to meet our circumstances to the extent we anticipate, we shall be in favour of the cables which the Board propose to build in amplification of their present system, and we recognize that, in so far as we have power to reduce the cable rates, it is obviously to the advantage of Australia that it should be done.

#### QUESTION OF THE TERMINAL RATE IN AUSTRALIA

The other, and somewhat old, question of the terminal rate in Australia has been raised. If we are coming to reduction at all, we shall certainly come down 1d. in accordance with the arrangement—

Sir LAMING WORTHINGTON-EVANS: Come down to 1d.?

Mr. BRUCE: We shall come down 1d. in accordance with that arrangement. With regard to what further action we are prepared to take, I am afraid I am not going to commit my Government at this stage, but let me content myself with a broad statement that we believe in the lowest possible cable rates between Australia and Great Britain.

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## SCHEME FOR HIGH-POWER WIRELESS STATION IN AUSTRALIA

With regard to the third point—wireless, that is a matter in which, at this moment, we are very vitally interested indeed, and our present position is that we have entered into an arrangement under which the Commonwealth Government has acquired the majority of the shares of a wireless company which is operating in Australia, known as the Amalgamated Wireless Company, and the Commonwealth Government has also entered into a contract with that Company under which the Company has undertaken to erect a high-power station which will be capable of communicating directly between Australia and Britain.

## PROVISIONS OF CONTRACT WITH AMALGAMATED WIRELESS CO.

The contract contains many provisions, but it is quite clearly defined that the service has got to be a commercial one, on a basis which is indicated in the contract itself. The Amalgamated Wireless Company has now called for tenders for the erection of that station, and there are various safeguards to the Company, which indirectly is the Commonwealth Government, in the event of the station not being able to give the commercial service that has been laid down. We were faced with this difficulty, with regard to the station that we are erecting in Australia, that it was quite useless to put up a high-power station capable of communicating directly with Britain if there was nothing in Britain that could communicate directly with us. We stood out and opposed what is known as the Norman Scheme; the chain system of 2,000-mile steps did not appeal to us at all, probably because we were at the end of the chain, and we knew what would happen to our messages when they tried to get through the accumulation. But at that time the Norman Scheme was the accepted proposal for Empire wireless communication, and we accordingly had to make our own arrangements. The form that our arrangements took was to embody in the contract we made with the Amalgamated Wireless Company an obligation to erect in both Britain and in Canada reciprocal stations to our high-power station in Australia, and that obligation of the Amalgamated Wireless Company was carried into the invitation to tender when we proposed to erect our own station in Australia. The result is that the tenders have come to hand on the basis that the tenderer is responsible also for reciprocal stations in Britain and in Canada.

## QUESTION OF RECIPROCAL STATION IN GREAT BRITAIN

Subsequently to these tenders being issued we heard that the British Government had changed its views, and now proposed to erect a high-power station itself. I cabled to Britain and asked for some information as an indication whether they could handle our traffic or not, and, as a result of the reply I got, we considered the matter very carefully and we came to the conclusion that it would be very doubtful if, with the pressure there would be on the British Government stations, they would be able to give us the reciprocal service we should want; and being in that position, we of course were very concerned to see that the reciprocal station, which the tenderer for our Australian station had undertaken to establish, could be erected in Great Britain. That, of course, involved a license being issued by the British Government. The Australian Government never had very serious doubts about the license being issued, for the reason that at the time when we took exception to the Norman Scheme, and did not vote in favour of it, the then Prime Minister of Australia specifically asked the question whether Britain would offer us all facilities for establishing our own service, and it was readily said that they would do so.

Subsequently to that, and subsequently to our entering into these arrangements, Mr. Bonar Law made a statement in the House which we interpreted

to mean that there would be no further trouble with regard to our reciprocal stations being erected here by private enterprise. The point that I want now to try and get clear is—what is the position? The Postmaster-General indicated to us that there had been negotiations between Marconi's, who are proposing to erect the station, and the Government, with a view to an interchange of traffic, which would be an ordinary and usual arrangement. I should imagine, in a case of this kind. But what I have not got quite clear is why the negotiation broke down.

#### HISTORY OF NEGOTIATIONS BETWEEN HIS MAJESTY'S GOVERNMENT AND THE MARCONI COMPANY

Sir LAMING WORTHINGTON-EVANS: In about July last we got what we call a pooling agreement, that is, an interchange of traffic agreement. The broad heads of the agreement were these—the Government was going to put up one station, the Marconi Company two stations, and the traffic should be pooled, should be worked by the Post Office through either of the three stations, as the traffic might require, so that a station would be allotted to Australia if the Australian traffic required such a station, and the surplus could be sent to someone else, whatever was required on three big stations. The Marconi Company first wanted the whole of the work to be done from Radio House, that is to say, done under their auspices. That was in the earlier part of July.

Mr. BRUCE: Did that include the Government station?

Sir LAMING WORTHINGTON-EVANS: Yes, including the Government station. That was in the earlier part of July. We declined because we wanted to be able to do the operating ourselves. They accepted that, provided that we would let them have someone in the Post Office building to see how it was going on. We agreed, and so it stood from July until September. Then in September, Mr. Godfrey Isaacs came along and said, "We have been looking into this; on such an arrangement as this we could not find the capital required, and therefore we cannot go on with the proposed agreement," or words to that effect, and so that negotiation practically broke down upon that point, upon the point of who was to control the operating of messages. That did not mean who was to keep up the stations; that had already been agreed. The two stations erected by the Marconi Company would be kept up by them, and the one station erected by the Government would be kept up by the Government. So we have got to this position. We have offered them licenses on an original basis, that is to say, they can have a license to communicate with you and can put up a station to communicate with you if they choose, but what they are now asking is that they should have a license to communicate all over the world, irrespective of any Government station at all. That we cannot agree to. That, you see, is not private enterprise, that is private enterprise excluding Government enterprise altogether, which we have never agreed to.

Mr. BRUCE: What I was going to suggest is that perhaps it would be better if we do not, just at this stage, discuss that aspect, because it is really only a matter that concerns Australia. We are building our station; we must have reciprocal stations and arrangements in England. But I will discuss the matter privately with the Postmaster-General before taking further action.

Sir LAMING WORTHINGTON-EVANS: I thought you wanted me to tell you what the position was.

Mr. BRUCE: I wanted to do so.

#### EMPIRE WIRELESS INTERESTS IN THE PACIFIC

There is only one other thing with regard to wireless which I would like to raise. That is the question of wireless in the Pacific. I have a certain amount

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of information which I could place at the disposal of the Postmaster-General, but it does not appear that wireless in the Pacific is in a peculiarly satisfactory condition from the point of view of Britain and the Empire generally. If Australia is going forward with this big wireless scheme, it is very possible that we shall be in the position where we may more or less ensure the predominance of the Empire in the Pacific with regard to wireless. I am sure the Conference would desire that we should advance our wireless interests in the Pacific as much as possible, because it would be very valuable from the defence standpoint in time of trouble.

MR. AMERY: Perhaps I could answer at once on that. The whole question of the Amalgamated Wireless Company erecting a chain of stations in the Pacific for the use of the Islands has been up before the Imperial Communications Committee. As far as we were concerned we have blessed it. I think there remains an outstanding question as to how far Fiji can come within the scheme. I may say that generally we are entirely of the same view as Mr. Bruce, and I think the thing is fully in train.

THE CHAIRMAN: That does show how important (a) is in the proposed resolution.

MR. BRUCE: Subject to those two points which may have to be further discussed, there is nothing else that I want to say with regard to this question.

## APPRECIATION OF REDUCTION IN CABLE RATES TO NEW ZEALAND

MR. MASSEY: With regard to cables, I have been hoping for a long time past to see a reduction in cable rates. The week-end cable has been a very great convenience to business people and people who are not generally looked upon as business people, but who take advantage of the cheaper cables in order to get a message through from one country to the other. The Postmaster-General stated that the week-end cable to New Zealand was 7d., I think he said. That is a tremendous reduction. I was not aware it was as low as that.

SIR LAMING WORTHINGTON-EVANS: Sevenpence against 2s. 8d.

MR. MASSEY: Sevenpence against 2s. 8d. for ordinary cables. I know I get a much larger number of week-end cables both ways. I think it was mentioned in the course of the debate that the Pacific cable was working up to its full load, and that it is not possible for the Pacific cable to do more than it is doing at the present time. It is quite satisfactory to know that the Pacific cable is doing so much business. I was interested to hear the amount of profit made last year. If they were able to carry a larger amount of business then I would say at once reduce the rates, but if they cannot carry a larger amount of business it is not much use suggesting it. It is a matter which wants looking into.

## WIRELESS DEVELOPMENT IN NEW ZEALAND

Probably wireless will come into competition with cables presently, and I hope it will. I am looking forward with a great deal of optimism to the development of wireless, though I have to admit we have not done very much in the way of establishing wireless in New Zealand. I do not say there are no stations, there are, but it is in connection with England I am thinking of. We have done little or nothing; we are simply watching the course of events. I am not able to express an opinion as to whether our wireless will come down by way of the Pacific or whether it will go the other way, by way of the Indian Ocean. I will say this though, and it is just as well that the British Post Office should know it, that we are not in favour of privately-owned wireless stations if we can do without them. I think that is a matter which ought to be under the



control of the State, and when I say the State I mean by the Empire at both ends, Britain at the one end and the oversea Dominion which ever it may be at the other end. I should like to think that something definite will be done in regard to wireless so as to give us and Australia an opportunity of making up our minds. Perhaps Australia has made up her mind; we have not, as to what is the best course to adopt, and as to the route over which the wireless shall go. So far as a wireless station in New Zealand is concerned I do not think there will be much difficulty in arranging for that. It is a matter of expense, and the money has got to be found whether we borrow it or find it out of revenue. I see no objection to the motions that have been moved, and I am quite prepared to support the whole three.

SOUTH AFRICA AGREES TO RESOLUTIONS (A) AND (C), BUT NOT CONCERNED IN (B)

Mr. BURTON: I do not think there is much for me to say. There are some matters connected with our communications with Great Britain that I think we shall be able to discuss with the Postmaster-General. I need not detain the Conference about those. He asked for an expression of our views in regard to the proposal that the Government station here should do the communication with our proposed South African station. I am afraid I cannot at the moment give him a definite answer about that.

Sir LAMING WORTHINGTON-EVANS: I am seeing General Smuts next week.

Mr. BURTON: That is all right, because I am not sure what the terms of our contract may be. Now as to the resolutions, I see no objection to (a) provided that it is clearly understood that any representatives of ours should be there merely in an advisory capacity.

The CHAIRMAN: Surely.

Mr. BURTON: And to assist the British Government with what information they can give, but not to bind us by any executive action of theirs at all.

The CHAIRMAN: That is clearly understood.

Mr. BURTON: (b) does not really concern us in South Africa. As to (c), is not that really only an example of what we are considering under another head, namely, the question of preference in contracts generally, and should we not let that stand over for consideration with the rest? We have that under consideration now. It is a question of preference in a contract.

Mr. AMERY: Is it not a little bit more than that? That wireless or a cable is of such strategical importance that it is essential that the Company that controls it or that deals with it should be British, from that point of view.

Mr. BURTON: Yes.

Mr. AMERY: That is in your own contract, of course?

Mr. BURTON: I have no objection to it really.

INDIA AGREEABLE TO RESOLUTIONS (A) AND (C), BUT NOT CONCERNED IN (B)

Mr. INNES: As regards the cable service I do not think India has at present much to complain of. I have a long memorandum here with which I will not trouble the Conference. From it I see that our postal and telegraph department in India is constantly examining such questions as the possibility of reductions in rates, the possibility of introducing week-end services, daily letter telegrams, which indeed have now been introduced, and so forth, and the general conclusion is that with our present system and with the prospect of an Indian wireless company which we are now considering, our needs are adequately met for some time to come.

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As regards wireless I am afraid India does not take quite the same view as New Zealand in regard to the agency with which a big wireless service should be worked. We have always taken the view that if possible we should entrust it to private enterprise, naturally imposing the most careful safeguards upon that private enterprise. Those are the lines upon which we are now working. I understand that the Government of India are now actually considering the question of placing a contract with a *bona fide* Indian wireless company to start a big wireless station.

As regards the resolutions to which you have referred, India does not appear to be in any way concerned with resolution (b), and I do not think that India will have any difficulty at all in accepting resolutions (a) and (c). That is all I have to say.

## PLEA FOR ENTRUSTING NEW WEST INDIAN CABLE TO PACIFIC CABLE BOARD

MR. ORMSBY-GORE: I hope that before the Conference terminates it will be possible to get the assent of the Governments of Canada, Australia and New Zealand to the proposal referred to by the Duke of Devonshire at the Imperial Conference the other day, to allow the Pacific Cable Board to work the new West Indian Cable. The Board will have to be reconstructed and given powers to do so by an Act of Parliament. We are now engaged upon drafting the Bill. The Bill will be ready next week and I will circulate it to the Governments concerned, and, if we could get your assent or your views on that before this Conference separates, it will save a great deal of time and a great deal of delay.

## CABLE COMMUNICATION MUST COME BEFORE WIRELESS IN WEST INDIES

With regard to what Mr. Graham said about wireless communication with the West Indies, our present experience of it has not been altogether happy. British Guiana had a cable; that cable has been broken for some time now, and it has been entirely dependent upon wireless, and the wireless has been somewhat irregular. Similarly, with regard to the wireless station in Jamaica; when I was going to Jamaica, we had to get within a hundred miles of it before we could communicate with it; owing to atmospheric conditions it has not been quite satisfactory. I am quite sure that cable communication must come first. Cable communication has been very bad hitherto, and I hope that this new cable, if it is entrusted to the Pacific Cable Board, will make a great difference to the rapidity and reliability of communication. The old cable, of course, went through foreign territory in communicating with the various Islands, which was very undesirable, and an all-British route is very necessary in that part of the world, for defence reasons and others, in the neighborhood of the Panama Canal.

If any development comes up in connection with the Pacific Islands, our High Commissioner in the Western Pacific would be very glad to communicate anything Mr. Bruce wishes us to press with regard to the Islands in the Pacific and the imperfections of wireless communication. I do not think there is anything else of general interest in connection with the Colonies that I need go into at this moment.

The Conference then adopted the following Resolutions:—

“(a) That representatives of the Dominions and India should be associated in the work of the Imperial Communications Committee when questions of interest to them are under consideration.

“(b) That in view of the fact that the Dominions interested in the Pacific cable have for a long time pressed for the provision of a State-

owned connecting link across the Atlantic, all possible support should be given by the Governments of the Empire to the State-owned Atlantic cable route which has now been provided.

"(c) That in any concessions given in the British Empire to private enterprise in respect of cable or wireless services (including broadcasting stations), preference should be accorded to British Companies of any part of the Empire."

The discussion of Wireless Communications was resumed at the Twenty-third Meeting of the Conference, held on the 9th November, 1923, as follows:—

Sir LAMING WORTHINGTON-EVANS: I have circulated a memorandum,\* which I expect the Conference has in front of it, which really is a short statement of the very recent history in regard to wireless, and I have had conferences with General Smuts and with Mr. Graham with regard to the proposals which are contained in this memorandum—that the Government station should communicate with South Africa and with Canada, leaving the other parts of the Empire to communicate with any stations put up by the Marconi Company. I understand that as far as both South Africa and Canada are concerned they consider, while it is their own business to make their arrangements within their own countries, either for Government operation or for operation through such licenses as they desire, it is the Home Government's duty also to make its own arrangements with regard to its own territory, and that provided they get a proper means of communication it is a matter of indifference to them whether it is a Government-owned station or whether it is a Company-owned station.

I gather that Mr. Graham agrees that I have recited what is the view of Canada and what is the view of South Africa. I understand that Mr. Bruce is not satisfied with that. I think it would probably be convenient if Mr. Bruce put his views before the Conference, and then, if I might be allowed, I might, perhaps, make a short reply and suggest a form of resolution which this Conference might agree to, if it so desired.

Mr. GRAHAM: The Postmaster-General has stated our position. We want an efficient service, and we are not particular how it is given to us at this end. It is largely your business to control wireless and everything else in your own territory.

The CHAIRMAN: Mr. Bruce.

#### AN IMPERIAL, NOT LOCAL, QUESTION

Mr. BRUCE: The Postmaster-General has indicated that although I have had conferences with him, I cannot, on behalf of Australia, take quite the same view that Canada and South Africa do. That being so, I think I ought to make it quite clear exactly where I stand, and how I view the position. Canada and South Africa have both taken the view that the question of wireless and of the operation of the stations to be established in Great Britain is a question for the British Government, and that that being so they do not desire to take any particular action. I, of course, entirely agree that local questions are matters for the consideration of the local Government, and in Australia we have always very strongly striven for our rights in that direction. But I venture to suggest that this particular question goes a little beyond that point. It is a very great Imperial question, and we have all been asked to come here, as the representatives of the different parts of the Empire, to consider questions which are of vital interest to the future not only of Great Britain but of all parts of the Empire. Holding such a strong view with regard to this question

\*I.E.C.(23)—57, printed on page 412

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of wireless, a view which is very fully shared in Australia, I am afraid I have to set out at some length exactly where we consider we have arrived. I need not deal exhaustively with the importance of wireless and the various questions connected with its extension and the provision of a really efficient Empire service; that was done very fully by the deputation we had here the other day from the Empire Press Union.

## POINTS VITAL TO AN EFFICIENT WIRELESS SERVICE

I desire, however, to put on record the points which appear to us to be vital to an efficient wireless service.

*(1) Necessity for Cheap and Rapid Communication.*

It is a fundamental principle, which has been accepted by this Conference, that it is vital to the Empire that we should have really cheap and effective communication, and to-day the rapidity of communication is, perhaps, the most serious consideration. In the matter of trade, unless we have really first-class rapid communication between the Dominions and Great Britain, many of the things that we have been attempting to do at this Conference will inevitably become impossible of accomplishment. At this time we have to direct our minds to all methods of communication, particularly those which offer the possibility of an improved service and a reduction of rates. Wireless appears to offer both those very desirable results. If we do not take the fullest advantage of this new method of communication, we are inevitably going to handicap our business men very seriously, in Great Britain and in the Dominions, as against their competitors.

*(2) Importance of Improved News Service.*

We have also to consider the position in connection with Press messages. Wireless is one method of reducing the distance that separates the Dominions from the Mother Country. There is no question but that, if we can provide a greatly increased service of well selected and interesting news we shall do a great deal towards getting a greater unity of thought throughout the Empire, and towards maintaining and promoting those close relations which we so much desire.

*(3) The Question in its Relation to Migration.*

Wireless has also to be considered in relation to migration. We are trying to move the surplus people of Great Britain into the outer Dominions in order to get a better distribution of our population. One of the greatest obstacles we are confronted with is the fact that migrants who contemplate going to Australia rather hesitate to do so because of the great distance and the feeling that they will completely lose touch with their old associations. Efficient and cheap wireless would go a long way to help. They would have a cheap method of communication, but possibly what is more important, they would have very full and regular news coming from the land which they had left.

*(4) The Defence Aspect.*

We have also the question of defence. Cables were a very effective method of communication in the past, but they can certainly be improved upon, and cables from the defence point of view have one very serious drawback, that they can be cut. We had experience of that in the war. Almost as soon as it broke out, we cut the German cable from America and reconnected it and used it for our own purposes. We have only got to visualize what might take place in any future war, if a temporary command of any part of the seas were obtained

by our enemies. Our communications with the outlying Dominions might be cut, with the result that the whole of our future efforts would be very seriously handicapped.

(5) *Need for Closer Consultation on Foreign Affairs.*

Then there is the question of foreign affairs. I do not want to go to any extent into the altered position of the Dominions and the new status they hold, but in all the Dominions there is a very strong feeling that if we are to be a part of the Empire, and are to bear any responsibility for its foreign policy, we must have a very much closer knowledge of everything that is happening. Many schemes have been put forward as to how that consultation can take place; but I think the considered opinion of everybody is that the problem can only be solved if we have improved communications which will enable us to be more closely in touch with one another. Wireless offers that opportunity, if it can achieve anything like what is claimed for it, and the one objection which has been urged against it, the lack of secrecy, is by no means certain to continue in the future. It is now claimed as the result of a recent invention, that it will be possible to get secret wireless communication between the different parts of the Empire.

(6) *Wireless Needed to Supplement Imperial Cables.*

At the present time, the cable communication between the different parts of the Empire is by no means satisfactory. Speaking here the other day I had to point out that with regard to the Empire-owned cable, there would be no use in reducing the rates at present, because the cable is already overloaded and cannot carry any further traffic; so that a reduction of the rate would probably only lead to greater congestion. We are faced at this moment with the necessity of considering whether we are going to duplicate that cable at great expense. It may be possible that, if we can press on with wireless, there will be no necessity to duplicate the cable. That is one reason why no delay should be permitted to take place. We have to ascertain whether wireless can be brought to the aid of the cable, and if it can, whether we are not freed from the necessity of going on with the proposal to duplicate the Pacific cable.

The case that was made out the other day by the Empire Press Union was a good case and an unanswerable one. At the present moment the cable service is inadequate, and consequently there must be a very serious limitation of the news that will flow between the different parts of the Empire, unless some action is taken.

(7) *Need for Dissemination of British News throughout World.*

In regard to wireless we have to consider our position in the world generally. Other nations are going ahead and sending far more news into other countries than we are in Great Britain. We have had instances given to us of the position in China, and most people will remember what Lord Northcliffe said when he made his world tour some two years ago. In dealing with the question of the East he said—

"I have seen German wireless messages tapped daily on the voyage. They are as misleading as the lies concerning Washington, Egypt and India during the war. Reports of the gloominess of British trade emanate apparently from the same mischievous minds as were operating in war time, and are equally dangerous, owing to the present uncertainties.

"The result, excepting half a dozen British-owned journals, is that a tone is rapidly increasing in the Eastern press inimical to England."



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That is a position that I don't think any of us wish to see growing up, and it certainly will have an effect upon our trade and upon our prestige and upon our general position in the world.

## THE EMPIRE FAR BEHIND FOREIGN COUNTRIES

From the point of view of Empire communications, from the point of view of development of the Empire (about which we have said so much at this Conference), and from the point of view of our position as one of the great commercial nations of the world, the problem appears to me to be one that cannot brook any further delay. It is very lamentable that we find ourselves in this position. Prior to the war we were far ahead of any of the other nations. It appeared that these developments were going to lie to a great extent in our hands, and that our position with regard to wireless in the future would be an almost unchallengable one. But the result has been very different. At the present moment we are very far behind other countries. We have very full information as to what our present position is, and I do not want to detain the Conference long by going into it. We know what other countries have done, and the number of stations that they have established.

## SUMMARY OF THE INTERNATIONAL POSITION

There is, however, a summary of the position which is very short, and which will be quite sufficient for my purpose. It is from an article by Sir Harry Brittain in the *Observer* of the 29th July, 1923. I am not vouching for the number of stations he gives; but even if they are not absolutely correct they are so nearly so that it does not make any difference.

The statement is as follows:—

"Summarizing shortly the information in a recent return, it showed that the United States of America possesses sixteen high-power stations, France four, and Germany and this country two each. But this summary does not accurately represent the position. The two stations possessed by Germany are far and away more efficient than either of the two possessed by this country. The Nauen station has an overall power of 800 k.w., and the Hanover station, 400 k.w. Great Britain only possesses a Post Office station at Leafeld, an arc station of 250 k.w. and admittedly out of date, and the Carnarvon station with an overall power of 340 k.w.

"The comparative position of the four Powers may, I think, be roughly summarized as follows, making allowance for efficiency:—

"The United States. . . . .	16
"France. . . . .	8
"Germany. . . . .	4
"Great Britain. . . . .	1."

I do not want to give any further details. I have a complete statement here showing what every country is doing, and a close examination of it shows that we are far behind the other countries of the world, and that the pre-eminent position which looked assured to us before the war has altogether disappeared.

## WAVE LENGTH: A SERIOUS FACTOR

There is another very serious factor in the case, and it is that every day it is becoming increasingly difficult for us to obtain the position we ought to hold. Long-distance wireless is dependent upon wave length. There is now an

arrangement by which wave length can be taken up for certain stations. The present position is that fifty-three wave lengths between 10,000 and 26,000 metres are already occupied or reserved. Almost every month new stations are erected and new wave lengths will be reserved, and if things are allowed to drift indefinitely, we shall probably find ourselves in serious difficulties, even on the question of wave length. However viewed, the wireless position does not look hopeful at the present moment.

All I have said is merely a very short summary of the invaluable work that wireless can do in regard to both Empire communication and international communication, and an attempt to indicate that the present position is very unsatisfactory from the point of view of the British Empire, which probably depends more than any other country in the world upon really efficient and cheap communication. But the subject is so important that anybody who is taking a serious interest in it ought to consider it in much more detail than I am able to do to-day; and a close study of the statement made by Dr. Donald on behalf of the Press Union the other day will give a great deal of very valuable information.

#### THE 1921 SCHEME: AN IMPERIAL WIRELESS CHAIN

Everybody remembers that at the Conference two years ago the Norman Report was considered, and the Conference adopted the proposal for 2,000-mile step stations to form an Imperial chain. Australia dissented from that scheme, and expressed the view that the question should be dealt with on the basis of direct communication over long distances. At that time long-distance wireless, on the basis of communication, for example, between Australia and Britain, was completely ruled out, and was considered outside the realm of practical politics.

#### PRESENT AUSTRALIAN SCHEME HELD UP OWING TO ABSENCE OF RECIPROCAL STATION IN GREAT BRITAIN

Only two years have gone, but to-day the position is completely changed, and the Post Office in Britain, and opinion generally, is convinced that direct long-distance wireless is possible, and is the system that should be adopted. Unfortunately the fact that two years ago the opposite view was taken has placed Australia in a most embarrassing position. We went forward believing in what we had stated at the Conference, and we have made arrangements to erect a station which will be capable of communicating direct with Great Britain. That station will be the largest in the world. It will have twenty towers of 800 feet each. We are committed to this great undertaking, but, owing to differences of opinion with which I have no concern at all, we are faced with the very serious possibility that we shall not have a reciprocal station in Great Britain that will satisfy our requirements. Naturally, therefore, we have to press very seriously that some settlement of the difficulty must be arrived at, to prevent our arrangements with regard to wireless being rendered inoperative, and the whole scheme of Empire wireless development being held up indefinitely.

#### THE ROUTE VIA CANADA

There is also another factor which I must refer to. In our scheme it was proposed, not only to put a reciprocal station in Great Britain, but also to have an alternate route through North America by means of a station in Canada, which would serve for direct communication between Canada and Great Britain, but which also would be employed as a connecting link for communication by

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the alternate route between Australia and Great Britain. So that Australia, at all events, is very interested in the situation with regard to Canada as well as the situation in Great Britain.

## THE THREE POSSIBLE METHODS OF DIVIDING THE TRAFFIC

The Postmaster-General's memorandum embodies three proposals, which he says are the three methods by which the situation can be dealt with. The first is "unrestricted competition under which both the Company's stations and the Government station would communicate indiscriminately with each of the Dominion stations"; the second is "a form of pooling arrangements whereby the traffic would be operated from one central control, and routed via the Government station or the Company's stations as the day to day requirements indicate, the revenue being pooled in proportion to the number of stations contributed by each party." The third is "a regional distribution under which the services with certain Dominions would be conducted via the Government station, and with others by the Company's stations."

## THE SCHEME OF REGIONAL DISTRIBUTION

The first two are at the present moment not under consideration. Apparently a parting of the ways has arrived with regard to both of them. The first one, of unrestricted competition, would not I think at first sight recommend itself to anybody, but I am expressing no views on the first two at the present moment. The pooling arrangement has apparently broken down, owing to the differences between the Marconi Company and the British Government, with which I have not the slightest concern. I have no interest in the Marconi Company or in the British Government. I have an interest in Australia and in the whole Imperial idea of a wireless system. We are therefore brought back to the fact that the third policy of regional distribution is the one that appears now to be under consideration.

## THE DANGERS OF SUCH AN ARRANGEMENT

Personally I see the gravest dangers with regard to any such arrangement, and my apprehensions arise from the position in which wireless in the world has arrived at the present moment. We have in Canada a private company which operates wireless there under license from the Government. That private company is contemplating the erection of new high power stations at Montreal and at Vancouver. It is a private company, and as such it is entitled I presume to hold any views it chooses. It is taking exception to being dependent solely upon a Government station. In what I am going to say now, I am not expressing my own opinions or views. I am merely trying to indicate what will quite possibly happen in the position in which we shall find ourselves. That Canadian company has views which may be summarized by saying it is not prepared to be dependent upon a station controlled by a Government for its reciprocal traffic from Great Britain; and, holding that view, it is saying that the whole position is at the moment quite different from what was contemplated when it talked of erecting the Montreal and Vancouver stations.

The Post Office proposal to allocate the Canadian traffic, under a regional arrangement, to the Government station here, does not in any way affect the Canadian company, provided that there is the same efficiency in the Government station as there would be in a privately controlled one, because the Canadian company is in the fortunate position that all messages that go from Britain to Canada would have to be received by the company, and all messages sent

from Canada to Britain would have to be sent by the company. They will get their share of the receipts or revenue, and they will handle all the traffic, whoever may be sending the messages to them. So that if they have a complaint, the only ground upon which they can base it is the assumption that under Government control the business will not be handled with the same efficiency, and that there will not be the same number of messages going through.

They can take up that attitude, and it is then open to them to say that they are not going to proceed with the erection of the stations at Montreal and at Vancouver. That I think would be a very lamentable thing from the point of view of Canada. It would certainly be a most lamentable thing from the point of view of Australia, because we want our reciprocal station in Canada at Vancouver for the service we are establishing. That I think is the position that we have to face. It is perfectly true that if that attitude were taken up by the Canadian Company it would be open to the Canadian Government to come in if they wished, and to say: We are going to erect both stations; we are going to take over the whole of the control of wireless. There is nothing at all to prevent Canada doing that. But I view with apprehension the interminable delay that would take place if anything of the sort had to be done. As to whether or not, in the event of the Canadian Company acting as I have suggested, it might be said that the Canadian Company were acting in conjunction with the Marconi Company, or holding somebody to ransom, I express no opinion. I do not know what their motives are. What I do say, is that there will be a very serious situation unless you can find some way out of the present trouble.

South Africa is in a somewhat similar position. South Africa has handed over wireless under a license to a company, which is now erecting a station there. That company may take the same view. Both Canada and South Africa may take the view that one British station operating with them will not fulfil their requirements. They may say, and I think it would be a very natural thing to say, that they must have an alternate route. Wireless, like cables, breaks down at times, and they might be left without any means of communication, and they are quite entitled to object to that.

There is also another consideration. It seems to me that Canada and South Africa might say: But whose messages are going to get precedence over this route? The reason why we objected to the 2,000-mile step station was that we knew inevitably our messages through to Britain would come in behind the messages from all the places along the route.

It seems to me that if only one station is provided for serving Canada and South Africa—it not being a matter for arrangement between Governments but for independent consideration by private companies, which are entitled to hold any opinion they like—we may find a most embarrassing situation arising, even to the point of the Canadian company winding itself up on the ground that the position is impossible, and the Government having to step in and erect its own stations, with the long delay that will occur and the intolerable difficulties that will inevitably arise with regard to patents.

#### AN ALARMING POSITION

That being the view that I take, I think the present position is a most alarming one, and it is one for which we have to find some solution. Otherwise the whole of the wireless position of the Empire is going to remain in its present unfortunate state, which is handicapping us as against all the other countries of the world. I hope it will be understood that I am stressing this question from a very real appreciation of the necessity of getting wireless com-

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munication throughout the Empire of the most efficient character, and also because Australia has been led into the present position by the actions of other people.

We went forward with our scheme of direct wireless communications, having been told that, as we could not agree to the proposed indirect method, we could find our own method of getting Empire communication. If, after we have gone ahead and involved ourselves in very serious liabilities, we are to be faced with the situation that all we have done has been perfectly useless, I think we have very legitimate grounds of complaint, and we cannot be accused of interference if we press our case strongly.

## ERECTION OF OTHER STATIONS IN GREAT BRITAIN A POSSIBLE SOLUTION

There is one possible sound and sane way by which the position as it now stands can be met. The British Government have decided that they are going to build a station. That is entirely their business, and we have nothing to do with it at all. But since they have decided to build a station, but have limited themselves to one station, I think, on behalf of Australia, I am entitled to say that there should certainly be licences issued for other stations to be erected in Great Britain. At the time when this station was announced, I communicated with the British Government and asked what their intentions were; and having heard what they proposed to do, I indicated that as far as Australia were concerned, we should not be satisfied to be dependent upon one British station for our communications. We recognized that there would be a great amount of ordinary propaganda going out from this station, in addition to the ordinary work of communicating with other parts of the Empire; and I think the British Government quite recognized that view, and did not take up the position that we should be content with one station.

## THE POOLING ARRANGEMENT EXAMINED

If there are to be other stations erected by outside enterprise, it seems to me that on only one sane basis can they be possibly conducted; and that is under the second of these alternatives, namely, a pooling arrangement. As I understand it, a pooling arrangement has been considered, but has broken down because of certain requirements that one side or the other are alleged to have stated to be essential. As to this I cannot think that it is impossible to arrive at an arrangement.

The main point, I understand, is that there must be some central point from which messages are to be despatched. With three stations operating, that would appear to be the intelligent way of handling the situation so that the traffic can be routed through whichever station is available at a particular moment. It being perfectly clear, I should imagine, to any intelligent person that it is necessary to have a central despatching point, then, surely, it is possible to come to some arrangement as to how that central despatching point is to be operated; and it certainly seems to me that the proper way to deal with that side of the question is, that if there are two stations, one privately owned and one Government-owned, the despatching and the operatives in the despatching centre should be provided half and half, with some arrangement as to the general control of the whole of the operatives. If it is one station against two stations, then one-third might come from the owner of the one station and two-thirds from the owner of the two stations.

Surely there is some method by which an arrangement of that character can be arrived at. Personally, I do not think that either one side or the other,



if there were three stations, would be entitled to demand that they should have the whole of the control of the despatching from a central office. It ought to be conducted under the general management of the people who are concerned in proportion to the stations they hold.

#### SUGGESTED ACTION IF A POOLING ARRANGEMENT NOT AGREED UPON

If a pooling arrangement cannot be arrived at, the position will be a very serious one, but it may have to be faced. If no arrangement can be come to with those people and companies who are interested in wireless, and with whom, incidentally, I am not at all concerned, it is essential that there should be the fullest publicity as to the position the two parties are taking up. There should be no shadow of doubt as to what the attitude of each of the parties is, and if the statements made by one party substantially differ from the statements made by the other, then some method should be arrived at by which the two points of view can be investigated by some quite impartial body, who will give the facts to the British people and to the whole of the Dominions as to where we are in the matter.

If we find the position is that some outside organization is taking up an utterly unreasonable and irreconcilable attitude, and is really trying to hold the Government to ransom, then it seems to me the Government must take very definite action. I do not know whether the British Government would be prepared to do it, but if the final necessity comes it is open to the British Government to erect all the stations that are required in this country. Personally, I think that would be a most unfortunate situation to arise; I can see innumerable difficulties with regard to patents and other rights; but, at the same time, I would never be a party to allowing some outside body to hold a Government to ransom, and I would certainly not use the pressure that perhaps Australia can bring to aid any persons to secure an arrangement which is not a fair and proper one, and one to which they are not entitled.

#### PUBLIC STATEMENT OF CASE IMPERATIVE

But it seems to me that no situation of that character need arise. It must be possible that a pooling arrangement can be arrived at on a satisfactory basis. It is imperative, however, that the whole case should be stated, and the fullest publicity given to it. If the facts cannot be arrived at by this means, then some impartial authority must be appointed to investigate the whole situation and give a clear statement of the facts. After the finding of such an impartial body, I do not believe that either a Government or any outside people would be able to resist the pressure that the whole of the people of Britain and the Dominions would put upon them, so that the future of wireless, which is so essential to the whole of our development, would not be allowed to be held up to enable a quarrel to continue, a quarrel which appears to be getting extraordinarily intense at the present moment.

I am sorry to have taken up so much time, but this matter is vitally important from Australia's point of view.

#### NEW ZEALAND AWAITING ACTION BY GREAT BRITAIN

Mr. MASSEY: I was just going to say, Sir Philip, that I look upon this matter of Wireless Communications as one of the most important that has been brought before this Conference during the present year. I have not referred to it outside except in very general terms. I understand some of the difficulties that have occurred. I say it is important, because I believe that there are pos-

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sibilities with regard to wireless which are yet undreamt of, and I believe that wireless is of more importance to us in the countries of the Empire that are farthest away from Europe than even to the countries within two or three thousand miles of Great Britain.

Now when the Conference met last time, two or two and a half years ago, it was understood at that time that wireless, when it became established, would have to be arranged by stages. The suggestion was put forward that probably the first stage would be Cairo; another station in India; another one somewhere between India and Australia and so on to New Zealand, if it became necessary for New Zealand to make its arrangements for getting its wireless in that way. What I mean is this: we have done practically nothing in New Zealand, because we have been waiting for some definite action from Britain itself. As soon as Britain lets us know what it is going to do then we can go on with our arrangements, but in the meantime we cannot do anything of very much value. That is what we are up against.

We have wireless stations, and I have always looked upon it as very important that we should control the wireless station at Samoa, which was German before the war, because it may become necessary for us as an alternative, to do what has been suggested by the Prime Minister of Australia, to have an alternative route across Canada. That may be necessary, and I do not mind in the slightest. All I want to know is this: when is the British Post Office going to make up its mind; when are they going to tell us they will be able to transmit messages to New Zealand, or if not to New Zealand to some intermediate centre? And then we can go on with our arrangements, and there will be no avoidable delay so far as we are concerned.

## NEW ZEALAND IN FAVOUR OF EMPIRE CONTROL

As to the question between Empire control and control by private individuals or even by a public company, I have no hesitation in saying that so far as that question is concerned, I stand for Empire control. I think that the system of Empire wireless, when it comes, ought to be under the control of the different countries of the Empire; that we shall be able to make a satisfactory arrangement between the different countries for that purpose I do not doubt.

Like other members, I know something of the wire-pulling that has been going on and the propaganda that has been in circulation. I do not stand for that sort of thing. I realize the dangers in any private control of wireless. If it came to war-time, one never knows what is going to happen. I do not think any Government would hesitate for five minutes as to whether they would take over the control of wireless during a war period or whether they would not. Personally, I would not hesitate, and I do not think there is anybody in Britain who would, but we have to understand where we are, and I want to have a conversation with the head of the Post Office on this subject before I leave England. I am not going away for a few weeks, because I have a great many matters to attend to, but there is no doubt in my mind that if wireless develops as it has developed in the last year or two, it is going to be cheaper, and much more satisfactory and efficient than the cable. That is my opinion. I am not finding any fault with the cables; we have had, on the whole, a good service by cable and one which might continue for a very long time to come, but the other is one we should take advantage of.

## IMPORTANCE OF AN EARLY DECISION

I do not like the idea of the nation to which we all belong falling behind in wireless or in anything else. I do not think it pays us to do it. We have to

take advantage of improvements and inventions as they come along. There is time for it if the authorities here, the people at the head of affairs in England, will only bestir themselves and make up their minds as to what they are going to do, and if they do make up their minds, other countries like New Zealand will be able to do what is best under the circumstances. And I say again, there is no delay as far as we are concerned, whether Britain will be able to communicate direct to us or through Canada, as it has been suggested just now, and which I think very likely will be the case. That is all I wish to say, Sir Philip.

The CHAIRMAN: I think, Postmaster-General, it would be convenient as we have taken it in this way to hear anybody else, if they have any points to raise. Sir William, I gathered yesterday that Mr. Burton said he was in agreement with the Post Office generally?

#### SOUTH AFRICA SATISFIED WITH BRITISH SCHEME

Sir WILLIAM MACINTOSH: Yes, we are in agreement with what has been said by the Postmaster-General. We, as you know, have taken our own individual line and have entered into a contract, and that being the position, we do not consider we have any status to interfere with anything that you might wish to do on this side, unless we had reason to suppose there would not be an efficient service. We are asked to assume—of course, we have had a good deal of pressure put on us by the Marconi Company—we are asked to assume that the service by the British Government will not be efficient, and will not be early brought into operation. We are not prepared to assume that. We have had an assurance from the Postmaster-General that the Rugby Station will be ready more quickly than any stations that Marconi's could possibly put up if they started one right away, and that there will be a fully equipped and fully efficient service. With that, of course, we must remain content. I would like to say that from the point of view of a company that has entered into a contract to put a large sum of money into our country, one cannot help having a certain amount of sympathy with them when they say the competing cable people are free to work the thing from both ends, and they will only have their one end, and, therefore, it will not be so easy for them to make it pay—there will be a possibility that it will not pay. After all, that is not our concern. We have had an assurance from the Post Office and with that we remain content.

#### EXAMPLES OF THE DANGERS OF PRIVATE MONOPOLY

Sir PATRICK McGRATH: Mr. President, if I intervene in this discussion it is merely because I want to emphasize the danger of creating a private monopoly in wireless telegraphy. In this, as in the matter of Preference, which we discussed a few days ago, Newfoundland furnishes a "horrible example."

The original submarine telegraph cables were laid across the Atlantic from Newfoundland to Ireland over sixty years ago. They were laid under a charter from the Newfoundland Legislature, which gave the Company—now known as the Anglo-American Telegraph Company—a fifty years' monopoly. Some twenty years later, another company was established, and tried to lay a cable into Newfoundland and break the monopoly. The cable was actually laid into Conception Bay, but the Anglo Company obtained an injunction from the Supreme Court, and the other company had then to lay its cable to the mainland of Canada. Another twenty years, and the question arose of establishing telephones in Newfoundland, when the Anglo Company intervened again, and successfully maintained its claim that telephony was a branch of telegraphy and covered by its monopoly. The third development was in 1901, when Marconi

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attempted to get wireless signals across the Atlantic. Knowing of this monopoly, he gave out that he was seeking to communicate with steamers in mid-ocean, which, indeed, he was, but he was also trying to pick up signals from Poldhu, in Cornwall, at St. John's, and, after a week's tests, he announced to the world his success in this. I may say that it was through me, being a journalist, the announcement was made and that I heard the signals at the time. As soon as the world was made aware by Marconi of what had happened, the Anglo Company again obtained an injunction to restrain him from further experiments, and he had to pack his bag and "clear out," as the Americans say.

What detriment resulted to the progress of cabling from the exercise of this monopoly, I cannot of course say, but it is significant that within a few days of the expiry of the monopoly in 1904, all the "English-speaking" cable companies working across the Atlantic, cut their cables on the Grand Banks and brought them into Newfoundland, where they established stations, and, as a result, they increased the efficiency of their lines, according to their own claims, about 33 per cent.

When the Marconi Company in turn established themselves in Newfoundland, they also sought and obtained exclusive privileges, and our Government found that when it wanted stations established on the Labrador Coast for the convenience of our fishermen, who resort there every summer, they could only be established by arrangement with the Company.

Another danger of monopoly arises from the present situation of the English-speaking transatlantic cable companies. The Commercial Cable Company, a purely American concern, is operated from New York; the Western Union, another American concern, has recently absorbed the Anglo-American, and this combination is also operated from New York instead of from London as previously. The "Direct" Cable was included in this group, but a few years ago was purchased by the Imperial Government, to serve as a unit in an Imperial Telegraph service to girdle the globe, but of course it can only carry a fraction of the traffic.

The Empire is thus faced with the contingency that its transatlantic cable facilities may at any time pass under foreign control. An evidence of the danger of this is afforded by the experience of the Western Union Cable Company some three or four years ago, when they tried to lay a cable from Miami, in Southern Florida, via the West Indies, to South America, in conjunction with some British cable company, and because of pressure from American cable interests, the American Government intervened, and by the use of warships forcibly prevented the laying of this cable until the company accepted the terms dictated by the authorities at Washington.

All of these circumstances seem to me to point the moral that in this matter every step should be taken to prevent a private monopoly being created in so important a service as wireless telegraphy is likely to become in the future relations of the different portions of the British Empire.

## EARLY SOLUTION OF VITAL IMPORTANCE

Mr. INNES: As far as India is concerned, Sir, we accept absolutely the statement in the last paragraph of the Postmaster-General's memorandum, namely, that the policy to be adopted in this country is entirely a matter for His Majesty's Government; but India hopes that in the near future we shall make a real advance in the construction of a big high-power station, and I do hope that when that station is in operation we shall not be held up by the lack of adequate reciprocating arrangements in this country. I should, on general Empire grounds, like to associate myself with what the Prime Minister of Aus-

tralia has said, namely, that it is a matter of vital importance that some solution should be found of the difficulties which have already held up this very important matter in this country.

Sir LAMING WORTHINGTON-EVANS: Mr. President, I think there is a general agreement amongst all of us as to what Mr. Bruce said about the necessity for better communication throughout the Empire, whether it be of news, whether it be for the migrants, or whether it be to supplement the cable service, and I entirely agree with him that we are behindhand as an Empire in wireless communications, and it is essential that leeway should be made up, and that there should be a really efficient and effective inter-communication throughout the Empire by wireless. Up to that point, we are absolutely all agreed, but when we have said that, we have got to consider the means by which that service can be obtained.

#### PROGRESS OF BRITISH GOVERNMENT STATION

Perhaps I may say just one or two words about Mr. Bruce's statement with regard to the Australian position. He says that Australia is now putting up a station of 20 masts of 800 feet each, and the danger he fears is that there will be no reciprocal station in Great Britain. I have informed the Conference that as far as the British station is concerned the land is purchased, the designs are made, the masts are ordered, and I am assured that, by the end of next year, that station will be erected. I think it will be erected probably within twelve months.

#### THE NEGOTIATIONS WITH THE MARCONI COMPANY

Now, there are well-known difficulties in coming to an agreement with the Marconi Company. I thought we had come to an agreement in July last. I announced an agreement, or the main heads of an agreement, in the House of Commons in July last, because at that moment, after negotiation with the Marconi Company, we had settled what seemed to be all the main heads of the Pooling Agreement. The Pooling Agreement amounted to this, that the Government should put up one station, that the Marconi Company should have licenses to put up two stations, and from all those three stations there should be communications with the Empire, controlled by one controlling hand who would route the messages as the requirements of the traffic and of the various other stations of the Empire indicated.

The course of negotiation was that the Marconi Company claimed that the operating should be done from Radio House by the Marconi Company. We pointed out that that was not desirable; that the operating ought to be done by the public authority, by the Post Office, although the technical management of each station would remain in the hands as to the two stations, of the Marconi Company, and as to the one station, of the Government; but the actual operating and routing of the messages should be done by one central authority at the Post Office; they already do it to a large extent in other wireless work, and it is a matter of common routine work.

At first Marconi's objected; they afterwards agreed. They first made the proposal that Mr. Bruce has made to-day, namely, that part of the employees should be Post Office employees and part of them Marconi employees. That was their proposal. We examined that with a desire to meet them, but the terms of service of Government employees and the terms of service of private companies' employees are so different that you could not get them working alongside each other under any ordinary form of supervision. We pointed that out to the Marconi Company.



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The Marconi Company then withdrew that proposal and said: "Well, we will agree to your doing the operating, provided that we can have someone in your Office to watch the working of the business." We accepted that at once, and I said: "Yes certainly, you are entitled to that; you are entitled to two-thirds of the receipts and you are entitled to see that the business is properly managed. By all means we will welcome your man in the Post Office for that purpose." That was in July. It seemed to be entirely agreed. Negotiations on minor details, the actual drafting of the agreements, went on between the Post Office and the Company.

## THE BREAKDOWN OF THE NEGOTIATIONS

But in September last Mr. Godfrey Isaacs came back and said that he had been considering the matter and had come to the conclusion that he could not raise the money on the footing that the control of the operating was to remain with the Post Office. I pointed out to him that this was a complete *volte face*, that he had already come to an agreement on these matters. He said he was sorry about that, but that was his decision and he could not go on. I was then thrown back from the pooling of what is known as regional distribution.

## DIFFICULTIES OF REGIONAL DISTRIBUTION NOT LIKELY TO BE SERIOUS

I do not think that the difficulties of regional distribution are likely to be serious. Mr. Bruce fears that the Marconi Company may refuse to consider regional distribution, and that, therefore, he may lose his alternative route. He thinks that the Marconi Company may refuse to put up the stations in Canada.

MR. BRUCE: No, no.

SIR LAMING WORTHINGTON-EVANS: Of course they may.

MR. BRUCE: That is not the point I am making at all. I am assuming that the regional agreement is accepted. Supposing it were accepted, then I say that the Canadian Company might refuse to put up two stations they are talking of in Montreal and in Vancouver. I am not saying it is right. Please understand me. I am merely putting what may happen.

## PRESSURE EXERCISED BY MARCONI COMPANY

SIR LAMING WORTHINGTON-EVANS: That would be a form of the pressure brought to bear upon us by the Marconi Company. When you talk of "the company", or when South Africa talks of "the company", we have got to remember that it is the Marconi Company all the time; they are all of them, directly or indirectly, controlled by the one hand, which can tell the Canadian Company; "Well, you had better say that if the regional distribution is accepted we shall not go on with the Canadian stations". That is a form of pressure which is being brought to bear upon us now, and if I may speak quite freely, we have either got to give way to that pressure, in which case you have got a monopoly in the hands of the Marconi Company, or we have got to resist that pressure. If the Marconi Company declare their policy to be that they will not put up stations in any part of the Empire unless they are given a free run throughout the Empire we shall know where we are, and we shall understand that nothing short of what would in practice, if not in form, be a monopoly, will satisfy them.

## THE PRESENT OFFER TO THE COMPANY

Now the offer which I have made to the Marconi Company, and which they have not yet refused, is that we will put up our Government station for communication with South Africa and Canada, and they can put up two

stations for communication anywhere else in the Empire. They have not refused that. What they have been doing is to put pressure by propaganda upon all of you, because each one of you has admitted, each one of you has said, that, while not influenced by it, attempts have been made to enlist your sympathies and your advocacy on the side of the Marconi Company.

MR. BRUCE: Might I just interrupt? I must say, in fairness to the Marconi Company, that they have not tried to influence me. I sent for Mr. Godfrey Isaacs myself, and had about half an hour with him, and I sent for him again. They have not approached me.

SIR LAMING WORTHINGTON-EVANS: The real point we have to consider is, are we prepared, or are we not, to give a virtual monopoly of wireless communication to one company. That is the question.

MR. MASSEY: There can be only one answer to that question. It is in the negative.

SIR LAMING WORTHINGTON-EVANS: I know your answer, and I think I know Sir Patrick McGrath's answer from what he has said. He has had a peculiar experience of monopoly and litigation, and I am sure he does not want to repeat it in wireless.

#### GOVERNMENT OR PRIVATE MONOPOLY ALIKE UNDESIRABLE

Now I do not believe that this question is insoluble. I believe that the Marconi Company will recognize that either the pooling arrangement or the original allocation is a fair offer on the part of the Government and that a monopoly is out of the question. I believe that will happen. If it does not happen, the British Government will have to consider whether it should not put up further stations. That is the alternative. As we stand now, we have a super-station going up with twelve masts. It may be that that station could be extended, or another station would have to be put up, but I do not want either a monopoly in a private firm or in the Government. I should prefer to see the two working together; I believe there is a quite unknown, quite unrealized, almost unimagined, development still to come in wireless; and I want the two agencies, the Government service as well as the private enterprise, to combine for the purpose of securing for Great Britain and the Empire the very, very best service that can be got.

After further discussion, Mr. BRUCE proposed:

"That this Imperial Economic Conference affirms the importance of establishing as quickly as possible an efficient Imperial Service of Wireless Communication, and is of opinion that the several Governments of the Empire should take immediate action to remove any difficulties which are now delaying the accomplishment of this, while providing adequate safeguards against the subordination of public to private interests."

This was carried unanimously.

## CABLE AND WIRELESS COMMUNICATIONS OF THE EMPIRE

MEMORANDUM BY THE POST OFFICE (I.E.C. (23)—7)

## I.—GENERAL DESCRIPTION OF EXISTING CABLE ROUTES

Two main sets of routes start out from Great Britain:—

- (a) The trans-Atlantic routes, and
- (b) The Eastern system of cables—which between them serve practically the whole of the British Empire.

(a) *Trans-Atlantic Routes.*

There are fourteen cables between the British Isles and North America, some landing (this side) in the Irish Free State and the rest in Cornwall; and all landing on the other side in British territory—either in Newfoundland or in Canada—though many of them are extended by shorter sections to the United States.

Two of these trans-Atlantic cables, the "*Imperial Cables*," are owned by the British Government. The other twelve cables are all worked, and most of them also owned, by American companies.

Both the Imperial Cables are worked direct between London and Halifax. They both land near Penzance (Cornwall); but they are laid by different routes, one having a relay station at Harbour Grace (Newfoundland), and the other at Fayal, in the Azores. (Further information concerning the Imperial Cables is furnished in Section II.)

Besides serving Newfoundland and Canada and forming a link in the westward route to Australia and New Zealand, the trans-Atlantic cables connect at Halifax with the cables of the Halifax and Bermuda and Direct West India Companies (two affiliated British companies), which provide an all-British route via Bermuda and Turks Island to Jamaica, where it joins the West India and Panama Company's system. They also connect with the latter system through the medium of the United States land lines (owned and worked by American companies) and cables from Florida to Jamaica via Cuba.

These systems also serve British Guiana by wireless from Trinidad.

Australia and New Zealand are served by two routes: (1) by the Pacific Cable, which is owned and worked by the Pacific Cable Board (representing the British, Canadian, Australian, and New Zealand Governments) and runs from Bamfield (Vancouver) to New Zealand and Australia via Fanning and Fiji, being connected with the Imperial Atlantic Cables by means of a landline between Halifax and Bamfield leased from the Canadian Pacific Railway; and (2) by the cables of the Eastern and Associated Companies.

(b) *Eastern System.*

This important system is owned by the Eastern Telegraph Company and its Associated Companies. There are seven cables starting from Porthcurno (Cornwall), of which one lands in Spain, two in Portugal, two at Gibraltar, one at Madeira, and one at the Azores. The Iberian routes are extended through the Mediterranean via Malta to Egypt, and thence down the Red Sea to Aden. There they separate, one route running to East and South Africa (see below) and the other to India, Ceylon and Singapore, and thence via the Dutch East Indies to Australia and New Zealand.

The cable to Madeira forms the first link in a second chain to South Africa, which runs via St. Vincent, Ascension and St. Helena, with branches to the West African Colonies. From South Africa it is extended across the Indian Ocean, so as to form a second route to Australia.

The cable to the Azores serves South America (via St. Vincent and Ascension).

It should be mentioned also that the Indo-European Telegraph Company have a system of land lines which before the war provided an alternative route to India, via Germany, Poland, Russia and Persia, being connected with Great Britain by means of leased wires in the Anglo-German Government Cables. This system has been repaired since the war, but is not yet worked for through traffic.

#### II.—IMPERIAL CABLE SERVICE

The Imperial Cable No. I was formed by the diversion during the war of one of the Emden-Azores-New York cables, the eastern section being diverted to Penzance and the western section to Halifax. The cable thus formed was brought into use in July, 1917.

Under the Treaty of Versailles, Germany renounced all rights to these and other cables in favour of the Principal Allied and Associated Powers. The allocation of the cables has been discussed by the Powers, but an agreement has not yet been reached. The British claim, however, to retain the Imperial Cable has not been seriously challenged.

The Imperial Cable No. II was formerly the property of the Direct United States Cable Company, who had leased it the Western Union Company. The latter company terminated the lease; and the British Government purchased the cable in November, 1920. In November, 1922, it was diverted from Ireland to Penzance, in order that it might be worked side by side with the Imperial Cable No. I.

The Imperial Cables cater specially for traffic with the Dominions. The service, as above mentioned, is worked in close connection with the Pacific Cable Board's service to Australia and New Zealand. The Board work the Halifax station on a repayment basis, and look after the interests of the Imperial Cables generally in Canada. Australasian traffic is sent over a special line leased from the Canadian Pacific Railway, which is worked by the Board direct between Halifax and Bamfield, the terminus of the Pacific cable. West Indian traffic is sent from Halifax by the British cable route via Bermuda.

The Imperial Cable Service re-established the deferred rate to Canada a considerable time before the Cable Companies did so, charging the pre-war deferred rate of 4½d. to Eastern Canada, whereas the Companies, on reintroducing their deferred service, for some time charged 6d. a word, although they eventually came into line. The Imperial Service was also the first to introduce a 3d. Night Letter Telegram rate to Eastern Canada. For some years past the Week-end Service to Australia and New Zealand at quarter rates has been provided by the Imperial-Pacific route only. The Imperial Service alone has restored the deferred press rate to Canada at 2½d. a word, and the Imperial-Pacific route alone has restored the deferred press rate to Australia and New Zealand at 4½d. a word.

The Dominion Governments frequently in the past pressed proposals for the establishment of a Government Atlantic cable route, and now that such a route is available—and is the only trans-Atlantic cable route under purely British control—an appeal can be made with confidence to those Governments to give it their full support by arranging (as most of them do) for the transmis-

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sion of all Government traffic over the route, and in any other way that may be open to them.

The position of the Imperial Cable Service as regards exchange of traffic with the Canadian National Telegraphs is not, however, altogether satisfactory. When the Imperial Cable No. 1 was first brought into operation, the Canadian Pacific Railway was the only organization in a position to supply a connecting wire to Montreal, and it demanded, as a condition of doing so, an exclusive arrangement for dealing with traffic passing over the cable for Canada. This arrangement cannot be terminated until next year, and only then on payment of a substantial penalty. With some difficulty arrangements were recently made with the Canadian National Telegraphs for the acceptance of traffic in Canada for transmission by the Imperial Cables; but when these arrangements came to the knowledge of the Canadian Pacific Railway Company it claimed that they were contrary to the spirit of the agreement with them; and although this contention is not admitted, the arrangements with the National Telegraphs have not yet been brought into operation.

## III.—PACIFIC CABLE: PROPOSED DUPLICATION

*The Pacific Cable Board* have for some time been considering proposals for the duplication of their route. The need for duplication is most urgent on the longest (and therefore slowest) link between Vancouver and Fanning Island; but it has been decided to postpone the laying of a new cable between these points and between Fanning and Fiji, partly on account of the very high cost and partly because of the prospects that a system of "loading" long-distance submarine cables may soon be perfected which would considerably increase the carrying capacity. Experimental tests are, however, being carried out in connection with the adoption of wireless transmission as a second means of communication between Vancouver Island and either Fiji or Fanning Island.

As regards the southwestern links of the cable (south of Fiji), the four partner Governments have agreed to lay cables between Auckland and Suva and between Sydney and Southport; and contracts for the manufacture and laying of these cables have been placed. The date specified for the completion of the work is August, 1923.

## IV.—WEST INDIES SERVICE

An Agreement was made in 1914 between the Imperial, Canadian and West Indian Governments and the West India and Panama Telegraph Company providing for a large reduction in cable rates to the British West Indies in return for subsidies of £8,000 a year each from the Imperial and Canadian Governments, and of £10,300 a year from the various Colonies, making a total of £26,300 a year. The period was for ten years, expiring on the 30th September, 1924.

The Company's financial position has been steadily getting worse, and for some time past there has been serious risk that they would go into liquidation. They were given permission a few months ago to increase the rates between Great Britain and the British West Indies (excluding Jamaica) from 2s. 6d. to 3s. a word, the corresponding rates from the first zone of Canada and the United States being increased from 1s. 6d. to 2s. a word.

Recently an Inter-Departmental Committee has been considering the arrangements to be made on the expiration of the Panama Company's Agreement in September, 1924, and has recommended a scheme under which a new cable would be laid between Turks Island and Barbados, with branches from



Barbados to Trinidad and Georgetown (British Guiana), while the smaller British islands in the Leeward and Windward groups would be served by wireless from Barbados. With the approval of the Cabinet, tenders have been obtained for the provision and laying of these cables and for the construction of wireless stations, and these tenders are now under the consideration of the Governments concerned.

#### V.—EASTERN SYSTEM

For some time after the war there was serious delay on the Eastern and Associated Companies' cables, owing mainly to the growth of traffic and to the closing of the Indo-European Company's route to India via Germany and Russia and the Great Northern Company's route to the Far East via Siberia.

The Eastern Companies laid a new line of cables to Singapore in 1920; and they have recently completed a second line of cables to the Straits Settlements via Alexandria, Aden, Seychelles and Colombo. The opening of these cables has effected a substantial improvement in the service, which is now within measurable distance of its pre-war efficiency. Some relief has also been afforded to the Eastern system by the reopening of the Great Northern Company's route across Siberia, and further relief will be afforded when the Indo-European Company's service between this country and India is reopened.

In connection with the laying of the above-mentioned second line of new cables (costing approximately £3,000,000), the Associated Companies asked that their landing rights should be substantially extended. Careful consideration was given to this request by the Imperial Communications Committee and by the South African and Indian Governments, and eventually it was agreed to extend the licenses until the end of 1944. The conditions were substantially the same as those already in force (including the control of rates, half-rates for Government telegrams, etc.), with the addition of a clause providing that, if the State should at any time desire to expropriate the Companies' system (or a part thereof which would leave the Companies with a self-contained system) it should be free to do so, and that, failing agreement in regard to terms, the Companies should not oppose in principle a Bill promoted in Parliament by the Postmaster-General for the compulsory purchase of the cables in question.

#### VI.—RATES

A statement is attached showing the principal cable rates in force in 1908 and at the present time.

The Eastern Company reduced their rate to South Africa from 2s. 6d. to 2s. a word in December, 1919, and made corresponding reductions in the rates to British West Africa and British East Africa. Further, in connection with the recent extension of their landing rights, they have agreed to examine the possibility, when the capacity of their cable system has been increased, of making a reduction in the rate to the Straits Settlements (2s. 10d.) and in certain local rates between British Possessions in regard to which anomalies exist. They also agreed to restore the Week-end Services which were in operation on their system before the war as soon as traffic conditions permit. As shown in Section V, the delay on the Eastern system has been considerably reduced, and it seems probable that the Companies will be in a position to restore the Week-end Services before long.

The Australian Post Office have the right, under an agreement with the Eastern Extension Company, to require that company to reduce the rate between the United Kingdom and Australia from 3s. to 2s. 6d. a word, the company bearing a reduction of 5d., and the Australian Administration (which charges a terminal of 5d. a word even on traffic which is collected or delivered

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by the company or the Pacific Cable Board) reducing their terminal from 5d. to 4d. If this reduction had been made, a similar reduction would have been made on the Imperial-Pacific route. The Australian Administration decided, however, than in view of the pressure on the cables, the question of reducing the rate should be deferred. It is presumed that this question will be revived in the near future, especially if a wireless service is established.

It should be added that all recent licenses to British companies have provided for the control of rates. This takes the form of a clause providing that the company may not increase existing rates without the Postmaster-General's consent, and that if the Postmaster-General calls upon the company to reduce their rates and no agreement can be reached the question is to be referred to the Railway and Canal Commission, which shall have power to fix the rates.

CABLE RATES IN 1908 AND 1923

Place	1908			1923				
	Ordinary	Press	Ordinary	Deferred	Night Letter	Week-end	Press	Deferred Press
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Australia.....	3 0	1 0	3 0	1 6	.....	0 9*	0 7½	0 4½†
Canada (Eastern).....	1 0	0 5	1 0	0 4½	0 3*	0 3*	0 3½	0 2½‡
Newfoundland.....								
India.....	2 0	1 0	1 8	0 10	.....		0 4	
New Zealand.....	3 0	1 0	2 8	1 4	.....	0 8*	0 7½	0 4½†
South Africa.....	2 6	1 0½	2 0	1 0	.....		0 3½	
British East Africa....	2 6	1 0	2 3	1 1½	.....		0 3½	
							to	
British West Africa....	3 6	.....	2 6	1 3	.....		0 6½	
	5 0	to	3 0	to	.....		0 11	
	to		to	to	.....		to	
British West Indies....	3 0	.....	2 6	1 3	.....		0 8½	
	to		and	and	.....		to	
	5 1		3 0	1 6	.....		1 0½	

\*With minimum of 20 words.

†Imperial Pacific only.

‡Imperial only.

## VII.—IMPERIAL WIRELESS SCHEME

In 1919 the Imperial Government authorized the completion of the stations of the original Imperial chain in England and Egypt, the mast of which had already been erected. These stations were intended to form the first link in any larger Imperial scheme. The Oxford station was completed in August, 1921, and the Cairo station in April, 1922, and a regular service between the two stations was opened at the beginning of May for the transmission of traffic between Great Britain on the one hand and Egypt, Palestine, Syria, Abyssinia, Erythrea and Italian Somaliland on the other. Steps are being taken for the inclusion of Mesopotamia, Aden and other places in these arrangements.

The Oxford station is also used for—

- (1) the broadcasting of British official communiqués;
- (2) the transmission of long-distance radio-telegrams and news messages to ships at sea;
- (3) the transmission of press messages—
  - (a) to Halifax (Nova Scotia) for Canadian and American newspapers;
  - (b) to India.

In connection with the Halifax service, remarkably successful results have been achieved. The number of words transmitted nightly averages about 5,000, but as many as 12,000 words a night have been dealt with in an emergency.

In November, 1919, the Government appointed a Committee, known as the Imperial Wireless Telegraphy Committee, under the chairmanship of Sir Henry Norman, to prepare a complete scheme of Imperial wireless communications in the light of modern wireless science and Imperial needs. In June, 1920, this committee submitted a report, which was subsequently approved by the Imperial Government subject to the concurrence of the dominions, recommending that a chain of Imperial stations should be erected in England, Egypt, East Africa, Singapore and Hong Kong by and at the cost of the Imperial Government, and in India, Australia and South Africa by and at the cost of the governments concerned. In pursuance of the committee's recommendations, the Government at the end of 1920 appointed a Commission of Experts, which in December, 1921, submitted detailed plans and specifications for the construction of the stations.

The scheme of the Imperial Wireless Committee did not, however, receive support from the Dominion Governments. A strong feeling grew up in Australia, South Africa and India in favour of direct communication without the use of intermediate stations; it was also decided by the Commonwealth and Union Governments to entrust the erection of their stations to private enterprise, representing Marconi interests.

In these circumstances, the situation was reconsidered in July, 1922, and the Imperial Government decided to proceed with the erection in England of a station of the ultimate power contemplated by the Expert Commission (instead of the smaller power, which they had proposed should be used in the first instance) with a view to the provision of direct commercial communication with India, South Africa and Australia. They also offered to erect a station in India, to be worked by the Indian Government, capable of direct communication with England, South Africa and Australia. As a corollary of this decision, the proposed second station in Egypt and the station in East Africa were definitely deferred, and the question of the provision of stations at Singapore and Hong Kong was held over for further consideration.

This was the position when Mr. Bonar Law's Government came into power. The new Cabinet reviewed the question afresh and ultimately decided that in view of developments in the science of wireless telegraphy and other circumstances which had arisen since the late Government decided upon the policy of a State-operated wireless chain, it was not necessary any longer to exclude private enterprise from participation in wireless telegraphy within the Empire, and that licenses should therefore be issued for the erection of wireless stations in this country for communication with the dominions, colonies and foreign countries subject to the conditions necessary to secure British control and suitable arrangements for the working of the traffic.

At the same time the Cabinet decided that it was necessary in the interests of national security that there should be a wireless station in this country capable of communicating with the Dominions and owned and operated by the State. A station of this kind will therefore be erected as early as possible, and will be available for commercial traffic as well as for service messages.

These decisions are now being acted upon. The terms of the license to be granted to the Marconi Company are being considered by the departments concerned.

#### VIII.—SUGGESTIONS

It is suggested that the following proposals should be put before the Imperial Economic Conference:—

- (a) That representatives of the Dominions and India should be associated in the work of the Imperial Communications Committee when questions of interest to them are under consideration.

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- (b) That in view of the fact that the Dominions interested in the Pacific cable have for a long time pressed for the provision of a State-owned connecting link across the Atlantic, all possible support should be given by the Governments of the Empire to the State-owned Atlantic cable route which has now been provided.
- (c) That in any concessions given in the British Empire to private enterprise in respect of cable or wireless services (including broadcasting stations) preference should be accorded to British Companies.

*April, 1923.*

## IMPERIAL WIRELESS SERVICE

MEMORANDUM BY THE POSTMASTER-GENERAL (I.E.C. (23)—57).

The Government decided in March last, in view of the policy adopted by most of the Dominions of licensing private companies to construct their wireless stations, that as regards the communicating stations which would be required in Great Britain—

- (a) The Government themselves would provide one station.
- (b) They would license the Marconi Company to provide such other stations as are immediately needed, subject to suitable traffic arrangements being made between the Government station and the Company's station.

There appeared to be three possible means of dividing the traffic—

1. Unrestricted competition, under which both the Company's stations and the Government station would communicate indiscriminately with each of the Dominion stations.
2. A form of pooling arrangement whereby the traffic would be operated from one central control and routed via the Government station or the Company's stations as the day-to-day requirements indicate, the revenue being pooled in proportion to the number of stations contributed by each party.
3. A regional distribution under which the services with certain Dominions would be conducted via the Government station, and with others by the Company's stations.

1. The policy of unrestricted competition would be practicable, though uneconomical, if two services with independent stations at each end (and therefore two distinct lines of communication) were established with each Dominion. But with a single station in each Dominion under Marconi control the whole of the inward traffic to Great Britain would be routed to the Marconi stations in England, while the Post Office distributing organization in Great Britain would probably enable the bulk of the outward traffic to be transmitted via the Government station. A system under which a single station in each Dominion was in communication with two competitive stations in Great Britain could not be satisfactory or economical; and there would be great difficulties in handling acknowledgements, repetitions, &c., of messages transmitted from the Government station in Great Britain which would have to come back via Marconi channels.

2. A pooling arrangement was originally proposed by the Marconi Company and the principal heads of such an arrangement had, in fact, been agreed with the Company. Ultimately, however, the Company intimated that they would not accept a pool unless the whole of the service were operated from

the Marconi headquarters. Such an arrangement the Government decided could not be accepted. But they were, and still are, willing to enter into a financial pool, providing the routing and operation of the traffic is conducted from the Central Telegraph Office, the provision and working of the wireless stations themselves being divided between the Company and the Government.

3. If a pooling system be discarded, the only possible arrangement would seem to be a regional allocation. The Government have offered the Marconi Company licenses to conduct services with all foreign countries outside the Continent of Europe and with the Dominions and Colonies, other than Canada and South Africa, the services with which it is proposed to allocate to the Government station. But at present the Company have declined to accept this offer and are apparently hoping, by holding out for a general and unrestricted licence, to secure a practical monopoly of the whole of the Imperial services.

From conversations which I have had with General Smuts with reference to the South African station and with Mr. Graham with reference to the Canadian service, I understand that they take the view that just as it has been recognized that the policy to be adopted in each Dominion rests with the Government of that Dominion itself, so the policy to be adopted in Great Britain rests with the British Government, and provided the service is efficient they will be satisfied that the communications with their respective Dominions should be conducted via the Government station in this country, which has already been begun and I anticipate will be available for working by the end of next year.

(Initialled) L. W.-E.  
Postmaster-General.

GENERAL POST OFFICE, E.C.  
November 7, 1923.

#### DEPUTATION FROM THE EMPIRE PRESS UNION

A DEPUTATION FROM THE EMPIRE PRESS UNION WAS RECEIVED ON TUESDAY, OCTOBER 23, 1923, AT 12.30 P.M. BY A COMMITTEE OF THE CONFERENCE

The following were present:—

The Right Hon. Sir Philip Lloyd-Greame, K.B.E., M.C., M.P., President of the Board of Trade (*in the Chair*).

The Right Hon. Sir Laming Worthington-Evans, Bart., G.B.E., M.P., Postmaster-General.

Mr. J. C. C. Davidson, C.H., C.B., M.P., Chancellor of the Duchy of Lancaster.

The Hon. W. G. A. Ormsby-Gore, M.P., Parliamentary Under-Secretary, Colonial Office.

Lieutenant-Colonel A. Pownall, O.B.E., M.P., Parliamentary Private Secretary to the Postmaster-General.

Sir G. Evelyn P. Murray, K.C.B., Secretary, General Post Office.

Sir Gilbert Grindle, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies.

Mr. E. R. Eddison, Secretary, Imperial Economic Conference.

Mr. A. A. Hopper, Private Secretary to the President of the Board of Trade.

The Hon. G. P. Graham, LL.D., Minister of Railways and Canals, Canada.

Mr. R. H. Coats, B.A., Dominion Statistician, Canada.



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- Lieutenant-Colonel J. Reid Hyde, C.B.E., Secretary for Imperial Economic Conference, Canada.
- The Right Hon. S. M. Bruce, M.C., Prime Minister, Commonwealth of Australia.
- The Hon. H. Burton, K.C., Minister of Finance, Union of South Africa.
- Sir Howard Gorges, , K.C.M.G., M.V.O., Chairman of Board of Trade and Industries, Union of South Africa.
- Mr. W. J. O'Brien, O.B.E., M.L.A., and Mr. James Collic, O.B.E., Department of Finance, Union of South Africa.
- Mr. E. J. Riordan, Secretary to Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State.
- Mr. C. A. Innes, C.S.I., C.I.E., Member of Governor-General's Council for Commerce and Railways, India.
- Sir James Stevenson, Bart., G.C.M.G., Personal Advisor to the Secretary of State for the Colonies on Business Questions, Colonies and Protectorates.
- Deputation from the Empire Press Union.
- The Viscount Burnham, C.H., LL.D. (President of the Union).
- Mr. Herbert Jeans (Reuter's, Ltd.).
- Mr. N. K. Kerney ("Argus" South African Newspapers, Ltd.).
- Mr. J. H. Vinnicombe (Canadian Press, Ltd.).
- Mr. Robert Donald, LL.D. (Chairman of Council).
- Mr. Taylor Darbyshire (Australian Press Association, Ltd.).
- Sir Thomas Bennett, C.I.E., M.P. (The "Times" of India).
- Mr. H. E. Turner (Secretary Empire Press Union).

## LORD BURNHAM'S OPENING REMARKS

LORD BURNHAM: Gentlemen, the Empire Press Union is a hardy biennial at these Conferences, and I have only to ask you to receive to-day a deputation consisting of Mr. Robert Donald, the Chairman of the Union; Mr. Jeans, who represents Reuter's, Sir Roderick Jones being abroad; Mr. Taylor Darbyshire, who represents the Australian Press Association; Mr. N. K. Kerney, representing the "Argus" group of South African newspapers; Sir Thomas Bennett, representing the "Times" of India; and Mr. H. Vinnicombe, who represents the Canadian Press, Limited.

## INADEQUACY OF PRESENT CABLE SERVICE

I had the pleasure of meeting one of the Prime Ministers this week-end, who implored me not to make a speech, as he said you had heard too many, so I will not worry you with a speech. Therefore, I will assume that you are all perfectly acquainted with the history of this question as it effects the newspaper press, both of this country and of the Overseas Dominions. At the last Imperial Conference Mr. Hughes said that in this country we only gave a pitiable travesty of the truth as it affected Australia and other Dominions of the Crown. It has been complained equally, of course, that on the other side a very jaundiced view has been presented of the condition of England and the state of public opinion here. I can only ask you to believe that we recognize the inadequacy of the service at both ends, and I would like to hand you this record of the resolutions passed by the second Imperial Press Conference in Canada in 1920,\*

\* See Appendix I.

and by the Empire Press Union prior to the meeting of the last Imperial Conference,† resolutions which have been substantially repeated now because the circumstances have not changed and which our Secretary has with him here to-day. We have, of course, to put again to you that the only question—the main question—is the cost of telegraphy. Personally, I took very much to heart what Mr. Hughes said, and if I may quote my own example, I ventured to give in our Journal a much fuller service of news from Australia. I do not think Mr. Hughes recognizes that that news is published almost at a dead loss, for the whole of the matter is telegraphed at 7½d. a word—sometimes it may have to be “urgent” as well—and nobody can pretend that there is the public interest in this country which would justify expenditure such as we incur of thousands a year on this service at the present time. I need not say that the other papers in a greater or less degree—mostly less, I daresay—have the same difficulties to contend with. If I take Australia only as an example for a minute, I find that in May of this year the Pacific Cable Board wrote to the London Chamber of Commerce: “The Board cannot at present reduce its charges between Britain and Australasia because the line is working to the full capacity—twenty-four hours daily. Reduced rates would naturally increase traffic, overload the line and produce serious delays.” There are other statements to the same effect this year, which shut out all hope of our getting a reduction unless, of course, we are able to bring to bear the competitive force of wireless telegraphy. I am told, Mr. Bruce will know better, that the number of newspapers and the amount they publish is largely increasing in Australia, and certainly it is not diminishing here. I venture to put the consideration before you once more that the cost of communications is prohibitive, so far as the Empire is concerned, to the great majority of papers, preventing them from giving any adequate reports of news and views from the Overseas Dominions, and especially from Australasia. On the other hand, it is useless to expect that there will be a reciprocal service from this end that, in the least, satisfies the necessity of the case to the Overseas newspapers.

We are becoming very hopeless as to the wireless situation; but, as I do not want any redundancy or repetition, if you will allow me, Sir Philip Lloyd-Graeme, to finish on that note, I will ask you to hear Mr. Robert Donald, the Chairman of the Empire Press Union, who has made a special study of this subject and who was heard for two days by the last Imperial Conference.

#### MR. DONALD'S STATEMENT

*Mr. Robert Donald* then spoke in the sense of the following statement, which he subsequently handed in to the Committee in writing:—

##### POLITICAL IMPORTANCE OF EFFICIENT EMPIRE COMMUNICATIONS

The Empire Press Union, which represents all the leading newspapers in the British Empire, is primarily concerned with improving, quickening and cheapening the means of communication for professional reasons. But we also think of the larger question of Imperial policy. We believe that only by annihilating distance, and getting closer intercourse, can we attain greater unity and better understanding. Mr. Hughes, when he retired from his position as Prime Minister, wrote a series of articles on Imperial unity, and, after exploring the political and economic aspects of the problem, came to the conclusion that the most urgent thing to be done was to improve Empire communications, and the first line of communications is to be found in wireless telegraphy.

† See Appendix II.

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## PROGRESS OF FOREIGN NATIONS IN WIRELESS TELEGRAPHY

The action of the Empire Press Union is therefore entirely in harmony with the highest ideals of Empire policy. Since the Union gave evidence before the Imperial Conference in 1921 we have had many changes in policy, but little or no progress. For the last two years our Council has been alternately congratulating the Government on making a decision which was to be followed by immediate action, and condemning them for failing to fulfil their undertakings. Great Britain has practically stood still for the last two years. Unfortunately for us, other nations have been going ahead and we are now left far behind. That statement is supported by Dr. Eccles, who, in a letter written on the 12th December, 1922, said:—

“Taking all the Government-owned stations for comparison we find that the United States Navy Department owns and operates no fewer than ten modern high-power stations, which spread their net from Washington to Panama, to California, across the Pacific to the Philippines, and northward to Alaska. The French Government stations number eight, some of them the largest in the world, and extend from France throughout the French African possessions to the Pacific Ocean. The British Empire possesses only two high-power stations, Leasfield and Cairo. Britain has left the United States, France and Japan to stand wireless guard over the Pacific Ocean. The above wireless chains are of combined strategical and commercial importance; but alongside there are commercial wireless links comprising six American stations, one French and one British station of about the same strength as the Government stations. So on both strategical and commercial counts one may agree to deplore our position.”

Dr. Eccles is referring chiefly to Government-owned wireless with which the Press is not intimately concerned. Although all these Government stations flood the world with propaganda, the progress in commercial long-distance wireless in the last two years has been far greater than Mr. Hughes, with all his enthusiastic optimism, ever contemplated. This development has affected every wireless organization in the world except the British Post Office.

New stations have been built during the last two years and are now in operation at Ste. Assise in France, Long Island in New York, at Buenos Aires, at Iwaki in Japan, in Warsaw, in Peking, in Holland, for communication with Java and Coram Hill in the United States, while the high-power stations in Italy, Germany and Russia have been extended. Just imagine what the position of the British Empire would be to-day if a station like that of Ste. Assise in France was located in England, if a station similar in power to that of Long Island was in Canada, that the Buenos Aires station was in Australia, the Japanese one in India, the Dutch station in South Africa, and if these main links in the chain were connected with intermediary stations. You would have a constant flow outwards and inwards of many thousands of words daily, and the ideal which Mr. Hughes and others have had in view would have been reached. As things are, the progressive schemes of other countries are rapidly occupying the wave lengths suitable for long-distance transmission, so that it will soon be difficult to obtain the wave lengths required for the Imperial scheme within the usual wave band of from 10,000 to 26,000 metres. To take one illustration of how we are being pushed out of the world wireless by foreign competition, particularly in regard to dissemination of propaganda and the distribution of news. The French long-distance station at Ste. Assise has been in operation since August, 1922, and sends many thousand words of commercial

matter and news throughout the world—to the United States, the Argentine, the West Indies, the Far East—to all the French African and Asiatic possessions. The French Government broadcasts official news and propaganda from the Bordeaux, Lyons and Paris stations. France is in daily communication with the United States and the Argentine, and is now erecting powerful stations in its distant colonies for reciprocal services.

The foreign commercial and news service from France is carried on by Radio-France, a subsidiary company to the French Wireless Telegraphic Company. From information which I have received from it and from its tariff I see that it covers the whole of the Western hemisphere, so that commercial and news messages are despatched to all parts of Canada, Newfoundland, to the West Indies, to British Honduras, St. Vincent, British Guiana and the Falkland Islands. This service goes through New York, or Buenos Aires and cannot be transmitted any other way, as the Marconi Company has the right to handle the business for the French Company in the British Empire. It has the right, but it has not been given the opportunity, so that the wireless communications reach British possessions through foreign channels. This Radio-France Company having completed its Western circuit, is now launching out in the Far East and the Pacific. The company announced on the 1st of this month that it is carrying on negotiations with the French Wireless Telegraphic Company, of which it is a subordinate, and the Governor General of French Indo-China, with the object of setting up a wireless agency in the colony to be managed by a French company and to carry on a political, commercial and financial service between Europe and the Far East. This agency would cover the whole of the Pacific.

#### SERIOUS EFFECT ON BRITISH INTERESTS OF FOREIGN WIRELESS SERVICES

It is unnecessary for me to point out the seriousness of the effect on British interests of wireless propaganda which is broadcasted over the world to-day and is picked up and used by hundreds of newspapers in foreign countries, which are glad to get news for nothing and are not always able to detect its subtle propagandist character. Equally serious is the service of commercial news which helps competing countries to form new connections and to create new vested interests. England has for many years been the world's centre for cable services; it has not retained its supremacy in wireless and London is no longer the clearing house for news in Europe. Leading American newspapers have transferred their headquarters to the Continent or news is sent direct from Berlin, Rome and Paris to America. News is always affected by the environment of its source.

#### SUCCESS OF THE LEAFIELD STATION

Since the Leafield Station, the first link in the Empire Chain was opened and the first period of experimentation passed, it has succeeded in recovering part of the American service. It is so rarely we can say anything in favour of the British Post Office that I would like to read a letter which I have received from Mr. John S. Steele, the London correspondent of the *Chicago Tribune*. He says:—

“We have been using the Leafield Station for our news transmission to Chicago for more than a year now, with very great success. The experiment was initiated by the *Chicago Tribune*, at first with its own receiving station on the roof of our building in Chicago. We found, however, that there was too much interference with reception in a big

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city, so a small experimental station was established at Halifax. This worked so well that eventually a group of half a dozen American newspapers was formed, and a permanent receiving station at Halifax was erected. My own transmission produces about 3,000 words a night and I believe that already the traffic sent via Leaffield and Northolt to our Halifax Station amounts to 10,000-12,000 words. In addition to that we are receiving from the Lyons Station in France and a station in Italy.

"So far as speed and accuracy are concerned, I have never had any cable service so good as that given to us by the Post Office through Leaffield. We have had some little trouble with the relay from Halifax, owing to the fact that the land wires are sometimes down. That is now being overcome by the erection of a low-power sending station at Halifax which will transmit our material to Chicago and New York."

I would like to make one or two observations on this Post Office success. First, the volume of business is small compared with what will be necessary and possible when new high-power stations are erected and inventions now in existence for speeding up are in operation. In the next place the first link in the Empire Chain was not established to serve other countries. The Post Office officials state that the official wireless sent out by Leaffield reaches India, Australia, South Africa, the West Indies, but we have no evidence that it is used by the press in those countries and certainly no newspaper would entrust Leaffield with messages for Australia or South Africa. I am not blaming the Post Office, as its experts were at much pains to demonstrate before the last Imperial Conference that it was impossible to send wireless messages a greater distance than between 2,000 and 3,000 miles, and in the case of Leaffield the Norman Committee admitted that the arc system of transmission employed was possibly in a state of obsolescence. But if Leaffield with its old-fashioned system, instead of the latest thermionic valve, with masts only 300 feet high instead of masts 900 feet high now used in connection with modern high-power stations can give these results, what will be the results from a really up-to-date station? It will mean that we will be able to communicate at least as freely with Australia as we now do with America.

## CRITICISM OF POST OFFICE POLICY

If the latest proposal of the Post Office to divide the Empire into two wireless spheres is carried out the comprehensive world scheme adopted by Australia will be destroyed. The Australian scheme provided for the erection of a station at Vancouver and another was to be built at Montreal. If the Post Office takes over Canada as part of its division of the Empire, the Australian plan falls through, and who will build the necessary stations at Vancouver and Montreal? No doubt the estimates of the Australian Wireless Company were based on the assumption that it would have greater freedom of operation, not only in the Dominions, but in foreign countries so as to take full advantage of the alliances into which the Marconi Company have entered. It is not presumed that the one British high-power station proposed to be erected by the Post Office would adequately serve the Dominions, particularly in regard to news. A group of stations is necessary in order to provide for interruptions and to relieve pressure in one direction. In fact the full advantages of wireless will not be attained unless we in England adopt the same policy as in France and be able to have a free interchange of Empire and foreign business. The policy of the British Post Office has always been in favour of State ownership and State operation. There has been a distinct set-back to this policy, especi-



ally in regard to operation during the last few years, so that at present the only wireless systems owned and operated by Governments for foreign services is that carried on by the Soviet Government of Russia and by the British Post Office. I do not know what are the financial results under the Bolshevik régime, but the last figures published on the operation of the British Post Office show that against an expenditure of £95,700 for the twelve months ending June, 1923, there was only a revenue of £45,700 including £10,000 received from the Foreign Office, showing a loss of £50,000. From a commercial point of view such results of State operation are disastrous.

The nationalization of a business still in a state of evolution is not likely to be successful. A Government Department will always play for safety. It will not take risks. In this case it will be unable to get the use of the world's latest inventions, and its administration will sterilize the whole business. Moreover, national spheres for wireless cannot very well be separated from the international. State operation should be limited, but State control should be general, and national interests safeguarded in every direction and ultimate State ownership provided for. The Empire Press Union is equally interested in communication by cables and has been instrumental in bringing about a substantial reduction in press rates before and since the war. The cables are entirely inadequate to meet the needs of the Empire. A few years ago wireless was spoken of, not as an alternative service to the cable, but as a supplementary service. Already such has been the rapid advance and increased efficiency of wireless that before long it looks as if cables will have to take a secondary place. We are keenly interested in the control of cables when licences come up for renewal, and want to see competition between the two methods of communication, as well as competition within each service. While the rates quoted for press messages may seem to be moderate you should remember that what is required is not only cheap rates, but adequate service. The press rate is frequently illusory, because of the delay owing to congestion. Newspapers or agencies have to pay private or urgent rates amounting to several shillings a word. In any case commercial messages have always the preference. What is wanted therefore is not only cheaper rates, but speedy and adequate service. For these means we must look to wireless, to which the future belongs, and find some means of infusing a new spirit into the British Post Office, which has been mainly responsible for stopping progress. The two organizations concerned in all this wireless muddle are the Post Office and the Marconi Company. We cannot get rid of either of them, and we cannot get on without them both.

Wireless communications are frequently interrupted by what scientists call atmospherics. What we are suffering from in this country are the atmospherics which exist between the Post Office and the Marconi Company. Unless some pressure is brought to bear upon these two organizations to clear away the atmospherics and introduce goodwill in place of ill-feeling you may reach an arrangement, but will not secure harmonious co-operation. Without harmonious co-operation on the part of all concerned the Wireless Chain can never be made an efficient link of Empire.

#### STATEMENT BY THE REPRESENTATIVE OF REUTER'S

Mr. JEANS: Speaking as the representative of Reuter, and as such speaking for the whole of the Empire Press, I really can only reinforce what Lord Burnham and Mr. Donald have said. But I think I have a further title to be heard, inasmuch as I myself have heard every wireless discussion which has ever taken place in the House of Commons. I have heard a whole battalion of Postmasters-

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General discussing the subject. Having heard all these statements, perhaps I may be allowed to express my surprise that everything remains just as it was. Substantially, we are exactly where we were before the outbreak of war in the wireless position. There has been no material change. Speaking from the point of view of the Dominion journalist, I would like to emphasize the point which Lord Burnham made, and Mr. Donald also, as to the value of competition between the cable companies and the wireless. Once you get competition, the charges of which Lord Burnham complained will, I think, rapidly come down. Competition makes the cable companies, who are always extremely courteous, I must say, still more civil, and the competition of the cable company, in their turn, makes for moderation on the part of Marconi. There is the further more general point of Empire interest. We find, in Reuter's, that where a Dominion is in particularly close communication with the Mother Country, close frequent press communication with the Mother Country, that Dominion is always in closer touch with ourselves than other Dominions with whom press communication cannot, for various reasons, be so frequent. It seems a reasonable presumption that if you get a general increase of communication throughout the Empire, you will have this closeness of touch on a general and extended scale.

## THE AUSTRALIAN POINT OF VIEW

Mr. TAYLOR DARBYSHIRE: As far as Australia is concerned, there is only one point. It is this, that we Australian big users of wireless transmission and cable transmission are in the exasperating position of knowing that everything is ready for us in Australia for a wireless service and we cannot get a move on this side. We cannot get movement at all. We have been promised it over and over again. When I said "Good-bye" to Mr. Fiske, the head of the Amalgamated Wireless Company, he said at the beginning of the year, "We shall be ready to start in eighteen months' time." We are no nearer ready now than we were then. The delay is on this side. I think Mr. Bruce will bear me out. The contracts are all fixed with the Amalgamated Wireless people there, and it is only awaiting the word "go." As a user, I do not mind—nobody does mind—whether it is a Government concern or private enterprise that is handling the question, but we do want the question handled.

## THE SOUTH AFRICAN INTEREST IN THE MATTER

Mr. KERNEY: The case for South Africa is almost the same as the case for the other Dominions, but there is one very important difference I would like to emphasize. The South African newspapers, in their telegraphic communication with this country, have to rely solely on one cable company. The Australian and New Zealand papers have both an Eastern and Western route for their communications; the Canadian Press have all the transatlantic companies for their service, but the South African papers have to rely solely on the cables of the Eastern Telegraph Company. That service is a good one to-day; it has been greatly improved in the last twelve months, and I have every reason to believe that improvement has been largely influenced by the prospect of wireless competition. I think, therefore, it is a fair assumption that when wireless communication between this country and South Africa becomes an accomplished fact, the cable conditions will be improved. That will certainly be for the benefit of the South African papers and for the advantage of their readers, as well as, I think, indirectly for the benefit of the Empire.

## INDIAN ANXIETY FOR ACTION IN THE MATTER

Sir THOMAS BENNETT: There is a good deal in saying "ditto" to everybody else in this discussion to-day, and I do not want to repeat any of the general arguments that have been put forward. I would only say that in India the installation of an efficient wireless service would be greatly appreciated, not merely as competing with the cable companies, but as supplementing them, and sometimes as being a substitute for them. Not so long ago, we had some weeks of a very inefficient service, and at that time an efficient wireless service would have been of very great advantage. Now, we are puzzled somewhat to know why there should be the delay in India. The question of principle has been settled, the Government of India have agreed to hand over the service to a private company, and I believe that as soon as the order were given the money would be found for the installation. That makes us a little impatient. There is nothing else that I need say in regard to this matter except that in these days there is a greater call than there has been hitherto for a full and efficient service. A greater interest in home affairs is being taken in India, and I think it is true that in England a greater interest is being taken in Indian affairs.

Lord BURNHAM: Certainly.

Sir THOMAS BENNETT: Therefore, a cheaper service would be of great Imperial advantage.

## THE HUMAN POINT OF VIEW

Mr. VINNICOMBE: I would simply emphasize the human point of view. The question of Empire settlement is now under discussion. If you can keep people who go to the Western Prairie in touch with what is happening here you offer a greater inducement for them to go. Settlement and communication go hand in hand. In Canada they experience difficulty, owing to cost, in getting the news service so complete as they would like. There was a meeting held only recently in Winnipeg, when it was proposed to curtail the news service from Winnipeg to the Pacific Coast and from Montreal to Nova Scotia in consequence of the expense involved. If you want Empire settlement you must have communication, and it seems to me that a cheaper news service would go a long way to facilitate the operation of the Settlement Act.

Lord BURNHAM: Are there any questions you would like to put?

The CHAIRMAN: I will ask my colleagues if they have any questions to ask.

Sir L. WORTHINGTON-EVANS: I have no questions.

## THE ATTITUDE OF THE COMMONWEALTH GOVERNMENT

Mr. BRUCE: I do not know that questions are going to help very much. The position, as I understand it, is that the Empire Press Union have come to make representations to the effect that it is vital that we should get a cheaper and more efficient Cable Service. That, of course, one entirely agrees with. I take very much the same view that Mr. Hughes did, although I do not express it in quite the same language. The matter turns largely, as far as Australia is concerned, on the Wireless position. As you know, Australia is going forward with the erection of her own wireless station, which will communicate direct with Great Britain, but that station will be perfectly useless unless we have reciprocal stations here. That is a matter which is under discussion now, and I do not think there is very much to be said about it. From my point of view we have got to get reciprocal stations somehow. The Press Union have raised the matter of Wireless, but I will not now go into detail as I am discussing this question at the present time with the Postmaster-General.

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With regard to the Pacific Cable Board, the position, of course, is an intolerable one, inasmuch as when a cheaper rate is suggested the answer is: "Well, it would be useless to reduce the rate; it would give a worse service, because of the terrific congestion that would take place. The line is loaded to its maximum now." The fact that a Cable Company does extraordinarily good business is not exactly an argument in favour of keeping its charges up, and that position cannot remain indefinitely. This question of communication with Australia is so vital that if we are not going to have wireless, if wireless is not coming into the field to compete with the cable service, then the Pacific Cable Board must put down more lines. They must duplicate; they must do something. Australia, of course, has a big interest in the Cable Company and it is not prepared at this stage to advocate this extension and duplication until it is quite clear what will be our position in regard to wireless. From every point of view, therefore, it is vital to Australia that this question of wireless stations is settled somehow. I entirely agree that we must have a cheap, speedy and adequate means of communication, and we are either going to have it by wireless or we must have more cables. With regard to putting any questions to the deputation, there is nothing one can ask at the present stage. The whole matter is under discussion, and all we can say is that we recognize the necessity for this service which is so urgently demanded.

THE CHAIRMAN: I thought possibly there might be some points you would like to clear up.

I think the Conference are very much obliged to you for putting the case so plainly. The matter is, of course, one of the subjects under discussion here. We have had a shorthand note taken of all that has been said. We have the statement which, I think, it will probably be convenient to amplify by having Mr. Donald's statement inserted, and, of course, the Conference will consider it in all the deliberations it takes on this subject. The Conference is very glad to have had the opportunity of hearing the representations you have made, which have been put very plainly. We are very much obliged to you.

LORD BURNHAM: We are very much obliged to you, Sir Philip Lloyd-Greame, for the courtesy with which we have been received and for the large measure of concurrence which has been expressed.

(The deputation then withdrew.)

## APPENDIX I.

*Extracts from Resolutions adopted by the Imperial Press Conference, Ottawa, Canada, August 5, 6 and 7, 1920.*

*Cable and Wireless Communications.*

2. (a) That this Conference is strongly of opinion that it has become necessary to secure forthwith facilities for the better, quicker and cheaper conveyance of news throughout the Empire, and calls upon the Empire Press Union to take immediate steps to attain this end.

(b) This Conference strongly recommends the Governments of Great Britain and Ireland, of the Dominions and of India to encourage the development of cable, wireless and other facilities for the exchange of news and opinion within the Empire, and to assist in securing reduced rates for such inter-communication; any such assistance to appear specifically in the estimates of public expenditure, and to be so directed as not to affect the quality of the news service supplied, or the freedom of the newspapers so served.

(c) This Conference is of opinion that the full utility of cable and wireless communications, as a factor in educating public opinion, and in maintaining a good understanding between all peoples of the Empire, will not be attained until rates are reduced to a basic charge of 1d. per word for Press messages throughout the whole of the British Empire.

3. This Conference is strongly of opinion that steps should at once be taken to provide the British Empire and the world with the advantages of wireless telegraphic and telephonic communications, and it urgently requests the Governments of the Empire to secure by public or by full facilities for private enterprise, at an early date, adequate wireless services throughout the Empire.

4. That with a view to improving cable and wireless communications and inter-Imperial news service within the Empire, this Conference suggests that each delegation shall press upon its own Government the initiation of negotiations with the neighbouring Governments of the British Dominions for such improvement of cable and wireless communications between them as will be to their mutual interest and advantage; information as to any action taken by delegations in this connection to be communicated to the Empire Press Union.

5. That a Committee be appointed in London by the Empire Press Union, consisting of the President, four representatives of the British Isles and two representatives of each overseas delegation, to take action requisite upon the resolution adopted by the Imperial Press Conference (Canada, 1920) regarding Cables and Wireless Communications.

#### *Postal Rates (Letters).*

6. This Conference is of opinion that there should be cheaper postal rates for letters throughout the Empire, and the various delegations undertake to urge their respective Governments to take appropriate action; the Empire Press Union to be advised by delegations of any measures they may take to this end.

#### *Postal Rates (Newspapers and Periodicals).*

7. This Conference recommends that postal rates within the Empire for newspapers and periodicals should not exceed the lowest rates in force between any foreign country and any part of the Empire.

#### *Dissemination of Empire News.*

8. That, as Empire interests need a greater dissemination of knowledge concerning the Empire, this Conference urges the Council of the Empire Press Union to take such action as may be practicable to ensure the interchange and publication of a larger volume of Empire news, apart from political propaganda, by the newspapers associated with the Empire Press Union than at present pertains.

### APPENDIX II

#### *Resolution adopted by the Council of the Empire Press Union on July 12, 1921*

That this Council is deeply convinced of the necessity of combining Government support with private enterprise and competitive business administration in any world-wide British wireless system; and urges all Governments within the Empire to co-operate on concerted lines, without further loss of time, to secure important business and political advantages that will otherwise be obtained by other enterprises.

That copies of this resolution be sent to the Dominions Prime Ministers and the Indian representatives at present in London; and to the overseas sections of the Empire Press Union, for further urgent action in their respective countries.



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## RECIPROCAL ENFORCEMENT OF JUDGMENTS

The discussion on this subject was opened at the Fifteenth Meeting held on the 25th October, 1923.

Sir DOUGLAS HOGG, Attorney-General, in opening this discussion, said that at Common Law in all countries having the English Common Law, and, he thought, in countries having the Roman-Dutch Law, a judgment obtained in one jurisdiction can only be enforced in the other by bringing an action on it. As between the three countries in the United Kingdom the position was altered in 1868 by an Act which provided for the enforcement of the judgments of one country by registering them in the other. In 1911 the Imperial Conference resolved that steps should be taken to see how far judgments obtained in the United Kingdom or in any one of the Dominions could be reciprocally enforced. In 1916 a Draft Bill was circulated to the various Dominions practically drafted on the lines of the British Judgments Enforcement Act. That was criticised by various Dominions, a Committee was appointed by Lord Finlay to investigate those criticisms, and, as a result, a modified Bill was circulated in 1919 and was substantially enacted in this country in 1920 by the Administration of Justice Act.

### THE ADMINISTRATION OF JUSTICE ACT, 1920

That Act provides that wherever there is reciprocal legislation the judgments in one country can be enforced in the other by registering them in the other country, subject to certain exceptions, where there is an Appeal pending, or where the Court originally acted without jurisdiction, or where there has been no appearance or submission to the jurisdiction, or where the judgment has been obtained by fraud of the party, or where the judgment is contrary to the public policy of the particular country where it is sought to be enforced. With those exceptions a judgment obtained in any Dominion which has adopted reciprocal legislation can be registered in England and thereupon enforced just as if it were a judgment obtained in England.

### THE PRESENT POSITION

New Zealand, Western Australia, South Australia, Newfoundland, and most of the Colonies, have adopted the Act, and therefore Reciprocal Enforcement of Judgments prevails as between them and Great Britain. With regard to other Dominions or States, some have promised to legislate at once, some have said they may legislate when they can find time, and some have not answered at all. It is obviously a matter for each Dominion to make up its own mind about, but in practice it is of material assistance if, instead of having the expense and trouble of a fresh action when a judgment has already been obtained, it were possible, by the simple and inexpensive method of registration, to enforce a judgment obtained in one part of the British Empire in any other part of the British Empire. The suggestion the British Government had to make was that the Dominions should favourably consider the possibility of enacting legislation on the lines of the British Administration of Justice Act, 1920, as soon as they saw fit.

### COMMERCIAL AWARDS

With regard to Commercial Awards, including Arbitration Awards, the position in this country, and the position under the Administration of Justice Act, is that wherever an Award has become enforceable in the country of its origin, the country where it is made, as a judgment (which is done in England

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by an application to the High Court) then it can be enforced as a judgment by registration under the Administration of Justice Act in any country which adopts that Act.

#### CANADIAN PROVINCES NOT YET READY TO ACCEPT PRINCIPLE

Sir LOMER GOUIN said that under the Canadian constitution the Provinces have exclusive jurisdiction to legislate in matters of the administration of justice in the Provinces. Since the Resolution of the Imperial Conference in 1911 referred to by the Attorney-General was passed the different Provinces of the Dominion had been consulted, and it appeared from the answers received that the majority were not ready, at any rate for the present, to legislate on the lines suggested. While, therefore, he was prepared to be party to a Resolution pointing out the general convenience of reciprocal enforcement of judgments, he wished to make it abundantly clear that he could in no way bind the Provinces.

#### COMMONWEALTH PREPARED TO ACCEPT PRINCIPLE

Senator WILSON said that he was largely in the same position as Sir Lomer Gouin. The Commonwealth Government were quite prepared to adopt the principle of reciprocal enforcement of judgments, and would do what they could to bring the matter to the attention of the States Governments with a view to uniformity being attained.

#### POLICY ALREADY ADOPTED IN NEW ZEALAND

Sir JAMES ALLEN said that New Zealand already reciprocated with the Mother Country in this matter, but that they were anxious to go further, and an Act had been passed last year to enable reciprocity to be extended to other parts of the Empire, and he should be very glad to know that the other Dominions would co-operate.

Mr. DE WET said that while his general attitude on this matter was sympathetic he could not be very enthusiastic about it, since to his mind there was no urgent necessity for legislation of this nature in South Africa. In his seven years' experience as a Minister not a single case had been brought to his notice where there had been any difficulty about enforcing a foreign judgment, but as soon as he could see his way clear he would introduce a Bill.

Mr. RIORDAN stated that he had received no instructions from his Government on this subject, but would bring the matter to their attention on his return to Dublin.

Sir PATRICK McGRATH said that Newfoundland had already legislated.

Mr. INNES said that the matter had been under consideration for some time past in consultation with local governments and public bodies in India, and the principal of the proposal had found general acceptance. The Government of India as a result were favourably disposed towards legislation, and had the matter now under consideration.

Mr. ORMSBY-GORE said that the only important Colonies which had not yet taken action were Kenya Colony, Fiji and Malta. He had every reason to hope that they would all come in. He hoped that when any Dominion or Province was going to legislate they would bear in mind the New Zealand Act which contained a provision making it possible to apply the Act universally in the Empire.

At the conclusion of the discussion Sir Douglas Hogg said that as there was general agreement as to the giving of recognition to the judiciary of each

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part of the British Empire in other parts, he would suggest that, without committing any Dominion to any specific legislation within a specific date, a Resolution, recommending the desirability of legislation might perhaps meet with acceptance. It was accordingly decided to frame a Resolution, which should contain a reservation covering the case of those Dominions where these matters come within the scope of Provincial or State Governments.

## RESOLUTION ADOPTED

The following Resolution was accordingly adopted by the Conference at the Seventeenth Meeting, held on the 1st November, 1923:—

“The Imperial Economic Conference take note of the action already taken in many parts of the Empire to carry into effect the proposal contained in Resolution XXV of the Imperial Conference, 1911, with regard to mutual arrangements with a view to the enforcement in one part of the Empire of judgments and orders of the Courts of Justice in another part, including judgments or orders for the enforcement of commercial arbitration awards. While it is recognized that in certain Dominions these matters come within the scope of Provincial or State Governments whose freedom of action could not be bound by any decision of the Dominion or Central Government, the general view of the Imperial Economic Conference is that a universal arrangement throughout the Empire for the reciprocal enforcement of judgments, including arbitration awards, could not fail to be valuable and advantageous to trade and commerce, and is accordingly an object at which the different parts of the Empire should aim.”

## PATENTS, DESIGNS AND TRADE MARKS

The discussion on this subject was opened at the Second Meeting, held on the 4th October, 1923. The Conference had before them the memorandum by the Board of Trade, I.E.C. (23)-8, reproduced below.

The CHAIRMAN reminded the Conference that the British Empire Patent Conference, 1922, made two recommendations. One was the recommendation of an ideal to be aimed at, *i.e.*, an Imperial Central Patent Office. This would take a long time to establish. The second was the recommendation of a provisional system under which an applicant would be able to apply for a patent at the Patent Office in Great Britain and to obtain, on that application, the registration of his patent both in Great Britain and throughout the Empire, subject to this: that, on notice of the application for registration being sent to a local Patent Office, it would be open to objection either by the Comptroller of that Patent Office or by local objectors.

It was agreed to set up a Committee to consider and report to the Conference on Imperial co-operation with reference to Patents, Designs and Trade Marks. The Report of this Committee (see page 434) was discussed at the Seventeenth Meeting of the Conference, held on the 1st November, 1923, and the following Resolution was adopted:—

“This Imperial Economic Conference have given careful consideration to the Provisional Scheme recommended in the Report of the British Patent Conference, 1922, and they are of opinion that, apart from one or two details which might receive further consideration by correspondence between the heads of the Patent Offices, the Provisional Scheme is

a practicable one, and promises considerable advantages to British inventors throughout the Empire; but in view of the difficulties felt by the Dominion of Canada as regards the absence of any provision for reciprocal registration of Dominion patents, the Conference feel unable to make any recommendation so far as the Self-Governing Dominions and India are concerned.

"The Conference, however, unanimously agree that it is very desirable that the Provisional Scheme should be adopted by the Colonies and Protectorates, and that considerable benefits would thereby be derived by inventors throughout the Empire."

## IMPERIAL CO-OPERATION WITH RESPECT TO PATENTS, DESIGNS AND TRADE MARKS

MEMORANDUM BY THE BOARD OF TRADE (I.E.C. (23)—8).

### 1.—EMPIRE PATENTS

A copy of the Report of the British Empire Patent Conference 1922, is circulated herewith.\* It shows what action was taken to carry out the Resolution of the Imperial Conference of 1921 endorsing the following proposal of a special Committee:—

"The Committee recommends that a conference of representatives of the Patent Offices of His Majesty's Dominions shall be held in London at an early date to consider the practicability of instituting a system of granting patents which should be valid throughout the British Empire."

The definite recommendations of the Report were as follows:—

- (a) The existing rights of the United Kingdom, the self-governing Dominions, and India to grant patents in accordance with their laws and within their own territories to be maintained in full.
- (b) The establishment of a Central Patent Office for the reception and examination of applications for, and the grant of, patents which shall extend to the United Kingdom, or to any of the self-governing Dominions, or to India, upon registration in the particular territory in which protection is desired. The application for registration to be open to opposition before registration is actually effected.
- (c) The Central Patent Office, in examining applications submitted to it, to make a search co-extensive with the field at present covered by the searches now made in the United Kingdom, the self-governing Dominions and India collectively.
- (d) The scheme suggested above to be equally applicable to all the Colonies and Protectorates, subject to the qualification that the application for registration shall not be open to opposition unless the existing law makes provision for the hearing of opposition to the grant of patents, but in any case the local Courts to be empowered to declare that an exclusive privilege has not been secured in the territories within their jurisdiction.
- (e) The fees for registration to be of such amount as would result in a considerable reduction in the total cost of obtaining patents throughout the Empire at the present time.

While the Conference accepted the above scheme as that which would have the greatest chance of success and acceptance throughout the Empire, the Delegates felt that in view of the difficulty of equipping a Central Office with all the

\* Not reproduced.

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necessary material for the extended examination and of the time and expense which would necessarily be involved, it would be desirable to consider the possibility of some provisional scheme, which might be put into force until such time as the "preferred" scheme became capable of realization.

This proposal was adopted and the Provisional Scheme as drafted and accepted is as follows:—

- (a) Existing rights of the United Kingdom, self-governing Dominions and India to grant patents in accordance with their laws and within their own territory to be maintained in full.
- (b) The patent obtained by examination and grant in the United Kingdom Patent Office to extend to any of the self-governing Dominions or to India upon registration in the particular territory in which protection is desired; the application for registration to be open to opposition, and to any lawful objection which the head of the Patent Office where registration is applied for may think fit to raise, before registration is actually effected.
- (c) The scheme suggested above to be applicable to any of the Colonies and Protectorates with such modifications as may be suitable to local requirements and administrative machinery.

Copies of the Report have been submitted to the Governments of the Dominions and India, with a view to the adoption of the Provisional Scheme recommended. Up to the present the following replies have been received:—

*Self-Governing Dominions.*

Canada . . . . .	Not prepared to adopt
New Zealand . . . . .	Favourable consideration likely but final decision deferred.
Union of South Africa . . . . .	Matter to stand over for the present.

*Colonies and Protectorates.*

*Malta . . . . .	Will adopt
Cyprus . . . . .	Favourable
Federated Malay States . . . . .	"
Gibraltar . . . . .	"
Gilbert and Ellice Islands . . . . .	"
Grenada . . . . .	"
Hong Kong . . . . .	"
Nigeria . . . . .	"
Seychelles . . . . .	"
Somaliland . . . . .	"
Straits Settlements . . . . .	"
Unfederated Malay States . . . . .	"
Zanzibar . . . . .	"
Gold Coast . . . . .	Favourable, but considers existing legislation sufficient.
Bahamas . . . . .	Unfavourable
Southern Rhodesia . . . . .	"
Northern Rhodesia . . . . .	"
Basutoland . . . . .	Postpone decision until Union of South Africa has decided.
Bechuanaland . . . . .	Ditto
Swaziland . . . . .	Ditto

\* In the case of Malta, the scheme which they are prepared to adopt is that outlined for the Dominions and India.



It is suggested that the Imperial Economic Conference should further consider the Report of the Patent Conference, 1922, with a view to general agreement as to the adoption of the Provisional Scheme.

#### DESIGNS AND TRADE MARKS

As regards Imperial registration of designs and trade marks, it is thought premature to make any definite suggestions until it is seen whether the proposals with regard to patents meet with general approval, especially as in some parts of the Empire there is at present no system of domestic registration of trade marks.

If, however, it is found possible to adopt the Provisional Scheme for the Imperial grant of patents a resolution might be proposed urging the various Governments to proceed to consider the possibility of a scheme of Imperial registration of designs and trade marks.

*April, 1923.*

#### SUPPLEMENTARY MEMORANDUM BY THE BOARD OF TRADE (I.E. (PAT.) 2).

With reference to the Memorandum by the Board of Trade on Empire Patents circulated as Paper I.E.C. (23)-8, it is notified for the information of the Committee that the following additional replies relative to the adoption of the Provisional Scheme have been received:—

##### *Self-Governing Dominions.*

New Zealand (further reply) Favourable, but final decision deferred.

##### *Colonies and Protectorates*

Bermuda . . . . .	Favourable.
British Honduras . . . . .	"
Falkland Islands . . . . .	"
Fiji . . . . .	"
Gambia . . . . .	"
Nyasaland . . . . .	"
Sierra Leone . . . . .	"
Solomon Islands . . . . .	"
St. Lucia . . . . .	"
Uganda . . . . .	Favourable, but considers existing legislation sufficient.
Ceylon . . . . .	Wishes to adopt scheme for Self-Governing Dominions.
St. Vincent . . . . .	Ditto.
Mauritius . . . . .	Unfavourable.

*Board of Trade.*

*October 10, 1923.*

#### PATENTS COMMITTEE.

The terms of reference of the Committee were: to consider and report to the Imperial Economic Conference on the questions arising under paragraph 4 (E) of the draft agenda, viz., Imperial Co-operation with reference to Patents, Designs and Trade Marks.

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The Committee was constituted as follows:—

- Mr. W. Temple Franks, C.B., Comptroller-General of Patents, Designs and Trade Marks;  
 Dr. O. D. Skelton, M.A., Ph.D., Canada;  
 Sir Robert Garran, K.C.M.G., Solicitor-General, Commonwealth of Australia;  
 The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;  
 The Hon. N. J. de Wet, K.C., Minister of Justice, Union of South Africa.  
 Mr. E. J. Riordan, Secretary to the Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State;  
 The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio, Newfoundland (assisted by the Hon. Sir P. McGrath, K.B.E., and Capt. V. Gordon, Acting High Commissioner for Newfoundland);  
 Sir E. M. Cook, C.S.I., C.I.E., India;  
 Mr. L. R. Lumley, M.P., Colonies and Protectorates.  
 Mr. B. G. Crewe, Patent Office, and Mr. G. F. Ainsworth, Commonwealth of Australia Delegation, acted as joint secretaries to the Committee.

## REPORT

To the Chairman of the Imperial Economic Conference, 1923.

Sir,—I have the honour to report that the Patents Committee appointed by resolution of the Imperial Economic Conference has held three meetings, on the 11th 18th and 23rd October, 1923. The second meeting was devoted to a visit to the United Kingdom Patent Office and an investigation of the procedure and practice there adopted in connection with applications for patents; with special reference to the examination for novelty.

## I.—PATENTS

*Discussions*

The deliberations of the Committee were limited to the question of the acceptance by the Dominions and India of the Provisional Scheme recommended in the Report of the British Empire Patent Conference, 1922. Copies of this Report had previously been submitted to the Governments of the Dominions and India and of the Colonies and Protectorates with a view to the adoption of the Provisional Scheme; and a summary of the replies received was circulated to the Committee. (See Papers I.E.C. (23)-8 and I.E. (Pat.) 2).\*

*Position of the Dominions, India, &c., as regards the Provisional Scheme*

As a result of the Discussions which took place, the attitude of the various Governments may be briefly summarised as follows:—

*Canada.*—Dr. Skelton stated that Canada was unable to accept the Provisional Scheme, as it afforded no provision for the reciprocal extension to the United Kingdom of patents granted in Canada. Apart from this, there were certain points of detail upon which difficulties were felt.

*The Commonwealth of Australia.*—Sir R. Garran, as a result of the discussions said that the Commonwealth was unable to pledge itself to an immediate acceptance of the Scheme. They were in sympathy with the principle, but considered that the Scheme made insufficient provision for the security of the Australian patentee, having regard to the extended period within which registration in Australia of a United Kingdom patent would be possible.

\*See pages 432-433.

*New Zealand.*—Mr. Crow said that New Zealand was definitely favourable to adoption, but his Government regarded the success of the Scheme as dependent upon its acceptance by the majority of the Dominions and India.

*The Union of South Africa.*—Mr. De Wet explained that the Scheme differed but little from the procedure and practice already in force in the Union, and there would consequently be no great difficulty in accepting the principle. There were, however, difficulties in the way of the necessary legislation. If, nevertheless, the other Dominions fell into line, South Africa would do its best to come in. Even if the Dominions did not at present adopt the Scheme, great practical advantages would be obtained by its universal adoption by the Colonies and Protectorates.

*The Irish Free State.*—Mr. Riordan stated that the Irish Free State had not yet decided upon the form its patent legislation would ultimately take.

*Newfoundland.*—Sir M. Winter said Newfoundland was prepared to accept any decision arrived at by the Committee.

*India.*—Sir E. M. Cook stated that India was doubtful about adopting the Provisional Scheme owing to difficulties in the way of legislation. These might arise in consequence of the apparent preferential treatment of persons obtaining patents in the United Kingdom. His Government would feel less difficulty about adopting the "Preferred" Scheme. If, however, the other Dominions all agreed to adoption, India would endeavour to pass the requisite legislation.

*The Colonies and Protectorates.*—A large proportion of the Colonies and Protectorates had agreed to adopt the Scheme.

#### *Observations upon the Views of the Dominions and India.*

The obstacles in the way of the immediate adoption of the Scheme by the Dominions and India appeared therefore to be—

- (A) Objections to principle.
- (B) Criticism of detail.

A memorandum dealing with these difficulties was prepared by the Chairman and circulated to the Committee. The arguments used may be briefly summarized as follows:—

#### (A)—*Objection to Principle.*

##### (i) *A Complete Reciprocity not Possible.*

A complete reciprocity of practice under the Provisional Scheme appears impossible owing to the differences of practice and procedure in the various offices of the Empire. It is practically admitted that the United Kingdom Patent Office is the one which at the present time possesses the most complete and efficient system, and consequently is most suited to act as a Central Office for the Empire.

##### (ii) *A Complete Reciprocity Wasteful and Uneconomical.*

Even assuming that all the Patent Offices of the Empire were of equal efficiency, the mere fact that reciprocity could be accorded would not prevent such a system from being both wasteful and uneconomical. The reciprocal registration of Dominion Patents would not only introduce additional complications, but would accentuate the tendency towards the multiplication of Offices all performing the same difficult and technical examination of specifications, which it is the main object of an Empire Patent Scheme to prevent. The burden of the inventor would consequently be increased instead of decreased.

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(iii) *No Derogation of Autonomous Rights and no Undue Preference.*

There is no real derogation of any powers at present exercised by the Dominions in the voluntary selection of an Office elsewhere for the purpose of making the necessary examination of an inventor's claims.

(iv) *Advantages to Empire Inventors.*

The advantages which would accrue from the Provisional Scheme are advantages which will accrue not only to inventors in the United Kingdom, but to inventors throughout the British Empire.

(B)—*Criticism of Detail.*

As regards the criticisms of detail, no matter of principle is involved, and the difficulties raised might be adjusted by correspondence between the heads of the Patent Offices or met by some provision in the local laws.

*Conclusions of the Committee*

This memorandum formed the basis of discussion at the final meeting of the Committee. At this meeting the Canadian Representative stated that he was compelled to adhere to the original decision of the Canadian Government, and the Representative of India expressed, as before, his doubts as to the possibility of legislation. In these circumstances, the Representatives of the other Dominions considered that the advantages of the Scheme (which was only provisional, and a step towards the "Preferred" Scheme recommended in the Report) were not sufficient to outweigh the difficulties of passing legislation and of adjusting the practical details. The Committee, therefore, were unable to agree to a definite acceptance of the Provisional Scheme. They were, however, of opinion that the advantages of the Scheme in its application to the Colonies and Protectorates were considerable, and that its adoption by them would be highly desirable in the interests of inventors throughout the Empire.

The following Resolution embodying these views was accordingly passed:—

"The Committee have given careful consideration to the Provisional Scheme recommended in the Report of the British Empire Patent Conference, 1922, and they are of opinion that, apart from one or two details which might receive further consideration by correspondence between the heads of the Patent Offices, the Provisional Scheme is a practicable one, and promises considerable advantages to British inventors throughout the Empire; but in view of the difficulties felt by the Dominion of Canada as regards the absence of any provision for reciprocal registration of Dominion patents, the Committee feel unable to make any recommendation so far as the Self-Governing Dominions and India are concerned.

"The Committee, however, unanimously agree that it is very desirable that the Provisional Scheme should be adopted by the Colonies and Protectorates and that considerable benefits would therefore be derived by inventors throughout the Empire."

## II.—DESIGNS AND TRADE MARKS

Having regard to the attitude of the Dominions and India to the principle involved in the Provisional Scheme for patents, it appeared to be useless to proceed to the consideration of the practicability of the Imperial Registration of Designs and Trade Marks, and no recommendation is made upon the question.

I have the honour to be, Sir,

Your obedient servant,

(Signed) W. TEMPLE FRANKS,

OCTOBER 30, 1923.

*Chairman of the Committee.*

## ECONOMIC DEFENCE

### *(Flag Discrimination)*

The Conference discussed this subject at their Thirteenth Meeting held on Tuesday, the 23rd October, 1923. The following Resolution was before the Conference:—

"In view of the vital importance to the British Empire of safeguarding its overseas carrying trade against all forms of discrimination by foreign countries, whether open or disguised, the representatives of the Governments of the Empire declare:—

"1. That it is their established practice to make no discrimination between the flags of shipping using their ports, and that they have no intention of departing from this practice as regards countries which treat ocean-going shipping under the British flag on a footing of equality with their own national shipping.

"2. That in the event of danger arising in future to the overseas shipping of the Empire through an attempt by a foreign country to discriminate against the British flag, the Governments of the Empire will consult together as to the best means of meeting the situation."

#### THE NEED FOR RESISTING UNFAIR FLAG DISCRIMINATION

The CHAIRMAN, in introducing this Resolution, said that their whole discussion on Shipping Communications had emphasized the vital importance to every part of the Empire of the mercantile marine, that essential factor in the complex of Empire trade. Any attack upon Imperial shipping was, in point of fact, an attack on the common interest of trade within the Empire. British shipping had always taken the attitude that given a fair field they were prepared to face any competition, but that shipping should be subjected to unfair discrimination was not reasonable. In the past there had been numerous attempts at such discrimination, and the Chairman cited examples. He pointed out that there was undoubtedly to-day a serious risk in a number of countries of discrimination against shipping, which, though general in character, was bound to hit British shipping hardest every time. The purpose of the Resolution before the Conference was to ensure that when any such attack should be made there should be consultation between the units of the Empire, of course leaving it to each Government to decide what actual steps it should take.

After a brief discussion the Resolution was unanimously adopted.

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## EMPIRE CURRENCY AND EXCHANGE

The Conference had before them a memorandum prepared by the Treasury on Currency Co-operation in the British Empire (Paper I.E.C. (23)—33, see page 464). The discussion of this subject was begun at the Sixteenth Meeting of the Conference held on the 26th October, 1923, and proceeded as follows:—

The CHAIRMAN: I will ask Sir James Allen to open the question as it has been raised primarily by New Zealand.

#### NEW ZEALAND'S REASONS FOR RAISING THE SUBJECT

Sir JAMES ALLEN: Unfortunately, Mr. Massey has another engagement this morning and cannot be present for some little time. It therefore falls to me to explain why New Zealand asked that this question of Empire Currency



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should be placed upon the agenda paper. There are two reasons. One is the serious detriment with which our trade was hampered by the difficulties with regard to the remittances of money from London to New Zealand and New Zealand to London, and the rates of exchange. The parity of our currency was also to some extent a difficulty, although not so great with us perhaps as with some others. The other reason why we asked that it might be placed on the agenda paper was that Mr. Darling, who, I understand, is a banker of some prominence and an ex-director of the London Joint City and Midland Bank, had made a special study of the question extending over some years, and that he finally put up these definite proposals with regard to Empire Currency Bills.

## DIFFICULTIES WITH REGARD TO EXCHANGE BETWEEN NEW ZEALAND AND LONDON

I want to make plain, if I can, our difficulties with regard to the remittances of money and exchange, which have been so great as seriously to interfere with our trade. I think probably that Australia would be able to tell a story still stronger than mine with regard to remittances of money from London to Australia. I know that the British Australian Wool Realization Association have very great complaints to make with respect to the cost of remitting money which is due to their farmers in Australia for wool. Our difficulty arose owing to the fact that the question of drafts appeared to be entirely in the hands of the banks, whether they were drafts for sale or drafts to be purchased, and that the banks appeared to exercise a monopoly, in the exercise of which, in our judgment, they were charging rates which were not justifiable.

On the 22nd October the banks were selling demand drafts on New Zealand and were charging 17s. 6d. On a cable transfer to New Zealand they charged 25s. On the other hand, when the banks were purchasing demand drafts on New Zealand they only paid £98 10s. for them, and for three months' drafts on New Zealand they paid £97. I am bound to say that next month, on the 2nd November, the purchased demand drafts on New Zealand will be slightly reduced. Here may I say that apparently the publicity which has been given to this question during the last twelve months may have had an effect upon the banks themselves, because one finds that the terms have been improved twice recently— $\frac{1}{2}$  per cent was granted in August, 1923, £98 to £98 $\frac{1}{2}$ ; and another  $\frac{1}{4}$  per cent is due on the 2nd November, 1923, bringing the £98 $\frac{1}{2}$  to £98 $\frac{3}{4}$  for buying demand drafts in New Zealand or Australia? So far as we in New Zealand are concerned, the banks sell demand drafts on London and allow 5s., that is to say, the drafts cost £99 15s., and three months' drafts £99. For cable transfers on London they charge 5s., costing us £100 5s. The purchase demand drafts on London cost 35s.—£98 5s.; and three months' drafts 60s.—£97.

The difference, therefore, in the buying and selling rates in the same place is really very substantial and a very heavy charge on trade. I will give you an instance. A British merchant who desires to purchase New Zealand exchange would have to pay the London bank £100 17s. 6d. in order to receive £100 in New Zealand six to seven weeks hence, so that he pays 17s. 6d. premium, and in addition to that he loses interest on the £100 17s. 6d. for six or seven weeks. On the other hand, if he is to receive payment for goods shipped to New Zealand the London banks will only discount his £100 demand draft on New Zealand at £98 10s.—that would be raised in November to £98 15s.—so that in buying £100, New Zealand pounds, he pays £100 17s. 6d., and by selling £100, New Zealand pounds, he receives £98 10s. The difference, in our judgment, constitutes a fairly large profit to the banks. We do not wish to exclude the banks from making reasonable profits, but with profits such as those it appears to us to go beyond what is reasonable, and we consider them a serious detriment to trade.

## NEW ZEALAND'S DIFFICULTY WITH REGARD TO REMITTANCE OF MONEY TO AUSTRALIA

I also want to call attention to the very grave difficulty that we had in New Zealand with respect to the payment of moneys that were owing to Australia by New Zealand. New Zealand tried to secure means of transmitting money in New Zealand, and they cabled to me to ask me to try and get some favourable chance of remitting from London. I could get no favourable terms whatever, and it ultimately resulted in New Zealand borrowing money in Australia at 5½ per cent. They had the money to pay these debts, but the cost of remitting was so heavy that it paid them better to borrow money in Australia to pay a debt which was due. Here may I say that it has been suggested—I am not quite sure whether by the Treasury or not—that those who wish to remit money have other sources than the banks themselves to which they can apply, that is to say, there may be companies doing business with Australia and New Zealand who would be prepared to consider drafts for remittances? I have experimented upon that, with no good result whatever. There is very little to be obtained in that way, although occasionally you may get a small amount at a better rate than the bank will provide. But when it comes to remittances of large amounts of money, such as the British Australian Wool Realization Association have to remit to Australia, that is impracticable. After all, we have got to get back to the one source of supply—the banks—and try to arrange some reasonable terms.

## APPOINTMENT OF COMMITTEE SUGGESTED

Now, I am going to suggest, if I may, that the question, which is a very difficult and technical one, should be referred to a Committee, and that that Committee should ask Mr. Darling, the Treasury, and any others that the Committee may think fit, to come before them and explain the scheme, and answer questions, and that then the Committee might report to us and we might have a considered judgment after having gone into details which I do not think it advisable to go into here. Then we might come to a conclusion.

## SIR J. COOPER'S SCHEME

I have alluded to Mr. Darling's scheme, and I will say a word or two about that in a minute. Since Mr. Darling first proposed his scheme, two other schemes have been suggested, one by the Treasury in the Treasury Memorandum which has been submitted to us, and the other submitted quite recently by Sir James Cooper, the Deputy Chairman of the British Australian Wool Realization Association. Sir James Cooper's scheme was published in the *Economist* of the 20th October, 1923. Sir James Cooper, with whom I have had several conversations about Mr. Darling's scheme, is strongly in favour of Mr. Darling's proposal, but, assuming the possibility of Mr. Darling's scheme not being accepted, he suggested another one, an alternative, to the following effect:—

- “(a) Let the Commonwealth Government definitely arrange that the Commonwealth Bank of Australia shall fulfil its proper and original function and allow perfect freedom for exchange operations in any part of Australia to any customer who likes to open an account with it.
- “(b) Let the New Zealand Government, regardless of its holding in the Bank of New Zealand, insist on the Bank of New Zealand allowing perfect freedom likewise throughout New Zealand.
- “(c) Let both, through these Banks in London, give proper facilities for the purchase and sale of Australasian exchange in London.”

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I myself would have put in the words "Australia and New Zealand" instead of "Australasian," because I do not like the word "Australasian."

Now, I am not going to comment upon Sir James Cooper's scheme, but I think that might also be remitted to the Committee to inquire into, if they should see fit to do so; nor am I going to comment upon the Treasury scheme, except to say that I think the Treasury objections, in my judgment—and I am only a layman, please understand—are somewhat far-fetched, especially with regard to the mutual agreement. I can understand the banks raising the issue of mutual agreement, because the Associated Banks are naturally opposed to this scheme. It will affect to some extent their profits unless, as Mr. Darling claims, the Empire Currency Bills so improve credit that increase of trade might be expected. If that increase of trade were to accrue, it is quite possible, though the banks may lose through some alteration with respect to exchange and remittances of money, they may make greater profits out of increased trade, because they would have to finance traders probably. That is only my suggestion. As regards Mr. Darling's scheme—

The CHAIRMAN: As regards the Treasury criticism, I may put this to you now. I gather that it was twofold, first of all, the objection to Mr. Darling's scheme as a scheme on its merits, but, secondly, if you establish Mr. Darling's currency scheme, that that would not solve the immediate and burning question which you are raising, namely, the rates of commission which the banks charge, because whether you have Mr. Darling's system or the present system, the ordinary trader will have to acquire his exchange through the banks.

Sir JAMES ALLEN: Yes, but if I understand Mr. Darling, the holder of a Currency Bill will be able to convert into currency wherever it is required. I am not going into that in detail; I am not a banker, and that is the sort of question the Committee may well consider. As regards the Treasury proposals for a central bank of issue in the various countries, I do not want to go into that. I think the Committee should examine the Treasury and let us know what their considered judgment is after that examination.

## MR. DARLING'S PROPOSALS

As regards Mr. Darling's own proposals, I want to say a few words, if I may. The main points in his scheme are the free convertibility between Empire Currency Bills and the currency of the participating countries—free convertibility. Each country should undertake not to issue currency except against gold or Empire Currency Bills; that is to say, in Great Britain the Empire Currency Bill would probably, to a certain extent, be the reserve security to be held by the bank instead of what they do now, holding so many of the Treasury Bills; and may I just say that I think Mr. Darling has been led to adopt the Empire Currency Bill scheme very largely because he has realized the growing importance of the Empire question, and that he believes that by the creation of an Empire Currency Bill, you will have a security quite as liquid and quite as valuable to the bank and to others, if necessary, as a British Treasury Bill itself? And there is some attraction in the name of Empire Currency Bill; a combined issue on behalf of the participating countries by commissioners in London representing those countries, and the Empire Currency Bills to be sold in London by competition, thus securing the best rates and the best market. They are to be for three months in two sections, one in Bills payable at three months and the other in Certificates subject to three months' notice of repayment on either side; and these Certificates to carry interest based on the Bill rate. He suggests a reserve or gold basis of 5 per cent

to 10 per cent to be contributed by the participating countries in proportions to be agreed upon. He reports against a separate Treasury Bill issue by each country on the ground that the combined gold reserve would be more effective than several small portions, and also many separate lots of Bills could not be issued so economically as a combined issue. I am giving Mr. Darling's proposals—I am not responsible for these. As regards the total amount to be authorized, he did, on some earlier occasions, name a given amount. In his later pamphlet he has laid down no definite amount; that is to be a matter for future arrangement; but his idea originally was, at any rate, that the Currency Bills when issued should be secured by the banks, and should represent security for the currency, which at that time, I believe, was at 340 millions, and that the remainder could be sold at rates corresponding, leaving a considerable amount available for the banks and for the public.

An important point, which perhaps might be misunderstood by some, is that under Mr. Darling's scheme the issue of these Empire Currency Bills would not mean any increase of indebtedness to any of the countries concerned. His idea is that they should be issued to replace War Loans or short-dated Loans, for which we are now paying interest, and as a result we might be safe to anticipate that, in some instances, at any rate, although we should not have the same stable security, or partial stable security, we should have a floating security and, at any rate, we should have to pay a lower rate of interest. We may be paying  $4\frac{1}{2}$  per cent or 5 per cent for our War Loans, and probably it is safe to assume that we should secure the Currency Bills at about  $3\frac{1}{2}$  per cent and thus save interest. The maturing Bills would be met by proceeds of sales on renewing Bills, subject to such adjustments as might be necessary in respect of interest and discount expenses, and he says: "The New Zealand Banks, by purchasing Currency Bills here, could ensure the proceeds being available in New Zealand. Currency could be issued to their value, as they would apparently come within the powers of the banks in their special acts to convert public securities into currency within the prescribed limits."

I do not know that I need go into any further detail with respect to the proposals; I have simply outlined, it seems to me, very briefly what appeared to me to be the main points, and I do consider that there is something to enquire into. We want relief somehow, and must get relief if we can, from the very heavy charges on us for remittances and exchanges, and I suggest that a Committee be set up with power to call for these experts, who may be able, if they do not approve of Mr. Darling's scheme, to suggest means by which this relief may come.

#### THE MATTER ONE FOR A COMMITTEE

MR. BRUCE: I think, Sir Philip, it would be better if I spoke now, because it may then appear that it is not necessary for the Treasury here to go into the question at the length they may be contemplating. All I want to say at this stage is that I entirely endorse the suggestion of Sir James Allen that this matter should be referred to a Committee. It is quite hopeless to attempt to discuss it here.

I will merely give one example of the seriousness of these proposals, and the necessity to examine them from every point of view. Even if it were established that Mr. Darling's scheme is perfectly sound, and that it will solve the problem we are faced with, it is very possible that it involves a complete reversal of the whole of our banking system in Australia. That is a question that would have to be reviewed in very great detail before one could agree to a scheme of this character.



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## A REMEDY MUST BE FOUND

But what I do want to deal with in the very few remarks I wish to make is the absolute necessity for doing something. We must find some remedy for the position which is quite intolerable at the present time. During recent years we have had such tremendous fluctuations in the position as between London and Australia that unquestionably the trade between the two countries has been very seriously hampered, and it has had other results which might eventually lead to a most undesirable position.

## THE AUSTRALIAN EXCHANGE SITUATION IN 1921

Going back to the situation which arose in the early days of 1921, Australia was very prosperous at the time; she had plenty of money available for remittance to Britain; she had certain commitments to meet in Britain, but we found not merely that an excessive rate had to be paid to remit money to Britain, but that it was absolutely impossible to effect a transfer at all. That was very serious. The rates that had to be paid for what could be got certainly hampered trade, but the more serious side of it was the fact that there were a great number of old commitments outstanding in London which simply could not be met. Australia's credit in the past has been extraordinarily good in the British market. I think, generally speaking, the British manufacturer would say he preferred to deal with Australian businesses for the reason that they are mostly fairly long established, have got big resources behind them, and, generally speaking, take the fullest possible advantage they can obtain for cash payment; and with many of the very big businesses trading with this country it had become quite an established principle that they generally paid cash if it was advantageous to do so. If it was not, they paid by bill, but the idea of renewing bills was quite an unusual one. In 1921 we found ourselves faced with the position where houses that had never renewed a bill in their transactions in Britain had to go to the manufacturers with whom they were dealing and tell them quite frankly that they had to renew bills; and in many cases they had to renew them, not once, but twice, or even oftener, before the exchange position became such that they could transfer the ample funds they had in Australia to Great Britain. A happening of that sort which can be explained does have a certain effect upon creating an atmosphere of doubt in regard to the credit of a particular country, and Australia has certainly got to see to it that she is not going to be placed in that position again.

THE CHAIRMAN: It is very bad for the man here who is going to be paid.

MR. BRUCE: That led to very many serious difficulties, for the reason that a great number of the people here came under suspicion of their banks and their position was a very difficult one because, as far as the Australian merchant was concerned, it was comparatively easy for him to explain the situation to his manufacturer where it was one isolated transaction; but where you had a great business in Britain which was probably trading with all the quarters of the globe and had facilities with his bank in respect of that trade, it was very difficult always to make it quite clear that the cause of the present temporary embarrassment was a particular exchange situation which had arisen in regard to Australia. And I know with absolute certainty that at that time the banks in Britain were doing a thing which is not their usual practice, that they were not merely considering the amount of the overdraft the manufacturer had from them, but they were taking very much greater care than they usually do to combine the overdraft with the bills under discount and arrive at the total



liability of any individual manufacturer. Of course, in the general way that is always done by the bank, but it is not done with the same precision and care as during this particular period. Certainly Australia did very considerably embarrass a number of the people they were trading with at that time, and that situation cannot be allowed to recur in the interests of Australia and also in the interests of the trader at this end of the world.

#### THE SITUATION IN 1922

The other side of the picture arose during the year which has just gone, 1922, and the beginning of this year, when Australia found herself in the very reverse position, that while she had ample funds in Great Britain it was almost impossible to transfer them to Australia. In fact, in regard to one instance which has been quoted by Sir James Allen, that of the British Australasian Wool Realization Association, they actually were in the position of having something like 6 or 7 million pounds over here that it was almost imperative that they should transfer to Australia and there was no method by which they could get facilities to do it. Of course, the effect upon Australia is very serious in a happening of that sort. I remember at the time we were considering the question of a Commonwealth Loan for certain development works in Australia and I discussed it with the directors of "Bawra," and I discussed it with a great number of people in "Bawra" who were expecting substantial amounts of these 6 or 7 millions; but the fact that the money could not be transferred at the time we wanted it greatly embarrassed us. In regard to that particular loan, it led, when action had to be taken, to the withdrawal of a great deal of money which should have been available for ordinary commercial purposes in Australia, and that withdrawal was necessitated because we really could not get money from Great Britain, whereas if the money could have been transferred readily and easily we should not have had any sort of embarrassment with our own local finance. That is the sort of situation in regard to which some action must be taken.

#### THE POSITION OF THE BANKS

I do not want at this time to go into the question of whether the banks in Australia have failed in a very obvious duty which lay to their hand, to handle this situation. They were faced with the difficulty that gold had disappeared and they had to find certain new bases to carry through their transactions. All I will say is, they certainly did not arrive at any method by which what was so necessary should be accomplished. The other point is as to the difference between the banks' selling and buying rates. That again is a question which at this time I do not want to go into. I have expressed my opinion very clearly and definitely to the banks, and it is a situation which cannot be allowed indefinitely to continue. If out of the deliberations of this Committee some scheme is evolved on a very broad basis, there may be no necessity to take that question up or to take any action, but if no broad solution of the whole question is evolved then it is a matter to which certainly the Australian and New Zealand Governments will have to give very serious consideration. We have both got institutions which are supposed to be National Banks, and there would appear to be in our hands an instrument to remedy a situation which is becoming increasingly difficult, but I do not want to deal with that side of it at this moment. It may not even be necessary for us to consider what action we should take in that connection.

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## IMPERATIVE THAT THE MATTER SHOULD BE VENTILATED

As far as Australia is concerned, we certainly desire that this matter should be ventilated. It is imperative from our point of view that it should be done; I suggest it is imperative from the British point of view also. We are all very anxious to promote an ever-increasing trade, and there are schemes which have been advanced for financial co-operation by the British Government in development schemes carried out in Australia, but an increase in trade or that co-operation in regard to financing schemes will all involve the transfer of very large sums of money between Australia and Great Britain, and we must not find ourselves at a later date in the embarrassing situation of having evolved great schemes which are admirable in their conception and perfectly sound, but not being able to carry them into effect because we have overlooked the difficulties which the exchange position might create.

## SALUTARY ACTION OF AUSTRALIAN BANKS IN 1921

There is one other point that I think I should state, in fairness in regard to the banks in Australia. I have many complaints against them, many and bitter complaints, which I have voiced on many occasions and probably will voice again in the future, but in regard to the particular period in which I have referred in 1921, when credit facilities in Britain were very difficult to obtain and remittances were nearly impossible, there is no doubt that the action that the banks took at that time saved Australia from finding herself in a very serious position. We enjoyed a period of very great prosperity during the war. There had been an inclination just when the war was over for people to indulge in very serious over-trading, and it was the vision of the banks which saw where this was leading us to, and the action they took in seriously restricting credit in Australia, which helped to save us from the effects of that over-trading position. Very serious losses were suffered, but we were enabled to get out of the situation we found ourselves in whilst there was still a very substantial purchasing power in the people, and we avoided the situation which arose here, which had the most serious and almost paralyzing results in regard to British industry. I think it is only fair to quote that, as illustrating that the work the banks are doing is quite valuable, while in no way departing from the very clear attitude one must take up that in regard to this particular matter the banks certainly are not doing all that they might to facilitate transfers between Great Britain and Australia and between Australia and Great Britain, and particularly they are certainly open to very grave criticisms for the rates which they are charging for the difference between the buying and selling prices of money. That is all I want to say at this particular stage.

## TREASURY AGREE AS TO EXISTENCE OF DIFFICULTIES

Colonel GUINNESS: I should like to say at once that the Treasury are in full accord with the proposal that this matter should be discussed by a committee. A great deal of consideration has been given to it since Mr. Darling's Scheme was first brought forward, and the British Treasury are quite in agreement with what has fallen from both Sir James Allen and Mr. Bruce as to the serious impediment that is now involved in Imperial trade by the difficulties of remitting money and the fluctuations in sterling exchange. I am sure that it is much better to remit a subject of that kind, which is very technical, to an expert Committee, rather than to attempt to deal with it at a Conference of this description.

## BOTH HOLD THAT DARLING SCHEME IS NO REMEDY

Both Sir James Allen and Mr. Bruce referred, in the many specific recommendations which they put forward, to Mr. Darling's scheme. If we are going to have a Committee, it is certainly not necessary for us to discuss it in detail; but as we have got to decide what directions to give to the Committee, I think it is just as well to summarize in two or three sentences the difficulties which the Treasury would urge against that scheme; and therefore there is a strong reason, if you set up a Committee, not to limit them to the Darling scheme, but to focus their attention on the real evils, and see if they cannot find an effective cure. The Treasury view is that the Darling scheme is a much greater disturbance, even if it were found to be practicable, than is necessary. There would be no need for such a scheme if sterling regained its gold parity, and since this scheme has been put forward the South African premium has dropped from 8 to  $1\frac{1}{2}$  per cent. It looks as if matters were curing themselves in that respect, and that it is not justifiable to cause such a cataclysm in our financial policy.

## IMPOSSIBLE TO CONTROL CURRENCY WITHOUT CONTROL OF CREDIT

We do not believe that the scheme will be effective, because control of currency cannot operate satisfactorily unless, at the same time, you have control of credit. Mr. Darling apparently recognizes that it would be impossible for self-governing communities to allow interference in their credit arrangements and finance and does not put forward that proposal, but we believe that caution on his part really renders the scheme nugatory. If we are to have this joint guarantee, we inevitably should have to have joint control and a great deal of interference which would be liable to cause friction between the various guarantors.

As so much stress has been laid this morning on the disability from which trade suffers owing to high bank charges and exchange operations, I would point out what is developed in the Treasury Memorandum, that in our opinion this would not be cured by the issue of Empire Currency Bills, because these Bills would be held by the banks, just as Sir James Allen has told us the drafts were in the hands of the banks, and the trader would no more go outside the ring and deal in these Bills himself than he goes in for exchange direct at the present time.

Mention has been made of Sir James Cooper's scheme, and I would say that that appears to coincide very closely in principle with what the British Treasury has put forward. The fact that these schemes have been elaborated shows that there is an urgent need for consideration of these two inter-related problems; the fluctuations in sterling exchange, and the high rates on exchange operations. If you cure the first (the fluctuations in exchange) you will largely decrease the second which is partly due to the need for a large return to compensate for risks taken in what is very speculative business under present conditions. If stabilization does not cure this trouble and if it is found on inquiry and experience that it is due to a "ring" in the control of exchange markets, it could be dealt with by a central bank taking steps to deal with such a "ring."

## TREASURY WELCOMES PROPOSAL TO SET UP A COMMITTEE

Therefore, we welcome the proposal of a Committee, and I would suggest that it be a Committee of experts, and that not only Australia and New Zealand and the British Treasury, but all parts of the Empire should be represented on it, because we believe that certain Dominions have had experience in this

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respect which would be very useful to the other Dominions. We here, of course, have not got quite the same problems. In the Dominions the bank rate system does not exist, and there is not a free enough market in bills to allow of rediscounting to the extent that takes place here. We believe that the South African and Indian experience of central banking might probably be very fruitful if put before the Committee.

## THE TERMS OF REFERENCE

I would suggest that if this Committee is set up we limit it to certain specific points. In the present state of public anxiety and uncertainty as to matters of currency it would, for domestic reasons, be very inadvisable for the public to imagine that the whole bases of our currency system were being thrown into the melting pot.

## CANADA NOT PARTICULARLY AFFECTED

Mr. MACKENZIE KING: I presume that this subject is primarily of interest to those parts of the Empire with sterling currency. I do not think it affects Canada particularly. Our exchange transactions are made primarily in relation to New York, and bankers, I think, hold the view that it would not be practicable to consider any other basis at the time. I should assume that under the circumstances it will hardly be necessary for Canada to be represented on this Committee. The Memorandum prepared by the Treasury sets forth our position, I think, with accuracy.

## A NEW ZEALAND COMPLAINT

Mr. MASSEY: I would just like to add a word. I may say that this has arisen out of the fact that I have had a number of complaints, principally from New Zealand, with regard to the rate of exchange, but even since I came to London I have received complaints with regard to the same thing. Let me quote a letter which I have received from a gentleman in London. He says:—

“The matter of exchange payable between New Zealand and Britain is also of great moment to the meat trade. I understand that the present rate charged by the New Zealand banks is  $2\frac{1}{8}$  for a thirty days draft on London, and you will appreciate what this means when I state that this practically means a farthing per pound on lamb at its present price, that is to say, the exchange is costing the exporters of meat 10d. for every 40-pound lamb.”

I do not know whether this applies all round, but if it does it is a very serious thing. It is only right to say that it has been indicated by the banks that they propose to make a slight reduction in November, and I hope that will be the case. If the inquiry has no other effect, I believe it will have the effect of reducing the rate of exchange. My correspondent goes on:—

“This rate is, of course, considerably higher than pre-war. From memory, I think the pre-war rate was under 1 per cent, so there is a great opportunity to reduce the cost to the producer if we can get the rate of exchange down to normal.”

It is only right to admit that this cuts both ways to a certain extent. It was my duty, two or three months ago, to authorize the transfer of half-a-million from New Zealand to London, and instead of having to pay exchange, we received one-half per cent by way of premium on the transaction. But,



with regard to the charge the other way, according to my frined, that is 2½ for a thirty days draft on London. I do not want to go over the same ground that has been covered by Sir James Allen, but I do hope that something satisfactory will result from the inquiry.

As representing the New Zealand Government, I am able to look at it from the point of view of a banker as well, because the New Zealand Government owns a third of the Bank of New Zealand, and a third of the profits is credited to us. Nevertheless, I want the rate of exchange—and the rate of interest too, for that matter, though we have nothing to do with that at present—to be as low as it is possible to arrange.

Mr. BURTON: Mr. Chairman, South Africa, as the greatest gold producing country in the world, is, of course, vitally interested in the whole of this question on its larger side; but in what I am going to say I propose to look at it from a much wider point of view than that of South Africa alone.

#### TWO REMEDIES FOR EXCHANGE DIFFICULTIES

##### (1) *Return to Gold Standard.*

As to the second point for consideration, namely, this matter of the bank rates, I see no objection at all to the Committee inquiring into that, although, as far as we are concerned, it seems to us there are only two real remedies for these difficulties. One would act automatically if you got back to gold. You agree that that would dispose of your trouble, because the banks could not then charge the Dominion importer more than it would cost him to ship gold to the United Kingdom, or the Dominion exporter more than it would cost him to import the gold from the United Kingdom. Unfortunately, that is not possible at the present moment.

##### (2) *Establishment of Central Reserve Banks.*

The second substantial remedy, which I think is foreshadowed in the Treasury Memorandum, is for the Dominions to establish central reserve banks. We have had experience of that, and, although in South Africa owing to the Central Reserve Bank not having operated effectively for more than about eighteen months, we have not settled this thing to our satisfaction by any manner of means; still, the situation with us is materially better than it is in either Australia or New Zealand. The charge in the case of South Africa is 7 per cent. The banks charge the South African exporter 1½ per cent. for cabling his sterling currency to South Africa, and give the South African importer 5 per cent. for cabling his South African currency to London. There can be no doubt that, having regard to the remoteness of the possibility of loss to the bank, the charge is certainly high, even in South Africa, but it is very much lower than the charge levied by the Australian and New Zealand Banks for the same services, for in their case it is 1½ per cent. and I was interested to hear Mr. Bruce say he had grave complaints against the Australian banks. One wonders why the Australian State Bank is allowed to associate itself with other commercial banks in exploiting the community in this way, because it does so. The Treasury Memorandum points out that the Commonwealth Bank in Australia, under the powers that it possesses to-day, could do a material service in improving this state of affairs, if it would only use the powers that it has, but so far, apparently those powers have not been used. However, although I doubt whether we shall get, except by means of the two methods I have mentioned, namely, an actual return to the gold standard, or the establishment of central banks, any practical remedy for this difficulty at the moment, I do not object at all to the enquiry which I understand the Treasury would like to have made.



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## THE DARLING SCHEME DEAD AS FAR AS SOUTH AFRICA CONCERNED

Well now, on the second matter, which is a much larger one, let me say at once that South Africa is not prepared even to consider and examine Mr. Darling's scheme further than it has done already. I will not object to the Committee going into the matter; it may have a useful result in flogging what seems to me to be a dead horse already, so I will not object to that, but I only want to say quite candidly, that, whatever anybody else may do, we certainly shall not adopt Mr. Darling's scheme. It is hardly necessary for me to add to what has been said already on behalf of the Treasury. The crucial difficulty of the scheme has been pointed out, namely, that it provides machinery for creating currency without, at the same time, creating any machinery for controlling credit. These two functions must be closely co-ordinated if you are ever to make the thing a success. To my mind it is impossible—I do not care how many committees you set up—it is impossible to devise any scheme for controlling credit throughout any four self-governing countries, and that is why I am sure this scheme for Empire Currency must fail.

## SOUTH AFRICA'S INTEREST IN THE GOLD STANDARD

The adoption of the scheme would involve in the participating country new currency legislation, and it would involve a complete abrogation of the gold standard, which would be the result of course, because you would convert your notes simply into these Currency Bills. Well, as you can imagine, it is impossible that South Africa in its unique position as the greatest gold-producing country should abandon the gold standard. May I say it is equally unthinkable that Great Britain would do so? We have heard so much about inflation here in recent years, talk about inflation by gentlemen who are supposed to be financial experts, and this talk has naturally—perhaps you do not know to what extent—disturbed the minds of people in the Dominions very substantially, because it has made them fear that it was possible that Britain's attitude with regard to sound finance was in danger of being weakened. Well, to us in the Dominions, Britain's action in this matter is of vital importance. The lead that she gives would probably be followed in most of the Dominions; at all events she necessarily leads in all these things, and her adherence to sound financial policy in face of the enormous difficulties which have beset her and are still besetting her now has not only maintained her prestige in the world at large but has been our main rock of salvation. It has been our main hope of stability and steadiness in a world of financial chaos to-day, so that we were, if I may say so, all of us, very pleased indeed to observe in this morning's paper what I never for a single moment doubted, but what all this wild talk about inflation began to make some of us a little nervous about, I mean the announcement made on behalf of the British Government by the Prime Minister in his speech last night which we heartily welcome.

## SOUND FINANCE THE ONLY CURE

All attempts to get out of your difficulties by means of that sort, or by means like Mr. Darling's scheme—these things are all dodging the issue. It is the old story of the ostrich sticking his head in the sand. You cannot do it that way. There is only one plain road, that is to stick to the sound policy which, so far, this country has followed, and which we in South Africa hope she will adhere to in the future. That is our policy. We have laid down our belief in the gold basis. Our law is founded upon an adherence to that, and the expressed intention of the Government to work towards the restoration of the gold standard at as early a time as is possible.

Well now, let me just say this further, that the currencies—I am not sure that that was put quite clearly, or that it entered as fully as it should into the proposals of the Treasury—that the Dominion currencies usually stand at a premium above sterling, because their exports, as a general rule, recently anyhow, have exceeded their imports. This position may be due to some extent to other causes, but that is the main thing. The reverse has happened occasionally, *i.e.*, our imports have exceeded our exports, but the normal position is the other way, and that is the position to-day. If you could restore the gold standard in the United Kingdom and in the Dominions, the trouble arising in this respect would, of course, disappear entirely, as I have said.

#### SOUTH AFRICA'S CURRENCY POLICY

Now, may I just say a word with regard to the measures taken in South Africa in these matters? We passed legislation in 1920 establishing a central bank, and also making certain provision to enable us to get over our temporary difficulties in respect of the gold standard. We postponed the free gold market there for three years. We have had now, this year, to postpone it for another two. But South Africa is not disposed to postpone that longer than she can help. Her attitude is this. She feels, on account of her trade connections—you can put it roughly both ways, exports and imports—about 70 per cent of our trade is done with the United Kingdom; it is done here with Britain, and we realise, being the much smaller country that we are in these matters, that our wisest course is to follow sterling, to stick to sterling for the present. We propose to stick to sterling so long as the British policy is a gradual approximation towards the restoration of the gold standard, but we certainly should not stick to sterling if there were a change of policy in this respect.

#### THE SOUTH AFRICAN RESERVE BANK

We passed legislation in 1920 to establish a Reserve Bank with the sole right of issuing notes. It was practically precluded from doing ordinary commercial business and it was not subject to Government control. That bank was brought into existence in 1921 and it has been operating effectively as I said for about eighteen months now. It may be of interest I think—the matter is mentioned in your Memorandum—to note that we have provided for the use of British Treasury Bills to a limited extent as part of our Reserve Bank Note backing, but that measure is a purely temporary one. It was adopted in order to get us over the difficulty created by a comparative failure of the supply of commercial bills, which, in the original Act together with gold, were the only backing. In our first Act, the backing for bank notes was confined to gold, 40 per cent I think it was, and 60 per cent of commercial bills. In our country the system of commercial bills had not, up to then been much adopted; they used the system of overdrafts. The use of these bills is increasing though the use of them has not been as great as we would have liked to see, or as much as was contemplated when the Act was passed. So that I have provided an additional form of backing in the use of these Treasury Bills, but that is a purely temporary thing and I am sure will not be favoured when the time allowed for its use has departed.

Now I do not want to detain you unnecessarily about this matter. Our root policy in South Africa is a firm belief in the gold standard as the only proper foundation for currency in this civilized world to-day. Our policy is to move towards that as rapidly as our circumstances allow us. That we adhere to. We rejoice in the statement which has just been made on behalf of your

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Government and we were pleased at the adoption of the report of the Cunliffe Committee some time ago which no doubt, after what has been stated, it is clear the Government here intends to adhere to. That is our position. We are not going to consider for a single moment the adoption of any such scheme as that of Mr. Darling for the reasons I have given you. But I am quite prepared to agree to the proposal that has been made that we should have a Committee to examine the matter from all points of view. I do not object to the examination of Mr. Darling's scheme; I only want you to understand from the start that I regard it as a dead horse. It is out of consideration so far as we are concerned.

Short of that, by all means let us discuss these other points which have cropped up, such as the bank rate. The bank rate is a substantial business difficulty; and we feel it in South Africa, not so much as the others do, but quite materially. I would be quite glad for the Committee to consider that and see whether there is a way out. If there is a substantial and practical way out I would welcome it, but I do hope this Committee is not going to be given such wide scope in the matter that they will be sitting here for months after the Imperial Economic Conference has dissolved. You must see to that. The work that has to be done must be done within a reasonable time so that it may be brought back to us and we can consider it.

MR. RIORDAN: I cannot contribute anything of value to the discussion, Mr. President, but I shall arrange that a representative of our Ministry of Finance will be over here for the Committee work.

SIR PATRICK McGRATH: Our position is identical with Canada's. Our banking is done by branches of the Canadian banks. We are not interested in the matter.

MR. INNES: I have very little to say. Mr. Darling, I see, specifically excludes India from his scheme. Had he not taken that precaution then I should have said at once that the Government of India are not inclined to favour that scheme. I quite agree that the whole subject should be explored in all its bearings, and if it is decided to refer it to a Committee we shall be happy to place any experience we have in these matters at the disposal of that Committee.

MR. ORMSBY-GORE: I consulted my advisory Committee yesterday afternoon and I was informed by some of the merchants there represented that they have certain points in connection with the bank rate of exchange to bring up, and therefore on that issue I think we should be represented.

THE CHAIRMAN: Do you want to be represented on the Committee or be able to lay points before them.

MR. ORMSBY-GORE: Both.

THE CHAIRMAN: I foresee a large Committee. It may be that we should want both—I am speaking rather as Board of Trade—that, you and I could agree. I think it is essential to have on that Committee some of the people who are experiencing the difficulties at this end. I should like, for instance, to consult with the Association of Chambers of Commerce and the Federation of British Industries and see if we could get one person or two from them. Those are the kind of people I want to see on that Committee, the people who are meeting with the practical difficulties, and very likely their difficulties and your people's difficulties are the same and we might be able to agree on personnel.

## STABILITY OF STERLING THE MAIN INTEREST OF THE COLONIES

MR. ORMSBY-GORE: Yes. As the policy of recent years has been to link the issues of the various Currency Boards, West African, East African, the Straits, etc., to sterling, the great interest of the Colonies and Protectorates is

the stability of sterling, and that is to our minds intimately bound up with the maintenance of the idea of the gold standard, and really from the point of view of the Colonies and Protectorates I should like to endorse everything Mr. Burton has just said.

Mr. AMERY: I only want to add just a word or two on that. I do not propose to discuss Mr. Darling's scheme. It is a very ambitious scheme. The only thing I would say about it is, that the results of many years study by a practical banker of his experience cannot be an altogether visionary scheme, and I have no doubt Mr. Darling will have his own answer to some of the criticisms suggested.

#### DIFFICULTY NOT INSUPERABLE. SOME INSTANCES FROM THE COLONIES

I would like to say in confirmation of what Mr. Ormsby-Gore said, that whether the problem is soluble on a comprehensive scale or not, certainly as between any two parts of the Empire it can be solved. In the sphere of the Colonial Office it has been solved in a number of ways in a number of different instances. Mr. Ormsby-Gore referred to East and West Africa. In both those cases the exchange has been kept absolutely level to the great advantage of trade and commerce, by Currency Boards composed partly of Government and partly of bank representatives. A similar institution keeps the sterling exchange absolutely level with the dollar currency of the Straits Settlements and Malay Federated States. There are other ways. At one time, before the creation of the East Indian Currency Board when the rupee was threatening suddenly to soar to a point which would have ruined all the planters in East Africa, an Order in Council making English currency notes legal tender at a certain rate was passed which kept the exchange level though in fact I think no notes actually flowed out. And again, in the case of certain Protectorates like Nyasaland and Northern Rhodesia, which are politically separate from the Union of South Africa, the fact that they allow their currency to be managed by the same banks as those operating in the Union keeps their currency quite stable. The same, Sir P. McGrath has just told us, applies as between Newfoundland and Canada. I only mention these facts showing that in one way our difficulty is not an insuperable one; it can be overcome.

The only other thing I should like to say is with reference to what Mr. Burton said. Of course we have a tremendous interest in getting back to parity with gold, not only on general financial grounds, but owing to the fact that we have immense debt payments to make to the United States in gold. But that very fact adds to our difficulties; the fact that we have very heavy payments to make to the United States tends to set the exchange against us.

#### STABILITY OF STERLING WITHIN THE EMPIRE AN ESSENTIAL STEP TOWARDS GOLD PARITY

Now Mr. Ormsby-Gore hinted at what I believe is very fundamental to this whole problem, that is, the wider we can get the stability of exchange within the Empire, the easier it will be for us to work back to gold parity with the United States, and therefore also the easier to get back to parity with Canada, the absence of which is paralysing all British investment in Canada at the present moment. While I agree very largely with Mr. Burton, I regard all proposals which get sterling stability extended as wide as possible over the Empire not as an alternative to getting back the gold standard, but as an essential step to accelerate the process of getting back the parity between sterling and gold, and therefore helping us with the payment of our great American debt.



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Mr. MASSEY: I would just like to say, in order to clear up one point that has been raised, that we are not in any way tied to Mr. Darling's scheme or any other scheme. If we can get a better scheme than Mr. Darling's we shall adopt it, and there is no attempt in the proposal that has been put forward to interfere in any way with the gold standard. That is not in my mind and is not in the mind of my colleague who has taken a very active part in this matter.

After some discussion as regards the constitution and terms of reference of the suggested Committee (in the course of which Mr. Mackenzie King said "We are perfectly agreeable to being represented if so desired, but we do not feel that we have the same interest in this question as certain other parts of the Empire have"), it was agreed that a Committee should be set up "to consider the difficulties which have arisen in regard to exchange between certain parts of the Empire, and between such parts and the United Kingdom, including the bank charges on exchange transactions, and to recommend what practical means can be taken to deal with them."

This Committee (the Committee on Inter-Imperial Exchanges) reported to the Conference on the 6th November, 1923, and their Report is printed on page 478. The discussion was resumed by the Conference at their Twenty-second Meeting held on the 8th November, 1923, when Sir Charles Addis, who had acted as Chairman of the Committee, attended and made the following statement:—

## STATEMENT BY CHAIRMAN OF COMMITTEE

Sir CHARLES ADDIS: I have the honour to submit the resolutions which have been passed with unanimity by the Committee on inter-Imperial Exchanges. It will be remembered that by the terms of our reference we were limited to the consideration of the difficulties which have arisen with regard to the exchange in certain parts of the Empire, and the suggestions which we submit to you it will be understood are not directly applicable, or perhaps even of practical application, to those parts of the Empire such as India or Canada, where these difficulties do not exist.

## THE QUESTION OF BANK CHARGES

The charges, that is to say, the differences made by the banks between buying and selling sterling, came under the consideration of the Committee, and we had the opportunity of discussing them with the managers of the banks in the Dominions concerned. It was explained to us that the nominal rates quoted were in practice materially reduced by concessions customarily made. It was further explained that those charges in addition to such elements as insurance against risk included various services rendered by the banks and otherwise unrequited. There was, for example, the action taken by the banks to prevent undue fluctuations in exchange caused by differences in seasonal demands; the expense incurred by the accumulation of bank balances, alternately at home and alternately in the Dominions, arising out of these seasonal demands; and the advantage given to the merchant in enabling him through the relative stability of exchange to enter more fully than he otherwise could have done into contracts for forward delivery. In this way it was explained the operations of commerce and exchange were facilitated by the banks.

I think it fair to the banker to state the arguments which they put before us, but I have to say that the Committee, having considered them, are of opinion that in some cases these charges are still unduly high, and that they might be reduced. The Committee are also of opinion that, if the suggestions which they have submitted to you for the stabilization of exchange are put into force, they will undoubtedly, other things being equal, be of great assistance to the bankers in enabling them to reduce their charges.



## RETURN TO GOLD STANDARD THE REMEDY

With regard to the general difficulties of exchange, the Committee are satisfied that, for the most part, they find their origin in the suspension of the gold standard, and that a remedy will be provided automatically as soon as that standard is effectively restored. In their judgment, therefore, it is highly desirable, in the interests of all parts of the Empire, that the policy should be steadily pursued of a return to an effective gold standard.

## THE DARLING SCHEME

They have also considered schemes which have been put forward—interim schemes, temporary schemes—for bridging over the period between now and the removal of the existing difficulties on the resumption of the gold standard. In particular, they have had the advantage of a personal exposition by Mr. Darling, of his well-known scheme. It is not, he assures us, in any way intended by his plan to abrogate the gold standard. He agrees that his scheme would be subject to revision and alteration, if the gold standard were restored. There is a further similarity between his scheme and those measures which we have suggested for your adoption, in so far as he also contemplates the creation of a central bank, one of whose functions would be the management of a sterling exchange standard.

The Committee, however, are satisfied that it is perfectly possible to achieve the same or at least similar results to those contemplated in the Darling and in other schemes, by utilizing and extending the existing machinery of banking and credit, without having resort to the creation of a new instrument of Imperial credit with the various constitutional and financial difficulties to which that might give rise.

## NEITHER NECESSARY NOR DESIRABLE

It is considerations like those which have led the Committee, after careful consideration, to say that they are unable to recommend as either necessary or desirable the adoption of Mr. Darling's scheme.

## SUGGESTED REMEDIES

*(a) Action by Dominion Note-Issuing Authorities.*

They suggest that if the note-issuing authorities in the various Dominions were to undertake operations in sterling exchange, it would go far to provide a remedy for the difficulties referred to. It is scarcely necessary to add that the more closely those operations are kept to the parity or the fractional parity of exchange, the more effective the remedy is likely to be. The measures advocated by the Committee could be undertaken without making any change in the existing machinery, beyond that to which I have referred.

*(b) Creation of Central Banks.*

They would, however, be materially accelerated and assisted by the formation of a central bank in those Dominions where such an institution does not already exist. With the accumulation of an adequate sterling reserve in this country, it would be comparatively easy for such an institution to keep exchange closely to par, by undertaking to buy and to sell sterling either to the banks or to the public, or to both.

The Committee believe that some such action as has been suggested if taken by note-issuing authorities in co-operation with central banks, would effectively meet the difficulties which formed the subject of their examination.

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I think it right to add that we have had to contend, as you will understand, with the difficulty of time. We have only had a week in which to report. It was not possible in these circumstances to hold a protracted enquiry, or to call the numerous witnesses who, no doubt, might have assisted us with their expert evidence.

The more the Committee went into the subject, however, the more they were convinced that, even if time had admitted, it was better to limit their functions to making suggestions of a general character, which should not be binding on those who accept them, but which might be used as a "taking-off" place for such of the Dominions as might decide to follow up the suggestions by an enquiry, which, in consideration of the varying conditions involved, could probably be conducted to very much greater advantage on the spot. For these reasons we have confined ourselves to the suggestions put forward in the resolutions which have been circulated, and as chairman of the Committee I beg respectfully to recommend them for your adoption.

## DISCUSSION

## CANADA NOT DIRECTLY AFFECTED

MR. GRAHAM: I am very much interested in the remarks to which we have just listened. This very intricate question has been placed before us with such terseness and clarity that even such a dry subject has been made interesting. As has been stated, Canada is not directly affected. I would just like to point out this, that we have a gentleman in Canada, well known in London, who has produced or is producing a treatise on this question of currency, but it is so involved that I would not care to attempt to place any of his contentions before the Conference. I think I am safe in saying, however, that he takes the opposite view to that expressed this morning, and a warning is hereby given that at the next meeting of this Conference that method will probably be placed before the Conference for consideration.

THE CHAIRMAN: Not necessarily endorsed by Canada, I presume?

## SOUNDNESS OF CANADIAN FINANCIAL INSTITUTIONS

MR. GRAHAM: Not up to date. Would it be out of place if I take a moment or two to call attention to a situation that sometimes is magnified by the Press? I want to assure this Conference that there is no doubt as to the stability of the financial institutions of Canada. The fact that one bank has recently collapsed on account of very, very bad business management is not any indication that the system under which our banks operate is not a good one. I will not detain the Conference, but I thought this was a good opportunity to assure the financial world of London that the Canadian banks and our financial institutions are on a sound and solid foundation. Any failures that take place, take place on account of bad management.

## REPORT BASED ON ASSUMPTION OF EARLY RESTORATION OF GOLD STANDARD

MR. BRUCE: Sir Philip, the first resolution in the Committee's Report deals with the restoration of the gold standard, and I think most of us will agree that if the gold standard were restored it would go a long way to solve many of the difficulties that are arising to-day. But what I would really like to know is whether that resolution is in as an indication that the Committee's view, after going into the matter, is that there is a reasonable prospect on an Empire basis

of the gold standard being restored, or is this first resolution merely a statement of the opinion that if such a thing were possible, then it probably would solve the problems we are faced with? I should imagine that its being put there indicates that the view generally taken was that the possibility of the restoration of the gold standard is one which was contemplated as being possible of accomplishment. Could I ask it by way of a question?

Sir CHARLES ADDIS: That is so. It is based on the assumption of an early restoration.

Mr. BRUCE: That being the position, I think that the second resolution that they have arrived at is almost the only course that they could take. If the restoration of the gold standard was recognized to be an impossibility, or that it could only be brought about after a very long lapse of time, or even if the Committee had come to the conclusion that the restoration of the gold standard was not desirable—I do not for one second want to be understood to take that view myself, as personally I am very convinced that the restoration of the gold standard is a thing we should all be working towards—then I think the question would have to be faced of finding some other method of providing for our exchange arrangements in the future and their adjustment. If, however, we are going to get back to a gold standard I personally agree that it is not desirable, nor is the position so acute that we have got to take some action, the result of which must be fraught with very grave doubts from whatever standpoint it is considered. Certainly it could not be undertaken nor could any scheme be put into operation before there was the fullest and the closest enquiry in the different countries concerned. Personally I think that the giving effect to a scheme such as Mr. Darling's would possibly involve a complete revolution of the whole of our banking system in Australia. That view may or may not be correct, but certainly, as that possibility is involved, you would need to have an examination on the spot and the fullest possible enquiry to determine what the effect of any action you might take would be. I think there was no other conclusion that the Committee could have come to than the one embodied in the second resolution.

In regard to the third resolution (c), the Committee, after an examination of the position, have laid down that the bank charges for buying and selling sterling appear to be unduly high. I do not want to comment upon that finding. I stated it as my view when we were dealing with this matter before. In regard to (a) and (b) I am afraid I can make no comment at all. They involve questions of high policy for any Government and I, having in my own Parliament indicated that we were contemplating placing our Commonwealth Bank under a Board, and there having been many rumours as to what our intention was, and exactly on what basis we were going to operate what is our National Bank in the future, I think any comments by me upon those two proposals would be a little dangerous.

#### VALUE OF COMMITTEE'S WORK

Mr. MASSEY: I should just like to say, Sir Philip, I quite realize that there were difficulties in the way of the Committee doing as much as was expected from them at first. The time limit, of course, was the real trouble. We know it was quite impossible for the Committee to go into a completely exhaustive enquiry of the whole subject. I understand that and accept it; but as one of the movers in this connection I want to say I am very strongly of the opinion that what has been done has been well worth doing. I was particularly pleased with the very valuable information given to us by Sir Charles Addis when he was speaking a short time ago, especially his statement that it

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was likely that the gold standard would be restored at no distant date; that is very valuable information for most people throughout the Empire. Of course, the difficulty lately appears to have been that there was not sufficient gold within the Empire as to enable it to be utilized for the purposes of shipment and stabilizing the exchanges. Let us hope that that difficulty will be got over because I think that is the best thing that can possibly happen, I know there are many bankers who are not anxious to restore the gold standard, because when the gold standard is restored it is going to interfere seriously with the profits they have been making.

## ACTION PROPOSED BY NEW ZEALAND

So far as the other points are concerned I propose on behalf of New Zealand to comply with sub-clauses (a) and (b) of clause 3 by getting a conference of the principal bankers of my country to ascertain what can be done, and I shall have no difficulty in doing that because I have had to convene them on several occasions, and I have always found them quite willing to come and discuss matters with the Treasury and with myself. I am very glad to see that admission in sub-clause (c) where it is stated that in some cases the bank charges for buying and selling sterling are unduly high and should be capable of reduction. That is exactly our case. There it is in a nutshell.

As I mentioned at an early stage when the Committee was being set up I am able to look at both sides of the question because, although the Bank of New Zealand is not a State Bank, the State has a large interest in the Bank of New Zealand. I do not know exactly what the State would sell for, but at the rate at which bank shares, even new shares are selling, I know that our interest in the Bank is very large.

## QUESTION MIGHT BE REFERRED TO ECONOMIC COMMITTEE

Then there is another point regarding the Committee which it is proposed to set up. I do not think we have got to the last stage in connection with that. I refer to the Committee which it is proposed to set up to carry on from one session to another the work of the Economic Conference. It might be well to arrive at an understanding so that if need be the matter which has just been reported upon from the Exchanges Committee, might be referred to the new Committee which it is proposed to set up.

The CHAIRMAN: I think that could very well be done. Supposing for instance that (c) did not produce the desired result, the reduction of bank charges, it would be a very good thing to lay it before that Committee again.

## SOUTH AFRICA WELCOMES THE REPORT

Mr. BURTON: After what I said on this subject the other day, Mr. Chairman, you will not be surprised to hear me say to-day that I welcome the Report of this Committee, in spite of the fact that owing to restrictions of time they have not been able to hear as many witnesses as they might otherwise have done. If Sir Charles Addis will allow me to say so I entirely accept his decision, and that of the Committee, that it was really unnecessary to go on hearing crowds of witnesses when they had a perfectly clear conviction in their minds as to what the situation really was. I welcome the Report. I am glad to see what is said by the Committee about Mr. Darling's scheme, which has been bruited about so much. There are always schemes of this sort when people are in difficulties about their affairs, and there are always other people who will tell them how to get out of those difficulties without having to pay their debts.



## EARLY RETURN TO GOLD STANDARD THE ONLY SOLUTION

I should have liked, I confess, to see a definite resolution in terms of the statement which Sir Charles Addis has made to us to-day of the desirability of aiming steadily at a return to the gold standard. That is not in the resolutions; but I welcome that statement as coming from him, and I am not going to reject the Report because of the absence of such a resolution, nor propose any further modification of it. I must add, that I was rather horrified to hear a suggestion made by some of my colleagues that it was quite possible we should never return to the gold standard at all. My feeling about that (and apparently it is the feeling of the Committee and of Sir Charles), is that the only question about our return to the gold standard is a question of time. It is simply a question of how soon you are going to do it. I am very glad indeed to hear from him this morning that his view, and I take it the view of the Committee, is that an early return is quite possible. We look to that, and from our standpoint certainly in South Africa, we regard that as offering the only real hope of a solution of our troubles. These other things are all of a more or less futile and deceptive character. The only way in which you are going to get rid of your troubles is by working steadily back to gold, and endeavouring to get there as soon as possible.

Mr. RIORDAN: We too, accept the report.

Sir PATRICK McGRATH: We are not interested.

Mr. DADIBA DALAL: As Sir Charles Addis has said that these resolutions of the Inter-Imperial Exchanges Committee do not apply to India, we have nothing further to say.

Sir JAMES STEVENSON: We were members of the Committee and we endorse them.

The CHAIRMAN: There are some points I should like to put to Sir Charles on this Report. The first is that even if it is not possible to get back to the gold standard in a comparatively short time, would the Committee still adhere to their findings in 2 and 3? I gather that that is so.

The second point I should like to put goes to (c), which, to my mind, was the most important point referred to them, because it was the immediate question on which something practical could be done. Were the Committee reasonably satisfied that, having found the bank charges, in some cases, to be excessive, there was a real prospect, now that this Committee had sat and ventilated the subject, and found that and published it, that those charges would be reduced to what is a proper and fair remuneration for the services of the banks and no more?

## PROSPECT OF REDUCED BANK CHARGES

Sir CHARLES ADDIS: In reply to your first question, there is no doubt the Committee would still recommend that action should be taken under 2 and 3, even if it were supposed that the restoration of the gold standard should be indefinitely prolonged. They believe that such a course would certainly ameliorate the difficulties which have arisen with regard to exchange, both on the side of the supply of local currency, and also, I believe, on the side of reducing the bank charges. The information by the bankers was given on the condition that it was to be considered confidential, but I am sure that I am not departing from that undertaking when I say that the impression left upon the minds of myself and my colleagues at our interview with the bankers, was that steps had been taken to reduce, and would be taken to reduce still further, their bank charges, with the effect of at least making them less onerous than they are.



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If resolutions 2 and 3 come into effect, that would certainly facilitate the reduction very much.

The CHAIRMAN: Then I take it the Conference will accept and endorse the Report.

(Agreed).

The CHAIRMAN: I am sure we are all extremely grateful to Sir Charles Addis for presiding over this Committee. It has been a very quick piece of work. I did not think, myself, it was possible to get so effective a piece of work done in such a short time. I am sure I am expressing the views of the whole Conference in saying how much we appreciate the time and trouble expended on this matter.

Mr. MASSEY: Will that statement of yours with regard to the work done by the Committee, and the thanks of the Conference being conveyed to them, be published?

The CHAIRMAN: I hope so.

Mr. MASSEY: I think it ought to be published.

The CHAIRMAN: Yes.

Sir CHARLES ADDIS: I am very much obliged to you.

## CURRENCY CO-OPERATION IN THE BRITISH EMPIRE

MEMORANDUM PREPARED BY THE TREASURY (I.E.C.(23)—33).

### I

1. Among the topics in the *Agenda* of the Empire Economic Conference, is that of Empire currency and exchange. Proposals have been made by Mr. J. F. Darling for unifying the currencies of the Empire (see Appendix I). Many features in his scheme, more especially the creation of an Imperial short-dated security to be a joint liability of Great Britain and the Dominions, and to take the place of a part of their existing debts, are, in the opinion of the Treasury, open to serious objection in theory as well as nearly insuperable difficulties in practice (see Appendix II). It is possible, however, that progress may be made in the desired direction by some less ambitious method.

2. The evils to be remedied are two: first, the divergence of the exchanges from parity; and secondly (in the cases of Australia and New Zealand and in a lesser degree in that of South Africa) excessive bank charges.

### II.

3. The former is really dependent on the general problem of the stabilization of the exchanges throughout the world. It may be possible, nevertheless, to make some progress in the British Empire by itself. The currency resolutions passed at the Genoa Conference looked forward to a general return to a gold standard, and recommended: (1) the use of the machinery of a gold exchange standard; and (2) international co-operation in the regulation of credit with a view to stabilization of the purchasing power or commodity value of gold. The stabilization project cannot take effect till the gold standard is in actual operation.

On the other hand, the machinery of an exchange standard can be brought into operation without waiting for the restoration of a gold standard. The essence of an exchange standard is that the currency of one country is made convertible into the currency of another. Neither currency need necessarily be convertible into specie. The currencies of Egypt and the Straits Settlements (to

take two examples out of many) are convertible at the present time into sterling, although sterling is at a discount in comparison with gold.

4. Before the war the currencies of South Africa, Australia, and New Zealand were practically based on a similar system. Like sterling they were, it is true, gold currencies. Not only were the bank-notes in use legally and genuinely convertible into gold coin, but gold coin was itself in general circulation. But the banks carrying on business in those Dominions had ultimately to rely on the Bank of England for their reserve of cash, and accordingly they used to maintain reserves in the form of sterling bills on London or sterling credits in London, and it was especially to the state of those reserves that they had regard in regulating the accommodation they gave to trade in the Dominions. There were gold movements, because both South Africa and Australia are gold-producing countries and regularly export gold as a commodity, but it was not on gold movements that the banks relied. There was no central gold reserve in the Dominions from which the usual exports could be supplemented, and, if the banks found their sterling resources falling too low, they proceeded to restrict credit till the balance was redressed.

The gold currency in circulation was at best there in the background, ready to move if the regulation of credit failed to work.

5. Since the war the same system has been in operation, but with two important modifications. In the first place, the gold currency has dropped out, and there is no longer an automatic remedy if credit regulation does not keep the currencies at par. Secondly, the purchasing power of the pound sterling has fluctuated more violently than ever before, and has subjected the exchanges to a proportionate strain.

The result has been that the currencies of the Dominions have diverged from par. When the pound sterling was heavily depreciated in 1920, the South African pound rose to a premium which was at one time as high as 8 per cent. There followed a violent appreciation of sterling (that is to say, a fall in prices in this country) and the South African pound, unable to keep pace, fell to a discount of 5 per cent. At the same time, there was a deadlock in the Australasian exchange market because the banks had exhausted their holdings of sterling, and the Australian pound likewise fell to a slight discount.

6. These disturbances were due to the temporary vagaries of sterling. The prices of commodities in Great Britain rose by one-third in a year, and then fell in one year more by one-half. To keep their currencies at par, the Dominions would have had to bring about equally violent changes in their own price levels. They were not prepared to do so, and that is why the pre-war system, by which the British and Dominion currencies were linked together, broke down.

Since 1921, both the Australian and the South African currencies have again overtaken sterling, and at the present time the Australian is practically at par ( $\frac{1}{2}$  per cent premium), while the South African is at a premium of  $1\frac{1}{2}$  per cent. For South Africa to return to par would cause no disturbance worth mentioning.

But to guard against the evils of a fluctuating exchange it is not enough that the exchanges should return to par. What is wanted is some plan which will tend to keep them at par. It may be that we shall soon be in a position to re-establish the gold standard. But that is not certain, and we ought not to disregard the desirability of setting up machinery for regulating the exchanges, if the return to the gold standard is long postponed.

7. Under the present conditions, when the sterling resources of the South African or Australasian banks are inconveniently enlarged or diminished, they need not restore them (as they had to with a gold standard) by expanding or contracting credit; they have the alternative of quoting sterling at a discount or at a premium. The problem is simply to avoid resorting to this alternative.

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The best method is to rely on a central bank of issue. A central bank of issue can effect the exchange in either or both of two ways. It may undertake to issue its notes against sterling and convert them back into sterling at a fixed rate, and/or it may itself take measures for expanding and contracting credit as the state of the exchanges may require.

The former method, which is that of the exchange standard, is the more directly effective. So long as it is operative, the sterling resources of the banks and their cash resources in the Dominions, being convertible into one another, form a single whole. A shortage of sterling and a shortage of cash are, from their point of view, the same thing, and equally compel a contraction of credit.

But if the central bank, besides buying and selling sterling for notes, makes a practice of rediscounting for the other banks, these latter can replenish their cash by this means. If they are enabled to do so on easy terms, the contraction of credit will be avoided. The ultimate effect of excessive rediscounts will be to deplete the central bank's own sterling reserves.

Therefore, if there is a rediscounting central bank, both methods of regulating the exchanges must be followed. If, on the other hand, there is no rediscounting system, it is still possible for the authorities in charge of the note issue to follow the method of the exchange standard.

8. South Africa has recently established a central bank, the South African Reserve Bank. This is intended to be a rediscounting bank issuing notes against gold and bills. Under the original constitution of the bank as enacted in 1920, the bills were apparently intended to be inland bills, payable in South Africa, and, therefore, in South African currency, though it is not clear that bills on London were actually excluded. The demand for rediscounts has not materialized to the extent anticipated, and amending legislation has now been passed, enabling the bank to hold either British or South African Treasury Bills against its note issue. With this new power, the bank will be in a position to bring the exchange to par, if it chooses, by simply offering to buy British Treasury Bills, paying with its own notes. It can then prevent the South African pound from falling below par by offering to sell the sterling so acquired from the notes.

9. Australia has no fully fledged central bank ready to rediscount. The Commonwealth Bank, however, has, since 1920, been entrusted with the management of the Australian note issue. The note issue must be backed by at least 25 per cent of gold, and in recent years the actual proportion has been above 40 per cent. The fiduciary portion of the note issue must be invested (under the original Act of 1910):—

- (a) On deposit in any bank; or
- (b) In securities of the United Kingdom or of the Commonwealth or of a State.

To these the amending Act of 1920 has added:—

- (c) In Trade Bills with a currency of not more than 120 days.

These powers should be adequate to enable the Commonwealth Bank to keep the exchange at par *if it chooses to use them*. The bank was never intended to be a rediscounting institution, nor has it acted as such up to now. But the note issue system, which it has taken over, already contained, in the power of making deposits with other banks, the germ of a rediscounting power. For these deposits resemble rediscounts in being loans of paper currency at interest to the banks, and by encouraging or discouraging them it is possible to regulate the supply of currency. Presumably the new power of investing in trade bills is intended to develop this side of the management of the note issue.

Up till the 30th June, 1922, advantage had not been taken of the power to invest in trade bills. At that time the deposits in banks (yielding from 3 to 6 per cent interest) amounted to £1,751,000, and the rest of the fiduciary issue,

amounting to £25,266,000, was backed entirely by Commonwealth and Australian State Government securities (including advances to a total amount of £18,000,000 made by the Commonwealth to the States at the beginning of the war). British Government securities, though covered by the statutory powers, are not held.

Thus, though the Commonwealth has power to put sterling securities (not only Government securities, but trade bills) in the Notes Account, it does not at present use that power.

10. On the other hand, it holds very large sums in sterling for the purposes of its ordinary banking business. On the 31st December, 1922, it held money at call in London to the amount of £9,210,000, besides a large amount of investments and sterling bills. The primary function of the Commonwealth Bank has been up to now to act as the banker of the Commonwealth Government. In view of the large financial operations required by the Commonwealth Government in London, the bank must needs hold large sums in sterling. When the Commonwealth Government borrows in London, the proceeds pass into the hands of the bank; when the Commonwealth Government has to pay interest or meet other liabilities in this country, the bank must be its agent for procuring the necessary sterling funds. The bank is, therefore, quite in a position to regulate the exchange. Upon it and upon the Government together would devolve the functions which for India are discharged by the Indian Government and the India Office in regulating exchange through the medium of London balances and Council Bills.

Originally Mr. Darling recommended an exchange system based on sterling bills as a solution of the problem of intra-Imperial exchange. In putting forward his later proposal for Empire Currency Bills, he was presumably guided by a desire to avoid anything of the nature of a unilateral arrangement. He did not want to ask the Dominions to base their currencies on British currency, but thought it politically preferable to suggest a symmetrical system by which all currencies alike would be based on a single type of security which should not be British, but Imperial.

On the other hand, there are many practical reasons why the Dominions, like India, should be quite ready to include sterling assets in the backing of their note issues, as some of them already have statutory powers to do. The mere fact that so large a part of their debts has been, and will continue to be, borrowed in London, is itself a justification for giving sterling a special position. And, even apart from that, sterling in any case possesses a paramount position in the financing of trade, both inside and outside the Empire. Many foreign countries (*e.g.*, Japan) hold bills on London as part of the backing of their note issues. There is no reason to suppose that some of the Dominions would be in any way unwilling to adopt a similar plan.

11. What has been said above applies to South Africa and Australasia, but the case of Canada presents some different features. Canada has no central bank, and even her note issue system is not so easily adaptable as that of Australia to a sterling exchange standard. And the Canadian banks are more intimately related to New York than to London. They make a practice of maintaining funds in both centres, but it is on their resources in New York that they chiefly rely in regulating credit in the Dominion. Canadian currency was actually at par with the American dollar during the latter part of 1922, and, though it is now 2 per cent below par, it is at a premium of  $4\frac{1}{2}$  per cent over sterling.

It may be that Canada would prefer to remain outside a British Empire currency system till the gold standard is restored. But that need not stand in the way of the initiation of an arrangement with the other Dominions.

12. India cannot enter such a system till a new parity has been adopted for the rupee. The breakdown of the exchange standard, that began in 1917

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and culminated in 1920, was due, like the exchange difficulties of South Africa and Australia, to the extravagant fluctuations in the purchasing power of the pound sterling. Up to February, 1920, when the rupee, according to the foreign exchange market, appeared to be appreciating, it was really depreciating, only it failed to depreciate as fast as the pound. Thereafter, it appeared to be depreciating, but in reality it simply remained stationary while the pound appreciated.

Stabilization of prices is as desirable in India as in England, and stabilization of the exchange may be expected to come presently as a by-product of this policy. Thus, except in the case of Canada, the maintenance of intra-Imperial parities of exchange is by no means a difficult problem, and need not wait for the restoration of the gold standard.

## III

13. There remains the question of *bank charges* on exchange operations. This arises only in the cases of South Africa and Australasia, where the banks settle by agreement among themselves fixed rates for buying and selling exchange, whether in the form of transfers or of bills. These rates often remain unchanged for months. From the point of view of the trader, fixity is in itself a convenience, but it has from time to time involved the banks themselves in some embarrassment, in that it has led to their sterling resources either being depleted (as in the case of the Australian banks in 1920) or becoming redundant (as in the case of the South African banks in the present year).

14. The policy of fixing rates, though artificial, is not the ground of complaint. The grievance arises from the wide gap between buying and selling rates. This gap, the "turn of the market," is really the banker's commission. In a free and healthy exchange market it may be very small. For example, on the 6th July the exchange in London on Montreal was quoted at  $4\ 67\frac{1}{2}-\frac{3}{4}$ . The turn was only  $\frac{1}{4}$  per cent. The buying and selling prices each differed from the middle price of  $4\ 67\frac{5}{8}$  by  $\frac{1}{8}$  cent, or 0.27 per mille. At the present time the South African banks in South Africa buy cables on London at 2 per cent discount and sell them at  $1\frac{1}{2}$  discount. The difference is  $\frac{7}{8}$  per cent, so that the banks' profit is 4.375 per mille.

The Australasian banks in Australia and New Zealand buy sterling cables at  $98\frac{3}{4}$  and sell them at  $100\frac{1}{4}$ , the difference being  $1\frac{1}{2}$  per cent, and the bank's profit 7.5 per mille. For bills the difference between buying and selling price is less significant, because the ordinary business of a bank is rather to buy bills from traders than to sell them. The selling price is therefore of secondary importance. The buying price, which is what matters, allows for commission on the scale adopted for cables and demand drafts, and also for interest between the buying of the bill and its maturity. The rate of interest can be deduced from the difference between demand drafts and bills of 30 to 120 days.

	South Africa on London			Australia and New Zealand on London		
	Discount	Diff.	Rate per annum	Price	Diff.	Rate per annum
			Per cent			Per cent
Demand	$2\frac{1}{4}$			$98\frac{3}{4}$	-	-
30 days	$2\frac{1}{4}$	$\frac{1}{8}$	$6\frac{3}{4}$	98	$\frac{3}{8}$	$1\frac{1}{2}$
60 days	$2\frac{1}{4}$	$1\frac{1}{8}$	$6\frac{1}{2}$	$97\frac{1}{2}$	$\frac{1}{2}$	$4\frac{1}{2}$
90 days	$2\frac{1}{4}$	$1\frac{3}{8}$	$6\frac{1}{4}$	$97\frac{1}{4}$	$1\frac{1}{4}$	5
120 days	$4\frac{1}{8}$	$2\frac{1}{8}$	$6\frac{1}{8}$	-	-	-



These rates were fixed in June, when trade bills were quoted in London at 3 per cent or less. The rates for bank bills were little more than 2 per cent. The rates charged by the South African and Australasian banks, *in addition to* a "turn" calculated to give them a profit of  $\frac{7}{8}$  per cent and  $\frac{3}{4}$  per cent respectively on every exchange transaction, certainly seem high.

15. It may be asked whether traders do in fact find themselves compelled to pay these rates. It may be that the banks in some cases make concessions to their customers, but such concessions, if they occur at all, do not seem to be so general as to make the quoted rates nominal or unreal.

There are traces of an outside market both in South African and in Australian exchange. But this outside market appears to be of an intermittent character and of inadequate scope.

It has been alleged that in the case both of South Africa and of Australasia the banks form a ring, and that traders are so completely dependent upon the goodwill of their bankers that they dare not go outside the ring to buy exchange. Otherwise, of course, it would be very easy for them to create a market by direct dealing with one another. There are only two banks in the South African market. The Australasian banks number about a score, but seem to be equally closely associated.

16. For the evils of these artificially regulated exchange markets (if it be true that they exist) it is by no means easy to suggest a remedy. Proposals like Mr. Darling's for supplying a medium of remittance in the form of a credit instrument payable equally in Great Britain and the Dominions will not solve the problem. Traders will not acquire his Empire currency bills as means of remittance, any more than they used to acquire gold as means of remittance before the war. The bills will be held only by the banks themselves. A trader who buys one and uses it to pay an overseas debt will be stepping outside the market in the same way as if he did an exchange deal with another trader.

It may be hoped that if the exchange is stabilized, by whatever method, the bankers' "turn" will be diminished. It was substantially narrower before the war than it is now. In fact, a wide "turn" is usually a sign of a speculative exchange. To a cautious banker the prospect of a gain by exchange is by no means an equivalent set-off against the risk of an equal loss. He therefore increases the gap between buying and selling prices, and so both discourages transactions and weights the scales in his own favour. In the London quotations of the collapsed currencies of Europe it is common to see a "turn" of 10 or 20 per cent.

17. If the natural improvement which will come with stabilization is not sufficient, the only further remedy that is likely to be efficacious is some kind of officially-supported competition in the exchange market.

This competition would presumably take the form of a standing offer, either by the central bank of issue or by the Government of the Dominion itself, to buy and sell sterling at fixed rates. This must be an offer not merely to do exchange business with the other banks of the Dominion, but to do it with the traders themselves. Any such proposal would naturally raise far-reaching questions of the desirability of Government interference in business. These are presumably for the consideration of the Dominion Governments themselves.

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## APPENDIX I

## CURRENCY CO-OPERATION IN THE BRITISH EMPIRE

## MR. DARLING'S SCHEME

*Summary of the Scheme*

Mr. J. F. Darling's latest proposals (there have been several) for unifying the currencies of the Empire were explained in an address to the Manchester Association of Importers and Exporters on the 4th December last.

The scheme is based upon the creation of a new Imperial short-dated security to be called Empire Currency Bills. The security would take the place of British Treasury Bills, and of a suitable portion of the debts of the Dominions. Great Britain and the Dominions would assume each a proportional share of the liability and would delegate the management of the bills to Empire Currency Bill Commissioners, representative of them all.

The bills would be at three months, and would be payable at maturity, at the option of the holder, either in London or in any of the participating Dominions. They would be issued by tender in London. But besides the bills there would be an issue of certificates payable on three months' notice from the holder, and bearing interest fractionally below the average competitive rate for the bills. The certificates would be intended to meet the convenience of overseas holders who would not want to be repeatedly renewing.

The reserves held against the note issue in Great Britain and the participating Dominions, in so far as not held in gold, would be held exclusively in Empire Currency Bills, and the total amount of the bills issued would be sufficient to provide these reserves, and in addition some hundreds of millions to be held by the banks in Great Britain and the Dominions.

The bills, being payable on maturity in London or in the Dominions at the holder's option, would have some of the characteristics of gold as a means of remittance. They would move towards any part of the Empire in which the currency tended to appreciate.

The object which the scheme professes to attain is to secure in the Empire the unifying effect which a gold standard gives, without waiting for the gold standard itself to be re-established.

It may be mentioned that it was before the war, and still is, the practice of the Australasian and South African banks to hold a portion of their assets in sterling in London, partly in the form of bank credits, partly of bills on London. These sterling resources are their reserves, and supply the banks with an index for their guidance both in controlling credit and in regulating the exchange market.

The new feature which Mr. Darling's scheme would add to the existing practice is that the Empire Currency Bills, instead of being purely sterling securities, would be available at any time to procure credit or currency in the Dominions. If for any reason (e.g., inflation in Great Britain) a premium on the Dominion currencies threatened, the supply of those currencies could be increased by the export of Empire Currency Bills from Great Britain to the Dominions, and the premium would not arise. If, on the other hand, the currency of one of the Dominions threatened to fall to a discount, the banks carrying on business in that Dominion might possess, in addition to the supply of sterling coming into their hands in the ordinary course of trade, a reserve of Empire Currency Bills or Certificates, which could be sent to London and used as sterling securities.

## APPENDIX II

## MR. DARLING'S SCHEME

*Criticisms*

The objections which may be raised against Mr. Darling's scheme fall mainly under two heads: (1) the financial relations between the United Kingdom and the Dominions; and (2) the bearing of the scheme on the control of credit.

Under the scheme the British and Dominion Governments are to pool a large part of their national debts, and the debts so pooled, and formed into Empire Currency Bills, are to be floating debts. Mr. Darling contemplates an *increase* in the aggregate of floating debts, and objection might certainly be raised to any such increase. Nevertheless, a great part of his Empire Currency Bills are to be held in Currency Note reserves, and an increase in the floating debt outside those reserves is not an essential feature of the scheme.

The holders of the Empire Currency Bills would be creditors not of the British and Dominion Governments, but of the Empire Currency Bill Commissioners, who, in turn, would be creditors of the various Governments. Each Government would be liable for a specified proportion of the capital and interest of each bill. So long as the bills were kept outstanding, and no reduction was made in their total amount, the capital liability would not require to be met. On the other hand, the liability for interest, in the form of discount on the bills issued week by week, would accrue continuously. In the event of a default on the part of any one of the participating Governments, there would be a deficiency, which the Commissioners would be unable to meet from their own resources.

It is quite obvious that such a deficiency could not be allowed to remain. If a security is such that it will not be paid in full if any one of several Governments fails to meet its engagements, then the credit of the security will be worse in the banking world or money market than if it depended on one Government only. If there were to be Empire Currency Bills with the standing that Mr. Darling expects, or, indeed, with a ready market at all, there would have to be some clear and adequate provision against any deficiency arising from the default of one Government.

That provision would have to take either of two forms: (1) a mutual guarantee by the participating Governments of one another's obligations, or (2) the subscription of a capital or reserve fund.

Of these two, the second only differs from the first in that (i) the liability of any one Government is limited to the amount of its subscriptions, and (ii) the money has to be found beforehand instead of waiting till a default occurs. If the capital were merely subscribed and not actually paid up, the second difference would not arise, and, as in any case the reasons for having a guarantee tell against any limitation of the guarantee, the alternative of the subscription of a capital fund may for practical purposes be disregarded.

Thus the scheme would really necessitate a mutual guarantee. Each of the participating Governments would have to guarantee the payment of the whole issue of bills, whether presented for payment in its own territory and in its own currency, or elsewhere and in other currency.

For any of the Dominions to guarantee the whole issue (tentatively estimated by Mr. Darling at £1,000 millions) would be quite unreal. It would be

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unreal, not merely because the amount guaranteed would be excessive, but because the event upon which the greater part of the guarantee would be contingent, the default, that is, of the United Kingdom, would involve the financial affairs of the Dominions themselves in such confusion that their guarantees would probably become inoperative.

Virtually, therefore, the guarantee would be a guarantee by the United Kingdom of the obligations of the Dominions. This is not to be ruled out as a political impossibility merely because it would be a novelty. But such guarantees have as a matter of fact been avoided in the past for very good reasons. To refer to only one of these, it may be pointed out that the responsibility assumed would lead the British Government to examine, and even to criticize, the finances of the Dominions, and this interference would be none the less vexatious because the Dominions would be equally entitled, in virtue of their guarantee of British liabilities, to examine and criticize British finances.

This mutual guarantee is by no means the end of the financial complications between the United Kingdom and the Dominions involved in Mr. Darling's proposals. But a further elucidation of that part of the subject is best combined with an examination of the bearing of the scheme upon the control of credit.

The Empire Currency Bills would be the only security held against the paper money of the participating Governments. Mr. Darling apparently contemplates that people who want currency in any Dominion should hold bills till maturity and then present them for payment. But in practice this would not be so, for the need for additional currency in a Dominion would not correspond exactly with the maturities of the bills which the banks in the Dominion happened to hold. The banks would want to *sell* the bills for currency to the note-issuing authority.

New bills would be tendered for in London, and presumably it is not intended that note-issuing authorities should ever sell bills in the Dominions. Any bills bought by those authorities would therefore be transmitted to London and held there. Probably the note-issuing authority would buy the bills in London rather than in the Dominion, crediting the seller with currency in the Dominion by cable. For the holder would have tendered for the bill in London and would naturally keep it in London till he found that he would want to turn it into currency in the Dominion. Only the Empire Currency Certificates would be held in the Dominions. Bills held in London would be convertible immediately either into sterling or into Dominion currency. Certificates would be immediately convertible into Dominion currency, but not necessarily so into sterling. Bills would therefore in almost all cases be preferred.

Any one who possessed sterling would be able to buy Dominion currencies therewith, because he could buy Empire Currency Bills (either by tender or in the market) and sell them to the Dominion concerned. One who possessed Dominion currency, however, would not so easily be able to buy sterling. He might not be able to procure Empire Currency Bills in the Dominion, because all the Dominion banks might prefer to keep their bills in London.

Mr. Darling says (pages 32-33): If the Commonwealth Bank ..... granted to the banks transfers by cable at par, issuing currency in Australia against the payment in of sterling in London, and paying out sterling in London against receipt of currency in Australia, the resources of the banks in either place would become immediately available against their liabilities in the other." That is so, *if* the Commonwealth Bank undertook these functions. But they do not arise out of Mr. Darling's scheme, and they could perfectly well be undertaken without it. Before the war gold was available for the purposes which Mr. Darling assigns to his bills, but the Commonwealth Bank never undertook

to buy and sell sterling at par. The proposal that it should do so is something quite distinct from Mr. Darling's scheme, and, it may be added, a much simpler way of accomplishing the same ends.

The Empire Currency Bills then would be held in London, and could be sold either (a) to Dominion Governments for cable transfers in Dominion currency, or (b) to the British Government for Currency Notes. But in practice no one would ever sell them to the British Government. Currency Notes are only needed for internal circulation in the United Kingdom, and for that purpose they are drawn out by British depositors, who are supplied through the Clearing Banks.

The Clearing Banks get their supplies of Currency Notes from the Bank of England, and, if their credit balances with the bank are insufficient, they replenish them by calling up money from the Money Market. It is the Money Market, that is to say, the Discount Houses, that have to get the additional credit required from the Bank of England. Under Mr. Darling's scheme they could, of course, get it by rediscounting Empire Currency Bills, just as they can now by rediscounting Treasury Bills. But there is no reason why they should prefer to offer or the Bank of England prefer to receive these bills rather than any ordinary sterling bills. Nor would the British Government want to receive Empire Currency Bills to hold against the additional Currency Notes issued, for it would receive them automatically from the Commissioners, who would adjust appropriately the amount to be put up to tender on the next occasion (pages 38-39).

Thus the existing methods of controlling credit would continue essentially unchanged. The new factor introduced by Mr. Darling's scheme would be the power given to banks operating in the Dominions to turn sterling into Dominion currency by selling Empire Currency Bills to the Dominion Governments. That would prevent Dominion currencies ever being quoted at a substantial premium over sterling. But it is always easy for a Dominion Government to keep down its own currency to parity with sterling. All that is necessary is to offer to buy sterling at par.

What is more difficult is to keep the Dominion currency up to sterling parity, for this may necessitate a contraction of credit in the Dominion. Suppose that a depreciation of the Dominion currency were threatened by a relaxation of credit in the Dominion. The tendency would make itself felt in an uncovered excess of imports into the Dominion, and the Dominion banks would have to part with sterling assets (including Empire Currency Bills). At the same time, there would also be a growing demand for Dominion currency for internal circulation. This could only be acquired by selling Empire Currency Bills to the Dominion Government. The double loss of Empire Currency Bills *ought* to lead the banks to contract credit in the Dominion. In a Dominion equipped with a properly-conducted central bank of issue, this would almost certainly follow. But recent experience seems to show that in a Dominion without a central bank the proper sequence of events cannot be relied on. It is only too likely that the banks would find themselves completely denuded of Empire Currency Bills, and unable to procure the requisite supplies of Dominion currency.

In such a case the remedy imperatively required is a suspension of the currency law. But what does that mean? Not merely an administrative ordinance ordering a breach of the law, with a subsequent indemnity; not even an emergency act of the legislature. It means a breach of the understanding with the other participating Governments. Who would have to be consulted about such a step? What provision would have to be made for withdrawing the emergency currency? The Dominion Government concerned would have to raise money to buy Empire Currency Bills. If the breakdown be supposed to have



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arisen merely through a mismanagement of commercial credit, this could be done (though only at the risk of a continuance of unsound credit conditions). But if it had arisen from the financial embarrassment of the Dominion Government itself, there would be an *impasse*. Either the Dominion would have to be nursed back to financial soundness with the assistance and control of the other participating Governments, or it would have to acquiesce in a depreciation of its currency. But that would mean a departure from the system, and would entail upon the Dominion the obligation to pay off its share of the Empire Currency Bills. This it could not do. In other words, the mutual guarantee would materialize, and the burden of the inflationary finance of one Dominion would be thrown upon the rest of the Empire.

It may be contended that it is very improbable that any of the Dominions will ever be so imprudent as to resort to inflationary finance. Yet it is hardly an exaggeration to say that there is no Government in the world that has not exhibited this degree of imprudence at some time in the last ten years.

As pointed out above, the machinery for controlling credit and supplying currency in this country would remain unchanged. The discount rates prevailing in the Money Market would depend on the action of the Bank of England. That means that the interest charges to be paid by the participating Governments upon the Empire Currency Bills would be ultimately determined by the Bank of England. So long as the total amount of the bills remained unchanged, the rate of discount upon them would be determined automatically by the tenders. But it might be that the Dominions (who are not accustomed to a large floating debt with the consequent fluctuations in interest charges) would not be content with this arrangement. They might wish either to increase or to decrease the total issue of the bills. Such a measure would have important reactions upon the Money Market, and upon the Bank of England's credit policy. The experience of managing our vast floating debt during the past few years has shown again and again the necessity for the most intimate co-operation between the Treasury and the Bank. Could this co-operation be maintained, if to the Treasury and the Bank were added in the first place the Commissioners representing the United Kingdom and the Dominions, and secondly, the Dominion Governments themselves, whose consent would be necessary to many measures?

Mr. Darling proposes that the participating Governments should hand over to the Empire Currency Bill Commissioners a part of their gold reserves, say, 10 per cent of the total issue of bills. The gold handed over would be abstracted from the existing currency reserves, and would be regarded not as a reserve against note issues, but as a reserve against the Empire Currency Bills themselves. Mr. Darling anticipates that the existence of such a reserve would increase confidence in the bills, and suggests that "in the event of the rate (of discount being forced up unduly, the gold could be used to pay off for the time being a portion of the issue" (page 26). In this contingency "the Commissioners could pay in gold to their account with the Bank of England, and retire a corresponding amount of Empire Currency Bills. This would ease the situation by increasing the supply of money in the market . . . While the gold reserve would be under the control of the Commissioners, they would probably find it advantageous to consult with the Bank of England before taking action" (pages 42-43). In a recent article ("Times Trade and Engineering Supplement" of the 15th September, 1923) Mr. Darling suggests that the Commissioners should also use their gold to raise the American Exchange, and facilitate the payment of the British debt to America.

These proposals illustrate the kind of divided responsibility for the control of credit that would be involved in the scheme. Mr. Darling claims that it is desirable to "concentrate" the gold reserves of the Empire. But what he actu-

ally proposes is the reverse of a concentration. *Some* of the gold would be collected in the hands of the Commissioners, but the rest would be left in the same hands as now. The only change would be the addition of one more to the various authorities which hold gold. The new authority would either be responsible to the British and Dominion Governments, and unable to take important decisions without their consent, or in proportion as it was freed from these trammels would be irresponsible.

The decisions to be taken by the Commissioners might well be matters of acute controversy. The use of gold from the reserve to lower the prevailing rate of discount in London would be or would seem to be in the interests of the Governments with floating debts in London, but might conflict with the policy of the Bank of England in controlling credit. The Commissioners ought, as Mr. Darling says, to consult with the Bank. But is it certain that they would agree?

The use of gold from the reserve to buy dollars for the payment of the British debt charges in America might be in the interest of the British taxpayer. But could the Commissioners do this without consulting the Dominion Governments? Would not the Dominion Governments urge, with reason, that the gold should be drawn from the reserves of the British Government or of the Bank of England?

### COMMITTEE ON INTER-IMPERIAL EXCHANGES

The constitution of the Committee was as follows:—

Sir Charles Addis, K.C.M.G., Chairman of the Hong Kong and Shanghai Bank, London Committee.

Sir Arthur Balfour, K.B.E., Personal Adviser to the President of the Board of Trade.

Colonel O. C. Armstrong, D.S.O.

Mr. O. E. Niemeyer, C.B., Controller of Finance, Treasury.

Dr. O. D. Skelton, M.A., Ph.D., Secretary to the Canadian Delegation, Imperial Conference, Canada.

Mr. W. J. Young, C.B.E., Commonwealth of Australia.

The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand.

Sir Henry Strakosch, Kt., and Mr. E. H. Farrer, C.M.G., Union of South Africa.

Mr. E. J. Riordan, Secretary, Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State.

The Hon. Sir Patrick T. McGrath, K.B.E., Member of Legislative Council, Newfoundland.

Mr. Dadiba Dalal, C.I.E., High Commissioner for India assisted by

Sir E. M. Cook, C.S.I., C.I.E.

Sir James Stevenson, Bt., G.C.M.G., Personal Adviser to the Secretary of State for the Colonies on Business Questions, Colonies and Protectorates.

Mr. H. Brittain, Treasury, and Mr. H. M. Cox, Office of the High Commissioner for the Commonwealth of Australia, acted as Joint Secretaries to the Committee.

RESOLUTIONS AGREED BY THE COMMITTEE AT THEIR MEETING ON NOVEMBER 6, 1923

The Committee, having considered their terms of reference, have unanimously resolved:—

1. That arising as they do from the suspension of an effective gold standard, the difficulties of Inter-Imperial exchange will disappear when the currencies of Great Britain and the Dominions affected are again made convertible into gold.

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2. That it is neither necessary nor desirable to adopt complicated plans for a new instrument of credit, such as Empire Currency Bills, which involve difficult and disputable constitutional and financial questions.

3. That where difficulties have arisen in regard to exchange between certain parts of the Empire and between such parts and the United Kingdom—

- (a) The position could be ameliorated if the note-issuing authorities were to accumulate sterling assets and to undertake to exchange their local currencies for sterling and *vice versa*.
- (b) This measure might be further developed and assisted by the creation of central banks and by mutual co-operation as recommended by the Genoa Conference.
- (c) In some cases the bank charges for buying and selling sterling appear to be unduly high and should be capable of reduction.

(Signed) C. S. ADDIS, *Chairman*.

2, WHITEHALL GARDENS, S.W.1,  
November 6, 1923.

## CO-OPERATION FOR TECHNICAL RESEARCH AND INFORMATION

The Conference had before them (a) the Report of the Imperial Institute Committee of Enquiry, 1923 (published separately, Cmd. 1997 of 1923); (b) a memorandum by the Department of Scientific and Industrial Research on "The Co-ordination of Research within the Empire" (I.E.C. (23)-16, printed on page 492); and a memorandum by the Secretary of State for the Colonies (I.E.C. (23)-18, printed on page 514). The discussion was begun at the Eighth Meeting of the Conference, held on the 16th October, 1923.

### THE ORGANIZATION OF RESEARCH IN GREAT BRITAIN

In opening the discussion, *Lord Salisbury* said that the Imperial Institute was a noteworthy example of an attempt at mutual assistance and co-operation in the Empire, which he hoped he would persuade the Conference it was well worth while in some form or other for them to further. It was becoming increasingly clear that the business of research was an essential element in the industrial progress of a country, and it had been recognized that a measure of Government action was required. There had accordingly grown up in Great Britain, under the jurisdiction of the Privy Council, a Government organization for research in many fields.

### ITS VARIOUS ASPECTS

Its work could be described under three heads. First, the work in connection with standards of measurement, standards of electrical values, etc., as, for example, the testing by the National Physical Laboratory of clinical thermometers. Next, specific research work undertaken at the request of some Government Department, such as the War Office or the Admiralty. Lastly, research for commercial and industrial purposes, in which, of course, care is taken not to attempt to compete with the work of private enterprise. In this connection, however, *Lord Salisbury* pointed out that the Government have at their disposal advantages not possessed by private enterprise, for a large number of scientific men will give their advice to the Government at far less than the true remuneration of their great talents and place their knowledge, through the

Government, at the service of the community. There is also a kind of research which, while not immediately remunerative, is remunerative in the long run, and that kind of research private enterprise cannot be expected to undertake.

#### THE DESIRABILITY OF MUTUAL CO-OPERATION

All this work is going on and is growing, and His Majesty's Government are anxious to share all that they possess in these respects with every part of the Empire. This is not altogether unselfish on their part. They are anxious in their turn to get from the over-sea countries facilities lacking in Great Britain, as, for instance, in questions connected with the preparation of timber with metallurgical resources, electrical output, and the cold storage of food. The Dominions, invited to contribute in this manner to the common stock, might ask what was the nature of the organization in Great Britain which attempted to cope with these great questions. The Research organization has several methods of procedure: the promotion of research by individuals; the promotion of research by associations of trades; and research by the Government itself for industrial purposes, which, while not always producing immediate profit, in the long run probably contributes the largest element of progress in industry. The supreme example of this last kind of work is the work of the National Physical Laboratory, in such questions as (to take an instance) the actual form and shape of ships, how far pressure affects them, and in what direction modifications might be introduced for the purpose of eliminating resistance and effecting economies in running. This was only one example of work carried on in the interest, not only of Great Britain, but of every country in the Empire which builds ships. Lastly, there are Boards or Committees of scientific men, and others interested in industry, not directly connected with trade, but students of research into the various elements of national life; such Boards, for instance, as have to do with food and fuel. It would be possible to conduct investigations if the Dominions supported the organization, into such questions as the marketing of fruit, and the production of power alcohol, or of flax.

The Research organization was run on strictly business lines. The "Geddes Axe" had spared the Department, and, indeed, remarked that it did not spend a halfpenny more than it ought to spend. In these circumstances, Lord Salisbury felt that he could hope, with some confidence, for the support of the Conference.

#### STATEMENT ON THE IMPERIAL INSTITUTE

Mr. ORMSBY-GORE said that he proposed to make a statement about the Imperial Institute and the Report of the Committee of Enquiry, of which he was Chairman, given, as it were, in his capacity as Chairman of the Council of the Institute and as Chairman of the Enquiry Committee, and not as representative of the Colonies and Protectorates.

The Committee, whose Report was before the Conference, was set up early in the present year as the result of the serious financial position of the Imperial Institute due to the withdrawal of the contributions from India and Australia. It was also felt that there was overlapping in research. Much valuable research work was being done in this country, in the Dominions and in India, but without, as yet, adequate co-ordination. In particular, there was certainly overlapping in this country between the Imperial Mineral Resources Bureau and the Imperial Institute.

#### SUPPORT OF INSTITUTE BY DOMINIONS AND INDIA ESSENTIAL

Mr. Ormsby-Gore then explained that unless the over-sea contributions to the Imperial Institute were put on a definite and assured footing, the Institute must be liquidated. He briefly summarized the position, following the main



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points of the Enquiry Committee's Report, and explaining the chief recommendations. The Imperial Institute was founded to commemorate the Jubilee of Queen Victoria, and a sum of £429,000 was collected from the Governments and private sources throughout the Empire to establish it. One of the most important contributions was received from the Princes and peoples of India. In 1919 the largest contributors were the Colonies and Protectorates; next came the receipts from endowments; then from fees; then the British Government's grant; then the contributions from the Dominions, and, finally, from India. The financial position was unsatisfactory, and there followed the Milner-Chamberlain Agreement, and the Milner negotiations with the oversea Governments. The contingency foreseen in the Milner-Chamberlain Agreement had now arisen, *i.e.*, the oversea contributions had fallen short of the amount required for the Institute to obtain the British Government's grant of £10,000 a year.

## WORK DONE FOR DOMINIONS AND INDIA

He then gave a brief account of the work of the Institute for the Dominions and India in recent years. In 1920-22 the total number of investigations carried out at the Institute for India had been 431, and for the Dominions 726. As an example of the type of investigation carried out at the Institute, he mentioned the work on various raw materials necessitated by various inquiries from the High Commissioner for the Union of South Africa in London, *e.g.*, fruits, gums, barks, minerals, flax, timbers, cotton seed. Similar inquiries were received from the High Commissioners for other Dominions and the Agents-General for the Australian States. The staff employed in the laboratories of the Institute did not attempt to carry out complete final scientific investigation; their aim was to make preliminary technical investigations with a view to placing the particular raw material or article produced by the Dominions in touch with the trade in this country. Having made the preliminary analysis the Institute ascertained what firms in this country could take the raw material, what they would be prepared to pay for it, and in what form it could be best exported or imported. The great success of the Institute had been achieved in linking up scientific work with the commercial sale of the product concerned.

## INDIA AND THE INSTITUTE

As regards India, the Committee of Enquiry had heard contradictory evidence on the value of the Institute from the representatives of the India Office and of the Government of India on the one hand, and unofficial Indian opinion on the other. India had been perhaps more closely associated with the Institute than any other country of the Empire, but he could not but recognize that the Government of India had recently formed a very definite opinion on the question of the Institute, and, speaking on behalf of the Council, he was grateful to them for having supported it so long by the generous contributions from Indian funds, and for having deferred more than once the severance of their connection with the Institute. He thought, however, that it was regrettable that the Industrial Commission in India which considered the work of the Imperial Institute did not give the Institute any opportunity of furnishing evidence in justification of its work; but even so the evidence recorded in favour of the Institute was on the whole stronger than that against it. The Committee for India of the Imperial Institute, which contained distinguished representatives of India under the Chairmanship of Sir Harvey Adamson, had assured him that, in spite of the magnificent provision made in India for the application of science to industry, there was still a type of technical investigation which must be referred to institutions in this country. It could easily



be understood that the producer of raw materials for industry requires, in addition to the help of agricultural and other experts in his own country, the skilled advice of experts in close personal touch with the actual users of his produce.

#### THE QUESTION OF THE EXHIBITION GALLERIES

In the pressing need for economy the majority of the Enquiry Committee felt that the Exhibition Galleries must be abandoned. An important minority, however, including Sir James Allen, the High Commissioner for New Zealand, was anxious to retain the galleries, but Mr. Ormsby-Gore felt that, as they had to cut down somewhere, it was important to keep the most valuable part of the Institute, *i.e.*, the work of preliminary scientific investigation. By eliminating the galleries a rent of at least £8,000 a year would be available, and £5,000 a year of costs would be cut. Some of the exhibits, *e.g.*, the Canadian, in the galleries were valuable; but the difficulty was that collections, to be really valuable, must be changed frequently, and the British Empire Exhibition of the following year would put in the shade any exhibits which the Institute could ever display.

#### THE MANAGEMENT OF THE INSTITUTE

As regards the management of the Institute, Mr. Ormsby-Gore agreed that the present Executive Council was not the most suitable body to control an institution of this kind. The value of its work lay in relating science to commerce, and the Enquiry Committee recommended that it should be linked up with the whole work of commercial intelligence by placing it under the Department of Overseas Trade. The entire Institute and its management ought undoubtedly to be reconstructed (subject, obviously, to its Imperial aspect not being impaired), and he attached great importance to the proposal that in future the Director of the Institute should not be a member of the Governing Body nor of the scientific staff, but should be purely an administrative officer. The fact was that Professor Dunstan, who was a very able man, had often to give up his scientific work to attend to administrative, political and financial business; and on the other hand that side of the work lost by the fact that the Director had also to supervise the scientific investigations.

#### THE FINANCIAL PROPOSALS

Among the actual financial proposals which were set out in the document I.E.C. (23)-18, it was important to note that those Governments which now contributed both to the Imperial Mineral Resources Bureau and to the Imperial Institute would in future make only one subscription. The merging of the Imperial Mineral Resources Bureau into the reconstructed Institute Mr. Ormsby-Gore regarded as absolutely vital. The Committee's investigations went to show that the reconstructed Institute, minus the Exhibition Galleries, could be run as a central Information Bureau for the whole Empire, provided with laboratories for preliminary scientific investigations and for performing the present work of the Mineral Resources Bureau, at a cost of about £40,000 per annum. To make up this figure there would be available the rent of the Exhibition Galleries and the income from the Endowment Fund of the Imperial Institute. It remained to collect about £25,000 per annum from the various contributing Governments. It was suggested that if the overseas Dominions and India would contribute £8,000 between them to the reconstructed Institute the Governments of the Colonies and Protectorates, although their revenues were much smaller, would provide their third, *i.e.*, £8,000.

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## THE HISTORICAL AND SENTIMENTAL ASPECTS

The DUKE OF DEVONSHIRE said that the British Government were prepared, if the plan went through, to make a contribution of £9,000 a year for a period of five years. That, with the £8,000 from the Colonies and Protectorates, made £17,000. The question before the Conference was whether the Dominions and India were prepared to make up the balance of £8,000 for a period of five years. The Duke drew attention to another aspect of the matter. The Institute served to commemorate the Jubilee of Queen Victoria in 1887. It marked not merely an event in the reign of a Sovereign, but a very definite stage in our development as an Empire, and he hoped that it would be carried on as an Imperial Institute in the heart of the Empire. The matter was one which must be looked at not merely from a commercial point of view, but also, to a certain extent, from a sentimental and historical standpoint.

## CANADA ACCEPTS RECOMMENDATIONS OF COMMITTEE OF ENQUIRY

Sir LOMER GOVIN said that the Canadian representative on the Imperial Institute Committee of Enquiry, 1923, had signed the Report and the Recommendations, and that Canada was prepared to accept the first recommendation and to contribute her share of the £8,000. If that was not feasible and recourse had to be had to the alternative recommendation, Canada was still prepared to contribute her share because she believed in the Institute and in the Bureau. The Bureau had already rendered very valuable service, and he expected that it would render more valuable services in the future.

## AUSTRALIA'S DIFFICULTIES IN SUPPORTING THE INSTITUTE

Senator WILSON said that Australia was anxious to help in the direction of mutual assistance within the Empire, but he explained that many of the difficulties with which Australia was faced (in regard, for example, to such pests as rabbits, prickly pear, blow fly, etc.), had made it necessary for the Commonwealth Government to spend something like £30,000 a year in scientific and industrial research, and probably even a larger amount was spent by the States. The results they would be only too pleased to make available, but in view of this large expenditure it would be realized that Australia found some difficulty in contributing to an Institute in this country as well. He reviewed the position which had led to the appointment of the Committee of Enquiry, and explained that the Commonwealth Government, having been continually adding to the cost of the scientific work of the Australian Institute of Science and Industry, have not felt justified in continuing the subscription to the Imperial Institute. He wished, however, to make it clear that the door was not absolutely closed, and Australia would further consider the matter in the light of the information that had been given that morning.

## NEED FOR A CO-ORDINATING BODY

Sir JAMES ALLEN said that it was realized that immense work had been done in England during the last few years in scientific research, although at a very late time in our history. In particular he referred to the work which had been done as regards the dye industry, and he understood that New Zealand users now found British dyes quite satisfactory and intended to stick to them. It seemed to him absolutely essential that there should be some skilled co-ordinating authority which would be able to put people in touch with organizations carrying out pure research, whether they be in Great Britain or in the

Dominions. He believed that if the Imperial Institute were reorganized it would provide a most valuable connecting link within the Empire for this purpose. New Zealand, like Australia, was developing research, but all these research organizations ought to be in touch with one another.

#### NECESSITY FOR FUSION OF INSTITUTE AND MINERAL RESOURCES BUREAU

He wished to press the absolute necessity for the amalgamation of the Imperial Mineral Resources Bureau and the Mineral Section of the Imperial Institute. When the establishment of the Mineral Resources Bureau was first proposed, Mr. Massey had expressed some apprehension that it would involve overlapping with the work of the Imperial Institute, and other Prime Ministers had foreseen the same danger. The event had justified these apprehensions, and New Zealand had decided to discontinue her contribution to the Imperial Mineral Resources Bureau in view of the overlapping which took place. They would be willing, however, to restore the contribution if the two bodies were amalgamated and there were some guarantee that the work would be carried on efficiently.

Mr. MASSEY said that personally he was more than ever impressed with the importance of the research work done by the Imperial Institute, and he felt there was even greater work waiting to be undertaken, not only on behalf of England or the United Kingdom, but particularly on behalf of the overseas Dominions and the tropical countries of the Empire. There were pests in New Zealand as well as in Australia. He hoped that the Exhibition Galleries of the Imperial Institute would be carried on; New Zealand was quite prepared to pay her share of any extra amount required for that purpose.

#### INSTITUTE AS HITHERTO CONDUCTED NOT POPULAR WITH DOMINIONS

Mr. BURTON thought Mr. Ormsby-Gore was quite right in asking the Conference to say "Yes" or "No" about the Institute. The subject had been discussed at various Imperial Conferences, and there had always been a great deal of enthusiastic talk about it, but when it came to the question of financial support difficulties were raised and the contributions actually were very meagre. This was due to the fact that as the Institute had been conducted hitherto it had not appealed to the Dominions or to many people who were familiar with its working in this country, and there was a great deal of difference of opinion about its usefulness or the desirability of continuing it on anything like those lines. He had a great sympathy with the appeal that had been made on the grounds of sentiment, but he was doubtful whether that really should be allowed to settle the matter.

#### SOUTH AFRICA CAN ONLY SUPPORT A BUSINESSLIKE SCHEME

On the business aspect he was in entire agreement with the Minority Report which had been put in by the High Commissioner for South Africa to the Committee, which had recently reported on the working of the Institute. In South Africa the amount that was spent on technical and scientific research was increasing each year, and it was extremely difficult to persuade Parliament to spend more money upon an institution six thousand miles away, of which they had very little knowledge. If the Parliament could not be satisfied that the money was being well spent and that the object as a business matter was a sound and good one, he was afraid no amount of sentiment would settle the question.

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He had always supported the project of the Imperial Mineral Resources Bureau, because if it was properly looked after and conducted on proper lines they could get an Institution which would be of substantial value to all the Dominions; and to South Africa, which was especially interested in minerals of all sorts, the successful establishment of an institution of that kind might be of great value. He suggested that the matter should not be settled at once, but that it should be given further consideration and discussed either in Committee or on another occasion, when the proposed amalgamation of the two institutions, the working, the management and the scope and other details of the whole thing could be gone into; but he was unable as things were at present to commit South Africa to an annual expenditure of £1,500, £2,000, or whatever might be South Africa's share in future under this head.

## ATTITUDE OF IRISH FREE STATE

Mr. RIORDAN said that a considerable amount of research work had been carried on in the College of Science in Dublin and the Universities in the Irish Free State, and that these organizations were continually clamouring for larger funds so that they might extend this eminently useful work. So far as the Imperial Institute and the other bodies referred to were concerned, it would be necessary for them to prove to his Government that it would be of advantage to them to contribute towards their upkeep. If satisfied on this point, he had no doubt his Government would contribute.

Sir MARMADUKE WINTER said that he thought Newfoundland would be prepared to fall in with the proposals if the other Dominions did the same.

## INDIA NOT SATISFIED AS TO VALUE OF INSTITUTE

Mr. INNES said that in the past the Government of India had had a good deal to do with the Imperial Institute and had taken a great interest in it, but for some time past they had not been satisfied that India was getting full value for the amount of money she was spending on the Institute. As he had mentioned on previous occasions, the state of India's finances was making it necessary for her to examine every item of her expenditure very closely. Further, they had felt doubts whether the conception of the Institute was quite sound. He thought he was right in saying that the modern tendency was towards specialized inquiries and specialized institutes. He understood that the Department of Scientific and Industrial Research worked largely in that way. In India they regarded with some doubt an Institute which undertook to give a scientific opinion on any subject referred to it without citing the authority for that opinion. Scientific departments in India had come to look upon the Imperial Institute somewhat askance because its scope was so wide.

Further, when the Institute was started they had practically no scientific departments in India. Having organized those departments, they did not feel the same need for assistance of that kind from the United Kingdom. Their own scientific departments were in direct touch with corresponding scientific institutions in Great Britain.

The Imperial Institute also undertook the function of an agency for commercial intelligence. The Government of India had organized a Commercial Intelligence Department both in India and in London. Experience had shown that they were able to get information of that kind more quickly through their Indian Trade Commissioner than through the Institute. For those reasons they had been compelled to decide that the money which they used to contribute to the Imperial Institute was more urgently needed elsewhere.



## DOUBTS AS TO VALUE OF PROPOSED REORGANIZATION

The main point for consideration now was whether the proposals made by the Committee of Enquiry overcame the objections which the Government of India had previously held. The Report of that Committee had, he thought, rather supported the view hitherto taken by the Government of India. The proposal was, as he understood it, that the Institute should in future function as a clearing house of information, equipped with laboratories to enable it to carry out the work of preliminary analysis and investigation of raw materials. This recommendation, he understood, had behind it the authority of the Department of Scientific and Industrial Research, whose views must command great respect. At the same time, speaking as a layman, he would have thought that it might be possible for that Department to organize a smaller institution at less expense to carry on the work required.

He thought that the Government of India might find some difficulty (having regard to their views on the utility of the Imperial Institute) in regard to the proposal to amalgamate the Mineral Resources Bureau with the Institute.

## INDIA WILL CONSIDER COMMITTEE'S PROPOSALS SYMPATHETICALLY

He was anxious, however, not to give the Conference the impression that India was determined to have nothing at all to do with the Imperial Institute, however it might be reorganized. The Institute stood for a great Imperial idea. But they had to look at the question mainly from a business point of view. He was authorized to say that, if the proposals now made were found, on further examination, not to be open to the objections which the Government of India had hitherto taken, and if the general opinion of the Conference was that the proposals of the Committee should be supported, then the Government of India would give those proposals their most careful and sympathetic consideration. He could not commit them to a decision at present, as he could not commit the Legislature to providing the necessary contribution. He thought that the Conference might examine the subject in committee, and see whether they could not frame a resolution which would be acceptable to all.

EARL WINTERTON said that, as the Government of India had been referred to frequently in the course of the discussion, he wished to make it clear that, while Mr. James had actually been speaking of objections taken by the Government of India, the views he expressed were also those of the Secretary of State for India, who had always been with the Government of India in the matter.

## APPOINTMENT OF COMMITTEE

A discussion then ensued with regard to the setting up of a formal Committee to go into the question of the Imperial Institute and the contributions of the Dominions, the Colonies and Protectorates, and India; and at the next meeting (the Ninth Meeting, held on Tuesday, the 16th October, 1923), a Committee was appointed to consider the Report of the Imperial Institute Committee of Enquiry, 1923, and to report to the Imperial Economic Conference thereon. The Committee (the Imperial Institute Committee) reported on the 31st October, 1923, and their Report is printed on page 517.

## DISCUSSION ON COMMITTEE'S REPORT

The Report was discussed by the Conference at the Eighteenth Meeting, held on the 2nd of November, 1923, when the Chairman, on behalf of Lord Salisbury, formally moved the adoption of the resolutions recommended in the Report.

Mr. GRAHAM agreed.

Senator WILSON agreed.



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## THE CASE FOR THE RETENTION OF THE EXHIBITION GALLERIES

Sir JAMES ALLEN pointed out that he had found it necessary to dissent from the Report of the Committee to the extent of reserving his right to support the retention of the Galleries of the Imperial Institute. In the Report of the Imperial Institute Committee of Enquiry there was a reservation on this subject signed by Lord Islington, Sir Arthur Shirley Benn (representing the Associated Chambers of Commerce), Sir Edward Davson (representing the Colonies), and himself, and he hoped that the members of the Conference had read that reservation. The main reason advanced by the majority for not retaining the galleries was based on financial considerations, but they also made some definite criticisms. They urged that the collections were not properly representative. While admitting this, he thought it was not the fault of the Institute but of the Governments concerned, of the High Commissioners themselves, who had not taken sufficient interest in the Imperial Institute. This lack of interest, he thought, was largely due to the constitution of the Executive Council, which provided for an unduly small representation of overseas Governments. This would be altered if the recommendations of the Committee of Enquiry were adopted. Further, it must be remembered that during the war the galleries were used for other purposes. It had been suggested that the High Commissioners' windows should be used for exhibition, but that, in the case of New Zealand at least, was impossible owing to lack of room and storage. There was no other place in which such a unique collection was gathered together of Colonial products as the Imperial Institute, and the suggestion as regards the High Commissioners' windows did not touch this side of the question. Personally, he had gone away every time from a visit to the galleries with a wider knowledge and a greater respect for the Colonies of the Empire because of what he had seen in the galleries, and these were things which could not be gathered from books. Again, the majority had admitted the necessity of maintaining up-to-date sample rooms, and suggested that a small travelling Exhibition of a really representative kind should be undertaken. He agreed that such collections must be housed somewhere, and it was better to have them available at any time for the London public and visitors to London rather than bury them where accommodation was cheap.

## PUBLIC INTEREST

Public interest, it was perfectly true, might well have been greater, but he did not think it was quite realised how many people have visited the galleries in spite of drawbacks, such as Sunday closing, &c. The Royal Charter, under which the Imperial Institute was established as an Imperial Memorial to the Jubilee of Queen Victoria in 1887, declared that a portion of the first of the main objects should be "the formation and exhibition of collections representing the important raw materials and manufactured products of our Empire"; and, while realising the difficulty of an up-to-date exhibition of all the manufactured products of the Empire, he did visualize a more or less complete exhibition of raw materials and certain of the most important manufactured articles.

## COMMERCIAL AND EDUCATIONAL VALUE

With regard to the commercial value of the Institute, it seemed to him that the majority on the Committee of Enquiry had not given full weight to the evidence tendered, a summary of which was given at the end of their Report. He also referred to the educational value, with regard to which he endorsed fully what was stated by the Director at the end of the Report.

## FINANCE

As regards the financial situation, the sum to be made up if the galleries were retained was about £13,000 (made up of £5,000 a year as the cost of the galleries, plus £8,000 a year as loss of revenue from letting the galleries). That sum could be made up if the United Kingdom's contribution were increased from £9,000 to £14,000, that of the Dominions from £8,000 to £12,500, and that of the Colonies and Protectorates from £8,000 to £11,500. Even with this expenditure on the galleries, the various countries concerned would make a very considerable saving on the expenditure that they had been providing for in the last year or two. In conclusion, he and his co-signatories of the reservation to which he had referred felt that there was definite value and practical utility in continuance of these galleries.

## TRIBUTE TO THE DIRECTOR

There was only one other remark he wished to make, and that was to pay his tribute to the very excellent work that had been done in very adverse circumstances by the Director of the Institute, Professor Dunstan. The further he had examined into the work done, the more he had been impressed with Professor Dunstan's ability, zeal and devotion.

Mr. BURTON agreed entirely with the Report, but was opposed to Sir James Allen's proposals about the galleries. He was not prepared to go beyond the Report of the Committee, of which he was a member.

Mr. RIORDAN said that he had nothing to add to what had been said.

Sir PATRICK McGRATH said that, like Sir James Allen, he would prefer to see the galleries kept open, but as the matter had been thoroughly dealt with by the Committee, and four of the larger Dominions were unalterably opposed to the retention of the galleries, it seemed to him that there was nothing for it but to bow to the will of the majority. He, therefore, endorsed the Report of Lord Salisbury's Committee and the resolutions based thereon.

Mr. INNES said that he endorsed the Report of the Committee. He thought it must be recognized that Sir James Allen had made out quite as good a case as could be made out for the retention of the galleries, and he greatly regretted that so far as India was concerned he could not support him. Whatever might be the value of galleries of that kind, the fact remained that owing to the necessity for retrenchment they had had to abolish precisely the same kind of galleries in India.

Mr. ORMSBY-GORE said he regretted that they felt compelled to close the galleries, but they could not ask the Colonies to pay more than was now proposed for the Institute. He added to Sir James Allen's tribute to the work of Professor Dunstan, which had been done under very difficult financial circumstances. He supported the Report of Lord Salisbury's Committee.

## ADOPTION OF RESOLUTIONS

The Report was adopted, Sir James Allen refraining from voting. The following resolution was then tabled and agreed to:—

"1. That Resolutions 1 and 2, recommended for adoption by the Imperial Institute Committee of the Conference, be adopted.

"2. That the following Resolution be adopted:—

"The Imperial Economic Conference take note of the memorandum on the co-ordination of research bearing upon industry, and the suggestions for its development submitted by the Department of Scientific and

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Industrial Research in consultation with the Ministry of Agriculture and Fisheries and other Departments, and they are of opinion that all possible steps should be taken to encourage the exchange of scientific and technical information between the various parts of the Empire, and the co-operation of the official and other organizations engaged in research for the solution of problems of common interest."

## CO-ORDINATION OF RESEARCH IN THE EMPIRE

## MEMORANDUM BY THE DEPARTMENT OF SCIENTIFIC AND INDUSTRIAL RESEARCH (I.E.C. (23)—16).

The programme of the forthcoming Imperial Economic Conference will, it has been officially announced, include *inter alia* the consideration of co-ordinated action for the improvement of technical research. The work of the various bodies which have already been established on an inter-Imperial basis for the purpose of economic co-operation will also be considered. The Department of Scientific and Industrial Research is interested in both of these topics.

## CO-ORDINATED ACTION FOR RESEARCH

2. In 1915, soon after the issue of the White Paper describing the scheme for the organization and development of scientific and industrial research in Great Britain, proposals were made by the Governments of Victoria and New South Wales that the scheme should be extended and made applicable to the overseas Dominions, or even to the Empire as a whole. These suggestions received careful consideration, and a memorandum on the subject was issued through the Colonial Office to the various Dominion and Colonial Governments. This memorandum, which was published in the Report of the Department for 1915-16, is reproduced as an appendix hereto (Appendix I).

3. The suggestion is made in the memorandum that, if the general proposal of co-operation between the various parts of the Empire in research commended itself, each overseas Government willing to enter into a co-operative arrangement should, as a first step and at an early date, constitute some body or agency having functions analogous to those of the Advisory Council which acts for the United Kingdom. An indication was given in the memorandum as to the possible forms of an agency arrangement which might be made between various Governments for research purposes, and the probability that such an arrangement might quickly develop into a more intimate and more highly organized relation was alluded to.

4. In Canada, Australia and South Africa, official bodies have been set up corresponding more or less to the organization in this country for encouraging scientific and industrial research. Canada has followed most closely the model of the Mother Country. There, a Committee of the Privy Council, assisted by an Honorary Advisory Council, representative of the scientific and industrial interests of Canada, is responsible for the administration of funds provided by the Dominion Government for expenditure on research. The Australian Commonwealth Government has set up a Commonwealth Institute of Science and Industry entrusting executive power to the Director, who is responsible to the Minister for Trade. The statutory functions of the Institute are very wide in scope, covering investigations in every branch of pure and applied science and all industry, both primary and secondary. Provision is made in the Act for the setting up of a General Advisory Council for the Commonwealth and of State Advisory Boards. These have not yet been created, but provisional bodies are acting until the permanent bodies have been appointed. In South Africa, an

Advisory Board of Industry and Science was appointed with the duty of surveying the resources of the country on a national basis in every field. A committee of this Board, styled the Research Grants Board, advises on research in universities and cognate matters. The Advisory Board, having completed the pioneer work it was formed to do, has now been dissolved, but the Research Grants Board continues to discharge its functions in regard to research. New Zealand so far has not yet adopted any scheme for the encouragement of scientific and industrial research, although proposals have been submitted to the Government for consideration.

5. The Department is represented on the Colonial Research Committee, appointed in 1919 by the Secretary of State for the Colonies at that date (Viscount Milner, K.G., G.C.B., G.C.M.G.), to administer a fund of £100,000 placed at his disposal by the Treasury for the encouragement of research in the non-self-governing Dominions of the Crown during a period of five years. The grant was made on the understanding that in the administration of the funds, the Secretary of State would utilize as far as possible the services of existing agencies, and would co-operate with such bodies as the Imperial Mineral Resources Bureau and the Department of Scientific and Industrial Research.

The despatch sent by Viscount Milner to the smaller Colonies and Protectorates informing them of the appointment of the Colonial Research Committee and of the creation of the fund, emphasized the importance of developing new sources of supply within the Empire of raw materials which are essential to British industries and which are at present obtained almost entirely from foreign sources. Reference is made in a later paragraph (paragraph 33) of this memorandum to the need for co-operation between the Imperial Government and the Governments of Dominions and Colonies in utilizing deposits of little known materials which may have valuable industrial uses.

6. The Department keeps in touch with the research organizations in the Dominions in various ways, e.g., by the interchange of reports and publications, by correspondence on matters of mutual interest, and, in the case of Canada, by the occasional presence of representatives of the Honorary Advisory Council for Canada at meetings of the Advisory Council of the Department.

#### THE IMPERIAL ASPECT OF THE WORK OF THE DEPARTMENT OF SCIENTIFIC AND INDUSTRIAL RESEARCH

7. The activities of the Department fall into three main groups:—

- (a) The encouragement of scientific research in universities and colleges.
- (b) The encouragement of research for industries or groups of related industries carried out by co-operative associations of firms in the industries concerned.
- (c) The conduct of research required for Government purposes or undertaken in the national interest for the general benefit of the community.

8. *Encouragement of Scientific Research in Universities and Colleges.*—Grants are made on the recommendation of the Advisory Council to research workers in educational institutions and elsewhere in order to promote research of high quality into fundamental problems of pure science or in suitable cases into problems of applied science. Grants are also made to enable students of adequate attainment to undergo training in scientific investigation. The various grants fall under one or more of the following headings:—

- (a) Personal payments to research workers to enable them to give either the whole or part of their time to research work.



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- (b) Personal payments to research assistants of scientific standing to enable them to work in collaboration with a professor, or other qualified research worker, in the development of any research in which he is interested.
- (c) Provision of laboratory or clerical assistants to be employed by research workers.
- (d) In special cases, provision of apparatus or other equipment or funds to meet expenses incidental to research work.
- (e) Maintenance allowances to post-graduate students to enable them to receive training in scientific research under the direction of professors or other qualified persons.

9. Grants under (a), (b), (c) and (d) are tenable only in the United Kingdom. Maintenance allowances may be awarded to British students only, but will be tenable in that place, including places outside the United Kingdom, which, in the view of the Advisory Council, is best fitted to provide training in the branch of science in which the student is to specialize.

10. It may reasonably be anticipated that the policy of awarding maintenance allowances to enable students of promise to avail themselves of the facilities for research, offered by University institutions of colleges, will result in a marked increase in the supply of trained investigators, and that a certain proportion of these will, as a result of their training, be well qualified to attack problems having a direct bearing on conditions of life or agricultural and industrial development in those parts of the Empire where research along these lines is needed.

It should be added, however, that in awarding grants to students, no conditions are imposed as to the subjects on which research is undertaken, and the control of the student's work is left to the supervising professor. Similarly, grants to an investigator to enable him to continue research of exceptional timeliness or promise leave him entirely free to follow up his enquiries whithersoever they may lead. The highest order of research cannot be organized. The utmost that can be done by material means is to assist the promising investigator to "gang his ain gait."

11. *Research Associations.*—For the purpose of promoting industrial research, the Department holds a capital fund, which amounted originally to £1,000,000. Out of this fund grants are made to Research Associations established by particular industries to supplement the income contributed to each Association by the co-operating firms who are members of that Association. These grants are given for a limited period in each case, and it is the policy of the Government to encourage each Association to become self-supporting, and ultimately to conduct research for the benefit of, and at the sole cost of, the industry.

12 At the present time twenty-five Research Associations have been established, among which are associations for the cotton industry, the woollen and worsted industry, the linen industry, rubber and tire manufactures, cocoa and confectionery, non-ferrous metals, refractories and electrical and allied industries. The annual expenditure in grants from the fund is at present of the order of £100,000, and represents approximately half the aggregate income of the various Associations.

13. *Research Required for Government Purposes or undertaken in the National Interest.*—This group of the Department's activities covers a wide range. It includes the work of the following research organizations, whose work has an imperial significance:—



(i) *National Physical Laboratory.*

14 The Laboratory is a public institution for standardizing and verifying instruments for testing materials and for the determination of physical constants. The facilities it offers for carrying out tests and special investigations are available on payment for the various Dominion and Colonial Governments, and for the industries and trade interests throughout the Empire.

15. One of the main functions of the National Physical Laboratory is the care and maintenance of the fundamental standards of measurement of the country. In the discharge of this function the Laboratory takes such steps as are necessary to give effect to international agreements relating to units of measurement, and to realize in a concrete form the standards adopted by the appropriate international conventions or congresses. It co-operates with the Board of Trade in maintaining the standards of length, volume and mass. It has the custody of the primary electrical standards, and is responsible for accurate measurements of derived standards, *e.g.*, those employed in wireless work, and in measurements of electrical power. The standards of illumination and of temperature, including high and low temperatures, are regulated by the work of the Laboratory. It has the care of the British radium standards. Close co-operation is thus desirable between the Laboratory and the weights and measures departments, or standardizing institutions of Dominion and Colonial Governments, in order that the necessary uniformity and accuracy of the primary units of measurement may be secured throughout the Empire.

16. Closely allied with the preceding is the work of the Laboratory as a testing institution. The application of the standards to manufacturing practice is secured through the medium of the instruments sent to the Laboratory for tests. In connection with the supply of accurate measuring instruments for all purposes the Laboratory can assist both directly and indirectly. It can aid Dominion and Colonial Governments and firms in securing satisfactory instruments for purposes of research or manufacture, and where local testing institutions are established it can help in the supply of accurate standard instruments, and can advise as to methods of measurement to be employed.

17. Research is continuously in progress in the Laboratory on the properties of materials and the efficiency of instruments and machines, with a view to the improvement of engineering structures and of manufacturing processes. The researches on metals and alloys, on road materials, on materials for electric insulation and for cold storage work, on apparatus for radio-telegraphy, and the investigation for the improvement of aeroplane and of ship design may be cited as examples. Much of this work requires expensive equipment, *e.g.*, the ship tank, wind tunnels, high voltage plant, which can most economically be provided at a central institution. The knowledge and experience thus gained by the Laboratory, and the facilities for investigating special problems, can be made use of alike by the central authorities of the Dominions and by individual firms throughout the Empire. The Laboratory is able to undertake investigation into special questions affecting the utilization of natural resources or directed to overcome manufacturing or other difficulties. In this connexion it is important and would be of great mutual advantage, that the Laboratory should be closely in touch with any similar institutions elsewhere engaged in technical and industrial research.

18. Some examples of assistance of the kind indicated above may be given. The N.P.L. has aided the Government Laboratories in Calcutta responsible for the testing of materials, electrical instruments, &c., by advising as to methods of test and apparatus to be employed, and by verifying the accuracy of standards and instruments provided. Materials for the Indian Government Railways are

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tested at the Laboratory. Help has been given through the Crown Agents to Colonial Governments in procuring apparatus required for various purposes. The Laboratory has assisted the Electrical Standards Laboratory, Ottawa, in the provision of standards for electrical measurements, and has superintended the construction of a standard wavemeter for the Director, Canadian Radio-telegraph service. The Commonwealth of Australia have asked for the help of the Laboratory in procuring a similar wavemeter for their use, and in the provision of an accurate dividing engine. An investigation into the properties of timber has been carried out for the Forest Department, Kenya Colony, and into the qualities of railway material supplied for the Government of South Africa. Tests in the Tank for the improvement of ship design have been made for the Commonwealth of Australia, and for Canadian shipping firms.

19. Much work has been done by the Laboratory for the Research Associations in this country to which reference is made elsewhere. Similar investigations for the improvement of manufacturing processes and products could, of course, be undertaken for associations of manufacturers or other bodies in the dominions.

(ii) *Fuel Research Board.*

20. The Fuel Research Board, in addition to work on British coals, has undertaken for payment at its station at Greenwich investigations for certain dominion Governments on their local coals. The Board has also pursued enquiries on the subject of peat, a matter in which other parts of the Empire, notably Canada, are also interested.

21. Investigations are being made by the Fuel Research Board in this country and in various Dominions and Colonies into problems of the production and utilization of alcohol for power purposes; this is essentially a matter in which there may be a community of interest between this country and the Oversea Dominions and Colonies. The subject is discussed in detail in Appendix II.

(iii) *Food Investigation Board.*

22. The Food Investigation Board undertakes scientific investigations in connexion with the food supply of this country. While the Board's work has been undertaken primarily in the interests of the consumer in this country, the results cannot fail to be of importance to the producers in all parts of the Dominions of food for export, as well as to the manufacturers and distributing trades concerned in foodstuffs throughout the Empire. An enquiry has recently been undertaken in co-operation with the Australian fruit growers and the shipping companies into the cause of "brown-heart" in shipments of apples from Australia. In Appendix III, the need for co-operation between the Imperial Government and the Governments of Dominions and Colonies interested in the overseas trade in fresh fruit is fully discussed.

Work has been done for the Colonial Office on the canning of whale fish, in connexion with the whale fisheries of the Falkland Island Dependencies.

(iv) *Forest Products Research Board.*

23. The Forest Products Research Board, which was established as the result of resolutions passed at the British Empire Forestry Conference in July, 1920, undertakes research into the forest products both of this country and of the overseas Dominions and Colonies. The work comprises: (1) research into wood technology, including the testing, seasoning and preservation of timber; (2) investigation into forest products other than timber, such as tannins, natural dyes, &c.

24. The Board is giving its main attention to the fundamental problems connected with forest products. As a first step a station for research into methods of seasoning timber is being erected at Farnborough. The investigations on testing and seasoning are directed to the establishment of a solid foundation of scientific knowledge rather than to determining the suitability of selected timbers for different purposes. Much of the testing necessary to fundamental enquiry will, however, have an immediate practical application to certain urgent problems with which the Forest Services of the Empire are confronted in the utilization of their timbers.

25. The Department is also proposing to establish, with the co-operation of the Forestry Commission, a timber-testing Committee to undertake work of more immediate economic importance and to assist timber growers with such knowledge as is at present available to ascertain the qualities of their products.

(v) *Building Research Board.*

26. The Building Research Board undertakes investigations on building material and methods of construction, including the consideration of standards for structural materials at present unstandardized. The following are instances of work of interest to the Empire generally:—

- (a) An investigation is being conducted into the possibility of making "ciment fondu" (the new French high alumina cement) from deposits of bauxite in the Empire likely to be suitable for the purpose.
- (b) A series of experiments have been carried out on heat transmission through walls, concrete and plasters. The results of these experiments have been published and should be of special interest to builders in tropical climates.
- (c) A Committee has been formed to investigate the best methods by which decay in building stones, especially in ancient structures, may be prevented or arrested. The subject of this enquiry is likely to appeal to those who are responsible in different parts of the Empire for the maintenance of public buildings and monuments in a state of repair.
- (d) Preliminary investigations recently undertaken appear to show that a puzzolanic cement of very satisfactory strength can be made from the spent shale of the shale oil industry. Should this be confirmed by further researches, the discovery would materially and beneficially affect the economies of the shale oil industry in the Dominions as well as in this country.
- (e) The Board is undertaking tests on the sound absorption of building materials required in the construction of the legislative Chambers at the New Delhi. The cost of the tests is being defrayed by the Government of India, at whose request the work is being done.

(vi) *Co-ordinating Research Boards.*

27. The Co-ordinating Research Boards of the Department were established in order to provide a single direction and financial control for the scientific work needed for the Fighting Services of a fundamental nature or which has a wide civilian as well as a direct military interest. Four Boards have been established in the first instance, for chemistry, physics, engineering and radio-telegraphy respectively. There are certain committees of these Boards, however, which have been entrusted with the conduct of investigations in specialized fields.

28. Much of the work of the Co-ordinating Research Boards has an Imperial significance; thus, the investigation into the use of leader gear under-

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taken by the Physics Board, in view of its possible utility in navigation, should be of interest to Australian and Canadian coast shipping lines; the work of the Radio Research Board is of direct Imperial interest in relation to communications and shipping; whilst the researches on the causes and prevention of deterioration in fabrics undertaken by the Fabrics Co-ordinating Research Committee will obviously be of general interest throughout the Empire.

*Proposals for Co-ordination of Research*

29. Schemes for the co-ordination of technical research in the Empire would be connected with: (a) the production and utilization of raw materials; (b) manufacturing problems.

*(a) Raw Materials.*

30. The Royal Commission on the Natural Resources, Trade and Legislation of Certain Portions of His Majesty's Dominions, in their Final Report (1917), recommend the formation of an Imperial Development Board, one of whose functions would be to investigate in co-operation with existing institutions and committees for scientific research:—

- (i) The possibilities of production within the Empire of such essential materials and commodities as now are, or may, in the future, be found to be mainly produced or controlled outside its limits, as well as the possibility of new supplies generally.
- (ii) The best means of promoting efficiency and preventing waste in existing methods of production.
- (iii) The possibilities of the utilization of substitutes for essential commodities which are not found to be available within the Empire.

31. Lord Balfour of Burleigh's Committee on Commercial and Industrial Policy after the War, whose report was published in 1918, while expressing sympathy with the objects which the Dominions Royal Commission had in view in putting forward their proposals, were inclined to doubt if they were immediately practicable. They favoured the formation of organizations dealing separately with a number of special commodities or groups of commodities, adding, however, that it would no doubt be possible at a later stage to bring organizations set up for these special purposes into one single organization should that course be deemed expedient. Steps have indeed already been taken along these lines. The Imperial Mineral Resources Bureau has been formed to collect information as to the mineral resources of the Empire, but it does not exploit new sources of supply. The Empire Cotton Growing Corporation exists to foster the growing of suitable varieties of cotton throughout the Empire. The Empire Flax Committee of the Board of Trade has a similar aim for the growing of flax.

32. A further development of co-operation between research associations and organizations engaged in producing primary materials in other parts of the Empire would be of great utility in promoting the economic development of the Empire. The Cotton, Linen and Rubber Research Associations are already linked up with the Empire Cotton Growing Corporation, the Empire Flax Committee, and the Rubber Growers' Corporation respectively. The Woollen Research Association is co-operating with the sheep breeders in this country in experiments in the breeding of sheep in order to improve the quality of the wool, and the extension of this co-operation to the Dominions might be worth considering.



33. Co-operation between the Dominion and Colonial Governments and the agricultural research organization in Great Britain, which is now assuming considerable proportions, might be of great value to the agriculturists of the whole Empire. This system of research, which is mainly supported by grants from the English and Scotch Departments of Agriculture, is mostly concerned with subjects such as cereals, live stock and dairy produce that are of vital concern to the Dominions.

34. The importance of co-operation in utilizing the mineral resources of the Empire can hardly be over-emphasized. Apparently unimportant deposits of little known minerals may sometimes possess great economic value. But owing to the fact that their value would only be appreciated by those engaged on research in countries where a wide range of manufactures exists and where the necessarily expensive and elaborate equipment is available, local private interests cannot be expected either to recognize the value of such deposits or to work them when discovered. The following examples will illustrate the point:—

- (i) The work proceeding at the National Physical Laboratory on the metallurgy of the minor metals such as cadmium and beryllium, if it leads to practical developments, will directly interest and benefit the Union of South Africa and other Dominions and Colonies where deposits of cadmium and beryllium are available.
- (ii) Recent investigations have shown the value of titanium oxide as a basis for white paints; as a result of prolonged researches, the details of which have not been published, the oxide is now being manufactured in Norway and elsewhere from the mineral ilmenite. The mineral in question is found within the Empire, and in Travancore it is separated in some quantity from monasite sand before the latter is shipped for use as a source of thoria and ceria. The evolution of a satisfactory method of producing titanium oxide from ilmenite would find a valuable outlet for this mineral.
- (iii) The optical industry is at present dependent on foreign sources for a supply of clear colourless fluorite used in certain very important optical systems. Deposits of white fluorite have been found in South Africa, but before it can be ascertained whether or not they contain the mineral of a quality to meet the requirements of the optical industry, certain preliminary investigations would be necessary. Quartz and calcite are other examples of minerals, fresh sources of which in a high degree of optical purity would be of great value to the optical industry.
- (iv) The utilization of suitable bauxite deposits in the Empire for the manufacture of "ciment fondu" may have important reactions on military and civil engineering and may be followed by extensive industrial developments in the centres where the bauxite deposits are found.

35. A certain amount of research on the raw materials of the Empire has in the past been conducted at the Imperial Institute, and the question of the policy to be adopted in future as regards research for the Empire overseas has received consideration from Mr. Ormsby-Gore's Committee on the Future of the Imperial Institute. It is understood that their Report is before the Conference (I.E.C. (23)-13). The Research Department were asked to express their views on the future of the Imperial Institute, and submitted a report outlining a scheme for the establishment of a clearing house of technical and scientific information to deal with questions from the oversea Dominions and Colonies as to (a) pos-



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sible uses and markets for new raw materials or semi-manufactured products; (b) new uses and markets for already known raw materials or semi-manufactured products; (c) the best means of preparing such products for marketing; and (d) generally, technical and scientific information bearing upon the industries of the Dominions and Colonies. The Research Department also recommended that the clearing house should be so organized as to provide means for dealing with information bearing upon Forestry and Agriculture, since recent Imperial Conferences have recommended the establishment of Imperial Bureaux for both these subjects.

36. The facilities offered by the various Boards of the Department can be, and are being, utilized in order to promote the development of the resources of the Empire. Thus, the National Physical Laboratory, the Fuel Research Board, the Food Investigation Board and the Building Research Board have, as indicated in earlier paragraphs of the memorandum, already undertaken investigations at the request of Dominion and Colonial Governments or on behalf of Dominion and Colonial trade interests. But the facilities offered in this country for the conduct of scientific investigations likely to lead to industrial developments in other parts of the Empire are perhaps not sufficiently widely known. It is considered essential to bring the producer overseas and the research organizations under the Department into much closer touch.

(b) *Manufactured Articles.*

37. The British Government scheme of industrial research is the only organized effort that has yet been made anywhere in the Empire to stimulate industries into taking co-operative action for the purpose of carrying out research. In Canada a somewhat similar scheme has been adopted by the Dominion Government, but has not been proceeded with for reasons of economy. The intention was to establish a National Research Institute discharging testing functions and providing laboratories and research facilities for the use of co-operative research guilds corresponding in all essentials to the Research Associations established in this country.

38. A proposal has been made by the Director of the Commonwealth Institute of Science and Industry in Australia that British Research Associations should be encouraged to extend the basis of their membership so as to enable firms resident in the Oversea Dominions of the Empire to join them and benefit by the results of their work. The Articles of Association of nearly all Research Associations enable them to admit, as members, firms resident in the Empire overseas. Research Associations for industries where the raw material is a vegetable product (e.g., cotton, linen and rubber industries) are interested in research into the conditions under which the product is grown. Co-operation for the purposes of research already exists between certain Research Associations and colonial producers (cf. paragraph 32), and could no doubt be extended to other industries if facilities were provided by an Imperial scheme for co-ordinating research. At the same time, it must be remembered that Research Associations enjoy a large measure of autonomy, and would be free to adopt in a matter of this kind whatever course of action appeared to them to be most desirable in their own interests. Further, grants made to Research Associations by the Department of Scientific and Industrial Research are derived from the Million Fund, which was voted by Parliament from the proceeds of taxes levied in this country. In the event of Research Associations undertaking work on behalf of firms situated outside Great Britain, these grants would be used in part for the benefit of persons who had not contributed to the original fund. If firms in the Dominions and Colonies were to join British Research Associations in large numbers the question might arise as to whether grants made by

the Home Government could properly be regarded as available in aid of contributions from such firms and whether firms in outlying parts of the Empire should not look to their own Governments for such assistance.

But after all it is essential to remember that an industrial Research Association is only a means to an end. That end is the provision of opportunity for competent investigators to engage, in a scientific spirit, in researches which, whether in the immediate future or after a long interval, will lead to new knowledge applicable to the processes of industry. The organization has discharged its function when it has (1) stated the problem, and (2) applied the results of research on a full technical scale to the production of manufactures. This must be kept steadily in view in considering the possibilities of useful extension of existing organizations.

39. In preceding paragraphs, reference is made to the services which the research organizations of the Department are able to render to Dominion and Colonial Governments. An instance of the converse is the arrangement made by the Fabrics Co-ordinating Research Committee with the Governments of India, Australia and South Africa for the exposure of samples of fabrics in various tropical climates in connexion with the investigation on deterioration of fabrics being undertaken by the Committee.

### *Conclusion*

40. It is evident from the above that there is ample scope for co-ordination between the Research Department and other research organizations in the Empire. A measure of co-ordination already exists, but much more could be done in this direction. It is suggested that the scheme for the establishment of an Imperial Bureau of Information, proposed in the report of Mr. Ormsby Gore's Committee, would provide part of the machinery necessary for this purpose.

September, 1923.

## APPENDIX I.

### DEPARTMENT OF SCIENTIFIC AND INDUSTRIAL RESEARCH

*Memorandum on the Suggestions made by the Governments of Victoria and New South Wales for making the Scheme for the Organization and Development of Scientific and Industrial Research applicable to the whole Empire.*

1. The Committee of the Privy Council for Scientific and Industrial Research have considered the papers communicated to them by the Secretary of State for the Colonies on the 23rd November, 1915, and the 3rd January, 1916, including memoranda by the Minister of Public Works of Victoria and by the Honourable Premier for New South Wales. It is suggested in these memoranda that the scheme described in the White Paper issued by Mr. Arthur Henderson on the 23rd July, 1915 [Cd. 8005], and subsequently embodied in the Order in Council of the 28th July, 1915, should be extended and made applicable to the Oversea Dominions, or even to the Empire as a whole.

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2. In the memorandum by the Minister of Public Works of Victoria, special stress is laid on the statement made in paragraph 3 of the White Paper that—

“It is clearly desirable that the scheme should operate over the kingdom as a whole with as little regard as possible to the Tweed and the Irish Channel. The research done should be for the kingdom as a whole, and there should be complete liberty to utilize the most effective institutions and investigators available irrespective of their location in England, Wales, Scotland or Ireland.”

The Committee of Council have no hesitation in expressing their concurrence in the view that the principle of the passage above cited is capable of a much wider application, and so far as in them lies they are prepared to co-operate cordially with the Secretary of State in promoting such an arrangement between the Mother Country and the Oversea Dominions as would secure the effective application of the principle throughout the Empire. A complete and effective system of research implies the power to carry out each piece of work in the place where the conditions are most favourable and where it can be performed most thoroughly, quickly and economically. It is obvious that a reciprocal arrangement by which the scientific and industrial resources of the Mother Country in men, material and equipment could be made available for a research in which any of the Dominions was primarily interested, and which conversely would place the resources of the Oversea Dominions at the disposal of the Mother Country and of each other, would greatly augment the aggregate research capacity of the Empire and enhance the productivity of its industries.

3. The simplest form of Imperial co-operation would be an arrangement by which one Government (or some administrative body acting under its authority) would act as the agent of another Government for the purpose of arranging, carrying out and supervising a specific research, the entire cost being borne by the Government initiating the research. It is not outside the existing powers of the Committee of the Privy Council to aid a research intended to benefit a British industry, even though the research may be conducted beyond the borders of the United Kingdom. For instance, the best means of recovering a metal found in one of the Oversea Dominions and needed for the production of some new alloy required by the British Metallurgical or Engineering Industry might form the subject of a research conducted in that Dominion at the instance and at the cost of the Committee of Council. For this purpose their Advisory Council would naturally try to find some body or institution in the Dominion willing, as the Committee's agent, to arrange for and supervise the actual execution of the research. Conversely, there is no reason why the Committee of Council or their Advisory Council should not act as the agent for an Oversea Government (or for any body or institution acting under the authority of that Government) for the purpose of arranging and carrying out on its behalf and at its cost any research which could more conveniently or effectively be conducted in the Mother Country. For instance, it may be worth while for an Oversea Dominion to defray the cost of a research in the Mother Country into the best method of utilizing an earth or metal which is to be found in the Dominion, but for which there is not at present a sufficient market in the Mother Country, with a view to creating such a market.

4. If, however, an effective agency arrangement were established between different parts of the Empire, it is highly probable that this relation would quickly develop into a more intimate and a more highly organized relation. The scope and methods of modern scientific research, especially when it is directed to the solution of the practical problems of trade and industry, are

such as often to require the combined efforts of many workers in many places, involving a co-ordinated division of labour and a series of investigations into problems arising at many points in the process between the raw material and the finished product. Where the raw material is produced, and especially where it is grown, in one part of the world and manufactured in another, a satisfactory solution of the series of problems with which the industry is confronted will often require concurrent and concerted investigation in both countries. For instance, wheat, cotton, silk, rubber and wool offer a number of distinct though related problems which intimately affect more than one of the constituent parts of the Empire, and which can be most effectively dealt with by simultaneous and co-ordinated investigation in different parts of the world. In such cases, moreover, it is not at all likely that the commercial interests of the two countries in the results of the different parts of the research will be so distinct as to admit of separate valuation of and separate payment for the work actually done for each country. The character of modern organized research, and the character of modern commerce and industry, are in fact such as to render it almost inevitable that a relation which starts as one of reciprocal agency between different parts of the Empire should lead to a more definitely co-operative relation of "joint venture" or "limited partnership." Under such an arrangement two or more parts of the Empire would combine to frame a scheme for the investigation of a specific problem in which they were all jointly interested, would contribute in agreed proportions to the cost of the whole work, and would arrange between themselves for the distribution of the work among the laboratories, factories, etc., at the disposal of the contributors, for the supervision of the work and for the collection, statement and use of the results achieved.

5. It is not inconceivable that in the future the relations of agency or "joint venture" may lead to a still more extensive and comprehensive partnership or union of interests. The White Paper already referred to declares, at the end of paragraph 3, with reference to the United Kingdom, that "there must be a single fund for the assistance of research under a single responsible body." The question whether it would be practicable to extend this principle to the whole Empire by the constitution of a Central Body for the purpose of administering a common fund supported by contributions from the United Kingdom and Oversea Dominions raises issues with which the Committee of Council are not competent to deal. The "pooling" or consolidation of the resources of the Empire for the purposes of scientific research is a stimulating ideal, but though pure science is cosmopolitan and disinterested, it is in its application to trade and industry inevitably affected by the divergent commercial interests of individuals and Governments, and the wide separation in space and the great diversity of the components of the British Empire are still material considerations of which full account must be taken in thinking of any scheme for unified administration.

6. The Committee of Council, however, believe that even at the present time, when the energies of the Empire are so preoccupied by the war, it is not only possible but very desirable to make an advance in the direction suggested by the Governments of Victoria and New South Wales.

It may not be possible during the war to undertake, either at home or in the Oversea Dominions, any researches involving the concerted work of a large number of trained researchers, or the provision of extensive plant and equipment. On the other hand, the Committee of Council are more than ever convinced that during the war it is essential to prepare and test, if only on a relatively small scale, an organization by which the scientific resources of the Empire can be mobilized on a large scale immediately the war is over. The success of anything like an Imperial Scheme of Research must ultimately



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depend at least as much upon the skill, foresight, and care with which it is managed as upon the zeal and goodwill of the Governments, universities, and industries which co-operate in it; and it would be very imprudent to wait until the demand has become heavy and urgent in the hope of then improvising a satisfactory system of management.

7. The Committee, therefore, suggest that if the general proposal commends itself, each oversea Government which is willing to enter into a co-operative arrangement should, as a first step and at an early date, constitute some body or agency having functions analogous to those of the Advisory Council which acts for the United Kingdom.

The Committee of Council have, of course, no intention of suggesting that the particular arrangement adopted for the United Kingdom should be taken as a model by other parts of the Empire. The Committee of Council as originally constituted consists of six Ministers *ex officio* and three ex-Ministers. This body is ultimately responsible for asking Parliament to furnish the necessary funds and for approving their expenditure. It is an essential part of the scheme that all proposals for research shall stand referred to an Advisory Council which is a relatively small body, mainly consisting of eminent scientific men and men actually engaged in industries dependent upon scientific research, and that this Council shall take full responsibility for the scientific and technical soundness of all research proposals recommended by them for State assistance.

In the case of the Oversea Dominions, the precise relation of any new body or agency to the Central or the State or Provincial Government, or to a particular Ministry, must obviously depend on local conditions and local preferences. It is, of course, assumed that it would be supported by the resources and influence of the Ministry of Commerce, as in the United Kingdom the resources and influence of the Board of Trade are available for working the scheme of Research in its commercial and industrial relations.

The Committee of Council, however, venture to lay stress upon two points. First, any bodies or agencies instituted for the purpose should, under their respective Governments, have really responsible functions and substantial authority. The several bodies, moreover, should be at liberty to communicate freely with one another, and should, within the limits of the funds placed at their disposal, be empowered to negotiate with one another for the formulation and execution of schemes of research. Secondly, a close connexion should be maintained between these bodies and the public educational systems and institutions of their respective countries. It is obvious that the work of Universities and other institutions for advanced scientific and technological education will both affect and be affected by a State scheme of research, and that the systematic development of research must ultimately depend upon an adequate supply of men and women who are fitted by their training to undertake it. So far as the extended scheme of research involves consideration of the educational problems of different parts of the Empire, it would possibly form an appropriate subject for consideration at the next Imperial Educational Conference and the next Conference of the Universities of the Empire.

8. It is too soon for the Committee of Council to speak as to the working of the scheme which has been established in the United Kingdom. One of the most important functions of the Advisory Council is to promote a better understanding and a closer union between men engaged in science and in industry. Considerable use has already been made by the Advisory Council of sub-committees reinforced by suitable experts in particular branches of science or industry, such as were contemplated by paragraph 8 of the White Paper, and arrangements are now being made to give effect to the principle of paragraph 7 of the



White Paper by setting up certain representative Standing Committees for the great scientific industries of Engineering, Metallurgy and Mining.

9. The Committee of Council would gladly co-operate with the Secretary of State in establishing and conducting any central organization which it may be found desirable to set up in London for the purpose of facilitating and carrying on the business of an Imperial Scheme of Research. Some kind of central office, information bureau or clearing house would be required, and, to start with, it might be possible to use, and, as occasion requires, to extend, for this purpose, the staff of the Advisory Council. A beginning has already been made by the Advisory Council in the compilation of a Register of Research, the scientific and industrial utility of which would be obviously greatly increased if its scope were extended to all parts of the Empire.

10. No reference has been made in this memorandum to the research work which is already done on behalf of the Oversea Dominions and Exchequer-aided Colonies and Protectorates by such institutions as the National Physical Laboratory and the Imperial College of Science and Technology, as well as by the Laboratory of the Imperial Institute. Close relations between the Advisory Council and these institutions are being established, and it is, of course, assumed that in any extension of the Research Scheme to the Oversea Dominions full use would be made of the facilities offered by these and similar institutions, and of the experience possessed by the bodies and persons concerned in carrying on their work.

CREWE,

*Lord President.*

ARTHUR HENDERSON,

*President of the Board of Education.*

L. A. SELBY-BIGGE,

*Special Secretary of the Committee.*

OFFICE OF THE BOARD OF EDUCATION,

WHITEHALL, LONDON, S.W.

March 2, 1916.

## APPENDIX II

### MEMORANDUM ON THE PRODUCTION OF POWER ALCOHOL IN THE BRITISH EMPIRE

1. Great Britain and the Oversea Dominions, Colonies and Protectorates are almost entirely dependent on foreign countries for the supply of liquid fuels for use in internal combustion engines. This is clear from the following figures of the world's crude petroleum production for the years 1921 and 1922:

Country	1921		1922	
	Metric Tons	Per cent	Metric Tons	Per cent
United States.....	67,454,714	61.7	78,545,428	66.1
Mexico.....	27,628,227	25.2	25,370,000	21.4
Other countries....	12,484,001	11.4	12,789,428	10.8
British Empire....	1,955,929	1.7	2,061,538	1.7
Totals.....	109,522,871	100.0	118,766,394	100.0

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2. The duration, moreover, of the world's resources of this natural product, of which petrol or gasoline is one of the distillates, has been the subject of considerable discussion lately, and the view has been expressed in authoritative quarters, in the United States especially, that, at the increasing rate of production and consumption, the rapid exhaustion of supplies is only a matter of a very short term of years.

3. The seriousness of the question led to an investigation being entrusted to the Fuel Research Board of the Department of Scientific and Industrial Research, as to the possibilities of producing alcohol within the Empire for use as an alternative fuel.

4. The result of the investigation, so far as the United Kingdom is concerned, has been to show that there is no prospect of the production of alcohol on a scale even remotely approaching the consumption of imported petrol, the figures for which for the last three years are as follows:—

	Gallons.
1920 . . . . .	206,910,704
1921 . . . . .	251,098,155
1922 . . . . .	311,190,222

The reason for this is that the raw materials which could be grown for the purpose are important foodstuffs, and, with the possible exception of potatoes, are not, and could not be grown in anything like sufficient quantities to meet food requirements. For this reason alone, quite apart from the high cost of cultivation, the production on a commercial scale of alcohol from vegetation for power purposes is not possible in this country. The further investigations of the Fuel Research Board have therefore been directed to exploring the possibilities of the production of alcohol for use in the British Empire outside the United Kingdom.

5. It is desirable here to refer briefly to the methods by which alcohol can be produced, viz:—

- (1) By the fermentation of sugar derived from vegetable matter; or
- (2) From the cellulose of the plant by converting it to fermentable sugars—
  - (a) Chemical, or
  - (b) Bacterial processes, or
- (3) Synthetically.

6. At the present time the only methods of proved economic value are the fermentation processes, utilizing sugar obtained directly from the plant, e.g., from molasses, or from material containing starch, e.g., grain of all kinds, and many roots and tubers.

7. As regards synthetic production, the possible raw materials are calcium carbide and the ethylene in the coal gas from ordinary gas-making plant and from coke-oven installations. Large-scale manufacture of alcohol on a commercial basis from either of these materials is unlikely within the British Empire, with the possible exception of Australia, where the production of cheap electricity on a large scale is now being developed, which might render cheap calcium carbide available for the purpose.

8. It has been stated above that the prospect of adding materially to the supplies of liquid fuel in the United Kingdom by the production of alcohol from home-grown materials is remote. The position is not quite the same as regards the Dominions, Colonies and Protectorates. Their own liquid fuel requirements are relatively small, land is more generally available, labour is in some cases comparatively cheap, and the climate is in certain instances just what is

required for growing suitable vegetable raw materials. Again, in many parts of the Empire, molasses, a waste product of the sugar refineries, is available, and this is a material which can be converted very cheaply into alcohol.

9. The problem of alcohol production on these lines is being taken up in various parts of the Empire, and its manufacture from molasses has been commenced in Australia, New Zealand, South and East Africa, British Guiana, and in some of the West Indian Islands. The cultivation of crops rich in starch, such as the sweet potato and cassava, is also being considered.

In this connection memoranda on cassava and sweet potatoes as sources of power alcohol have been prepared under the direction of the Fuel Research Board.

10. Turning now to the production of alcohol from the cellulose of the plant, there are vast quantities of tropical and semi-tropical vegetation, such as the grasses of Australia and Africa, and waste vegetable products, such as maize—and rice—straw and corn cobs, etc., which might be commercially possible sources, if alcohol could be produced from them by chemical or bacteriological processes.

11. This branch of the subject has been engaging the attention of the Fuel Research Board continuously for some time. The work on the direct production of alcohol from cellulosic materials by the action of micro-organisms presents considerable difficulties, and progress has so far not been sufficient to enable any opinion to be expressed as to the possibilities of success.

12. With a view to a process which would be chemical in its initial stages, the mechanism of the acid hydrolysis of cellulose has been studied, and the optimum conditions to ensure the maximum production of pentose with a low strength of acid at a moderate temperature and pressure have been arrived at as the result of semi-technical scale work on such materials as are available in this country. The method of fermenting the carbohydrates originally present in the raw material, and those resulting from the hydrolysis, which are mostly pentoses not fermentable by ordinary yeasts, has also been worked out under similar conditions.

13. In view of the fact that cellulosic materials are inexhaustible, are constantly renewed by nature, and are of little or no commercial value, they would appear to offer a possible solution of the problem of raw materials, if a practicable and economic method of treating them can be discovered.

14. The work on their conversion into alcohol, so far as it has been carried in this country, points to the conclusion that a manufacturing process does not offer any great technical difficulties, is not complicated, and does not require elaborate and costly plant.

15. How far the production of alcohol on these lines could be established in the Empire Overseas on an economic basis, is a matter which obviously depends on a great number of local conditions. The further investigation of the problem should be conducted therefore in those countries where the conditions would appear to be favourable, and should include experiments on a semi-technical scale with raw materials at various stages of growth and storage, as these matters may have an important bearing on details of the process, and on final results as regards yields.

16. As regards the economic aspects of the problem in the various parts of the Empire, it is impossible to express an opinion on the results of semi-technical or even of manufacturing scale work in this country. The more important factors which go to make up the retail selling price are the cost of the raw material delivered at the factory, the cost of labour, fuel and water, and the cost of distribution; if intended for export, the cost of transport to seaboard and of freight have to be added.

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17. These various items must differ, and differ widely, in the various countries where manufacture would be possible, both amongst themselves and from those of the Mother Country, added to which the question of yield of finished alcohol per unit of raw material, a very important factor in the final price, will almost certainly be affected by its age and condition. It is therefore obvious that the further investigation of the problem must be conducted in those countries where conditions are favourable and where work on a semi-technical scale—that is to say, on a few hundredweights of the material at a time—can be carried out, the material itself being used at various stages of growth and storage.

18. In order that these experiments may have the best chance of success without undue delays, it is essential that they should be carried out under the supervision of experts who have already dealt with and overcome difficulties in this country and who are well versed in the technique of the processes. Qualified men could be made available for the purpose.

19. It may emerge as the result of these further investigations that it would not be possible to produce alcohol from cellulosic materials at a price that would enable it to be transported to the United Kingdom and sold in competition with petrol at its present price. In view, however, of the possibilities as regards the future of petrol supplies referred to in the opening paragraphs of this memorandum, it is undoubtedly most necessary that every step should be taken to establish, if possible, a satisfactory technical process which could be put into operation, at least for local purposes, if and when the increasing scarcity and price of petrol makes the use of an alternative liquid fuel necessary.

20. It is suggested that co-ordination on this question is a matter for consideration at the Imperial Economic Conference, and, if the matter is remitted to a technical committee, the Research Department would be in a position to furnish detailed information on all technical points which might arise.

## APPENDIX III

## IMPERIAL CO-OPERATION IN FOOD PRESERVATION RESEARCH

*The Application of Science and Research to the Problems of Overseas Transport of Fruit and Vegetables*

A large group of problems which have much in common and which affect the industrial welfare of the Empire is that which centres round the overseas transport of perishable food products.

We are concerned in the present memorandum only with that aspect which includes the oversea trade in fresh fruit. Statistics supplied by the Department of Oversea Trade serve to focus the relative magnitude of the trade and its distribution\*.

Fresh fruit of all kinds is a highly perishable commodity. A fruit is a living organism endowed with a limited span of life and sensitive to external conditions. Broadly speaking, there is at present only very elementary knowledge as to how to control to the best advantage the conditions during the handling, storage and transport of large bulks of these commodities for considerable periods and over the long distances required. A very striking amount of avoidable wastage occurs which, for lack of precise knowledge, is attributed

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\* See page 514.

to unknown causes. From time to time losses assume such serious proportions, as lately in the Australian trade, as to threaten the existence of the producing industry. Wastage and deterioration tend to occur sporadically and so undermine confidence and affect the stability of prices. Nevertheless, it is undoubted that the business of transport could be put upon a secure basis and greatly expanded by the application of sound scientific principles and by engaging on the task the co-operation of engineers, physiologists and biologists.

The scientific work involved should include, not only the application of known principles, but also, if a far-sighted view is taken, extended opportunities for fundamental research in the physiology of fruits and vegetables, as living organisms. The problems involved in the overseas transport of fruit are common in their broad features, no matter whether it is fruit from Australia, South Africa or Canada which is in question. Further, the transport centres round the home-country as a focus. The real difficulty of dealing with these problems centrally from the United Kingdom, or separately in any of the countries of origin, is that they cannot be solved by work at either end alone. What is required is close study by a single mind or group of minds in close personal contact of all the conditions from the orchard to the consumer. It appears most desirable that organized co-operation between the parties concerned in tackling these problems should be set on foot through the offices of the Department of Scientific and Industrial Research in London, which has already, to a considerable extent, explored the position through its Food Investigation Board.

Early in the history of the F.I.B., the Fruit and Vegetables Committee of that Board came in contact with the Overseas Fruit Trade through receiving samples of damaged and deteriorated fruits from the Trade Commissioner for South Africa, from the Overseas Farmers' Co-operative Federation, and from the markets, with requests to diagnose the cause of damage, and to advise as to means of prevention. In the correspondence which ensued it was continually pointed out that material advance would not be made unless opportunity was provided for the exploration of the conditions obtaining during transport, and unless close contact with the scientific staffs in the countries of origin was established in order to relate conditions prior to shipment to the question of good or bad transport. Leading men connected with the trade, both overseas growers, shippers and overseas Government representatives, urged the desirability of a thorough scientific investigation of the conditions of overseas transport, but the Food Investigation Board took no active steps in initiating such investigations as being outside its immediate scope.

In 1922 matters reached a crisis. Very serious deterioration and loss occurred in the transport of the Australian apple crop to this country, and the Agent-General for Tasmania, on behalf of the fruit-growing interests of Australia and of the Australian fruit trade, was able to prevail upon the shipping companies to co-operate in seeking for the first time a full scientific investigation of the conditions prevailing during transport in the holds of their vessels, provided conditions prior to shipment were also investigated. The Food Investigation Board was approached, and agreed to undertake an investigation of strictly limited scope, and three research workers were sent to Australia to study the conditions prior to shipment and in the holds of three fruit boats of different types carrying Australian fruit on the return voyage to this country. The steamship companies agreed to afford every facility, and to provide free passages, and the Commonwealth Government to pay all incidental expenses incurred on the trip and in connexion with the residence in Australia. This investigation has been carried out with successful results, which are at present in course of being embodied in formal reports. Much, however, remains to be done. The



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trade interests, moreover, are alive now to the value of scientific research and investigations, and are anxious to see the work begun last year by the Department, in connexion with the Australian apple trade, continued and extended. It is felt that the scientific work involved should be carried out by the Governments concerned, as the only means of dealing satisfactorily with a situation which involves the divergent and sometimes conflicting interests of growers, shippers, steamship companies, and agents and consumers—an opinion which experience in this matter of the recent expedition has confirmed, in that the goodwill and confidence of all parties was accorded to the Research Department. It is felt, therefore, that every effort should be made to arrange co-operation whereby the organization, experience and central position of the Department of Scientific and Industrial Research may be utilized to the full.

## OVERSEA TRADE IN FRESH FRUIT

*Figures for 1921*

	£
Fresh fruit: total imports (approximately) . . . . .	33,000,000
Apples, raw: total imports . . . . .	7,400,000
Of which, from—	
United States of America . . . . .	3,340,000
Canada . . . . .	2,480,000
Australia . . . . .	990,000
Bananas, raw: total imports . . . . .	6,650,000
Oranges, raw: total imports . . . . .	7,950,000
Other fruits, raw (including nuts, used as fruit): total imports . . . . .	11,000,000

Canada exports chiefly apples.

Australia exports chiefly apples; also pears, plums, peaches. Oranges a developing trade.

South Africa exports oranges, pears, plums, peaches. Pineapples a developing trade.

Estimated deterioration between 20 per cent and 30 per cent. Australian apples in 1922, approximately £125,000; probable annual loss by deterioration all told of the order of £1,000,000. The 1922 deterioration in Australian apples was so severe that insurance companies refused to insure in future. The consequence was that Australian growers created a "fighting fund" and there are at present five legal cases impending.

## CO-OPERATION FOR TECHNICAL RESEARCH

## MEMORANDUM BY THE SECRETARY OF STATE FOR THE COLONIES (I.E.C. (23)—18).

His Majesty's Government have considered the Report of the Imperial Institute Committee of Enquiry,\* and find themselves in general agreement with the conclusions at which the majority of the Committee have arrived. They therefore propose to the Conference the adoption of the Committee's scheme for the continuation of the Imperial Institute on a contributory basis as a Clearing House of Information and a centre for the investigation of the raw materials of the Empire on the lines recommended in the Report and for the amalgamation of the work of the Institute and of the Imperial Mineral Resources Bureau. They also propose that the Exhibition Galleries shall be dealt with as recommended by the Committee.

\* See Cmd. 1997.

His Majesty's Government desire to draw particular attention to the statement in the 91st paragraph of the Report that it is a condition precedent to the Committee's recommendations that a definite assurance can be obtained that a guaranteed income of approximately £40,000 a year will be available for a period of years for the purpose of the new amalgamated Imperial Institute and Imperial Mineral Resources Bureau, and to the view expressed by the Committee that in the absence of such an assurance their recommendations are doomed in advance to failure. The history of the past few years amply confirms these statements. It is impossible for the Institute or any institution to perform its functions unless it can be assured of the necessary minimum revenue for a reasonable term.

If no definite assurance that the full amount of the income required to carry out the Committee's recommendations will be available is forthcoming from the Conference, there would appear to be no option but to adopt forthwith the Committee's alternative scheme for the continuation of the minimum of the more important functions of the Institute so far as the income available without Government contributions will allow. Although His Majesty's Government would regret this necessity, it is, in their opinion, essential that the Governments concerned should be aware that it is their intention to adopt the alternative scheme unless it is clear that the necessary support for the Committee's proposals is assured at the Conference.

It will be observed that under their alternative scheme the Committee do not propose that any change should be made in the status of the Imperial Mineral Resources Bureau. The Bureau, therefore, will remain in being, and will no doubt continue to receive contributions, as at present, from the Governments concerned. In 1922, the last year for which a report is available, the Bureau received in contributions from His Majesty's Government and the Oversea Governments a total of £14,283, as compared with a total contribution by His Majesty's Government and the Oversea Governments to the Imperial Institute of £38,269 for the corresponding year.

The following estimate of the cost of carrying out the Committee's proposals has been prepared:—

ESTIMATE OF COST OF SCHEME PROPOSED BY THE IMPERIAL INSTITUTE ENQUIRY COMMITTEE

EXPENDITURE		REVENUE	
	£		£
Present expenditure of the Imperial Institute, less the proportion due to the Galleries...	28,000	Endowment Fund.....	3,426
Additional expenditure due to absorption of the functions of the Imperial Mineral Resources Bureau.....	8,000	Annuity (North Gallery).....	864
Contingencies.....	3,000	Fees for work done (say).....	1,710
		Rent of Exhibition Galleries.....	8,000
		Leaving to be provided by Government contributions.....	25,000
	39,000		39,000

His Majesty's Government are prepared to propose to Parliament an annual grant of £9,000 a year for a period of five years and to invite the Colonies and Protectorates to agree to contribute between them an annual grant of £8,000 for the same period, on condition, but only on condition, that the Governments of the Dominions and India are willing to give assurances that they will make contributions amounting in all to £8,000 for the fixed period of five years.

DEVONSHIRE.

October, 1923.

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## APPENDIX

S/3011/2.

TREASURY CHAMBERS, September 29, 1923.

SIR,—I have laid before the Lords Commissioners of His Majesty's Treasury Sir G. Grindle's letters of the 14th and 22nd instant (39728/1923), enclosing a copy of the Report of the Committee appointed to consider the functions and future of the Imperial Institute, and a draft statement with which the Secretary of State proposes to preface the Report in submitting it to the Imperial Economic Conference.

My Lords note that the Duke of Devonshire has accepted the Report, and they do not desire to dissent on financial grounds. They concur most strongly in the view that the income of the Institute should be assured for a term of at least five years, and they would also consider it essential for its well-being and usefulness that contributions should be made by all the Dominions. Should the scheme outlined in the Report not prove acceptable to the Dominions, His Majesty's Government would resume complete freedom of action, either to adopt the alternative suggested by the Committee or to take steps to close the Institute.

Their Lordships observe that, in any event, the Exhibition Galleries will be available for other purposes, and they are prepared to contribute to Institute funds the rental value, estimated at £8,330. In order, however, that profitable use may be made of this space and of any other space that may be set free if the main scheme of the Report be not adopted, they are bound to require that the decision on the future of the Institute should be taken at the Imperial Conference.

With regard to the actual amount which it is proposed that His Majesty's Government should contribute, my Lords would have preferred that the British contribution should be the same as those proposed for the Dominions and Colonies respectively, viz., £8,000; and they consider that, having regard to the savings on salaries, rent, and publications of the Imperial Mineral Resources Bureau when its functions are absorbed, a sum of £24,000 would have represented a reasonable estimate of the total contribution required.

But if the Secretary of State feels strongly that £25,000 represents a more probable figure, my Lords will not raise objection to the British Exchequer contribution being fixed at £9,000 per annum.

I am, etc.,

(Signed) G. L. BARSTOW.

The Under-Secretary of State,  
Colonial Office.

## IMPERIAL INSTITUTE COMMITTEE

The constitution of the Committee was as follows:—

The Most Hon. the Marquess of Salisbury, K.G., G.C.V.O., C.B., Lord President of the Council;

Lieut.-Colonel A. Buckley, D.S.O., M.P., Parliamentary Secretary to the Department of Overseas Trade;

Dr. Charles Camsell, LL.D., F.R.S.C., Deputy Minister of Mines, Canada;

Senator the Hon. R. V. Wilson, Honorary Minister in charge of Departments of Health and Migration, Commonwealth of Australia;

The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;

The Hon. H. Burton, K.C., Minister of Finance, Union of South Africa;

- Mr. E. J. Riordan, Secretary to Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State;
- The Hon. Sir Marmaduke Winter, C.B.E., Minister without Portfolio Newfoundland (assisted by the Hon. Sir P. McGrath, K.B.E., and Captain V. Gordon, Acting High Commissioner for Newfoundland);
- Mr. C. A. Innes, C.S.I.L., C.I.E., Member of the Governor-General's Council for Commerce and Railways, India;
- The Hon. W. G. A. Ormsby-Gore, M.P., Parliamentary Under-Secretary of State for the Colonies;
- Sir James Stevenson, Bart., G.C.M.G., Personal Adviser to the Secretary of State for the Colonies on Business Questions;
- Sir Gilbert Grindle, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies.

Colonies  
and  
Protectorates.

Mr. E. B. Boyd, and Mr. P. McGilligan, Secretary to the Irish Free State Delegation, acted as joint secretaries to the Committee.

#### REPORT

This Committee, appointed by the Imperial Economic Conference at its meeting on Tuesday, the 16th October, begs to make the following report:—

The Committee, which consists of representatives of Great Britain, Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, the Irish Free State, Newfoundland, India, and the Colonies and Protectorates, was instructed to consider the report of the Imperial Institute Committee of Enquiry, 1923, (I.E.C. (23)—13)\* and to report to the Imperial Economic Conference thereon.

The Committee have prepared the following resolutions, which they would suggest should be submitted for adoption by a plenary meeting of the Imperial Economic Conference:—

#### RESOLUTION 1.

The Committee recommend the adoption by the Imperial Economic Conference of the following resolution:—

"The Conference recommends the adoption of the first of the two schemes for the future of the Imperial Institute and the Imperial Mineral Resources Bureau proposed in the Report of the Imperial Institute Committee of Enquiry, 1923, subject to the following modifications:—

"(i) That in order to ensure that the reconstituted Imperial Institute may in future undertake in its laboratories only preliminary investigations of raw materials for the purpose of ascertaining their possible commercial value, and to ensure that investigation or research of a more extensive kind may be referred to the appropriate authority, whether in this country or elsewhere in the Empire, there shall be formed a small Committee of the Governing Body to be known as the 'Laboratory Committee,' consisting of the Comptroller-General of the Department of Overseas Trade (or his nominee), the Secretary of the Scientific and Industrial Research Department (or his nominee), and a Fellow of the Royal Society, being a representative of that Society on the Governing Body of the Imperial Institute, who will supervise the laboratory work of the Institute and report thereon from time to time to the Governing Body.

"(ii) That, with a view to ensuring that in future the reconstituted Institute may have expert assistance in regard to finance, *e.g.*, in estab-

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important matters, a representative of His Majesty's Treasury be added to the new Governing Body and to the new Managing Committee proposed in paragraphs 100 and 101 of the Report of the Imperial Institute Committee of Enquiry."

Sir James Allen, however, the representative of New Zealand, wishes it made clear that he adheres to the Reservation attached to the Report of the Imperial Institute Committee of Enquiry; and, while assenting in general to the previous recommendation, reserves complete liberty of action for the New Zealand representatives at the Imperial Economic Conference in respect of the recommendation to abolish the Exhibition Galleries of the Institute.

## RESOLUTION 2.

The Committee recommend the adoption by the Imperial Economic Conference of the following resolution:—

"The Conference approves the estimate of the cost of maintaining the reconstructed Institute as set out in paragraph 5 of the memorandum by the Secretary of State for the Colonies submitted to the Conference (I.E.C. (23)—18); and suggests that in order that the sum of £8,000 which is proposed as an annual contribution from the Dominions and India may be obtained, the Ministerial representatives of the Dominions and of India advise their respective Legislatures to contribute the following annual amounts for a period of five years:—

	£
"Canada. . . . .	2,000
"Commonwealth of Australia. . . . .	2,000
"New Zealand*. . . . .	1,200
"Union of South Africa. . . . .	1,200
"India. . . . .	1,200
"Irish Free State. . . . .	200
"Newfoundland. . . . .	200."

Signed on behalf of the Committee,

SALISBURY, *Chairman*.

October 31, 1923. \*

## IMMUNITY OF STATE ENTERPRISES

The discussion of this subject was opened at the Fourteenth Meeting, held on the 24th October, 1923.

The CHAIRMAN said that the whole question was becoming increasingly important as Governments tended to engage more and more in trade and commerce throughout the world. It would be generally agreed that it was unfair that State enterprises should enjoy a large measure of immunity to which private enterprise, engaged in the same business, was not entitled. It was also difficult, if the principle were not carried out at home, to insist on it *vis-à-vis* foreign Governments, some of whom engaged extensively in business.

He then referred to Article 281 of the Peace Treaty which provides that—"If the German Government engages in international trade, it shall not in respect thereof have, or be deemed to have, any rights, privileges, or immuni-

\* On the understanding that New Zealand is willing to raise this amount to £1,500, provided that the Exhibition Galleries of the Institute are retained.



ties of sovereignty." That, though a provision of a very general kind, was limited to the trade activities of ex-enemy countries. He proposed to the Conference that, in view of the action already taken by various international conferences, and of the report of the Colwyn Committee in Great Britain, the most convenient course was to divide the subject into two categories: (1) Taxation generally, and (2) Shipping, both as regards taxation and other liabilities.

#### REPORT OF THE COLWYN COMMITTEE

The Colwyn Committee, which was appointed to consider questions arising in connection with the liability of Dominion and Foreign Governments, etc., to United Kingdom taxation, summarized its proposals as follows:—

*"1. Property in the United Kingdom owned by a Dominion Government, otherwise than in a trading capacity.*

"We recommend that Dominion Governments should be exempted from United Kingdom Income Tax on all income arising to them from property, real or personal, which they own in the United Kingdom, except so far as the property may be owned or held in a trading capacity.

"In the case of real property, we recommend a corresponding relief from payment of Land Tax, so far as the property is occupied for official purposes.

"These exemptions should be conferred by statutory enactment.

*"2. Property in the United Kingdom owned by a Dominion Government in a trading capacity, and profits derived by a Dominion Government or its agents from trade in the United Kingdom.*

"We recommend that all Dominion Governments should be invited to agree to the following proposition: Any Government within the Empire, so far as it engages in trade, shall be treated as liable to the taxation of any other country within the Empire, in which it may either own property in connection with trade or make trade profits; the liability of the United Kingdom Government or any Dominion Government so far as engaged in trade shall be co-extensive with the liability of a private trading corporation in similar circumstances.

"We recommend that, on such an agreement having been reached, the Crown should be made legally liable, in accordance with the agreement, by provisions in the statute law of the several countries.

*"3. Property in the United Kingdom or the Dominions owned by a foreign Government in a trading capacity, and profits derived by a foreign Government or its agents from trade in the United Kingdom or the Dominions.*

"We recommend that, after the principle of mutual taxation has been agreed within the British Empire, negotiations should be opened with the Governments of foreign countries, with a view to reciprocal agreement between those countries and the Empire to the following effect: If or when the Government of a foreign country carries on trade in the United Kingdom or in a Dominion, and if or when the Government of a country within the British Empire carries on trade in a foreign country, the trading Government shall not, in its character as such, be treated as entitled to any sovereign immunity from taxation either directly or through the claim of superiority to the jurisdiction of municipal Courts; nor shall a Government so trading be treated as entitled to

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any sovereign immunity from taxation in respect of property in the other country concerned which it may own or hold in a trading capacity or in connection with trade.

"It would be a proviso to the whole agreement that it should be without prejudice to the national interests of a sovereign State in any emergency of war."

The CHAIRMAN pointed out that by the last proviso it was intended to make the same sort of provision as had always been regarded as necessary in the case of shipping carrying essential goods in time of war, and to exempt the nationals of States from arrest or such summary procedure in time of war. These principles of the Colwyn Committee appeared to the British Government to be fair and reasonable, and they would propose them for general adoption. It was also important to support any representations to foreign Governments engaging largely in trade by the common policy of the British Empire. This in regard to taxation.

## IMMUNITY OF STATE-OWNED SHIPS

As regards shipping he would go further. Shipping had received special consideration at a succession of international conferences. The Conference had already taken the view that it was to the interests of every part of the Empire to see that the shipping of the Empire was treated equally throughout the world. Now the immunity of State shipping was considered by the International Committee on Maritime Law in October, 1922, and immediately afterwards by the Brussels Diplomatic Conference, which recommended strongly the principles and practice recommended by the International Committee. In the summer of 1923, the International Committee on Maritime Law met again at Gothenburg and drafted, in the form of a suggested Convention, the details of the original proposals, which were, broadly, that state-owned ships should accept the same liability as private owners, with the exception of war-ships and other vessels in the possession of, or chartered by, Governments on non-commercial work. The proposals in the original Gothenburg Draft, amended in consultation with the British Admiralty (inserting provisions which, while doing no violence to the general principle, would give the fullest security necessary for supplies to the Navy in peace and war), the Chairman recommended to the Conference for adoption.\*

The recommendations of the Colwyn Committee with regard to taxation generally, and the proposals outlined in the amended Gothenburg draft, which cover not only taxation but questions of immunity in respect of collision and so forth, were, therefore, before the Conference.

Mr. GRAHAM said that the Canadian Government approved the principles of the Colwyn Committee's Report, on the assumption that any agreement arrived at would bind not only the Dominions but also reciprocally the United Kingdom (the Chairman stated this would certainly be the case). It must also be remembered that several Provinces of Canada might be interested in the matter in their own right, and the Canadian Government could not bind Provinces either as to taxes imposed by the Provinces or taxes to which it might be sought to render them liable.

## COMMONWEALTH PREPARED TO COME INTO LINE

Mr. BRUCE said that the Commonwealth Government had already considered the recommendations of the Colwyn Report and had replied that they were prepared to come into line. He wished, however, to make it quite clear that the proposals had nothing to do with the freedom of any Government to act

inside its own jurisdiction with regard to the enterprises under its control. He also like Mr. Graham, desired to point out that the Commonwealth Government had no power to bind any State Government in this matter.

It was the third of these resolutions (proposing negotiations with foreign countries as to the taxation of property owned by them in a trading capacity) which chiefly influenced the Commonwealth Government in favour of the proposals. To strengthen our hands in such negotiations he was prepared to agree to the two preceding paragraphs dealing with Dominions' property in Great Britain. But he suggested that there should be some clear definition of "trading capacity."

\* For amended Draft, see below, at end of Resolution adopted at the Seventeenth Meeting.

As regards Shipping, the Commonwealth was quite prepared to accept the proposals. The only thing he felt a little hesitation about was the power to enforce judgments against the actual ship itself, but he was prepared to accept this if the Conference as a whole were agreed.

Mr. MASSEY said that the New Zealand Government had already concurred in the recommendation of the Colwyn Committee. He also agreed to the proposals regarding shipping.

Mr. BURTON in agreeing stated that most of the draft proposals in the Gothenburg Report had been embodied in the South Africa Merchant Shipping Bill which was to come on next Session.

Mr. RIORDAN and Sir PATRICK McGRATH also concurred in the proposals.

Mr. INNES explained that no specific instructions had been given to him in regard to the subject under discussion, but he thought that the Government of India would have no difficulty in accepting the principle of the proposals contained in the summary of the recommendations made by the Colwyn Committee.

In the matter of the immunity of State-owned ships, there, again, the Government of India had accepted the principle. In March last they had passed the Indian Merchant Shipping Act which consolidated all previous Merchant Shipping Acts. Previous Acts had not applied to ships belonging to His Majesty's Government or to those belonging to any foreign Government. The new Act excluded from that exemption, ships employed for profit by a foreign Government.

He thought, therefore, that the Government of India would certainly accept the principle of both the proposals.

Mr. ORMSBY-GORE concurred in both proposals.

#### ADOPTION OF RESOLUTIONS

General concurrence having thus been arrived at in the recommendations of Lord Colwyn's Committee, and in the terms of the proposed Draft Convention, resolutions, making plain that they were adopted without prejudice to the rights of the States or Provinces of a Self-Governing Dominion, were submitted to the Conference at the Seventeenth Meeting, held on Thursday, the 1st November, 1923, and adopted. The resolutions were as follows:—

"1. This Imperial Economic Conference, so far as it is competent for its members without prejudice to the rights of the States or Provinces of a self-governing Dominion, agrees with the recommendation of the Committee on the Liability of Dominion and Foreign Governments, &c., to United Kingdom taxation expressed in the following terms, viz.:—

"Any Government within the Empire, so far as it engages in trade, shall be treated as liable to the taxation of any other country within the

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Empire, in which it may either own property in connection with trade, or make trade profits; the liability of the United Kingdom Government or any Dominion Government so far as engaged in trade shall be co-extensive with the liability of a private trading corporation in similar circumstances.'

"It is agreed that each of the several Parliaments of Great Britain, the Dominions and India shall be invited to enact at the earliest opportunity a declaration that the general and particular provisions of its Acts or Ordinances imposing taxation shall be deemed to apply to any commercial or industrial enterprise carried on by or on behalf of any other such Governments in the same manner in all respects as if it were carried on by or on behalf of a subject of the British Crown. It is not contemplated that such legislation should have retrospective effect for any year prior to 1924. This Conference further agrees that, as soon as possible after the passing of the aforesaid legislation, negotiations should be opened with the Governments of foreign countries, in accordance with the recommendations of the aforesaid Committee—

"'with a view to reciprocal agreement between those countries and the Empire to the following effect: if or when the Government of a foreign country carries on trade in the United Kingdom or in a Dominion, and if or when the Government of a country within the British Empire carries on trade in a foreign country, the trading Government shall not, in its character as such, be treated as entitled to any sovereign immunity from taxation either directly or through the claim of superiority to the jurisdiction of municipal Courts; nor shall a Government so trading be treated as entitled to any sovereign immunity from taxation in respect of property in the other country concerned which it may own or hold in a trading capacity or in connection with trade. It is understood that, as the Committee recommend, it would be a proviso to the whole agreement that it should be without prejudice to the national interests of a sovereign State in any emergency of war.'

"2. The Conference further recommends that the draft convention on the immunity of State-owned ships adopted by the Meeting of the Maritime Law Committee of the International Law Association held at Gothenburg in August last, and amended after consultation between the British Admiralty and Board of Trade, should be adopted throughout the Empire as the basis on which an international convention might be concluded. This amended draft is as follows:—

*"Immunity of State-owned Ships.*

"(Amended Draft: October 26, 1923.)

"Article 1. Vessels owned or operated by States for trading purposes, cargoes owned by them and cargo and passengers carried on such vessels and the States owing or operating such vessels shall be subjected in respect of claims relating to the operation of such vessels or to such cargoes to the same rules of legal liability (*i.e.*, liability to be sued for payment), and to the same obligations as those applicable to private vessels, persons and cargo.

"Article 2. Such liabilities shall be enforceable by the tribunals having jurisdiction over and by the procedure applicable to a privately-owned ship or cargo or the owner thereof.

"Article 3. Ships of War, State Yachts, Surveying Vessels, Hospital Ships and other vessels owned or operated by States and employed on

other than trading purposes shall continue to enjoy the respective privileges and immunities hitherto enjoyed by them by the comity of nations. Liabilities against such ships in respect of collisions or salvage claims shall, however, be enforceable, but only by action before the competent tribunals of the State owning or operating such vessels; and no such vessel shall be liable to arrest. Similarly, State-owned cargo carried for non-commercial purposes in ships owned or operated by the State shall not be subject to seizure, but shall be liable to process of Law, but only in the Courts of the State owning such vessels.

“Article 4. The provisions of this Convention will be applied in every contracting State in all cases where the claimant is a citizen of one of the contracting States, provided always that nothing in this Convention shall prevent any of the contracting States from settling by its own laws the rights allowed to its own citizens before its own Courts.

“Article 5. This Convention shall not be binding on a belligerent State in respect of claims arising during the period of belligerency.”

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### IMPORT AND EXPORT OF LIVE STOCK

The discussion on this subject took place at the Sixteenth Meeting of the Conference, on the 26th October, and was opened by a statement by Sir Robert Sanders in the following terms:—

SIR ROBERT SANDERS: I do not want to go at too great length into the history of what has been a somewhat contentious subject.

#### THE DISEASES OF ANIMALS ACT, 1896

The position was until a year ago that all live cattle were prevented from coming into these islands, and it is under that system that the present generation of agriculturists have carried on their business. That was called the “embargo”, and that was imposed by the Diseases of Animals Act, 1896. I am quite aware that great objection is taken particularly to the name of that Act, an objection which I have heard expressed on several occasions with vehemence, I might also say with heat. That is really one of the eccentricities of English jurisprudence. We have a large number of Acts of Parliament called by curious names. For instance, we have an Act that says that contracts for the sale of land must be in writing. We call that the Statute of Frauds. There was an Act passed in 1909 under which local authorities prohibit Cinema Exhibitions from taking place on Sunday, and censor films that might be calculated to shock the youthful visitor. Well, we call that an Act “To make better provision for securing safety at Cinematograph Exhibitions.” Those are the sort of eccentricities that you get in Acts of Parliament. It is rather the rule than the exception that a state of things should arise under an Act of Parliament that has nothing to do with the name of that Act.

#### THE REMOVAL OF THE EMBARGO ON CANADIAN STORE CATTLE

Now, the next step in this matter is that, in consequence of promises made by Lord Ernle in 1917 to Canadian representatives this subject was brought up in both Houses of Parliament in the summer of 1922, when the following Resolutions were passed:—



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In the House of Commons:—

"That this House is of opinion that the time has arrived when the embargo on the import of Canadian cattle should be removed";

and in the House of Lords:—

"That this House accepts the conclusions of the Royal Commission that the Dominion of Canada is free from cattle plague, pleuro-pneumonia and foot and mouth disease, and is of opinion that steers from the Dominions might be admitted as store cattle to Great Britain, subject to precautions by means of quarantine being taken."

In consequence of these Resolutions, an Act was passed last December entitled the "Importation of Animals Act, 1922." That Act authorizes the admission of store cattle from Canada. So far as Canada is concerned, we have withdrawn unreservedly any suggestion that her cattle should be excluded on grounds of disease. The stigma to which she objected, which was imposed by the Diseases of Animals Act, has been removed by the Importation of Animals Act of last year.

## THE QUESTION OF FAT CATTLE. BRITISH ATTITUDE

I understand, however, that Canada is not completely satisfied, and that she desires not only free import for her store cattle as defined in the Act, but also free access to our inland markets for her fat cattle. With regard to this request, I must point out that the British Government must have regard primarily to the interests of its own producers. I think that principle has been admitted more than once during this Economic Conference. Canada has been accustomed for the last generation to send us her fat cattle for slaughter at the ports. It is still open to her to do so. The removal of the embargo on store cattle does not justify a claim that additional privileges should be given to fat cattle, if as most certainly is the case, the representatives of British agriculture are convinced that it would be detrimental to their interests. This definition of store cattle was inserted in the Act by the House of Commons without any pressure from the Government. It is not embodied in a Diseases of Animals Act, so that it casts no stigma on the health of Canadian cattle, whether store or fat, and it must be regarded as a matter of domestic policy adopted in the interests of our own producers. I cannot hold out any hope, therefore, that the Government will propose or that Parliament would accept any alteration of a decision that was deliberately arrived at less than a year ago.

## BREEDING CATTLE

The second clause of the Act authorizes the Minister to admit by Order Canadian animals other than stores. Such Order, however, has to be approved by both Houses of Parliament. My predecessor, Sir Arthur Boscawen, had informed the Canadians of his intention to introduce such an Order at an early date, and was under the impression that he would be supported by the agricultural interests of the country in doing so. When, however, I came to look into the question I found that that impression was based upon a misapprehension and that all classes of our agricultural community were strongly opposed to admitting breeding cattle into the country. So strong was that opposition that I thought it very unlikely that such an Order would be confirmed by Parliament. Probably it is not generally recognized what an important matter our pedigree herds are to English agriculture. They have been built up mainly by private effort, though latterly the Government has given some assistance, and

although they comprise only a small proportion of the total stock of cattle in the country they influence the quality of a vast number of animals that are not pedigree. Our agriculturists are exceedingly nervous about anything that would in any way reduce the class of our stock which we have done so much of late years to improve, and they are firmly opposed to the admission of breeding cattle to this country.

Mr. MASSEY: You mean stud cattle?

Sir ROBERT SANDERS: Yes. It is only right for me to say that this applies to all breeding cattle, and that the strong feeling of the great majority of agriculturists is against making any further relaxation of the present system.

#### TERMS ON WHICH BRITAIN IS PREPARED TO FACILITATE TRADE IN PEDIGREE STOCK

So far as the majority of the Dominions are concerned, geographical considerations must limit the importation of cattle from the Empire to Great Britain to valuable animals which will realize a high price. Having regard to the paramount importance of safe guarding the interests of our own breeders and our valuable trade in the export of pedigree stock not only to the Dominions but also to foreign countries, the British Government, while anxious to promote inter-Imperial trade and to give the best possible terms to the Dominions, would not feel justified in doing more than to undertake to introduce legislation to facilitate the exchange of pedigree stock throughout the Empire as a whole on reciprocal terms, subject always to satisfactory precautions being taken against the introduction of disease.

#### THE UNJUST IMPLICATION OF THE 1896 ACT

Mr. GRAHAM: Mr. President, I am not sure just why a question of this kind should be brought before the Economic Conference unless it be to provide a jury at the trial of this question. This matter was threshed out for a great many years Canada strongly objecting that the reason given for shutting out her cattle that they were diseased, was not founded on fact, and full investigation has proved the truth of the contention. There was no reason in our mind to exclude Canadian cattle for very many years under the Animals Diseases Act. Now, it has been stated that it is an eccentricity, I might call it, of British jurisprudence, that you often call things by their improper names in the title of statutes, as the question of protecting children in the Cinemas, etc. Well, in that case, there was no stigma placed on cinema men, the Act was careful in its title—true, to make it mean something it did not mean—but it was careful not to place any stigma on the business of the cinema men. But in this case for many years we have suffered under the allegation that cattle disease was rampant in Canada, which was not the case. I might add just here that, although in a measure the embargo has been lifted, portions of our cattle under the enforcement of regulations are still suffering from the stigma, because, when an inspector, in classifying the cattle landed, declares that any cattle come under what might be called the "fat class," they are slaughtered on the docks as if they were diseased cattle under the Animals Diseases Act. There is no pretension by anybody that there is any disease in the cattle, they are not slaughtered because they are diseased, but are slaughtered because they are considered not to come under the technical stocker class. We think that is an incongruity and an injustice.

#### CANADIAN DISAPPOINTMENT WITH THE 1922 ACT

To come down to 1922, I must say with brutal frankness that the Canadian people are very much disappointed. After arriving at an agreement with the

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British Government along certain lines, we are disappointed to find out that the statute passed did not comply with the terms of the understanding. There was a restriction defining "store" or "stocker" cattle placed in the Act, which was not considered, I believe, at the Conference between the Finance Minister of Canada, the Minister of Marine and Fisheries, and the British Government. It has been stated that that was introduced by a private member, and while I do not wish to criticize it, as that is the business of the British Government, I am inclined to think that, if the Government had resisted the amendment, it would not have been pressed, much less passed; but that is the business of the British Government. Now I pass on to the present difficulty, because, if the Act had been passed as was discussed at the Conference, it would have left the door much wider open. I admit that there are difficulties in passing statutes, in enacting statutes in Parliament, perhaps on the inside that may not be discernible on the outside. I have had experience along that line myself.

We have arrived at this stage. We do think that the Act, or that portion of the Act providing for the admission of breeding cattle or cattle capable of breeding should be made operative. It must have been so intended, else it would not have been placed in the statute, and we feel that, we cannot press it further, it is a fact that the British Government is not complying entirely with the understanding arrived at between the two Governments.

## SPIRIT OF 1922 ACT NULLIFIED BY INSPECTION SYSTEM

A matter that has not been mentioned is this. Provision has been made now for classification as between stockers and fat cattle, and we contend that that was not anticipated in the Conference. But even under the statute as passed, which contained the new restrictive clauses, this inspection has been carried on, not only with a detrimental effect to the Canadian cattle trade, but with an injustice to the Canadian cattle trade. Stockers have to comply with certain restrictions, branding, detention and that kind of thing, to which fat cattle are not subjected. Then stockers have to be kept separate from fat cattle, and there are various restrictions to which what we call fat cattle are not subject. These cattle that are shipped as stockers from Canada arrive at the port in Great Britain, and it is our contention, we think based upon fact, that the spirit of the Act, the spirit of the arrangement is not being carried out, but is being nullified by the details of the inspection. In other words, that cattle that are really stockers or store cattle, and capable of being fed for weeks and months with great improvement, are placed in the category of fat cattle when they arrive here, and are not even allowed to be taken a few hundred yards to another abattoir, but are slaughtered on the docks. They are slaughtered under the Animal Diseases Act (though they are not diseased) with great detriment to the reputation of Canadian cattle. Further, these animals, which we contend are not fat, are slaughtered, and their carcasses must be sold. Canadian meat of an inferior quality is thus placed on the market. It is not fed up to the point of superiority of which it is capable, and Canadian beef is put down as an inferior article because the cattle are called fat by an inspector and slaughtered, that neither we in Canada nor you in Great Britain would under any other circumstances think of slaughtering for the market.

It is not out of place for me to give a detail or two. Several head of cattle were sent over here a few days ago by the Canadian Government as store cattle, cattle that in our country would be considered stockers, cattle that I have no hesitation in saying your farmers would call stockers if they owned them, and would feed them at least until the Christmas trade arrived. There were some sixty of these. They were all eventually put down as fat cattle and slaughtered,

showing a distinct conflict of opinion between our experts in Canada and the inspectors here. I could give other details.

Another question has been raised which I do not think was ever in the mind of the British Government and that is, inspectors have undertaken to say not only that cattle are too fat, but that others are too poor. Surely that was not the intention that the inspector was to classify an animal as one that should not be sold to a farmer to fatten if he wanted to buy it. There was in one shipment of cattle carried recently quite a number of exceptionally poor cattle. I had hoped to have had the photographs of them here to-day, but they have not arrived. These cattle were not considered too fat. They were considered too poor and not of the proper class of cattle for the British farmer to fatten. That surely is an intervention with trade not contemplated in the Act. To my mind under that statute the inspector would have just as much right to inspect a horse of mine that I was selling over here and to say it was not fit for the market. The idea and the whole intention of the Act was that cattle should come over here to be fatted, and the class of animal would be a thing between the farmer here and the seller in Canada. I only mention that to show to what extent the inspection goes.

I do not know that I need go into any more details. We are thoroughly disappointed. I could read much stronger language than I would think proper to use, but we feel that not only are our farmers disappointed after being shut out of the market for thirty years on account of diseases which did not exist, but that the agreement made is being disregarded. The door opened, cattle were coming in freely, and were being sold and purchased rapidly by the farmers here for fattening, but all at once, the door is in a measure closed. Now the shutting out of these fat cattle or of cattle that are called fat by inspectors, is of far greater moment than it may appear. It has this result—that the raisers and stock-breeders in Canada are beginning to think that there is no use in endeavouring to take advantage any more of this market, because they do not know whether an animal will be declared fat when it gets over here or not, and the slaughter of all these animals so declared to be fat animals, but which we contend are not, has always been done not only with loss to the immediate interest, but to the detriment of the good name of Canada and the beef which our best cattle produce.

A suggestion was made by the Minister of Agriculture as to an arrangement for the interchange of pedigree stock. Possibly it would be of some benefit, but it will not cure the situation as to the exclusion of our good grade stock which might be capable of breeding. But the immediate trouble, and the greatest disappointment we in Canada have, is the fact that cattle we send over as we believe under the statute are classified so as to nullify much of the good that should come to our trade under the statute.

#### ALLEGED DISCRIMINATION BETWEEN DOMINIONS

Then we cannot see why we should be used differently from any other Dominion. We would not at all say that any other Dominion should be deprived of anything it has on our account. Not at all. But we believe if trade is to be Imperial the benefits must be reciprocal. It is a fact so I am informed, and is publicly stated in our Press, in an interview with the *Montreal Gazette* (perhaps one of the sanest newspapers in the British Empire) that Canada's cattle do not receive the same treatment as at least one other Dominion in that their cattle after certain days of quarantine in England are allowed to be sold anywhere either as stocker or fat cattle. All those restrictions are put against our trade. As I said in the first place, I am not sure this should be dealt with at the Conference as it is a matter between the Canadian Government and the British Government.



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I have endeavoured to place our side of the case as dispassionately as possible before the Conference. We think the spirit of the Act is being nullified by the system of inspection, and that the advantages which were intended to be had for Imperial trade are not being experienced; and as a result of it all, the Canadian farmer feels greatly aggrieved and greatly disappointed in that he is not getting what he was assured he was to get in the way of freedom of entry for his cattle into the British market.

## SUGGESTION OF DISEASE IN AUSTRALIAN CATTLE REPUDIATED

MR. BRUCE: Sir Philip, I have very little to say with regard to this matter. It is one which primarily concerns Canada. There is one point, however, to which I wish to draw attention particularly in view of the last few words that Mr. Graham uttered. He said he did not see why Canada should be treated differently from other Dominions. It is suggested that, while there may be some questions upon which there is a difference of opinion, Canada is being treated very advantageously as against any other Dominion at the present moment. Really that is the only point that I want to raise, and I do want to utter a protest with regard to it. Under the Diseases of Animals Act, 1896, our cattle are excluded from this country, and there is an implied suggestion that there is some disease in Australian cattle. That I absolutely repudiate, and say that there are no possible grounds for any such suggestion. I appreciate all that Sir Robert said at the beginning as to the naming of Acts and so on, but none the less the position is one which I want to utter a protest against.

## AUSTRALIAN ATTITUDE ON GENERAL QUESTIONS

As to the actual question under discussion, we have nothing to say about it. It is true that it is not a trade with which we are actually concerned, but we certainly do want to maintain the position which we have taken up very definitely indeed with regard to our own country, that we have a perfect right to take whatever action we consider necessary in the interests of our own particular producers. We take a very definite stand on that, that nobody is entitled to dictate to us what we shall do for the protection of the people who are our own particular producers. Taking that view, we certainly could not think of attempting to force any other Government to take any action which was against the interests of their own producers. I think we accept that as a fundamental principle that we are prepared to adhere to, and naturally we could not express any views which could be interpreted as trying to force somebody else to do what we are not prepared to do ourselves.

MR. MASSEY: I hardly think that New Zealand is very seriously concerned in the shipment of livestock from that country to Great Britain. I do not think anything of the sort is possible; the voyage is too long. Of course, in saying that it is well to admit that stud stock are occasionally carried from England to New Zealand and a few the other way. Every year a certain number of horses and cattle are shipped, and I suppose that will continue.

SIR ROBERT SANDERS: The trade in horses is perfectly free.

MR. MASSEY: I am glad to hear that.

## THE QUESTION OF DISEASE

I just want to emphasize the point which has been referred to by the Prime Minister of Australia. So far as disease is concerned, we have practically none. I want to qualify that by saying that I believe we have some tuberculosis in our cattle just as it is found in every other country in the world.



There is no country that I know of free from tuberculosis, but in stock we have no such thing as foot and mouth disease, and I know you have had it here pretty often. We have no anthrax; I have heard of that in the United Kingdom. I am glad to think that measures have been taken to stamp them both out. So far as I know, neither of those diseases is prevalent in England at present.

#### THE ADMISSION OF ANIMALS FOR THE EMPIRE EXHIBITION

Horses are not affected by what is proposed, but I want to raise this point. You have a big exhibition coming on here next year, which I hope will be a tremendous success, and, if so, I believe it will do every country in the Empire a great deal of good. What are you going to do with regard to stock coming over for that exhibition?

Sir ROBERT SANDERS: There is a clause in the Act of 1896 by which the Board may make such orders as they think fit for allowing the importation of foreign animals for exhibition purposes.

Mr. MASSEY: Will there be permission to dispose of them in this country? I may say I was consulted about this before I left New Zealand, and the opinion I expressed was simply that I hardly thought either cattle or horses would be sent to England for exhibition purposes. The expense would be too great. New Zealand is one of the countries where stud stock does not deteriorate. I believe we could, with advantage, ship you some specimens of sheep that would be an object lesson to Britain. I am speaking of the breed peculiar to New Zealand—Corridales. They have spread very rapidly all over the Dominion, and they are useful both for mutton and for wool. I should like to know something definite about it. I do not say our people do not want to send horses. I only say that, in my opinion, it would not be worth while. You have had very good horses imported from New Zealand before to-day. I would like to know what is going to be done definitely with regard to the animals coming from overseas for the Exhibition, whether they would be allowed to be disposed of here, because it would be of no use bringing stock here and intending to take them back. Very few people could stand the expense, and I would not be inclined to encourage it.

Sir ROBERT SANDERS: They would be in very small numbers.

The CHAIRMAN: The Exhibition would not hold a great lot of them.

Mr. MASSEY: I presume each country finds room for its own exhibits.

DUKE OF DEVONSHIRE: I am not speaking as Colonial Secretary now, but as connected with the British Empire Exhibition. If you send the stock and it is allowed to come by the sanitary and local authorities of Wembley, who may have to be consulted in the matter, I will undertake to say that you will be able to get rid of it to the best advantage you can.

Mr. MASSEY: That is something definite, and I am very glad to get that. It would not be satisfactory if I could not tell New Zealand something definite when I go back.

#### THE BEEF MARKET

There is another point. I am raising this in the interests of British agriculturists as well as my fellow citizens. If they want to benefit themselves let them look at the fact that South America is gradually taking possession of the whole beef market in Britain. That is the position to-day. I can only speak from memory, but I believe that last year 5 million quarters of beef came into this country from South America, and I know perfectly well that the British farmer cannot produce fat stock—I am speaking of cattle—anything like so cheaply as the man in the Argentine can, or one of the other States there, and

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send it to England. I am interested, of course, as representing a great producing country, but I think the interests of the British agriculturists come even before those of the New Zealand farmer, and are very much more seriously affected. I am not worrying about lamb and mutton. We can beat them in lamb and mutton every time, but we simply cannot stand up to them with beef. I have advised New Zealanders to drop the shipment of beef and go in for something else. I do not know that I have anything more to say. I am very glad to have this statement from the Duke of Devonshire with regard to the exhibition of stock which New Zealand is inclined to send.

## SOUTH AFRICA INTERESTED IN EXCHANGE OF PEDIGREE STOCK

Mr. BURTON: This seems to me to be really a matter for settlement between the Dominion concerned and the British Government rather than for this Conference. I have nothing to say about that, but I should just like to say that I welcome the statement made by Sir Robert Sanders with regard to the promise to facilitate this exchange of pedigree stock. As far as I am aware that would be of considerable value to South Africa, and I look at it from that point of view.

Mr. RIRDAN: As the statement made by Sir Robert Sanders in no way affects the interests of the Irish cattle trade, I shall not delay the Conference with any further remarks.

Mr. INNES: I have nothing to say. India has no grievance in this matter, and I cannot comment in any way on the difference of opinion between His Majesty's Government and the Dominion of Canada.

## REMOVAL OF EMBARGO AND INCREASE IN CANADIAN PREFERENCES

Mr. MACKENZIE KING: In the first place, I would like to mention again what I said at the opening meeting, that we appreciated in Canada the difficulties with which the British Government was confronted in this matter, and appreciated sincerely the action of the Government in seeing that the embargo was removed, giving admission to our cattle. We wished to do something more than give verbal appreciation of that action, and we increased the British preference, amongst other things, in the hope that the British public would realize that having met us in a matter in which we were vitally concerned, we, in like measure, would like to meet them in a matter which was of concern to British interests. We increased our preference by giving an additional 10 per cent discount on the existing preferential duties on all goods coming through Canadian ports. I want to make it clear that this was done largely as the result of the action of the British Government in respect to the admission of our cattle. We intend to hold to what we have done. Our attitude in the matter of preference is one of trying to further as much as we can inter-Imperial trade.

## THE SPIRIT OF THE AGREEMENT SHOULD BE ADHERED TO

The point which I think we would stress most strongly—and it is a point, I think, which is felt equally on this side—is the importance of carrying out whatever agreements may be reached in the spirit as well as in the letter. We have no desire to do other than live up to an agreement that we have made, and we expect the British Government to adopt the same attitude, not only by itself and its Ministers, but through its officials. We think the officials should be definitely instructed as to what is the agreement and understanding in this matter. As Mr. Graham has pointed out, there was a definite agreement made between the Ministers of the Crown of Canada and the Ministers of the Crown

here, as to what was to constitute the provisions of an Act of Parliament. That agreement was altered somewhat by an amendment of the Act. That was a disappointment, but we realized that the Government had its difficulties in a measure of this kind when it came into the House of Commons and the House of Lords.

#### THE QUESTION OF BREEDING CATTLE. A FURTHER DISAPPOINTMENT FOR CANADA

However, the Act itself stands for the voice of the British Parliament, and at the moment we find a further disappointment in that the Minister of Agriculture tells us distinctly that, though the Act has a clause referring to the admission of breeding cattle, which has been framed with a view to giving practical expression to another phase of the agreement, he will find it impossible to introduce the Order which would give force to that clause of the Act and make it of service to us. That must necessarily occasion another considerable disappointment. It distinctly cuts down the value of the legislation and distinctly limits what we hoped and expected would be the outcome of the agreement.

#### THE INSPECTION DIFFICULTY

Now, as to the difficulties, there again let me say that our Government are prepared to be as considerate in every particular of the difficulties with which the British Government is confronted as can reasonably be expected, but there is a limit to which consideration can go. If the Act in its provisions is to be whittled away clause by clause and what is left to be completely whittled away by the method of administration, of what avail is it? That brings me to the last point, namely, the administration and regulations in regard to the admission of store cattle. As Mr. Graham has pointed out, that is really very serious, because it affects our cattle in two ways. In the first place, it brings back a certain stigma which the Minister has rightly stated was never justified, and which the British Government is anxious to have removed completely, and, in the second place, it gives our beef in the British market a reputation which it does not deserve. Indeed, it may conceivably help to destroy the very trade it was intended to further. If we send our cattle in as store cattle, lean and thin, and with the intention of having them fattened here, and they are slaughtered immediately and put on the British market as Canadian beef, it will not take very much in the way of marketing that kind of beef to destroy any reputation our cattle may have. One can see how the farmers of Canada would naturally be very sensitive on a point of that kind. I believe if the Minister of Agriculture will say that in the carrying out of the legislation he will see that instructions are given to his officials to the effect that the spirit of the law must be lived up to, and that Canadian cattle coming in as store cattle must not be put into a classification into which they should not properly be placed, he will go a long way to remove what Mr. Graham rightly referred to as a feeling of great disappointment and some indignation at the moment. I think it is entirely to the interests of British trade with Canada and our trade with Britain that irritations of that kind should not be permitted to develop. If they start on one side there is apt to be retaliation on the other, whereas all that we want is to carry out whatever agreements we have in a spirit of goodwill and liberal interpretation.

#### A CONCRETE CASE

I might mention a concrete case that was brought to my attention this morning, of a shipment of cattle that was sent over from Canada to two different ports. The single shipment was divided into two lots, one lot of fifty

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being sent to one port and the other lot to another port. At the one port those stockers were classified as fat cattle and slaughtered immediately. At the other port they were admitted as stockers and so regarded.

The CHAIRMAN: All out of the same lot?

Mr. MACKENZIE KING: Yes, all out of the same lot. I do not mind saying that our shippers are anxious to find out how the law is being administered. This, I believe, was done designedly by one shipper, who divided his shipment into half and sent half to each of the two ports; at the one port they were slaughtered immediately, at the other port they were admitted and regarded as store cattle. That is an actual fact within the past week. It bears out what I say, that some of the officials of the departments are evidently over-zealous in taking a certain course, at some ports at least, and I think that what is most needed is that the Government itself should make known to its officials the view that was expressed by the Government to our own Ministers.

## THE NEW ZEALAND INSPECTION SYSTEM

Mr. MASSEY: In order to remove any possible misapprehension, I should like to say that every animal in New Zealand that is intended to be slaughtered is inspected while alive by a thoroughly qualified veterinary surgeon; and the carcase is afterwards inspected by a veterinary surgeon, and if there is the slightest indication of disease—and there is only one disease possible—if there is the slightest indication of tuberculosis, the carcase is sent to the manure works, and there is the end of it.

After some further discussion, the Conference decided:—

- (a) That steps should be taken to promote inter-Imperial trade in pedigree stock throughout the Empire as a whole on reciprocal terms, subject always to satisfactory precautions being taken against the introduction of disease.
- (b) That a conference should be arranged between representatives of His Majesty's Government and the Canadian Government to consider the question of the administrative interpretation of the terms of the Importation of Animals Act, 1922. The Minister of Agriculture and Fisheries undertook to make the necessary arrangements.

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FORESTRY

The discussion on this subject took place at the Eighteenth Meeting, held on the 2nd November, 1923.

The Conference had before them a Memorandum I.E.C. (23)—44 (see page 545) by the Forestry Commission, embodying the Resolutions of the British Empire Forestry Conference, 1923.

Lord LOVAT, Chairman of the Forestry Commission, in opening the discussion, said that these Resolutions were adopted by technical foresters representing Great Britain, the Dominions, India, and the majority of the Colonies and Protectorates. As regards the supreme importance of forestry in the Empire there are 11 hundred million acres of forest land; the value of the internal and external trade is approximately 150 millions a year, and timber is one of the most important raw materials.

## THE EUROPEAN SOFTWOOD POSITION

Softwood (which means coniferous timber) represents some 80 per cent of the imported commercial wood used in the Empire. The great reserves of coniferous timber of the world are situated in the Northern Hemisphere, and (as regards the United Kingdom) Russia has in the past dominated the position. At present 250 million acres in Russia are out of commission, and of this total the 40 million acres of commercial and normally accessible woods, which have always been overcut, are apparently being further reduced. Of the Baltic nations, Sweden is the only one which is growing timber at a greater rate than she is cutting it. The present maximum figure for exportable timber from Northern Europe is something under 2 billion (that is to say 2 thousand million) cubic feet per annum, and Great Britain's requirements are some 650 million cubic feet per annum.

## DEPLETION OF UNITED STATES FOREST RESOURCES

In Northern America, where the remainder of the great sources of accessible softwood exist, the United States dominates the position. They use something like 24 billion cubic feet per annum, including  $8\frac{1}{2}$  billion cubic feet of softwood saw-mill timber. They have reduced their virgin forests from 822 to 137 million acres, and are continuing to fell them at the rate of  $5\frac{1}{2}$  million acres per annum. If in consequence they were to go to Europe for even a small supply, prices in Europe might be seriously affected.

## VIRGIN SUPPLIES OF SOFTWOOD TIMBER DRAWING TO AN END

In short, the time in which the Empire can rely on the virgin supplies of the world for softwood timber is drawing to an end. He did not want to exaggerate his case. Obviously, before the starvation point was reached prices would go up and the *per capita* consumption diminish. But this meant a considerable rise in price, and that would be a serious outlook for some of our Empire industries.

## DEFINITE EMPIRE FORESTRY POLICY REQUIRED

After a careful review of the whole position the 1920 and 1923 Empire Forestry Conferences laid down as the first essential the importance of having a definite forestry policy based on a survey of resources to give driving power to carry the policy into effect.

The 1920-1923 Conference laid down that it was necessary to define forest policy in a Forestry Act or Ordinance. In addition it would be necessary that a survey should be made which would make clear for all time which is agricultural and which is forestry land. Nothing is more disastrous than changes of policy in this respect. Again, it is essential that there should be funds to carry out the policy over a period of years, for in forestry long views must be taken: the crop does not ripen for 30, 50, 60 or 80 years, and during periods of stringent economy the first thing likely to disappear is that which will not produce immediate visible results.

Another essential is that the forest officer should be independent of local politics and have an assured position; and for those parts of the Empire which have not got responsible Governments there should be an organized body of foresters.



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Lord Lovat called special attention to Resolution No. 2 of the 1923 Conference, which reads as follows:—

“In view of the great and increasing drain on the softwood forests of the world, it is incumbent on every part of the Empire to conserve and augment its own resources of growing coniferous timber.”

In regard to the question of Empire Trade, the opinion of the Empire Forestry Conference was that probably there cannot be any very great change of the softwood line of trade from the one great softwood Empire reserve, Canada, because it will naturally, as the United States is cut out, tend to the United States. Already a very large proportion of the capital which is sunk in working lumber and pulp in Canada is United States money. It is a short haul, the knowledge of the markets is there, and a great many of those who are carrying out timber operations in Canada are Americans.

## THE POSITION WITH REGARD TO HARDWOODS

In the case of hardwoods, the position is different, and Lord Lovat hoped that the Duke of Devonshire would lay before the Conference a letter which had just been received from the School of Forestry in Yale University. It was the belief of the Forestry Conference that the possibilities of development of the hardwoods of the Empire were likely to be important. What was essential was a knowledge (1) where the merchantable hardwoods were, the amount which could be got, the cost of extraction and (2) the use to which they could be put when exported.

## FORESTRY CONFERENCE'S PROPOSALS FOR ACTION

With regard to the proposals of the Forestry Conference for active measures, in addition to those already referred to, Lord Lovat emphasized the importance of forest products investigation. At the Madison Laboratory they have an organization which investigates every species of timber in the United States, and, in addition, the timber of the southern portion of North America. They believe that many of the hardwoods of the British Empire will have to be used to supplement their own hardwoods. The view of the Forestry Conference was that there ought to be Empire co-operation in this matter, some central authority to oversee and allocate the lines of inquiry at existing laboratories.

## CENTRAL TRAINING INSTITUTION FOR FORESTRY

Finally, Lord Lovat referred to the subject of a Central Training Institution for Forestry, a step which has been twice recommended by Imperial Conferences. It was thought that Great Britain should be selected for the first central place of training for advanced courses, because in Great Britain alone in the Empire there are woods of sufficient age that a whole rotation of a species can be followed. Great Britain is also in close touch with the continental forests. Subsequent places of training would have to be instituted where they could give *ad hoc* instruction, i.e., in particular areas for particular forms of applied silviculture; Canada for forest engineering, &c.

## RESOLUTION SUBMITTED

Lord Lovat then submitted the following resolution:—

“That the Imperial Economic Conference accepts the resolutions of the Empire Forestry Conference (Canada, 1923), and recommends them to the respective Governments of the Empire for action.”

The DUKE OF DEVONSHIRE said that it was only necessary for him to give Lord Lovat and the Conference an assurance on behalf of the British Government and the Colonial Office that everything possible would be done to support progress in forestry matters. He then laid before the Conference the letter referred to by Lord Lovat, from the School of Forestry, Yale University, which illustrated what Lord Lovat had said about the increasing shortages of hardwoods in the United States, and showed that we had the possibility of supplying it if we turned our resources to the best account.

In the course of discussion it was pointed out that there had been no time, in view of the necessity of bringing matter before the Imperial Economic Conference before they adjourned, to work out the financial side of the proposal, or to clear up certain details as to procedure; and it was agreed that some verbal modifications in the Resolution before the Conference would be necessary to cover these points.

Mr. GRAHAM said that he had just been going to raise the question that had been raised as to the inability of the Conference to accept the Resolution as it stood until they knew what was involved in the matter of finance. He wished to say that Canada had considered it a great honour to have had the Empire Forestry Conference in that country. There had been some years ago a Conservation Commission which had looked into forestry resources among other things; that Commission had now ceased to exist, but its work had been delegated to different departments.

#### THE RIGHTS OF THE CANADIAN PROVINCES IN REGARD TO FORESTRY

In considering the terms of the Resolution it would have to be borne in mind that most of the Provinces in Canada owned their own natural resources, and the Resolution could therefore only be advisory in form, since the Federal Government had no control over forests where the Provinces owned and controlled their own natural resources. It was true, however, that the Federal authorities made Dominion-wide investigation as to the resources and as to the policies that ought to be adopted. At the present moment, for example, the Commission was investigating the whole situation in regard to the pulpwood territory of Canada, with a view to making some recommendation to the Federal Authority, and while each Province looked after its own fire protection the Air Board (now the Department of Defence) had been doing protection work from the air. No doubt proper care had not been taken in past years: there had been such a quantity of timber that it was not protected as it should have been.

As regards education, there were in one or two of the Canadian Universities forestry schools, but it might be true, as Lord Lovat had suggested, that more ought to be done in this direction by some institution established in Great Britain.

#### A PRACTICAL DIFFICULTY

He illustrated the kind of difficulty which arose in connection with any widespread policy of the kind they had in mind by the case of settlers in the Provinces of Ontario and Quebec, whose only subsistence at the early stage of their settlement was the selling of pulpwood from their farms as they cleared them for occupation. Consequently, any step to limit the export of pulpwood grown on these farms would, in effect, prevent the settlement of these lands.

#### CANADIAN SUPPORT FOR AN EMPIRE FORESTRY POLICY

They were prepared in Canada to do everything possible to assist in preservation of their forests, and, further, to develop trade and forest products

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between Canada and other parts of the Empire, and he believed that the market for Canadian forest products in Great Britain would develop as the possibilities of Canadian timbers became more widely known.

## AUSTRALIAN INTEREST IN THE QUESTION

Mr. BRUCE said that in Australia they were very much interested in the question of forestry, for, as in most other countries, it had been seriously neglected in the past. In particular, the seriousness of the position as regards supplies of softwood was beginning to be realized. The Commonwealth Government controlled forestry questions only so far as concerned its own two particular areas. Otherwise, the matter was wholly controlled by the States, except that the Commonwealth also dealt generally with the question of forest production. He could go so far as to say, however, that he would discuss the whole question with the States, and bring under their notice any resolution that the Conference might pass.

## THE GREAT IMPORTANCE OF THE SUBJECT EMPHASIZED

Mr. MASSEY said that he thought that the subject now before the Conference was one of the most important that they had had to deal with, and he thought it a pity that more time was not available to go thoroughly into details with regard to it. In his view it would be for each country to provide its own finance. Perhaps more had been done in regard to forest work than the different countries got credit for; in New Zealand, for example, they had been planting for quite a number of years. Formerly the forests of timber in New Zealand had been very seriously depleted. Up to about a generation ago some of the best timber was grown in the New Zealand bush, but the settlers simply chopped it down and burnt it. According to an estimate of the Forestry Department the standing timber in New Zealand was worth about £38,000,000, and there was still a considerable quantity of the magnificent building timber, Kauri Pine, which took about a thousand years to grow to maturity. There was no question that supplies all over the world were steadily diminishing, but he thought it must be borne in mind that the price of timber as it increases would encourage further planting. As regards turning timber land into agricultural land, that seemed inevitable. New Zealand required agricultural exports even more than she required to conserve her timber, though where possible, timber should be used up first. He thought that the Resolutions of the Canadian Conference, and the discussion which had taken place that afternoon, would do good.

Mr. BURTON agreed as to the enormous importance of the subject. He could not conceive of the Conference doing anything of greater importance than taking every possible step for the development of afforestation and the care of the already existing forests. Some very useful proposals were made by the 1920 Conference, which were set down under the heading, Constitution, Status, etc., all of which were already embodied in the South African practice.

In South Africa they were extremely jealous of allowing any forest land to be turned to agricultural purposes. In his opinion, the whole management, organization and control of the forestry of the country should belong to the central Government, and unless that were so it was never going to be done successfully. He understood that the suggested Forestry Bureau was now to be undertaken by the Imperial Institute, and that the training at Oxford was a matter for the British Government. He had always been a keen advocate, not merely of the conservation and preservation of their existing forests, but of afforestation generally, and more particularly of conifers, in which much was being done in South Africa. As far as the Report was concerned, he gave it his hearty support, and suggested that they approve of it in general terms.

## RESOLUTION AMENDED

In order to meet the points which had been raised during the foregoing discussion, the Chairman suggested that the Resolution should be amended so as to read as follows:—

“The Imperial Economic Conference accepts generally the Resolutions of the Empire Forestry Conference (Canada, 1923), and recommends them to the respective Governments of the Empire for their favourable consideration.”

Mr. RIORDAN said that the Irish Free State Minister of Agriculture was proposing to introduce very shortly a Bill in connection with forestry, which it was expected would lead to good results.

## NEWFOUNDLAND'S INTEREST IN THE PULP INDUSTRY

Sir PATRICK McGRATH strongly supported the general principle of the Resolutions, and sincerely hoped that something practical would result. In Newfoundland in the past twenty years the production of pulp and paper had been developed so as to become the second most important industry in the country. They were at present producing 200 tons of paper a day, which would probably, within a few years, be increased to something like 1,000 tons. This meant that they would soon have seriously to consider vigorous measures for reafforestation.

## A FOREST POLICY LONG ESTABLISHED IN INDIA

Mr. INNES said that the amendment made in the Resolution moved by Lord Lovat had removed certain difficulties which he had felt originally. Those difficulties were due largely to the fact that, as in Australia and Canada, the forests in India were very largely committed to the care of the Provincial Governments, and that the Government of India could not have directed the Provincial Governments to accept any resolutions on the subject. Another difficulty arose from the fact that the Government of India had not yet seen the Report of the Empire Forestry Conference. The Report seemed to him to be very valuable, and he did not think that the Government of India would find any difficulty in accepting the principle of the resolutions proposed. As a matter of fact, they had in India anticipated to a large extent some of the most important of those Resolutions. For instance, they had had a forest policy 1859, and every one of their Provincial Governments had a highly organized forest service. They were quite accustomed to dealing with such matters as the reservation of land for forests, and it was not their policy, once they had reserved land for forests, to release it again for agriculture.

## THE PROPOSED TRAINING INSTITUTION

The only other point to which he wished to refer related to the proposal that there should be a central institution for post-graduate and specialized training in forestry. He understood from what Lord Lovat had said that that proposal did not mean that they were in any way bound to train at such an institution their probationers for the Indian Forest Service. Provided that were clearly understood, he thought it possible that the Government of India might find the proposed central institution valuable for advanced post-graduate training for selected probationers of their Dehra Dun College, and also for refresher and specialist courses for their forest officers.

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HELP FROM IMPERIAL GOVERNMENT ESSENTIAL TO DEVELOPMENT OF COLONIAL  
FOREST RESOURCES

Mr. ORMSBY-GORE said that this question was one of the most important from the point of view of the Colonies and Protectorates which had been raised at the Conference. He must say, quite frankly, that the Colonies which were poor and undeveloped like British Guiana and British Honduras could never contribute to the proposed central work here unless they in return got very substantial assistance from the British taxpayer in the necessary work out there. He gave, as an instance, British Honduras, which had completed a survey in October, 1921; this was of immense value to our premier mahogany-producing colony, which produced the finest quality mahogany in the world, and the one which was specially selected for aeroplane propellers, and this was a result of the British Treasury giving a grant of £1,000.

As regards British Guiana the Colonial Office could not do anything. The finances were in the hands of an elected majority, and all too little had been done. Six-sevenths of the area of British Guiana was virgin forest containing some of the most valuable timbers in the world, and with the exception of green-heart which predominated and which was heavier than water, and a hard wood, very little was known about the use of these woods. There had been no survey of the colony either mineral or forest. The Colony's total revenue (a country bigger than the British Isles) was less than one million, and if anything was to be done to develop, in the interests of the Empire, a Colony of that kind, it could only be done by full Imperial co-operation, financial and otherwise. He hoped West Africa would be able to contribute. Mr. Unwin's book which had come out this year, "West African Forests and Forestry," was an eye-opener to him, both as to the character of the timber that already existed there and as to what could actually be grown. He hoped that Lord Lovat's efforts and the efforts of the Forestry Commission to develop an Imperial and not a merely local view of forestry would be crowned with results. He would do everything he could to induce Colonies, in so far as they were financially able, to help, if in return they could get help from the Imperial Government, but he hoped that no more would be asked from the Colonies than the contribution which they were going to pay to the Imperial Institute, which was going to be the same as all the rich Dominions and India combined. He was glad that Lord Lovat had brought out to the world, and he hoped it would go out to every Colony, what the problem facing the world was.

## AMENDED RESOLUTION ADOPTED

The Conference then adopted the Resolution in the amended form as given above.

## FORESTRY

## MEMORANDUM BY THE FORESTRY COMMISSION (I.E.C. (23)—44)

1. In continuation of the introductory Memorandum on forestry submitted in April last (Appendix I) the Forestry Commissioners beg to present the following Statement with reference to the recommendations of the Empire Forestry Conference which has been held in Canada in the interval.

2. The Conference was attended by representatives of Great Britain, India, all the Dominions and most of the important non-self-governing Colonies. Ample opportunities were afforded by the Canadian Federal and Provincial Governments for the inspection of Canadian forest resources and for discussion.



The Resolutions of the Conference, which are appended (Appendix II), explain in broad outline the work and findings of the Conference. It is proposed here to elaborate those subjects which are of general Empire interest, bringing to bear as well certain relevant information which the British representatives collected in a subsequent tour of the forests of the United States. These subjects are:—

- (i) Forest Policy.
- (ii) Softwood Resources.
- (iii) Empire Trade in Forest Products.
- (iv) Investigation into Forest Products.
- (v) Forestry Education (Central Institution).

#### FOREST POLICY

3. Industry requires as raw material ever-increasing quantities of forest products. The increase is due not only to growth of population, but also to the greater per capita consumption. Thus in the United Kingdom the amount of wood and timber used per head of population trebled during the sixty years before the war and was still increasing steadily. Coniferous timbers (or softwoods) are required for structural purposes and for pulp for paper; broad-leaved timbers (or hardwoods) for special purposes and to a minor extent for pulp; and, finally, miscellaneous products (Minor Forest Products), gums, resins, tannins, fibres, etc., for various purposes. Detailed figures for all these materials are not yet available, but the following figures indicate the magnitude of the current trade in timber, wood manufactures and pulp.

#### TRADE IN TIMBER, WOOD MANUFACTURES AND PULP OF WOOD, 1922:—

	Imports		Exports (including Re-exports)	
	From Empire Sources.	From Foreign Sources	To Empire Destina- tions	To Foreign Destina- tions
	£	£	£	£
United Kingdom.....	6,523,000	43,145,000	1,234,000	1,375,000
Canada.....	102,000	3,524,000	3,969,000	21,439,000
Commonwealth of Australia.....	1,070,000	1,920,000	1,246,000	72,000
New Zealand.....	590,000	123,000	484,000	1,000
Union of South Africa.....	795,000	1,439,000	23,000	29,000
Newfoundland.....	18,000	9,000	121,000	2,000
India.....	830,000	864,000	411,000	161,000
Colonies and Protectorates*.....	456,000	1,052,000	301,000	439,000
	10,382,000	52,076,000	7,849,000	23,518,000
	62,458,000		31,367,000	

\*Exclusive of British Guiana, British Honduras and certain of the smaller Colonies for which no recent information is available.

It will be observed that 83 per cent of the Imports were from foreign sources and 75 per cent of the Exports to foreign destinations.

In 1922 Empire imports of the most important Minor Forest Products amounted to approximately £8,000,000 and exports to £11,000,000.

4. It is a matter of elementary prudence for every country which is developing on the lines of Western civilization to ensure that materials of first-rate importance to industry shall be readily available at all times. The aim of

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Forest Policy is to ensure continuity of supplies on a scale sufficient to meet prospective demands. Resolution No. 1 of the Forestry Conference reaffirms what may be called the fundamental creed of foresters.

The Commissioners believe that the future well-being of the whole Empire and its individual parts depends in no small measure on the effective incorporation of this creed into accepted political economy, and they recommend it to the Imperial Economic Conference in that sense.

## SOFTWOOD SUPPLIES

5. Of the total quantity of wood and timber used in the trade and commerce of the World probably at least 80 per cent is softwood.

The great softwood forests are situated in the Northern Hemisphere, in Europe, Siberia and in North America. In round figures Europe is estimated to have 240 million acres of *merchantable* softwood forests; the area in Siberia is unknown, but the major portion is very difficult of access and unlikely to be of commercial value in the near future; the United States has 225 million acres (exclusive of Alaska), and Canada 234 million acres. Outside of Canada the Empire contains no large body of softwoods which is surplus to present—to say nothing of prospective—requirements. As regards the Empire the main lines of export of forest produce from the northern softwood forests are as follows: From Northern Europe to Britain, South Africa, Australia and India; from Eastern Canada to the United States and Britain; from the Southern United States to Britain, and from Western Canada to the Orient, India and Australia, to the United States and Britain.

6. The position as regards permanence of supplies from these softwood regions is far from satisfactory. As regards the European exporting countries, in Sweden and Finland only is the annual growth equal to the annual cut. Little authentic information is available with regard to the great northern Russian softwood forests which cover over 210,000,000 acres. The merchantable area is roughly 40,000,000 acres, but it is believed that the pre-war cut exceeded considerably the growth. The withdrawal of so large a body of timber from Commerce emphasizes the importance of every country maintaining reserves of its own.

In the North American softwood forests the inroads by felling, fire and insects, are very great; in the Canadian forests at the best they balance the growth, while in the United States it is estimated that they are 4.8 times as great for all classes of softwoods and 8.6 times as great for saw-timber. The position of the United States is in fact of supreme importance in considering this question of the Empire's softwoods supply.

Starting with some 820,000,000 acres of softwood and hardwood forest the United States have now approximately 470,000,000 acres of nominal forest. Of the latter area 138,000,000 acres are virgin forest, 250,000,000 acres are second growth, of which a very small proportion only is eared for systematically, and upwards of 81,000,000 acres are so devastated as to produce nothing until replanted. The great industries of the States are mainly in the east and the Atlantic forests have been depleted to meet their requirements. The procedure has been to work out one forest region and then to turn to the next most convenient region. The new region is attacked first on a small scale, the large export mill follows, production reaches its peak in a few years, remains steady for a few years more and then falls rapidly. After the small mill has completed the cleaning up process, production is practically at an end and sometimes insufficient for local requirements. First the New England and then the Lake States Forests were worked out. In ten to fifteen years the Southern Forests,

which now supply rather more than one-third of the total consumption of United States softwood timber, will have reached the same stage of depletion. Lumber is now being transported by rail 2,750 miles from the Pacific Forests and 1,200 miles from the Southern Forests to the Eastern manufacturing centres.

This systematic depletion of the forests of the Eastern United States has been met by the increasing importation of forest products from Canada. The table below shows how the United States have displaced the United Kingdom in the Canadian export market.

AVERAGE ANNUAL EXPORTS OF WOOD, WOOD PRODUCTS AND PAPER FROM CANADA

Values (\$) in 1,000's

Destination	2 years, 1891-92	5 years, 1893-97	5 years, 1898-02	4½ years, 1903-07	5 years, 1908-12	5 years, 1913-17	5 years, 1918-22
United Kingdom .....	10,703	12,410	13,505	16,744	13,411	14,542	22,538
United States of America...	12,265	14,388	11,012	21,916	33,807	54,697	149,137
Other countries.....	1,417	1,679	1,952	4,313	5,957	5,754	18,196
Total.....	24,385	28,477	26,469	42,973	53,175	74,993	189,871

Well-informed American opinion views the position with misgiving and anticipates that it may be necessary for the United States in due course to come into the European market for timber as they have already done to a small degree for pulp.

Such briefly are the grounds on which the Forestry Conference was led to pass the Resolution No. 2 that it was incumbent on every part of the Empire to conserve and augment its own resources of growing coniferous timber.

HARDWOODS AND MINOR FOREST PRODUCTS

7. *Hardwoods*.—The position differs materially from the softwood position. At present the demand is relatively small while the Empire possesses in its tropical and sub-tropical parts huge resources for which no adequate uses have yet been found. There are, however, distinct signs of a change. The United States are using up their hardwoods at 3½ times the rate of growth, there is an increasing tendency in certain districts to use hardwood sleepers in place of pine. The Madison Forest Products Laboratory is impressed with the situation and is turning its attention to the examination of tropical woods.

It is only reasonable to conclude that with the depletion of the softwoods and the better class temperate hardwoods, more and more recourse will be had to tropical woods, both because of their intrinsic merits and as substitutes for softwoods. There is undoubtedly within the Empire a large field awaiting development, but a considerable amount of systematic pioneer work is required first in taking stock of resources, and secondly in testing and bringing into commercial use timbers which are at present little known. The two should obviously proceed hand in hand.

MINOR FOREST PRODUCTS

So far as is known there is no special anxiety as to the future supply of the very numerous articles of commerce falling into this category. On the other hand British industries have shown a remarkable capacity to absorb new materials with distinctive properties, such as rubber, copra and palm oil, which were originally minor forest products.

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The evidence produced at the Forestry Conference was to the effect that there was considerable room for development in the production of minor forest products and it was agreed that the subject should be especially considered at the next Conference.

## EMPIRE TRADE

8. *Softwoods*.—As regards the trade in softwoods it does not appear that the main currents can be deflected that the Empire can be made self-supporting. The indications rather are that one of them, the Canadian-United States current, is likely to increase until in due course there remains practically no surplus for export from North America. This statement is made on the basis of the present trend of development, which may be worth explaining in further detail.

As pointed out already in paragraph 6 the depletion of the forests of the Eastern States has rendered it necessary for the industries to seek fresh sources of supply, which the Eastern Canadian forests by reason of their accessibility have naturally provided. As regards timber the American consumer is less fastidious than the British, being content to buy 15/16 inch boarding as inch and to accept more defective material. A large proportion of the output of the saw-mills is of small dimensions, suitable chiefly for house building and does not find so ready a market in Britain. As regards pulpwood the United States pulp mills have found it desirable to import round about 1,000,000 cords in order to keep going or to conserve their own inadequate resources in growing wood. As regards pulp and paper, Canada exported in 1922 approximately 1,200,000 tons to the United States. These processes have resulted in the influx of American capital into Canadian forests and with it a close understanding of trade requirements.

So much for the present trend of development; if on the other hand Canada could devote to systematic timber production the enormous area of land suited to nothing else, she could produce sufficient softwoods to meet not only the needs of the markets of the United States, but also the normal requirements of the Empire markets.

In spite of the permanent character of the main trade currents a number of examples were quoted at the Forestry Conference showing that with a better system of Trade Intelligence an increase in the Empire Trade in softwoods might be secured. For example, fruit is carried from the West Indies and from South Africa to Canada in Swedish boxes; timber is imported by Japan from British Columbia to be sawn up and re-exported as boxes to the Malay States; Douglas fir timber similar to that growing in British Columbia is imported into Australia from Washington and Oregon.

*Hardwoods and Minor Forest Products*.—As regards hardwoods and minor forest products the markets to a considerable extent have yet to be developed. This subject is dealt with below under the heading "Forest Products Investigation."

## PROPOSALS FOR ACTION

9. The Commissioners, on behalf of the Forestry Conference, venture to bring to the notice of the Imperial Economic Conference Resolutions Nos. 1 and 2 of the Forestry Conference, dealing respectively with Forest Policy and Softwood Resources and to suggest that both are of such importance as to warrant the attention and support of the Imperial Economic Conference.

Action in respect of both resolutions would then rest with the individual Governments of the Empire.

They have also the honour to submit the following proposals which call for co-operative action:—

- (a) A systematic survey of the Forest Resources of the Empire.
- (b) Forest Products Investigation.
- (c) An improved system of Commercial Intelligence.
- (d) An Empire Forestry Bureau.
- (e) A Central Training Institution (Forestry) at Oxford University.

Certain of these proposals, viz., the Survey of Resources, Forest Products Investigation and the Training Institute are purely forestry questions; those relating to Commercial Intelligence and the Forestry Bureau are involved in wider questions which are already before the Economic Conference.

10. *Survey of Resources*.—Most of the delegates to the Forestry Conference were able to report that under the stimulus of the first Empire Forestry Conference (1920) a beginning is being made with this work, but it is desired to emphasize the importance of accelerating progress and of aligning the results of the survey with the investigations to be conducted at the Forest Products Laboratories of the Empire.

11. *Investigations into Forest Products*.—It is clear that a great deal more attention could be paid with advantage to those great forest resources which have either remained undeveloped or imperfectly utilized. It is a problem which is common to all parts of the Empire and calls for concerted as well as individual action.

The Forestry Conference, in discussing this question, had before them reports on the work being done in Great Britain, Canada, India (Dehra Dun), Australia, South Africa and other parts of the Empire and in the United States. There was complete unanimity in the view that the lead set by the United States of concentrating investigations at a Forest Products Laboratory was sound, and Resolution No. 7 emphasized the necessity of setting up such a laboratory for Great Britain and those non-self-governing parts of the Empire which have no laboratories of their own.

Subsequently, Lord Lovat and other delegates to the Conference visited the United States laboratory at Madison and were able to confirm at first hand the wisdom of the resolution. The Madison Laboratory is probably one of the most successful of its kind in the world, and it owes its success to the following among other reasons:—

- (a) That it is under the direct charge of a responsible officer who has been given a reasonably free hand to concentrate on the work.
- (b) That the laboratory has gathered up, co-ordinated and expanded the scattered work already in progress.

In the words of Colonel Graves, late Head of the United States Forest Service, "We made no progress until we got the work under one roof and organized it."

- (c) While keeping fundamental research well in the foreground it has reached out into the commercial world inspiring it with the value of investigational methods and learning in return the nature of the problems with which the industry was confronted. In this way the confidence (and gradually the financial help) of commercial men has been obtained.

The experiences, so far as they go, of the existing Empire Laboratories are confirmatory.

The setting up of the laboratory in the first instance is a matter for co-operation between the Colonial Office as representing the non-self-governing parts



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of the Empire, the Department of Scientific and Industrial Research and the Forestry Commissioners. But the proposed laboratory ought to render wider Empire services than those connected with home and colonial forest produce. By co-ordinating its operations with those of the laboratories at Montreal, Dehra Dun and elsewhere it should be possible to cover the whole field of work very effectively, to secure uniformity in methods and to prevent overlapping. By this means a very desirable stimulus could be given to the more systematic investigation and utilization of our very valuable forest resources.\*

12. *Commercial Intelligence and the Empire Forestry Bureau.*—The Commissioners observe that the subject of Commercial Intelligence is before the Economic Conference, and they have, therefore, no comments to make except that the subject of Forest Products should receive adequate attention in the scheme which will doubtless be evolved, and that it will be necessary for the proposed Forest Products Laboratory to be kept in the closest possible touch with the Forest Products side of the work of the Commercial Intelligence organization.

\* It will be understood that the income for this work would also be supplemented by any fees received from private inquiries or from Dominion Governments or British Government Departments in respect of work done specially to their order. Similarly, the Laboratory would be prepared to pay fees for work done to its order in analogous institutions in the Dominions, India or elsewhere.

The proposal to form an Empire Forestry Bureau originated at the First Empire Forestry Conference (1920) and was reconsidered at the Second Conference (1923). The recent proposals with regard to the reorganization of the Imperial Institute (I.E.C. (23)—13), were not then known, and the Second Forestry Conference considered it advisable, in view of the current financial stringency, to distribute the work of the Bureau, so far as was possible, between the Empire Forestry Association and a Standing Committee (Resolutions 5 and 6).

The paper submitted by the Department of Scientific and Industrial Research (I.E.C. (23)—16, paragraph 35) points out that a place should be reserved for the Forestry Bureau in the reorganized Imperial Institute and the Commissioners would support that proposal.

13. *Central Training Institute.*—The development of technical Education and Research in Forest matters has not kept pace with requirements. There has been a dispersal of effort with the result that at no place in the Empire is it possible adequately to train technical officers and research workers. This is a serious hindrance to forest development and was emphasized in Resolution No. 4 of the Forestry Conference. The debates on the subject showed clearly the desire of oversea forest officers to have in close proximity to the Continent of Europe a centre from which to study the result of the old-established systems of silviculture and methods of research.

The Report of the Conference Committee on this subject is appended (Appendix III).

The proposal to set up forthwith at Oxford a Central Institution for post-graduate training and research is founded partly on that need, but it is hoped that in due course other parts of the Empire will establish similar institutions for the development of special subjects: Canada, for example, for forest engineering; India for tropical forestry. The main cost of the Institution will fall in the first instance on the Forestry Commission and the Colonial Governments, but it is believed that the Dominion Governments and the Government of India may find it of practical value and worthy of some measure of financial support.

FORESTRY COMMISSION, 22, GROSVENOR GARDENS, LONDON,

October, 1923.

## APPENDIX I

### FORESTRY

#### *Memorandum by the Forestry Commission*

The forests of the Empire constitute two important natural resources:—

- (a) In growing timber, which is the raw material for a vast number of industrial processes.
- (b) In the soil, which by systematic treatment can be made to yield increasing amounts of timber and other forest products necessary for the continued prosperity and development of the Empire.

The following information is based on data supplied to the Imperial Forestry Conference held in London in 1920.

#### *Extent, Distribution and Character of Forests*

The total area is approximately 1,857,500 square miles, of which some 40 per cent (700,000 square miles) is classified as accessible and merchantable.

Canada has about 50 per cent of the total area, India 14 per cent, Nigeria and the Gold Coast 14 per cent, Australia and New Zealand about 8 per cent.

About half the total forest area is coniferous and half broad-leaved. The bulk of the former is in Canada, while the bulk of the latter is tropical in character.

#### *Forest Products*

As regards timber, the chief industrial demand is for softwoods (conifers), which provide not only constructional material, but also pulp for paper. From the point of view of local supply the distribution of coniferous forests is very unsatisfactory, and most parts of the Empire are importers and are faced with the prospect of increasing difficulty in securing supplies.

The consumption of hardwoods (broad-leaved species), while large in itself, is relatively small compared with conifers. The forests contain many hardwoods which have not yet been tried out in commerce.

In addition to timber, the forests supply many minor products, e.g., tannins, gums, resins, fibres, etc.

#### *Trade in Forest Products*

Apart from the large (but unknown) consumption locally of indigenous timber, the United Kingdom, as the chief importer, and Canada, as chief exporter, overshadow the rest of the Empire. The bulk (over 80 per cent in 1909-13) of the United Kingdom imports came from foreign sources (chiefly North Europe), and the bulk of the Canadian exports went to the United States.

Broadly speaking, all the other large units of the Empire import softwoods, the trade being largely in the hands of Scandinavia.

On balance it would appear that, large as are the forests of the Empire, the imports of timber exceed exports by some 150 million cubic feet per annum.

#### *State of the Forests*

There is a consensus of opinion that the present utilization of timber cannot be continued indefinitely, i.e., that while serious inroads are being made into the capital of the forests the efforts being made to secure regrowth are totally inadequate.

*Proposals of the Empire Forestry Conference of 1920*

The Conference put forward the following constructive proposals:—

1. A survey of Forest Resources, to be undertaken by each of the constituent parts of the Empire.
2. A scheme of Research for the guidance of individual Forest Authorities.
3. A scheme of Education in relation to the Home, Indian and Colonial Forest Services.
4. The formation of an Imperial Forestry Bureau for the collection, co-ordination and dissemination of information relating to forestry in all its branches (i.e., to trade in forest products, silviculture, forest protection, research, etc.).

*Imperial Forestry Conference 1923*

One of the functions of the Conference, which will be held in Canada during July-August, will be to review the position with regard to the proposals of the 1920 Conference. The period between the two Conferences has been one of financial stress, and, although a certain measure of support has been forthcoming for those proposals of the 1920 Conference which were of an Imperial character, the Forestry Commission has thought it advisable not to press them forward until the Second Conference has reaffirmed them.

At the 1923 Conference special attention will be paid to the questions of forest resources and trade, and it is hoped that it will be possible to present to the Imperial Economic Conference in October a statement of the position.

April, 1923.

## APPENDIX II.

## RESOLUTIONS OF THE BRITISH EMPIRE FORESTRY CONFERENCE, 1923

The Conference passed the following resolutions which the Delegates undertook to bring to the notice of their respective Governments:—

*1. Forest Policy*

Believing them to be well-founded, this Conference reaffirms Resolutions 1, 2, and 3 of the 1920 Conference, which emphasize the great importance of each part of the Empire laying down a definite forest policy, surveying its resources of timber and ensuring that certain elements of stability are secured in the constitution of Forest Policy.

These resolutions are as follows:—

*"1. Forest Policy*

"In view of the great importance to the Empire as a whole, as well as to each of its component parts, of producing a sustained yield of all classes of timber, and of encouraging the most economical utilization of timber and other forest products, and of maintaining and improving climatic conditions in the interests of agriculture and water supply, each of the Governments of the Empire should lay down a definite forest policy to be administered by a properly constituted and adequate forest service.

### *"2. Survey of Resources"*

"The foundation of a stable forest policy for the Empire and for its component parts must be the collection, co-ordination and dissemination of facts as to the existing state of the forests and the current and prospective demands on them.

"A note descriptive of the survey which is desired is appended in Annexure A.

### *"3. Constitution and Status."*

"In order to attain continuity in the development of forest resources it is desirable that certain elements of stability be secured in the constitution of the forest policy. This may be done by the following measures:—

- "1. The definition, where this has not been done already, of forest policy, in a forestry Act or Ordinance.
- "2. The reservation for the purpose of economic management and development of forest land under conditions which prevent the alienation of any which is primarily suitable for forests except for reasons consistent with the maintenance of the forest policy as a whole.
- "3. The assurance to the forest authority of funds sufficient to carry out the accepted policy for a series of years.
- "4. The grant to members of the forestry service of the status of civil servants with due provision for pension.
- "5. The appointment as the chief officers of the forestry service of persons having a high standard of training in forestry, their selection and promotion being by merit alone.
- "6. The establishment in each of the larger parts of the Empire and for the Colonies not possessing responsible Government collectively, of an officer or officers, having special duties of advising as to forest policy and surveying its execution."

### *2. Softwood Resources*

In view of the great and increasing drain on the softwood forests of the world, it is incumbent on every part of the Empire to conserve and augment its own resources of growing coniferous timber.

### *3. Empire Trade in Forest Products*

This Conference is of opinion that the Empire's requirements of timber and other forest products should be supplied to the greatest possible extent from sources within the Empire.

That, while economic and geographical considerations may preclude the exclusive use of Empire timber, the trade between units of the Empire can be largely increased.

That the Empire can become self-supporting in almost all minor forest products.

That with these aims in view, active steps should be taken throughout the Empire to organize and foster trade.

This Conference, owing to difficulties of time and access to documents, has not been able to complete its investigations into this subject, and recommends that it be remitted to the Standing Committee on Empire Forestry for presentation to the Imperial Economic Conference which meets in London during October next.

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*4. Education (Central Institution).*

This Conference strongly endorses the view held by the 1920 Conference that a Central Institution for post-graduate and specialized training in forestry, combined with research, is essential to the proper development of the forest resources of the Empire, and regrets that owing to abnormal financial conditions the setting up of such an institution has had to be postponed. This Conference approves the report of its Committee appointed to inquire into this subject (Annexure A), and urges the departments concerned to take immediate steps to inaugurate a Central Institution for Forestry training and research at Oxford University, so that, if possible, it may begin to function at the opening of the next academic year, *i.e.*, in October, 1924.

*5. British Empire Forestry Association*

This Conference welcomes the incorporation by Royal Charter of the Empire Forestry Association, under the Presidency of H.R.H. the Prince of Wales, and commends its work to all interested in the forests of the Empire. This Conference considers that the Empire Forestry Journal, issued periodically by the Association, should be the medium for the publication of official and technical information; that, pending the formation of an Empire Forestry Bureau, this information should be collected and prepared by the Standing Committee on Empire Forestry (see Resolution 6), assisted by technical correspondents in all the Forest Departments of the Empire.

This Conference endorses the recommendations of the Committee appointed to consider this subject (see Annexure B).

*6. Standing Committee on Empire Forestry*

With a view to maintaining continuity of action in respect to meetings of the British Empire Forestry Conference, this Conference recommends the establishment of a Standing Committee which should consist of:—

The Chairman of the Empire Forestry Conference.

The Technical Commissioner of the British Forestry Commission.

The Head of the proposed Central Institution for Education.

One Representative from each of the following:—

Colonial Office.

India Office.

The unit of Empire in which the last Conference was held.

The unit of Empire in which the next Conference will be held.

A Member of the Council of the British Empire Forestry Association who has had experience in Colonial Administration.

With power to add to their number.

*7. Investigations into Forest Products*

This Conference notes with pleasure the steps taken in Great Britain to form a Forest Products Research Board, but urges that the scope of the Board's work be extended considerably so that, in addition to fundamental research, it may undertake investigations leading to the application of the results of research to commercial practice, in accordance with the methods which had been found profitable in the United States of America, Canada and India. This Conference further urges that immediate steps be taken to establish in Great Britain a well-equipped Forest Products Laboratory.



### 8. *Forest Fire Protection: Canada*

The widespread damage to timber, property and life resulting from uncontrolled forest fires is a menace to the economic well-being of the British Empire, and constitutes the greatest single deterrent to the practice of forest management. The Conference endorses the report of its Forest Fire Protection Committee (Annexure C), believing that the forest fire problem, though difficult, is capable of solution if the forest authorities receive full public support and the requisite assistance from the Government.

### 9. *Silviculture: Canada*

In view of the disastrous effect of fires, insects and fungi upon the supplies of standing timber, and of the results of the existing logging methods in impoverishing the forests of their valuable species and in impairing their regeneration, this Conference strongly recommends the application of more effective silvicultural methods to the Canadian forests, and commends the report of the Committee on Silviculture (Annexure D) to the earnest consideration of the Dominion and Provincial Governments and of the timber industry.

### 10. *Shifting Cultivation*

The practice of shifting cultivation except when controlled as an integral part of forest management is a serious menace to the future welfare of certain portions of the Empire. The recommendations made by the Committee appointed to consider and report on this question (Annexure E) are approved by this Conference, which urges Governments concerned to take such measures as may be necessary to deal with the situation.

At the same time this Conference recognizes that, if strictly controlled, shifting cultivation may, under certain conditions, be made to serve a useful and even a necessary purpose in silvicultural operations, particularly in connection with the formation of plantations. When applied to such useful ends this Conference favours its encouragement, under control.

### 11. *Next Conference*

This Conference accepts the gracious invitation of the Government of the Australian Commonwealth to hold the next meeting in Australia, and requests the Commonwealth representative, Mr. Owen Jones, to convey to his Government a message of cordial thanks and appreciation. At the same time this Conference wishes to place on record its opinion that if suitable to the Commonwealth Government, the year 1928 would be the date most suitable for the meeting.

### 12. *Vote of Thanks*

This Conference places on record its most grateful thanks to the Federal and Provincial Governments of Canada for the hospitality, care and attention which they have shown the delegates throughout their stay in Canada.

The delegates also wish to thank the civic authorities, universities and private associations, mill owners, lumbermen and private individuals whom they met in the course of their five thousand-mile tour for their welcome and acts of kindness, and also for the way in which there has been placed at their disposal information which has materially added to the interest and value of the work of the Conference.

VICTORIA, B.C., September 7, 1923.

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## LIST OF DELEGATES

*Great Britain—*

Major-General Lord Lovat, K.T., K.C.M.G., D.S.O., etc., Chairman, Forestry Commission.

R. L. Robinson, O.B.E., B.A., B.Sc., Commissioner, Forestry Commission.

A. W. Borthwick, O.B.E., D.Sc., Education, Research and Publications Officer, Forestry Commission.

Fraser Story, Intelligence Officer, Forestry Commission.

Captain J. W. Munro, D.Sc., B.Sc. (Agr.), B.Sc. (For.), Entomologist, Forestry Commission.

Sir James Calder, C.B.E.

Lieutenant-Colonel G. L. Courthorpe, M.C., M.P., Chairman, British Empire Forestry Association.

Professor R. S. Troup, C.I.E., M.A., D.Sc., School of Forestry, Oxford University.

*Australia—*

Owen Jones, B.A., Chairman, Forestry Commission of Victoria.

*India—*

W. A. Robertson, Deputy Conservator of Forests, Burma.

C. G. Trevor, Conservator of Forests, United Provinces.

*Irish Free State—*

A. C. Forbes, O.B.E., Forestry Branch, Department of Agriculture.

*New Zealand—*

Captain L. McIntosh Ellis, B.Sc.F., Director of State Forests.

*South Africa—*

C. E. Legat, B.Sc., Chief Conservator of Forests.

W. S. Johnston, Associated Chambers of Commerce.

*Crown Colonies—*

Colonial Office.

Major R. D. Furse, D.S.O., Assistant Private Secretary for Appointments.

*Nigeria—*

J. R. Ainslie, D.F., F.I.S., F.R.G.S., Senior Conservator of Forests.

*Kenya—*

E. Battiscombe, Conservator of Forests.

*Ceylon—*

R. M. White, B.A., D.F., Deputy Conservator of Forests.

*Straits Settlements and Federated Malay States—*

G. E. S. Cubitt, Conservator of Forests.

*British Guiana—*

L. S. Hohenkerk, Forestry Officer, Department of Lands and Mines.

*Canada, Dominion—*

E. H. Finlayson, B.Sc.F., Acting Director of Forestry.

D. Roy Cameron, B.Sc.F., Dominion Forest Service.

*British Columbia—*

P. Z. Caverhill, B.S.F., Chief Forester, Provincial Forest Service.

*New Brunswick—*

G. H. Prince, B.S.F., Chief Forester, Provincial Forest Service.

*Nova Scotia—*

J. A. Knight, K.C., Commissioner of Forests and Game.

*Ontario—*

E. J. Zavitz, M.S.F., Provincial Forester.

*Quebec—*

G. C. Piché, M.F., Chief of Forest Service.

*Honorary Delegates*

Mr. A. Bedard, M.F., Assistant Chief of Forest Service, Quebec, Dean of Laval Forest School.

Mr. Robson Black, Manager, Canadian Forestry Association.

Mr. W. C. Cain, Deputy Minister of Lands and Forests, Ontario.

Mr. Roland D. Craig, B.S.A., F.E., Forest Resources Specialist, Dominion Forest Service.

Mr. M. A. Grainger, President, Canadian Society of Forest Engineers.

C. D. Howe, Ph.D., Dean of Faculty of Forestry, University of Toronto, Vice-President, Canadian Forestry Association.

Mr. Clyde Leavitt, M.Sc.F., Chief Fire Inspector, Board of Railway Commissioners, Canada.

Lieut.-Colonel T. G. Loggie, Deputy Minister of Lands and Mines, New Brunswick.

Mr. G. R. Naden, Deputy Minister of Lands, British Columbia.

The Earl of Strafford, England.

Mr. Ellwood Wilson, Chief, Forestry Department, Laurentide Paper Company.

(Thirty-seven Associate Delegates also attended some or all of the Sessions.)

## APPENDIX III

## REPORT OF THE EDUCATION COMMITTEE OF THE BRITISH EMPIRE FORESTRY CONFERENCE (1923)

REPORT of the Committee appointed "to review the report of the Education Committee of the British Empire Forestry Conference in 1920 and the subsequent Interdepartmental Committee of 1921, and to consider in the existing circumstances how the recommendations of these committees can be adapted to meet the wants of the Empire with regard to post-graduate and research courses."

The Committee begs to report as follows:—

1. It may be well to begin by briefly recapitulating the steps previously taken in regard to the matter.

As a result of the resolution passed by the 1920 Conference (Resolution No. 9) and of the report to that Conference (Appendix C) an Interdepartmental Committee, representing the India Office, the Colonial Office and the Forestry Commission, with Professor J. B. Farmer as an independent scientific member, was set up. "to prepare a scheme for giving effect to the resolution of the British Empire Forestry Conference with regard to a central institution for training forest officers . . ."

The report of this Committee was issued in February, 1921 (Command Paper 1166).

Subsequently negotiations were entered into between the Colonial Office and the Forestry Commission with a view to guaranteeing sufficient funds to start the institution and to maintain it for five years in the first instance, whether

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the Government of India found itself able to co-operate or not. It was decided that the bulk of the necessary funds should be guaranteed by the Forestry Commission and the various colonies and protectorates with important Forestry Departments, as they would be more directly concerned with the institution than would the self-governing Dominions.

So far as the colonies and protectorates went, the idea met with unanimous approval, and all the Governments concerned were at that time prepared to make the necessary contribution, except in the case of Kenya, who were unable to subscribe until their financial position had improved.

Unfortunately, however, the Imperial Treasury were unable, for the time being, to authorize the necessary expenditure on the part of the Forest Commission or on the part of certain African protectorates who were in receipt of a grant in aid from the Imperial Exchequer and whose expenditure was in consequence subject to Treasury approval.

The proposal, therefore, had to be temporarily dropped.

2. We desire emphatically to endorse the view held by the 1920 Conference that a central institution of this kind is required in the interests of forestry within the Empire.

We greatly regret that the setting up of such an institution has had to be postponed, and we urge most strongly that steps be taken to start it without delay.

3. We endorse the action taken in setting up the Interdepartmental Committee referred to above, and we agree with the modifications which, on further inquiry, that Committee found it necessary to make in the recommendations of the 1920 Conference.

4. In view of the somewhat partial support which the idea of a central institution received in 1921 at the hands of the self-governing Dominions and the Australian States, we have been at particular pains to ascertain how such an institution could now be made of the greatest value in meeting the varied and special needs of forestry in the self-governing Dominions.

As a result we are of the opinion that, given sufficient staff, the institution could make itself of great value to the Dominions, both by providing advanced post-graduate training for future forest officers who have received suitable preparatory training in their own Dominion, and also by providing the necessary post-graduate training for specialists and research officers. In the latter connection we draw attention to the difficulty of obtaining well-trained forest entomologists for Canada. We are informed that under present conditions there are no suitable facilities for obtaining the necessary advanced training in Forest Entomology such as is required for the higher positions in the Government service.

We have received evidence from representatives of all the self-governing Dominions expressing strong approval of the setting up of such an institution, although in the case of Australia it is doubtful whether the forestry training at present available in that commonwealth is sufficiently advanced to fit students for undertaking the post-graduate courses. This objection will no doubt be removed in course of time.

5. It is also possible that the Government of India may wish to make use of a central institution, both for the post-graduate training of selected graduates from the forest school of Dehra Dun and for "refresher" and "special" courses for selected officers, who have done some years' service.

6. We have carefully examined the report of the Interdepartmental Committee on Imperial Forestry Education and find ourselves in general agreement with its recommendations.

(a) As regards finance and staff, we do not consider that we have at our disposal the necessary information on which to base detailed recommendations.

Details of this nature must be left for discussion by the departments principally concerned, and between them and the Board of Control of the institution, when it is set up.

At the same time we feel confident that if the central institute could be set up under good management and endowed with sufficient funds to make an effective start, it would rapidly justify its existence and would develop, as time went on, attracting an increased measure of support and extending its sphere of usefulness, particularly in the direction of providing for the individual needs of specialist research students, a branch of its activities in which we believe there will be an increased demand as the various forest departments of the Empire develop.

We are fully aware of the financial difficulties of the time, and we wish to emphasize our desire that the institution should be started as early as possible—provided always that a sufficient sum can be guaranteed to ensure efficiency—even if it is not possible at first to raise the full amount of money which would be desirable.

(b) With regard to the qualifications to be demanded of probationers entering the institution and with special reference to paragraph 8 of the report (co-ordination of University courses), we fully agree with the principle that a common standard of previous training is highly desirable. At the same time we feel that if the institution is to fulfil its role as a centre of post-graduate training, adapted to meet the need of the different portions of the Empire, a considerable degree of flexibility in its regulations as to admission will probably be found necessary. In the circumstances we consider that, while a common standard of previous training should be aimed at in course of time, the qualifications to be demanded of the various probationers must be left to the decision of the department or government which selects them; provided always that the standard of such qualification must be sufficiently high to enable them to take due advantage of the course provided by the institution without retarding the progress of the other students. Points of difficulty should be capable of settlement between the Board of Control and the department concerned. The admission of private students to the institution would be subject to the decision of the Board of Control.

(c) We endorse the recommendation of the Committee with regard to the association of research with the educational function of the institution, and we recommend that close liaison should be maintained between the institution and other centres of forest research in order to prevent overlapping and to ensure co-ordination of effort.

7. We wish to draw attention to a function of the institution to which we attach great importance, and which seems hardly to have received the attention it deserves. We believe that the association of forest officers from different parts of the Empire when attending "special" or "refresher" courses cannot fail to be of great benefit to all concerned. Much light may be thrown on the problems to be dealt with in one part of the Empire by experience gained elsewhere. As things are, the experience of forest officers is too often confined to one locality and we believe that the institution can do valuable work in remedying this deficiency.

We also attach importance to the association of young probationers with experienced forest officers, who may be attending the institution at the same time.

8. In conclusion, we strongly endorse the view of the 1920 Conference that a central institution for post-graduate and specialized training in forestry, combined with research, is essential to the proper development of the forest resources of the Empire.



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We believe that these resources can only be so developed if the supervising staff receive a high standard of training; that the facilities at present existing for providing such training are insufficient of themselves; but that, if supplemented by an institution of the kind proposed, the necessary standard could be attained.

Having regard also to the great potential forest resources of the Empire and of the increased yield which has followed, notably in India, and in certain foreign countries, on the introduction of a more highly trained staff, we believe that the necessary outlay on such an institution would be repaid several times over by increased returns from the forests.

It appears to us regrettable that the British Empire, with its vast forest resources, does not yet possess an institution capable of meeting the requirements of its own forest officers in advanced training, and that certain of these officers have to seek instruction in foreign countries, while in other cases it has even been found necessary to fill special posts by the appointment of officers of foreign nationality.

We recommend, therefore, that steps be taken immediately by the departments concerned, to set up a central institution for post-graduate training and research at Oxford University, so that if possible it may begin to function at the opening of the next academic year, i.e., October, 1924.

R. D. FURSE, *Chairman*.  
E. BATTISCOMBE,  
A. W. BORTHWICK,  
C. D. HOWE,  
OWEN JONES,  
C. E. LEGAT.

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## WORKMEN'S COMPENSATION

The discussion of this matter was begun at the Eighth Meeting of the Conference, held on Tuesday, the 16th October, 1923. The Secretary of State for Home Affairs moved the following Resolution:—

“That a Committee be appointed containing Representatives of Great Britain, the Dominions, India, and the Colonies, to consider the desirability of a common Empire policy as regards the régime applicable under the Workmen's Compensation Laws to non-resident workmen, and to seamen, and to the nationals of foreign countries, according as reciprocity is or is not given by the latter.”

In moving this resolution Mr. BRIDGEMAN said that since 1911 there had been a great development of Workmen's Compensation legislation, and each legislature had worked out its own problem to its own way, with the result that there were considerable divergencies of practice, too wide, in some cases, for any hope of general uniformity being secured throughout the Empire. There were, however, a few points, especially in regard to non-resident workmen, to alien workmen and to seamen, where some uniformity of practice could be arrived at, so that at any rate within the British Empire there should be similarity of treatment for non-residents and seamen, and also similarity of treatment for foreign workers where other countries reciprocated.

## RESOLUTION RECEIVES GENERAL SUPPORT

Sir LOMER GOUIN said that Canada was fairly well advanced in legislation on that point. Some provinces had legislated with regard to compensation to non-residents and others were now investigating the matter. He agreed that the question should be referred to a Committee.

Senator WILSON agreed that it was a Committee matter.

Mr. MASSEY also agreed to the question being referred to a Committee. In New Zealand he thought they had already arranged for reciprocity in the matter of workmen's compensation as between the United Kingdom and New Zealand, and as between New Zealand and Queensland and Western Australia, and what had been done they were quite willing to apply to other Empire countries.

Mr. BURTON, Sir MARMADUKE WINTER and Mr. INNES also agreed to the appointment of a Committee; Mr. Innes observing that the Indian Act already provided for payment of compensation to workmen who were not resident in India, and that the Government of India would welcome either the abolition in other parts of the Empire of restrictions on the payment of compensation in such cases, or reciprocal treatment.

The Committee was appointed accordingly, and reported on the 6th November (see page 568). The Report was discussed by the full Conference at their Twenty-second Meeting, held on Thursday, the 8th November, 1923.

## THE RECOMMENDATIONS OF THE COMMITTEE

Mr. BRIDGEMAN said that he had put before the Committee three Resolutions over which they had found themselves largely in agreement and especially over two (Nos. I and II of the Committee's Report) relating to non-residents and seamen. With regard to the third, which dealt with the question of reciprocity in cases of foreign workers, there had not been sufficient agreement to justify the Committee in doing more than asking the different Governments to consider the possibility of adopting the proposals. With regard to the other two a direct invitation had been given to the Governments to take action, subject to a proviso in which attention was called to the fact that in some Dominions Workmen's Compensation falls within the Provincial or State jurisdiction, and outside the control of the Dominion Government.

Mr. GRAHAM said that Canada's Workmen's Compensation legislation came almost solely within the jurisdiction of the Provinces, and he had no objection to the Report. He mentioned that the railways had special Acts under Federal jurisdiction.

Mr. BRUCE said that the question of Workmen's Compensation was a question for the States, but in view of the note referred to by Mr. Bridgeman he accepted the Resolution.

Mr. MASSEY said that he agreed with the recommendations, in the direction of which indeed New Zealand had already legislated. He desired to put on record a communication from the Labour Department in Wellington which set out the relevant provisions of the existing New Zealand Act (Workers' Compensation Act, 1922).

Mr. BURTON understood that his colleague, Mr. De Wet, who was a member of the Committee, was satisfied with the Resolutions, except that he had had something to say about the original resolution which had been modified to meet his views and now appeared as No. III.

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Mr. BRIDGEMAN replied that Mr. De Wet had telephoned to say that the modification which had been made met his point.

Mr. RIORDAN was satisfied with the Report and Resolutions.

Mr. INNES said that the Indian Workmen's Compensation Act was a very recent piece of legislation, and had not in fact come into operation up to that time. It gave effect to the principal of the first two Resolutions they were considering, and as regards the third Resolution, made no distinction according to the nationality of workmen subject to Indian law. India welcomed any action by other countries in the direction of giving equal rights to injured workmen employed in them, but he did not think it likely that the Indian Act would be amended in order to narrow its scope by introducing the principle of reciprocity. He quite agreed to all the Resolutions proposed.

## WORKMEN'S COMPENSATION IMPRACTICABLE IN MOST COLONIES AT PRESENT

Sir GILBERT GRINDLE, speaking on behalf of the Colonies and Protectorates, accepted the Resolutions, but said that conditions in the greater part of the Colonies rendered Workmen's Compensation quite out of the question at present. He mentioned this so that when the next Conference came it would not be thought that if they had not done anything it was due to lack of goodwill. They were considering actively the introduction of Workmen's Compensation in one or two of the older Colonies.

## RESOLUTIONS ACCEPTED

It was decided that Resolutions I, II and III recommended for adoption by the Workmen's Compensation Committee of the Conference be adopted. In adopting these Resolutions the Conference noted that, in certain of the Dominions, Workmen's Compensation falls wholly or partially within Provincial or State jurisdiction, and is in those cases and to that extent outside the control of the Dominion Government.

## WORKMEN'S COMPENSATION COMMITTEE

The constitution of the Committee was as follows:—

The Right Hon. W. C. Bridgeman, M.P., Secretary of State for Home Affairs;

The Most Hon. the Marquess Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E., Secretary of State for Foreign Affairs (or his representative);

His Grace the Duke of Devonshire, K.G., P.C., G.C.M.G., G.C.V.O., Secretary of State for the Colonies (or his representative);

Mr. G. E. Baker, Mercantile Marine Department, Board of Trade;

The Hon. Sir Lomer Gouin, K.C.M.G., and Mr. R. H. Coats, B.A., F.S.S., Canada;

Senator the Hon. R. V. Wilson, Honorary Minister in charge of Departments of Health and Migration, Commonwealth of Australia;

The Hon. Sir James Allen, K.C.B., High Commissioner for New Zealand;

The Hon. N. J. de Wet, K.C., Minister of Justice, and Mr. W. J. O'Brien, Union of South Africa;

Mr. E. J. Riordan, Secretary to Trade and Shipping Department, Ministry of Industry and Commerce, Irish Free State;

The Hon. Sir Patrick T. McGrath, K.B.E., Newfoundland;

Sir E. M. Cook, C.S.I., C.I.E., India.

Sir Gilbert Grindle, K.C.M.G., C.B., Assistant Under-Secretary of State for the Colonies;	} Colonies and Protectorates.
Mr. H. G. Bushe, Assistant Legal Adviser to the Colonial Office.	

Mr. C. M. Knowles, Home Office, and Major R. McK. Oakley, Comptroller-General of Customs, Commonwealth of Australia, acted as joint secretaries to the Committee.

#### REPORT

The Workmen's Compensation Committee appointed by the Imperial Economic Conference at its meeting on Tuesday, the 16th October, 1923—

"to consider the desirability of a common Empire policy as regards the régime applicable under the Workmen's Compensation laws to non-resident workmen, to seamen and to the nationals of foreign countries according as reciprocity is or is not given by the latter"

submit their Report as follows:—

The Committee have prepared the following Resolutions which they suggest should be submitted for adoption by plenary meetings of the Imperial Economic Conference.

#### RESOLUTION I

##### *Non-resident Workmen*

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"That the Conference, taking note of the existing restrictions in the Workmen's Compensation laws of certain parts of the British Empire on the payment of benefits to workmen and their dependents on the ground of non-residence in the State in which the accident happened, and having regard to the tendency of such restrictions to discourage movement within the Empire, is of opinion that no British subject who is permanently incapacitated, and no dependent of a British subject who has been killed, by accident due to his employment in any part of the Empire should be excluded from any benefit to which he would otherwise be entitled under the Workmen's Compensation law of that part of the Empire on the ground of his removal to or residence in another part of the Empire."

#### RESOLUTION II

##### *Seamen*

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"That the Conference, having had its attention drawn to cases where British sailors injured by accident while serving on ships registered in some part of the Empire have had no claim to compensation owing to the law of that part of the Empire being restricted, in its application to seamen, to accidents occurring within territorial waters or other limited area, is of opinion that the Government of any such part of the Empire should ensure that the benefits of its compensation law will extend to all accidents to seamen serving on ships registered within such part of the Empire wherever the ship may be when the accident takes

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place. And furthermore the Conference invites the Government of any British Colony or Protectorate where there is a registered of shipping but where legislation giving compensation rights to seamen does not at present exist, to consider the adoption of such legislation.

## RESOLUTION III

*Aliens*

The Committee recommend the adoption by the Imperial Economic Conference of the following Resolution:—

"That the Conference, taking note of the disabilities imposed under the Workmen's Compensation laws of certain foreign countries on British subjects residing in those countries and their dependents, invites each Government of the Empire, regard being had to its own particular conditions, to consider the possibility of adopting in workmen's compensation legislation, the principle of reciprocity, that is, that the benefits of such legislation should be accorded to subjects of foreign countries upon the condition that and to the extent to which such foreign countries accord reciprocal treatment to British subjects."

The Conference notes in adopting the foregoing Resolutions that, in certain of the Dominions, Workmen's Compensation falls wholly or partially within Provincial or State jurisdiction and is in those cases and to that extent outside the control of the Dominion Government.

Signed on behalf of the Committee,  
W. C. BRIDGEMAN, *Chairman*.

November 6, 1923.

## IMPERIAL ECONOMIC COMMITTEE

The question of the desirability of establishing some advisory or consultative body on an inter-Imperial basis which could look into and follow up questions of an economic character arising out of the work of the Imperial Economic Conference had been referred to by the Chairman in his opening speech, when he suggested that it might conveniently be discussed towards the close of the Conference. At the Nineteenth Meeting, held on Tuesday, the 6th November, 1923, Mr. Bruce moved a resolution in the following terms:—

"That in the opinion of the Imperial Economic Conference—

"1. It is desirable to establish an Imperial Economic Committee, comprising representatives of the Governments represented in the Imperial Conference, and responsible to those Governments.

"2. The function of the Committee should be to consider and advise upon any matters of an economic or commercial character, not being matters appropriate to be dealt with by the Imperial Shipping Committee, which are referred to it by any of the constituent Governments."

## COMMITTEE NEEDED TO CARRY ON WORK OF CONFERENCE

Mr. BRUCE referred to the fact that this was the first Imperial Economic Conference which had ever been held. It had done valuable work, and he thought it a great pity if with the rising of the Conference the whole of its work should come to an end. Definite decisions had been taken by the Con-



ference in certain directions, proposals had been made by the British Government with regard to additional preferences, and he thought that the Conference were convinced of the necessity in the interests of the whole of the Empire that a policy of general Imperial development should be carried into effect. This could not be done simply by passing a resolution. It would involve, first, action by the Governments concerned, and, secondly, improvements in methods of trading as between the countries of the Empire. The institution of the Imperial Shipping Committee showed the value of a body which, owing to its personnel and character, could give authoritative and impartial opinions upon the kind of questions which will undoubtedly arise in connexion with the fostering of inter-Imperial trade.

#### EXAMPLE OF QUESTION FOR INVESTIGATION: POSITION OF AUSTRALIAN BEEF INDUSTRY

That the questions which would arise would not be merely questions of tariffs or preference was shown by the instance of the Australian beef industry. He referred to the unsatisfactory position of that industry and to the serious effects, from the point of view not only of Australia but of this country, if the industry of raising of beef for export were to be abandoned. It is very difficult to open up virgin country in a great continent like Australia, unless cattle raising can be undertaken as the first step, so enabling the settlers to look around and ascertain whether further development (e.g., in the direction of sheep farming, agriculture, etc.) is likely to lead to good results. It had been publicly announced that His Majesty's Government did not propose to put an import duty on meat. Without expressing any views upon that decision, Mr. Bruce pointed out that there were many other avenues which would have to be searched to see whether something could not be done, for example, as regards marketing, unfair competition, etc., in order to improve the position of this industry. He quoted the instance of the beef industry because it was a case where at first glance one might be inclined to say that the only question was one of tariff and preference, and he wished to point out that even in such a case there was plenty of need for investigation.

#### A PRIME MINISTERS' COMMITTEE

Mr. BRUCE said that he entirely agreed with General Smuts's observations at the first Meeting of the Conference as to the desirability of creating new machinery, and he desired to make it clear that the present proposal was not one for the setting up of machinery to regulate the relations between this country and the Dominions. The Committee would be purely advisory. Further, it would be appointed by the Prime Ministers of the Empire, and responsible to them and not to any United Kingdom Minister or Department.

#### TYPE OF QUESTIONS TO BE REFERRED TO COMMITTEE

Mr. BRUCE then proceeded to indicate the type of questions which, in his view, the Committee could usefully concern itself with. He did not attempt to give an exhaustive list, particularly as experience would show what type of questions would arise. Any question that would affect the inter-Imperial trade generally would, *primâ facie*, be a suitable one for consideration by the Committee; and this would clearly cover the question of tariffs generally and their effects on trade between different parts of the Empire. He was referring here simply to the consideration of the effectiveness of a tariff in actual existence: the effectiveness of a preference, or, for example, of the proportion of Empire labour and material laid down as the minimum to enable imported goods to

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benefit by Empire preference. Such questions involve the consideration of a great number of facts, and it might well be that a Government would wish to invite the assistance of the Committee in ascertaining and considering how far the object of its tariff was, in practice, being achieved, or how far some particular complaint as to the operation of the tariff was justified, or whether the tariff was adequate or inadequate. It must, however, he pointed out, be clearly understood that questions of this kind could on no account be referred to or considered by the Committee except at the specific request of the Government concerned. It would be an impossible position, and would simply break the Committee up, if it were suggested that any Government which thought it had a grievance against some other Government of the Empire was at liberty to have questions of this kind considered by the Committee. Subject to that understanding, he referred to a number of other questions as instances of the kind of question which the Committee might consider: dumping, depreciated exchanges, investment of capital in the British Empire, the operations of trusts or monopolies.

He also pointed out that the detail work of any Economic Conference which might be held in future might be reduced, if a number of minor matters which would otherwise have to be dealt with by the Conference were investigated by the Committee. There would also inevitably be questions which the present Conference would have carried to a certain point, but which had not been exhaustively considered and finally disposed of, and the existence of a Committee which could carry on the investigation of these questions would prevent a future Conference having to take them up all over again.

Mr. BRUCE did not suggest that the Committee would itself do all the work of investigation; it would be able to enlist the services of other people to furnish reports, and so on. He thought that having regard to the importance of such a Committee it would probably be able to command the services of almost any person whom the constituent Governments would desire to invite to sit upon it.

## PROPOSAL WELCOMED BY GREAT BRITAIN

The CHAIRMAN said that, on behalf of the British Government, he wholeheartedly welcomed the proposal put forward by Mr. Bruce. He had purposely at the outset suggested that this matter would be more conveniently discussed towards the close of the Conference, because he had felt that as the Conference went on two things would become plain. First, there was a general determination to make inter-Imperial trade a growing reality, and for that purpose not only Government action arising immediately out of the Conference, but detailed questions of administration, and (still more important perhaps) questions arising out of the day to day work of producers, manufacturers and traders throughout the Empire would have to be dealt with; and it would be the duty of the Committee to see that these matters were not pigeon-holed. Secondly, he felt, and the event had justified it, that the Conference had had to deal with a number of matters which might have been settled, some of them as much as two years ago, if the machinery had been in existence. Although these were not big questions, it was very important to the trade of the Empire that they should be settled as quickly as possible, and the moment they had got round a table they had been able to deal with them; he referred to such questions as Samples, Customs Formalities, Trade Catalogues, and Licenses for Commercial Travellers. He agreed with Mr. Bruce that another matter which might well come up was the question of marketing; this was a question of as much interest to producers in this country as to producers in the Dominions, but the present Conference, with the amount of business before it and the limited time at its disposal, could not hope to deal with it exhaustively.

## CASE FOR A STANDING BODY AS AGAINST "AD HOC" COMMITTEES

It had never been contemplated that a body should be set up having executive powers. The Committee would be an Advisory Committee on the lines of the Imperial Shipping Committee, responsible to each of the constituent Governments, and its duty would be purely to deal with matters on which those Governments desired its opinion and advice. It might be urged that such matters could be dealt with by *ad hoc* Committees, but these would by no means meet the case; it would mean interminable delays; the question would arise every time whether it was worth while to establish an advisory Committee for the particular problem in question; moreover, with *ad hoc* Committees the advantages would be lost of the continuity which belongs to a Committee constantly dealing with the same kind of questions, and of the authority and prestige which such a Committee (although it has no executive power) can acquire by steadily carrying on its work and arriving with all the force of its authority at unanimous recommendations.

## PERSONNEL: STRONG UNOFFICIAL ELEMENT DESIRABLE

He thought it very important that the Committee should have both official and unofficial members, and that the unofficial element should be strongly represented. It was not too much to say that the present Conference formed a landmark in the development of our inter-Imperial trade relations, and he was perfectly certain that a Committee of the kind proposed would be welcomed in business and manufacturing circles as a practical step. He agreed with Mr. Bruce that the Committee would command the services of anybody whom it might wish to enlist.

## CANADA OPPOSED TO ESTABLISHMENT OF ECONOMIC COMMITTEE

Mr. GRAHAM said that, though he did not wish to interfere with the views of any members of the Conference, he must say candidly, that he had not been convinced of the wisdom or necessity of such a Committee. The Imperial Shipping Committee had been quoted as a precedent. He thought it would be a mistake to go on organizing permanent bodies as the outcome of a friendly Conference as to the conditions existing in different parts of the Empire. At the next Conference it would, no doubt, be suggested that this Economic Committee be made permanent, and in its turn it would be quoted as a precedent for the setting up of further machinery to carry on work for which, in the view of Canada at any rate, ample machinery already exists. The Chairman had suggested that some of the work could be done in the intervals between Conferences. Mr. Graham thought, however, that the fact of matters being referred to the Committee, and their having dealt with certain things in advance, would lead to the Committee's advice being presented to the Conference as a complete and crushing argument. This would, to his mind, take away much of the freshness and originality of the Conference, and would be an impediment to its work rather than a help.

## POSSIBLE REACTIONS OF COMMITTEE ON FISCAL AUTONOMY

Fiscal policy was not a matter about which the advice of any body of that kind would be sought; nor would Canada, at any rate, submit to advice being tendered to her on that subject by such a body. The suggestion, so far as that portion of the work of the Committee was concerned, seemed largely to resolve itself into a proposal for a Tariff Commission for the Empire. But tariffs and

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dumping were matters for the Governments themselves and their constituents to consider. He could not agree to an arrangement whereby such a Committee might investigate something referring to a particular Dominion, which that Dominion had not referred to them.

The CHAIRMAN, on this point, explained that the Committee would have no power to entertain a complaint from one Dominion against the tariff policy of another. What was contemplated as regards tariffs was merely that if, for example, some question arose as regards a preference given between one Dominion and the Mother Country, they might agree between them to ask the Committee to advise what the practical effect of that preference was. It would be a *sine qua non* that any matter affecting two Governments could only be referred to the Committee by common consent.

Mr. GRAHAM felt that the Committee would interfere, he believed not in a helpful way, with the rights of the different parts of the Empire to manage their own affairs and fiscal policies. Next to having executive functions, advisory functions are the best powerful, and once a Committee of this kind advised that certain things should be done, immediately those who were not in favour of that course would be put on the defensive. There was no need for new machinery; the existing organizations, touching every angle of trade and relations between the oversea Dominions and Great Britain, should be sufficient. He did not desire to prevent the Conference's adopting the Resolution and appointing the Committee if it saw fit, but he was not at all convinced that it was the proper thing to do.

## NEW ZEALAND SUPPORTS PROPOSAL

Mr. MASSEY supported the Resolution for several reasons, one being the unqualified success of the Imperial Shipping Committee. He would not, however, ask such a Committee to report, for example, upon the New Zealand Customs Tariff. He took it that the work of the Committee would be, to some extent, in the nature of giving effect to the work of the Dominions Royal Commission. He thought the Conference had done good work, but necessarily quite a number of proposals were being left simply in their initial stages and would have to be taken up at the next Conference. It would be the business of the Committee to carry on and continue the work as far as possible. He thought that the whole question of the beef trade should be gone into, since it was a very serious state of affairs if this country were to be allowed to drift into the position of being dependent upon a foreign market for its beef supplies. The Committee should be able to take this matter up and investigate the position and let the public know how things stand. The question of the proportion of British labour and material required in imported goods as a condition of their having the benefit of Imperial preference was another matter which should be looked into. There was also the question of inter-Imperial Exchanges, which ought not to be lost sight of. As regards marketing, what was wanted was to see that producers got a fair price for their products, while not being guilty of even the suggestion of exploitation as against the consumers. As Prime Minister of New Zealand he had had a certain amount of experience in this direction. About two years ago, at the time of the serious slump, it had been decided to set up an organization to look after the marketing of New Zealand products, particularly meat products. It was only an experiment, but at the time it gave rise to much adverse criticism. If a Committee such as that now proposed had been in existence, he would have been very glad to have referred this matter to the Committee, in order to satisfy people that the New Zealand producers were not out for exploitation. They simply went in for an improved



system of co-operative marketing, and he was glad to think that it had been a success. If the Committee was to be constituted he would be very glad to refer the work of the New Zealand Meat Control Board to the Committee to report upon. Mr. Massey also referred to proposals for similar boards in connection with dairy produce and fruit, and said he would like some organization to exist to which their system of working might be referred so as to reassure the public.

The CHAIRMAN suggested, in order to meet the points which had been raised, that the following words should be added to the resolution: "provided that no question which has any reference to another part of the Empire may be referred to the Committee without the consent of that other part of the Empire."

#### MODIFIED RESOLUTION RECEIVES GENERAL SUPPORT

Mr. BURTON thought the Committee might prove a useful body if its functions were restricted to what he understood Mr. Bruce meant and as defined by the Chairman, viz., a voluntary organization of a certain number of gentlemen of expert knowledge and capacity who would investigate and report upon any question of an economic or commercial character when asked to do so by any Government in the British Empire.

If the functions of the Committee went beyond those, and into the regions of tariffs and things of that kind, the Committee would kill itself at once.

In view of the good work which had been done by the Shipping Committee, and provided they steered clear of the multiplication of organizations outside of the sphere of the Governments of the Dominions and of the United Kingdom, and of setting up too elaborate machinery, he agreed that it was possible that the Committee might do good work, and he had no objection.

Mr. RIORDAN raised no objection to the appointment of the Committee, provided the position were clearly understood to be as described by the Chairman, namely, that in a matter with which two Governments were concerned they would consult in advance before it was referred to the Committee. If they did not both agree the matter would not go to the Committee; if they both agreed it would go.

Sir PATRICK McGRATH said that he thought a good case had been made out for the establishment of the Committee, which in his view ought to be regarded as an experiment.

Mr. INNES said that he had come to the meeting with an open mind. He had wanted particularly to be reassured on the point that no question affecting India should be referred to the Committee without the consent or at the instance of India itself. In view of the addition suggested by the Chairman to the resolution, India would be very happy to accept the proposal. He agreed, however, with Sir Patrick McGrath that the Committee should definitely be on an experimental basis, for he thought it was possible to make too much of the analogy of the Imperial Shipping Committee; the proposed Committee would have to deal with a very much wider range of subjects, and he rather doubted whether it would be practicable to get in a Committee of that kind so authoritative a body as we had got in the Imperial Shipping Committee.

#### NEED FOR SEPARATE REPRESENTATION OF COLONIES

Mr. ORMSBY-GORE thought a Committee of this sort could be of great value to the Colonies and Protectorates; for instance, in marketing, the Colonies could not afford agents in this country, and this Committee could be of great assistance to them in the many difficulties they were up against in market-



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ing their produce. He hoped the Conference would agree to a separate representation of the Colonies and Protectorates apart from the British Government. This was the opinion of the unofficial commercial community; and if the Colonies were to play their part in the development of the Empire, they must have the assistance of the unofficial world, and their opinion must be allowed more weight.

With so many Colonies there would be a difficulty in representing them on a Committee. He suggested that there should be a panel, on the lines of his unofficial Advisory Committee, who would appoint the member most concerned to attend each separate discussion.

After further discussion, the resolution was adopted by the Conference, the Canadian representative, however, dissenting.

## THE CONSTITUTION OF THE COMMITTEE

The question of the constitution of the Committee and the representation upon it of the various Governments concerned was brought up at the Twenty-second Meeting of the Conference on Thursday, the 8th November, 1923, when it was agreed that the Dominions and India should each be represented by two members, no rule being laid down as to whether the members should be Government officials or non-official persons. It was further agreed that Great Britain should be represented by four members, one of whom, the Chairman explained, would be a Government official, and the others representative persons of outside knowledge and experience (*e.g.*, agricultural, manufacturing, or mercantile and financial). The Colonies and Protectorates, it was agreed, should be represented by one official and one non-official, who should change in accordance with the subject under discussion.

As regards the expenses of the Committee, it was agreed that it was not necessary for the Conference to come to any decision, at any rate, for the present. The Chairman said that it was not proposed to make the setting up of the Committee in any way conditional upon contributions being forthcoming from the various constituent Governments. It might, no doubt, be better in the long run that it should happen that the various Governments interested in the Committee should be prepared to contribute towards it; but he was not going to make the appointment of the Committee, or ask the Conference to make the appointment of the Committee, in any way contingent upon there being *pro rata* contributions towards it.

## ADOPTION OF RESOLUTION

The decisions of the Conference on this subject were accordingly as follows. It was decided to adopt the following Resolution:—

“That in the opinion of this Imperial Economic Conference (Canada dissenting)—

“1. It is desirable to establish an Imperial Economic Committee, comprising representatives of the Governments represented in the Imperial Conference, and responsible to those Governments.

“2. The function of the Committee should be to consider and advise upon any matters of an economic or commercial character, not being matters appropriate to be dealt with by the Imperial Shipping Committee, which are referred to it by any of the constituent Governments, provided that no question which had any reference to another part of the Empire may be referred to the Committee without the consent of that other part of the Empire.”

It was further decided that in the constitution of the proposed Imperial Economic Committee representation should be allotted to the various constituent Governments as follows:—

Great Britain . . . . .	4 members
Dominions . . . . .	2 members each
India . . . . .	2 members
Colonies and Protectorates . . . . .	2 members

## CONCLUDING REMARKS

### APPRECIATION OF ASSISTANCE RENDERED BY OFFICIALS

MR. MASSEY: Before the Conference comes to an end, Mr. President, I would just like to say that I think the representatives of the different Governments should express their appreciation of the courtesy and consideration which have been extended to the individual members of the Conference by the members of the different Departments who have assisted in connection with the discussions that have been going on. I feel very strongly that the least we can do in connection with what has taken place is that we should say thank you for all the assistance that has been given, and I know that every member of the Conference very much appreciates what has been done by the different officials who have attended here during the many sittings of the Conference.

### THANKS TO CHAIRMAN AND SECRETARIAT

MR. BRUCE: I should like very much to associate myself with what Mr. Massey, as the oldest and senior member of the Conference, has said, and particularly I should like to say to you, Sir Philip, how very appreciative we all are of the tact you have shown in handling this Conference throughout its sittings, and of the very great ability which you have displayed. I think we have all greatly appreciated the courtesy that you and all your colleagues who have attended here have shown to us, and I am quite certain that any good results that may come from the Conference will be due to the spirit in which the British Government have approached this Conference and have invited us to express our views with the utmost frankness.

I should also like, if I may, to express our appreciation to the Secretariat for the work they have done, and for the invaluable assistance they have given, particularly to the Dominion Prime Ministers and to India I am sure, and I think probably that the British Government have also derived a very great deal of assistance from their services. I certainly think that we should put on record our appreciation of all they have done to assist the deliberations of the Conference.

MR. MASSEY: I think we all endorse that.

MR. GRAHAM: Mr. President, I endorse every word that has been said by Mr. Massey and Mr. Bruce. I think a great deal of the success of any gathering depends upon the man who presides over the gathering, and I am not sure that on this occasion he had such an easy task in connection with some of the other members. I do not know what others would have done in very trying times. We certainly owe a great deal to you, Sir, for the manner in which you have presided over this Conference, which has had before it questions which to my mind, were as difficult and as delicate to handle as could come before any body of men with different viewpoints, all aiming at the one goal

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but from a different angle. The Secretary, Mr. Eddison, has been a tower of strength to the whole organization.

Would you allow me to go a little further along this line, and to say that I think we who come from overseas owe a great debt of gratitude to the people who form the Government Hospitality Fund? We have been looked after in a very enthusiastic and cordial manner, not only in the way of entertainment, but in the carrying out of little minor duties for us that it would have been very difficult for us to have carried out ourselves.

I want to join in expressing my thanks, as far as Canada is concerned, for all these things, and hope that great good may result from this gathering. Of course, after all, the foundation of success lies in the fact that we have been able to meet each other and talk frankly across a table in language in which we could not have indulged had we been carrying out diplomatic correspondence.

Mr. INNES: I should like, very briefly, to associate myself with what has been said by the Prime Ministers of New Zealand and Australia, and also by Mr. Graham. I am afraid that the representative of India was possibly one of those "other" persons to which Mr. Graham referred! It is true that in the case of one or two matters which I considered of vital importance I had to take a line of my own. I am sure everybody in this Conference will agree that it is much better to be honest. It is better that I should have stated frankly the difficulties that I felt, than that I should have agreed to resolutions which I knew perfectly well I could not carry out. I do hope the Conference will realize that I took the course which I knew in the long run would be of the best interest, not only to India but also to this country itself. In all my difficulties I have met with the greatest consideration, not only from you, Sir, but from members of the Cabinet and also from the overseas Prime Ministers, and I am very grateful for that consideration.

Sir WILLIAM MACINTOSH: South Africa joins very heartily in the expression of thanks and appreciation.

Sir PATRICK McGRATH: May I say, Sir, that our Prime Minister expected to be here this morning, but was doubtful whether he could be present owing to some engagements he had. But on his behalf and my own, I would like to join very cordially in and endorse all that has been said by the representatives of the Dominions.

## APPRECIATION OF THE SPIRIT IN WHICH OVERSEA REPRESENTATIVES APPROACHED THE CONFERENCE

The CHAIRMAN: Gentlemen, I am very grateful to Mr. Massey, Mr. Bruce, Mr. Graham, Mr. Innes, Sir William Macintosh and Sir Patrick McGrath for the far too kind things they have said. It has been a real privilege to be associated with you all in the work of this Conference, and I would like to say at once that I would associate myself most whole-heartedly with the appreciation which has been expressed of the work of the Secretariat, and I include in that, as I know the members of the British Secretariat would, the consistent help which they have received from the overseas members of the Secretariat in their work. I am not sure that the rapid working at any rate of any Conference does not depend as much upon having an efficient Secretariat as upon anything else, and we certainly have been extremely fortunate in that respect.

It has not been at all a difficult Conference to preside over, although many of the subjects have been difficult, and some delicate. It has not been difficult to preside over the Conference because of the men we have had to work with, and because, I think, of three other things. In the first place, we have ap-

proached this Conference with the intention of working in a thoroughly business-like way, and I think we have all done that; we have also approached it with the knowledge that on every subject that has come up we could speak perfectly frank to one another, and if we did not feel that, and had not done that, half the value of the Conference would have gone; but above all, everyone who has taken part in this Conference as has been clear from the deliberations and from the conclusions, has approached every subject, while rightly expressing the individual interests which he had at stake in the matter, with the great overriding common purpose that in everything we did we should try to promote the object of the Conference, namely, the development of Imperial resources and the promotion of Imperial trade. I think we have done a good deal, but the work has only begun, and I am perfectly certain that this Conference has laid foundations upon which we shall build much more in the future.

THANKS TO MR. DAVIDSON AND THE PRESS

May I also say what I know all of us would feel; that is, the obligation we are under to Mr. Davidson for the very difficult task which he took up at the outset and has carried on throughout. I know that the Press themselves have already expressed to Mr. Davidson their appreciation of the way in which that work has been discharged. We all felt it most desirable that the fullest publicity that was consistent with the public interest should be given to the work of the Conference day by day, and that could not have been done if we had not had somebody as competent and as zealous in the discharge of that duty as Mr. Davidson. I must also say that I think the Press has responded most completely to the efforts which we made for publicity, and I think our thanks are due to Mr. Davidson and to the Press for the fact that the public has been fully informed throughout our deliberations of all that we were doing.

On behalf of my colleagues I thank you again. We could have had no greater pleasure or privilege than to have been associated with you in the work of the Economic Conference.

(The proceedings of the Conference then terminated.)

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# IMPERIAL ECONOMIC CONFERENCE

## 1923

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### SUMMARY OF CONCLUSIONS

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## IMPERIAL ECONOMIC CONFERENCE, 1923

### SUMMARY OF CONCLUSIONS

The full Report of the proceedings of the Imperial Economic Conference will be presented to Parliament as soon as practicable, and will include a record of the discussions partly in the form of verbatim extracts from the speeches and partly in the form of *précis*, together with copies of documents, such as Memoranda and Reports of Committees of the Conference which are of sufficient importance or general public interest to warrant their publication. In the meantime the Conference have thought it desirable to issue the following Resolutions adopted by them under various headings of their Agenda. The great bulk of these Resolutions, together with the tenour of the discussions leading up to them, have already been published in the Press from time to time during the sitting of the Conference.

#### RESOLUTIONS

##### 1. OVERSEA SETTLEMENT WITHIN THE EMPIRE

It was decided to adopt the following Resolution:—

“This Imperial Economic Conference approves the Report of the Committee appointed to consider questions relating to overseas settlement. The Conference endorses the recommendations of the Committee and notes with satisfaction the arrangements as recorded in the Report which have been arrived at, or are in contemplation, with a view to improving the facilities for settlement within the Empire.

“The Conference takes this opportunity of reaffirming its sense of the importance of the policy of overseas settlement to the well-being of the Empire.”

##### 2. CO-OPERATION IN FINANCIAL ASSISTANCE TO IMPERIAL DEVELOPMENT

It was agreed that the Scheme recommended by the Committee on Co-operation in Financial Assistance to Imperial Development be adopted. The Report of the Committee reads as follows:—

“The Committee on Financial Co-operation recommends for adoption by the Conference the following scheme which was submitted to the Committee by the representatives of His Majesty's Government:—

“The suggestion which the Imperial Government make is that in order to facilitate the anticipation of work which otherwise would not be taken in hand for some years they should give a contribution towards the interest charges on loans raised for capital expenditure of this kind by public utility undertakings (*viz.*, communications, power lighting, water, drainage, irrigation, etc.). These undertakings might be under either public or private control or management.

"The assistance would be in respect of expenditure on orders placed in this country and would be applicable only to schemes approved by the Dominion or Central Government concerned and certified by it to be in anticipation of normal expenditure. Payment would be made to the Dominion or Central Government which would be responsible for payment to the ultimate recipient.

"It is suggested that the maximum grant should be three-quarters of the interest charges for a period of five years.

"In order to qualify for the Imperial contribution a scheme must be accepted by the Imperial Government within the next three years. The approval on behalf of the Imperial Government would be given after consultation with the Treasury, the Colonial or India Office and the Board of Trade.

"It would be understood that priority will be given to schemes involving the earliest placing of orders."

### 3. IMPERIAL CONFERENCE

#### (1) TARIFF PREFERENCE

It was decided to adopt the following Resolution:—

"This Imperial Economic Conference, holding that, especially in present circumstances, all possible means should be taken to develop the resources of the Empire and trade between the Empire countries, desires to reaffirm the Resolution on the subject of Imperial Preference passed by the Imperial War Conference of 1917."

Further, as regards Imperial Preference under the United Kingdom Customs Tariff to Empire goods, His Majesty's Government intimated that they intended to submit to Parliament the following proposals:—

#### *Dried Fruit.*

At present dried figs, raisins and plums (includes apricots) are dutiable at the rate of 10s. 6d. per cwt., if from foreign countries and enjoy if of Empire origin a preference of one-sixth, i.e., of 1s. 9d. per cwt.

It is proposed to admit these goods free of duty from the Empire so that Empire raisins, figs and plums will enjoy a preference of 10s. 6d. per cwt.

#### *Currants.*

At present dried currants are dutiable at the rate of 2s. per cwt. and enjoy a preference of one-sixth, which on the existing duty only amounts to 4d.

His Majesty's Government are prepared to offer free admission to Empire currants and to consider what increase in the duty on foreign currants may be necessary to make the preference effective, such increase to come into force at a future date to be agreed upon.

#### *Other Dried Fruit.*

At present there is no duty on any *other dried fruit*, but whilst continuing to admit such Empire dried fruit free, His Majesty's Government would propose to impose a duty of 10s. 6d. per cwt. on such foreign dried fruit (e.g., apples, pears and peaches) as the Dominion representatives may consider of interest to their trade.

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*Other Preserved Fruits.*

Preserved fruits other than those mentioned above are not dutiable save in respect of sugar contents, if any. It is proposed in addition to any such duty on the sugar contents to impose an all-round duty of 5s. per cwt. on the principal forms of preserved fruit not at present dutiable, except fruit pulp for jam manufacture, which will remain free of duty. All such fruit will be admitted free from the Empire.

*Sugar.*

At present sugar is dutiable according to a scale dependent on the polarization of the sugar with a basis of 25s. 8d. per cwt. on fully refined sugar.

Empire sugar enjoys a preference of one-sixth or 4s. 3½d. per cwt., being nearly a halfpenny a pound on refined sugar.

It is not possible at present to offer an increase in this preference, but His Majesty's Government are ready to guarantee that if the duty is reduced the preference shall for a period of ten years not fall with it, but be maintained at its present rate of nearly ½d. per pound so long at least as the duty on foreign sugar does not fall below that level.

*Tobacco.*

At present the duty on tobacco varies according to kind, being of course higher on cigars than on unmanufactured tobaccos. On the latter it is about 8s. 2d. per lb., on which the Empire enjoys a preference of one-sixth or, say, on raw tobacco of 1s. 4d.

His Majesty's Government would be prepared to adopt the course proposed in regard to sugar, *i.e.*, to stabilize the existing preference for a term of years or alternatively they are prepared to increase the preference to one-quarter, *i.e.*, to about 2s. on unmanufactured tobacco at present rates, the amount of the preference of course varying as the basis varies.

As a result of consultation with the oversea representatives concerned it has been decided to adopt the second alternative, *i.e.*, to raise the Preference from one-sixth to one-quarter.

*Wine.*

The proposals are:—

1. To double the existing preference of 2s. per gallon on the duty of 6s. per gallon on wines of a strength exceeding 30° and not exceeding 42°. The rate of duty on such wines coming from the Empire would thus become 2s. per gallon.
2. To increase from 30 per cent to 50 per cent the preference on the surtax of 12s. 6d. per gallon on sparkling wine.

*Raw Apples.*

It is proposed to levy a duty of 5s. per cwt. on raw apples of foreign origin and to admit raw apples from the Empire free of duty as at present.

*Canned Salmon and Canned Lobster, Cray Fish and Crabs.*

It is proposed that a duty of 10s. per cwt. shall be imposed on foreign canned salmon and canned lobster, cray fish and crabs, and that these goods shall be admitted free of duty from the Empire.

*Honey.*

It is proposed that a duty of 10s. per cwt. shall be imposed on foreign honey, and that honey of Empire origin shall continue to be admitted free of duty.

*Lime, Lemon and other Fruit Juices.*

The proposal of His Majesty's Government is that a duty at the rate of 6d. a gallon shall be imposed on Foreign lime and lemon juices and His Majesty's Government would consider a list of other fruit juices which the Dominions regarded as of interest to their trade. The same duty would fall on fruit syrups and would be exclusive of the duty on the sugar content of such syrups. Fruit juices from the Empire will continue to be admitted free of duty.

## (2) IMPERIAL PREFERENCE IN PUBLIC CONTRACTS

It was decided to adopt the following Resolution:—

- “(1) That this Imperial Economic Conference re-affirms the principle that in all Government contracts effective Preference be given to goods made and materials produced within the Empire except where undertakings entered into prior to this Conference preclude such a course or special circumstances render it undesirable or unnecessary.
- “(2) That so far as practicable, efforts be made to ensure that the materials used in carrying out contracts be of Empire production.
- “(3) That State, provincial and local government authorities should be encouraged to take note of the foregoing resolutions.”

## 4. FURTHER STEPS FOR THE IMPROVEMENT OF MUTUAL TRADE

## (A)—IMPERIAL CO-OPERATION IN RESPECT OF COMMERCIAL INTELLIGENCE

It was decided to adopt the following Resolutions:—

(i) *Commercial Diplomatic and Consular Services.*

“This Imperial Economic Conference takes note of the offer of His Majesty's Government to place the services of His Majesty's Commercial Diplomatic Officers in foreign countries at the disposal of the Governments of the Dominions and India and of the Colonies and Protectorates in the same way and to the same extent as the services of His Majesty's Trade Commissioners within the Empire are already at their disposal. It notes that His Majesty's Government propose that as regards countries outside of Europe the Governments should utilize direct the services of Commercial Diplomatic Officers or of senior Consular Officers where no Commercial Diplomatic Officers have been appointed, but that communications which it is proposed to address to Commercial Diplomatic Officers in European countries should be transmitted in the first instance to the Department of Overseas Trade.

“The Conference, recognizing the importance of all possible steps being taken to strengthen the mutual co-operation of the several parts of the Empire in matters of commercial intelligence with a view to the development of Empire trade, welcomes the arrangements proposed by His Majesty's Government.

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"It also welcomes the offer of the Governments of the Dominions which have appointed Trade Commissioners in countries overseas to make a similar arrangement for the utilization of those officers by Governments of other parts of the Empire.

"The Conference further recommends that, when two or more Governments of the Empire maintain commercial representatives in the same country, an endeavour should be made to arrange that the offices of these representatives should be in the same building or in close proximity, in order to facilitate all possible co-operation between such representatives in their work on behalf of Empire trade."

(ii) *Commercial Travellers' Samples.*

"This Imperial Economic Conference proposes that articles liable to duty imported into any part of the British Empire as samples or specimens by commercial travellers representing manufacturers or traders established in any other part of the British Empire, should be temporarily admitted free of duty, subject to such persons complying with the laws and regulations and also the Customs formalities established to assure the re-exportation or deposit in bond of the articles or the payment of the prescribed Customs duties if not re-exported or deposited within the prescribed period. But the foregoing privilege should not extend to articles which, owing to their quantity or value, cannot be considered as samples, or which, owing to their nature, could not be identified upon re-exportation.

"The marks, stamps, or seals placed upon such samples by the Customs authorities of any part of the Empire at the time of exportation and the officially attested list of such samples containing a full description thereof, including, in the case of goods liable to *ad valorem* duty, a statement of their value, should be accepted by the Customs officials of any other part of the Empire as establishing their character as samples and exempting them from inspection, except so far as may be necessary to establish that the samples produced are those enumerated in the list.

"The Customs authorities of that part of the Empire into which the samples are brought may, however, affix a supplementary mark to such samples or lists in special cases where they may think this precaution necessary.

"In cases where the regulations require the provisional payment of the duties or deposits for such samples on entry a receipt for such payment should be given and the duties or deposits should be reimbursed at any Custom-house at which the samples may be produced with a view to re-exportation."

(iii) *Trade Catalogues.*

"This Imperial Economic Conference proposes that, where freer admission of catalogues and price lists is not provided for, single copies of trade catalogues and price lists of firms having an established place of business within the Empire, sent by post, or with consignments of goods, from any other part of the British Empire, to business firms in any other part of the British Empire, should be admitted free of duty, provided that they are the trade catalogues or price lists of firms or persons having no established place of business in the territory to which they are sent."



## (B) STATISTICS

"This Imperial Economic Conference, recognizing the importance of rendering the trade statistics published by the Government of the United Kingdom as valuable as possible with reference to the development of inter-Imperial trade, recommends that the United Kingdom Board of Trade, after reviewing the statistics in question from this point of view, should draw up a detailed scheme and submit it to the Governments of the several parts of the Empire for their consideration."

## (C) IMPERIAL COMMUNICATIONS

(i) *Shipping.**(a) Imperial Shipping Committee.*

It was agreed to adopt the following Resolutions:—

## (1)

"That this Imperial Economic Conference desires to convey to Sir Halford Mackinder, as Chairman of the Imperial Shipping Committee, and to the members of that Committee, an expression of its appreciation of the very excellent work which they have done during the period of the Committee's existence, both in the interests of the commercial and producing communities, and of British citizens generally."

"That this Imperial Economic Conference is of opinion:—

"(1) That the work accomplished by the Imperial Shipping Committee is convincing proof of the wisdom of its establishment, and that it is of the highest importance to the Empire that this work should continue;

"(2) That it is, therefore, desirable to maintain the Committee on its present basis, deriving authority from, and responsible to, the Governments represented in the Imperial Conference."

*(b) Carriage of Goods by Sea.*

It was agreed that the following Resolution be adopted:—

"This Imperial Economic Conference having examined the Rules relating to Bills of Lading recommended by the International Conference on Maritime Law held at Brussels in October, 1922, and embodied in the Carriage of Goods by Sea Bill now before the British Parliament, is of opinion that in all essential principles they are based upon the Canadian Water Carriage of Goods Act, 1910, and the Report of the Imperial Shipping Committee, 1921, and believing that there is a good prospect of international agreement in regard to bills of lading on this basis which would be of benefit to every part of the Empire, considers that these Rules can be recommended for adoption by the Governments and Parliaments of the Empire."

(ii) *Air Navigation.*

It was decided to adopt the following Resolutions:—

"(1) That the British Government should circulate to the Dominions and India a statement showing the present anticipated operational performances of rigid airships and in the future should circulate regularly up-to-date information of the progress of the Burney airship proposals in order that consideration of Empire participation in these or future airship proposals might be facilitated.

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"(2) That the British Government should prepare a draft procedure designed on a reciprocal basis to secure more rapid and more extensive interchange of information in regard to civil aeronautics and should submit this for the consideration of the other Governments of the Empire with a view to general adoption.

"(3) That having regard to post-war developments, any British oversea countries which have no up-to-date experience of air photography and contemplate the use of air survey, would be well advised, whenever possible, to consult other Empire Governments having such experience before accepting estimates or schemes providing for its use."

(iii) *Cables and Wireless.*

It was agreed that the following Resolutions be adopted:—

"(a) That this Imperial Economic Conference affirms the importance of establishing as quickly as possible an efficient Imperial Service of Wireless Communication, and is of opinion that the several Governments of the Empire should take immediate action to remove any difficulties which are now delaying the accomplishment of this, while providing adequate safeguards against the subordination of public to private interests.

"(b) That representatives of the Dominions and India should be associated in the work of the Imperial Communications Committee when questions of interest to them are under consideration.

"(c) That in view of the fact that the Dominions interested in the Pacific cable have for a long time pressed for the provision of a State-owned connecting link across the Atlantic, all possible support should be given by the Governments of the Empire to the State-owned Atlantic cable route which has now been provided.

"(d) That in any concessions given in the British Empire to private enterprise in respect of cable or wireless services (including broadcasting stations), preference should be accorded to British Companies of any part of the Empire."

## (D)—RECIPROCAL ENFORCEMENT OF JUDGMENTS, INCLUDING ARBITRATION AWARDS

It was decided to adopt the following Resolution:—

"This Imperial Economic Conference take note of the action already taken in many parts of the Empire to carry into effect the proposal contained in Resolution XXV of the Imperial Conference, 1911, with regard to mutual arrangements with a view to the enforcement in one part of the Empire of judgments and orders of the Courts of Justice in another part, including judgments or orders for the enforcement of commercial arbitration awards. While it is recognized that in certain Dominions these matters come within the scope of Provincial or State Governments whose freedom of action could not be bound by any decision of the Dominion or Central Government, the general view of the Imperial Economic Conference is that a universal arrangement throughout the Empire for the reciprocal enforcement of judgments, including arbitration awards, could not fail to be valuable and advantageous to trade and commerce, and is accordingly an object at which the different parts of the Empire should aim."

## (E)—IMPERIAL CO-OPERATION WITH REFERENCE TO PATENTS DESIGNS AND TRADE MARKS

It was decided to adopt the following Resolution:—

"This Imperial Economic Conference have given careful consideration to the Provisional Scheme recommended in the Report of the British Empire Patent Conference, 1922, and they are of opinion that, apart from one or two details which might receive further consideration by correspondence between the heads of the Patent Offices, the Provisional Scheme is a practicable one, and promises considerable advantages to British inventors throughout the Empire; but in view of the difficulties felt by the Dominion of Canada as regards the absence of any provision for reciprocal registration of Dominion patents, the Conference feel unable to make any recommendation so far as the Self-Governing Dominions and India are concerned.

"The Conference, however, unanimously agree that it is very desirable that the Provisional Scheme should be adopted by the Colonies and Protectorates, and that considerable benefits would thereby be derived by inventors throughout the Empire."

## (F)—ECONOMIC DEFENCE

It was decided to adopt the following Resolution:—

"In view of the vital importance to the British Empire of safeguarding its overseas carrying trade against all forms of discrimination by foreign countries, whether open or disguised, the representatives of the Governments of the Empire declare—

"(1) That it is their established practice to make no discrimination between the flags of shipping using their ports, and that they have no intention of departing from this practice as regards countries which treat ocean-going shipping under the British flag on a footing of equality with their own national shipping.

"(2) That in the event of danger arising in future to the overseas shipping of the Empire through an attempt by a foreign country to discriminate against the British flag, the Governments of the Empire will consult together as to the best means of meeting the situation."

## (G)—CUSTOMS FORMALITIES

(i) *Valuation of Goods for Customs Duty Purposes.*

It was decided to adopt the following Resolutions:—

*Form A*

"A common form of invoice and certificate for use by exporters having been adopted by Australia, New Zealand, the Union of South Africa, and Newfoundland, as well as by a number of Colonies, the Conference strongly recommends, in the general interests of inter-Imperial trade, that the early adoption of an identical form may be sympathetically considered by all the other Governments throughout the Empire which levy duty on a system similar to that in force in the above-mentioned parts of the Empire.

"The Conference understands that legislation to give effect to the recommendations of the Imperial Customs Conference has already been

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passed in Australia and New Zealand, and they venture to urge the passing of similar legislation in every case in which such may prove to be necessary."

*Form B*

"The Conference has had before it a form of invoice and certificate which had been prepared as suitable for use in those parts of the Empire which levy duty on the invoice value of goods imported from other parts of the Empire, and require for this purpose a certified statement made by the exporter of the goods.

"The Conference strongly recommends, in the interests of inter-Imperial trade, the early adoption by all parts of the Empire which levy on the system in question of the form annexed to this Resolution."\*

*Certificate in Regard to Postal Packages*

"The attention of the Conference has been drawn to the short form of certificate prepared by the Imperial Customs Conference, 1921, for use as establishing the origin of goods sent by parcel post from the United Kingdom.

"It understands that this form has already been adopted by a number of the Dominions and Colonies, and considers that in the interests of inter-Imperial trade the adoption of a similar form is desirable in the case of parcels arriving in one part of the Empire from another part.

"The Conference therefore strongly recommends that, in the case of parcels sent by parcel post, the contents of which are of small value and are not merchandise for sale, the following short form of certificate should be adopted at an early date by all parts of the Empire concerned, as providing satisfactory evidence of the origin of the goods in cases where the production of such evidence entitles the goods to entry at a lower rate of duty than would otherwise obtain:—

"The contents of this package are not merchandise for sale, and every article herein, to the extent of at least one-fourth of its present value, is bona fide the produce or manufacture of . . . . .  
 . . . . .  
 (name of part of British Empire).

"Dated at . . . . . this . . . . . day  
 of . . . . . 19 . . . . .

" . . . . . Sender."

(ii) *International Conference on Customs Formalities.*

It was decided to adopt the following Resolution:—

"That the Conference should take note of the work accomplished by the recent League of Nations International Conference on Customs and other Similar Formalities (the 15th October to the 3rd November, 1923), and that the conclusions of that Conference should be recommended for favourable consideration to the various Empire Governments concerned."

\*See Appendix.

## (H)—EMPIRE CURRENCY AND EXCHANGE

The Imperial Economic Conference adopted and endorsed the following Resolutions, submitted to them by the Committee on Inter-Imperial Exchanges:

"(1) That, arising as they do from the suspension of an effective gold standard, the difficulties of Inter-Imperial exchange will disappear when the currencies of Great Britain and the Dominions affected are again made convertible into gold.

"(2) That it is neither necessary nor desirable to adopt complicated plans for a new instrument of credit, such as Empire Currency Bills, which involve difficult and disputable constitutional and financial questions.

"(3) That where difficulties have arisen in regard to exchange between certain parts of the Empire and between such parts and the United Kingdom.

"(a) The position could be ameliorated if the note-issuing authorities were to accumulate sterling assets and to undertake to exchange their local currencies for sterling and *vice versa*.

"(b) This measure might be further developed and assisted by the creation of central banks and by mutual co-operation as recommended by the Genoa Conference.

"(c) In some cases the bank charges for buying and selling sterling appear to be unduly high and should be capable of reduction.

## (J)—CO-OPERATION FOR TECHNICAL RESEARCH AND INFORMATION

It was decided to adopt the following Resolutions:—

*Resolution 1*

"This Imperial Economic Conference recommends the adoption of the first of the two schemes for the future of the Imperial Institute and the Imperial Mineral Resources Bureau proposed in the Report\* of the Imperial Institute Committee of Enquiry, 1923, subject to the following modifications:—

"(i) That in order to ensure that the reconstituted Imperial Institute may in future undertake in its laboratories only preliminary investigations of raw materials for the purpose of ascertaining their possible commercial value, and to ensure that investigation or research of a more extensive kind may be referred to the appropriate authority, whether in this country or elsewhere in the Empire, there shall be formed a small Committee of the Governing Body, to be known as the 'Laboratory Committee,' consisting of the Comptroller-General of the Department of Overseas Trade (or his nominee), the Secretary of the Scientific and Industrial Research Department (or his nominee), and a Fellow of the Royal Society, being a representative of that Society on the Governing Body of the Imperial Institute, who will supervise the laboratory work of the Institute and report thereon from time to time to the Governing Body.

"(ii) That, with a view to ensuring that in future the reconstituted Institute may have expert assistance in regard to finance, *e.g.*, in establishment matters, a representative of His Majesty's

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\*This Report will be published in due course.



Treasury be added to the new Governing Body and to the new Managing Committee proposed in paragraphs 100 and 101 of the Report of the Imperial Institute Committee of Enquiry."

#### *Resolution 2*

"This Imperial Economic Conference approves the estimate of the cost of maintaining the reconstituted Institute as set out in paragraph 5 of the memorandum by the Secretary of State for the Colonies submitted to the Conference (I.E.C. (23)-18); and suggests that in order that the sum of £8,000, which is proposed as an annual contribution from the Dominions and India, may be obtained, the ministerial representatives of the Dominions and of India advise their respective legislatures to contribute the following annual amounts for a period of five years:—

	£
"Canada . . . . .	2,000
"Commonwealth of Australia . . . . .	2,000
"New Zealand* . . . . .	1,200
"Union of South Africa . . . . .	1,200
"India . . . . .	1,200
"Irish Free State . . . . .	200
"Newfoundland . . . . .	200 "

#### *Resolution 3*

"This Imperial Economic Conference take note of the memorandum on the co-ordination of research bearing upon industry and the suggestions for its development submitted by the Department of Scientific and Industrial Research in consultation with the Ministry of Agriculture and Fisheries and other Departments, and they are of opinion that all possible steps should be taken to encourage the exchange of scientific and technical information between the various parts of the Empire, and the co-operation of the official and other organizations engaged in research for the solution of problems of common interest."

#### (K.)—IMMUNITY OF STATE ENTERPRISES

It was decided that the following Resolutions be adopted:—

##### I.

"This Imperial Economic Conference, so far as it is competent for its members without prejudice to the rights of the States or Provinces of a self-governing Dominion, agrees with the recommendation of the Committee on the Liability of the Dominion and Foreign Governments, etc., to United Kingdom taxation expressed in the following terms, viz.:—

"Any Government within the Empire, so far as it engages in trade, shall be treated as liable to the taxation of any other country within the Empire, in which it may either own property in connection with trade, or make trade profits; the liability of the United Kingdom Government or any Dominion Government so far as engaged in trade shall be co-extensive with the liability of a private trading corporation in similar circumstances."

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\*On the understanding that New Zealand is willing to raise this amount to \$1,500, provided that the Exhibition Galleries of the Institute are retained.

"It is agreed that each of the several Parliaments of Great Britain, the Dominions and India shall be invited to enact at the earliest opportunity a declaration that the general and particular provisions of its Acts or ordinances imposing taxation shall be deemed to apply to any commercial or industrial enterprise carried on by or on behalf of any other such Governments in the same manner in all respects as if it were carried on by or on behalf of a subject of the British Crown. It is not contemplated that such legislation should have retrospective effect for any year prior to 1924.

"This Conference further agrees that, as soon as possible after the passing of the aforesaid legislation, negotiations should be opened with the Governments of foreign countries, in accordance with the recommendations of the aforesaid Committee, "with a view to reciprocal agreement between those countries and the Empire to the following effect: if or when the Government of a foreign country carries on trade in the United Kingdom or in a Dominion, and if or when the Government of a country within the British Empire carries on trade in a foreign country, the trading Government shall not, in its character as such, be treated as entitled to any sovereign immunity from taxation either directly or through the claim of superiority to the jurisdiction of municipal Courts; nor shall a Government so trading be treated as entitled to any sovereign immunity from taxation in respect of property in the other country concerned which it may own or hold in a trading capacity or in connection with trade.

"It is understood that, as the Committee recommended, it would be a proviso to the whole agreement that it should be without prejudice to the national interests of a sovereign State in any emergency of war."

## II.

"The Conference further recommends that the draft convention on the immunity of State-owned ships adopted by the meeting of the International Maritime Committee held at Gothenburg in August last, and amended after consultation between the British Admiralty and Board of Trade, should be adopted throughout the Empire as the basis on which an international convention might be concluded. This amended draft is as follows:—

### *"Immunity of State-owned Ships.*

"(Amended Draft: October 26, 1923.)

"Article 1.—Vessels owned or operated by States for trading purposes, cargoes owned by them and cargo and passengers carried on such vessels and the States owning or operating such vessels shall be subjected in respect of claims relating to the operation of such vessels or to such cargoes to the same rules of legal liability (*i.e.*, liability to be sued for payment) and to the same obligations as those applicable to private vessels, persons or cargo.

"Article 2.—Such liabilities shall be enforceable by the tribunals having jurisdiction over and by the procedure applicable to a privately-owned ship or cargo or the owner thereof.

"Article 3.—Ships of war, State Yachts, Surveying Vessels, Hospital Ships and other vessels owned or operated by States and employed on other than trading purposes shall continue to enjoy the respective privileges and immunities hitherto enjoyed by them by

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the comity of nations. Liabilities against such ships in respect of collisions or salvage claims shall, however, be enforceable, but only by action before the competent tribunals of the State owning or operating such vessels; and no such vessel shall be liable to arrest. Similarly, State-owned cargo carried for non-commercial purposes in ships owned or operated by the State shall not be subject to seizure, but shall be liable to process of Law, but only in the Courts of the State owning such vessels.

"Article 4.—The provisions of this Convention will be applied in every contracting State in all cases where the claimant is a citizen of one of the contracting States, provided always that nothing in this Convention shall prevent any of the contracting States from settling by its own laws the rights allowed to its own citizens before its own Courts.

"Article 5.—This Convention shall not be binding on a belligerent State in respect of claims arising during the period of belligerency."

## 5. IMPERIAL POLICY WITH REGARD TO THE IMPORT AND EXPORT AND LIVESTOCK

After consideration of this question, the Imperial Economic Conference decided that steps should be taken to promote Inter-Imperial trade in pedigree stock throughout the Empire as a whole on reciprocal terms, subject always to satisfactory precautions being taken against the introduction of disease.

It was further agreed that a Conference should be arranged between representatives of His Majesty's Government and the Canadian Government to consider the question of the administrative interpretation of the terms of "The Importation of Animals Act, 1922."

## 6. IMPERIAL POLICY WITH REGARD TO FORESTRY

It was decided to adopt the following Resolution:—

"That the Imperial Economic Conference accepts generally the Resolutions of the Empire Forestry Conference (Canada, 1923), and recommends them to the respective Governments of the Empire for their favourable consideration."\*

## 7. WORKMEN'S COMPENSATION

It was decided to adopt the following Resolutions:—

### RESOLUTION 1.

#### *Non-resident Workmen*

"That this Imperial Economic Conference, taking note of the existing restrictions in the Workmen's Compensation laws of certain parts of the British Empire on the payment of benefits to workmen and their dependants on the ground of non-residence in the State in which the accident happened, and having regard to the tendency of such restric-

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\*It is understood that the Report of the Empire Forestry Conference (Canada, 1923) is being communicated separately to the Press.

tions to discourage movement within the Empire, is of opinion that no British subject who is permanently incapacitated, and no dependant of a British subject who has been killed, by accident due to his employment in any part of the Empire should be excluded from any benefit to which he would otherwise be entitled under the Workmen's Compensation law of that part of the Empire on the ground of his removal to or residence in another part of the Empire."

## RESOLUTION II.

### *Seamen*

"That this Imperial Economic Conference, having had its attention drawn to cases where British sailors injured by accident while serving on ships registered in some part of the Empire have had no claim to compensation owing to the law of that part of the Empire being restricted, in its application to seamen, to accidents occurring within territorial waters or other limited area, is of opinion that the Government of any such part of the Empire should ensure that the benefits of its compensation law will extend to all accidents to seamen serving on ships registered within such part of the Empire wherever the ship may be when the accident takes place. And furthermore the Conference invites the Government of any British Colony or Protectorate where there is a register of shipping, but where legislation giving compensation rights to seamen does not at present exist, to consider the adoption of such legislation."

## RESOLUTION III

### *Aliens*

"That this Imperial Economic Conference, taking note of the disabilities imposed under the Workmen's Compensation laws of certain foreign countries on British subjects residing in those countries and their dependants, invites each Government of the Empire, regard being had to its own particular conditions, to consider the possibility of adopting in workmen's compensation legislation, the principle of reciprocity, that is, that the benefits of such legislation should be accorded to subjects of foreign countries upon the condition that and to the extent to which such foreign countries accord reciprocal treatment to British subjects."

The Conference notes in adopting the foregoing Resolutions that, in certain of the Dominions, Workmen's Compensation falls wholly or partially within Provincial or State jurisdiction and is in those cases and to that extent outside the control of the Dominion Government.

## 8. IMPERIAL ECONOMIC COMMITTEE

It was decided to adopt the following Resolution:—

"That in the opinion of this Imperial Economic Conference (Canada dissenting)—

- (1) It is desirable to establish an Imperial Economic Committee, comprising representatives of the Governments represented in the Imperial Conference, and responsible to those Governments.

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- "(2) The function of the Committee should be to consider and advise upon any matters of an economic or commercial character, not being matters appropriate to be dealt with by the Imperial Shipping Committee, which are referred to it by any of the constituent Governments, provided that no question which has any reference to another part of the Empire may be referred to the Committee without the consent of that other part of the Empire."

It was further decided that in the constitution of the proposed Imperial Economic Committee representation should be allotted to the various constituent Governments as follows:—

Great Britain.. . . .	4 members
Dominions.. . . .	2 members each
India.. . . .	2 members
Colonies and Protectorates.. . . .	2 members

## APPENDIX

The following is the form of invoice (Form B) referred to in the second Resolution under (G.) *Valuation of Goods for Customs Duty Purposes*, above:—

Country of Origin†	Marks and Numbers on Packages	Quantity and Description of Goods	Selling Price to Purchaser	
			@	Amount

† To be completed only where preferential rates of duty are claimed.

*Combined Certificate of Value and of Origin to be Written, Typed, or Printed on Invoices of Goods for Exportation to British Colonies, &c.*

I (1) . . . . . of (2) . . . . . of (3) . . . . .  
 manufacturer supplier of the goods enumerated in this invoice amounting to . . . . . hereby declare that I [(4)] have the authority to make and sign this certificate on behalf of the aforesaid manufacturer supplier, and that I] have the means of knowing and do hereby certify as follows:—

*Value*

1. That this invoice is in all respects correct, and contains a true and full statement of the price actually paid or to be paid for the said goods, and the actual quantity thereof.

2. That no arrangements or understanding affecting the purchase price of the said goods has been or will be made or entered into between the said exporter and

(1) Here insert manager, chief clerk, or as the case may be. .

(2) Here insert name of firm or company.

(3) Here insert name of city or country.

(4) These words should be omitted where the manufacturer or supplier himself signs the certificate.



purchaser, or by any one on behalf of either of them, either by way of discount, rebate, compensation, or in any manner whatever other than as fully shown on this invoice, or as follows (5) . . . . .

### Origin

[In the case of goods exported to Colonies not granting preference to British goods, the following portion of the certificate dealing with origin should be struck out.]

(Delete whichever of 3 (a) or 3 (b) is not applicable. If 3 (a) is used delete 4 and 5. If 3 (b) is used insert required particulars in 4 and 5.)

3. (a.) That every article mentioned in the said invoice has been wholly produced or manufactured in (6) . . . . .	3. (b.) That every article mentioned in the said invoice has been either wholly or partially produced or manufactured in (6) . . . . .
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4. As regards those articles only partially produced or manufactured in (6) . . . . .

(a.) That the final process or processes of manufacture have been performed in that part of the British dominions.

(b.) That the expenditure in material produced in (6) . . . . . and/or labour performed in (6) . . . . . calculated subject to qualifications hereunder, in each and every article is not less than one-fourth of the factory or works cost of such article in its finished state. (See note.†)

(†Note.—In the case of goods which have at some stage entered into the commerce of or undergone a process of manufacture in a foreign country only that labour and material which is expended on or added to the goods after their return to the United Kingdom shall be regarded as the produce or manufacture of the United Kingdom in calculating the proportion of United Kingdom labour and material in the factory or works cost of the finished article.)

5. That in the calculation of such proportion of produce or labour of the (6) . . . . . none of the following items has been included or considered:—

“Manufacturer’s profit or remuneration of any trader, agent, broker, or other person dealing in the articles in their finished condition; royalties; cost of outside packages or any cost of packing the goods thereinto; any cost of conveying, insuring, or shipping the goods subsequent to their manufacture.”

Dated at . . . . . this . . . . . day of . . . . . 19 . . . . .

Witness . . . . . Signature . . . . .

(5) Here insert particulars of any special arrangement.

(6) Insert “United Kingdom” or name of other part of British dominions.

# IMPERIAL CONFERENCE

1923

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## SUMMARY OF PROCEEDINGS

(Appendices published separately in Sess. Paper No. 37a)

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\*Published separately in Sess. Paper No. 37a.



## IMPERIAL CONFERENCE, 1923

### SUMMARY OF PROCEEDINGS

#### 1.—PRELIMINARY NOTE

THE proceedings of the Conference opened at 10, Downing street, on October 1, 1923, and were continued until November 8. During that period 16 plenary meetings took place, which were normally attended by the following:—

##### GREAT BRITAIN

The Rt. Hon. Stanley Baldwin, M.P., Prime Minister (Chairman).  
The Most Hon. the Marquess of Salisbury, K.G., G.C.V.O., C.B., Lord President of the Council.  
The Most Hon. the Marquess Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E., Secretary of State for Foreign Affairs.  
His Grace the Duke of Devonshire, K.G., G.C.M.G., G.C.V.O., Secretary of State for the Colonies.

##### CANADA

The Rt. Hon. W. L. Mackenzie King, C.M.G., Prime Minister.  
The Hon. G. P. Graham, Minister of Railways and Canals.  
The Hon. Sir Lomer Gouin, K.C.M.G., Minister of Justice and Attorney-General.

##### COMMONWEALTH OF AUSTRALIA

The Rt. Hon. S. M. Bruce, M.C., Prime Minister.  
Senator The Hon. R. V. Wilson, Honorary Minister in Charge of Departments of Health and Migration.

##### NEW ZEALAND

The Rt. Hon. W. F. Massey, Prime Minister.

##### UNION OF SOUTH AFRICA

General The Rt. Hon. J. C. Smuts, K.C., C.H., Prime Minister.  
The Hon. H. Burton, K.C., Minister of Finance.  
The Hon. N. J. de Wet, K.C., Minister of Justice.

##### IRISH FREE STATE

Professor John MacNeill, T.D., Minister of Education.  
Mr. Desmond Fitzgerald, T.D., Minister of External Affairs.

##### NEWFOUNDLAND

The Hon. W. R. Warren, K.C., Prime Minister.

##### INDIA

The Rt. Hon. Viscount Peel, G.B.E., Secretary of State for India and Head of the Indian Delegation.  
Colonel His Highness the Maharajah of Alwar, G.C.I.E., K.C.S.I.  
Sir Tej Bahadur Sapru, K.C.S.I.

## SECRETARIAT

*Great Britain.*—Sir M. P. A. Hankey, G.C.B.; Mr. E. J. Harding, C.M.G.

*Canada.*—Dr. O. D. Skelton.

*Commonwealth of Australia.*—Sir R. R. Garran, K.C.M.G.

*New Zealand.*—Mr. F. D. Thomson, C.M.G.

*Union of South Africa.*—Captain E. F. C. Lane, C.M.G.

*Irish Free State.*—Mr. P. McGilligan.

*Newfoundland.*—Mr. W. J. Carew.

*India.*—Professor L. F. Rushbrook Williams, C.B.E.

Other Ministers took part in the proceedings at one or more meetings. These were:—

## GREAT BRITAIN

The Rt. Hon. Lord Robert Cecil, K.C., M.P., Lord Privy Seal.

The Rt. Hon. Neville Chamberlain, M.P., Chancellor of the Exchequer.

The Rt. Hon. W. C. Bridgeman, M.P., Secretary of State for Home Affairs.

The Rt. Hon. The Earl of Derby, K.G., G.C.B., G.C.V.O., Secretary of State for War.

The Rt. Hon. Sir Samuel Hoare, Bart., C.M.G., M.P., Secretary of State for Air.

The Rt. Hon. L. S. Amery, M.P., First Lord of the Admiralty.

The Right Hon. Sir Philip Lloyd-Greame, K.B.E., M.C., M.P., President of the Board of Trade

The Hon. W. G. Ormsby-Gore, M.P., Parliamentary Under-Secretary of State, Colonial Office.

## IRISH FREE STATE

Mr. W. T. Cosgrave, T.D., President of the Executive Council.

Mr. Kevin O'Higgins, T.D., Vice-President of the Executive Council.

General R. Mulcahy, Minister of Defence.

Mr. J. C. C. Davidson, C.H., C.B., M.P., Chancellor of the Duchy of Lancaster, and Minister in Charge of Publicity, and Sir J. Masterton Smith, K.C.B., Permanent Under-Secretary of State, Colonial Office, were present at nearly all of the Sessions of the Conference.

The following also attended for the discussion of subjects which particularly concerned their respective departments:—

## GREAT BRITAIN

Admiral of the Fleet Earl Beatty, G.C.B., O.M., G.C.V.O., D.S.O., First Sea Lord and Chief of Naval Staff, Admiralty.

General The Earl of Cavan, K.P., G.C.M.G., G.C.V.O., K.C.B., Chief of the Imperial General Staff, War Office.

Air Chief Marshal Sir Hugh M. Trenchard, Bart., K.C.B., D.S.O., Chief of the Air Staff, Air Ministry.

The Rt. Hon. Sir John Anderson, G.C.B., Permanent Under-Secretary of State, Home Office.

Mr. R. G. Vansittart, C.M.G., M.V.O., Private Secretary to the Secretary of State for Foreign Affairs.

Mr. A. W. A. Leeper, C.B.E., Assistant Private Secretary to the Secretary of State for Foreign Affairs.

Mr. T. Jones, Principal Assistant Secretary, Cabinet Office.

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Lieut.-Colonel C. W. G. Walker, D.S.O., Assistant Secretary, Committee of Imperial Defence.  
 Commander H. R. Moore, D.S.O., R.N., Assistant Secretary, Committee of Imperial Defence  
 Major L. A. Clemens, O.B.E., M.C., Assistant Secretary, Committee of Imperial Defence.  
 Major-General Sir Fabian Ware, K.C.V.O., K.B.E., C.B., C.M.G., Vice-Chairman of the Imperial War Graves Commission.  
 Major C. K. Phillips, O.B.E., Land and Legal Adviser, Imperial War Graves Commission.

## CANADA

Major-General J. H. MacBrien, C.B., C.M.G., D.S.O., Chief of General Staff, Canada.  
 Commodore Walter Hose, C.B.E., R.C.N., Director of Naval Service, Canada.

## COMMONWEALTH OF AUSTRALIA

Vice-Admiral Sir Allan F. Everett, K.C.M.G., K.C.V.O., C.B., First Naval Member of the Royal Australian Naval Board.  
 Rear-Admiral P. H. Hall-Thompson, C.M.G., First Naval Member Designate of the Royal Australian Naval Board.  
 Brigadier-General T. A. Blaney, C.B., C.M.G., D.S.O., Australian Representative on the Imperial General Staff, War Office.

## NEW ZEALAND

Commodore A. G. Hotham, C.M.G., R.N., Naval Adviser to the New Zealand Delegation.

## IRISH FREE STATE

General Sean MacMahon, Chief of Staff, Irish Free State.  
 Major-General J. J. O'Connell, Assistant Chief of Staff, Irish Free State.  
 Mr. O. Esmonde (acting for Mr. McGilligan).

## INDIA

Lieut.-General Sir Alexander Cobbe, V.C., K.C.B., K.C.S.I., D.S.O., Secretary, Military Department, India Office.  
 Lieut.-Colonel Sir Wolsley Haig, K.C.I.E., C.S.I., C.M.G., C.B.E., Political Secretary to His Highness the Maharajah of Alwar.

In addition to the meetings of the full Conference, there were eleven meetings of Committees, and technical discussions on Defence Questions at the Admiralty and Air Ministry.

## II.—OPENING STATEMENTS

In opening the Proceedings on October 1st, Mr. Stanley Baldwin, as Chairman, extended a welcome to the Representatives of the Dominions and India, and referred especially to the enlargement which had taken place in the circle of the Imperial Conference by the constitution in 1922 of the Irish Free State.

Mr. Baldwin then made a general statement on the Imperial and International situation, in which he reviewed the chief events which had taken place

since the Conference of 1921, and outlined briefly the agenda of the Conference and the main problems which would come before it.

Speeches were made in reply by the Prime Ministers of Canada, New Zealand, the Union of South Africa, and Newfoundland, by the President of the Executive Council of the Irish Free State, and by the Maharajah of Alwar for India. The cordial greeting extended by Mr. Baldwin to the Representatives of the Irish Free State was warmly endorsed by other speakers, and Mr. Cosgrave expressed his deep appreciation of the welcome which he and his colleagues had received.

These opening speeches were published in full immediately afterwards.\*

The Prime Minister of the Commonwealth of Australia was not present at the opening meeting: he was unable to reach London until October 5th.

### III.—MESSAGE TO THEIR MAJESTIES THE KING AND QUEEN

The first official act of the Conference, in accordance with the practice on previous occasions, was to send a message of greeting to Their Majesties the King and Queen.

The words of this message were:—

"The Prime Ministers and other Representatives of the British Empire assembled in Conference, at their first meeting and as their first official act, desire to express their respectful greetings and fidelity to the King, and fervently hope that His Majesty and Her Majesty the Queen may be long spared to strengthen those ties of love and devotion which unite the peoples of the British Commonwealth."

His Majesty's gracious reply was read aloud by the Prime Minister of Great Britain at the meeting on October 5th and was in the following terms:—

"I sincerely thank the Prime Ministers and other Representatives of the British Empire for the generous terms of the message which they have addressed to the Queen and myself on the occasion of the opening of the Imperial Conference. I sincerely trust that their deliberations will lead to a solution of those many and grave problems the settlement of which is so essential to the future welfare and prosperity of the Commonwealth of the British Nations.

"GEORGE R.I."

### IV.—MESSAGE TO JAPAN

It was also resolved at the first meeting of the Conference to send the following message of sympathy to Japan:—

"The Prime Ministers and Representatives of Great Britain, the British Dominions and India, assembled at the Imperial Conference, desire at their opening session to send to their old and faithful ally, Japan, an expression of their profound sympathy in the terrible calamity by which she has been assailed; their admiration of the patriotic energy and unconquerable spirit with which the Japanese nation have met the

\*See Appendix I Sess. Paper No. 37a.

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blow; and their confident expectation that Japan will rapidly recover from a shock that might have overwhelmed any less courageous people and will pursue, undismayed, the great part that she is destined to fill in the social and economic progress of the world."

In reply to this message a note was received from the Japanese Ambassador in London. This note, which was read aloud by the Prime Minister of Great Britain at the meeting on the 11th October, was as follows:—

"Under instructions from the Japanese Premier, I have the honour to request Your Lordship to convey to the Right Honourable Stanley Baldwin, Prime Minister, and his eminent colleagues on the Imperial Conference, the Japanese Premier's sincere thanks for the touching message of sympathy in the calamity which has befallen Japan. Count Yamamoto desires to assure Mr. Baldwin that the manifestation of cordial sentiment coming as it did so promptly from the representative statesmen of the British Empire, the old and never failing ally of Japan, has deeply moved the Japanese nation in their great distress and will give them encouragement and reassurance in taking up the tremendous task of reconstruction.

"I have, etc.

"HAYASHI."

#### V.—DEATH OF MR. BONAR LAW

The Rt. Hon. A. Bonar Law, Prime Minister of Great Britain from October 24th, 1922, to May 21st, 1923, died on October 31st. One of his first acts on assuming office had been to have a message of invitation sent to the Dominions and India, which resulted in the calling of the Imperial Conference and of the Imperial Economic Conference this year.

The following resolution was passed by the Conference at its meeting on the afternoon of October 31st:—

"The Members of the Imperial Conference have learnt with the most profound regret of the death of the Rt. Hon. Andrew Bonar Law, at whose invitation, issued on his assuming office last year, the present Conference is now meeting.

"They desire to express to the members of the late Prime Minister's family their deep sympathy in the irreparable loss which they and the Empire have sustained by his death."

#### VI.—PUBLICITY

The Conference gave special attention to the question of publicity for its proceedings. There was general agreement that at meetings of this nature, where questions of high policy and of the greatest consequence to all parts of the British Commonwealth are surveyed and dealt with, it was of the first importance that the representatives present should feel able to speak among themselves with the utmost freedom and in a spirit of complete confidence. Hence, it was considered essential that nothing should be published without the approval of the Conference as a whole and under its directions.

At the same time it was felt that the proceedings of the Conference would cause wide interest among the peoples of the countries represented, and consequently that, as opportunity offered, information regarding its deliberations should be made public.



It was decided to place the general arrangements as to publicity in charge of a British Minister, and, at the unanimous wish of the Conference, the Chancellor of the Duchy of Lancaster, Mr. J. C. C. Davidson, C.H., C.B., M.P., was asked to be present at the meetings and to undertake the necessary work.

This procedure, though of an experimental character, turned out to be of much value and at the conclusion of the meetings the Conference expressed to Mr. Davidson its great indebtedness for his valuable help.

A discussion also took place, at the instance of the Prime Minister of Canada, as to the desire of the Parliaments of the various parts of the Empire to be afforded the fullest information possible on all matters concerning which negotiations were going on, or discussions taking place, between the various Governments. It was felt that as many as possible of the communications passing ought to be made available for the use of the Parliaments, and a general understanding was reached as to the principles which should govern the publication of correspondence between the Governments.

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## VII.—COLONIES, PROTECTORATES AND MANDATED TERRITORIES

The Secretary of State for the Colonies gave to the Conference, on October 3rd, a comprehensive review, subsequently published\*, of the situation in the Colonies, Protectorates, and Mandated Territories.

A general discussion followed on various aspects of policy in regard to the development of the Colonial Empire and the Mandated Territories, and great stress was laid by the representatives of the Dominions and India on the economic importance of these parts of the world and, in particular, on the value to the Empire as a whole of the great tropical territories in East and West Africa and in Eastern Asia.

One question touched on was the recent arrangement concluded with the Belgian Government for the rectification of the Ruanda Boundary, and it was made clear that this rectification still left available a strip of the British mandated territory of Tanganyika west of Lake Victoria, which could be utilized for the construction of a line north and south.

The Prime Minister of Newfoundland expressed his interest in the researches about to be undertaken in the Antarctic by the late Captain Scott's ship "Discovery." It had already been arranged that any information obtained from these researches should be made available to the Government of the Union of South Africa, and the Duke of Devonshire undertook that the information should be supplied also to the Newfoundland Government.

It should be added that the further developments in the Middle East, and particularly in Palestine, which occurred during the sittings of the Conference, were placed before it.

The Conference took note of these developments.

## VIII.—FOREIGN RELATIONS

The discussions on foreign relations were commenced on October 5th by the Secretary of State for Foreign Affairs, who gave to the Conference a review of the general situation in every part of the world, and the most frank exposition, first, of the main problems which have confronted the Empire during the last two years, and, secondly, of those which seem most likely to arise in the near future.

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\*See Appendix II in Sess. Paper No. 37a.

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The greater part of what Lord Curzon said was necessarily of a confidential character, since it was his object to supplement the written and telegraphic communications of the past two years by giving orally to the Representatives of the Dominions and India the inner history of the period, but it was thought advisable that extracts from those parts of his speech which related to subjects of immediate interest and importance, viz., the situation in connection with the Reparations problem and the Turkish Treaty, should be published forthwith.\*

This was a departure from the practice at previous Imperial Conferences, when statements made by the Foreign Secretary have been regarded as confidential throughout.

Lord Curzon's review was followed by a general discussion on foreign relations, in which Lord Robert Cecil as British representative on the Council of the League of Nations, all the Dominion Prime Ministers present, the Vice-President of the Executive Council of the Irish Free State and the three members of the Indian delegation, took part.†

Frequent and detailed examination was given, not only to the main features of the international situation, but to the different aspects of that situation as they developed from day to day. Nor did the Imperial Conference terminate its sittings until each subject had been carefully explored and a common understanding reached upon the main heads of foreign policy.

It was while the Conference was sitting that the President of the United States renewed the offer of the United States Government to take part in an international conference or enquiry to investigate the European Reparations problem, and to report upon the capacity of Germany to make the payments to which she is pledged. The Conference cordially welcomed, and decided to take immediate advantage of, this overture; and communications were at once entered into with the Allied Powers to obtain their co-operation.

The Conference, after careful consideration of the policy which has been pursued, was of the opinion that the European situation could only be lifted on to the plane of a possible settlement by the co-operation of the United States of America, and that, if the scheme of common enquiry to be followed by common action were to break down, the results would be inimical both to the peace and to the economic recovery of the world.

It felt that in such an event it would be desirable for the British Government to consider very carefully the alternative of summoning a Conference itself in order to examine the financial and the economic problem in its widest aspect.

The Conference regarded any policy which would result in breaking up the unity of the German State as inconsistent with the Treaty obligations entered into both by Germany and the Powers, and as incompatible with the future discharge by Germany of her necessary obligations. The strongest representations on this subject were accordingly made to the Allied Governments.

The Conference considered the situation in the Near and Middle East and recorded its satisfaction at the conclusion of peace between the Allies and Turkey. An end had thus been brought to a period of acute political tension, of military anxiety and financial strain in the eastern parts of Europe; and more particularly had great relief been given to the sentiments of the Moslem subjects of the British throne in all parts of the world.

Another of the subjects that engaged the attention of the Conference was that of Egypt. The Conference was glad to recognize the great advance that has been made during the last two years towards a pacific settlement of this com-

\*See Appendix III in Sess. Paper No. 37a.

†For speeches on the work of the League of Nations see Appendix IV in Sess. Paper No. 37a.

plex problem, which will safeguard important communications between several parts of the Empire.

The Conference, so much of whose time had been occupied two years ago with the question of the renewal or termination of the Anglo-Japanese Alliance and with the future regulation of the Pacific, noted with satisfaction the results of the Washington Conference, which had added immensely to the security of the world without disturbing the intimate relations that have for so long existed between the Empire and its former Ally.

It recognized with satisfaction the progressive fulfilment of the obligations incurred under the Washington Treaties; it registered the confident belief that the future relations between the Governments and peoples of the British Empire and Japan will be not less sincere and cordial than when the British and Japanese Governments were bound by written conventions; and it recorded its profound sympathy with the Japanese Government and people in the terrible catastrophe which has recently befallen them.

During the session of the Conference, the question of the regulation of the liquor traffic off the American coasts and of the measures to be taken to avoid a serious conflict either of public opinion or of official action was seriously debated. The Conference arrived at the conclusion that, while affirming and safeguarding as a cardinal feature of British policy the principle of the three mile limit, it was yet both desirable and practicable to meet the American request for an extension of the right of search beyond this limit for the above purpose, and negotiations were at once opened with the United States Government for the conclusion of an experimental agreement with this object in view.

Finally the Conference, after listening to a detailed exposition of the work of the League of Nations during the past two years, and more particularly of the recent sitting of the Council and the Assembly at Geneva, placed on record its emphatic approval of the action that had been taken by, and the support that had been given to, the representatives of the British Empire on the latter occasion. There was full accord that the League should be given the unabated support of all the British members of the League as a valuable instrument of international peace, and as the sole available organ for the harmonious regulation of many international affairs.

This Conference is a conference of representatives of the several Governments of the Empire; its views and conclusions on Foreign Policy, as recorded above, are necessarily subject to the action of the Governments and Parliaments of the various portions of the Empire, and it trusts that the results of its deliberations will meet with their approval.

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## IX.—NEGOTIATION, SIGNATURE AND RATIFICATION OF TREATIES

The principles governing the relations of the various parts of the Empire in connection with the negotiation, signature and ratification of Treaties seemed to the Conference to be of the greatest importance. Accordingly it was arranged that the subject should be fully examined by a Committee, of which the Secretary of State for Foreign Affairs was Chairman. The Secretary of State for the Colonies, the Prime Ministers of Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa and Newfoundland, the Minister of External Affairs of the Irish Free State, and the Secretary of State for India as Head of the Indian Delegation, served on this Committee. With the assistance of the Legal Adviser to the Foreign Office, Sir C. J. B. Hurst, K.C.B., K.C., the following Resolution was drawn up and agreed to:—

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"The Conference recommends for the acceptance of the governments of the Empire represented that the following procedure should be observed in the negotiation, signature and ratification of international agreements.

"The word 'treaty' is used in the sense of an agreement which, in accordance with the normal practice of diplomacy, would take the form of a treaty between Heads of States, signed by plenipotentiaries provided with Full Powers issued by the Heads of the States, and authorizing the holders to conclude a treaty."

## I

*"1. Negotiation.*

"(a) It is desirable that no treaty should be negotiated by any of the governments of the Empire without due consideration of its possible effect on other parts of the Empire, or, if circumstances so demand, on the Empire as a whole.

"(b) Before negotiations are opened with the intention of concluding a treaty, steps should be taken to ensure that any of the other governments of the Empire likely to be interested are informed, so that, if any such government considers that its interests would be affected, it may have an opportunity of expressing its views, or, when its interests are intimately involved, of participating in the negotiations.

"(c) In all cases where more than one of the governments of the Empire participates in the negotiations, there should be the fullest possible exchange of views between those governments before and during the negotiations. In the case of treaties negotiated at International Conferences, where there is a British Empire Delegation, on which, in accordance with the now established practice, the Dominions and India are separately represented, such representation should also be utilized to attain this object.

"(d) Steps should be taken to ensure that those governments of the Empire whose representatives are not participating in the negotiations should, during their progress, be kept informed in regard to any points arising in which they may be interested.

*"2. Signature.*

"(a) Bilateral treaties imposing obligations on one part of the Empire only should be signed by a representative of the government or that part. The Full Power issued to such representative should indicate the part of the Empire in respect of which the obligations are to be undertaken, and the preamble and text of the treaty should be so worded as to make its scope clear.

"(b) Where a bilateral treaty imposes obligations on more than one part of the Empire, the treaty should be signed by one or more plenipotentiaries on behalf of all the governments concerned.

"(c) As regards treaties negotiated at International Conferences, the existing practice of signature by plenipotentiaries on behalf of all the governments of the Empire represented at the Conference should be continued, and the Full Powers should be in the form employed at Paris and Washington.

*"3. Ratification.*

"The existing practice in connection with the ratification of treaties should be maintained.

## II.

"Apart from treaties made between Heads of States, it is not unusual for agreements to be made between governments. Such agreements, which are usually of a technical or administrative character, are made in the names of the signatory governments, and signed by representatives of those governments, who do not act under Full Powers issued by the Heads of the States: they are not ratified by the Heads of the States, though in some cases some form of acceptance or confirmation by the governments concerned is employed. As regards agreements of this nature the existing practice should be continued, but before entering on negotiations the governments of the Empire should consider whether the interests of any other part of the Empire may be affected, and, if so, steps should be taken to ensure that the government of such part is informed of the proposed negotiations, in order that it may have an opportunity of expressing its views."

The Resolution was submitted to the full Conference and unanimously approved. It was thought, however, that it would be of assistance to add a short explanatory statement in connection with part 1 (3), setting out the existing procedure in relation to the ratification of Treaties. This procedure is as follows:—

- (a) The ratification of treaties imposing obligations on one part of the Empire is effected at the instance of the government of that part;
- (b) The ratification of treaties imposing obligations on more than one part of the Empire is effected after consultation between the governments of those parts of the Empire concerned. It is for each government to decide whether Parliamentary approval or legislation is required before desire for, or concurrence in, ratifications is intimated by that government.

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#### X.—THE UNITED STATES AND "C" MANDATES

Certain general questions concerning the territories in South West Africa and the Southern Pacific administered under "C" Mandates had been raised by the Government of the United States of America, and the opportunity of the Conference was taken to examine these questions.

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#### XI.—CONDOMINIUM IN THE NEW HEBRIDES

The developments in the New Hebrides since the Conference of 1921 were examined and the present situation and possibilities of action further discussed by representatives of the British Government in consultation with the Prime Ministers of the Commonwealth of Australia and New Zealand.

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#### XII.—DEFENCE

The Conference gave special consideration to the question of Defence, and the manner in which co-operation and mutual assistance could best be effected after taking into account the political and geographical conditions of the various parts of the Empire.

The Lord President of the Council, as Chairman of the Committee of Imperial Defence, opened this part of the work of the Conference by a state-



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ment outlining the main problems of Defence as they exist to-day. He was followed by the First Lord of the Admiralty, the Secretary of State for War and the Secretary of State for Air, each of whom explained to the Conference the aspects of defence which concerned his special responsibilities.

In addition to these statements there was a full and frank interchange of views in which the standpoints of the various representatives and the circumstances of their countries were made clear. There were also discussions at the Admiralty and Air Ministry at which Naval and Air Defence were dealt with in greater detail. The points involved were explained by the Chiefs of the Naval and Air Staffs respectively and were further examined.

In connection with Naval Defence one matter of immediate interest came before the Conference, namely, the projected Empire Cruise of a squadron of modern warships. The First Lord of the Admiralty explained that the project was that two capital ships, the "Hood" and the "Repulse," together with a small squadron of modern light cruisers, should visit South Africa, Singapore, Australia and New Zealand, and return by way of British Columbia, the Panama Canal and Eastern Canada. The light cruisers would accompany the battle cruisers as far as British Columbia, but would return to England by way of the west coast of South America and Cape Horn. The Dominion Prime Ministers expressed their appreciation of this proposal, and assured the Conference that the ships would be most heartily welcomed in their countries.

After the whole field of Defence had been surveyed, the Conference decided that it would be advisable to record in the following resolutions its conclusions on the chief matters which had been discussed:—

- " (1) The Conference affirms that it is necessary to provide for the adequate defence of the territories and trade of the several countries comprising the British Empire.
- " (2) In this connection the Conference expressly recognizes that it is for the Parliaments of the several parts of the Empire, upon the recommendations of their respective Governments, to decide the nature and extent of any action which should be taken by them.
- " (3) Subject to this provision, the Conference suggests the following as guiding principles:—
  - " (a) The primary responsibility of each portion of the Empire represented at the Conference for its own local defence.
  - " (b) Adequate provision for safeguarding the maritime communications of the several parts of the Empire and the routes and waterways along and through which their armed forces and trade pass.
  - " (c) The provision of Naval bases and facilities for repair and fuel so as to ensure the mobility of the fleets.
  - " (d) The desirability of the maintenance of a minimum standard of Naval Strength, namely, equality with the Naval Strength of any foreign power, in accordance with the provisions of the Washington Treaty on Limitation of Armament as approved by Great Britain, all the self-governing Dominions and India.
  - " (e) The desirability of the development of the Air Forces in the several countries of the Empire upon such lines as will make it possible, by means of the adoption, as far as practicable, of a common system of organization and training and the use of uniform manuals, patterns of arms, equipment, and stores (with the exception of the type of aircraft), for each part of the Empire as it may determine to co-operate with other parts with the least possible delay and the greatest efficiency.

" (4) In the application of these principles to the several parts of the Empire concerned the Conference takes note of:—

" (a) The deep interest of the Commonwealth of Australia, the Dominion of New Zealand, and India, in the provision of a Naval Base at Singapore, as essential for ensuring the mobility necessary to provide for the security of the territories and trade of the Empire in Eastern Waters.

" (b) The necessity for the maintenance of safe passage along the great route to the East through the Mediterranean and the Red Sea.

" (c) The necessity for the maintenance by Great Britain of a Home Defence Air Force of sufficient strength to give adequate protection against air attack by the strongest air force within striking distance of her shores.

" (5) The Conference, while deeply concerned for the paramount importance of providing for the safety and integrity of all parts of the Empire, earnestly desires, so far as is consistent with this consideration, the further limitation of armaments, and trusts that no opportunity may be lost to promote this object."

### XIII.—STATUS OF HIGH COMMISSIONERS

Certain questions were discussed relating to the status of the High Commissioners in Great Britain, particularly in connection with precedence and with exemption from taxation, Customs duties, etc.

The representatives of the British Government undertook to examine the points raised, while explaining that any alteration of the existing rules of precedence would require the approval of His Majesty the King.

### XIV.—POSITION OF INDIANS IN OTHER PARTS OF THE EMPIRE

The position of Indians in other parts of the Empire was reviewed by the Conference in the light of the developments which have taken place since the Resolution which formed part of the Proceedings at the 1921 Conference. The subject was opened by a general statement from the Secretary of State for India as Head of the Indian Delegation. He explained that the intensity of feeling aroused in India by this question was due to the opinion widely held there (which, however, he did not himself share) that the disabilities of Indians were based on distinction of colour and were badges of racial inferiority. This statement was followed by a full presentation of the case on behalf of India by Sir Tej Bahadur Sapru and His Highness the Maharajah of Alwar.

It was found possible to publish these speeches, and those made in the course of the discussions by the Prime Minister of Great Britain, the Secretary of State for the Colonies, the Dominion Prime Ministers and the Minister of External Affairs of the Irish Free State, shortly after the speeches had been delivered.† In this respect the procedure differed from that at the Conference of 1921 when only the Resolution adopted was made public. It is unnecessary in the present Report to do more than refer to the main proposal made on behalf of the Indian Delegation and the views expressed and conclusions reached with regard to it. The Indian proposal was to the effect that the Dominion Govern-

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ments concerned, and the British Government for the Colonies and Protectorates, should agree to the appointment of Committees to confer with a Committee appointed by the Indian Government as to the best and quickest means of giving effect to the Resolution of the 1921 Conference.

In the case of the Union of South Africa, which was not a party to the 1921 Resolution, Sir Tej Bahadur Sapru expressed the hope that the Union Government would agree to the Government of India sending an agent to South Africa who would protect Indian nationals there, who would serve as an intermediary between them and the Union Government, and who would place the Indian Government in full possession of the facts regarding Indian nationals in South Africa.

The Conference expressed its high appreciation of the able and moderate manner in which Lord Peel and his colleagues had presented the Indian case. The opinions expressed and the conclusions reached with regard to the above suggestions were, in brief, as follows:—

The Prime Minister of Canada observed that, so far as he knew, Indians now domiciled in Canada did not suffer any legal or political disability in eight out of the nine provinces of Canada; as regards the ninth province—British Columbia—he was not aware of any legal disability, and even the political disability that existed in the matter of the exercise of the franchise does not apply to all Indians because the federal law relating to the franchise lays it down that any Indian who served with His Majesty's military, naval or air forces is entitled to the franchise. He explained the present difficulties in conceding the franchise to Indians generally in British Columbia which are due not to distinction of colour but to economic and complex political considerations, and he reiterated what he had already said to Mr. Sastri on the occasion of the latter's visit to Canada in 1922, namely, that the question whether natives of India resident in Canada should be granted a Dominion Parliamentary Franchise on terms and conditions identical with those which govern the exercise of that right by Canadian citizens generally was necessarily one which Parliament alone could determine, and that the matter would be submitted to Parliament for consideration when the Franchise Law comes up for revision.

Mr. Mackenzie King added that he was somewhat doubtful whether the visit of a Committee appointed by the Government of India would make it easier to deal with this problem in Canada, but that, should it be desired to send a Committee, the Canadian Government would readily appoint a Committee to confer with the Committee from India.

The Prime Minister of the Commonwealth of Australia explained the principles underlying the present attitude of Australia on this question. He stated that the representatives of every shade of political thought in Australia had shown sympathy with the claim that lawfully domiciled Indians should enjoy full citizen rights, and that he believed that public opinion was ready to welcome, so far as concerned the position of such Indians, any measure conceived in the interests of the Empire as a whole.

The Commonwealth had the right to control the admission to its territories of new citizens, and its immigration policy was founded on economic considerations. He felt that, in view of the position which existed in Australia, there was no necessity for a Committee, but assured the Indian representatives that he would consult his colleagues on his return to Australia as to what action should be taken in connection with the Resolution of the 1921 Conference.

The Prime Minister of New Zealand said that the New Zealand Government would welcome the visit of a Committee from India such as had been

\*See Appendix V in Sess. Paper No. 37a.

suggested should this be desired; New Zealand practically gave the natives of India now resident in the Dominion the same privileges as were enjoyed by people of the Anglo-Saxon race who were settled there.

The Prime Minister of the Union of South Africa intimated that, so far as South Africa was concerned, it was not a question of colour, but that a different principle was involved. He stated that the attitude of thinking men in South Africa was not that the Indian was inferior because of his colour or on any other ground—he might be their superior—but the question had to be considered from the point of view of economic competition. In other words, the white community in South Africa felt that the whole question of the continuance of western civilization in South Africa was involved. General Smuts could hold out no hope of any further extension of the political rights of Indians in South Africa and, so far as the Union was concerned, he could not accept Sir Tej Bahadur Sapru's proposal.

The Secretary of State for the Colonies, on behalf of the British Government, cordially accepted the proposal of Sir Tej Bahadur Sapru that there should be full consultation and discussion between the Secretary of State for the Colonies and a Committee appointed by the Government of India upon all questions affecting British Indians domiciled in British Colonies, Protectorates and Mandated Territories. At the same time the Duke of Devonshire was careful to explain that, before decisions were taken as a result of discussions with the Committee, consultations with the local Colonial Governments concerned, and in some cases local inquiry, would be necessary.

Further, while welcoming the proposal, the Duke reminded the Conference that the British Government had recently come to certain decisions as to Kenya, which represented in their considered view the very best that could be done in all the circumstances. While he saw no prospect of these decisions being modified, he would give careful attention to such representations as the Committee appointed by the Government of India might desire to make to him.

Sir Tej Bahadur Sapru, while taking note of the above statement of the Duke of Devonshire, desired to make plain that the recent Kenya decision could not be accepted as final by the people of India.

The Secretary of State for India, summarizing as Head of the Indian Delegation the results attained, pointed out that the discussion had demonstrated that it was a mistake to suppose that Indians throughout the Empire were given an inferior status or that such disabilities as might be felt to exist were based on race or colour.

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## XV.—CONTRIBUTION OF INDIA TO THE EXPENSES OF THE LEAGUE OF NATIONS

The question of the contribution of India to the expenses of the League of Nations was raised by the representatives of India at the Conference and was referred to a Committee under the Chairmanship of the Secretary of State for the Colonies. It was there explained by Sir Tej Bahadur Sapru that India was assessed far higher than any other part of the Empire, except Great Britain. In 1922, Lord Balfour had stated publicly at a meeting of the Assembly that the various parts of the Empire represented on the League would settle among themselves the exact amount which each would find. India desired to ascertain whether, in view of this statement, some relief could be afforded by the other parts of the Empire.

The members of the Committee representing Great Britain and the Dominions, while expressing sympathy with the difficulties of India, explained that

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their Governments were not able to agree to any variation from the standard of contributions already laid down by the Assembly for 1923 and 1924.

In the circumstances it was, of course, impossible for the Committee as a whole to make any recommendation. Sir Tej Bahadur Sapru intimated that India must necessarily reserve the right to raise the question of its contribution at the League Assembly of 1924, and the Secretary of State for India, as Head of the Indian Delegation, affirmed this attitude when the matter came up before the Conference.

The Conference took note of the position.

## XVI.—NATIONALITY QUESTIONS

Certain questions connected with the law of British nationality were brought before the Conference at the instance of the Commonwealth Government and were referred to a Committee under the Chairmanship of the Secretary of State for Home Affairs.\* These questions were shortly as follows:—

(1) *The grant of naturalization to persons resident in Mandated Territories.*

Apart from certain special cases, there is under the existing law no power to grant an Imperial Certificate of Naturalization to a person who is not qualified by residence in His Majesty's Dominions. The Commonwealth Government proposed an amendment of the law, so as to provide for the grant of certificates on the basis of residence in "B" or "C" Mandated Territories, i.e., the territories administered under Mandates in Africa and the Southern Pacific. To this proposal (which accorded with certain recent decisions of the Council of the League of Nations) the British Government added the suggestion that similar provision should be made, generally speaking, in the case of persons resident in British Protectorates.†

The Committee decided to recommend that the power of granting Certificates of Imperial Naturalization be extended so as to cover persons resident in "B" and "C" Mandated Territories and also in Protectorates.

(2) *The appointment of Committees of Inquiry in connection with the Revocation of Certificates.*

A self-governing Dominion which has adopted Part II of the British Nationality and Status of Aliens Act, 1914, as amended, has power in accordance with the provisions of Section 7 of that Act to revoke certificates of naturalization. Provision is made in the Act for investigation of the circumstances, in given instances, by a Committee of Inquiry, presided over by a person who holds or has held high judicial office. The Commonwealth Statute adopting Part II of the Imperial Act laid down a definition of high judicial office which it is now anticipated may cause difficulty in some cases, as persons of the prescribed standing may not be available. The Commonwealth Government accordingly contemplated the adoption of a somewhat wider definition.

The Committee came to the following conclusion:—

"Having heard the reasons for which the Commonwealth Government is disposed to provide that the presidency over such Committees of

\*For the memorandum prepared by the Commonwealth Government see Appendix VI, Part I, in Sess. Paper No. 37a.

†For a joint memorandum on this subject by the Home Office and the Colonial Office see Appendix VI, Part II, in Sess. Paper No. 37a.



Inquiry may, where convenient, be taken by persons holding judicial office of lower standing than that prescribed at present by the Commonwealth statute, the Committee see no objection to a question of machinery of this nature being settled according to local circumstances and needs, if after examination of the experience of the Committee of Inquiry, and of the practice which has grown up in the United Kingdom, the Commonwealth Government desires to make an alteration."

### (3) *The Nationality of Married Women.*

The Commonwealth Government proposed an amendment of the Imperial nationality law as to the nationality of British-born women married to aliens. Under the present law the national status of the wife follows that of her husband; a British woman becomes an alien on her marriage to an alien, and there is no power to naturalize her during the continuance of the marriage. The Commonwealth Government have found that the wife's loss of British nationality tends to give rise to hardship in cases where the wife is separated from, or has been deserted by, her husband, and they accordingly suggested an alteration of the law to cover such cases.

This proposal raises wider questions of principle and policy in regard to the national status of married women, which have attracted considerable attention in recent years both within the British Empire and in certain foreign countries.\* A number of arguments for and against maintaining the existing rule that "The wife of a British subject shall be deemed to be a British subject and the wife of an alien shall be deemed to be an alien" will be found in the two draft Reports prepared by Members of a Select Committee of both Houses of the British Parliament who examined this question earlier in the year in connection with proposals which had been made for a fundamental alteration in the law.

The discussion of this question by the Committee of the Conference did not disclose any opinion in favour of altering the existing law as to the nationality of husband and wife; and the following resolution was passed:—

"The Committee are of opinion that the principle of the existing law that the nationality of a married woman depends on that of her husband should be maintained. They nevertheless recommend that power should be taken to re-admit a woman to British nationality in cases where the married state, though subsisting in law, has to all practical purposes come to an end."

The conclusions of the Committee were reported to the Conference and received approval.

## XVII.—VALIDITY OF MARRIAGES BETWEEN BRITISH SUBJECTS AND FOREIGNERS

Another matter suggested by the Commonwealth Government for consideration by the Conference concerned the law relating to the validity of marriages between British subjects and foreigners. The main difficulty appears to be that such a marriage, although validly contracted in British law, may nevertheless in certain circumstances be invalid in the law of the foreign country concerned.†

\*The subject in its various aspects is dealt with briefly in a Memorandum prepared by the Home Office, for which see Appendix VI, Part III, in Sess. Paper No. 37a.

†For the correspondence see Appendix VI, Part IV, in Sess. Paper No. 37a.

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The Committee, under the Chairmanship of the Home Secretary, to whom this question was referred, came to the conclusion that, having examined the action which is being taken by the Foreign Office and the Home Office to carry into effect the Marriage with Foreigners Act, 1906, they had no recommendation to make. The Committee's resolution to this effect was laid before the Conference and accepted.

## XVIII.—PROPOSED EXTENSION OF THE POWERS OF THE IMPERIAL WAR GRAVES COMMISSION

During the course of the Conference a proposal was received from the Imperial War Graves Commission that the powers conferred upon the commission by the Charter of 10th May, 1917, and the Supplementary Charter of 10th August, 1921, should be extended so as to enable the Commission to comply with a request, based on public expediency and economy, that they should undertake the public duty of the future maintenance of such Cemeteries and Graves as the Old Military Cemetery at Tel el Kebir, the Crimean Cemetery at Scutari, which is in the same plot of ground as the Commission's War Cemetery, and the older Cemeteries in Turkey which could more conveniently be maintained in conjunction with the graves of those who fell in the Great War.

This proposal was submitted to the Representatives of the Governments concerned, all of whom have indicated their acceptance of the proposed amendment of the Charters by the addition of a clause to the following effect:—

"The Commission, if in their absolute discretion they deem it desirable, may, at the request of any Government of any part of Our Empire responsible for or desirous of maintaining any place of burial or memorial whether or not of or relating to such Officers or men as may fall within the descriptions contained in Our Original Charter of May 10, 1917, on Our Supplemental Charter of August 10, 1921, or of or relating to any other Officers, men or civilians whatever, exercise with regard to such place of burial or memorial aforesaid and the graves in such place of burial all or any of their powers as in the said Original and Supplemental Charters were applicable to the said burial place or memorial and graves, provided that the cost of or incidental to any exercise of the additional powers given by this Our Charter be provided by the Government making the aforesaid request.

Accordingly the necessary steps will be taken forthwith to incorporate a clause on the above lines in a further Supplementary Charter for submission to His Majesty the King.

## XIX.—ADDRESS TO HIS MAJESTY THE KING, EMPEROR OF INDIA

The following Address to His Majesty was moved by the Prime Minister of Great Britain at the concluding meeting of the Conference and was unanimously adopted.\* Mr. Baldwin, as Chairman of the Conference, was asked to submit the Address to His Majesty.

TO HIS MAJESTY THE KING, EMPEROR OF INDIA.

"We, the Prime Ministers and Representatives of the British Empire, who have been assembled to take counsel during the past six weeks, desire,

\*For the reply from His Majesty see Appendix VIII in Sess. Paper No. 37a.

before our meetings come to an end, to give expression once again to our affection and respect for Your Majesty and Her Majesty the Queen, and to reaffirm our fidelity to the Crown.

"We have had to face, in the course of the deliberations at both our Conferences, many and serious problems which confront the sister nations and the peoples of the British Commonwealth. We shall count ourselves fortunate if we have been able to contribute towards the solution of these problems, even to a small degree.

"Yet as we look back on the years which have passed since the Great War, we are proud to feel that, amid the economic and political convulsions which have shaken the world, the British Empire stands firm and that its widely scattered peoples remain one in their belief in its ideals and their faith in its destiny.

"To the task of promoting that unity, of which the Crown is the emblem, Your Majesties have long devoted your strength and labours. We pray that the consciousness of the devotion of the peoples and the members of your Empire may encourage and uphold you in that task for many years to come."

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## XX.—CONCLUDING RESOLUTION

The Conference at its concluding meeting placed on record the following Resolution:—

"Before the meetings of the Imperial Conference terminate, the Prime Minister of Great Britain and his colleagues desire to express their great pleasure at having been able to welcome in London the Prime Ministers of the Dominions and the other Representatives from overseas, and their appreciation of the readiness of other members of the Conference to travel so far in order to take part in its sittings.

"On their part the Prime Minister and Representatives of the Dominions and India wish to place on record their thanks, first to the Prime Minister of Great Britain for his conduct of the business of the Conference, and secondly, both to him and to the other members of the British Government for their constant attention to its work, in spite of the pressure of other duties.

"The members of the Conference are unanimous that the hours spent in consultation have been of the greatest value, and will do much to facilitate the work of achieving unity of thought and action on matters of common concern to all parts of the Empire."

LONDON, November 8. 1923.







# IMPERIAL CONFERENCE

1923

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## APPENDICES

TO THE

## SUMMARY OF PROCEEDINGS



OTTAWA  
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1924



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## IMPERIAL CONFERENCE, 1923

### Appendices to the Summary of Proceedings

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#### APPENDIX I.

#### OPENING SPEECHES, OCTOBER 1, 1923

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#### OPENING SPEECH BY THE PRIME MINISTER OF GREAT BRITAIN

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##### WELCOME TO OVERSEA REPRESENTATIVES

MR. STANLEY BALDWIN: I have great pleasure in extending to you all a very hearty welcome to Great Britain. General Smuts and Mr. Massey are no strangers to this historic Council Chamber. They took an important part in the deliberations of the last Conference, and indeed in those of all similar meetings held here since 1917. The same is true of Lord Curzon. The rest of us, with the exception of Mr. Burton, are, I believe, here for the first time at an Imperial gathering of representatives of Great Britain, the Dominions and India.

I have at the outset to draw your attention to the enlargement which has taken place in the circle of the Imperial Conference by the constitution last year of the Irish Free State. I am sure you will wish that I should, on behalf of all His Majesty's Governments who have in the past been entitled to attend these meetings, extend to Mr. Cosgrave, as President of the Free State Executive, and to his colleagues, a cordial welcome on joining our councils.

We welcome Mr. Mackenzie King, and we shall rely on him to continue the high traditions of his predecessors. Especially shall we be glad to benefit by his knowledge of industrial problems. Mr. Warren is almost as new to his high office as I am to mine, but he is no stranger to this country. Nor is Mr. de Wet, to whom also I extend the cordial greeting. Mr. Bruce is unable to be with us at the opening of our deliberations, but we shall welcome him a few days hence.

It is a great pleasure to have with us distinguished representatives of the Indian Empire in the persons of His Highness the Maharajah of Alwar and Sir Tej Bahadur Sapru. His Highness is widely known as an enlightened ruler deeply interested in the educational and material progress of his State—a State which rendered valuable help in men and money during the war. Sir Tej Bahadur Sapru has long been a conspicuous figure in Indian public life, and we recognize in him a brilliant lawyer and wise statesman.

##### GERMAN REPARATION AND RUHR OCCUPATION

In his review of the state of the world at the opening of the last Conference in the summer of 1921, the British Prime Minister struck on the whole a moderately hopeful note. At home he observed a sense of strain and exhaus-



tion after the prolonged struggle of the war; there was labour unrest and unemployment, though no actual privation amongst our people. Abroad there was turmoil and tension, but some of the most troublesome and menacing problems of the peace had either been settled or were in a fair way of settlement. One of these was the disarmament of Germany, the other was reparation. The former was in process of being accomplished. The schedule of reparation liabilities drawn up in accordance with the Treaty of Versailles by the Reparation Commission had been forwarded to the German Government on the 5th May, 1921. When Mr. Lloyd George spoke six weeks later it had been accepted by Germany, so that, as he told his colleagues at this table, the two most troublesome problems were either settled or in a very fair way of being adjusted. Nowhere is prophecy more difficult than in politics, and especially in the field of foreign affairs.

As is well known, it proved impossible to hold Germany to the fulfilment of her reparation obligations under the scheme evolved in May, 1921. The Allies at various times granted alleviations and postponements, but the German payments grew ever less, until at the end of last year we were faced with the possibility of total default. Definite proposals for a complete and final settlement were made in January last by Mr. Bonar Law. These proposals involved heavy sacrifice by the British taxpayer in the direction of writing off debts for which we hold the unconditional obligations of our Allies. Our proposals would involve the writing off of the greater part of the Allied obligations amounting to over £1,200 million sterling and leaving the British taxpayer to face the resulting burden without himself receiving payment. We deeply regret that so generous an offer to effect a final settlement did not receive more favourable consideration.

This difficult problem of reparation was complicated by a difference of opinion amongst the Allies as to the measures to be taken to secure the payment of what was due to them. It need scarcely be emphasized that there was no difference of opinion whatever on the principle that Germany should be made to pay to the utmost limit of her ability. The French and Belgian Governments decided to seize and exploit the Ruhr Valley, and they claimed that, Germany having been reported in voluntary default by the Reparation Commission, they were entitled to do this under the Treaty of Versailles. His Majesty's Government could not share this view, and were, moreover, convinced that such action could not but prejudice the prospects of the Allies ultimately securing the bulk of reparation. The French and Belgian Governments, however, with the acquiescence, though not very active support, of the Italian Government, proceeded to put their plan into execution. His Majesty's Government decided that, being convinced of the inexpediency of such action, they could take no part in the execution of the Franco-Belgian measures. The German Government, refusing to recognise the legality of the occupation ordered and organised passive resistance, which has been practised up till now, and has, in its turn, called forth ever stronger measures on the part of the occupying authorities. His Majesty's Government have had no easy task, while remaining in occupation of part of the Rhineland, in carrying out their policy of neither helping nor hindering the action of their Allies, but they dare to hope that they have succeeded in the main in maintaining an attitude of strict neutrality. The Notes which have been exchanged between us and the French Government since the January Conference have more and more revealed an honest divergence of opinion as to the best method of obtaining reparation and of advancing the cause of permanent peace in Europe. That divergence reflects differences of temperament and outlook between the two nations which it would be foolish to ignore, but the last twenty years have shown that they are not incompatible with whole-hearted co-operation in the face of grave danger.

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We have strained every nerve to preserve the solidarity of the Allies and especially the Entente with France. We have done this believing that any rupture between us might still further postpone the peace which Europe so sorely needs. I am aware that the patience we have shown in trying to preserve good relations with France has laid us open in many quarters to the charges of indecision and weakness. But at least it has borne witness not only to our wish to act, in the words of Disraeli, as "a moderating and mediatorial Power" in the Councils of Europe, but to our ardent desire to preserve our friendship with France.

At this moment it seems that we are entering on a new phase with the collapse of German passive resistance, which appeared to be imminent when I met the French Prime Minister in Paris not many days ago. How the new situation will develop I shall not venture to predict, but one thing was clear to us in Paris, and becomes daily clearer; it is only by the closest co-operation and complete confidence of the Allies in each other that we can hope for a settlement of Europe's difficulties.

A fuller and a more detailed statement of the situation will be made to you by the Foreign Secretary when we come later on in the week to the discussion of foreign affairs.

## THE JANINA MURDERS AND OCCUPATION OF CORFU

Within the last few weeks, we have been faced by a sudden crisis in the relations between Greece and Italy which threatened at one moment to assume serious proportions, but which, I am glad to say, has now been settled. I do not desire to anticipate what will be said later upon this subject, but I wish in my present speech to call your particular attention to the very useful and, in my opinion, effective part played in this crisis by the League of Nations. I am aware that there are many people who consider that the League has missed a very obvious opportunity of establishing its prestige in quarters where it has hitherto been either derided or ignored. The temptation to react dramatically and violently to the present crisis is one to which a less statesmanlike body than the League Council might pardonably have succumbed. I consider that the members of the Council deserve the greatest credit for having placed the permanent interests of peace above what might have seemed the immediate interests of the League itself. And in this moderation they have been amply justified; there is no single person possessing real knowledge of the recent crisis or any settled experience of similar crises in the past, who does not realize to-day that, had the League not existed and acted as it did, a resort to arms would almost inevitably have taken place, and that, had the Council not shown the wise discretion for which in some quarters they have been assailed, the outcome of the crisis might have been very different. The League by its moderation and common sense may temporarily have disappointed the expectations of its more ardent and impetuous supporters, but the exhibition of these qualities in very trying circumstances has strengthened its hold upon the confidence of reasoning men in all countries.

I think we have every reason to be satisfied with the part played by our Delegations at Geneva in contributing to this happy result.

## TREATY OF LAUSANNE

Peace with Turkey was signed at Lausanne on the 24th July last, after a Conference lasting seven months, with a suspension of sittings from the 2nd February to the 20th April. Various reasons—the delays of the Paris Peace

Conference, political changes in Greece, the difficulty of maintaining a united Allied policy, the development of a strong military and nationalist movement in Turkey—compelled us to negotiate a treaty with Turkey on a different basis and of a different nature from those concluded with our other enemies of 1914. The Secretary of State for Foreign Affairs will shortly explain to you in greater detail the genesis of the treaty and its main lines, but I think that after hearing his statement you will agree with me that, broadly speaking, this treaty not only safeguards the essential interests of the British Empire, without damage to British prestige, but has done something to reconcile those different national and religious interests which have so often troubled this quarter of the world, and may have laid the foundation of a period of comparative tranquility and economic reconstruction.

#### DEBT TO THE UNITED STATES OF AMERICA

Thanks largely to a mutual determination to arrive at an agreement, arrangements have been concluded with the Government of the United States of America for the gradual repayment over a long period of the sums we borrowed from that Government to ensure the successful prosecution of the war. It must be remembered that on our debt we were liable, apart from any question of repayment, to pay 5 per cent—amounting to over 200 million dollars—for interest alone. The funding arrangement has reduced the burden for interest and repayment combined to 161 million dollars per annum. The burden, despite the various provisions intended to assist us in shouldering it, is very heavy; it amounts to 7d. in the £ on income tax; it equals three-quarters of our total receipts from that tax before the war. The repayment of this debt is going to call for all our energies. But we considered that funding the debt was the only possible course consistent with the supreme standard of British credit; and that it was an essential preliminary to the restoration of the normal economic life of the world. The debts of Great Nations must be recognized if the foundations of commercial progress are to stand.

#### IMPERIAL DEFENCE

It will be remembered that when the last Imperial Conference was held in 1921 the chief question with regard to Imperial defence under consideration was the future of the Anglo-Japanese Alliance and its bearing on the relations of the British Empire with the United States.

#### WASHINGTON CONFERENCE

It was during these discussions, which extended over several days, that the invitation from the President of the United States for a Conference on Disarmament was received.

The Conference on Limitation of Armaments assembled in Washington in November, 1921. I do not think I exaggerate if I say that the results achieved exceeded our most sanguine anticipations. If these were due in great part to the dramatic proposals with which the United States Government confronted the Conference at its opening meeting, by general admission they were also in no small degree attributable to the skill, tact and diplomacy of Lord Balfour, ably assisted by the delegates from the Dominions and India.

It may not be out of place to remind you that these results included:—

1. The Treaty for the Limitation of Naval Armament.
2. The Quadruple Pacific Treaty.
3. The Nine-Power Treaty regarding China.

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4. The Nine-Power Treaty regarding the Chinese Customs Tariff.
5. The Treaty for the protection of the lives of Neutrals and Non-combatants at sea in time of war and to prevent the use in war of noxious gases and chemicals.
6. Many supplementary Resolutions and Declarations.

I think we may justifiably claim that these results which are not only a real benefit but also contain a promise in the future for the whole Empire, are in no small measure due, first, to the last Imperial Conference, which was so largely concerned in initiating the Washington Conference, and, second, to the British Empire Delegation, which co-operated so successfully with the United States and other Governments in bringing it to fruition.

The ratification of the Quadruple Pacific Treaty has now been completed, and thereupon the agreement concluded between Great Britain and Japan in 1911 automatically terminates.

We have all been deeply moved by the news of the recent earthquake in the East, and I am sure you will wish me to express our profound sympathy with our faithful Ally in the terrible calamity which has befallen her and our recognition of the brave spirit in which she has met it.

## AIR DEFENCE

The other chief questions of Imperial Defence which have been dealt with in the interval since the last Conference will be reviewed later by the Lord President of the Council. Problems of Empire Defence will necessarily occupy a considerable share of our deliberations. It will be within your knowledge that we decided with great reluctance to add to our defensive Air Forces. When announcing this increase in our programme to Parliament, I said, and I should like to repeat here, that, in conformity with our obligation under the Covenant of the League of Nations, His Majesty's Government would gladly co-operate with other Governments in limiting the strength of air armaments on lines similar to the Treaty of Washington in the case of the Navy, and any such arrangement, it is needless to say, would govern our policy of air expansion.

## UNEMPLOYMENT

The impoverishment of the world consequent on the ravages of the war has been immensely aggravated and prolonged by the unsettlement of Europe which I have described. Contraction of trade in Europe is felt throughout the world, in India, in Canada, in Australia, in South Africa, on all of whom the European market reacts. All countries of the world are burdened by debt, by taxation, by budget difficulties, by exchange fluctuations. We here at home as a great trading and exporting country feel the result with especial severity.

Since the summer of 1921 there has on the whole been some improvement in the state of employment in this country; but unfortunately the numbers unemployed remain still very large, and the depression in trade which revealed itself in the autumn of 1920 has not passed away.

In the spring and early summer of the present year there were signs of an early revival of trade. Unhappily the improvement then promised and partly realized has suffered a check. Recently the figures of unemployed have taken an upward turn, and it is to be feared that this increase will continue during the coming winter months. We have roughly a million and a quarter out of work as compared with a little over a million and a half when the last conference met.

## INTER-IMPERIAL TRADE

The efforts of the Government to cope with this situation have been and will continue to be directed on three main lines. In the first place, relief works of a useful and practical kind and costing many millions are set in operation with Treasury assistance through Local Authorities and otherwise. Secondly, provision on an unprecedented scale is made through the National Unemployment Insurance Scheme for those in the insured trades who are unavoidably unemployed; and thirdly, every practicable step is taken to stimulate and encourage the revival of trade at home, with the Dominions, India and the Colonies and with foreign countries.

An Agenda for the Conference has been prepared and it embraces a number of topics in addition to foreign affairs and defence which it is desirable we should examine together, but I think you will agree that one of the most important items on it is this question of inter-Imperial trade. The whole subject will be gone into by the Economic Conference under the Chairmanship of my friend, the President of the Board of Trade, and we shall have before us here some of the major questions which are involved. I am confident that we shall be able to devise measures which will be to our mutual advantage by way of redistributing the population, improving transport and means of communication, and, generally, increasing the facilities for the growth of trade within the Empire.

The economic condition of Europe makes it essential that we should turn our eyes elsewhere. The resources of our Empire are boundless and the need for rapid development is clamant. I trust that we shall not separate before we have agreed upon the first steps to be taken to create in a not too distant future an ample supply of those raw materials on which the trade of the world depends. Population necessarily follows such extension, and that in its turn leads to a general expansion of business from which alone can come an improvement in the material condition of the people.

## INDIA

Upon the peculiar problems presented by India I do not now propose to dwell, however briefly. Doubtless they will be authoritatively interpreted to us, as occasion arises, by the Members of the Indian Delegation. But it does seem to me important to remember that this great country stands at the moment in special need of all the sympathetic understanding we can give her. She is engaged, under British guidance, in the stupendous task of educating one-fifth of the human race to the burdens and privileges of responsible government; and the period of transition between the old tradition régime and the emergence of self-governing institutions must necessarily be both delicate and difficult. Moreover, her relationship with other component elements in the British Commonwealth presents a problem at once complex and critical, for in it are involved the contact of civilizations, so varied in history and tradition, and the future harmony of East and West. I am convinced that we may look with confidence for the co-operation, not merely of the peoples of India themselves, but also, in so far as may lie in their power, of the Dominion Governments.

## CLOSING SURVEY

Contemplating Europe as we do to-day, and comparing what we see with what we hoped for three or four years ago, we can find little to encourage us in our labours. The size of armies and the money spent on munitions are greater than in 1914. Economic solidarity is rent asunder. Is it not amazing that



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after an exhausting world-wide war all efforts should not be directed to reconstruction, to the building up of the wealth spent in war and waste, and to the recreation of the economic machinery which war has put out of joint? The only consolations I can draw in a situation so charged with unrest are to recall the history of the past and to reflect on the unity of our own Empire and the deep and universal desire of our people for peace.

All the great European wars have been followed by a recrudescence of militarism and the nations have taken far more years to recover from the shock of war than the years which separate us from the Treaty of Versailles. It took France a couple of centuries to recover from the Hundred Years' War; a long and dreary period followed the Thirty Years' War, in Germany. The years which followed Waterloo were among the darkest in our national history. After the Congress of Vienna there was no organized demand for schemes of disarmament.

Compared with a century ago, we have, at least within limits, a League of Nations, and no one can have studied the transactions of its Assembly at Geneva without becoming aware of a growing international moral sense, and a determination to confront the problems of the reduction of armaments, difficult as they must be. What can be achieved by international co-operation and reconstruction on sound economic lines is shown in the case of Austria, where nine Governments have joined to guarantee a loan. No one who knew Austria eighteen months ago would recognize the new spirit which now prevails there. Compared with a century ago, there is a powerful friend of peace in the United States. In this room on this occasion it is natural that we should be most conscious of that League of Nations in whose name we are assembled—the British Commonwealth—that system of States spread all over the world, far greater, as General Smuts once truly said, than any Empire which has ever existed, “a dynamic system growing, evolving all the time towards new destinies.”

## THE BRITISH EMPIRE

The British Empire, whose representatives are assembled here to-day, has often been described as the product of accidents. It is, in fact, the natural and spontaneous product not of its own necessities only, but of those of mankind. Scarcely four centuries have passed since the continents of the world swung like new planets into each other's ken. When Columbus discovered America and Vasco da Gama opened the routes to the East, all nations and kindreds of the earth were presently brought into intimate contact. A few years later a political writer of the sixteenth century remarked: “Henceforth the world is one Commonwealth.” In a sense his words were prophetic. Our ever increasing control of natural forces has so knit the nations together that whatever affects one for good or ill affects them all. They are as organs of one body. But the mastery achieved over physical forces has completely outdistanced the control acquired over human forces. The fact is that our minds learn far more quickly than our characters change; so the social and political structure of the world has not kept pace with the growth of its knowledge. I am not saying that no progress has been made in applying moral ideas to political facts. Before me I see men who together can speak for a world commonwealth containing one-quarter of mankind. The peoples you represent are drawn from all the continents, from all their races, from every kind of human society. Like a network of steel embedded in concrete this Commonwealth holds more than itself together. It held through the greatest cataclysm that has ever shaken the foundations of the world. Dissolve those ties and civilization itself would collapse.

We are often told that self-interest binds the Empire together. A half truth presented as the whole is a dangerous falsehood. I have likened the ties which unite us to steel, but steel of the wrong temper may be brittle as glass. The only element which can give a tensile quality to human ties is a sense of duty in men to each other. We, gathered in this chamber, will strengthen the bonds which unite us so far as we are able to keep in mind the needs of others than those for whom we speak. We stand here on an equal footing and no Government present in this chamber can bind the rest. We can act with effect so far as we agree, and no further; but I weigh my words when I say that we shall achieve agreement and so strengthen the bonds which unite us only in so far as each and all of us is seeking how to relieve not only our own difficulties and troubles, but those also of a distracted world. The British Empire cannot live for itself alone. Its strength as a Commonwealth of Nations will grow so far as its members unite to bear on their shoulders the burdens of those weaker and less fortunate than themselves.

### OPENING SPEECH BY THE PRIME MINISTER OF CANADA

MR. MACKENZIE KING: Prime Minister and Gentlemen: The Prime Minister in his opening remarks made reference to precedents which have been established at former gatherings. I understand that the representative of the senior Dominion has been the first to speak after the Prime Minister of Great Britain. In these circumstances, I venture to say just a word or two. Personally I could not but wish that one of the more experienced and older members of the gathering had been the first to address his remarks to this Conference, my friend Mr. Massey, or General Smuts, who have been at similar gatherings in the past; but it may be well that precedents should be observed, and the procedure at former Conferences followed.

### WELCOME TO REPRESENTATIVES OF IRISH FREE STATE

May I thank the Prime Minister very cordially for the heartiness of the welcome which he has extended to us? I am sure we all join with him in experiencing pleasure at the presence at this gathering of the representatives of the Irish Free State. Coming from the Dominion of Canada, the close association of the name of our Dominion with that of the new Irish Free State in the Treaty and Constitution makes it a special pleasure to me to have the privilege of meeting at this table the representatives of that State.

### COMMENTS ON MR. BALDWIN'S SPEECH

Having regard to the short time we expect to occupy this morning, it would scarcely, I think, be advisable for me in any way to attempt to comment upon the clear, comprehensive review which has been made by the Prime Minister of the situation in Europe, and the mention made of other parts of the world, except to say that the information which has been given to us to-day, and particularly the elevated note which has been struck, will, I believe, be welcome not only to members of this gathering, but to the countries that are represented here, and, indeed, should be helpful in the wider field of international relations. The subjects that have been touched on are, of course, among the most important with which the British Empire is concerned, the issues with which they deal and to which they give rise are far-reaching, and it would not be advisable therefore to attempt to comment in any particular upon any phase of the questions at this stage. During the sittings of the Conference I assume ample opportunity will be afforded to all of us to make such references and comment as we may think would be necessary and helpful.

## VALUE OF IMPERIAL CONFERENCES AND OF PERSONAL CONSULTATION

I feel it is a very great privilege to have the opportunity of meeting in this personal way members of the British Government, the heads of the Governments of the Self-Governing Dominions, and the representatives of India, to discuss matters, many of which are of common concern. In matters of government the value of personal contact and association cannot I think be over-estimated. Some of the gentlemen present, most in fact, I am having the opportunity of meeting for the first time to-day; some little acquaintance has been formed by correspondence and cables, but I think a personal meeting is worth more than all the cables and correspondence combined. In so far as I have the privilege of speaking for the people of Canada, I would say that at this Conference we have only one aim and purpose, that, namely, which actuates all of us, of meeting together with a view to being mutually helpful, in doing what we can towards solving as far as may be possible many of the great problems which are of concern to us all. I think as we each speak our minds clearly with reference to matters in which some of us have perhaps a special interest and to other matters of general interest, we will find that no problem is incapable of being at least in some way appreciably solved if the spirit of goodwill is present, as it is certain to be in this gathering.

## VALUE OF PUBLICITY

May I just say this one word—it is a thought which has come to me more forcibly as I have listened to the Prime Minister's review—important as it is that those of us who represent Governments and are members of Governments should have the information which has been given to us to-day, and should have a common understanding among ourselves, more important I believe it to be that the Parliaments of the Empire should have equal advantage, as far as may be possible, of the fullest information with respect to such matters as are of concern to us all, and not only the Parliaments, but still more important, I would say, as far as this can be attained, the peoples of the various Dominions from which we come. For that reason I am glad of the publicity which is to be given to to-day's proceedings.

As a common sentiment, a common feeling, is developed among the peoples of the component parts of the British Empire, the solution of the questions that arise will be found appreciably easier. I can think of no greater service any of us could find it possible to render than that perhaps of taking back to our Parliaments, and through our Parliaments transmitting to our people, much of the information which we will gather here, information which will be helpful in interpreting to those whom we represent the difficulties and problems with which other parts are concerned. Similarly, I feel positive that no contribution can be rendered to this gathering of greater value or of greater permanent worth than that as representatives we should seek not merely to express our own individual views, but, so far as we can do it, set forth the views of our Parliaments and the views of the people represented in our Parliaments, with reference to the affairs of the Empire, and of the different countries that compose it.

## EMPIRE STANDS FOR PEACE

I think, Prime Minister, that throughout the British Dominions there will be very great satisfaction at the emphasis which you have placed upon the desire which actuates us all here, not only to further goodwill and harmonious relations between the different parts of the Empire, in working out our own problems, but also to make what contribution we can towards peace and justice.

in the world. That, I think, is the pride we all feel in the British Empire, that it has stood for peace, justice and goodwill among men, and, in so far as we can make a contribution that will be of benefit to mankind, it seems to me that it will come in largest measure through the circumstance that, representing different countries, scattered in different parts of the globe, we nevertheless are all one in our aims and in our purpose, and that the purpose which you have just set forth in such eloquent terms.

#### OPENING SPEECH BY THE PRIME MINISTER OF NEW ZEALAND

Mr. MASSEY: Prime Minister, I do not intend at present to comment upon matters to which you have referred in the very clear and very exhaustive statement which you have just given to the Conference. I say that because I think better and more suitable opportunities will offer later on, and I would just like to express a hope that before this Conference comes to an end we shall be able to do something definite and satisfactory in the way of solving as many as possible of the problems that have arisen during the last few years. I just wish to join with you, Prime Minister, and with the Prime Minister of Canada, Mr. Mackenzie King, in the welcome which you have extended to each and every one of the new members who have appeared at the Conference table to-day for the first time. I have no doubt they will be able to do good work, and as one of the older members I can say for myself, and I know General Smuts will join with me, we shall be very pleased to have their assistance in the many matters that are certain to be brought before us during the next six weeks or two months.

#### OPENING SPEECH BY THE PRIME MINISTER OF THE UNION OF SOUTH AFRICA

##### WELCOME TO REPRESENTATIVES OF IRISH FREE STATE

General SMUTS: Prime Minister, I join with my colleagues here in expressing with what great interest we have listened to you. I also join with them in welcoming our friends from Ireland to this Conference. You have painted a very dark picture of the present state of affairs in Europe, and yet the presence of the Free State here goes to show what the spirit of goodwill can effect. Two years ago, when we had our last Imperial Conference, the state of affairs in Ireland was about as black as anything which exists in Europe to-day; but the difficulties were resolutely grappled with and as a result we have the Irish Free State represented here at this great Conference, sitting at this Board of our Commonwealth and collaborating with us on the problems which face us all. A case like this is to me a proof that nothing is really as bad as it looks, nor perhaps is Europe as bad as it looks. I join most heartily and most sincerely in welcoming our friend President Cosgrave here to-day. He will find in this Conference, I am sure, sympathy and support from all of us. The difficulties which Ireland has passed through and will continue to pass through are difficulties which are not peculiar to her. He will find that many of those questions which confront Ireland are common to the whole Empire. Here he will find help and assistance and sympathy in the consideration of his own problems, and he will find that this Conference, this High Court of our great Commonwealth, is the best forum for the discussion of his problems.

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I am very glad that Mr. Massey has been able to come. I know he has had to face great difficulties in coming. However, he has triumphed, as he always does, and I hope that, now we shall have a full Conference, we shall be able to do really good work and that a real advance will be registered on this occasion.

## SITUATION IN EUROPE

This is a most important and solemn occasion in the history of our great Commonwealth. The picture which the Prime Minister has painted to us to-day in his able and interesting speech is a very black one. The world is undoubtedly in a bad way. Instead of the peoples drawing together as we hoped they would after the War the tendencies are the other way, the passions which the War has let loose are still rampant everywhere, and if ever there was a time when a helping hand was needed by the world, and Europe especially, it is now. Our Commonwealth is still there; it has stood many a storm; it has laid down many a great precedent in the history of the world; and the present situation in Europe more than any previous one calls for a great united effort on its part. I trust it will really pull its weight and make a great contribution to the solution of the questions which are confronting the world.

## WASHINGTON CONFERENCE

You are right, Prime Minister, in pointing out what was achieved with regard to the Washington Conference. There is no doubt that the inception of the Washington Conference was brought about in this Chamber. It originated here in our deliberations, and owing to the subsequent great initiative of the Government of the United States.

That Conference marked greater advance for peace than any other Conference which has been held after the war. In that way the last Imperial Conference became very fruitful. I hope that this Conference will be as fruitful, and even more fruitful, in the contributions which it will make towards a settlement of the questions which are now distracting the world.

With regard to the Empire questions to which you have referred, I am sure that in one way and another they are all capable of solutions. At least, we can, as Mr. King has said, make an advance toward their solution. The spirit of goodwill and friendship in which we meet here makes every question soluble. We can register an advance even if we cannot arrive at definite solutions. In saying this, I do not wish to enter into a discussion of details; we will do that as the Conference progresses.

MR. BALDWIN: Yes, on Friday.

## POWER OF THE EMPIRE

GENERAL SMUTS: Yes, Friday. I await the statements of the Foreign Secretary and other gentlemen who are going to address us. But let me say this here and now; I have the feeling that our Commonwealth is a very great and powerful one. The British Empire can exert a force such as possibly no other agency on earth to-day to pull the world together, and I am anxious, so far as it can be done with goodwill and firmness, that whatever influence there is in this Empire, this greatest machine on earth, should be used to the full in order to assist the settlement of Europe. We have no reason to speak with bated breath. For centuries this country has, on every critical occasion in the history of Europe, spoken with the voice of authority, and the other Nations have always in the end had to listen to that voice.



My feeling and my desire is that on a unique occasion like this, without using threats or violent language, and in a spirit of complete goodwill, we should once more do what has been done before and speak with a voice that will be listened to in the affairs of the world. I am not going into details now because we shall come to them later in the course of the week.

#### JANINA MURDERS AND OCCUPATION OF CORFU. POSITION OF LEAGUE OF NATIONS

You have made reference to the League, and I agree with what you have said. At the same time, I think there is much misunderstanding as to what happened quite recently at Geneva. I have the feeling that the League has strengthened its position. The League has in the face of what threatened to be a very grave crisis in Europe acted with moderation and wisdom.

But the general view is that the crisis in Southern Europe has constituted a check for the League. The impression is that the League in a first-class crisis has not pulled its weight and has been inefficient, and whatever good work there was was done by other agencies. It is most important to clear up the position and remove this erroneous impression. I hope Lord Robert Cecil, when he comes back, will be able to explain to this Conference what has really happened. It would be lamentable that the impression should gather that the League has been pushed aside. Our object should be to strengthen the League and support it in every way; there is nothing else to do. If there were some other agency holding the nations together and working for peace, I would back that up. It is not a question of any particular form. So far we have devised one form and one form only for holding the nations together in a brotherhood of peace. As the real nature and interest of the British Empire is peace, I think we should support the League to the full and strengthen her hands as far as possible and add whatever weight we can to her counsels. I hope the misunderstanding which exists at present will be cleared up and that people will recognize that the League has really come with credit out of the Italian business.

#### DEBT TO UNITED STATES

As regards the American debt, I have expressed my cordial agreement with what you have done in funding that debt. The British Empire carries out its contracts. At the same time, I fear that, unless there is a real recovery of the world, unless you can succeed in re-establishing the trade and commerce of the world, you may find that you have undertaken an intolerable burden for this country. What you have done should therefore be followed up with equal decision in a great attempt to restore the trade conditions of Europe. Otherwise you may find that what you have undertaken is perhaps more than this nation can bear. Some people seem to regard their debts very lightly nowadays. I am glad that the British Government has been consistent. At the beginning of the war in 1914, it insisted on the fulfilment of International obligations. It staked the existence of the whole Empire on that. Similarly after the war, you said, we shall honour our bond and pay. That is right and proper as a policy, but, at the same time, think it would be almost an intolerable burden to this people unless you can really have peace in the world.

#### NEED FOR PEACE IN EUROPE

Our duty, therefore, not only to the world, but to this people who are going to carry this obligation, is to move heaven and earth in having peace re-established in Europe. Some people think that Europe does not concern us, that it is mere philanthropy or meddlesomeness to concern ourselves with her affairs, that we should leave Europe alone in her present stress. That attitude seems to me quite hopeless. You cannot have even the possibility of paying your American

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debt unless you can restore peaceful conditions in Europe. We can go far to extend Empire trade, and I hope that everything will be done to do so. Without any revolutionary departure from the settled fiscal policy of this country, I think a great deal can be done to foster inter-Empire trade, and I hope that this Conference will register a very great advance in that direction. But it will naturally take many years before the British Empire could take the place of Europe in your trade. In the meantime, you will have to carry all your burdens; you have to carry the present internal burdens and also to carry the weight of this intolerable external debt. It is clear to me you will not be able to do it unless peaceful conditions are restored in Europe. I do not want to say any more, Prime Minister. I only wish that this Conference will be successful—that it will achieve not only the objects it has in view with regard to the Empire, but also with regard to that larger and more difficult situation which confronts us in Europe. It is not only you who wish to re-establish trade—we in the outer Empire want to do the same. We also had our markets in Europe, and they are largely gone. Therefore, even if there were no higher motive than mere self-interest, we should still try our very best to establish conditions of peace and quiet in Europe. But there is much more. Deeper human motives appeal to us. The same motives that carried us into the war continue to guide us in the peace. It is quite impossible for us to disinterest ourselves in the awful conditions which exist all around us as a result of the war. We shall require much patience, and it may be that it will take much longer than we thought possible to have the world restored to normal conditions. Let us exercise patience, but at the same time let us really pull our weight. There is a rapid worsening of conditions all over Europe. It may be that this will still continue for years and become an irremediable set-back to Western civilization. Even at this moment fundamental changes are taking place in Europe which will largely affect the future status and relations of the nations. I only hope that it may be possible to stay the rot before things have gone too far.

## OPENING SPEECH BY THE PRESIDENT OF THE EXECUTIVE COUNCIL, IRISH FREE STATE

### ACKNOWLEDGES WELCOME EXTENDED TO REPRESENTATIVES OF IRISH FREE STATE

Mr. COSGRAVE: Prime Minister, I wish to express my very real appreciation of the welcome you have extended to us and of the pleasing references you have made to our inclusion in this Conference. I also appreciate very highly the cordial welcome extended to us by Mr. King, Mr. Massey and General Smuts, and the great interest in Ireland shown by General Smuts in his speech. He is perhaps the best able to appreciate the difficulties through which we have passed, as he also gave ready and most valuable assistance to bring about the position which leads to our presence here to-day.

### POSITION OF FREE STATE

In your statement, Sir, you have referred to problems which, both in size and number, overshadow our own immediate difficulties, and it gives us hope that, besides settling our own affairs, we may give some assistance in the solution of problems affecting the whole world. We come to this Conference in good faith, with an earnest desire to render what assistance we can in the solution of the problems to be faced, and to carry out with good faith and goodwill our part of that undertaking which you on your side have faithfully honoured in the

past, realizing that it is only in the exercise of these great attributes that it is possible for us to reach the desired end. This business is new to us and it is not possible for us to express opinions upon the many great and important matters which have been mentioned in your speech. The troubles and difficulties of our present situation and the circumstances surrounding it make my immediate association with the Conference less than I would wish. You, Prime Minister, will appreciate that, and I am sure His Grace the Duke of Devonshire will do so also. I would say it is a very real pleasure for me to be here and to have witnessed such a cordial and wholehearted reception. We realize our responsibilities and we are prepared to take over and shoulder the burdens, which are common burdens. I was very much gratified with the concluding paragraphs of the Prime Minister's speech and with the statement made by General Smuts that the real objective of this Conference is to further the cause of peace.

### OPENING SPEECH BY THE PRIME MINISTER OF NEWFOUNDLAND

#### WELCOME TO REPRESENTATIVES OF IRISH FREE STATE

MR. WARREN: Prime Minister and Gentlemen, I just desire to thank you, Sir, for the very cordial welcome that I have received. Perhaps as representing Britain's first-born, it might come well from me to congratulate the newest Dominion, the Free State, and to assure Mr. Cosgrave, on behalf of Newfoundland, that he has many of his countrymen there who have the greatest sympathy for him, and they all sincerely hope that he may be successful in the task he has undertaken.

#### POSITION OF NEWFOUNDLAND

I should like to say, Sir, that the fact that I am here at all is a sign of what Great Britain has always stood for. I represent a small community, but we have never been impelled, coerced, not even, as far as I know, asked, to merge our political independence into that of a larger Dominion. We have been allowed to plough our own furrow and we have every confidence that we shall be allowed to do so in the future. Perhaps after I have attended as many Conferences as my friend on my right, Mr. Massey, I may be able to speak with more confidence than I do this morning. I have to thank him for his reference to us. We all know that among Dominion Prime Ministers he is the father of us all and, sitting as I do so close to him, I hope that I may learn from him how to acquire a title to Prime Ministership by prescription. There are a vast number of people looking to this Conference and looking to us to show some results. I feel sure that we are all imbued with one idea, and that is to do everything we can to achieve the results which are expected of us, and I am sure that we are all ready to make any sacrifice that may lead to those results.

### OPENING SPEECH BY HIS HIGHNESS THE MAHARAJAH OF ALWAR, ON BEHALF OF THE INDIAN DELEGATION

LORD PEEL: Prime Minister, I will ask my colleague, His Highness the Maharajah of Alwar, to reply for the Indian Delegation.

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THE MAHARAJAH OF ALWAR: Prime Minister of Great Britain, your Lordships and Gentlemen, I come to-day as the nominated representative of the Princes of India. You know that they rule over one-third of the Indian Empire and most of them are connected by treaties and engagements with the British Crown; but they are perhaps best known for their united loyalty and attachment to the Throne.

To-day, however, I am privileged to speak in the name of the 300 millions of peoples of my country. I speak on behalf of one of the oldest civilizations within the Empire, but who in the race of self-government have still much leeway to make. In the name of India, I thank you, Prime Minister, for the very felicitous terms in which you have extended your welcome to us on behalf of the British Cabinet. I thank you, and through you those on whose behalf you speak, for the expressions of goodwill for my country. I thank you all, friends, for the hopes that have been expressed that the Conference may achieve harmonious results. I can only say that I sincerely share that hope myself and, in conclusion, I trust that it will be permissible for me to thank the Prime Minister for the kind remarks he has made about myself and my State. I appreciate them particularly as I take them to be compliments paid to my Order, through me as their representative.

I will only speak about one word more. On such an occasion as this, I ask myself what is to be our attitude? Surely it is on this factor that the ultimate results of our Conference will mainly depend. The answer I receive to my question is in unhesitating terms. Surely is not this Conference composed of brother delegates from the sister Dominions? We assemble round the hub of the Empire as members of the family of nations, all united in one cause—namely, the uplift of the British Empire—all cemented together by one force, namely, the British Crown.

Gentlemen, the recent great war has left behind its aftermath to which the Prime Minister has given very lucid expression. Wounds and sores are still festering in many parts of the world.

With a little sacrifice, with a little toleration, with a little understanding, all this world can, I believe—and firmly so—still be made a playground for God's children. With a little willingness to give—and it does not require much willingness to take—mountains can certainly be converted into mole-hills.

On the completion of this Conference, I ask myself—would we rather say that we were able to achieve and gain this or that for our individual country or that we were in the privileged position of being able to subscribe, however little or great it was, for the unity of the British Empire. It will be a proud moment indeed if we can subscribe to the latter sentiments eventually. I do not mean to say that there will not be questions during our discussion and deliberations on which there may be differences of opinion, or on which it will be our responsibility to seek gain for our individual territories and nationalities. But in carrying out that responsibility, all we have to remember is that we have something greater to look to than our own country, namely, the British Empire, and that there is something even greater than the British Empire, namely, Humanity. Why is it then that we wish to subscribe our little quota to make that British Empire, which is already great, if possible even greater? It is because we like to believe that it will be, with every individual component part working out its own destiny in mutual harmony with others, and even with all our different nationalities, creeds, castes and religions existing—that the British Empire is going to fulfil its great object of leading humanity, not only towards peace, not only towards right understanding, but ultimately towards the great Divinity of which after all each one of us are but active sparks. That at least is my idea for the attitude at our Conference, to fulfil it shall be my endeavour.

## APPENDIX II

STATEMENT BY THE SECRETARY OF STATE FOR THE COLONIES  
AS TO THE COLONIES, PROTECTORATES AND MANDATED  
TERRITORIES, OCTOBER 3, 1923

**THE DUKE OF DEVONSHIRE:** I understand that it is the general wish of the Conference that, as Secretary of State for the Colonies, I should give a brief account of the manner in which the responsibilities entrusted to the Colonial Office for the Colonies and Protectorates have been discharged during the two years which have passed since the Conference last met. Although the destinies of these great dependencies of the Crown are the immediate responsibility and trust of the British Government, it would be wrong if it were to be supposed that the moral and material progress and development of these large areas were not of increasing importance to all the partners in the British Empire, and it is the constant aim and endeavour of the Colonial Office to foster the interest of the Oversea Dominions in these great territories and so to stimulate inter-Imperial trade.

I do not propose to attempt to deal in any detail with the economic aspects of the Colonial Empire. These aspects, important as they are, come more properly within the purview of the Economic Conference, on which the special interests of the Colonies and Protectorates will be represented and advocated by the Parliamentary Under-Secretary of State, Mr. Ormsby-Gore, who will have associated with him Sir James Stevenson and Sir Gilbert Grindle, aided by an Advisory Committee composed of persons possessed of special and practical experience of the industrial life of the several Colonies and groups of Colonies concerned.

## ECONOMIC DEPRESSION SLOWLY LIFTING

In the statement which my predecessor, Mr. Churchill, made to the Conference of 1921 about the Colonies and Protectorates,\* he referred to the creeping paralysis which had overtaken almost all their industries after the artificial prosperity of the war period. They still suffer under the general depression of trade, but I think I may say that, taken as a whole, the Colonies are "pulling through." The financial position of some of the smaller Colonies is a constant source of anxiety to their Governments and to us, but there are indications that the larger tropical areas for which we are responsible are recovering. Much, however, remains to be done before the trade of the Colonies can be said to be in a satisfactory position, and it is to trade within the Empire that we must look to regain at least part of the ground that has been lost during recent years. Proposals will be placed before the Economic Conference with the object of increasing inter-Imperial trade with our tropical possessions and of fostering their development. But action by Governments alone, however beneficial if rightly directed, is not in itself sufficient and needs to be aided and reinforced by private capital and private enterprise; and this all-important aspect of the question is being explored by an expert Committee under the Chairmanship of Lord Ronaldshay, the late Governor of Bengal.

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\*See pp. 34-39 of Cmd. 1474.



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## BRITISH EMPIRE EXHIBITION

It may not be thought inappropriate if I refer in passing to the British Empire Exhibition, with which I am associated in an unofficial capacity as Chairman of its Council. In common with the Dominion Governments the Colonial Governments are taking a considerable share in promoting the success of the Exhibition, and my anticipations will be disappointed if the Exhibition does not achieve the results expected of it and if it does not open the eyes of the world to the tremendous material resources contained within the ambit of the British Empire. I am looking forward to meeting members of the Conference at Wembley next Saturday, when they will be enabled to see for themselves the scale and scope of this great enterprise.

## EXTENT OF COLONIAL EMPIRE

With this brief preface I now propose to touch upon certain aspects of the progress which has taken place in the political and industrial life of the Colonies since last their affairs were under review at a meeting of the Governments of the Empire. The British Colonial Empire, with its two million square miles and a population of fifty millions, distributed in every quarter of the globe, presents a panorama of ever-varying interest and romance; and I must emphasize what was said by my predecessor two years ago that it is impossible in the time at our disposal to attempt to do justice to this theme.

## WEST INDIES

I will turn first to the oldest group of British Colonies—the West Indies.

The visit to the West Indies and British Guiana in 1922 of the former Parliamentary Under-Secretary of State (Mr. Edward Wood), who was accompanied by Mr. Ormsby-Gore, gave an impetus to the movement in progress there, as in other parts of the Empire, for constitutional development. At the same time it enabled the Secretary of State to deal with West Indian problems with the aid of the sure knowledge which comes from personal touch with the representatives of every shade of opinion on the spot. I feel confident that I carry the members of this Conference with me when I say that the written and cabled word is no substitute for direct personal contact. It is the fixed policy of the Colonial Office to follow the precedent so successfully established and to take every opportunity of repeating in other parts of the Colonial Empire similar official visits. I have already invited Mr. Ormsby-Gore to pay a visit to the British West African Colonies this forthcoming winter, and I hope that he will be leaving in the middle of December.

As a result of Mr. Wood's visit constitutional reforms are in the course of being carried out in Jamaica, Trinidad, Grenada, St. Vincent, St. Lucia and Dominica.

The economic position of the West Indian Colonies is far from satisfactory. It has been necessary for several Colonial Governments to come to the assistance of their staple industries in order to enable them to tide over a period of grave depression. Both the sugar and the cocoa industries have experienced great difficulties, and the oil industry of Trinidad, from which so much was hoped, has not hitherto come up to the expectations that were formed in regard to it.

## TELEGRAPHIC COMMUNICATION WITH WEST INDIES

Telegraphic communication between and with the West Indies has given rise to dissatisfaction for some time past, both in those Colonies and, I believe, in Canada. The question was discussed at the Conference held at Ottawa in

1920, but at that time the existing contract with the West India and Panama Telegraph Company had still some years to run and no immediate solution of the problem was possible. We have recently put before the Canadian Government and the West Indian Governments concerned a scheme for an all-British cable from Turks Islands to Barbados, with subsidiary connections by cable and Wireless Telegraphy to the other Colonies. This scheme, which is based on the continued co-operation of the Government of the Dominion and of the Colonial Governments with His Majesty's Government, has now been accepted in principle by all the contributory Governments, and I hope that it will be carried out during the coming year.

This scheme will afford an opportunity for an even wider measure of inter-Imperial co-operation than the existing arrangement for joint contributions to the West India and Panama Cable Company's subsidy. The proposed cable is to be laid and maintained by, or on behalf of, all the Governments concerned, and as it is impossible for them to undertake directly an enterprise of this nature we propose, if the Dominion Governments represented on the Board see no objection, to ask the Pacific Cable Board to undertake the management of the cables and wireless stations which will be maintained under the scheme. We do not, of course, suggest that the Board should undertake any financial responsibility in the matter. All we ask is that they will extend to this new all-British route the skilled management and control which has been so successful in maintaining the all-British route across the Pacific. If our proposals are accepted, as I sincerely trust they will be, this new development of the activities of the Pacific Cable Board will form an interesting example of a Board, constituted for one inter-Imperial purpose, being subsequently employed by another kindred inter-Imperial purpose and will show in practice how co-operation between British administrations once started in any sphere tends inevitably to grow. We could ask for no happier augury of the outcome of the first Economic Conference.

#### AGRICULTURAL COLLEGE

Another Imperial development which emanates from the West Indies is the recent change in the scope and title of what was formerly known as the West Indian Agricultural College. At a meeting held at the Colonial Office this summer under my Chairmanship it was unanimously agreed that the scope of the College should be Empire-wide, but it was felt that the prospect of obtaining the necessary funds would be gravely impaired if the College retained a title suggesting that it was merely a local institution. It was, therefore, recommended that the title should be changed to the Imperial College of Tropical Agriculture, and our aim is that it should provide for the needs of all tropical dependencies by becoming the chief centre of agricultural research and staff training.

#### BRITISH GUIANA

British Guiana in particular presents a special problem. Our only Colony on the mainland of South America is rich in mineral and forest resources. In area it is as large as Great Britain, but it has a population of only 300,000. It is to be hoped that immigration, without which the Colony cannot be developed, may be resumed.

#### WEST AND EAST AFRICA

I now turn to Africa. The British West and East African colonies both in area and population provide our greatest opportunity and the widest scope for sustained development. In those large tropical territories the improvement of communications and the advancement of education are the foundation of moral

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and material progress. New railway construction is now steadily proceeding in Nigeria, Gold Coast and Kenya, while important harbour works are being carried out at Takoradi in West Africa (Gold Coast) and at Kilindini in East Africa (Kenya). It is also hoped that the last link in the connection by railway of Lake Nyssa with the coast at Beira will soon be undertaken.

## KENYA AND UGANDA

In Kenya political questions have recently overshadowed all others. It has been no easy task to provide an equitable adjustment of the several interests concerned in the political future of the Colony, but, after very careful consideration, the British Government has taken certain decisions which have been made public and which I need not here repeat. I sincerely trust that the settlement which we have made will enable all its inhabitants to devote their utmost energy to the development of the great resources of the territory in which they live.

In the administration of Kenya, as in other African Colonies and Protectorates, we regard ourselves as exercising a trust on behalf of the African population. Whatever measures we take must be considered in their relation to that paramount duty. We propose to continue the general policy of moral, economic and intellectual development of the African. Within the limits of their finances the East African Governments will continue, side by side with the great work of the Missions, to do all that is possible for the advancement of the natives. Considerable progress has already been made, and the Uganda Railway Administration is now paying special attention to the training of natives for mechanical work on the railways. It is confidently anticipated that in time mechanical work of this kind and the ordinary clerical work of Government will be carried out by Africans.

## TANGANYIKA TERRITORY

In East Africa we administer, under a mandate issued by the League of Nations last year, a territory larger than any Colony, that of Tanganyika. The country's prosperity depends mainly upon agriculture and it has suffered from the general trade depression, besides having much lee-way to make up owing to the wreckage caused by the War. Progress is, however, being made, though revival is necessarily slow. Revenue is steadily increasing, and the relations between the native population and the Government are excellent. It has been found possible to make a considerable reduction in the military garrison. The system of administration which has been adopted is to support and supervise, with the least possible interference, the established native authority. It is recognised that, except to a very limited extent, the country is not suitable for European settlement, and this has been recently affirmed by the adoption of a Land Law modelled closely on one which has stood the test of time in the Northern Provinces of Nigeria. "Compulsory servitude," which is the same thing as slavery, has been abolished without any of the social disturbance that was dreaded in some quarters, and, I may add, without expense. This is a step which our German predecessors had never ventured to take. We are now able to spend more money on native education—though not so much as I would wish—and also on agriculture, thanks to the liberal assistance afforded by the Empire Cotton Growing Corporation, who regard the Territory as a promising field for development.

## RHODESIA

In Rhodesia important constitutional changes are now taking place.

As explained by Mr. Churchill, the position when the last Conference was held in 1921 was that a delegation from Southern Rhodesia was due to arrive

shortly in this country to discuss the terms of the future constitution. As a result of this visit, draft Letters Patent providing for the constitution of responsible Government were prepared with a view to submission to the electors in Southern Rhodesia. Subsequently discussions were also held in South Africa between the Union Government and representatives from Southern Rhodesia regarding the alternative policy of entry into the Union.

Following on these discussions, a referendum was held in October of last year on the question whether the territory favoured entry into the Union or the grant of responsible government. The referendum having resulted in a vote in favour of the latter alternative, the Constitution has accordingly now been completed and came into force this week on the 1st October. Difficult questions which had arisen with regard to the unalienated lands and the rights of the British South Africa Company on the termination of their administration have now been satisfactorily settled by means of agreements which have been arrived at with the Company and the Elected Members of the present Legislative Council of Southern Rhodesia. The settlement with the Company involves a substantial contribution from Imperial funds in addition to the amount for which the new Administration will make itself responsible. The settlement should be of material assistance to the new Government in the discharge of its responsible task. Under the new Constitution certain powers with regard to native administration are reserved to the High Commissioner for South Africa, but in other respects the people of Southern Rhodesia will have a full control of their Government and administration. In Northern Rhodesia, under the agreement made with the British South Africa Company, the British Government will relieve the Company of the administration on the 31st March, 1924, so that on that date the whole of the administrative side of the Company's great work in Rhodesia will come to an end.

#### CEYLON

I turn now to the East.

In Ceylon the new Constitution granted in 1920, under which the unofficial element in the legislature is given a majority, has justified the hopes of its advocates and has worked successfully for three years, although some further modifications of the Constitution are now under consideration. Ceylon's tea and copra trade is flourishing, and there has recently been a substantial improvement in the position of the rubber industry as a result of the measures for the restriction of output undertaken jointly by the rubber-growing Colonies.

#### MALAYA

I am glad to report that the economic depression in Malaya, especially in the two main exports of tin and rubber, would seem to be passing.

The revenue has improved, and the financial stringency, which was especially severe in the case of the Federated Malay States, is to some extent relieved. A large loan of £10,000,000, of which £ 9,000,000 have already been issued on the London market, has enabled the administration to be carried on and important public works to be proceeded with. The loan has been entirely applied to Federated Malay States purposes, but in order that it might be a trustee security it was found necessary that it should be issued by the Colony of the Straits Settlements, which has re-lent it to the Federated Malay States.

The Colony itself has come through a severe period of adversity without having to borrow for its own purposes.

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## HONG KONG

The disturbed condition of the neighbouring Chinese province of Kwang Tung and of China generally has naturally had a bad effect on the trade of Hong Kong as a distributing centre for South China, but in spite of this the trade returns for last year would have shown a considerable increase on those of the previous year had it not been for a very serious strike of Chinese labourers which paralysed the port for several weeks in the spring of 1922. A large scheme is under contemplation at present for an extensive reclamation undertaking, designed to increase the facilities of what is already, from the point of view of tonnage entered and cleared, the biggest port in the world.

Of all parts of the Empire, Hong Kong has probably come through the recent acute period of trade depression with the least loss and suffering. This is due to the fact that, as the entrepôt of South China, she profits from every branch of the huge and varied export trade of China, as well as from its European imports. It is also true that political unrest in China has diverted much wealth and capital to the neighbouring British Colony, in which the merchants and well-to-do classes of Chinese have implicit confidence.

## FIJI

Fiji has suffered from the loss of the Australian market for its principal export products, namely, sugar and fruit. But thanks to New Zealand, which now takes the bulk of the sugar crop, these islands, which are of great importance to our Imperial position in the Pacific, have passed the worst. I have recently learned with interest that there is an expectation of important new developments in trade and shipping communications between Canada and Fiji which cannot but be of mutual benefit to both. The demand for labour in Fiji exceeds the present supply, but the impetus of the new Canadian trade may attract both capital and labour to the South Pacific group.

## FALKLAND ISLANDS AND ANTARCTIC

It may interest the Conference to know that the late Captain Scott's Antarctic ship, the "Discovery," has been purchased on behalf of the Government of the Falkland Islands for employment mainly in research into whaling in the Dependencies of the Colony, which include South Georgia, the South Shetlands and Graham Land, the South Orkneys, and the South Sandwich Islands.

In these Dependencies the Empire possesses a whaling field which in recent years has been more productive than all the rest of the world combined.

Existing scientific knowledge of the numbers and habits of the whale is inadequate; and we are anxious to devise a system of control of the industry which will prevent the practical extermination which has taken place in other whaling areas. The expedition will also afford opportunities for adding to scientific knowledge in many other directions.

Evidence that the investigations are also of interest to the Dominions is afforded by the opinion expressed by the Government of the Union of South Africa that the efforts which are contemplated in regard to the study of whaling off South Africa will gain immensely from the operations of the "Discovery."

## MIDDLE EAST

This concludes what I have to say to-day about the Colonies and Protectorates, but my survey would be incomplete without some special reference to developments in the Middle East. The supervision of this area, which includes Iraq and Palestine, was assumed by the Colonial Office in the spring of 1921.



In the statement made to the Conference by Mr. Churchill in 1921, a general outline was given of the Middle Eastern policy of the late Government, which was directed towards reducing expenditure both in Iraq and Palestine. This policy has been steadily pursued both by the late Government and the present Government, and the result is that the total expenditure this year on these two countries falling on the British Exchequer is estimated at £8,548,000 as against the actual expenditure of £26,695,364 for the year 1921-22.

#### IRAQ

To take Iraq first: On the 23rd June, 1921, the day after Mr. Churchill made his statement, the Emir Feisal, third son of the King of the Hejaz, arrived at Basrah as a candidate for the throne of Iraq. He was well received by the people, and on the 11th July the Council of State passed a unanimous resolution declaring him King of the country, provided that his Government should be a constitutional, representative and democratic Government, limited by law. Sir Percy Cox, who was then High Commissioner, took steps to obtain a confirmation of this resolution by means of a referendum, of which the results were known on the 19th August. In an electorate of about 1,000,000 the votes for King Feisal represented a proportion of 96 per cent, and he was accordingly recognized as King of Iraq by His Majesty's Government. The next step was to place our relations with him on a proper footing. Our position as mandatory was regulated by the terms of the draft mandate (though that document had not then, and has not yet, been formally approved by the League of Nations); but it was felt that a stage had been reached, with the establishment of constitutional monarchy in Iraq, when some more appropriate instrument was required as between ourselves and the mandated State. Accordingly a communication was made in November, 1921, to the Council of the League of Nations, informing them that the British Government had been led by political developments in Iraq to the conclusion that their obligations vis-à-vis the League could be most effectively discharged if the principles on which they rested were embodied in a Treaty to be concluded between His Britannic Majesty and the King of Iraq. This Treaty would serve merely to regulate the relations between the mandatory and the Iraq Government, and was not intended as a substitute for the Mandate, which would remain the operative document defining the obligations incurred by His Majesty's Government towards the League of Nations. Negotiations with King Feisal were opened at the same time. After somewhat lengthy discussions a Treaty of Alliance was eventually signed on the 10th October, 1922. You will note the date, which was just before Mr. Lloyd George's Government went out of office. The Treaty provided for the conclusion of a number of subsidiary Agreements in which the precise degree of obligation undertaken by His Majesty's Government was to be defined. It was originally to remain in force for twenty years, but the present Government, after a most careful review of the whole question of policy in Iraq, arrived at the conclusion that this period was too long. On the 30th April, 1923, a Protocol was signed at Baghdad, providing that the Treaty should terminate upon Iraq becoming a member of the League of Nations, and in any case not later than four years from the ratification of peace between Great Britain and Turkey. It was further stipulated that nothing should prevent a fresh agreement being concluded with a view to regulating the subsequent relations between the High Contracting Parties, and that negotiations for that object should be entered into between them before the expiration of the above period.

The present position is that the elections for the Constituent Assembly in Iraq, whose approval is necessary before the Treaty and Protocol are rati-

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fied, commenced on the 12th July. The electoral procedure is a cumbrous one, with an elaborate machinery of primary and secondary elections based upon the Turkish system. It is not expected that the Assembly will be in session much before the end of the year. It is hoped that before its first meeting the various subsidiary Agreements now under negotiation with the Iraq Government will have been provisionally concluded.

## FUTURE OF MOSUL VILAYET

There is one important point with regard to which the future of Iraq is still unsettled. You may remember that, during the first Lausanne Conference, an acute controversy arose over the future of the Mosul Vilayet. The Vilayet has been administered as part of Iraq since the end of the war. On economic and racial grounds the case for its inclusion in the Iraq State is exceedingly strong.

Nevertheless, the Turks, though their arguments were entirely refuted by Lord Curzon, held tenaciously to their claim that the Vilayet should be restored to Turkey. It was finally agreed that a decision on the boundary question should be held over for the moment; that a period of nine months should be fixed (as from the date of the ratification of the Treaty of Peace with Turkey) during which the frontier between Turkey and Iraq was to be laid down by "friendly arrangement" between the British and Turkish Governments; and that, failing such agreement within the period specified, the matter should be referred to the Council of the League of Nations. This arrangement was embodied in Article 3 of the Treaty as eventually signed at Lausanne on the 24th July last. We hope to start negotiations with the Turks at a very early date.

## GENERAL SITUATION

Although this question is still outstanding, it may, I think, be claimed that the policy initiated by the late Government and adopted with the modifications explained above by the present Government, has on the whole succeeded beyond expectation. Relations between the British representative at Baghdad and the Arab Government are good. Our hope is that, within the maximum period of four years, we shall have discharged in full our obligations to the Iraq State. We also hope that we shall have established such strong ties of friendship with the Government and people of the country that they will be glad to make fresh arrangements with us, at the termination of the mandatory period, in which our special position, as the Power mainly instrumental in achieving Arab liberation, will be freely recognized. That is our confident hope. If it is realized, Iraq may yet constitute a stable factor in the East. I do not wish, however, to take too sanguine a view of the present situation. There are many difficulties still before us. The Iraq Constituent Assembly has still to be elected. It is impossible to predict with any certainty what will be its general attitude and complexion. Its first task will be to ratify the Treaty concluded by King Feisal and the subsidiary Agreements which I have already mentioned: also to enact the Organic Law which the Mandatory is required under the terms of the draft Mandate to frame for submission to the Council of the League of Nations. Until these stages have passed it is difficult to speak with full confidence.

## TRIBUTE TO SIR PERCY COX

I should not like to close this part of my statement without paying a tribute to Sir Percy Cox, who recently retired from the High Commissioner-ship for Iraq. He possessed a knowledge and experience of Middle Eastern

affairs that can only be described as unique. They were built up on a quarter of a century's arduous and successful work in the Persian Gulf region, where he acquired an influence that can never have been surpassed. We have been very fortunate in having been able to count on the assistance of this distinguished public servant in dealing with our Middle Eastern difficulties. He was succeeded last month by Sir Henry Dobbs, an Indian civil servant with a distinguished record, who had served previously in Iraq.

#### PALESTINE

With regard to Palestine there is one direction in which the situation has greatly improved since Mr. Churchill spoke in June 1921. The garrison has been largely reduced and the cost correspondingly diminished. The actual charge to the British Exchequer in respect of Palestine was £2,024,000 in 1922-23. The estimate for 1923-24 is £1,500,000, while we have undertaken to reduce the figure to £1,000,000 in 1924-25. The figure of £1,500,000 is, of course, included in the amount which I mentioned above as the total estimated expenditure in Iraq and Palestine for this year. Beyond 1924-25 we have not given any explicit undertaking, but we hope that the progressive reduction of expenditure will go steadily on until the figure has been reduced to very small dimensions indeed. But our success in this direction must depend on the economic development of the country, which in its turn depends upon political stability. I wish I could report to you that there has been a substantial improvement in the local political situation during the last two years. In one sense it would be true. Since the Jaffa outbreak in the early part of 1921, which Mr. Churchill mentioned in his speech, there has been no serious disturbance of the public peace. We have now got a very efficient gendarmerie in Palestine which could be trusted to deal promptly with any emergency that might arise. But political unrest is by no means a thing of the past. A solution of the Jew-Arab controversy has still to be found. Perhaps I may be allowed very briefly to sketch the events of the last two years.

#### ZIONIST POLICY

You are aware that our policy in Palestine is based upon the Balfour Declaration of November 1917, by which we undertook to promote the establishment of a National Home for the Jews, subject to the condition that the civil and religious rights of the rest of the population were not to be prejudiced. We have been doing our best to honour both parts of that declaration. Our High Commissioner, Sir Herbert Samuel, has displayed not only administrative abilities of the highest order, but also the strictest impartiality in dealing with the conflicting interests of the inhabitants of Palestine. A Jew himself, he has never been accused of showing undue favour to the Jews. On the contrary, his high sense of justice is recognized and applauded in every quarter.

Nevertheless, opposition to the so-called Zionist policy has continued. It came to a head in May 1921, when the Jaffa outbreak took place. In the following June the late Government published a definition of what was meant by the "National Home," with a view to allaying Arab apprehensions. The Arab spokesmen were not satisfied and decided to send a Delegation to London to place their case before the Government. The Delegation stayed in London for nearly a year, but in spite of much discussion it was not found possible to come to terms with them. What did happen was that a fresh statement of policy was issued in June 1922 which made important advances towards meeting the Arab views. The statement was officially accepted by the Zionists, but not by the Arab Delegation, who returned to Palestine after its publication. The new

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policy included the establishment of a Legislative Council on a partially elected basis. The elections for this Council were fixed for the early part of this year. Owing to Arab abstentions, an insufficient number of secondary electors were returned and the project of setting up a Legislative Council had to be suspended. The Arab politicians have, in fact, adopted an attitude of non-co-operation with the Government. They have received a good deal of encouragement from various quarters, both in England and elsewhere. We shall, of course, continue to carry out our obligations. There can be no doubt whatever on that point. But the present unrest is undoubtedly doing harm, and we should be glad to see it brought to an end without delay. The matter is engaging our active attention.

## TRANSJORDANIA

Perhaps I ought to add a word about Trans-Jordan. To this region, though it is covered by our Mandate for Palestine, the Zionist policy does not apply. We have there an administration under an Arab ruler, assisted by a British adviser. The ruler is the Emir Abdullah, a brother of King Feisal of Iraq and a son of the King of the Hejaz. On the whole the experiment has worked well, though the position is not altogether free from anxiety.

## CONCLUSION

That is all that I wish to lay before the Conference this morning. I shall be very glad to supply further information on any point connected with the Colonies and Protectorates or with the Middle East in which any member of the Conference may be interested, and I need not say that we shall welcome any advice or counsel which may be forthcoming from any of the Delegates in the handling of the large and complex responsibilities which devolve upon the Colonial Office.

## APPENDIX III

**STATEMENT BY THE SECRETARY OF STATE FOR FOREIGN  
AFFAIRS AS REGARDS THE TURKISH TREATY AND THE  
REPARATIONS PROBLEM, OCTOBER 5, 1923**

## I

## TURKISH TREATY

LORD CURZON: Two years ago, when I spoke here about the position in Anatolia, where the Turkish and Greek armies were ranged opposite to each other, hostilities between them had just recommenced. The fighting began with a preliminary success, but ended in an early check, to the Greeks.

My object throughout, for I acted as representative of His Majesty's Government in the many Allied conversations and Conferences that took place, was to bring these ill-judged and ill-fated hostilities to a close. They could do no good to either party. They were desolating one of the fairest regions in Asia. The Greeks were unlikely to win, and, even if they did win, had neither the men nor the resources to maintain an advanced position in Asia Minor. The Turks would probably triumph in the long run, but only at a heavy cost.

Throughout 1921 and 1922 therefore my time was largely consumed at Conferences in London and Paris in the attempt to bring about Allied inter-

vention, and to persuade both parties to place their case in our hands. I was a firm believer in united action, *i.e.*, in Allied action. His Majesty's Government at no stage had a policy as distinct from the Allies, and to this policy we loyally and unswervingly adhered. But my task was not rendered easier by the notorious Agreement concluded in October 1921 between a French agent and the Angora Turks, known as the Franklin-Bouillon Agreement, which undoubtedly led the Turks to think that the French Government was unreservedly on their side, and which greatly encouraged their pretensions. All our efforts to bring about negotiations, or mediation, or an armistice, failed. Finally, the Turkish Army, imbued with a revived national ardour, well led, and taking advantage of the increasing weakness and demoralisation of the Greeks, made a sustained advance and practically drove the Hellenic forces out of Asia Minor.

This was followed by dramatic events. There was a revolution in Greece which resulted in the enforced abdication of King Constantine. The victorious Turkish army, elated by its success, conscious of Allied disunion, and resolved to push forward even at the cost of a war with Great Britain, practically destroyed Smyrna and advanced towards the Straits, then held by Allied forces. The French withdrew their troops to the European shore, being resolved in no circumstances to become involved in hostilities with the Turks. Great Britain alone saved the situation and prevented the invasion of Europe by rushing a powerful force, military, naval and air, to the Dardanelles and to Constantinople. But it was by a hair's breadth only that the renewal of war was avoided. Presently I found myself again in Paris, engaged once more in the attempt to build up Allied unity and to obtain even at the eleventh hour a pacific solution. The Mudania Armistice followed in October 1922, and the stage for the peace negotiations was set.

Just, however, as the Greek defeat had cost Constantine his throne, so the victory of Angora cost the Sultan his Kaliphate. He was deposed by Angora and fled to Malta, and his successor, appointed by the Grand National Assembly was permitted only to enjoy a purely religious authority.

On the 20th November, the first Lausanne Conference began, and there I met the representatives of France, Italy, Japan, Roumania, Yugoslavia and Greece. Thither came the Turks, with whom we were to negotiate the Treaty and the Bulgarians and others when their interests were involved. Thither the Americans sent observers. There, for the purpose of discussing the future status of the Straits, in which they were vitally interested, Russian representatives also were admitted. There we sat for eleven weary weeks, engaged in daily, and often in nightly, negotiations. At the end of that time we were on the brink of concluding a Treaty—indeed, the pen and ink were ready and the draft was lying on the table ready for signature, when at the last moment difficulties about the financial, economic and capitulatory clauses of the draft Treaty arose—feature in which the French and Italian, but particularly the former, were more actively concerned than ourselves, but in respect of which I stood unflinchingly by my colleagues—and the Turks, calculating, in view of the many concessions that had been made to meet them, that they had only to hold out to obtain even more, declined to sign. I had no doubt myself that in the long run, after some more palavering and after extracting some further concessions from the fatigue and war-weariness of the Allies, they would come to terms, and this view I expressed confidently on my return to England in February of the present year.

The discussions were resumed at Lausanne in April, and lasted for another three months, our chief representative on this occasion being Sir Horace Rumbold, the British High Commissioner at Constantinople. There were many anxious moments then as before, and the process of haggling was continued



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with pertinacity and at a length that recalled the palmiest days of Oriental diplomacy in the past. Finally, a Treaty was signed on the 24th July last, which has since been ratified both by Turkey and Greece, and only awaits ratification at the hands of the Great Powers as soon as their Parliaments have reassembled. Since then, it having been decided by the terms of the Agreement that the Allied forces, which have remained in occupation of Constantinople ever since the war, should evacuate within a period of six weeks—which period terminated two days ago—the British troops ably commanded by Sir Charles Harington, who has shown the most conspicuous tact and self-restraint in very trying circumstances, have withdrawn. Our Turkish entanglement is now at an end, and it rests with the Turkish Government, having re-entered into possession of their capital, to demonstrate what use they can make of their recovered position.

I have seen the Treaty thus concluded severely criticised, as a rule by those whose motives in making the attack are not free from suspicion. Undoubtedly the Treaty is not such a Treaty as could have been concluded in 1919, had the Allied Powers at Paris devoted to the Turkish problem one-fiftieth part of the attention that they bestowed—I might almost say squandered—upon problems and peoples of vastly inferior importance. It is not such a Treaty as was concluded and signed, though not subsequently ratified, at Sèvres in August, 1920. It is not such a Treaty as might have been signed at Lausanne had the Powers at all points maintained the united front which they displayed on some. But I should like to explain how and why it was that it was the best Treaty that could be obtained in the circumstances.

In the first place, I would remind the Conference that when I went out to Lausanne in November last it was not generally believed that a Treaty could be concluded at all. Such was the temper of the Turks, elated by their overwhelming defeat of the Greeks, profoundly suspicious of Allied and notably of British intentions, and convinced that their arms were unconquerable, that the majority of my colleagues here consoled with my mission and expected very soon to see me back again. Secondly, the principal problems, whether of the Straits or the Islands, or the frontiers, or the capitulations or finance, seemed almost insoluble, unless the Allies were prepared to dictate their terms at the point of the bayonet.

Such had been the case with all the previous post-war Treaties. These had in each case been drawn up by the victorious Powers, sitting, so to speak, on the seat of judgment, in the absence of the culprit, and imposing what penalty or what settlement they chose. Only when the terms had been drawn up was the beaten enemy admitted to be told his sentence and to make the conventional protest of the doomed man.

Such indeed was the environment in which the original Treaty of Sèvres was drawn up and signed, though never ratified by the Turkish representatives. Far otherwise was it at Lausanne. There the Turks sat at the table on a footing of equality with all the other Powers. Every article of the Treaty had to be debated and explained to them. Agreement had to be achieved, not by brandishing the big stick, but by discussion, persuasion and compromise. The Turks knew very well that the Allies had no stomach for further fighting. The Allies were never certain how far the genuine desire of the leading Turks for peace would control the unruly Nationalist and Extremist elements, who had a quite exaggerated estimate of their strength.

What then did the Treaty achieve? Territorially it lopped off from the Turkish State the whole of Syria, of Palestine, and of what is now called Iraq. Turkey ceased to have any hold or power over Arabia. Her possessions were confined to the Anatolian plains and highlands from which the Ottoman Turks originally came, and to the narrow European territories of her former Empire

up to the confines of Bulgaria on the one hand and Greece on the other. She recovered Eastern Thrace and two or three of the Islands, but beyond the River Maritza, except for the tiny enclave of Karagach, she was not permitted to go.

But I draw special attention to the arrangement about the Freedom of the Straits, that great international safeguard, for which thousands of brave British and Dominion soldiers fought and died. When I went out to Lausanne, I doubt if any one thought that we would secure more than the freedom of commercial passage. I came away with an arrangement by which free access from the Aegean to the Black Sea, for foreign warships and aircraft, as well as merchant ships, subject to a reasonable limitation of numbers, was guaranteed to the States of the world. The Black Sea ceased *ipso facto* to be a Russian preserve. Demilitarized and unfortified zones were created on both sides of the Dardanelles and the Bosphorus. Turkey was given an international guarantee for the safety of her capital and the territories around the Straits, and was allowed to maintain a garrison at Constantinople. Who can doubt that this was a solution eminently favourable to those British Imperial interests which I was sent to Lausanne to guard?

In the course of the discussion about the Straits, to which Russia had been admitted—though at that time she indignantly refused to sign the Convention—I was fiercely criticized by advanced organs at home for alienating the Power whose acquiescence in any future *règlement* of the Straits was essential, and was charged with sowing the seeds of future war. My concluding remarks at Lausanne, when the Powers, with the single exception of Russia, had signified their adhesion to the Straits Convention, were as follows:—

“M. Chicherin has announced to us that Russia will have no voice and take no part in this Convention. The responsibility for that rests on the Russian Government, and even if it be their present decision I hope the time may come, perhaps not in the distant future, when, on reconsidering the matter, they may find it in their own, as well as in the public, interest, to give the signature which they refuse to-day.”

Those words were prophetic. Five months later the Russians, quietly and without saying much about it, affixed their name to the very Straits Convention which they had repudiated and denounced, and which is now therefore a part of the accepted law of Europe. But I have never received a word of apology or vindication from the critics who were so certain six months ago of my sanguinary and sinister intentions.

In the course of the discussions at Lausanne, remembering all that my countrymen and fellow-subjects throughout the Empire had suffered at Gallipoli, I insisted upon the handing over, the proper maintenance and the safeguarding of the sacred soil on the Gallipoli Peninsula, which had been stained with their blood, and where their bodies lay. When the Turks realized that I would break up the Conference sooner than cede this point they gave way.

We laboured hard at Lausanne to secure for the minorities, particularly the Greek and Armenian minorities in the future Turkish State, a protection even in excess of that guaranteed to them by the minority clauses of the European Treaties which we adopted and confirmed in ours. I cannot say that in this I was successful. The records will show the nature of the fight that I put up for these unhappy peoples. But the Turks, in their passion for a self-sufficing and self-centred national existence, were resolved upon purging their State of all alien elements—a policy which, in my view, was grossly mistaken, which has been attended by incidents of great cruelty and hardship, and which, as time passes, they will often have occasion to repent. I did, however, obtain this much, that Turkey undertook to apply for membership of the League of

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Nations after the ratification of Peace; and at the hands of that tribunal the afflicted minorities will receive such protection as it may be in the power of Europe to afford.

A troublesome question arose about the future possession of the Mosul Vilayet on the northern border of the Iraq State. To that province the Turks put forward what I conceived to be quite untenable claims, which I was called upon vigorously to contest. The dispute ended in an agreement to refer the matter to amicable discussion between Turkey and ourselves during the period of nine months after the evacuation of Turkish territory by the Allied forces. If we cannot come to an agreement, the matter will then go to the League of Nations.

The financial and economic clauses of the Treaty, which concerned France much more than ourselves, ended in considerable concessions to Turkish pertinacity, as did those parts of the Treaty which related to the conditions under which foreigners will in future reside and trade in Turkey. I do not pretend to be satisfied with those conditions. But in my view the chief sufferers will not be the foreign communities so much as the Turks themselves, who will soon learn from experience the extent to which even an emancipated Turkish State is dependent upon the resources and assistance of the foreigner. At Lausanne Turkey was consumed with jealousy for her own sovereignty, which none of us had any desire to impugn; and when the alternative was presented, as it frequently was, of ceding a point which though important was not vital, or of breaking up the Conference and reverting to a state of war, diplomacy was, I think, rightly reluctant to adopt the latter alternative.

Perhaps from the British point of view the most satisfactory result of the protracted discussion and the final agreement was the resumption of friendly relations between ourselves and a people with whom we had many connections in the past, and who went to war with us, not we with them. A second result which I do not think will be disputed by a single foreign Delegation at Lausanne has been that the Power which emerged from the proceedings with the largest access of prestige in Turkey was our own. This prestige, coupled with the strong financial position of Great Britain, should enable this country to play such part in the financial and economic reconstruction of Turkey as the stability of the future Turkish Government may justify and our own interests demand.

If then we survey the whole field, I think that the final restoration of peace in the Near East, where our troops have now been engaged for exactly nine weary and costly years, the Freedom of the Straits, the liberation of the entire block of Arab countries, the enhanced prestige of Great Britain in Turkey, together with the appeasement in all Moslem countries which is already following the reconciliation between Turkey and ourselves, are results sufficient to justify our labours at Lausanne, and to silence the not always disinterested and frequently ungenerous critics who have derided our handling of a problem which they were powerless to compose themselves. But I repeat that the destiny of Turkey lies with Turkey herself far more than with anyone else. The future which she has planned for herself, whether she become a Republic or not, whether she rules from Angora or Constantinople, will be mainly of her own creation. A very heavy task in the disbandment of her forces, the reorganization of her civil service, the husbanding of her economic resources, the resuscitation of her industrial and commercial life, lies before her. I think that she will experience great disillusionment and many disappointments, and that some of the fruits which she claims to have garnered will turn out to be Dead Sea apples in her mouth. But in making what will be a great experiment she starts with a complete absence of resentment on our part and with the sincere expression of our goodwill

## II.

## REPARATIONS PROBLEM

I proceed to deal with the Franco-German, or as I should prefer to call it the European, problem; for it is one that concerns not two or three States alone, but the whole of those Powers that were engaged in the war, and to whom reparations were allotted, and not least among them the British Empire. His Majesty's Government have consistently held the view that the final settlement could only be achieved by common action and common consent, and that the dispute is not merely a military or political conflict between contiguous States.

I cannot in the small space of time available to me narrate in detail all that has happened since we last met at this table in June 1921. At that date the German Government had just yielded to an Allied ultimatum which covered a schedule of payments for the discharge of the reparation debt, as well as undertakings by the German Government for the early execution of the military disarmament and other clauses of the Treaty. The Reparation Commission, who had under the Treaty been charged with the task of fixing the reparation debt, had estimated it at £6,600 millions—a total which has since in some quarters assumed an almost sacrosanct character, but which in reality bore no relation to what Germany could pay, but was arrived at by lumping together the demands of the various claimant Powers. This total, which is well known to be a quite impossible sum, and which no sane person has ever expected that Germany would be able to pay in full, can only be altered by the consent of all the Powers. For a time in 1921, the ultimatum having been accepted by Germany, and the policy of Dr. Wirth's Government being the fulfilment of the Treaty, payments were regularly made. But the situation in Germany was unstable; the mark began the first downward movement of its finally catastrophic descent; German industry and high finance were stubborn and hostile; assassination found its first victim in Erzberger—to be followed at a later date by Rathenau. Before the end of the year Germany made her first application for a reduction of the payments due in 1922. This request was discussed at Cannes in January, 1922, and certain concessions were made; more were then asked for, involving the grant to Germany of a more complete Moratorium for the rest of 1922 and for the whole of 1923, 1924.

This was the situation when the Allied Premiers met in London in August, 1922, to consider the request. M. Poincaré declared that if there was to be a further Moratorium he must have productive pledges, *i.e.*, the yield of certain taxes and industrial undertakings, as well as the forests and mines in the Rhineland and the Ruhr. These proposals were declared to be financially and economically unsound by the majority of the expert Committee who advised Mr. Lloyd George in the matter; and no decision was arrived at.

In the course of the autumn Dr. Wirth's difficulties increased; in November he resigned; and with his disappearance the policy of fulfilment, which had been his watchword, receded into the background. He was followed by Dr. Cuno.

At the end of the year, when a decision by the Powers was necessary, since the next payments were due, a further Conference of Allied Prime Ministers was held in London, followed a little later by a renewal of the meeting in Paris. By this time Mr. Lloyd George had ceased to be Prime Minister, and Mr. Bonar Law had taken his place. Now it was that the Ruhr, which had been in the background of all the French plans and proposals for two years, emerged into prominence as the sole French specific—the Ruhr to be occupied, preferably by the Allies, if not, then by France and such of her Allies as would go in with her, France's object in the move being to obtain immediate payment of the £1,300 millions which she claimed, plus whatever sum might be required



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to pay off her debts to Great Britain and the United States. Put in another way, France would agree to no reduction of the total of the German reparation debt save as a set-off against the cancellation of her war debts to Great Britain and America.

The British view on the other hand was that Germany was incapable of making large immediate payments; that the occupation of the Ruhr was not the right way in which to secure such payment; that by reducing the capacity of Germany to pay, owing to the loss of her most important industrial and economic centre, payment would be indefinitely postponed, and further exasperation and probably at a later date internal disruption in Germany would be produced and that grave economic loss would thus be entailed, not merely on the occupying Powers, but on Europe, viewed as an economic unit, in general. Mr. Bonar Law therefore declined to join in the occupation, and proposed an alternative plan for the reduction of the total debt to £2,500 millions with an accompanying issue of bonds, a moratorium for a short period of years and the institution of a drastic control over German finance. Further, if this proposal were accepted, he made the offer, startling though unrecognized in its generosity, to cancel the French and Italian war debts to us *in toto*.

The French refused, and on the 11th January the Franco-Belgo-Italian occupation of the Ruhr began. It cannot, I think, be denied that the sanguine expectations with which it was entered upon have been largely falsified by the results. An extensive and prolonged military occupation was far from being contemplated, and, indeed, as soon as it appeared inevitable, the Italians retired from the scene. The sustained obstinacy and fury of passive resistance were not foreseen. The anticipated payments, whether in deliveries of coal and coke or in reparation payments, were presently shown to be not forthcoming. Meanwhile, as the net yield of the Franco-Belgian occupation became increasingly disappointing, so the treatment of the inhabitants by the Franco-Belgian authorities became increasingly severe. Thus there grew up a sort of deadlock, or, if the metaphor be varied, a condition of embittered stalemate between the rival forces. The Germans took the view that the occupation was in direct violation of the Treaty. They refused all voluntary reparation payments to France and Belgium, and they threw every possible obstacle in the way of the industrial exploitation of the region. The work of the military disarmament of Germany, provided for by the Peace Treaty, also came to a standstill.

In the meantime Mr. Bonar Law, in a generous anxiety not to frustrate by British action the success of a policy in the practical application of which he disbelieved, but the principle underlying which, viz., the desire and necessity to obtain reparations, was equally accepted by ourselves, while wishing the French good fortune in their undertaking, took up an attitude of strict neutrality. That attitude we have maintained throughout the summer, retaining our army of occupation in the area the custody of which had been assigned to us by the Treaty, endeavouring to hold the scales between the rival parties, and hoping to bring them to an ultimate arrangement. The fact that we learned from our Law Officers, after Mr. Bonar Law's return from Paris, that the occupation was not, in their opinion, justified by the terms of the Treaty, thus confirming the wisdom of the British attitude, was never concealed by us from our Allies. On the other hand, public use was not made of it until M. Poincaré himself raised the legal issue by basing his case on the alleged illegality of the German action in resisting the occupation.

I am not here to apportion praise or blame between the various parties in the conflict. Our sentimental sympathy would always have been and was with our old and trusted Ally. We had not the smallest desire to take the side of Germany, or to let the Germans down easily, or to deprive France of her just due. On the other hand, we also had to consider our due, and, viewing the



matter not through the glasses of sentiment, but from a severely practical angle we regarded with increasing anxiety the prosecution of a policy that seemed to us to be productive of no good results, and to be leading on to disaster and ruin.

In the course of the spring the German Government under Dr. Cuno made a number of rather ill-advised suggestions for compromise, which I need not summarize because they were in each case inadequate and stillborn. I did not think that their diplomacy in this respect was wise; and in my various interviews with the German Ambassador I never failed to impress upon him this point of view and to urge that the duty of his Government was three-fold: (1) to pay their just debts, (2) to agree to the fixation of the payments by competent authority, (3) to offer specific and adequate guarantees. Simultaneously His Majesty's Government never wavered in the assertion of their broad and general loyalty to the Entente, and more than once indicated to the French Government that, if security rather than, or in addition to, reparations was in their mind, we should at any time be willing to discuss it. The first definite move, again halting and ill-conceived, was made by Germany in the opening days of May last. It was promptly turned down with scorn by France and Belgium and met with no approval from us. Then in response to a suggestion made by His Majesty's Government their second offer of the 7th June came. This was more substantial; for the German Government now offered to accept the decision of an impartial international body as to the amount and methods of payment, they proposed certain specific guarantees, and they asked for a Conference to work out a definite scheme. Here at least seemed to His Majesty's Government to be both the chance of progress and the material for a reply. Prolonged conversations with our French and Belgian Allies left their views and intentions veiled in some obscurity; and accordingly we decided, with their knowledge, to draw up the draft of a joint reply, with a view to securing the inestimable advantage of concerted action.

By this time the question of passive resistance, which had been continued with unabated intensity and had baffled all the French expectations, had assumed the first place in the outlook of our Allies, and M. Poincaré more than once laid down with uncompromising clearness that not until it was abandoned would he enter into discussions as to the future. For our part we continued to give advice in a similar sense to the German Government; and in the draft reply which we submitted, its abandonment, entailing the gradual resumption of civil administration and the progressive evacuation of the Ruhr, was put in the forefront of our scheme. In our explanatory letter to the Allies we further made concrete proposals, viz., for the examination by a body of impartial experts, acting in conjunction with, and if necessary under the orders of, the Reparations Commission, of the question of German capacity and modes of payment, a similar examination into the question of the proposed guarantees, and the summoning of an Inter-Allied Conference to bring about a general financial settlement. I do not think, therefore, that it can be said of His Majesty's Government that they were either backward in initiative or barren of suggestion; and certainly our proposals appeared to us to be characterized both by impartiality and goodwill. They were unfortunate, however, in receiving an unfavourable reply from France, and a not much more favourable reply from Belgium. These replies have been published to the world, and I need not recapitulate their nature. It is enough to say that not until passive resistance was definitely abandoned by Germany would our Allies agree to make any move; our proposal for an expert enquiry was rejected; the French and Belgian claims for repayment were restated in unqualified form. I confess that my colleagues and I were greatly disappointed at the result of our sincere but thankless intervention. Once more we stated our case in the British Note of the 11th August, a note revised with meticulous care, first by the Cabinet and

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then by the Prime Minister and myself, and once again we offered as the price of a settlement to cancel the whole of our claims except for the sum of £710 millions sterling to meet our debt to the United States Government. Moreover, if we could get a portion of the sum from German reparations, our demands upon our Allies would be proportionately reduced. The replies of the French and Belgian Governments have been published. They indicated not the faintest advance from the position already taken up. Our capacity for useful intervention was manifestly exhausted.

Meanwhile, as time passed, it became apparent that the German Government could not, even if they desired, persist in the policy of passive resistance; and at length, only a week ago, Herr Stresemann, who had succeeded Dr. Cuno a few weeks earlier, decided to surrender. I think myself that this surrender should have been made three months ago and was unwisely and foolishly postponed. But I have always been told, and I suspect that it is the truth, that no German Government could at that time have survived which made the surrender. Whether Herr Stresemann, who had the courage and the wisdom to take this step, will survive is uncertain as I speak these words.

And now what is the point to which we have come? We do not grudge our Allies the victory—if victory it be. On the contrary we welcome, just as we have for long ourselves advised, it. But are we any nearer to settlement? Will the reparation payments begin to flow in? What is the new form of civil administration or organization that is to be applied to the Ruhr? These are questions which it is vital to put, and vital also to answer.

One of the results at any rate that we anticipated has already been brought about. For we see the beginnings of that internal disruption which we have all along feared, but which we have been consistently told to regard as a bogey. And let it be remembered that disruption is not merely an ominous political symptom. It has a portentous economic significance, for it may mean the ultimate disappearance of the debtor himself.

What therefore should be the next step? I have made no concealment of our view in my conversations with the French Ambassador, and it has the approval of the Prime Minister, who recently did so much by his visit to Paris to recreate a friendly atmosphere after the rather heated discharge of the rival guns. We have repeatedly been assured by the French Government that, as soon as passive resistance definitely ceased, the time for discussion between the Allies would have come. So far as I can gather, the German Government are sincere in their intentions, and have taken the steps required of them. What may be the attitude of the local population in the Ruhr I cannot say. But if the French contention be valid that it is only in obedience to orders from Berlin that they have hitherto resisted, there should be no difficulty about their conduct now. I would merely remark that, while passive resistance has, as we hoped and desired, been replaced by passive assistance, it may be too much to expect it to be followed all in a flash by enthusiastic co-operation.

The French Government know therefore that we await and expect the next proposals from them. The contingency of the cessation of passive resistance must have long been anticipated at the Quai d'Orsay, and the consequent measures doubtless exist in outline if not in detail. We shall be quite ready to receive and to discuss them in a friendly spirit. Our position at Cologne in the occupied area gives us a right to be consulted in any local arrangements that may be proposed, and that position we have no intention to abandon. Our reparation claim, willing as we have been to pare it down in the interests of settlement, renders it impossible that any such settlement could be reached without our co-operation. Our stake in the economic recovery of Europe, which affects us as closely, and in some respects more so, than the immediate neighbour of Germany, makes us long for an issue. We have already shown our willingness, by unexampled concessions, to contribute to it.

## APPENDIX IV

SPEECHES REGARDING THE WORK OF THE LEAGUE OF  
NATIONS, OCTOBER 11, 1923STATEMENT BY LORD ROBERT CECIL, K.C., M.P., LORD PRIVY SEAL  
AND BRITISH REPRESENTATIVE ON THE COUNCIL OF THE  
LEAGUE OF NATIONS.

LORD ROBERT CECIL: Prime Minister, I am in a little physical difficulty and I hope the Conference will pardon me if my statement appears to be inadequate to the importance of the cause.

I propose, with your permission, to deal a little generally with the topic of the League and not merely to confine myself to the particular issue of the Italo-Greek crisis, unless the Conference desires me to do so.

I do not propose to give you, or attempt to give you, a review of the history of the League proceedings during the last few years, because, in the first place, I have so recently joined the Government that I should not be qualified to do it from the inside point of view, and from every other point of view everybody is equally qualified with myself, because the whole of the proceedings, as you know, are always published either immediately or at a very short interval after they have taken place.

## AIMS AND POSITION OF LEAGUE

What I would like to try to do, if I may, is to make some kind of estimate of the present position of the League and what place it ought to occupy, and does occupy, in the foreign policy of the Empire. And it is necessary, though I should have hoped it would not have been, to begin by one or two elementary observations, owing to certain criticisms from highly-placed quarters, which have been passed on the recent proceedings of the League. It seems necessary to emphasize once again that the League is not a super-State and it is not there to give laws to the world it is not an organization which either legislates for or administers other countries, nor is it a mere debating society, a collection of more or less eminent persons who go there to indulge in futile oratory. I think it may be defined as an international organization, to consider and discuss and agree upon international action and the settlement of international difficulties and disputes. Its method is not, therefore, the method of coercive government; it is a method of consent and its executive instrument is not force, but public opinion. Now, I am sorry to insist upon what to many of my hearers must be very elementary observations, and I only do so, because, in connection with this crisis, there was published a very strong criticism of the League and the action of the British representatives, on the authority of an ex-Prime Minister, which seemed to me to show that there was a considerable misapprehension, even in the highest quarters, of what the League really strives to do.

## OBJECT OF LEAGUE IS TO PROMOTE AGREEMENT AMONG NATIONS

The League's business is not to impose a settlement, even when a controversy is brought before it; it is to promote agreement. The recent controversy was brought before the League under Article 15, as I shall show in a minute, and its business was to get a settlement of the controversy and an agreement of

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the parties, and, if they did not agree, there was no power under the Covenant, nor would it have been at all in accordance with the general principles of the League, for the League to attempt to enforce what the Council of the League might think was the proper settlement. As everybody, I imagine, in this room knows quite well, there is only one occasion in which, under the Covenant, force is to be used, *i.e.*, under Article 16, and the object of that is not to enforce any particular settlement or a particular action, but to prevent nations from fighting, especially until an opportunity has been given for discussion, and consideration, and agreement. It is rather important, I think, that that should be realized in considering the actions of the League, and not least its action in connection with this Italian-Greek crisis. There ought to be no doubt about it, because the very words of the Preamble describe its objects—"To promote international co-operation and to achieve international peace and security." Those are the two objects of the League and they are to be accomplished, as I say, by inducing the nations to agree and act together, and not by any attempt by a group of nations, or by the majority of the League, to enforce on any particular nation any particular line of conduct which is approved.

## RESULTS ALREADY ACHIEVED

Now I would like—I will be as brief as I can—just to ask whether this conception, because it is necessary to ask it in view of what has recently been said in some quarters, whether this conception has, in fact, worked out successfully. Let me just take the first object of the Preamble—international co-operation. I do not think the severest criticism of the League will deny it has achieved an immense amount of co-operation of the most valuable kind and of the most multifarious description. I only propose to mention—I do not propose to discuss or describe—what it has done, but, when we come to consider the enormous number of different ways in which it has acted in order to promote international co-operation, I think there will be no doubt in the minds of anybody in this room that it has carried out this part of its duty with very remarkable success. Take its humanitarian exertions: the repatriation of hundreds of thousands of prisoners of war, the relief of hundreds of thousands of refugees, the organization of a defence against the epidemics from the east of Europe, achieved with very little expense and with absolutely complete success. Or you may take its social activities: the great efforts and the successful efforts it has made to strengthen the fight against opium, to extirpate the horrible traffic in women and children, which is one of the disgraces of our civilization, the assisting and protection of native races, and a very large part of its work which is subsidiary to the League, but in a sense part of it, its work in the International Labour Organization.

Or you may take its economic work: the great amount of work it has already done to facilitate the increase of transit between nations, or the smaller matters that it has had something to do with, to relieve the hindrance caused by passport regulations, or the work which it has done quite lately, the other day, to induce the nations to agree on a convention for the enforcement of commercial arbitration, a thing of immense importance to the commercial interest all over the world. Or you may take its financial work: I need not go back on the old Brussels Conference of 1920, although I still think that was a very considerable effort towards the financial re-establishment of the world, and that it deserved better practical success than it actually achieved. Or you may take the better known and more striking success, the very, very considerable steps that have been taken towards the financial rehabilitation of Austria. very remarkable work—I have not time to deal with it in any detail, but the Conference is well aware of the very remarkable success that has been



achieved in that direction. So remarkable is it that Hungary is asking us to help her in the same kind of way, though, I hope, with less contingent financial liability than in the case of Austria; and unhappy Greece, which has been saddled with a terrible financial problem of providing for a million refugees, *i.e.*, a quarter of her whole population, in addition to the existing population, is asking us to facilitate the raising of a loan for that purpose, and the establishment of a scheme for the settlement of these refugees on a sound economic basis. Or you may take its administrative work: the administration of Danzig, the administration of the Saar, the various administrative duties which have been thrust upon it, or have been offered to it, by the Lausanne Treaty; or you may take the number of other cases—I will not weary the Conference by enumerating any more—from what is called the intellectual co-operative work, which I think perhaps has more the sympathy of our continental neighbours than ourselves, down to a conference for fixing the movable feasts of the Church so as to have a fixed holiday instead of a movable one. All this work has been done, and, I think, with very great and remarkable success, and, considering the immense amount of advantage that has accrued to the populations of the world, with wonderfully little expense. I do not believe it could have been done in any other way than by the existence of the League.

#### IMPROVEMENT ON PREVIOUS PROCEDURE

If anybody who is familiar with these things consider what, under the old system of a diplomatic correspondence and special conferences perhaps called of a partial kind, which have no machinery to carry them out between their summoning, if you consider that, I think you will agree that the work could not have been done except by the League. The truth is that the League really has done splendid work in all these respects, and, as Lord Curzon said the other day, the League has exercised a wholesome and conciliatory influence in world politics. I do not think it is right to under-estimate the immense importance of all these kinds of activities in that conciliatory influence on the larger political questions which have to be transacted between nations. But, of course, all that is comparatively a minor matter.

#### STATUS OF LEAGUE IN INTERNATIONAL DISPUTES

The second object of the League is the object of achieving international peace and security, and anyone may well say how can you make any claim for the League if you consider the condition of Europe now, after the League has been in existence for three or four years.

I feel the force of the observation. But, in the first place, I must point out that the League is only what the Governments composing it choose to make it. It for them to say. As I have already explained, it is not a super-State, it has no coercive jurisdiction—it is for the Governments to say how much or how little work they entrust to the League. The League was not asked to deal with the Russo-Polish war; it was not asked to deal with the Turco-Greek war; it was not asked to deal with the question of Reparations; and it is those three big questions more than anything else that have been responsible for the unrest which still prevails in Europe. No doubt, of course, it may be said that if it had been asked to deal with those three big questions it would have failed. All one can say is that may be so, but the organizations which have attempted to deal with them have not been pre-eminently successful. On the other hand, as everyone knows, in the number of smaller questions which have been entrusted to the League, the League has succeeded in allaying the difficulties and disputes which have come before it.



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I need not recount the circumstances of those disputes, the question of the Aaland Islands, the question of Upper Silesia, the question of Albania and Serbia, which was a very dangerous question, and even the question of Vilna, which many people regard as one of the least successful matters; but war between Lithuania and Poland was prevented. I think no one can deny that the work of the League did not meet with complete success, yet it did do this, it prevented any further fighting on the subject, and stopped the fighting which was already in progress.

## ITALIAN-GREEK CRISIS

But all these are smaller questions, and that is why the recent Italian-Greek question is of such enormous importance in the history of the League. It was the first occasion on which an International Dispute of the first order—one which might easily have led to serious wars in Europe—it was the first big question that had come before the League, and it is for that reason that I hope the Conference will allow me just to go through the dates and events, and point out exactly what the League did do and what the League did not do.

The murder of General Tellini took place on the 27th August, and the Italian ultimatum was issued on the 29th August. The Greek reply was the next day—the 30th August—and after acceding to the first three or four demands and explaining that the Greek Government was not able to accede to the other three, without abdicating its sovereignty—that is, undertaking to hang somebody, to allow another Power to take its place in trying the criminals, and, above all, to undertake to pay 50,000,000 lire whatever happened—those three demands the Greeks refused and concluded by saying that, if their reply was not deemed to be satisfactory, they were quite willing to submit the whole matter to the League; and they bound themselves beforehand to accept whatever the League should suggest. On the same day, the 30th, came the Ambassadors' note making their demands, for the Ambassadors were parties to the dispute; they made their demands on the same day, and also on the same day the Italian Government intimated that they would not accept the League. It is rather important that that should be emphasized, because it has been suggested that it was something which the League did which induced the Italian Government to reject it, but, as a matter of fact, they rejected it before the League had done anything. On the 31st the Ambassadors' note was delivered and the bombardment and occupation of Corfu took place, and articles appeared in the Italian press hostile to the League.

## APPEAL TO LEAGUE BY GOVERNMENT OF GREECE AND ACTION TAKEN BY COUNCIL

On the 1st September the Greek request for a hearing before the Council of the League was received in Geneva. The Council of the League happened to be in session already. It immediately met on the morning of the 1st in private; it is an illusion of some of our critics to suppose that the first meetings of the Council to deal with this matter were in public. It met in private, and the Greek representative, M. Politis, presented his request for the consideration and decision of the League. He read Articles 12 and 15, or at any rate the material parts of them, and under those articles anyone can see who refers to them that there is an absolute right given to any member of the League to submit to the League any dispute likely to lead to a rupture with any other member of the League, and it becomes the absolute duty of the Council to take that matter into consideration and endeavour to effect a settlement of it, and, if a settlement is impossible, then to hear and report upon the issue submitted to it, the parties agreeing that they will not resort to war until the dispute has been heard and reported upon.

In making his speech M. Politis disclaimed any desire that Article 16 should be applied. Article 16, as everyone knows, is an article which provides for economic pressure and blockade, and ultimately stronger measures, in case a country resorts to war without having submitted its dispute to the League. In other words, M. Politis did not claim that there had been a resort to war. I think he was right in the attitude he took. There had been an act which might have been treated as an act of war, but in fact was not treated as an act of war by the party against whom it was directed; and, therefore, there was technically no resort to war, and M. Politis very explicitly said that he had no desire that Article 16 should be applied. I do not know whether the Conference may have noticed a letter by Sir Frederick Pollock in yesterday's "Times" in which that distinguished jurist explains his view that there was no resort to war in this case.

#### QUESTION OF COMPETENCE OF LEAGUE

The Italian representative, Signor Salandra, said that he had no instructions, and asked for an adjournment, but incidentally called attention to the fact that, since the matter was also an offence against the Conference of Ambassadors, they were involved, and it was a question—he did not actually say that the League had no competence at that stage, but suggested that it was a matter that the Conference of Ambassadors ought to deal with. That was not accepted at that stage by the Greek representatives, and on behalf of the British Government I said we had no doubt at all as to the competence of the League, and I, while deploring deeply the murder—which I, of course, did—said on behalf of the British Government that we felt there was no question as to the duty of the League to entertain the request of the Greek Government under the clear terms of Article 15. I think the Conference would agree that the position was clear. There was a dispute, if ever a dispute existed which could be described as likely to lead to a rupture; it was a dispute of that nature; it was a dispute which at any moment might have caused war between the two countries. Any hasty action on the part of the Greek Commander might have precipitated the two countries into a war, and it may be with other countries as well; that was clearly a dispute likely to lead to a rupture. It was submitted to the Council of the League by one of its members expressly asking them to act under Article 15, and, as anyone who will read that article will agree, there was no option or discretion in the matter; the Council were bound to act, and they did act. The line which I took on behalf of the British Government was very warmly supported by the Swedish representative, M. Branting, and there was no question on the part of any member of the Council as to what the duty of the Council was, apart from the Italian representative. However, we adjourned till the 4th in order to allow the Italian representative to receive his instructions, merely passing a resolution to the effect that we hoped nothing would be done on either side to aggravate the situation.

#### FEELING IN ASSEMBLY

The Assembly met on the 3rd, and it had become quite evident that there was a very strong and a unanimous feeling in the Assembly on the point. It is perhaps worth while to remind the Conference of the position of the Assembly, I mean of the delegates. The larger Powers are usually represented by persons of more or less importance, commonly ex-Ministers or persons of note of that kind; the smaller Powers are not infrequently—I think I might say almost usually—represented by their Foreign Minister or somebody of equal authority in their country: Dr. Benes on behalf of Czecho-slovakia, M. Nineic on behalf of Serbia, M. Kalfoff on behalf of Bulgaria and Dr. Nansen on behalf of Nor-

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way, and so on; consequently a very large proportion of them speak directly for their Governments, and those who are not actually Ministers are usually people of such importance that anything they say carries the opinions of their countries with them. It was, therefore, of great importance that there was a really strong vehement feeling that the League must act and must do its duty, and a strong feeling also, of course, that the occupation and bombardment of Corfu was, in the circumstances, not a defensible proceeding.

## FURTHER PROCEEDINGS OF COUNCIL

There had been delivered on the 2nd, and this is an important fact in the situation, the reply of the Greeks to the note from the Ambassadors' Conference and in that reply they expressed their willingness to accept whatever the Ambassadors put upon them. On the same day I received, and was intensely grateful to the Prime Minister and the Foreign Secretary for them, the instructions from the British Government authorizing me to take whatever action I thought right to support the Covenant. The next day the Greek Note to the Ambassadors was received of course, and we received—I need not go into the detail of it—we received information of the rather vehement and formal rejection of all competence of the League on behalf of the Italian Government. That was the 2nd September. When we met on the 4th September, in the first public meeting of the Council, the Italian instructions had not arrived. They had sent somebody, one of their members, to Rome to get personal instructions and all that we did on that occasion was to hear a further proposal from the Greek Government offering the deposit of 50 million lire in a Swiss bank to await whatever damages might be awarded against them. Then came the meeting of the 5th September and then we had a communication for the first time from the Ambassadors' Conference telling us what was going on in Paris. We had a speech from the Italian representative denying the competence of the League in a very much more moderate form, it must be said, than the language which had been used outside the Council of the League, and it was on that occasion that we had read to us the relevant articles of the Covenant in French and English pointing out what the duties of the Council were and that we could not infringe those duties without breaking the Covenant and incidentally breaking the Treaties of Peace of which the Covenant was part. It became clear at this stage, both from what Signor Salandra said to us in the Council and from information conveyed to us from outside, that the Italians were now prepared—they had not said so up till then—to accept the Conference of Ambassadors, not only as the proper authority for dealing with the offence to the Ambassadors, but as determining what ought to be done between Greece and Italy, and therefore on that date we were for the first time in the presence of an agreement by the two parties of the dispute to accept the decision of a Tribunal, of a body, outside the League. We had a meeting, a certain number of members of the Council met and considered what reply we ought to send to the Ambassadors and we felt that our business under the Covenant was to do everything we could to promote a settlement, and since the two parties had agreed to accept the decision of the Conference of Ambassadors our object henceforward was to do everything we could to facilitate the task of the Ambassadors, and to make their decision as nearly in accordance with public opinion of the world as expressed at Geneva as we could. We therefore drew up the proposed terms of settlement apart from the question of the evacuation of Corfu, and these were proposed by the Spanish member of the Council at the meeting of the Council on the 6th. We were unable to send those proposals as agreed recommendations to the Council of Ambassadors, and it was in order to get over that difficulty that at my suggestion we decided to send the whole of the minutes of our proceedings to the Ambassadors who,

as we knew, were going to meet the next day to deal with the matter, and the minutes included not only the actual proposals which were, in fact, the proposals which were afterwards adopted practically without alteration or very small alterations by the Conference of Ambassadors, but also included certain very important declarations by other members besides the British member of the Council as to the competence of the League. The Belgian member, for instance, M. Hymans, made a very strong declaration as to the clear competence of the League. That was assented to by the Swedish member and by the Uruguayan member, and also by the Spanish representative. It was, of course, quite well known that that represented the strong feeling, as I have already said, of all these nations there assembled at Geneva, and I happen to know, as a matter of fact, that that feeling was conveyed by a great number of different nations both at Paris and at Rome to the Governments of France and Italy. I have not myself the least doubt that that strong feeling had a considerable effect upon the readiness with which the Conference of Ambassadors on the 7th September adopted the suggestions which the Council of the League had put forward as to the settlement of the question apart from the evacuation of Corfu. The Conference of Ambassadors did adopt them. They were accepted by Greece and Italy and then took place a rather awkward pause. We were informed that the Conference of Ambassadors were going to deal with the question of Corfu also. As I have said only too often, the business of the League was to promote an agreement and a settlement, and as long as there was any prospect of a settlement being reached it was not the duty of the Council of the League to intervene. They therefore held their hand altogether during the next few days awaiting the decision of the Conference of Ambassadors as to what was going to happen in Corfu. They, of course, reserved to themselves the right to take the matter up again if no settlement was reached or if a settlement was reached so plainly in defiance of all public law that they could not allow it to pass. As a matter of fact, on the 13th the settlement was reached, and the note which was sent by the Conference of Ambassadors to Greece was not unsatisfactory. It said that it adhered to the terms, of course, of the 7th September, the first note, and that having received from the Italian Ambassador a statement that Italy would in any case evacuate Corfu on the 27th September, which, I may parenthetically observe, was two days before the end of the Assembly, having received that assurance it went on to say that, if the Ambassadors were satisfied that Greece had not carried out with due care its obligations to search for and punish the criminals, then they reserved to themselves the right to impose further penalties on Greece including the payment of the whole 50 million lire without any reference to the International Court. That was the note of the 13th September. On that we were not called upon to make any observations, because both Greece and the Italians accepted the note and so far as the League was concerned the matter was at an end.

#### PART PLAYED BY LEAGUE IN SETTLEMENT

A settlement had been effected; we had done the best we could to effect that settlement and I am convinced that the concentration of public opinion at Geneva was one of the great factors in promoting what was, after all, a very rapid pacific solution of an exceedingly difficult question. On the 17th September there was a meeting of the Council at which we took note of this settlement and I took the opportunity of explaining very much what I have explained to the Conference here, what seemed to us the duty of the League in cases of this kind. On the 18th the Italian representative made a further statement as to his objection to the competence of the League. It was, I think one may say without impertinence, more moderate than the previous declarations had been and thereupon it was



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agreed that we should take means to clear up definitely and for ever, as far as one could, all these legal questions that had been raised, the question of competence and the question of the right to seize territory in order to enforce demands—I will deal with that in a moment—and also the question of the responsibility for political crimes committed on the territory of a State. I need not trouble the Conference with the details of the negotiations that then took place. A number of meetings of the Council took place and we called in our legal advisers. They drew up five questions which raised these matters and they were accepted, together with a declaration to which I shall refer in a moment, by the Italian Government.

## DISCUSSION IN ASSEMBLY

On the 28th, and this is the last date I shall have to trouble the Conference with, there was a meeting of the whole Assembly when, for the first time, the Assembly thought it was right for them to discuss and express an opinion upon these events. It was begun by the President of the Council, Viscount Ishii, reading the resolutions to which the Council had come. He was followed by M. Branting, who expressed certain criticisms, particularly that the matter had not been referred directly to the International Court of Justice. I made some observations.

Then occurred a really rather remarkable demonstration. Eight or ten representatives from all parts of the world, from all four quarters of the globe, one after the other, expressed in the strongest way their conviction that the League was competent to deal with the matter and their regret at some of the incidents that had occurred.

## SUMMARY OF POSITION

May I just try and summarize what seems to me to have been the result? Greece submitted the questions under Articles 12 and 15, and, as I have explained, the Council was bound to entertain them and did entertain them. There was no resort to war and hence, as the Greeks very truly said, Article 16 did not apply. On the other hand a very serious question was raised as to the action of the Italian Government in occupying territory in order to enforce a demand against Greece.

## PRECEDENTS FOR ITALIAN ACTION

That is not as clear a matter as perhaps some of us would wish. Undoubtedly before the Covenant it had been quite common for countries of all kinds to exercise coercion of that kind. Sir Frederick Pollock called attention to the proceedings in Crete, but there are stronger cases still. There is a case in the early sixties where the British Government did almost exactly the same as the Italian Government. A British subject was murdered in Japan by one of the feudal clans. This was before the marvellous changes in Japan. The British Government demanded £25,000 as compensation to the relatives of the murdered man and £100,000 as compensation to the British Government and apologies and the arrest of the criminals. When the criminals were not arrested as quickly as they thought they ought to be arrested the British fleet bombarded a place called Kagoshima and burned it to the ground. I mention this because it is right that we should realize that, apart from the Covenant, there was nothing unusual, whatever we may think of it as a proper international proceeding, there was nothing unusual in what the Italians did at Corfu. On the other hand it has raised the question of whether that Covenant permits any such action to be taken by one member of the League against another without at any rate resorting to every means of discussion and debate in order to settle the dispute before such measures are taken.



## DEFENCE OF COUNCIL'S ACTION

Shortly, I venture to say that the Council did exactly what it ought to have done under the Covenant. Its business was to promote a settlement. If that settlement could not be promoted by diplomacy or by arbitration, which are mentioned under Article 13, its business was to hear and report upon the dispute itself. It carried out that duty of promoting a settlement absolutely, and its suggestions, as I venture to think, for the settlement were of great value and were in themselves quite sound. But once the parties had agreed on settling it in another way than by the report of the Council, it was not only the right, but it was the duty of the Council to do everything they could to facilitate the settlement by those means.

## APPOINTMENT OF COMMISSION OF JURISTS

There remain then these two questions which I have referred to, the question of the legality of the occupation of Corfu, which I have already dealt with, and the question of the competence of the League. They have been dealt with in this way. We, most of us, or I and several of the other members of the Council, desired that they should be referred to the International Court of Justice for an advisory opinion. The Italians were opposed to that, in the case of one of the questions. They proposed that they should be referred to a Commission of Jurists. Ultimately we agreed to the Commission of Jurists and they agreed to a very strong declaration: That any dispute between members of the League likely to lead to a rupture is within the sphere of action of the League and that, if the dispute cannot be settled by diplomacy, arbitration or judicial settlement, it is the duty of the Council to deal with it under Article 15 of the Covenant. In view of that very strong declaration which seemed to me to go far to dispose of the question of competence, I did not myself think it was necessary to fight any longer for the immediate reference to the International Court of Justice. The matter will go to this Committee of Jurists and they will report to the next meeting of the Council on the 10th December. If the Council still feel that the matter is in any doubt they will be able to put any further questions they like to the International Court.

## EFFECT OF ITALIAN ACTION ON POSITION OF LEAGUE

It seems to me, therefore, that as far as the formal position of the League is concerned, it is unhurt. An attack was made on its competence that has been either actually withdrawn or will be dealt with finally in the near future. The question of the occupation of Corfu is also to be submitted to legal determination, and so is the question of the responsibility for a political crime committed on the territory of a State. I confess I think those provisions for dealing with these questions which have been raised in this dispute in a strictly legal way form a very valuable precedent. I do not recall any instance of an international dispute of this nature raising very difficult questions which has been followed by an attempt to settle those questions by strictly legal and constitutional means, and if that precedent is established and is followed it really will lay the foundation, as it seems to me, for a gradual elaboration of international law which may be of enormous value for the future peace of the world. Therefore formally the League is unhurt.

Substantially, however, I do not think one can go as far as that. There has been the challenge by a great Power of the competence of the League. It is quite true that that has been met immediately by a very remarkable rally of all the smaller Powers to the support of the League. It showed a very strong, vigorous, vital feeling on the part of all those Powers not only in Europe, but

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all over the world that the League must be supported, that it was the only guarantee of justice between the States and that the small States particularly were vitally interested in the maintenance of the authority of the League. I think that was a very valuable counterweight to the repudiation—I think we must admit it was repudiation—by a great Power of the competence of the League, at any rate for a time. I do not think that repudiation has done the League's authority as much harm as some people believe.

## GENERAL ATTITUDE TOWARDS COUNCIL OF GOVERNMENTS REPRESENTED ON IT

Apart from the actual repudiation by a great Power, the other unfavourable symptom that struck me at Geneva was a certain want of confidence in the Council of the League by the members of the Council. They did not feel as sure of themselves as I could have wished. They did not quite know what it would be safe for them to do. That is perhaps not a matter of surprise considering the short time which the League has been in existence, but I do think, if I may say so, that it points to the necessity for those countries that believe in the League, as I hope we do, giving to the League on all possible occasions every support that they can and making it a most essential part of our foreign policy.

## COMMENTS ON LEAGUE MACHINERY

On the other hand, I think we may say, those of us who believe in the League, that there were very many encouraging things about this crisis, not only the matters to which I have already alluded. I think we may say with great truth that the machinery of the League worked well, that it all worked, as we used to be told, according to plan, that the dispute when it was presented came naturally to the Council, the Council naturally considered it, there was no hitch or difficulty. I myself believe that the publicity in which the later stages of the controversy took place was all to the good. I believe it enabled public opinion to support the League, to support what I think was justice. I think that the effect of public opinion was exactly what we who believed in it thought it would be; it was so overwhelming that no country could stand against it, and that, when it became clear that the public opinion of the world was on one side, that country had to modify its policy in accordance with the opinion expressed.

## SUPPORT OF BRITISH EMPIRE FOR LEAGUE

Somebody said to me the other day that the British Empire never had any foreign policy except to keep the peace. I believe that is roughly true; at any rate, true for very many decades, if not centuries, past. We have tried to keep the peace; that has been the great object of British foreign policy, working not by force, not by power, but by trying to promote friendliness amongst the nations. That has been, I believe, the broad object, sometimes more and sometimes less successfully pursued by successive British Ministries. I believe it is still the essential thing we should aim at. We now have in our hands an instrument for that purpose in the League of Nations, incomparably more effective than anything we have had before. We ought to do our utmost to strengthen the League and make it more and more the corner stone of our policy, for unless we can get rid of the war machinery, the idea of force and compulsion, I do not myself think there is any hope that we shall see a pacified and restored Europe.

## STATEMENT BY THE PRIME MINISTER OF CANADA

## APPRECIATION OF LORD ROBERT CECIL'S STATEMENT

Mr. MACKENZIE KING: I do not know that I have much to add by way of comment, except to express appreciation for the information we have received, particularly in relation to the Italian-Greek crisis, and the fact that Lord Robert Cecil went so carefully and fully into the different aspects of the work of the League in which we are all so interested.

## EFFECT OF ITALIAN ACTION ON PUBLIC OPINION IN CANADA

In speaking of the Italian-Greek crisis and the relations of the League thereto, we cannot from a distance but feel that the extent to which public opinion was focussed on the dispute was increased a thousandfold by virtue of the fact that the League's authority to a certain extent had apparently been ignored. It gave to every country, certainly to Canada in her interest in the dispute, a feeling of immediate concern, which I think she otherwise would never have had. I believe that much the same feeling was aroused in America, though she is not a member of the League. I think there was a feeling that, after all, nations had endeavoured to set up some machinery to take the place of force, which machinery should be respected. I believe that the fact that the League was meeting at the time certainly went far in arousing world opinion and would have led to a much more vigorous action from the outside world if necessity had occasioned it. Certainly nothing could better express the views that were held in Canada generally with reference to the support which should be given to the League than the concluding remarks of Lord Robert Cecil. In every particular they would be endorsed with enthusiasm from one end of our country to the other.

## GOOD EFFECTS OF LORD ROBERT CECIL'S VISIT TO CANADA AND THE UNITED STATES

May I take advantage of this occasion to express the pride and pleasure which we all felt in the visit of Lord Robert Cecil to America and the addresses given there. I believe they were distinctly helpful in interpreting the work of the League in a sympathetic manner to the people of the North American continent. I believe the speeches did much good. I do think that Lord Robert Cecil's visit was in every particular helpful to the League and to the British Empire.

I should like to mention that my colleague, Sir Lomer Gouin, was one of our representatives at the League and possibly the Conference would like him to say a word or two if he so desires.

## STATEMENT BY MINISTER OF JUSTICE, CANADA

Sir LOMER GOUIN: I was at Geneva representing my country at the last meeting of the League of Nations. I followed the deliberations of the Assembly and the deliberations of the Council. I must say that I felt proud of the rôle played by Lord Robert Cecil both before the Assembly and before the Council.

## CANADIAN AMENDMENT TO ARTICLE 10 OF THE COVENANT

I must take this opportunity to thank Lord Robert Cecil for the great help he gave Canada in connection with the proposition that we laid before the Assembly with regard to Article 10 of the Covenant. As you remember, in 1919, at the time that the Peace Conference was preparing the Covenant, the representative of Canada, my predecessor, the Right Hon. Mr. Doherty, opposed

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Article 10, and, after the Covenant was signed and brought to our Canadian Parliament for ratification, he maintained his opposition to that Article. But, believing in the Covenant and wishing to be a party to the League of Nations, he asked our Parliament to ratify the Covenant, which was done. In 1920, at the very first meeting of the Assembly of the League, he came before the delegates and asked for the repeal of Article 10. This was referred to a Commission appointed by the Council, and the report of that Commission was to the effect that, instead of repealing Article 10, an interpretative clause should be adopted by the Assembly. That report was discussed at two Assemblies, and in 1922 our representative, the Hon. Mr. Lapointe, finding that he could not obtain the repeal of Article 10, brought up another amendment in advance of the proposition of the interpretative clause. This year I brought up the same amendment and with the help of Lord Robert Cecil and the representatives of the other Great Powers, we succeeded in having the Commission, which had been entrusted with the examination of our proposal, submit an interpretative declaration to the Assembly, which voted for it by a large majority, one State only voting against it. It is true that the Clause was not adopted, as unanimity was necessary under the rules, but . . . .

LORD ROBERT CECIL: It was only Persia who was against it.

SIR LOMER GOUTIN: Yes, and that is why I say that in effect we have obtained the interpretative declaration which we were seeking. And for this I wish to renew my thanks to Lord Robert Cecil for the assistance that he has given us. That is all I have to say.

## STATEMENT BY THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA

### INTEREST OF AUSTRALIA IN LEAGUE

MR. BRUCE: Prime Minister, on behalf of the people of Australia, I feel I must say something in regard to this question, because I do not think there is anything at this time they are more interested in than the League of Nations. The idea of the aims and objects of the League is gradually percolating through Australia, and there is a very strong feeling growing up there that the League of Nations has at least got the germ of a hope to maintain peace in the world. I am confident that Australia would take any action it could to promote the authority of the League of Nations, and to give it every opportunity to go forward and grow in strength and become the great instrument that those who brought it into being had in mind. I think that Australia's demand for some voice in the foreign policy of the Empire is, to a very great extent, directly traceable to the League of Nations and Australia's interest in its objects.

### AUSTRALIA STANDS FOR PEACE AND SUPPORT OF LEAGUE

It has been very well put by Lord Robert Cecil, to whom we are very grateful for the information he has given, that Britain's foreign policy is Peace. Australia's foreign policy would certainly be Peace; and, quite apart from any apprehensions, which I may have appeared to suggest that we had, of being involved in war without our consent, we also feel that, after the late tragic war, we have a responsibility to try to do our share in promoting peace in the world, and Australia believes that the foundation of Britain's foreign policy should certainly be to support the League of Nations and make its authority as great and world-wide as is possible. In the debate which took place in Australia with

regard to these Conferences, the view was expressed that one of the greatest tasks that lay to our hand was to see whether this Conference, representative of the whole Empire, could not really do something towards ensuring the peace of the world and solving some of the very serious problems we are faced with to-day. The people of Australia take a very strong view of this matter; and I am sure they would say, almost with a united voice, that they do believe in the League of Nations, and that all our actions ought to be directed towards trying to promote its power, its force and its authority in the world.

#### NEED FOR DISCRETION

There are one or two things, however, that I think I ought to say. We are enthusiastically in favour of the League, but we think that the League ought to show great discretion, and very great discretion, in the next few years, certainly in the period of its infancy. If the League tries to go too far and too fast and to achieve all the objects it has in view in too short a time, I think it will defeat its own ends.

#### PROGRESS ALREADY MADE AND PROSPECTS FOR THE FUTURE

Personally I think very great progress, considering the time the League has been in existence, has already been made, and I am quite certain that that progress will be accelerated and that we may be a little surprised at what the League can accomplish. I recognize, of course, that the League of Nations is never going to do what we hope while there are great nations outside it; but there is no reason, because certain nations to-day do not see that they can join the League, why we should think that the League should not go on and that the case is hopeless. The position will probably improve in the future, and the one thing we have got to bear in mind is to keep the League in existence, keep it functioning; and whether it is this League, or a greater League that will spring up in a few years, we have to keep its idea alive. We saw very clearly that it was imperative when the tragic sufferings of the war were very close to us, which many of us rather seem to have forgotten. The League should be kept alive because, if this League goes, we have no hope of establishing anything of the sort until we have been through another world tragedy of the same character as that which our generation has seen. The next world tragedy of that character is going to be a tragedy one-hundredfold worse than the one we have experienced. So that, although Australia is enthusiastically behind the idea of the League of Nations, it does not think that the League at this stage, in its infancy, can ensure the peace of the world, but it believes that, if the League is given opportunity to grow, there is the germ here of the one thing that may ensure the great object we all have, to maintain the peace of the world.

### STATEMENT BY THE PRIME MINISTER OF NEW ZEALAND

#### APPRECIATION OF LORD ROBERT CECIL'S STATEMENT

MR. MASSEY: I would just like to say by way of introduction, Prime Minister, how much I appreciate the very plain and straightforward statement that we have had this morning. I think if even part of Lord Robert Cecil's statement is published it will go a long way to clear the atmosphere which has undoubtedly been created by recent events. I wish also to say how much I sympathise with Lord Robert Cecil in what has recently taken place



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For years past he has given practically the whole of his efforts, and the whole of his energy, and the whole of his ability, to the business of the League of Nations, from the commencement right up to now. I know that he must have been disappointed with some of the criticisms, at which I am surprised myself, and with some of the misrepresentations—which are worse than criticisms—that have been given utterance to by men who ought to have known better.

## PERSONAL OPINION OF VALUE OF LEAGUE

In saying that, I am bound to admit that I have never been quite an enthusiastic supporter of the League. But, with regard to what has taken place, my own opinion is that too much was expected from the League, and I think that some of the more ardent supporters of the League are themselves to blame for the feeling that has been created. The idea that was created was this, that the operations of the League would prevent war. I never thought so. I do not think for a moment that the prevention of war by the League was possible. The League was initiated to promote peace—peace by arbitration, peace by conciliation, or peace by bringing to bear public opinion. I say now that I believe a very great deal of good has been done by the League and it ought to get credit therefor.

## STATEMENT BY THE PRIME MINISTER OF THE UNION OF SOUTH AFRICA

## APPRECIATION OF LORD ROBERT CECIL'S WORK FOR LEAGUE

GENERAL SMUTS: I wish to join those of my colleagues who have already spoken in expressing very strong appreciation of the work that Lord Robert Cecil has done at Geneva. As the Representative of one of the Dominions for a number of years, and now the Representative of the British Government, I think he has rendered invaluable service, not only to the world at large, but also to the British Empire, in the stand he has made for League principles and for the position of the League. I nominated him as the South African Representative, not because he was necessary from the South African point of view or to defend South African interests, but in order to give him, as the great protagonist in this country for the League, a platform from which he might continue effectively to support that movement. He has done so in a way which I think is above praise. The moral stock of the British Empire, so far as I am informed, is very high in Geneva. I was very much struck by what one of the South African representatives told me on his return from Geneva the other day. He said the most remarkable thing at Geneva is the confidence, the faith, the reliance, which all the small peoples of the world represented there have in the British Empire and in the stand that we are making for justice, fair play, and international honesty. That is a matter of very great importance to us and I think it is very largely due to the ethical tone which Lord Robert Cecil has been able to give to the discussions there, and to the message of goodwill that he has been able to bring from this country and from the other young nations of the British Empire to the nations of the world.

## RESTORATION OF AUSTRIA

Lord Robert has told us this morning in his very full statement what the League has done and the successes the League has achieved, and he has in particular referred to the successful restoration of Austria. The success of the

Austrian experiment is valuable and significant not only in itself, but because it points a way to a similar treatment to any other country that may require our help in the future. I was discussing with some financial men in the City what might be done in case Germany were to break down completely financially, and there was a consensus of opinion that the Austrian experiment had been so successful and formed so good a precedent that, if we had to take action, our treatment of Austria might serve as a very valuable precedent. And let me say this: that in the case of Austria also South Africa has been able to be helpful. We happen to have as one of our South African representatives a gentleman of Austrian origin and of very great financial ability who has been able to make a very notable, if not the main, contribution towards the rehabilitation of Austria.

#### SUPPORT OF BRITISH EMPIRE FOR THE LEAGUE

I would press very strongly that the British Empire, the British Government and the Governments represented here at this Conference, should use all their power in order to keep their hands clean and support the League and support the smaller Powers where their interests clash against the larger Powers. I agree thoroughly with Lord Robert when he said that the position of the League is not one of force; it does not rest on the sanction of force, but on public opinion, the moral enlightened opinion of mankind. The more we can marshal that opinion, and we can play a large part in doing so, the more we can marshal the support of public opinion and the feeling of the world on the side of the League, the better for the future of the League. The League is inevitable. The League ideal seems to be the only hope of the world, and, if in practice the League has not realized the great anticipations of those who originated it, it is because of its youth and inexperience, and because of the difficulties of the time through which we are passing, times of reaction, times of disillusion, times when it is almost impossible to keep any good cause afloat. We recognize that we are passing through an era of grave difficulty; all we can do is to keep the flag of the League flying, and not to put burdens on it which it cannot carry. In the end it must triumph; that is inevitable. There is nothing else if there is to be a reign of law and justice in this world. In the meantime, we can do our best to marshal public opinion behind it and to see that it stands for the high principles for which it was originally founded. I was very glad to hear the speech of Mr. Bruce, the Prime Minister of Australia. It shows how all the young countries of the British Empire are now falling into line in real wholehearted support of the League. To my mind there is no doubt that the League is not only a great world interest; it is a British interest too. I thoroughly endorse what Mr. Bruce has said. The more we can make the League a real living force, the less armaments we as an Empire shall require. We cannot rest merely on a military or a naval basis. Something far greater than armaments will be wanted in an Empire as great as ours, and the League seems to me to be a real, substantial, moral reinforcement of our whole position. The more we can strengthen it, the more we can make it a reality, the more secure our position will be, which is not one of military or naval ambitions, but one of peace and social progress in the world. I therefore hope that whatever we can do to strengthen the position of the League we shall do.

#### VALUE OF LEAGUE TO EMPIRE

Let the world know that behind the League and behind the action it has occasion to take is the whole force and weight of the British Empire. I am sure the League is adding a new bond of cohesion to the Empire. I am sure that the time is coming when the young nations of the British Empire will be pre-

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pared to support any particular line of action, not merely to support Great Britain, but because the League is being flouted, because the League is being attacked, and they stand by the League. These young nations will have an added motive and an added reason for coming forward and supporting the international action of Great Britain.

## WORLD'S NEED FOR LEAGUE

But it is to our interest, not only from the point of view of the British Empire, but far more still from a broad human point of view, to support the League as strongly as we can. What do we see to-day? We see a whole world lapsing into decay. Europe has been so smashed by the war that nothing seems possible to make her rally again. The break-up which began at the end of the war is continuing. We do not know what Europe will be like in ten or twenty years' time. We only see that forces are at work, far deeper and of a more fundamental character than we ever thought possible. We thought it would be possible to stabilize the position at the peace and to have a settlement of Europe which might be abiding. We have seen now that hope has been in vain. Nothing now is abiding. The unsettlement of Europe continues, the break-up continues. And in those circumstances, if there is any practical force that will work in keeping the nations together in peace and protect us against an era of complete reaction and brigandage such as seems now to be setting in, if there is any such practical institution, let us exploit it to the full. We are no doubt in for a very bad time. I think this present generation will probably see human institutions put to as severe a test as they have ever been. And when we have an institution like this which, whatever the attitude of the great Powers, is undoubtedly appealing strongly to the smaller Powers, practically to all of them, I think we should marshal our forces behind it, knowing that this will be a stabilizing agency and that it will help to keep us together and keep humanity afloat through the dark seas through which we are voyaging now. Perhaps I speak too strongly, but that is my feeling. So far from the League being a sort of revolutionary agency as many have thought, something that will destroy the British Empire, something that will work unknown mischiefs in the world, I look on it as a great conservative stabilizing force working on the side of the British Empire and the ideals for which we stand. Not only from the large human motives which have impelled us, but also from the point of view of the British Empire, we have every reason to support this movement to the fullest of our power and ability, and I hope we shall continue to do that, and I trust that the next crisis, which may not be far off, will see the League emerge with greater credit and more strongly than it has come out of this last crisis.

STATEMENT BY THE MINISTER OF EDUCATION, IRISH  
FREE STATE

## ACCEPTANCE BY IRISH FREE STATE OF PRINCIPLES OF LEAGUE

Professor JOHN MACNEILL: I may say that the Irish Free State has arrived at nothing nearer to a definition of foreign policy than is expressed in its adhesion to the League of Nations, and I was very much gratified to hear on all sides to-day, from Lord Robert Cecil and from the representatives of other States who have spoken, the view expressed that the foreign policy in which we, as a group of nations, ought to be interested—I shall not say to

which we ought to be committed, but in which we ought to be interested—should be in harmony with the principles underlying the League of Nations. I sincerely trust that will always be so. If it is so there will never be any difficulty in our following a common course together and following it effectively. Speaking as the junior among you and representing a junior State among you, I have no hesitation in saying that, if a test of those principles arose and if the League of Nations through its properly accredited organs required a certain duty to be done, a certain amount of pressure, in whatever form desired, to be applied, I am perfectly certain that the nation for which I sit here would not be behindhand in doing that duty. I should like to emphasize the point of view that I have expressed, because, as an observer in Geneva, I did my best to estimate the feeling that was abroad, especially among the smaller nations, and I should say undoubtedly it was a feeling of dissatisfaction rather than a feeling of want of confidence, a feeling of desire that the objects of the League should be made effective, which is I think the next thing to the operative will that they should be made effective. On this question in general I did my best to express the view of the Irish Delegation in a statement that I made at the meeting of the Assembly on the 28th September and I shall not take up the time of this Conference in repeating that view now.

#### APPRECIATION OF LORD ROBERT CECIL'S WORK FOR LEAGUE

I should like to join with those who have spoken already in offering a testimony, a stronger testimony than my own personal testimony, when I say that, so far as I know, and I have heard of nothing to the contrary, it was the unanimous feeling of the representatives of the nations at Geneva that Lord Robert Cecil had done as much as could be done to maintain the prestige and the effectiveness of the League of Nations.

#### STATEMENT BY THE PRIME MINISTER OF NEWFOUNDLAND

##### APPRECIATION OF LEAGUE

Mr. WARREN: I will not trespass upon the Conference except to express what I feel as a result of this discussion. Youth as a rule does not command respect and is sometimes subjected to correction, either moral or physical, which, as I know from personal experience, is sometimes quite unjustifiable. The League is a young one and I think it has borne the strain very successfully. The fact that it has borne that strain shows that although it is young still it is a hardy and strong growth, and I feel confident that when it goes forward and becomes the power, which undoubtedly it will become, it will not be subjected to such strains as have been put on it recently. By that I mean that the nations will see what the League can really do and will rather apply to it for aid than attempt to thwart it.

##### NEWFOUNDLAND'S CONFIDENCE IN LORD ROBERT CECIL

So far as Newfoundland is concerned we are not represented in the League of Nations, but we leave our interests, with perfect confidence, in the hands of Lord Robert Cecil.

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STATEMENT BY THE SECRETARY OF STATE FOR INDIA, AS HEAD  
OF THE INDIAN DELEGATION

## SUPPORT OF LEAGUE

LORD PEEL: I desire to associate myself generally, on behalf of India, with the views that have been expressed here by the representatives of the Dominions in support of the League of Nations.

## OPIMUM QUESTION

I think that I ought to make one or two remarks on the position of India in connection with the opium question. Some resolutions were passed at the last meeting of the Advisory Committee on Opium with reference to the traffic in opium and we have been criticized, I understand, in certain quarters because our representatives could not fully accept those resolutions and were compelled to make a reservation on behalf of India. The reservation that was made on behalf of India was to the following effect: "That the use of raw opium according to the established practice in India and its production for such use are not illegitimate under the Convention." Those who are familiar with Indian habits and customs will realize how essential it was that the representatives of India should support such a reservation.

## INDIA'S POSITION AS REGARDS OPIUM TRAFFIC

As there has been some criticism of Indian action on this point I should like to say, and I will say it very briefly, how very strong the position of India is upon this subject. First of all, let me remind the Conference that the Indian Government have made very great sacrifices in the cause of the restriction of this opium traffic. They have sacrificed no less than four million sterling per year by their restriction of this traffic, a very great sacrifice indeed in the case of a country with such a large poor population and such comparatively limited resources as India possesses, but not only that, they have most loyally and faithfully and fully carried out—I was going to say to the letter—all the provisions of the Hague Conventions in connection with the subject of opium. I do not want to criticize other countries, but I could not say the same thing of many of those countries adjoining India who have a financial interest in the opium traffic. And not only that, but the Indian Government have been very careful to restrict all their exports of opium to the amount actually approved of by the Governments of the countries to whom their opium was exported. They have, in fact, only exported on indents, as you might call them, from those particular countries and I would like to add this point, that, as regards the consumption of opium, during the last three years this has become a subject which is domestic to the provinces rather than an all-India subject, because this question of the consumption of opium is now under the control of Ministers, Indian Ministers, in the provinces; in fact, it is altogether under the control of Indian Ministers except in one particular province, and that is Assam. Those Indian Ministers are responsible to Councils and those Councils consist of a substantial majority of popularly elected persons; therefore we may assume that those Ministers responsible to those Councils are fully cognizant of the interests of their own people and are fully competent, if they wish, in the interests of those people to restrict the consumption of opium. I point this out because the situation, of course, has very largely changed in this respect during the last three years and I am not sure whether some of the other representatives at the League of Nations were fully cognizant of the change that had thus taken place.



## APPENDIX V

## POSITION OF INDIANS IN OTHER PARTS OF THE EMPIRE

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## STATEMENT BY THE SECRETARY OF STATE FOR INDIA, AS HEAD OF THE INDIAN DELEGATION

LORD PEEL: Prime Minister, I should like to thank you and to thank the Conference also for giving the members of the Indian Delegation the opportunity of bringing this question of the position and status of Indians in the Dominions before you. I think you will all recognize that this subject is one of very high Imperial importance, and I know that in approaching the subject I speak in a general atmosphere of goodwill.

## IMPORTANCE OF PROBLEM

Now, at the outset of the observations let me say that I wish to deal with the broad outlines of the subject, because my colleague, Sir Tej Bahadur Sapru, has some definite suggestions to make when he follows me. I propose to deal with this subject not so much as it affects any Dominion or any Colony, but in the most general way. I want to show that if the unity and the strength of the Empire are to be maintained and preserved it is really essential and imperative that we should find a solution of this problem of the position of Indians in the Dominions

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overseas. There have been, as the Conference knows, very great constitutional changes quite recently in the position of the Government of India, and these changes have brought into prominence what was possibly latent before, but is now clear, the existence of various parties with various opinions and policies. But, however much these parties may be divided in their points of view on general political subjects, on this one point there is complete unity of feeling. For instance, there is no difference as regards the strength of this feeling between the party which has been giving general support to the Government in the Assembly, and the various sections of what I may call the non-co-operative parties. When I speak of Indian opinion, I am not referring, as is often suggested, to what is described as the opinion of the *intelligentsia* only, of a definite intellectual class, but I am also stating the views of a great many who are not really necessarily concerned with politics at all. Let me pass from them for a moment. You have the opinions, we will say, of the Indian Princes, whose views will be given expression to to-day by His Highness the Maharajah of Alwar. You have other men like my other colleague, Sir Tej Bahadur Sapru, who, as we all know, was a member of the Viceroy's Executive Council, and who holds a very high place in Indian public affairs. Therefore, you have this singular picture, that politicians, differing widely on all other subjects, and men of differing shades of thought, are generally united on this particular subject. You have staunch supporters of our rule in India combining on this subject with the extreme types of politicians. You have business men and landowners combining with men of a very different class and point of view.

## FEELING IN INDIA

I certainly do not exaggerate when I say that this subject more than any other, I think, is constantly impressed upon me both officially and personally by the Government of India and by Lord Reading, the Viceroy. The Viceroy, in his private letters, is constantly explaining and pressing upon me how strongly the feeling of soreness and bitterness is growing on this subject, and how, in many ways, the task of wisely governing India is made more difficult by this intensity of feeling. Therefore, I want to place this first point before the Conference—the remarkable unanimity of feeling on the position of Indians in the Dominions; but I do not think when you come to ask the cause that it is very far to seek.

The reason why there is such unity among our fellow subjects in India is this, that they regard the disability under which their countrymen labour in other parts of the world as a brand of social inferiority. That is what cuts so deep into the consciousness of the Indian. I am not necessarily, of course, associating myself entirely with that view, because I know quite well that there are other causes contributing, that there are questions of economic difficulty, political questions with which this question must necessarily be linked. But I have no doubt whatever that, in what I am saying now, I do voice the general opinion of Indians.

This question of social status is a contributory cause in the history of many social and political movements disguised under more resounding names.

## INDIA'S SERVICE TO THE EMPIRE

Well, let me say a word about this great country, feeling so strongly and unitedly on the subject. First of all, look at its contribution to the Great War. No less than 1,400,000 men from India took their part in the service of the Great War. Their contribution in money was well over £200,000,000. We all remember the general enthusiasm from all parts of India, and how Princes and others less distinguished all alike took part in the struggle of the Great War.

## HIER NEW STATUS

And here, if I may say so, there are in-talled at this very table representatives of the Indian Delegation, showing that India is sitting here on equal terms with the other Dominions in the great council chamber of the Empire. And, again, at the League of Nations the representatives of India take their place with the other States represented there and are able to contribute their voice and their influence just as much as others to the deliberations of that Assembly.

## HIER INDUSTRIAL POSITION

Moreover, and I do not think this is always recognized, India, though it has been for centuries, for thousands of years, a great agricultural State, is now ambitious to become an industrial State; it has gone far along the road, because it has been accepted by the League of Nations as one of the eight greatest industrial States of the world.

## INDIA'S NEW CONSTITUTION

Now India, as the Conference knows, has recently received a new political constitution, and that constitution, while giving the Indians far more power than they had before in the administration of India, has also given them a great outlet for the utterance of their national sentiments. Now what is the position in India itself? In India itself there is a policy of co-operation. Britons and Indians co-operate together in the Government of India; Britons and Indians sit together on juries; they meet together in business; they are fellow-directors in the great companies; they serve together on the Viceroy's Council; many of them, of course, are Ministers in the great provinces, and those Ministers command the assistance of members of the all-India Services whether British or Indian. Now, what must be the contrast in the minds of these men when they look abroad and see what their standard or status is in the States of the Empire. The members of this Conference, with their great experience of the cumulative effect of these institutions and the position which India now occupies here and in the League of Nations, will realize how much all these changes have contributed towards the growing self-consciousness and sense of dignity of India.

## INDIA'S FEELING FOR THE EMPIRE

Now I want to say this, and in the most plain way that I can; if I thought, and if my colleagues thought, that this desire for equality of treatment was inspired in any sense by a desire not to be part of, or to take part in, this great Empire, neither I nor my colleagues would be pleading the cause at this table. It is, indeed, the desire and it is the ambition of Indians—I will exclude the negligible class of extremists, who can be found I suppose in any country—it is their intent and ambition to share in the splendours, the glories, and the traditions of the British Empire.

They believe, moreover, that they can bring their own contribution, of thought, culture and loyalty, to this great combine. There are those who suggest that these disabilities under which Indians labour in some parts of the Empire are of little importance, that they do not interfere with their liberty, and that the denial of the vote does not very much matter one way or the other. Now, these views are, as one knows, the common form of objections put forward, either here or in any country, to franchise extensions and franchise grants. But, though the question has importance from the purely material point of view, I should be very ill discharging my duty to this Confer-

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ence if I were to represent this matter as one to be regarded merely from the practical point of view. It is very largely with the Indians a matter of national sentiment and feeling, and it is with this feeling that we have to reckon.

## IMPORTANCE OF INDIA TO THE EMPIRE

Now, in all situations of Imperial activity, in matters of Imperial defence, matters of Imperial trade, Imperial communications or the development of Imperial resources, in all these India plays a most prominent part, and, as we have granted to India a large measure of representative institutions, it is quite clear that in dealing with these large matters we cannot disregard the opinions of the representative bodies which we have set up. And, supposing they were disregarded, how, after all, are you going to expect India to co-operate wholeheartedly in the great work of consolidating the Empire, and how, without this co-operation, can the Empire attain its full measure of strength? We know, too, that economic policy is very often influenced by political considerations; and I feel that both on the political and the economic side the task of governing India may be greatly increased, and that there will be, unless we settle this question, no real unity in the Empire, not merely on the material side—on which I am not laying so much stress to-day—but on what is so vastly more important, the moral side.

## SCOPE OF PROBLEM

Moreover, the scope of this problem as regards many of the Dominions is not really very great. For the moment I am excluding from that general proposition South Africa, where I know a great many currents and cross-currents of opinion complicate the issue; but as regards Australia, and as regards New Zealand, where much has been done, and as regards Canada, the numbers that we have to deal with are very small—about 2,000 in Australia, in all that vast country, about 600 in New Zealand, and about 1,200 in Canada, of whom, I think, rather more than 1,100 are in the Province of British Columbia.

## RESOLUTION OF 1921 CONFERENCE

I want to reaffirm what was stated at the Conference in 1921\* as to the complete acceptance by the Government of India and Indian opinion of the right of the great Dominions to determine the composition of their own community. May I read the words of that resolution? They are as follows:—

“The Conference, while reaffirming the resolution of the Imperial War Conference of 1918 that each community of the British Commonwealth should enjoy complete control of the composition of its own population by means of restriction on immigration from any of the other communities, recognizes that there is an incongruity between the position of India as an equal member of the British Empire and the existence of disabilities upon British Indians lawfully domiciled in some other parts of the Empire.”

Therefore, that principle is laid down quite clearly, and consequently there need be no anxiety on the part of any of the Dominions that there is any desire on the part of Indian feeling to go back on that decision. Thus, in pressing this matter upon the generous consideration of the Dominions, I feel that, vast as are the implications of the problem, the solution of the practical question is perhaps not so difficult as it appears. Well, justice and expediency are often

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\*See page 8 of Cmd. 1474.

divided. Sometimes they approach each other, and when, as I think in this case, they combine and are merged in one another, the appeal is surely irresistible, and I am going to ask this Conference if the time has not come when these disabilities should be specifically removed.

#### INDIAN GOVERNMENT'S DUTY OF SAFEGUARDING INDIAN NATIONALS OVERSEAS

I want to add this point, about the interest—possibly some may think the unnecessary interest—which the Government and the Indian people take in the position of Indians in the great Dominions. Now, so long as to any extent Indians in the Dominions may be regarded as a foreign body in the great body politic of those Dominions, so long is the Government bound to take an interest in their fate and to assure themselves as to the manner in which they are treated. But once they are absorbed they cease to be a foreign body; once they are absorbed into the great corporation, as it were, of the Dominions, then the interest of the Indian Government, of course, will cease; and there is nothing that anybody connected with it, there is nothing the Secretary of State for India, dislikes more than interfering or appearing to interfere with the domestic affairs of the great Dominions. Now, I am not insensible, of course, of the grave difficulties which stand in the way. I know how very difficult it is to bring home always to local opinion that local views and opinions are not necessarily coincident with the wider interests of the Empire, and I know quite well that those who are listening to me as representative of the Dominions—whatever they may or may not have done—desire that a solution of this question should be found, and I do most earnestly plead that, when later in this Conference they take into consideration the practical measures which they may adopt for the solution of this question, they will bear in mind the intense feeling that has been aroused on this subject in India, and will bring home to their own people that in the highest interest of the Empire the aspirations of India should be respected.

#### DIFFICULTIES OF PROBLEM

I know that there are great difficulties. The Prime Minister, in his opening address, spoke of the contacts of civilization. There are contacts, of course, here of more than one civilization and you have peoples differing in tradition and social habits, fashioned in the course of centuries—thousands of years, I may say—fashioned by differences of national surroundings, by differences of secular and religious thought. We have to deal—and we should never forget when dealing with India that we have to deal—with ancient races full of the pride of race; we have to deal—with ancient religions full of the pride of religion. That is, of course, one of the great differences we have to remember in dealing with the position of India as compared with countries further west. There are, for instance, 70 millions of Moslems in India—70 millions in India; but in communion with them through religious ties and rites there is a vastly greater body—hundreds of millions of Moslems—stretching in a great belt from the Gulf of Malaya right across to West Africa—hundreds of millions of Moslems, who, in their hour of worship, all turn their faces to Mecca.

#### INDIAN CULTURE AND TRADITIONS

We have the pride of the Hindoos in their own history, in their recollections of the past; they look back to, shall we say, the Mauryan Empire, the memories of Chandra Gupta and of his famous grandson King Asoka. Their memories stretch to an even earlier time when, scarcely noticed by history, their Aryan ancestors were moving down from the North-West Frontier, the traditional path for the invasion of India, along the plains of the Five Rivers now called



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the Punjab; they look back to dim far off times, to a date long before the Jutes and Angles and Saxons and Norsemen, the original elements of which our race is composed, landed on these shores; when Rome itself was a mere village, before the Roman legions garrisoned the Great Wall which used to run from sea to sea in the North of Britain; a period even before the Druids reared the gigantic monoliths of Stonehenge.

I press this subject on the Conference, and I hope, with the consent of the Prime Minister, that they will listen to Sir Tej while he deals with the subject in more detail.

## STATEMENT BY SIR TEJ BAHADUR SAPRU

SIR TEJ BAHADUR SAPRU: Prime Minister, let me at once say how deeply grateful I feel to you and to His Majesty's Government, and may I thank you and His Majesty's Government and the various Prime Ministers for giving me this opportunity of a free and full discussion of the question in which India is to-day so vitally interested. I fear I may take some time, but I shall crave your indulgence for more reasons than one; the most important of those reasons is the importance of the subject. I am glad that His Majesty's Government have decided to set apart a special day for this subject. That being so, am I not entitled to draw from it the inference that His Majesty's Government do really recognize the importance of this question? When it is known in my country that His Majesty's Government recognize the importance of this subject, and that that recognition is shared by the various Dominion Prime Ministers, that fact alone will inspire them with some hope.

Before I proceed further, may I also express my deep gratitude to Lord Peel for the assistance he has given me in helping to bring this subject up before the Conference, and for the speech which he has delivered to-day, which has filled me with gratification, and which I have no doubt, when it comes to be known to my countrymen, will fill them also with gratification. He has identified himself to-day completely and unreservedly with every sentiment of our national honour. That is what I appreciate more than the moving eloquence with which he delivered his great speech this morning.

I may well produce in some quarters the impression of being a fighter. I do not object to criticism of that kind. Really and truly, I am fighting the cause of my country, and the Premiers of the various Dominions, who have in their day fought the cause of their country, will not object if I fight the cause of mine. But I do fight, let me tell you frankly, as a subject of King George, and I fight for a place in his household and I will not be content with a place in his stables.

## UNANIMITY OF INDIAN FEELING ON QUESTION

Prime Minister, let me tell you that the problem of Indians overseas is of vital importance not only to India, but to the whole of the Empire. Whatever may be our position in regard to self-government, howsoever distant we may be from that cherished dream of ours, let me tell you that, so far as this question of Indians overseas is concerned, we stand solid and united. We have our own domestic quarrels; we have moderates and extremists; we have non-co-operators; and we have Hindus and Mahomedans. But so far as this question is concerned, let me tell you with all the sincerity that I am capable of that we stand absolutely united. Do not be misguided by what appears in certain papers here which attempt to show that there is no feeling on this question. We attach far more importance to the honour of our nationals in other parts of the Empire than probably you realize.

## QUESTION OF "IZZAT"

We express that feeling in the vernacular of our own country by a comprehensive and delicate phrase, which I have no doubt will readily be understood by Lord Curzon and His Highness the Maharajah—that phrase is "Izzat." There is not a man either among the Princes or among the humblest subjects of His Majesty who does not attach great importance to that question of "Izzat." When "Izzat" (which means honour) is at stake, we prefer death to anything else. That is our sentiment, and it is in that light that I present my case to you.

## INDIA'S POSITION IN THE EMPIRE

Do not forget that my country, India, is the one country which makes the British Empire truly Imperial. I take pride in that. I do not indulge in the slightest degree in reflection upon the dignity or honour or position of any one of the Dominions, but I do claim that it is my country which makes the British Empire truly Imperial. One-fifth of the human race, with a far more ancient civilization than your own, to which eloquent reference has been made by Lord Peel, joins with you in acknowledging the suzerainty of our common Throne. That allegiance with us is a real living thing. Shake that allegiance, and you shake the foundations of the entire fabric, with consequences which it is difficult to overestimate.

## FUNCTION OF THE CONFERENCE

Might I explain to you here the considerations which will guide me in presenting my case to you? In my humble judgment, the one function of this Conference—the highest advisory body of the Empire—is to bring about a good understanding between the various units that constitute the British Commonwealth, to strengthen the ties which unite, or ought to unite, the different units of the Empire with their different outlook and their different religions. If this Conference fails to achieve that end, then let me say it fails to justify its existence in the eyes of the Empire. But to achieve that end, it seems to me that it is absolutely necessary that we should open out our minds to each other with entire frankness. Any mental reservation on an occasion like this, and round this table, would, in my humble judgment, amount to nothing short of treason against the King and treason against the Empire. It is in that spirit of frankness, in that spirit of candour, that I will venture to present to you my case, and, even though I may use now and again expressions to indicate the strength of my feeling and the feeling of my countrymen, I beg of the Dominion Prime Ministers not to misunderstand my spirit.

## INDIAN SENTIMENT ON PROBLEM NOT CONFINED TO INTELLECTUALS

Let me tell you at once that the feeling on this question in India is deep-seated and widespread. Let me also remove a very wrong impression, and I am glad that Lord Peel has referred to this question for I desire to reinforce his arguments as an Indian. Twenty-seven years I have been in public life; thirteen years I have been connected with the legislative Councils, and I have sat in the Viceroy's Cabinet. I have never witnessed before what is happening in India to-day. Five years ago it may have been possible for you to say that a wide gulf divided the masses from the classes. Let me now give you this warning. The classes lead the masses as never before. India has rapidly changed, and that is the outstanding feature of the situation there. The intellectuals, or, if you like to call them, agitators, have gained ascendancy over the masses. What the intellectuals think to-day the masses will think to-morrow.

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This question now before us, let me tell you, affects directly the masses, for it is from the masses mainly that most of our population has gone to the Dominions. I belong to a province which has supplied a considerable number of men to the various Dominions, and I know their feelings. You may condemn the agitators, you may condemn the intellectual classes; I will not quarrel with that, but remember they have got power now with the masses.

## INFLUENCE OF VERNACULAR PRESS

Do not forget the growing and increasing influence of the vernacular press. I do not justify or vindicate its attitude in every respect. I will, however, state the facts. It now penetrates into the innermost recesses of our villages, and every village has got a reader who reads for the illiterate people the vernacular newspapers. I have been reading extracts from the vernacular press of my own country, and, while I do deprecate the wild language in which it has indulged, let me tell you frankly that it is seething with indignation over this question, and that it is affecting the whole outlook of my countrymen in the villages.

## SERIOUSNESS OF SITUATION

Any inequality of Indian nationals enters like iron into our souls. For Heaven's sake, whether you find a solution or whether you do not find a solution, do not dismiss this statement of mine as mere sentimental nonsense. It is an absolute fact, and I am here to interpret to you the present position of my countrymen in regard to this question; it cuts to the quick our national pride and our new consciousness. It permeates and sours our whole outlook in regard to Imperial relationship. It derives impetus from the natural inclination to take pride in being a member of the biggest Commonwealth that the world knows to-day. It makes the task of the Government of India, of which I had the honour of being a member until a few months ago, infinitely more difficult in dealing with their domestic problems than you realize. Here I must reinforce the arguments of Lord Peel. This feeling runs right through our national life.

## FEELING OVER KENYA QUESTION

Let me at once tell you that I am not willing to enter at length into the merits of the Kenya decision, but my countrymen expect me, and my Government expects me, and I am bound by all considerations of honour and duty, to put you in full possession of the sentiments of my countrymen and of my Government in regard to your decision. They have received that decision with the utmost possible dismay. I know the official view is that in certain respects our position in Kenya has been improved. That is not a view we share. We judge you by a standard which is admittedly very high. We were not fighting for little things; we were fighting for a big principle. I know and I feel, and my countrymen feel, and my Government feels, that a serious blunder has been made. I know also that British statesmanship is wise, and whenever a thing goes wrong it begins to think, and I honestly believe that it will soon recognize the mistake which it has made. Let me tell you, on behalf of my countrymen, that neither my country nor the Government which I have the honour to represent will accept this decision as final. Indeed, there is nothing final in politics, and I want His Majesty's Government to recognize that position and to indicate, if possible, that they do look upon that question in the light in which I have just presented it. May I conclude this portion of my speech by assuring the Conference that while on domestic questions of Indian politics we, like most of you, have our differences of parties, groups and interests, yet, upon this question

which concerns the honour of our nationals in Kenya, and the honour of our nationals overseas, there is no difference between us, from the Viceroy downwards?

#### VIEWS OF THE GOVERNMENT OF INDIA

May I remind you of what the distinguished and eminent statesman, with whom I had the privilege of working in close co-operation for two years, and to whom I hope my countrymen and his countrymen will do justice some day, said on a critical occasion to the legislative Assembly when the announcement of the Kenya decision was published in India? I will quote from his speech.

"The news of the decision regarding Kenya," said Lord Reading, "came to me and my Government no less than to you as a great and severe disappointment; for India had made the cause of Indians in Kenya her own. As His Majesty's Government has stated, this decision conflicts on material points with the strongly expressed views of my Government as laid before the Cabinet by the Secretary of State for India." That is the opinion of the Viceroy.

#### ILLUSTRATIONS OF NON-OFFICIAL FEELING

May I crave your indulgence just for two minutes to read out to you a few typical telegrams which I have received during the last few days, some of them from absolutely unexpected quarters. They have come to me from representative bodies of all shades of opinion. Mr. Sastri, who has been so frequently, during the last few years, connected with this matter, sends me a telegram supporting the proposals, not without misgivings, which I am going to put before you at present. Now, the Swaraj Party, to which I do not belong, and which does not see eye to eye with me, and from which I should never have expected to receive support, sends this telegram from Poona, through its Secretary and leader, M. Kulkar: "Maharashtra Swarajya Party offers you full support any strong action you take to get redress Kenya wrong." Let me tell you again that most of the telegrams come from unexpected quarters.

#### UNEXPECTED TESTIMONY

Well, here is a most remarkable telegram from a gentleman with whom I worked in full co-operation until five years ago, but from whom I separated when differences arose. Pandit Madan Mohon Malaviya now belongs to the non-co-operation Party, and three days ago, if you would have asked me, I should never have said that I would receive a telegram like this from that gentleman. It is from a man with forty years solid work behind him, and this is his telegram. It is sent to me from Simla.

"Indians all shades public opinion at one with you in demanding equality status with fellow subjects throughout British Empire. If representatives other parts not prepared give practical support this elementary right Indians as citizens Empire, participation Indians Imperial Conference becomes mockery, deep national humiliation, and trust both you and Maharajah of Alwar will withdraw."

I have received two telegrams from Mrs. Besant, giving support to me on her own behalf and on behalf of her entire Party. Let me tell you that while I am her friend I do not belong to her Party.

#### TELEGRAM FROM GOVERNMENT OF INDIA

Lastly, may I give to you the telegram which was handed over to me the day before yesterday, which has come to me from the Government of India. It says: "We understand from Reuters that Conference will discuss overseas

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questions probably on 24th. The resolution passed recently by a majority of the Bombay Corporation to boycott Empire goods, where possible, as a protest against the Kenya decision, and a resolution on the same lines of the Poona public meeting, further indicate the importance attached to equality of status overseas, and we sincerely hope that the proceedings of the Conference will restore confidence and good feeling. As regards 'C' Mandates, we trust that the atmosphere will permit you to secure a favourable solution, otherwise India's right to revision of the policy must be reserved. Sapru's proposal in letter to Sir Narasimha Sarma to reserve the right to challenge policy when India's interests are affected, though substantially the same as ours, is less elastic. We earnestly hope that you have secured Sinuts' agreement to abandon or modify the segregation policy as suggested in our despatch. We attach very great importance to it. We hope also that the Dominions and the Colonial Office will consent to the appointment of Agents to assist them and us in this difficult question as suggested in our memorandum. Please send copy of the telegram to Sapru."

I will not take up your time further. I have tried only to reinforce the argument which Lord Peel put forward by showing how the different classes of our people are agreed on this question.

## PRESENT POSITION OF INDIANS OVERSEAS

Having explained the depth and implication of Indian feeling, I will now proceed to explain the circumstances in various parts of the world by which this feeling is at present aggravated. I have been studying such official papers as are available to me, and, for the sake of convenience and to save your time, I propose to read out to you a very brief summary of the position. There are about 1½ million Indians now settled in other parts of the Empire, and in many parts they are subjected, as Indians, and quite irrespective of how well they shape up to local franchise standards, to grave political and even economic disabilities.

## NEW ZEALAND

Let me start my brief survey of these grievances by paying a tribute to the Government of New Zealand, which is represented by my distinguished friend over there. That Government, in its own territory at least, treats Indians on a footing of equality with all other inhabitants of the country. And my countrymen can live there among the New Zealanders as fellow-citizens in honour.

## AUSTRALIA

In Australia also the disabilities which Indians suffer are comparatively small. We hope that before long legislation will be passed to enable them to exercise the Dominion franchise, and to remove the disqualification they at present suffer in regard to invalid and old-age pensions. In certain provinces also there are minor disabilities which I hope it will not be hard to remove. In Queensland they have no State franchise; and they have to undergo a dictation test for employment in the sugar and dairy industries, which is apt to operate prejudicially. In Western Australia also they have no State franchise; while in Southern Australia they are disqualified for leases under the Irrigation Act. Let me tell you plainly that, if I have failed in this statement to convince Mr. Bruce, I hope he will at least extend to me the hand of fellowship on this question; I am willing to co-operate with him to devise methods for a solution of these difficulties.



## CANADA

In Canada, of which Mr. Mackenzie King is the distinguished Prime Minister, there is a small population—I hope he will correct me if I am wrong—of not more than 6,000.

Mr. MACKENZIE KING: Over 1,200.

Sir TEJ BAHADUR SAPRU: Thank you very much. In British Columbia there is no Dominion, Provincial or Municipal franchise.

## SOUTH AFRICA

Now I come to the most difficult part of my task. I come to South Africa. In South Africa the problem is most serious. Here there are 161,000 Indians, of which all but a few thousands, mainly resident in Cape Colony, have no political franchise. In Natal, besides this, they fear to lose the municipal franchise. In the Transvaal there is no franchise of any kind. Nor is it only of political subjection that my countrymen complain. They also suffer under severe economic handicaps. In Natal they are restrained from acquiring town lands in townships. In the Transvaal they are prohibited, either as individuals or as companies, from acquiring land; and in the Gold Area they may not occupy land. To make their lot more miserable, the laws governing the grant and regulation of traders' licenses are administered in a manner which strikes directly at their own interests. Moreover, the Union Government, of which my friend, General Smuts, is the head, is even now contemplating legislation which will provide for the compulsory segregation of Indians in urban areas by restrictions on the ownership and occupation of land.

## REFERENCES TO PREVIOUS STATEMENTS BY GENERAL SMUTS AND MR. BURTON

May I be permitted, at this stage, to invite the attention of the Conference to a curious discrepancy between this very serious state of affairs and the sentiments enunciated in 1917. I believe in this very hall? General Smuts then said,\* and I quote his very words:—

“Once the white community in South Africa were rid of the fear that they were going to be flooded by unlimited immigration from India” (a fear removed once and for all by India's acceptance of the Reciprocity Resolution of 1917) “all the other questions would be considered subsidiary and would become easily and perfectly soluble.”

May I also remind you of what Mr. Burton said† on a former occasion at the Imperial Conference, and I attach considerable importance to the testimony he has given as to the character of my countrymen in South Africa? Mr. Burton said: “As far as we are concerned, it is only fair to say, and it is the truth, that we have found that the Indians in our midst in South Africa, who form in some parts a very substantial portion of the population, are good, law-abiding, quiet citizens, and it is our duty to see, as he (*i.e.*, Sir S. P. Sinha) expressed it, that they are treated as human beings, with feelings like our own and in a proper manner.”

## COLONIES. BRITISH GUIANA

From the self-governing Dominions I shall pass on to the Colonies and very briefly allude to our position there. In British Guiana I gladly acknowledge that our Indian population can live on terms of honour and equality of treatment. Their grievances are comparatively very much fewer.

\*See page 119 of Cd. 8566.

†See page 199 of Cd. 9177.

## FIJI

In Fiji my countrymen demand more adequate representation, based on a satisfactory franchise, in the legislative bodies; they also ask for the settlement of a minimum wage based on the cost of living; they ask for the removal of the poll tax, which presses very hard upon them. They ask further that land should be given to them for settlement. They ask, and I have received a cable from an important quarter, that if these grievances are not removed they should be repatriated.

## KENYA

In Kenya the Indians desire a common roll instead of command franchise. They protest against the administrative veto, which prevents them acquiring land from willing European sellers in the highlands; and they fear that the immigration restrictions may be employed in such a way as to prejudice the development of the colony by Indians.

## UGANDA AND TANGANYIKA

In Uganda the Indians are pressing for representation by two nominated members of the Legislative Council; and in Tanganyika, which my countrymen helped to win for the Empire, they have certain grievances which, I understand, are at present under the consideration of the Colonial Office, such as Profits Tax, peddlers' licences and the trade licences, and may I express a fervent hope that the Colonial Office will give most sympathetic consideration to those grievances before they arrive at any decision?

Thus, wherever we may turn, we see circumstances in the local status of Indians which are not to be reconciled with India's national aspirations or with the position which she will obtain as the result of the declared policy of His Majesty's Government—a position which I hope to achieve much sooner than some people realize.

## "C" MANDATES

At this stage I will slightly digress from my argument and refer to the "C" Mandates in a very few words. In regard to the administration of what I will call the "C" Mandated Territories which have been committed to the charge of certain Dominions, I desire to say that my countrymen cannot acquiesce in any position which does or may in the future make their status inferior to what it was when those territories were administered by Germany. I have already read to you the views of the Government of India in the telegram. The matter is at present not of very great practical importance as the number of my countrymen is very small; but I must in fairness enter a caveat against any action which may in future turn to our disadvantage. May I also in this connection remind you of the provisions of Article 22 of the League of Nations? I will only quote the material portions. After referring to Central African and other peoples, it lays down the Mandatory Power, besides certain other duties, shall "secure equal opportunities for the trade and commerce of other Members of the League." I take my stand on that.

## RESOLUTION OF 1921 CONFERENCE

Having thus reviewed the position in the self-governing Dominions and the Colonies according to the information available to me—and I shall not object to any Member of this Conference correcting me if I am wrong in any detail—let me tell you what the position was that was taken by this Confer-

ence in 1921.\* Lord Peel read out to us a portion of that Resolution, but I propose to read out to you the whole of that Resolution; that Resolution runs as follows:—

“The Conference, while reaffirming the Resolution of the Imperial War Conference of 1918 that each community of the British Commonwealth should enjoy complete control of the composition of its own population by means of restriction on immigration from any of the other communities, recognizes that there is an incongruity between the position of India as an equal member of the British Empire and the existence of disabilities upon British Indians lawfully domiciled in some other parts of the Empire. The Conference accordingly is of the opinion that in the interests of the solidarity of the British Commonwealth it is desirable that the rights of such Indians to citizenship should be recognized.

“The representatives of South Africa regret their inability to accept this Resolution in view of the exceptional circumstances of the greater part of the Union.

“The representatives of India, while expressing their appreciation of the acceptance of the Resolution recorded above, feel bound to place on record their profound concern at the position of Indians in South Africa, and their hope that by negotiation between the Governments of India and of South Africa some way can be found, as soon as may be, to reach a more satisfactory position.”

#### IMMIGRATION QUESTION DOES NOT ARISE

You will thus see that the resolution divides itself clearly into three parts. I will take up the first part which deals with the question of immigration. It gives each Dominion the fullest and the freest right to regulate the character and the composition of its own population. I am bound by that. You are bound by it, but just as I am bound by it you are also bound in honour by the second part of the resolution, which really is the most vital part with which I have got to deal, except, of course, that portion which relates to South Africa. But before I proceed further let me make one point clear. Let there be no misgiving about the question of immigration. There is a growing sentiment in my country that we should not send our nationals outside anywhere, and I may perhaps make a confession, with the permission of the Prime Minister and the Secretary of State, regarding my attitude when I was a member of the Government of India. I helped to draft the Immigration Act, and I was the President of the Committee which sat to consider it. I was probably the strongest exponent of the view that there should be no immigration from India outside on any conditions whatsoever. We do not want our nation outside India to appear as a nation of coolies. We have had enough of that. There is plenty of scope for the conservation of the energy of my countrymen in my own country. We want them to rise to the full height of their stature in our own country. The Dominions therefore need have no fear on that account.

#### NECESSITY OF IMPLEMENTING RESOLUTION

I have just said that, as I felt bound in honour by the first part of the resolution, I consider, and I hope that I am not demanding anything extravagant from you, that you are also in honour bound by the second part of the resolution. I will be absolutely frank. I will exclude South Africa, because South

\*See page 8 of Cmd 1474.

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Africa stood out. I make no appeal to South Africa on the basis of the second part of the resolution, but I will ask the other Dominion Prime Ministers what my countrymen, and what my Government, are asking in India, namely, what steps have been taken, or are proposed to be taken, to honour this three-year-old agreement? While every reasonable man must make allowances for practical difficulties in the implementing of that resolution, while I recognize the difficulties arising from local circumstances and prejudices, from the slow changes of public opinion, and from the exigencies of party politics, yet, I must tell you, the question, to us, is one of vital importance, and in fairness to my country I must say that she finds herself absolutely unable to acquiesce in the present position. I have, therefore, come to you in the name of my Government, and in the name of the many millions of my countrymen, to make an earnest appeal, a sincere appeal, to join hands with me in devising some methods such as your statesmanship will enable you to do, methods intended to give effect to the principle of equality embodied in that resolution, the resolution of 1921. Do not for a moment think that I fail to recognize your difficulties. I have held office, and I know the difficult position of responsible Ministers. I am not blind to those difficulties, but pray let me ask you also to realize our national difficulties and my difficulties.

## PROBLEM MUST BE FACED IN A SPIRIT OF CO-OPERATION

I invite you to face with me in the broadest spirit of statesmanship this vital problem that Lord Peel and I have had the honour of placing before you this morning, and I claim your co-operation in devising methods of solving this problem. After a long and careful consideration I have come to the conclusion that I must place certain definite constructive suggestions for your consideration. If you, on your side can make better suggestions to me, if you can offer any better alternatives to me, take it from me that you will not find anyone more ready than myself to accept them. I earnestly suggest that what the occasion demands is a united effort if we are to find a solution of this difficult problem, a problem which threatens at no distant date to acquire almost the character of a problem of foreign policy. I appeal to the Dominion Governments and to His Majesty's Government to take a united course.

## A CONSTRUCTIVE PROPOSAL.

I will now tell you what my resolution or proposal is. I have reduced it to writing, and with your permission I will read it. My resolution is: Let the Dominion Governments, who have an Indian population, let His Majesty's Government in areas under their direct control, such as Kenya, Uganda, Fiji, and other places where there are Indians resident, appoint committees to confer with a committee, which the Government of India will send from India, in exploring the avenues how best and how soonest the principle of equality implicit in the 1921 resolution may be implemented. And, lest the course of the enquiry be prejudiced, I will couple with my proposal the request that any anti-Indian legislation which may be pending should be stayed until the report of these joint committees is available. That is my resolution. At once I propose to remove any misapprehension which may be lurking in the minds of anyone who has listened to me. I do not want a Central Committee. Let me tell you, I want a Committee appointed by each Dominion within its own borders, and I want the Committee appointed by each Dominion to confer with the Committee which will be appointed by the Government of India, and which will go to each Dominion. That is my appeal to the Dominions, except, of course, to South Africa, under the resolution of 1921. I make the same earnest appeal to His Majesty's Government, and especially to His Grace the Duke of Devonshire and the Colonial Office, in so far as the resolution relates to the Colonies.

## ITS ADVANTAGES

I will, in a few words, tell you what, in my humble judgment, are the advantages to be gained from my resolution. In the first place, you gain time, and that will enable us to calm the angry passions that have arisen in India on this question. In the second place, India will be undoubtedly in a more hopeful frame of mind, and we all of us can bring all the more forces available to us to bear upon the solution of this problem. In the third place, my resolution absolutely safeguards your independence, I mean the independence of the Dominions. It places the initiative in your hands, and let me tell you, it is not merely because I am anxious that the Dominions should have that independence that I have provided that safeguard, but also because of a lurking feeling of self-interest in my mind. You have received a rich inheritance of independence, freedom and self-government in your territories. I am still aspiring to it. I hope my aspirations will be realized very soon, and then, like you, I shall be jealous of any outside authority imposing its will upon me in my affairs. It is for that reason that I am anxious that the Dominions themselves should take the initiative in regard to this Committee which I have suggested and to the Committee which we propose to send out from India to confer with you in your countries. I think, and I honestly believe, if the problem is explored on those lines it will be found that it does not in the end prove to be insoluble.

## SOUTH AFRICA. ADDRESS TO GENERAL SMUTS

I now turn perhaps to the most difficult part of my work, and that is my address to General Smuts. I frankly recognize that I cannot address him on the basis of the resolution of 1921. He was no party to it. But I address him on three specific grounds: first of all, as a humanitarian; secondly, as an Imperial statesman; thirdly, as the Prime Minister of South Africa.

## AS A HUMANITARIAN

As a humanitarian I say he cannot absolve himself of the moral duty which rests on his shoulders of elevating the status of my countrymen within his Dominion. Let it be granted that their standard is low; it makes his task all the more imperative and urgent that he should help them in raising that standard. My countrymen, and I wish to say it emphatically, are as much strangers in South Africa as Englishmen or as General Smuts. The assistance of my countrymen, like the assistance of General Smuts and others, has helped in building up the prosperity of South Africa; and let him not forget my countrymen now when it lies in his power to raise their standard. He cannot permanently relegate them to a position of inferiority; for therein lies a menace not to his country or to mine, but to the Empire.

## AS AN IMPERIAL STATESMAN

I appeal to him next as an Imperial statesman. Ever since the days of the Armistice, what is it that General Smuts has stood up for? He has stood up for peace, peace to all the world; and he has stood as the protector of minorities. He has acquired a unique position as an Imperial statesman. It has given him world-wide fame. What is it that we have observed during the last three weeks of the sitting of this Conference? General Smuts has been trying to devise means to bring peace to a distracted world. Is he going to exclude from that happy mission of his, his country and mine? For let me tell you that there shall be no peace unless he includes his country and my country within the ambit of his big proposals. I do not address him on the basis of



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the resolution of 1921; I do not wish to interfere with his very natural desire to be consistent. I appeal to him independently of that resolution, and I say to him: "Will you not join hands with me, as I have appealed to the other Dominion Prime Ministers, in devising methods for the solution of this problem now and for all time?" I do not indulge in any threat; that is not in my line; and I hope General Smuts will not misunderstand me. However powerful he may be in South Africa, and however weak we may be in India, you cannot relegate my countrymen for all time in King George's Empire to a position of inferiority.

## AS PRIME MINISTER OF THE UNION OF SOUTH AFRICA

I will now address General Smuts as the Prime Minister of South Africa. Does he fully realize the implication of his present policy? I doubt whether he does. Will he not be aggravating the trouble not merely in South Africa, but throughout the world, by putting the white people on one side and the coloured races on the other side? I tell him frankly that if the Indian problem in South Africa is allowed to fester much longer it will pass, as I said just now, beyond the bounds of a domestic issue and will become a question of foreign policy of such gravity that upon it the unity of the Empire may founder irretrievably. I therefore earnestly trust that he will not refuse to co-operate with me in attempting to discover a solution, and I also hope that, in view of the present seriousness of a situation to which my Government and my people have referred more often than I can repeat here, he will agree to the appointment of a Diplomatic Agent to be sent by the Government of India to South Africa, who will protect our nationals there, who will act as an intermediary between them and the South African Government and who will put our Government in full possession of the facts relating to our nationals.

## PROPOSALS CONTAINED IN GENERAL SMUTS' MEMORANDUM

I will very briefly make a reference to the proposals which General Smuts has been good enough to circulate in a memorandum\* among the members of this Conference. I have read them with very great care and with all the attention and weight to which a memorandum of General Smuts is entitled. Let me tell him, and let me tell you all, that it is a document of remarkable subtlety, such subtlety as I have always been accustomed to associate with the name of General Smuts. In the first place, General Smuts takes exception to what Mr. Sastri has been saying or doing. I do not hold a brief for Mr. Sastri. He has been an intimate friend of mine and a fellow-worker in public life during the last twenty years. If the only objection General Smuts has got to find with him, and if the only crime to be attributed to him, is that he has in the Dominions frankly and freely pleaded for the equality of his countrymen, then let me tell General Smuts that he is indicating not merely Mr. Sastri, but 320 million of my countrymen. We all plead guilty to that charge.

## IMPLICATIONS OF MEMORANDUM

I will refer no more to the personal issue, but I will ask you first of all to consider the implications of that important memorandum. General Smuts compares the British Commonwealth to the League of Nations, but I say emphatically that analogy may hold good up to a certain point, but after that breaks down. The League of Nations has no common Sovereign. The British Commonwealth has a common Sovereign, and we are united to him by our

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\*See page 138.

allegiance to him. But if the British Commonwealth is to be compared with the League of Nations, you cannot stop short of the full extent to which that analogy must be applied. What is it that the League of Nations has been created for? It has been created, as I understand it, to settle disputes between the various Governments by conference, by consultation, and will do so unless they refuse to come to that conference and that consultation. But it is just this consultation and conference which General Smuts, as I understand, is refusing. What is it that a resolution like his comes to? It asks the Dominion Prime Ministers, who took part in the Conference of 1921 and agreed to that Resolution, now to treat it is a "scrap of paper" and to join him in passing an absolutely new Resolution which, on the face of it, has for its object the reservation of the fullest freedom of each Dominion to pass its own laws regarding Franchise.

#### PRACTICAL LIMITS TO CONSTITUTIONAL RIGHTS OF DOMINIONS

Nobody has doubted that Constitutional right, but there are limits to that Constitutional right, limits which are prescribed by prudence. Let me illustrate that. The British Parliament here is a Sovereign Parliament, and the Free State Parliament in Ireland is also an independent Parliament. Suppose the Irish Free State Parliament passed, or intended to pass, legislation to the effect that it would not recognize the right of any Protestant or Englishman to the Franchise in Ireland, and suppose, on the other hand, the British Parliament intended to pass legislation to disenfranchise all Irishmen settled in Scotland; well, if you looked at it strictly from the legal point of view you might say that these Parliaments would be within their right, but prudence would at once prescribe limits to the exercise of that power, that constitutional right. The first impulse of the two Parliaments would be to confer, to devise methods of avoiding a conflict. Will they not do it? Yes. I recognize the constitutional liberty and the constitutional rights of the Dominion Governments, but let me tell you this, that constitutional rights can only be exercised with prudence and discretion up to a certain point, and beyond that point you have to allow those constitutional rights to be subordinated to statesmanship, to prudence and to discretion. Well, I do not wish to raise a legal argument. I hope no legal argument will be raised, because this is not a legal body. There is only one thing I will say. General Smuts has said that the one binding tie between the Dominions and other parts of the Empire and India is our common allegiance to the common Sovereign, but he has coupled that statement with a further proposition, viz., that from that allegiance political rights do not flow.

#### CONSTITUTIONAL ISSUE NOT TO BE RAISED HERE

Well, I will not have a duel with General Smuts on a point of constitutional law, but I will venture to tell him one thing. Allegiance to the Sovereign is a very living thing. It is not a mere figure of speech, and, whenever you pass any law which affects the allegiance of the subject to the sovereign and the corresponding duty of protection of the sovereign to the subject, you tread on very dangerous ground. If a constitutional position like that is to be argued, let it be argued before a legal body, and, speaking for myself, with all humility, I have no fear of facing that constitutional issue on legal grounds, but I do not wish to raise that legal argument at this Conference.

#### APPEAL TO THE CONFERENCE. INDIA'S POSITION IN EMPIRE

I have practically reviewed the whole position and I will now make an appeal to the Conference itself. I will appeal to the Conference to realize to the full the implications of the Indian problem. I have placed before my

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colleagues from the Dominions and His Majesty's Government here certain specific proposals. I believe, and honestly believe, that the British Empire stands for justice and equality in the eyes of the world. Will you make a place within it for India? Think for a moment of the present position. Ancient and modern history provides no parallel to it. Three hundred and twenty million of my countrymen, whose religion is different from yours, whose colour is different from yours, whose race is different from yours, whose history is different from yours, are united by the common tie of allegiance to the common sovereign. They are members of a commonwealth the like of which has never existed before and let me tell you, that, while I do not wish to interfere with your absolute independence inside your own borders, I am one of those men who say that the British Empire can never be described as an exclusively white Empire. Within its borders it comprises a large number of populations of coloured races. Now, how are you going to keep Indians, or for that matter, all the other coloured races, within that Empire? By force? Never, because apart from the obvious limitations of force you cannot be untrue to your own traditions of liberty, justice and equality; you cannot afford to ignore and neglect the world opinion on this question. By preserving and safeguarding our sentiments? Certainly. That will be the strongest tie you can have and it remains for you to make use of it. Fulfil our aspirations within our own country for self-government, fulfil our aspirations for a position of equality inside the Dominions and inside the Colonies, and India will stand shoulder to shoulder with you through thick and thin. It is by preserving that sentiment that you can keep India and I pray, with all the sincerity I am capable of, that this Conference may come to some decisions which may strengthen the bonds between the Empire and India, for I do believe in that connection. Make no mistake, it is by sentiment and by the preservation of that sentiment that you will retain us and enable us to achieve self-government and to satisfy our other national ambitions outside our own country.

## WHAT INDIA MEANS

Think for a moment what India means to you. More than three hundred million men are closely allied to other Asiatics, constituting almost the entire half of humanity. They are placed within the ambit of the British Empire. If we are incorporated within the commonwealth, think what we shall mean to the peace of the world, with our ideals of self-government, bridging as we do the East and the West, shouldering burdens which are yours as well as ours for the service of humanity.

## COMMON LOYALTY TO CROWN

Think again of the ties which bind us together, if you will allow them to do so. King George is your King, but our Sovereign. The devotion to his person and to his throne is a very real thing notwithstanding what some wild and extravagant men may say in my country. I claim, and let me be very plain, not as a matter of grace, but as a matter of right, as the King's subject, to have an honourable place in his household, a position of equality and honour within the Empire, wherever it may be; for to us our position in his household overseas is of far greater importance than any other questions which are agitating our minds at the present moment. I am fighting in this spirit, fighting as a firm believer in the connection of India with England, fighting as a loyal and devoted subject of the King, as one who has had the honour of serving him in his Government in India, and I am fighting for the honour of my country before you all: my plea—indeed the plea of all my countrymen, is for equality within the great King's Empire, including his Dominions. On that there can be no faltering or weakening on my part. I invite you to devise means with me to give effect to this cherished ambition of my countrymen.

## APPEAL TO PRIME MINISTER OF GREAT BRITAIN AND HIS MAJESTY'S GOVERNMENT

May I now make an appeal to the Prime Minister? Sir, you are the head of His Majesty's Government. Let me tell you that every single word that falls from you on this occasion will be read and re-read and analyzed in my country from one end to the other.

I now want to make an appeal to the Prime Minister and to his colleagues. Do not send His Highness the Maharajah, do not send me, back to India to say that I have attempted to seek justice at this greatest advisory council of the Empire and that I have failed. I speak with all earnestness. One single gesture from His Majesty's Government, one single expression of sympathy put into practice, one honest attempt made to try to find a solution, will allay the situation in India in a manner which you do not realize. I am afraid that I have trespassed too much on your time and I beg your pardon. I also thank you for the patient and courteous manner in which you have listened to me; but the cause of my country demanded that I should put my whole case before you frankly and to the best of my ability.

## STATEMENT BY HIS HIGHNESS THE MAHARAJAH OF ALWAR

The MAHARAJAH OF ALWAR: Prime Minister and Friends, I join in the echo of thanks to the Prime Minister for having set aside a day specially for discussing the problem of Indians overseas, a question which, I believe, will be tackled with all the goodwill that I see around me, and will help, when it reaches its final stages, to allay the great amount of feeling that is at present rather prominent in the minds of my countrymen. To-day is India's day, and, as these words come before my vision, thoughts and ideas of all kinds surge through my mind, some of emotion, some of patriotism, others of unity of the Empire; but coloured as they are by comparatively narrow ideas of nationalism, citizenship, political rights and freedom, they pale into almost insignificance before the dominating sunlight of the feelings and ideas of common brotherhood. But I have to speak to-day of mundane affairs, the sordid affairs of the political arena, and about the very life and existence in this material world of some unprotected communities. I must perforce descend from the high and exhilarating heights and leave my pedestal, which is yours also, by birthright, as of every individual either inside this room or outside it—nay, of all fellowbeings within the four corners of the Empire. I do so, Sir, I hope, only temporarily, to try, and find my level again in the life of love where we were all intended to live, and sometimes try to get to.

## INDIA DIVIDED INTO BRITISH INDIA AND THE INDIAN STATES

Now, before going further, I will briefly halt to touch, in passing, on a subject that is known to many of you already, but which, I know, is not known to some. You know that India is divided into two parts, or rather, more correctly speaking, I should say into two administrative spheres. Two thirds of that country is called British India, and is under the direct sovereignty of His Majesty the Emperor and his Government, with all its machinery of Parliament, Cabinets, Government of India, and so forth. There is the other one-third, which is governed by the Indian Princes and Chiefs, whose subjects are the subjects of their own rulers, and who have, not from to-day, but from six to eight generations, been in alliance by means of treaties, Sanads, engagements, etc., originally formed with the British East India Company, but the responsibilities of which were taken over by the Crown in 1858. These systems are not the growth of



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yesterday, but the survival of a régime of hundreds of centuries, yet able to imbibe and assimilate such progress as is compatible with our traditions, religions, ideas and environments. I have trespassed on your time with regard to these matters, as they will bear an important part on what I have to say later. I intend to speak to-day, not merely as a representative of the Princes, but also, and even more so, as an Indian, than whom I believe no one regards his motherland more sacred, and who wishes nothing more than that she shall receive justice from the British Government, in whose hands her destiny is placed, and co-operation from her sister States who form the comity of nations in our Empire. Let me say at the outset that I have no vain threats to place before you—for the simple reason that they go against the very principle of "Co-operation" which I placed before myself on entering the precincts of this room the first day of our Conference. I will say, furthermore, that while, on the one hand, I have nothing to beg, and I will not beg, I also make no demands, as I have no demands to make. But the motherland, whose salt I eat, the land whose soil has given me birth, tells me that it is my duty to place in plain, untarnished, but candid form in words before you all the facts of our case, such as I know them.

## PUBLICITY

And now, Prime Ministers, I have one request to make, and that is that every word I utter or have uttered to-day in my statement may be cabled in full to my countrymen and in no hashed or pruned form. I do not desire this because I seek cheap notoriety by making Gallery Shots, but because my countrymen have the right to know every word I say in their name. They may have some things to criticize and others which they may not entirely like. It is in justice to them, speaking, not as their representative, but as one of them, that I therefore do not wish to say anything behind their backs, 7,000 miles away, which I will not gladly say to their face.

## BRITISH EMPIRE STANDS FOR JUSTICE AND FREEDOM

I will now proceed. We believe that the greatest assets to the British Empire lie in its championing the cause of freedom and justice. It is because I feel, my country feels—rightly or wrongly—that freedom and justice are at stake as exercised, or perhaps as understood, that I want to speak these words. I hope they will be in the interests of the Empire, and it will be something done—if nothing more—if misunderstandings and misapprehensions that do exist are somehow removed. It will be all the greater glory to you all—and I speak of no tinsel glory, but the glory of the heart—if the British Government and the Great Dominions will show by words, and prove by action, that they mean to assist one of their sisters who is old in age, but also at present the weakest member on the chess-board of the political game.

## DESPONDENCY IN INDIA

I hear wails from India itself—and now I speak principally of that two-thirds—conveying the feelings of despondency. The words of my fellow brethren, of my country, seem to ring in my ears: Are we going to progress steadily, progressively, yet not too slowly towards our goal, which the other sister nations have been more fortunate in already achieving—the goal of having the power to govern our own country as a loyal and integral part of the Empire? Are we going to be helped affectionately and with kindly feeling to the goal which has been pronounced publicly by the British Government, and more than which we do not aspire to, of being a loyal self-governing Dominion within the Empire? Is everything going to be done to accelerate our progress, or is our progress



under various pretexts to be retarded and delayed? Have we a long number of years before us of a great furnace to pass through, from which Ireland has only just emerged?

Sometimes I am afraid this despondency has been seen to give rise to despair, which has resulted in giving exhibitions in many places of those hideous atrocities at which the British Government, as the Custodians of our country, do not feel happy, and of which we, as its sons, are certainly not proud. If India had some more definite proposition before it than having to wait every ten years for its destiny to be enhanced, if it had reasonable assurance of rapid but progressive advancement, I believe that self-government, which is the goal of us all, for two-thirds India could be achieved, early and smoothly. I add this despite anything that may be said to the contrary, that the achievement is possible within a very much shorter period than some people would like to have us believe. I know, and I do not need to be told, that it depends to a great extent on India's capacity herself. I agree, but surely you do not desire to throw India entirely on her own resources? Does she not look to Britain to give her periodical and sustained assistance, so that my country may be, as it has been in the past, really and genuinely a grateful and loyal partner of your wonderful heritage?

#### SOLUTION OF CONSTITUTIONAL PROBLEM IN INDIA

I am speaking of self-government for two-thirds India, and, in dealing with this subject, I hope I may seek your indulgence for another few moments. The solution, I firmly believe, will not lie in grafting Western principles of political government on to the East with a stroke of the pen. Already many old bottles have cracked into which this new wine has been poured. I would much rather you get India round a table in confidence, and work out, with her sons, plans and methods that would be best suited to her environment, by which she can obtain her goal in the most rapid, but, at the same time, most peaceful and loyal manner. I say it is possible, and probable of early success, and you will be doing something for 300 millions of human beings that will cement them to you with gratitude and brotherly feelings.

The world was not built for academic or pious assurances spread over a number of years, the fulfilment of which may well pass over a lifetime. But what seems to me is this—and that is why I have mentioned this subject and in connection therewith I will say no more—that the whole problem, if viewed with breadth of vision and imagination, is really, Oh! so simple. It is not such a hedgehog as may be conceived by those who do not come in close contact with it; and it is really still capable of a solution which will leave a stronger England and a loving India.

In the end, in this connection, I will only say this much. Many unpleasant incidents have taken place in India of late years. I have no desire to lift before you the veil to disclose tales of woe or wails of lamentation.

Many mistakes have undoubtedly been made on both sides. So far as India's side of the picture is concerned, it will be a regrettable spot on India's fair name, and I say this in all solemnity, that any grievances which India may have had and did have, were allowed to be involved in interfering with the welcome given to the Royal Heir to the British throne, namely, the Prince of Wales, when he was touring in British India.

Will the British Royalty, you British Statesmen and people, not overlook this blunder and let it be past history? Can we not bury what has happened and rise in mutual goodwill and understanding for the future? Let not then the hand of the clock be held back. Advance in full confidence that what you do for India will be repaid to you a thousandfold from the people who know how to respond to generous sentiments.

## POSITION OF INDIANS OVERSEAS

And now I start on a voyage outside my country under the agis of the British Flag. Under the protection it gave to its loyal citizens, Indians in search of wealth, adventurous people in search of enterprise, left their homes and their shores to find refuge in parts where freedom, justice and peace were symbolized in the trident of the Red, White and Blue.

Indians found their way to South Africa, to Canada, to New Zealand, Australia, and, I am not personally aware, but perhaps some of them to Newfoundland. They went as citizens under the Union Jack, established their homes, invested their money, and settled down as peaceful citizens of the Empire. I have been told, and perhaps rightly so, by General Smuts, that the idea of British citizenship has changed from what it was a few years ago. I have forthwith applied myself to the facts, and asked the question, What does that mean? Surely the answer cannot be the treating of any particular race as outcasts. I am well aware of the fact that several of the questions with regard to Indians Overseas lie almost outside the direct concern of the Imperial Government. They are really within the purview of the self-governing Dominions, who are connected with the main centre by silken ties, and I will leave it at that. I want to address a few remarks directly to my Dominion colleagues.

And I will say this: One of your links in the chain is weak. If one link in it is weak and further weakened, perhaps you can do without it. That is your business. We, on our part, do not wish it. We want to have you with us. Let your inclinations decide. I know, my friends, how difficult it is for you to make any personal promises—for your positions depend, your authority depends on people to whom you are answerable. I assure you I appreciate the difficulty of your position. I, an Indian, have only tried to hold out my hand. I do not know if you and your people have the power and the desire to grasp it. Nothing hurts in the world more than the loss of "Izzat," humiliation. It is that one word which is the keynote of half the troubles of this world. It is certainly the keynote of the troubles of my country. Whether it is imaginary or real, Providence will judge, at least with open hearts shall we be able to approach Him, our Lord, on the Day of Judgment, and say, We are your children. It was all a game, it was all the chequer board of nights and days; we played our part, if it were ours for sacrifice, then we sacrificed that others might live.

Friends, I want to tell you that I have received messages from my country asking me that I should not work on the Conference, encouraging me to resign because India suffered humiliation—in Natal and Kenya. But I paid no attention to these counsels of despair. It may perhaps be thought that I sought honour and glory, and could not forego such a lure as the Imperial Conference, but the reason that kept me here, rightly or wrongly, was because I felt that nothing in this world was achieved by ill-feeling, that a great deal if gained by toleration and goodwill. Come what may, I am determined to exercise them to the last in this assemblage.

I have received wails from the Fiji Islands, saying that the poll-tax was causing Indians grave injustice, and that they desired to be repatriated if no other gratification could be given to them. I have received tales of woe from Natal complaining that a law was going to be introduced segregating them as outcasts. Similar stories come from Basutoland and other places which I need not go on reciting. How all this sounds to your ears I do not know. How it sounds to mine is it necessary to speak? How it is going to affect India if these questions are not solved, is a prophecy that I shudder to make.

And, remember, my friends, that this question does not affect British India only, but our Indian States' subjects also are involved in this over-seas problem. It is not alone a question that agitates the mind of British India, but it is one

that is viewed with equal humiliation in the Indian States. Why! I was surprised myself to receive letters from my own subjects, one or two sentences of which I will read out to you. I hope you will not mind the portions in which, out of affection and loyalty, personal references are made to me. This is certainly not the reason why I quote these sentences: "The Imperial Conference is drawing near. Your Highness is a member of that important assembly. India, bereft of all sympathy with the outside world, has been passing her transitional days in trying circumstances, aggravated recently to a great extent by the Kenya decision."

Again: "Whether the movement means for India a political set-back or a real awakening and a sure progressing State, towards building up a great national edifice, remains to be seen, but at present she looks to Your Highness with wistful eyes."

#### KENYA SETTLEMENT

I say no more, and I regret having mentioned this portion of the letter. I have read the main portion of it to illustrate that the question is viewed with no less concern in one-third India than it is in two-thirds. I can give you innumerable instances, but I will not waste your time. The question of Indians in the Dominions is one that concerns the Dominion Premiers and their Parliaments primarily; but the question of Kenya as a Colony stands on an entirely different footing. I believe I am right when I say that many Indian settlers went to Kenya long before it was discovered as a suitable place for colonization by the white people. They took lands, invested money, and to a great extent helped in developing the prospects of that country economically. So long as the colony was administered by the Imperial Government, difficulties, I understand, did not arise until the question of franchise to the residents came under consideration. It has now been decreed in the last decision that the recent white settlers, who are in a minority, are to be given the majority of votes in relation to an Indian population, which is in majority—thus leaving the latter at the mercy of the former, to be gradually ousted, if necessary, and as seems possible, by means of legislation.

I do not mean to enter into the pros and cons of this case—what Lord Elgin said or Lord Milner recommended are side issues—because, from my own twenty years' experience of administration, I know how easy it is to produce arguments with all the power in one's hands and records and papers at one's disposal in favour of one case against another. Arguments would be an unwise course for me to adopt, for understandings are not always reached by arguments. I know that there are some noblemen and gentlemen of influence from this country who desire to settle there, if they have not already done so. But the principal argument that has been advanced is that the Colonial Office holds Kenya in trust on behalf of the African races, who are the original inhabitants of that country.

Now, if I may say so, it strikes me as being peculiarly grotesque that a country, held in trust on behalf of a people who are backward and have yet to grow under the agis of the British flag, should actually have a franchise given to any one else to develop the country during the interregnum. Does this mean that, when the original tribes and people awaken from their slumber, they will be given primary consideration in relation to those who have invested money for several years past, and who govern the country, not under trust, but under a Franchise? I do not wish to enter into any further arguments. The whole question of Indians overseas seems to be one which does not mean the flooding of the different portions of the Empire with Indian immigrants claiming rights and privileges merely by their number in order to oust others who may have the rightful heritage. Mr. Mackenzie King, in one of his utterances in this

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Conference, said, with regard to Canada, that it was possible to restrict immigration from Japan by mutual agreement, not necessitating the introduction of law. That was mutual right understanding which did not cause any humiliation on either side, and allowed the Dominions to grow in accordance with their own environments, yet at the same time made no strictures or asked no strictures to be passed on peoples who had settled there as peaceful citizens. I believe that the Indian Government—and I am open to correction if I am wrong—would be equally prepared to enter into mutual understanding with the various Dominions and Colonies to prevent immigrants from flooding these countries. Under such circumstances is it not possible to modify the laws and to enforce them in a manner that they do not pointedly chafe against any particular community, thus causing them humiliation? What I want to know is whether my countrymen, as citizens of the British Empire, have any rights to settle in these countries, not for exploitation, not by way of peaceful penetration, but as peaceful traders, to live their unobtrusive existence.

## TRIBUTE TO GENERAL SMUTS

General Smuts, in talking about the questions of Indians who come to his country, suggested, I think, in a casual way that they might be sent for settlement to British Guiana. I believe the British flag has been planted at the North Pole, so I wonder if that would not be a more suitable solution of the problem if it was desired to exterminate them. But I really came to know General Smuts after my brief knowledge of him, that, although he has been called—I am sorry to say—the arch-enemy of India, yet we have in him, if I may be permitted to say so to his face, a sagacious statesman who sees far ahead of ordinary mortals what is in the interests of our greater Empire. From my personal conversations with him I would reverse the epithet, and say that I regard him since I have come here—and I speak in no platitudes—in his heart of hearts, personally a staunch friend and supporter of India.

I may assure you, friends, that I quite appreciate the difficulties that exist in the solution of this great problem. I realize that, though individually most of you may be prepared to look at the matter from a broad Imperial view, you have to return to your Parliaments which may hold different opinions. All I have to say, therefore, is that, while we are conferring in this Imperial assemblage, can we not put our heads together to solve the difficulty which surely human beings were meant to solve, not for the sake of individuals, but for the sake of the Empire. I have said this much, because I feel that the problem is much greater than what appears on the surface relating merely to Indians overseas. If you can enable India by real action to feel that her humiliation is removed, that she can take pride in the Empire to which she has the privilege to belong, you will have achieved something which will be of lasting credit to yourselves and of benefit to the chain of which we all form a loyal link. Particularly since I have come here have I realized how whole-heartedly and with a single purpose Lord Reading and his Government have given their utmost help to our cause. Things do not always appear in public or in the Press which enable India to see what part the Government of India is playing in our cause. All glory, however, is due to them for their assistance. We shall not easily forget it, and hope that some day we may repay them for their effort and goodwill. Regarding Lord Peel, it is more difficult to give him thanks since he sits beside me. I thank him, however, in the name of India—if I may do so—and thank him with a grateful heart for his powerful championship of our cause he has indulged in to-day. My heart has been softened by the words he has spoken of our nationality and our religion. I hope every word of this state-



ment will go to India, so that my country may not despair that it has no one to support it. When the discussions take place, similarly, I hope the Prime Ministers of the Dominions will allow their goodwill and proposals to go to my country, for that I am sure will have a very happy result. I have very little more to say.

#### MESSAGE FROM PRINCES OF INDIA

Now, Prime Minister and Friends, it is my pleasurable task to read out a message that I received from my Order in India. His Highness the Chancellor of our Chamber, the Maharajah of Bikaner, has conveyed it to me by means of a cablegram. This is the message:—

"Had the Chamber been sitting at this time, Indian princes would have desired to send a message to this Conference in view of the important question of Indians overseas, including Indian States' subjects who are affected specially in Kenya. But as the Chamber is not sitting the Princes of India by cablegram convey a cordial message of friendship and goodwill to His Majesty's Government, the British Nation, to the Dominions and Colonies and their distinguished representatives at the Imperial Conference, with whom the Princes are united by common ties of loyalty to His Imperial Majesty the King-Emperor."

The cable continues as follows:—

"We give expression of our hope that the united efforts of all concerned at the Conference will yield some satisfactory result, drawing closely together into bonds of good fellowship the great comity of nations forming the British Empire to which the Princes and States are firmly attached, and securing the Indians, including the subjects of Indian States, an honoured position in all parts of the Empire in keeping with India's rightful place in the British Commonwealth and in conformity with the assiduous and constant efforts of His Excellency the Viceroy and the Government of India."

Friends, I convey this message to you coupled with my own hope that its aims and objects may be finally achieved before we leave England at the termination of the Imperial Conference.

The subject is undoubtedly large and certainly complicated, but surely with goodwill we will overcome difficulties, and, if, as we believe, we are firmly determined to see that every portion of the British Empire is strengthened, then I by no means despair; but on the other hand hope for possibilities of arriving at a settlement which will make you all the more respected and loved in the eyes of those you help and will leave those grateful to you to whom you extend your hand in assistance. I hope that it will be possible for you to consider also whether it would not be advisable hereafter to allow India to be called a Dominion, not a self-governing Dominion until she becomes so, but a Dominion, specially when making reference to her in relation to her sister Dominions.

Gentlemen, I think I have said all that I wished to on the subject of my countrymen overseas on India's day. It has been a great pleasure to me to meet round this table great Statesmen who are my colleagues from the Dominions and to have the pleasure of making their personal acquaintance. May I thank them for their kindness and courtesy to myself which I take as a token of their goodwill for my country? If, at any time, any of my colleagues think of visiting India, I hope they will give us an opportunity of showing and proving that we do not always speak words but act on them, and that we can give you as cordial a welcome to our country as it is possible to do within our capacities.



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## GENERAL SMUTS WELCOMED TO INDIA

I said one day to my friend, General Smuts—and I speak sincerely and in no conventional language because he who was our enemy a few years ago is to-day one of our best friends and a great statesman of to-day—I said to him I hoped he would come some day to India and he replied that he would be viewed with suspicion. I hope India, with all her political quarrels and difficulties, has not lost her human touch and response to appreciate great statesmen and to prove to them that beyond our domestic disputes, beyond our domestic quarrels, lie the sentiments of humanity.

I believe, and I will with this conclude, that India came into the comity of nations within the British Empire with a definite purpose. It is a link that was soldered by the hand of Divine Destiny. It was a means of enabling the West to understand the East and *vice-versa*, but it also came in in order that the two civilizations with their spiritualities, with their material advancement and progress, might by their association together evolve a civilization, a great humanity of God's children playing their individual parts in the cause of God. When that day comes before us and, figuratively speaking, we stand before the Judgment Seat of Him who has sent us here, we shall each have our accounts to render. India may differ from you in race; she differs in religion and in creed, but she does not differ in point of humanity. Personally I say this: If you give us your assistance in time of need—for a friend in need is the friend in deed—we shall give you not only our gratitude but also our cordiality and practical assistance. But if it is destined to be otherwise, then I say this, that we shall be in a still higher position, for India will be able to say that she sacrificed herself in order that others might live; she prided herself in her political weakness in order that others may be strong; we gave our little best for the Higher purpose, for the Divine purpose which is our common goal—our common brotherhood and the salvation of humanity.

OCTOBER 29, 1923

## STATEMENT BY THE SECRETARY OF STATE FOR THE COLONIES

## TRIBUTE TO PRESENTATION OF CASE FOR INDIA

**THE DUKE OF DEVONSHIRE:** At the outset of the few remarks I have to offer, I cannot refrain from saying that India has been exceedingly fortunate in the spokesmen selected to represent her case in this Conference.

That case, eloquently stated by Lord Peel and His Highness the Maharajah of Alwar, was developed by Sir Tej Bahadur Sapru in a speech the closely reasoned argument of which was greatly reinforced by its studied moderation.

## WHAT INDIA ASKS

I particularly noticed that the proposal which he submitted was outlined rather than reduced to the specific terms of a resolution. In this, if I may say so, I think he was very wise, because, while he made the general purport of his proposal perfectly clear, he left the precise form to be moulded in the subsequent discussion. Let me state as shortly as I can the gist of that proposal as I understood it. Two years ago this Conference, with the exception of the Prime Minister of the Union of South Africa, agreed that the rights of Indians domiciled in parts of the Empire other than India should be recognized. Sir

Tej now proposes that the question how and when effect can be given to this agreement should be made the subject of inquiry and discussion between committees representing the several Governments concerned and a committee representing the Government of India.

#### LIMITATION OF INDIAN REQUEST

That is what Sir Tej Bahadur Sapru asks. But before I proceed I must also invite you to note that there are various matters already settled which he is not attempting to reopen. He does not question the right of each community in the British Commonwealth to control the composition of its own population. He is not, in a word, asking the self-governing Dominions to reopen the question of Indian immigration. He frankly recognizes the autonomy of the Dominion Governments within their respective territories. What he asks is that the Governments concerned will agree to discuss with the Government of India the steps necessary to give effect to the resolution passed by the Conference in 1921. It is, of course, in the last instance for each Government to decide for itself, but, because in certain matters such decisions are not limited in their effects to the countries by which they are taken, the issues to which they relate may be brought for mutual discussion here.

#### BRITISH GOVERNMENT ACCEPTS PRINCIPLE OF REQUEST

In so far as the British Government is responsible for the Colonies and Protectorates, I can only say on behalf of the British Government that we certainly accept the principle of the request put forward by Sir Tej Bahadur Sapru.

#### MAINTENANCE OF KENYA SETTLEMENT

In saying this you will not understand me to mean that we are prepared to reopen matters which have been made the subject of recent and most carefully considered decision. I refer more especially to the Kenya settlement, the terms of which were placed before and accepted by the British Parliament in July. While I would not propose that the area of discussion between the contemplated Committee and the Secretary of State for the Colonies should be limited, I should only be misleading India if I were to say anything to suggest that the Government could consent to reconsider the decisions embodied in the settlement of July last. To use the words of the White Paper, the constant endeavour of the British Government throughout their deliberations was to relate the principles which must govern the administration of a British Colony in Tropical Africa to the wider considerations of general Imperial Policy as enunciated in the Resolution of the Imperial Conference of 1921.

#### RESPONSIBILITIES OF BRITISH GOVERNMENT

I have also to remind the representatives of India that, so far as the British Colonies and Protectorates are concerned, the ultimate responsibility rests with the British Government, and it is with the British Government, and more particularly with the Secretary of State for the Colonies, that any questions affecting British Indians domiciled in these Colonies and Protectorates should be discussed in the first instance by such a Committee as Sir Tej has suggested. It will then be for the Colonial Office to consult, as may be necessary, any Colonial Government concerned with these discussions before any decisions are taken by the British Government.

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## POLITICAL STATUS OF INDIANS IN COLONIES, PROTECTORATES AND MANDATED TERRITORIES

I am hopeful that the area to be covered by these discussions will not in fact prove wide. I recently circulated to members of the Conference, in response to their general wish, a memorandum\* upon the political status of British Indians in the Colonies, Protectorates and Mandated Territories. I studiously confined my memorandum to facts, and perhaps I may be permitted to summarize quite briefly what that memorandum contains.

It shows that, in the West Indian Colonies, British Indians are under no political or legal disability of any kind. They have the same franchise and the same opportunities of becoming members of elective bodies as any other British subjects. The West Indian Colonies in which there is a considerable British-Indian population are British Guiana, Trinidad and Jamaica. In British Guiana and Jamaica the elective system already exists, and it will be introduced in Trinidad at an early date.

When you turn to the Eastern Colonies the memorandum shows that in Ceylon, under a revised Constitution about to be issued, qualified British Indians will be eligible for the franchise and for election to the Legislative Council in the same manner as all other British subjects. Again, in Mauritius there is no distinction between British Indians and other British subjects as regards eligibility for the franchise.

In East Africa you will find from the memorandum that in Uganda the Legislative Council is not elective, but that there is no restriction on the number or race of the unofficial members who may be nominated to the Council, while in Tanganyika Territory there is no Legislative or Executive Council.

Subject to a clear understanding on these points, my colleagues and I cordially welcome on behalf of the British Government the proposal of the representatives of India so far as the Colonies and Protectorates are concerned.

## STATEMENT BY THE PRIME MINISTER OF CANADA

## CANADA'S ATTITUDE OF GOODWILL

MR. MACKENZIE KING: I would like to say that I think Canada fully appreciates the magnitude and seriousness of the problem with which the Government of India and the Government of Britain are confronted in dealing with any question affecting the status of Indians, and that our attitude from the beginning has been, and at present is, one of being exceedingly anxious to be helpful in the solution of any problem that may arise. His Highness the Maharajah, in speaking last week, referred to the manner in which we had recently taken up by conference some questions respecting Immigration with Japan, and he said that, in his opinion, any of these questions of status and political rights respecting resident Indians could be best settled by adopting a similar method. He referred particularly to an attitude of goodwill being more important than anything else in the solution of these difficult questions. I think the Maharajah is entirely right. Attitude in these matters is all-important; so far as the Canadian attitude is concerned, it gives me pleasure to say that we are most anxious to deal with this whole question in a spirit of mutual understanding and goodwill.

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\*See page 136.

## RECENT HISTORY OF INDIAN IMMIGRATION QUESTION

I have in my hand a Report\* that I made to the Government of Canada in 1908. It relates to Immigration to Canada from the Orient, and Immigration from India in particular. It was the result of a visit which, at the instance of the Government of the day in Canada, I paid to England to confer with the Secretary of State for India in regard to the question of Immigration from India to Canada. If I may be permitted, I would like to read the concluding paragraph of this Report, because it sets out the attitude of that time—fifteen years ago—which we took towards questions affecting our fellow British citizens from India:—

“Nothing could be more unfortunate or misleading than that the impression should go forth that Canada, in seeking to regulate a matter of domestic concern, is not deeply sensible of the obligations which citizenship within the Empire entails. It is a recognition of this obligation which has caused her to adopt a course which, by removing the possibilities of injustice and friction, is best calculated to strengthen the bonds of association with the several parts, and to promote the greater harmony of the whole. In this, as was to be expected, Canada has had not only the sympathy and understanding, but the hearty co-operation of the authorities in Great Britain and India as well.”

I should say, perhaps, that, after conferring with the Secretary of State for India in London at that time in regard to this question, I subsequently, at the instance of the Canadian Government, went to India to take up with the authorities there the question of the migration of Indians to Canada with a view of seeing whether we could not work out a solution which would avoid anything in the nature of legislation which might be misunderstood or regarded as invidious in India, and I am happy to say that we were able, as a result of conferences, to come to an understanding between the two Governments which was as satisfactory to the Government of India as it was to the Government of Canada. If it was possible to do that in regard to the difficult question of Immigration, I think it ought to be possible for us similarly to effect a satisfactory solution with respect to any of these other questions that may arise, and it is from that point of view that I hope my colleagues from India will feel that the Canadian Government is approaching this particular subject.

## POSITION OF INDIANS DOMICILED IN CANADA

Lord Peel in his remarks said, I think, very rightly, that what the Indians felt more than anything else was that the disabilities under which their countrymen live appear as a brand of social inferiority. The extent to which that is true depends very largely upon the nature of the disabilities and the circumstances which account for any that may exist.

## NO DISABILITIES IN EIGHT PROVINCES. SOME POLITICAL DISABILITY IN ONE

May I say at once in regard to Canada that, in eight of the Provinces out of nine which comprise the Dominion, I am not aware of any legal or political disability under which any Indian resident in Canada suffers, and, with respect to the ninth Province, I am not aware of any legal disability of any kind; I am only aware of a political disability in the matter of the exercise of the franchise in that one Province, and that not as regards all Indians, because, as respects all Provinces, including British Columbia, the one exception I have mentioned, the Federal Law relating to the franchise sets it down that any

\*See Canadian Sessional Paper No. 36A of 1908.

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Indian who served with His Majesty's Forces—Military, Naval or Air—is entitled to the franchise. I mention this as evidence of the fact that our citizens appreciate the services that India has rendered the Empire and desire to acknowledge them wherever possible.

## HISTORY OF CANADIAN FRANCHISE

May I say a word as to the way our franchise has been developed? The Dominion is the result of the bringing together of a number of Provinces, and the Party to which I belong—the Liberal Party in Canada—has taken a position that, wherever it was possible to recognize the wishes of a Province in matters pertaining to the franchise, regard to such should be had. For that reason our Federal Franchise Act for many years recognized for Federal purposes only the franchise prevailing in the Province. We had not a separate franchise for the Dominion. We took, for the Dominion, the provincial franchise as it existed, with the result that in some Provinces some classes had the right to vote who had not the right to vote in others, not on account of race, but owing solely to the fact that for their own reasons certain of the Provinces had thought it well to limit the franchise in certain particulars. The late Government, which represented an opposite view in some particulars, changed somewhat the Franchise Law a few years ago, and endeavoured to enact a Federal Franchise which would be applicable generally throughout the Dominion. They provided that women, for example, should have the right to vote in Federal matters. Those of us who had held to a recognition of provincial enactments opposed that attitude. We said it should still be left to the Provinces to determine as respects the franchise to be given women, as in all else, what they thought best. However, the Government at that time did carry a provision which made the law in this matter of the exercise of the franchise by women generally applicable. Notwithstanding, that very Government, having regard for the conditions in the Province of British Columbia, in order to avoid a serious situation arising there which might have been misunderstood in other parts of the Empire, found it necessary as regards certain of the provisions affecting the Federal Franchises in the cases of British Columbia to make an exception to this general application. I mention this because it discloses how in one Province a particular question may become a burning political issue. For the Federal Government to try and deal with it in a manner which would be regarded as coercing any Province would give rise to an entirely new question. For example, if the Federal Government had tried in respect of all persons resident there to impose on the Province of British Columbia certain obligations, such, for example, as the right to vote under the Federal franchise, the issue would not in public discussion have been a question of the franchise at all; it would have been a question of coercion by the Federal Government of a Provincial Government, and you would have had a political battle fought on the basis of what we speak of as "provincial rights." I am sure all at this table will appreciate that that kind of political conflict is one of the most dangerous a country can be faced with. It is as though Britain were to try and impose certain obligations on Canada or some other part of the Empire. In dealing with the Provinces we of the Federal Government seek, as far as we can, to prevent anything in the way of coercion. I think it is as well to mention this because it helps to explain why in one Province it has not been possible, up to the present, to concede the franchise to the Indians who are there.

## QUESTION BEST DEALT WITH ON RECIPROCAL LINES

As to how Canada's action may be viewed in India, it seems to me to be very much a matter of interpretation, and the spirit of interpretation. I



could go to India and say with truth, that every citizen coming from the State over which His Highness the Maharajah of Alwar rules has rights of citizenship in my Province which I have not in his. That is a point which cannot be brought out too clearly. In eight Provinces out of nine in Canada every Indian resident there has the same right as other Canadian citizens, but that is not equally true of Canadians resident in India. If this aspect is put before the people of India they will see that the reciprocal method of dealing with this question, as pointed out by General Smuts, is one which perhaps presents the line along with which we can proceed most satisfactorily. So far as Canada is concerned, we would not ask for our citizens resident in India any right which we are not prepared equally to concede to Indians resident in Canada. I think you may take that as the fundamental basis on which we would be prepared to deal with this question; we hold to this reciprocal point of view because in all things we have found it to be one of the most satisfactory methods of dealing with questions of this kind.

#### PROBLEM IN BRITISH COLUMBIA AN ECONOMIC ONE

So far as British Columbia is concerned the problem is not a racial one; it is purely an economic problem. The Labour forces in British Columbia are very strong. That Province has had industrial problems of a character which no other Province in the Dominion has had and what the Labour people are aiming at is, I think, to maintain certain industrial standards which they had sacrificed much to acquire. As respects some of those who have come from other countries they are rather fearful, until at least they have resided for some time in Canada and have acquired our method of living, our customs, habits, and so forth, that to give them the rights of franchise in full may mean that the standard already maintained may be undermined. I would like to make this clear.

#### POSSIBLE POLITICAL CONSEQUENCES OF GIVING FRANCHISE TO INDIANS IN BRITISH COLUMBIA

It may seem I am straining a little in emphasizing the possible political consequence of giving the franchise to resident Indians in British Columbia.

But take the actual situation as it is in Parliament to-day. When we came into office, I had a majority of one behind me in the House of Commons. I think we have a majority of three at the present time. Many of the constituencies were very close. It is conceivable that in British Columbia the difference in the result might be material by increasing a certain vote in some of the constituencies. In other words, were the subject to become one of political discussion, I think it would be possible for a political orator to make it quite apparent to the people of British Columbia that the fate of the Federal Government might depend upon the vote cast by the Indians resident in that Province. It would not be an exaggeration, it would not be a figure of speech; it is a literal and absolute truth. It is conceivable that the complexion of Parliament as it is to-day might be entirely changed. The consequence might be that one Government rather than another would be in office by the vote of those who, neither in their own country nor in Canada, have ever exercised the franchise. That is the situation which exists at the moment. I do not expect it will exist very long, but it all helps to show the difficulty which we are confronted with when we contemplate, in any immediate way, results which we all hope will be effected in the course of time. It is for that, among other reasons, that I appreciate the method of approach which Sir Tej has adopted in bringing his suggestion before this Conference. He has appreciated, I think, our difficulties as well as his own, and, in suggesting there could be

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a Conference between representatives of India and representatives of Canada, I think he has had in mind enabling the citizens of India to appreciate just the kind of circumstances which have governed our actions quite as much as having our citizens appreciate his difficulties. That is the sort of approach and attitude which permits us to get together and I should be surprised if, dealing with this question in that spirit, we could not work out a thoroughly satisfactory solution.

## INTERPRETATION OF 1921 RESOLUTION

There is one point I ought to make quite clear and that is the extent to which my hands are tied in dealing with this question. The resolution\* which was passed at this Conference two years ago in the minds of some present committed the Dominions to giving the franchise to the Indians. It was, they allege, in the nature of a general commitment. It is all important that we should know whether that was the intention of the resolution or not. I think in the first place we should be very careful of resolutions that are introduced or passed, and I think, when once they are passed, we should do our utmost to see that any hopes to which they may give rise are not destroyed. In the House of Commons I asked my predecessor, Mr. Meighen, what his interpretation was of the resolution of 1921. I have before me the "Hansard" of the 29th June of this year,† which contains the record, and with the permission of the Conference I shall read from it:—

"Mr. MACKENZIE KING: May I ask my right honourable friend one question? The resolution of the Conference, or at least one clause of it, is as follows:—

"The Conference accordingly is of the opinion that in the interests of the solidarity of the British Commonwealth it is desirable that the rights of such Indians to citizenship should be recognized."

"The Honourable Member for George Etienne Cartier, Mr. Jacobs, has said that these words imply an undertaking on the part of this Parliament, or rather on the part of Canada, to see that the federal franchise is granted to the Indians in British Columbia. Is that correct or not?

Mr. MEIGHEN: The words are English and the words are simple. I understand them fully and if the Prime Minister does not I must leave him just where he is.

Mr. MACKENZIE KING: I think the House is entitled to an answer from my right honourable friend. He represented this country at the Imperial Conference. He knows better than anyone else what interpretation he placed on these words. I ask him, seeing that he represented Canada at the Imperial Conference when that resolution was passed, whether he understood that Canada was giving an undertaking to the Indians in British Columbia to the effect that they should be entitled to the franchise.

"Mr. MEIGHEN: No human being understood anything of the sort. The words are very plain and there is no misunderstanding them."

I should be taken very seriously to task if, when I returned to Canada, it could be said that I had placed an interpretation on that resolution which the Prime Minister of Canada who was present at the time it was passed was unwilling to have placed upon it. I think Mr. Meighen has taken his attitude

\*See page 9 of Cmd. 1474.

†See page 4815 of Official Report, House of Commons Debates, Canada, 1923.

from the words: "It is desirable that the rights of such Indians to citizenship should be recognized." If that means we would all like to see it done, that we hope it may be done, I think I can agree with him in this expression of such a wish. On the other hand, as to its constituting an actual pledge, I am bound to take the interpretation which Mr. Meighen himself gives and places upon it. I should, perhaps, say that I presented that point of view to Mr. Sastri when he was in Canada and my recollection is that Mr. Sastri did not maintain that the resolution constituted a pledge which obliged the Federal Government to give the franchise to resident Indians but rather that it expressed what the Conference hoped would be done by the different Dominions as opportunity offered.

#### MR. SASTRI'S VISIT

May I say just a word in regard to Mr. Sastri's visit? We were pleased to welcome Mr. Sastri to Canada and we sought to give him the fullest opportunity to speak publicly wherever he wished to do so in the Dominion, to confer with any persons whom he might wish to meet, and we were glad to have him in conference with us in the Cabinet so that we could explain very fully all the considerations of which we had to take account. I think Mr. Sastri appreciated our situation the better in view of having seen conditions for himself and having talked with many persons in different parts of the Dominion.

#### MATTER WILL BE CONSIDERED WHEN FRANCHISE LAW REVISED

I cannot do better in setting forth our Governments attitude than to read to the Conference and place on record the letter I wrote to Mr. Sastri just as he was leaving our Dominion. It is dated Ottawa, the 5th September, 1922, and is as follows:—

"The Right Hon. V. SRINIVASA SASTRI,

"Chateau Laurier, Ottawa.

"Dear Mr. SASTRI,—

"In reply to the representations made by you at the interview with my colleagues and myself on Friday of last week, and which were the subject of further conference between us yesterday, I desire to assure you that, at the earliest favourable moment, the Government will be pleased to invite the consideration of Parliament to your request that natives of India resident in Canada be granted a Dominion parliamentary franchise on terms and conditions identical with those which govern the exercise of that right by Canadian citizens generally.

"The subject is necessarily one which Parliament alone can determine. It will be submitted to Parliament for consideration when the franchise law is under revision.

"In conveying to the Government of India an expression of the attitude of the Government of Canada in this matter, we hope that you will not fail to make it clear that at the present time, in eight of the nine provinces of which our Dominion is composed, the federal franchise is granted to natives of India resident in Canada, on terms which are identical with those applicable generally to Canadian citizens.

"Yours sincerely,

"W. L. MACKENZIE KING."

You will observe that we have promised Mr. Sastri that when our Federal Franchise Law comes up for revision we will take care to see that Parliament is fully informed of his representations and wishes, and we will seek to have those representations and wishes given every consideration. It is probable that

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the Dominion Franchise Act will come up for revision at the approaching Session of Parliament. I told Mr. Sastri it was hardly probable it would come up last Session, but that I thought it would come up next Session. If the course we anticipate is followed, the Franchise Act will be referred to a Committee of the House, and that Committee will be in a position to hear any representations that may be made to it.

IF COMMITTEE FROM INDIA SENT TO CANADA, IT WILL BE GIVEN EVERY OPPORTUNITY  
TO DISCUSS QUESTION

My friends from India will have to decide for themselves what is likely to be most in their own interests in the matter of having a Committee visit Canada and take up this matter anew. I say that for the reason that I am not so sure that Mr. Sastri's visit has made it easier for us to deal with this problem. I would put it in this way. Mr. Sastri's visit helped to direct the attention of the country to something which I imagine the greater part of the country did not know anything about. I doubt if the majority of the people in Canada were aware that in the Province of British Columbia, for example, the Indians did not have the franchise. They may have known in the other Provinces that they had the franchise, but the question of the few in British Columbia not having the franchise would hardly be known to any extent outside that Province. Once, however, Mr. Sastri began delivering his speeches the Labour Council from one end of the country to the other began to receive communications from Labour Organizations in British Columbia asking them to take care to see that such standards as labour had won in British Columbia were maintained. The forces that were opposed to granting the franchise to Indians became organized in a way they had not been before. Whether that same result might follow the visit of a deputation from India I cannot say. It might or it might not, but, should our friends from India think it would help them to have a delegation come to Canada to confer on the subject, we shall be most happy to appoint a corresponding group to meet and confer with them. If it were their desire to have their delegation given an opportunity of meeting the Parliamentary Committee to which the matter will be referred for consideration, I should be glad to see, if the time of their visit so permitted, that they were given a chance to meet the members of that Committee and to confer with them at Ottawa. In other words, we would be only too happy to give to any group which may come from India, any person she may send, the amplest opportunities to discuss with our public men all aspects of this particular question. I say this having regard to the method of approach Sir Tej has presented to us here. He has made it clear that the Committee would come for the purpose of exploring avenues and ways and means to reach an ultimate result. He should recognize that we may have to take time in this matter, but I would like him to believe that we are sincere in hoping that we will be able to meet his wishes. In seeking so to do, we may have to proceed step by step, but the Canadian people as a whole are, I am sure, really desirous of meeting our fellow British citizens from India in every reasonable particular. I have not the slightest doubt about that.

PROGRESS OF INDIA TOWARDS SELF-GOVERNMENT

Perhaps I may be permitted to say just one word in conclusion. Sir Tej spoke very feelingly the other day about political freedom and the desires of India in the matter of self-government. When I was in India I heard a good deal of the discussion that was going on. Let me say that I have a natural sympathy with the desires of a people to have the right to manage their own affairs. Were I a citizen of India, and this is what I felt most at that time, I



should feel above everything else that in India being a part of the British Empire there lay the surest guarantee that this desire for self-government will be realized in the course of time in the manner which to India herself will be most effective and helpful. It is inconceivable that the opinions represented at this table, the views of the different Dominions represented here, should not accord with aspirations of self-government. There is this, however, which I think we have to remember and which those of us in the Dominions have had occasion to realize, that our Dominions have been peopled largely by citizens who have come out from the British Isles, and that those who have been most active in effecting reforms have themselves come with ideals which it had taken their ancestors many, many years to work out in this old land. Our struggle for responsible government in the Dominions was largely a continuation of the long struggle of several centuries which had taken place in the British Isles, and I think the evolution of self-government in the Dominions has become what it is largely because of the long process of political training through which in previous years the peoples of the British Isles had passed. For that reason I hope that our friends in India will appreciate that here again time may be a helpful factor in the working out of what, in the long run, in the interests of India herself will be the surest and the best guide to complete self-government.

## STATEMENT BY THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA

### TRIBUTE TO PRESENTATION OF CASE FOR INDIA

Mr. BRUCE: Prime Minister, I would like to preface the few remarks I wish to make by congratulating the representatives of India on the very eloquent and temperate manner in which they stated the case which they have to present.

### ATTITUDE OF AUSTRALIA TO RESOLUTIONS OF PREVIOUS CONFERENCES

This question is not one which vitally affects Australia as it does South Africa. I desire, however, to refer to the Resolution on the position of Indians in the Empire which was adopted by the Conference of 1921. The resolution commenced by reaffirming the previous Resolution of 1918, that the government of each community of the British Commonwealth should enjoy complete control of the composition of its own population by means of restriction on immigration from any of the other communities. It then went on to recognize that there is an incongruity between India's position as an equal member of the British Empire and the existence of disabilities upon British Indians lawfully domiciled in some other parts of the Empire. The resolution recorded the opinion that, in the interests of the solidarity of the British Empire, it is desirable to recognize the rights of such lawfully domiciled Indians to citizenship in their countries of domicile. This resolution was concurred in by the representatives of Australia.

### SYMPATHY WITH INDIANS DOMICILED IN AUSTRALIA

The object of the representatives of India at this Conference in bringing forward the question of the status of Indians is, as I understand, to further the investigation of the question of the means of giving practical effect to that part of the resolution which refers to the recognition of rights of citizenship of Indians lawfully domiciled in other parts of the Empire. As far as Australia is concerned, this question has been the subject of considerable public discussion,



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and the representatives of every shade of political thought have shown sympathy with the claim that lawfully domiciled Indians should enjoy full citizen rights. As the question did not figure in the preliminary agenda of the Conference, I have not had the opportunity of consulting my colleagues or my Parliament upon it. I believe, however, that Australian public opinion is ready to welcome, so far as the position of Indians domiciled in Australia is concerned, any measure which is conceived in the interests of the Empire as a whole. The number of Indians in Australia is small—there are only 2,000 of them—so that from the purely Australian point of view the problem is a small one, but it is recognized that this is part of a larger Imperial problem.

## NO CHANGE IN COMMONWEALTH IMMIGRATION POLICY

It is not a question of admitting fresh Indians within our territory. That would be contrary to the fundamental principles which animate the people of Australia and must govern the policy of any Australian Government; nor, as I fully understand, is there the slightest shadow of a suggestion that the immigration of Indians into Australia is desired by the Government or by the people of India. It is simply a question of satisfying the legitimate aspirations of the few Indians who are already lawfully domiciled in our midst, and contributing by this action to the solution of an Imperial problem, by the removal of anomalies which, as I understand, are felt very keenly in India in view of her new status as an integral part of the Imperial Commonwealth.

## TRIBUTE TO INDIA'S PLACE IN EMPIRE, AND TO HER CIVILIZATION

India is no longer a mere Dependency, but one of the component members of the British Commonwealth of Nations. We have the greatest admiration of the efforts put forth by India in the late war, by which she won her new status. I need only refer to her contributions in men, money and material, her recruitment on a voluntary basis of something like  $1\frac{1}{2}$  million men, the services which her army rendered by sending more than a million Indian troops overseas to all the theatres of war, and her free gift to the Imperial Exchequer, which added, as I am told, over 30 per cent to her national debt at that time. Apart from these material aids, the moral value of the part played by India in the war cannot be over-estimated. The vast masses of the Indian people have always been conspicuous for their loyalty to the British Throne, and their whole-hearted and voluntary participation in the world conflict undoubtedly afforded striking proof of this to both foes and friends alike. Even apart from that welcome evidence that in its hour of need the Empire may rely on India as a strength and support, instead of a source of weakness as our late enemies dared to hope, I wish to emphasize that the people of Australia have always had the greatest respect for India's traditions and culture, her literature and her arts, her attainments in the world of thought and her achievements in action—in a word, for her civilization, which, while reposing on such ancient foundations, has, at the same time, shown itself capable of progress and adaptation to the needs of the modern world. That civilization is not identical with ours; it is older, and it is the civilization of the East rather than of the West; capable, however, as India has already shown, of absorbing what is valuable in Western civilization, just as the West, in its turn, has lessons to learn from the civilization that is characteristic of India.

## INDIAN PROBLEM RESULTS FROM CONFLICT OF ECONOMIC STANDARDS

Nor is the established policy of maintaining the European character of our population and not permitting the immigration of Asiatic settlers in conflict with

such an appreciation. It is not a policy founded on feelings of race or colour, but it is motivated by economic considerations which appear to us to be clear and cogent. I have said that the civilization of the East, though older and possibly in some respects superior, is different from that of the West, and among other things this implies a well-marked difference of economic standards. Asiatic immigrants would be able to work and support life with what, to them, would represent a high degree of comfort, under conditions and for wages which would make it impossible for workers of European descent, accustomed to European standards, to compete with them. If, therefore, Asiatic immigrants were admitted, it would be impossible to provide employment for Europeans. They would inevitably be ousted from the labour market, and our population, and with it our institutions and our civilizations, would gradually lose their original European character which we are naturally determined to do all in our power to preserve. It is for this reason that the Commonwealth Parliament has passed enactments which effectively prohibit the immigration of Indian or other Asiatic settlers or labourers, and it is for this reason that we welcomed the Resolution of 1918, reaffirmed in 1921, by which the Imperial Conference has recognized the right of each Government to control the composition of the population of its country by means of restriction on immigration from the other communities of the Empire.

#### ATTITUDE OF AUSTRALIA IS SYMPATHETIC, BUT NO NEED FOR COMMITTEE

That Resolution was accepted by India, and the Government of India have never swerved in their loyal acquiescence and co-operation with us in our policy. But, viewing the relations of India with the other parts of the Empire as an Imperial problem, we appreciate that the maintenance of the immigration policy is only one side of the question. On the other side we have the desire of India to see the grant of political and other rights of citizenship accorded to her sons who have already, and in some cases for many years past, been legitimately domiciled within Australia. This desire is largely satisfied in the principle of the Resolution of 1921. That Resolution, together with the Resolution of 1918, must be regarded as interdependent parts of a single endeavour to promote harmonious relations between the Dominions and India by securing the immigration policy of the former on the one hand and by removing the cause of any ill-feeling in India on the other. The object of both Resolutions, as I regard them, is to foster the cohesion of the Empire as a single unit, not only comprehending within itself certain communities of European race all inspired by Western ideals of civilization, but also uniting in one system the different ideals, elements of strength and potentialities of progress towards the common good which the Empire is happily able to draw from Eastern as well as from Western sources.

In view of the position which exists in Australia and the consideration which has been given to the question, there is no necessity for a Committee further to discuss the matter such as has been suggested by Sir Tej Bahadur Sapru. While I appreciate the spirit in which it is put forward, I do not think, in the special circumstances of Australia, there is any necessity for such action. On my return to Australia I will consult with my colleagues as to what action can be taken.

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## STATEMENT BY THE PRIME MINISTER OF NEW ZEALAND

## TRIBUTE TO PRESENTATION OF CASE FOR INDIA

Mr. MASSEY: I will only detain the Conference a very few minutes. I should like—and I have no doubt the other members of the Conference feel as I do—I should like to express my appreciation of the eloquent speeches delivered by the representatives of India. I am especially impressed by the fact, which was very evident, that, while they were insistent in looking after the interests of India, they spoke as patriotic British citizens. I do not think there will be very much difficulty in the plan—I am thinking now of the proposal that Committees representing the Dominions should meet a Committee representing India. I am speaking more particularly for my own country

## POSITION OF INDIANS IN NEW ZEALAND

I would like to endorse that, so far as New Zealand is concerned, we are practically giving the natives of India resident in New Zealand the same privileges which are enjoyed by people of the Anglo-Saxon race who are settled there. There is practically no difference between them. If there is or ever has been at any time any objection to natives of India coming to New Zealand, those objections have been raised for economic reasons such as have been referred to by the Prime Minister of Australia. The workers in New Zealand are naturally anxious to maintain the present standard of living, and if there happened to be a large influx of natives of India at any time they have an idea that such standard might become lowered. They are naturally anxious—and I am bound to say the New Zealand Parliament is also anxious—to prevent anything of the sort happening. There is no such thing as race-prejudice or anything of that sort. So far as the aboriginal natives of New Zealand are concerned they are in exactly the same position as the European residents in New Zealand; they have the same privileges in regard to Parliament and in connection with local affairs.

## STATUS OF INDIA AT IMPERIAL CONFERENCE

I have heard it stated as a matter of fact that there is an impression in India that the representatives of the Indian Empire at the Imperial Conference do not occupy the same position as the representatives of the Dominions or other parts of the Empire. Now I think that ought to be contradicted emphatically. We who represent the Dominions—and I know I can speak for those who represent the United Kingdom and the Colonies as well—are anxious that the representatives of India sitting round this historic table should enjoy all the privileges that we enjoy and should have exactly the same position. I think that ought to be made perfectly clear in India.

## METHODS OF AGITATION IN INDIA

I know this, that India has become during recent years a fruitful hunting ground for agitators; I am not thinking of Indian agitators when I say that, because I know—and it is nothing to be proud of—that some of the people of our own race have taken a prominent part in fomenting trouble in India, and not only in India, but in those British countries where a number of natives of India have become located. There are not many opportunities in my country, but I have known people of our own race to be doing their level best to stir up trouble with the natives of India. Fiji is our neighbour and there is a large number of Indians there. I am not speaking for Fiji, but I would only say this, that I have the best of reasons for knowing—I know it officially—that Europeans

frequently have been doing their level best to foment disturbances in Fiji. I am simply speaking of labour troubles and difficulties of that sort. Once troubles are started and when strikes take place we, who have had experience of these industrial troubles, never know where they are going to end; and they sometimes stir up trouble which is not forgotten for a very long time afterwards.

#### TRIBUTE TO INDIA'S PLACE IN EMPIRE, AND TO HER CIVILIZATION

My opinion—I speak as a British citizen and not only as the representative of New Zealand—is that we should do everything that is possible to make the natives of India feel, whether here or in India itself, that we want to treat them with justice, and that we want to do everything that is fair and right and proper as far as they are concerned. I know perfectly well that when we think of government by Indians we have to remember—and I think it was the Maharajah who expressed his opinion—that if development is to take place it will not be quite by what is called Western methods. We can understand that. When one remembers the huge population of India, the number of races which are there, the number of languages that are spoken, and the different religions, I have often thought that it might be desirable, when the time comes, as I believe it will come, to let India be divided into a number of Dominions rather than to remain one State or Empire as it is at present. I have not been to India, and I only look at it from the outside. The European residents in India, and the representatives of India themselves, know very much better than I do what will be necessary in time to come to enable Indians to attain the position they desire to occupy. I was very much struck with the concluding remarks of Lord Peel, and I have not forgotten that when the destinies of the British Empire were trembling in the balance there was no hesitation on the part of India to do her duty; I will not say “to come to its assistance,” because when they were fighting for the Empire they were fighting for themselves as citizens of the Empire. They undoubtedly did their duty in a way which was admired in every part of the Empire and by every one of its races. The Prime Minister of Australia has mentioned the number of men who were sent and the amount of money contributed by the Indian Empire itself, and on that account I am quite sure the representatives and the patriotic British citizens, to whichever part of the Empire they belong, will always be desirous of upholding the wishes of the people of India and of assisting in the development which they so ardently desire. I do not know whether it can be done for some time or not; probably hurrying up matters might do more harm than good.

#### NEW ZEALAND STANDS BY PREVIOUS RESOLUTIONS

So far as the Committees are concerned, when Mr. Sastri was in New Zealand he had an opportunity of meeting both branches of the Legislature and an opportunity of saying everything he chose to say to them. He said that, so far as New Zealand was concerned, he then had practically no fault to find. I hope later on that the same thing may be said of the residents in other parts of the Empire. I was present, of course, when the original arrangement was made in 1918; I was present when it was reaffirmed in 1921; and by that we desire to stand. If any improvements can be suggested with regard to what is in operation at present, I have not the slightest doubt but that the representatives of the Dominions and the other representatives of the British Empire here will consider them. I do not know whether anything of the sort is intended at present, but I want to assure the representatives of India that so far as they are concerned there is no desire to keep them in the background, but to give them all the privileges that British citizens in other parts of the Empire enjoy.



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I should like to say that I do not intend to interfere in the matter of Kenya. The position in South Africa stands by itself and I am not able to judge of it. I only say that I should like to do anything I possibly can to bring about a better understanding between the two races in South Africa, those representative of the European race and those representative of the Indians. If we can do anything at all we shall be only too glad to do it.

## STATEMENT BY THE PRIME MINISTER OF THE UNION OF SOUTH AFRICA

## TRIBUTE TO PRESENTATION OF CASE FOR INDIA

GENERAL SMUTS: I desire to pay my tribute also to the earnestness, the eloquence, and the ability of the speeches that have been made here by the representatives of India. The proposal which has been made by Sir Tej Sapru does not concern South Africa, and therefore I do not think it is necessary for me to detain the Conference at any length. As, however, the subject is a very difficult one I may perhaps be allowed to say a few words in reference to the general situation.

## MR. SASTRI'S MISSION HAS MADE SOLUTION OF PROBLEM MORE DIFFICULT

The Maharajah has said, very rightly, that what this question requires is understanding—understanding not only of the difficulties and the special position of India, but also of the difficulties and the special position of other British communities; and I think a few words of mine might not be out of place here. So far as I can judge, the atmosphere has really become worse in the last two years for a solution of this question. In South Africa, undoubtedly, it has become worse. That is due partly to the visit of Mr. Sastri and his speeches in various parts of the Empire, to which I do not wish to refer with any particularity. The Prime Minister of Canada has said what the effect of the visit has been in Canada, and in South Africa it has undoubtedly emphasized the difficulties that existed before. That was one of the reasons why I thought it might not be wise for Mr. Sastri to come to South Africa. Our difficulties are great enough as they are.

## SOUTH AFRICAN ATTITUDE TO INDIAN PROBLEM IN KENYA

There was another circumstance which has affected the attitude and the atmosphere in South Africa very considerably, and that is the Kenya question. There is no doubt that in South Africa a profound sympathy was stirred up for Kenya. Here you have a very small British community, a handful of settlers, who find themselves pitted against the mighty Empire of India, who find themselves against overwhelming forces, and who, although they are the most loyal community in the British Empire, consisting mostly of ex-Army men, had in the end to go to the length of almost threatening force in order to maintain their position. The sympathy that was aroused and stirred for Kenya in South Africa has had a very serious repercussion there on the Indian question as a whole. I have no fault whatever to find with the attitude of either the Colonial Office or the India Office here. I have nothing but praise for the way they handled this very difficult situation, and the settlement that was come to was, I think, a wise compromise, and so far as my influence went I used it with the people of Kenya to get them to accept the settlement, as they have accepted it. But I must say, quite frankly, that I have been very much perturbed over



the attitude adopted by the Indian Government in this matter. They pressed the case against Kenya in a way which seemed to me to exceed the limits of prudence and wisdom, and when the settlement was ultimately made language was used in regard to it which I think would certainly not help the case of loyalty either in India or anywhere else in the Empire. The whole incident, as I say, has had a very bad effect in South Africa.

#### POSITION IN SOUTH AFRICA ITSELF

The difficulties from the African point of view are very great. Sir Tej has said—and quite rightly—that the majority of the population of the British Empire are coloured. That is so. But let me make this remark: all through the very able and moderate argument of Sir Tej he referred to this colour question and the indignity which was either openly or by inference inflicted on those British subjects who have colour. Well, I wish to say that, so far as we in South Africa are concerned, it is not a question of colour, it is a different principle that is involved.

#### QUESTION NOT ONE OF COLOUR BUT OF ECONOMIC COMPETITION

I think that every thinking man in South Africa takes the attitude, not that the Indian is inferior to us because of his colour or on any other ground—he may be our superior: it is the ease of a small civilization, a small community, finding itself in danger of being overwhelmed by a much older and more powerful civilization and it is the economic competition from people who have entirely different standards and viewpoints from ourselves. From the African point of view, what is the real difficulty? You have a continent inhabited by 100 million blacks, where a few small white communities have settled down as the pioneers of European civilization. You cannot blame these pioneers, these very small communities, in South Africa and in Central Africa if they put up every possible fight for the civilization which they started, their own European civilization. They are not there to foster Indian civilization, they are there to foster Western civilization, and they regard as a very serious matter anything that menaces their position, which is already endangered by the many difficulties which surround them in Africa. In south Africa, our position in a nutshell is as follows: In the Union, we have a native population of over 6 million; we have a white population of over 1½ million; we have an Indian population of something like 160,000, mostly confined to one Province, to the most British Province in the Union, the Province of Natal.

#### PARTICULARLY IN NATAL

Mr. Sastri, in one of his somewhat outrageous statements, referred to this as a Boer Empire, an empire which is swamped by Boer ideals. Well, the fact is that the Indian difficulties have mostly arisen, and continue to grow, in a part of South Africa where there are almost no Boers at all, in an almost purely British community; but you have in this Province of Natal a majority of Indians and a minority of British settlers, and, whatever the mistakes of the past may have been, the grandchildren of to-day do not plead guilty to the errors of their ancestors and they want to right the situation and safeguard the future for themselves and their children.

#### SUFFRAGE QUALIFICATIONS IN SOUTH AFRICAN PROVINCES

What is the position? In the Cape of Good Hope and the Cape Province we have a franchise, a property and income and literary franchise, and in that Province the Indians are on exactly the same footing and have the same fran-

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chise as the whites; no difference is made. But in the other three Provinces of the Union we have a manhood suffrage. In the two Provinces of the interior, the Transvaal and the Free State, that franchise was laid down by the British Government, and not by ourselves. When we received a Constitution after the Boer War, many years ago, this Constitution contained manhood suffrage, and that has remained the state of affairs up to to-day, and will probably remain the state of affairs for a long time. The tendencies in South Africa, just as elsewhere, are all democratic. You cannot go back on that manhood suffrage. Once it has come, you will probably pass on from manhood suffrage to universal suffrage. That was the act of the British Government, and not of the people of South Africa.

## EXTENSION OF FRANCHISE TO INDIANS IS IMPOSSIBLE

How are you going to work that in with an Indian franchise? If an Indian franchise were given, it has to be identical; no differentiation would be allowed by Indian public opinion—and quite rightly. Well, the result would be that in Natal, certainly, you would at once have an Indian majority among the voters. But our difficulty is still greater. You have a majority of blacks in the Union, and, if there is to be an equal manhood suffrage over the Union, the whites would be swamped by the blacks; you cannot make a distinction between Indians and Africans; you would be impelled by the inevitable force of logic to go the whole hog, and the result would be that not only would the whites be swamped in Natal by the Indians, but the whites would be swamped all over South Africa by the blacks, and the whole position for which we have striven for 200 years or more now would be given up. So far as South Africa is concerned, therefore, it is a question of impossibility. Sir Tej and his colleagues say, quite rightly, that for India it is a question of dignity. For South Africa, for white South Africa, it is not a question of dignity, but a question of existence, and no Government could for a moment either tamper with this position or do anything to meet the Indian point of view.

## 1921 RESOLUTION A MISTAKE

That is why I think the resolution passed in 1921 was a mistake. I thought it then, I still think it, a great mistake. We got on the wrong road there. For the first time we passed a resolution through this Conference by a majority. It has never been done before and I do hope it will never occur again. Our procedure in this Conference has been by way of unanimity. If we cannot convince each other we agree to differ and to let the matter stand over. But, for once, we departed from that most salutary principle, which I consider fundamental to the whole Empire, and we passed that resolution by a majority. I had to stand out. But that has made things worse in South Africa. South Africa now certainly sees that she has to stand to her guns much more resolutely than she would have done otherwise. I think we made a mistake in 1921, and that is why I suggested the other alternative consideration of this subject.

## POSSESSION OF BRITISH CITIZENSHIP DOES NOT IMPLY RIGHT TO FRANCHISE

Sir Tej said that I was subtle, that my memorandum\* was a subtle one. I am not subtle, and my memorandum, I thought was a truism. All that I said was this. There is one British citizenship over the whole Empire, and there should be; that is something solid and enduring; but we must not place a wrong interpretation upon that; we must not derive from the one British citizenship

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\*See page 138.

rights of Franchise, because that would be a profound mistake. The attitude has been that Franchise does not depend upon British citizenship. It is only in India that this position is not understood. Indians go the length of deriving from their British citizenship the further notion of equal Franchise rights too, and they claim that they may go from India to any other part and enjoy the same Franchise rights as the other portions of the Empire. I think that is a wrong conception. It is wrong not only as regards India, but as regards every part of the Empire. I do not think that an Australian for instance, should come to South Africa and claim the Franchise there as a matter of course. He is a British subject, and on that footing we are equal in the eye of the law, but, when it comes to the exercise of political Franchise rights, I think that there is a great difference and distinction and we should recognise that; and where a distinction is carried into actual practice, as it is in South Africa, it should not be looked upon as an indignity, as a reflection on the citizens of any Dominion, including India, who come to us and who do not get these rights. That is really all I wish to say about this matter.

#### INDIA CANNOT MAKE QUESTION ONE OF FOREIGN POLICY

I noticed in Sir Tej's statement a remark which almost looked like a threat: that if India fails in forcing on us the view which she holds strongly, then she may be compelled to make of it a question of foreign policy. Well, I would say this, you cannot have it both ways. As long as it is a matter of what are the rights of a British subject, it is not a matter of foreign policy; it is a matter entirely domestic to the British Empire. If it becomes a question of foreign policy, then Indians cannot claim on the ground of their British citizenship any more the recognition of any particular rights. Once they appeal to a tribunal, whether it be the League of Nations or whatever it be, outside the British Empire, they can no longer use as an argument the common British citizenship. I want to keep it there. I want it to be recognized that you must not drive it too far, and you must not derive from that citizenship claims which you cannot uphold.

#### COMMENT ON SPEECH OF MAHARAJAH OF ALWAR

Let me just say in this regard to what fell from the Maharajah. He said that, if we do not invite him, that he will invite himself.

The MAHARAJAH OF ALWAR: I did not quite say that.

GENERAL SMUTS: Let me say this, Maharajah. Nobody would be more welcome in South Africa than you would be, and I would welcome nothing more than that you should come as a great representative of India to look into conditions in South Africa yourself, convince yourself of the situation there, and convince yourself also that, apart from the far-reaching political difficulties we have, our fundamental attitude towards our Indian fellow-citizens is one of justice and fair play. I do not think that our Indian fellow-subjects in South Africa can complain of injustice. It is just the opposite. They have prospered exceedingly in South Africa. People who have come there as coolies, people who have come there as members of the depressed classes in India, have prospered. Their children have been to school; they have been educated, and their children and grandchildren to-day are many of them men of great wealth.

I noticed the other day that the Reverend Mr. Andrews, who is a great friend of the Indian cause in South Africa, publicly advised Indians in South Africa not to go back to India. The Government of South Africa actually pay for their tickets, give them pocket money and other inducements in order voluntarily to return to India, and thousands avail themselves of that policy and

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return to India. That gentleman, who is a great protagonist of the Indian cause, has publicly advised Indians not to fall in with that policy. He says: "You will be worse off in India." I quote this to show that there is no unfairness, no injustice to our fellow-citizens in India; but, when they come forward and make claims which, politically, we cannot possibly recognize, our attitude of friendliness will worsen and the position as regards them will become very difficult and complicated.

**THE MAHARAJAH OF ALWAR:** I should just like to get my mind a little more clear on one point, and that is with regard to settlers in Natal who have built their houses, invested their money and spent their money there. What would you propose about them?

**GENERAL SMUTS:** They have all the rights, barring the rights of voting for Parliament and Provincial Councils, that any white citizens in South Africa have. Our law draws no distinction whatever. It is only political rights that are in question. There, as I have explained to you, we are up against a stone wall and we cannot get over it.

## STATEMENT BY THE MINISTER OF EXTERNAL AFFAIRS, IRISH FREE STATE

### SYMPATHY OF IRISH FREE STATE WITH INDIAN CLAIMS

**MR. FITZGERALD:** Prime Minister, in our country I do not need to say we have no racial distinctions at all. Indians in Ireland have the same position as Englishmen or South Africans. It seems to me that this matter falls more or less into two classes. There are the Indians in the Dominions and the Indians in the Colonies and mandated territories, etc. Now we recognize the Dominions as independent Sovereign countries, having a perfect right to look after their own affairs, and we really have no right to interfere there, and in the mandated territories and Protectorates they are controlled by the British Government and we have no responsibility. So all that I can do really is to give an opinion. We have no responsibility in the matter; but, if we had responsibility, we should have to protest very strongly against any racial distinctions being made. We who are not Anglo-Saxons have suffered a good deal in the past from being treated as an inferior race. Now the Indian representatives here are not on an equality with the rest of us, because they are not really here in a representative capacity; they are not really sent by an independent Indian Government, and they cannot really be regarded as equal with the rest of us. If I were an Indian, putting myself in their position, I would recognize that this hypersensitiveness about their treatment outside of India arises really from the fact that they have not, so far, reached the degree of self-government that the rest of us have reached. With regard to Indians in the Protectorates and so on, the Government which is primarily responsible for those places being the Government which is also responsible for India, it seems to us unjust that there should be any distinction drawn between Indians and other British subjects in those places.

### PROGRESS TOWARDS SELF-GOVERNMENT ONLY SOLUTION

At the same time it seems to me that the only solution of this trouble, which comes from racial sensitiveness, is for Indians to be in a position to make real reciprocal arrangements and to make bargain for bargain. The only way that this Indian trouble is really going to be solved is for that progress towards self-government—whatever form of self-government they consider suitable for themselves—to be hastened with all speed so, as to avoid what Sir Tej

and the Maharajah indicated—revolutionary methods taking the place of evolutionary methods. We in our country must necessarily sympathize wholeheartedly with the Indians both in their protests against their inferior race treatment and in their feelings as to the freedom of their country. We also recognize quite plainly here that we have no right to dictate to the other Dominions as to what they do in their own areas. That is all I have to say, Prime Minister.

## STATEMENT BY THE PRIME MINISTER OF NEWFOUNDLAND

### TRIBUTE TO PRESENTATION OF CASE FOR INDIA

Mr. WARREN: I must add my congratulations to the Indian Delegation upon the eloquence and force of the speeches they have made.

### NO DISABILITIES IN NEWFOUNDLAND

As far as Newfoundland is concerned, we have no distinction whatever. As long as an Indian is a British subject he can vote in Newfoundland in the same way as an Australian, Canadian, or New Zealander, or anybody else. We have no restriction on immigration and I may say that, if an Indian is not a British subject, the mere fact that he is an Indian is no bar to his becoming naturalized and obtaining the vote in that way in Newfoundland. I do not want to express any opinion upon the internal affairs of any other sister Dominion.

## STATEMENT BY SIR TEJ BAHADUR SAPRU

### APPRECIATION OF RECEPTION OF PROPOSALS

Sir TEJ BAHADUR SAPRU: Prime Minister, I must tell you, and through you your colleagues in His Majesty's Government, and the Dominion Prime Ministers that I could not have hoped to have had a better hearing here. Therefore my thanks are due to one and all of you, even though it may not be that I see eye to eye with you in some of your remarks.

### COMMENTS ON STATEMENT OF SECRETARY OF STATE FOR THE COLONIES

I will first of all refer to the speech delivered this morning by His Grace the Duke of Devonshire. I listened with deep interest to his speech, and let me express to him my thanks for the manner in which he has expressed sympathy with our general aspirations in this matter. His Grace was good enough to say that he did not want to mislead India in regard to Kenya, and, therefore, he spoke frankly. I hope His Grace will pardon me if I also desire to be equally frank in giving expression to our position. I did not expect at any moment during the last few days that I have been working over this question that I would go back with the Kenya decision reversed. That was not what I was aiming at; but I want to make it abundantly plain that I do not wish the substance of my proposition to be affected. The language of the resolution is a matter for settlement; but it is of the very essence of that resolution that Kenya must come in. Secondly, I want to explain that, while His Grace has said that His Majesty's Government are not prepared to accept



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the resolution in regard to Kenya, my country will refuse to accept that decision as final. Thirdly, I will make it plain that the Committee I have proposed should, in conferring with the Colonial Office, have the widest scope—that is to say, it must discuss not only questions affecting other Colonies, but also those relating to Kenya: otherwise I do not see that you can possibly satisfy my countrymen.

This is all I wanted to say with regard to the Committee and its dealings with the Colonial Office here. Well, I will now pass on from the Duke of Devonshire and the Colonial Office to the Dominion Ministers.

## COMMENTS ON STATEMENT OF PRIME MINISTER OF CANADA

I have listened with very great interest to the speech of Mr. Mackenzie King, and must thank him heartily for supporting me and accepting the substance of my proposal.

## INTERPRETATION OF RESOLUTION OF 1921 CONFERENCE

There are just one or two words with regard to his speech that I would like to say. He referred to his view, or rather the construction put in his Parliament on the Resolution of 1921, and he read out a passage from Mr. Meighen's speech. Now let me tell him that we are here sitting, not as lawyers, nor are we sitting in a Court of Law; our functions are quite different. I suppose that we would claim that the functions of a statesman are very much higher than those of a lawyer, although I myself happen to be associated with that noble profession. Now that Resolution of 1921 I believe was not drafted by a conveyancing lawyer, it was probably drafted by someone of the statesmen around this table or by someone similar to a statesman, and I would like you and your Parliament to approach it from the point of view of the statesman. I know that as a Prime Minister and as a party politician it may be safe to rely on certain phrases, but let me tell him that it would be a great mistake to dispose of those words "it is desirable" as not morally binding upon him—I do not care whether they are legally binding upon him or not.

## HOPES FOR GOOD RESULT FROM APPOINTMENT OF COMMITTEE

I am inspired by the hope, and particularly by the manner in which Mr. King has spoken, that the result of the conference of the Committee which we propose to send to Canada with the Committee going to be appointed there to consider the questions of franchise cannot but lead to satisfactory results. I will not anticipate the verdict of the conference of the two Committees, which Mr. King has to a certain extent attempted to do. I will leave it entirely to the hands of the Committee to come to their own conclusions, and then will be the time for us to discuss how far we are in agreement or how far we are separated. But I recognize his spirit of support and of sympathy with me, and I appreciate that. I do thank you, Mr. Mackenzie King, for the spirit in which you have spoken this morning.

COMMENTS ON STATEMENT OF PRIME MINISTER OF THE COMMONWEALTH  
OF AUSTRALIA

From Mr. Mackenzie King I shall pass on to Mr. Bruce, and let me express my unreserved admiration for the manner in which he has spoken this morning, and the tribute he has paid to my countrymen and our civilization. I note that he considers it unnecessary for my Government to send any Committee to his country because he thinks the problem is such that it may be

settled without any discussion. Well, that is encouraging to me, but I do venture to express a hope that, if we do decide to send a Committee just to place our case before him and his Government, he will not refuse to accept that Committee. We do not want to send a Committee to create any agitation in his country—or for the matter of that any agitation in any country—and I can absolutely feel sure that that is not what is at the back of my mind; but, if it is necessary for us to explain our position to you and to help you in the problem, for Heaven's sake do not refuse to accept a Committee like that. We want simply to help you, and, if without receiving a Committee from my Government and my country you can solve the problem, so much the better for you, so much the better for us, and so much the more creditable to you and to your Government.

#### COMMENTS ON STATEMENT OF PRIME MINISTER OF NEW ZEALAND

Well, my thanks are also due to Mr. Massey. I hope Mr. Massey will recognize that in my speech of Wednesday I thanked him. I very much appreciate his reference to the services of India during the war, and I do sincerely hope that such grievances as there may be in his country will receive sympathetic treatment at his hands. I do hope that he will accept the substance of my Resolution. We wish to help him in every possible way; we do not want to harass him in his own country or in his Government.

#### COMMENTS ON STATEMENT OF PRIME MINISTER OF THE UNION OF SOUTH AFRICA

Now from Mr. Massey I propose to pass to General Smuts. I am sorry to miss him here, but I will say he has never replied to the points I raised. He referred to my description of him as subtle: well, if he objects to that I will withdraw it, but I will say that his present speech is remarkably illusory and evasive.

I raised questions with regard to specific grievances, relating to residence, acquisition of land, and trading licences in his country, and I find no expression of opinion upon those questions. He then said my Resolution had nothing to do with him.

It has primarily to do with him. I made it abundantly plain in the course of my speech that I did not make an appeal to him on the basis of the resolution of 1921, but that my appeal was made to him independently of that resolution and that I wanted him to join hands with me in investigating the facts and in trying to devise some methods of solving this problem, which he probably thinks is insoluble, but which does not appear to me to be insoluble. Again, he referred to Mr. Sastri, and to the prejudice he has caused. I have already said what I felt about Mr. Sastri, and I do not want to say more. If Mr. Sastri's fault was that he pleaded for his countrymen in the Dominions, then that is a fault which can reasonably be found with the 320 millions of his countrymen.

#### MEANING OF BRITISH CITIZENSHIP

Now I will come to one particular portion of the speech which struck me as based on an entire misconception, legal and constitutional. That is the question of citizenship. He said that India was the only country which probably claimed all political rights merely from the fact that Indians were British citizens. Let me warn him that India is not the only country which holds that view. There are other countries which hold those views. Well, he absolutely confuses the territorial law with personal law; in other words, his position really is this, that, if in my own country I did not enjoy full rights of citizenship, when I go to his country I must be under a disability. I will put to

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General Smuts, what would have happened if an Irishman, before the new constitution came into force, had gone from Ireland and had settled down in Natal or any other part there and was told: "Because you are not a free nation within your own borders, you dare not claim those rights, although you are qualified according to our Franchise Law to claim them"? There is an essential confusion in the position which General Smuts takes. Really the fact of the matter is, that you cannot, according to modern law of citizenship and according to the latest development of thought on this subject, have two kinds of citizenship in the same Empire, a higher and a lower.

When I go to your country, and I do satisfy the requirements of the law of franchise, you have no right to tell me that because I am an Indian subject of His Majesty I shall not be entitled to exercise my Parliamentary rights. Therein lies the whole position General Smuts has taken, and, with regard to the disability of Indians in the purchase of townlands and in respect of trade licences and other things, General Smuts, as I have said before, had not a word to say in his speech this morning.

## DEPRECATES RESCINDING OF 1921 RESOLUTION

Therefore, the position remains this, that while I receive support, substantial and general, from His Majesty's Government and from all the Dominion Prime Ministers, I have received no support from General Smuts.

On the contrary, he has expressed a desire that the resolution of 1921 should be repealed. I hope for the reputation of this Conference, for the great reputation of the Dominion Prime Ministers and for the reputation of His Majesty's Government, that nothing of the kind will be done, and, though you may tell my countrymen that the problem is undoubtedly a difficult one, I request you also to say that you are trying to discover means of solving it. If you will do that you will change our attitude in regard to great Imperial questions.

## POSITION OF INDIANS ALREADY IN SOUTH AFRICA

There is only one more remark I will make in regard to General Smuts' speech. He referred to the desire for repatriation and to the advice of Mr. Andrews. Let me tell you that, if anyone understands Mr. Andrews or knows him intimately, I do. There are hundreds and thousands of my countrymen in South Africa who cannot even speak their mother tongue. They have settled there, their fathers have settled there, and it is very easy to understand how difficult they will find it to leave a land in which they and their fathers and grandfathers have lived. It is for those reasons that Mr. Andrews advised, and it is for those reasons that I should advise them, not to leave that country, but to fight their battles until their position is recognized some day or other as that of equal citizens.

## MEANING OF ALLUSION TO "FOREIGN POLICY"

General Smuts said that as a British subject I could not claim that this problem would pass from the stage of a domestic problem to that of a foreign problem. He misunderstood me. It is not difficult to foresee a stage being reached when even the Government of India, whom he has attacked over its attitude in regard to Kenya, but which I must admire for the very same attitude which it did take, may find it necessary to appeal to His Majesty's Government, and to say, that one part of the Empire is standing against the other, and it is for you, His Majesty's Government, now to treat this problem inside your own Commonwealth as you would deal with a problem of foreign policy. That

is what I meant, and I do anticipate a stage like that being reached at no distant date in so far as the relation of India with South Africa is concerned.

COMMENT ON STATEMENTS OF MINISTER OF EXTERNAL AFFAIRS, IRISH FREE STATE,  
AND OF PRIME MINISTER OF NEWFOUNDLAND

Lastly, I will pass on to what my friend, Mr. Desmond Fitzgerald, said. No one could be more happy or contented than myself if he could help me to get self-government for India to-day, but that is a matter between us and His Majesty's Government. I see no reason, however, why until we get complete self-government in India we should be treated on a lower footing in King George's Empire outside India. We have a strong sentiment on that point, and there can be no weakening in that sentiment so far as I am concerned and so far as my fellow-countrymen are concerned. There is no one who believes more strongly than I do, or is working harder than I am, to win self-government for India, and, God willing, I do hope to win it notwithstanding any doubts that may be entertained by members of His Majesty's Government. But I will not allow those considerations to affect my position in regard to the status of Indians overseas. Suppose we get Dominion self-government to-morrow in India, the problem will still have to be faced. Therefore let us not mix up the two. I should be very glad indeed if the Conference would endorse a resolution in favour of self-government, but I want them to endorse a resolution, also in regard to Indians and their position overseas. I must also thank Mr. Warren for the support he has given me.

WISHES TO PRESS PROPOSAL FOR RESOLUTION

There is only one word that remains for me to say. When I moved that resolution I perhaps did not make it quite clear that I was moving it. I merely said: "My resolution is as follows." I wish the Conference to understand that I definitely moved that resolution. I have already said I am open to argument in regard to the phraseology of it so long as the substance remains and so long as Kenya finds a place in it. That is a matter which is between me and the Colonial Office and could be sent up to you later on, but I do wish to move that resolution, and I beg your support; at any rate I am entitled to ask for the support of the general idea embodied in that resolution. I do wish it to be understood that, so far as I am concerned, I stand by the resolution of 1921 and by the principle of equality. I do not wish to put any larger interpretation on the resolution than is justified or is just, but do not let me give you the impression that there is any weakening on my part so far as the resolution of 1921 is concerned or so far as the supplementary resolution which I had the honour to put before you on Wednesday last is concerned. I thank you, Prime Minister, and all the other Prime Ministers.

OCTOBER 31, 1923

STATEMENT BY THE SECRETARY OF STATE FOR INDIA, AS HEAD  
OF THE INDIAN DELEGATION

THANKS FOR RECEPTION OF PROPOSAL OF INDIAN DELEGATION

LORD PEEL: I desire to thank most sincerely the Members of the Conference for the very cordial and sympathetic way in which they have received our proposals about the position of Indians in the Empire. I thank them also for the high place that they have assigned to this question among Empire problems. I thank them for the complete grasp that they have displayed of this difficult

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business, not as an isolated or local or Indian question, but in its Imperial aspect. I am grateful to them for the complete frankness and fulness with which they have explained the views of those they represent.

## SUMMARY OF RESULTS OF DISCUSSION

In opening this discussion, I explained that the intensity of the feeling aroused in India was due to the opinion widely held there, that the disabilities of Indians were based on distinction of colour, and were badges of racial inferiority. I did not associate myself with that view. I believe it to be mistaken. The course of this discussion has shown that I was amply justified. Any impartial person reviewing the statements made will find it impossible to prove that any general ban is maintained against Indians in the Empire or that throughout the Empire they are placed in an inferior status; or again, that such disabilities as they may suffer from are based on colour or racial grounds.

The Duke of Devonshire has shown that in the West Indian Colonies—British Guiana, Jamaica, Trinidad—Indians enjoy the same rights as other British subjects. The same, I believe, is true in Ceylon and Mauritius.

Mr. Mackenzie King has told us that in eight out of nine provinces in Canada Indians enjoy full rights of citizenship. If in one province there are exceptions to the general rule, these exceptions are based, not on the colour distinction, but on rather complicated social and political considerations.

Mr. Bruce has told us that representatives of every shade of political thought in Australia have shown sympathy with the claim that lawfully domiciled Indians should enjoy full citizen rights. He believes that Australian public opinion is ready to welcome, as far as the position of domiciled Indians is concerned, any measure which is conceived in the interests of the Empire as a whole.

General Smuts said, "It is not a question of colour; it is a different principle. . . . It is the case of a small civilization, a small community, finding itself in danger of being overwhelmed by a much older and more powerful civilization; it is the economic competition from people who have entirely different standards and viewpoints from ourselves."

The same sentiments have been expressed by the representatives of the other Dominions, and notably by Mr. Massey. These opinions, so remarkably similar in tone, of this great body of Empire statesmen, must surely bring conviction and comfort to any Indian whose feelings may have been injured or whose sense of dignity may have been impaired by a contrary view. Let their suspicions and their doubts be allayed by these declarations of the Empire leaders, sent out to the world from this Conference.

## NOT DESIRABLE TO PRESS RESOLUTION

Let me now consider whether any action should be taken on the definite proposals placed before the Conference by my colleague, Sir Tej Saprú. He was not concerned, nor was the Delegation concerned, so much with his concrete proposals as with the attitude that would be taken up by the Prime Ministers in their different Dominions on this subject. I consider that the position of the Indians within the Empire has been most notably advanced in this Conference. Mr. Bruce has stated that he thinks that further enquiry is unnecessary, but that, on his return to Australia, he will consult with his colleagues and see what action can be taken. Mr. Mackenzie King has reaffirmed his statement about the revision of the Federal Law, and he is quite willing, if it is thought desirable to send a Delegation to Canada, to appoint a group to meet and confer with such Delegation. I rather gather, however, that the passing of this particular



resolution might not necessarily assist in obtaining the result which we desire. General Smuts, I am afraid, will not be able to support the resolution. General Smuts, it is true, did not support the resolution of 1921. I should like to say that I do not rest my case entirely on the resolution. If there had been no resolution of 1921, this problem would still be urgent and pressing. The resolution of 1921 stands, but I rest my case not merely upon a formula but upon the broad equities of the case and an appeal for justice and Imperial unity. I am quite aware of the difficulties of South Africa, but I hope General Smuts, when he returns, while alive to his own difficulties, will retain a vivid consciousness of our own.

It has been said that the Empire Conference should be unanimous in its resolutions. I think that, if this resolution is pressed, some members might be disposed not to vote for it; not because they do not sympathize with the end to be attained, but because they think this particular means is either unnecessary or perhaps not desirable. Such a vote, therefore, might create a totally false impression in India of the real situation. I ask my friend, Sir Tej Sapru, whether he might not consider it advisable not to press his resolution. But I am very anxious that it should be made quite plain in India what are the results that have been attained. I think it would be most valuable if a short note could be added to the Report of the Conference showing clearly what are the practical results of this discussion and what India has gained.

#### STATEMENT BY HIS HIGHNESS THE MAHARAJAH OF ALWAR

The MAHARAJAH OF ALWAR: In this world of ours a great deal, if not everything, depends on how far, and how, we are able to control our human nature and in what channels we can guide it in order to achieve successful results. It is easy enough to see the dark patches, to brood over difficulties, to exaggerate and enlarge upon them, and finally to be overcome with remorse, repentance or despair.

But history teaches us the great lesson that the world advances and does not recede, when, without deluding ourselves, we are able to buckle our determination and throw our vision beyond the clouds on to the silver lining. Humanity, after all, behind which shines the radiance of the Godhead, is not so black as our imaginations and our unfulfilled desires and hopes are likely sometimes to paint it. Stone upon stone can steadily be built into an edifice with a single-hearted purpose, with the help of cement of our goodwill and toleration.

#### OBJECTS OF CONFERENCE

I conceive that our Conference of the members of the British Empire has assembled in order to shed light over the dark patches, to exercise our determination in subscribing our quota to solve difficult problems, and, instead of hypnotizing ourselves with pessimism, to enable us to look ahead to the dawn which must invariably follow the night.

#### ACKNOWLEDGMENTS

India did not figure in the Agenda of our Conference when we assembled around this table, but, as an Indian, I thank the Prime Minister and the British Government for having agreed to our suggestion to set aside a day for the discussion of the important problem of Indians overseas. We owe acknowledgments for letting the discussion extend to a much longer time than originally conceived, in order to give everyone an opportunity to unburden their mind and to put forward their points of view.

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## SUMMARY OF PREVIOUS DISCUSSION, AND THANKS TO PRIME MINISTERS AND OTHER SPEAKERS

In my own personal capacity I said at the commencement of the Conference that rightly or wrongly—and I believe rightly—I came with the determination of giving co-operation and goodwill, and I am happy to be able to acknowledge to-day that during our discussions we have found the full measure of it.

I thank the Prime Minister of Canada for having given a very welcome lead, in viewing our problem, relating to his Dominion, from a broad point of view.

On behalf of my Order I thank Mr. Bruce for his sympathy, and the Prime Ministers of New Zealand and of Newfoundland for the very warm and cordial support of India as related to their Dominions.

From Ireland came a very warm-hearted response towards their fellow-citizens of the Empire in my country.

I hope I may even thank General Smuts for such kind references as he has made for my countrymen, and I thank him for extending to me personally an invitation to come to South Africa to see for myself the problems and difficulties that exist. I sincerely hope that I may be able to accept his very kind invitation and I almost wish I was going back with him to his country. But at the present moment this is not feasible; but that invitation will certainly not pass into oblivion, but will remain in a tender corner of my heart, and I hope for the sake of my country I may be able to respond to it at no great distant date. I make it clear, however, that I should like to come in my personal capacity and not as a representative of my country or of my Order, for that would be the best way to enhance my own personal knowledge of the difficulties that exist and to understand the problems that exist in that country which are, perhaps, the main sources of the whole question having come up so prominently.

General Smuts will appreciate, however, that, although I may deprive myself of coming as a representative, I shall still come as an Indian and as one in whose heart these questions undoubtedly rankle, but who, for his personal satisfaction—and if he can be of any use and is desired to be of any use to his country—will be able to do so, while at the same time keeping in mind the broader view of trying fully to appreciate the difficulties that exist on the different sides.

## POSITION OF INDIANS IN CANADA

Now what is the position of Indians overseas as we see it to-day on the bright side, if you look? Mr. Mackenzie King has told us that in Canada there are eight provinces in which no legal disability exists as regards Indians, and where, I understand, they have equal rights of franchise.

Mr. MACKENZIE KING: There are nine provinces. They have no legal disabilities; there is a political disability in one; that is all.

## IN AUSTRALIA

The MAHARAJAH OF ALWAR: In Australia, although the domiciled Indians amount only to about 2,000, we have the promise of the Australian Premier that they will be treated sympathetically and that this question has been the subject of considerable public discussion and the representatives of every shade of political thought have shown sympathy with the claim that lawfully domiciled Indians should enjoy full citizen rights and finally that, so far as the position of Indians domiciled in Australia is concerned, any measure which is conceived in the interests of the Empire as a whole would be welcomed.

## IN NEW ZEALAND

In New Zealand the number of Indians is small, but the spirit which recognizes no difference of race, colour or creed is indeed one that should inspire not only our admiration, but also our gratitude, and the Prime Minister of New Zealand has told us that they give the Indian residents in New Zealand practically the same privileges which are enjoyed by people of the Anglo-Saxon race, and that there is practically no difference between them.

It is even a happy augury to hear words come out of the mouth of this responsible Statesman that the Aboriginal Tribes in New Zealand are in exactly the same position as the European residents, and that they have the same privileges in parliamentary and local affairs.

## IN NEWFOUNDLAND

In Newfoundland the numbers of Indians are smaller still, but we are glad to see the same spirit prevailing there as in New Zealand.

## IN IRISH FREE STATE

In Ireland the problem does not arise, but we nevertheless appreciate and welcome the sentiments on behalf of its Representatives.

## IN SOUTH AFRICA

In South Africa, General Smuts has told us that, in the Cape of Good Hope and the Cape Province, Indians are on exactly the same footing as the Whites and have a franchise. General Smuts has hinted to us that in the Transvaal and the Free State the franchise was not laid down by South Africa, but by the British Government.

## IN COLONIES, PROTECTORATES, &amp;C.

And now after the Dominions I come to the Colonies. His Grace the Colonial Secretary has told us that, so far as British Colonies and Protectorates are concerned, in the West Indian Colonies British Indians are under no political or legal disability. This includes British Guiana, Trinidad and Jamaica where there is a considerable Indian population. In Ceylon, qualified British Indians will be eligible for the franchise in the same way as other British subjects. In Mauritius there is distinction between Indian and other British subjects as regards eligibility for the franchise.

In East Africa there is no restriction on the number or race of the unofficial members who may be nominated on the Executive Councils of Kenya or Uganda.

## EXISTING DIFFICULTIES

Now, Gentlemen, I have to say this, that I know some people who read what I have said so far may consider that I have spoken in empty platitudes; and that in doing so I am seeking favours or honour. How for that vision is from my mind it is not necessary to state, but, if looking on the bright side of things is wrong in appreciating the facts that are already before us, then I gladly stand open to the charge and have no bones of contention to pick, but the primary reason why I have taken your time in emphasizing these facts is in order to condense what I have already seen, that the whole of the British Empire is not such a dark patch for our countrymen as some would like to believe, and that there is much ground to improve the situation by showing our goodwill and co-operation. This does not mean that I do not

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appreciate the difficulties where they lie—and they do lie. It is not difficult for human nature to bite or to sting, but those are qualities which do not appeal to me in such an atmosphere as this.

The difficulties that exist with regard to Indians overseas exist I know—and all know—in British Columbia in Canada, in Natal in South Africa, and have reached their climax in Kenya. In British Columbia, Mr. Mackenzie King has told us, very frankly and candidly, that it is a question of Provincial franchise where the Federal Franchise Act supports it which places Indians in a position of disability. Mr. Mackenzie King has said that his action when viewed in India would be very much a matter of the spirit of interpretation—where he is entirely right—for it is the spirit in which we take such things that the problems come before us.

In British Columbia we are told that the problem is not a racial one, but an economic one, and that Mr. Mackenzie King welcomes the proposition made by Sir Tej for a Committee to go to Canada to discuss this question with his Government.

The responsible statesmen of Canada have been good enough to say that they welcomed Mr. Sastri and gave him full opportunity to speak and confer with any persons he might wish to do so in order to meet the difficulty, and finally that, when the Federal Law comes up for revision, Canada will take care that Parliament is informed of India's wishes. We sincerely hope that they will pay every favourable consideration to this important point regarding our people.

In Natal, General Smuts has equally candidly explained that if he gave Indians the right to franchise on an equality it could not then be withheld from the native population of South Africa, and would, under the circumstances, flood this portion of the country and demolish the work of the White settlers of 200 years, and this is, indeed, a potent argument and I appreciate the difficulties, but the question as regards Natal, as also of other places where such disabilities exist, does not hinge on the future migrations flooding this country, for, with right understanding, I believe the Government of India's co-operation can be achieved to solve this difficulty, but the question is with regard to Indian settlers who have lived in Natal and who have invested their property and have settled there for several generations. Is it likely that, without the franchise, laws will be passed by those who possess the franchise to oust the Indians from their rightful heritage, since they went to that country under the British flag as peaceful settlers? General Smuts gave the assurance in answer to my question that Indians would have the full rights of citizenship, and the only question concerned with the difficulty was with regard to franchise. I hope that the Prime Minister of South Africa will give this question favourable consideration, not from a local, but from an Imperial point of view, in order to see that no disabilities exist which would hamper the peaceful existence of my countrymen there. It would, indeed, be a useful advance in conciliatory methods if General Smuts could see his way to asking his Parliament to welcome our Committee to go there from India in order to discuss frankly, candidly and, if necessary, quietly, the whole problem as it affects India.

#### KENYA

And now I come to Kenya. I believe, from what I am informed and from what I have seen myself, that no question of Indians overseas agitates their minds and gives them more feeling of racial discrimination and loss of self-respect than Indians in Kenya. This I believe to be mainly due to the fact that, while it has been asserted by previous Imperial Conferences that the Dominions have a right to settle their own populations, Kenya is not a self-

governing Dominion, but is a Colony administered by the British Government. It is to the British Government, therefore, that Indians look to see that their position, which has already become very awkward in Kenya by the minority of white settlers being given a majority in votes, is not further jeopardized and that they are not placed under disabilities by laws being passed by the majority segregating them or eventually ousting them from positions in which they have invested money in the country which, I understand, they have helped to improve for many years back.

I understand—and if I am wrong in my assumption I hope I will be corrected—that His Grace, holding the charge of the Colonial Office at present, has been good enough to agree that the Committee of India would be welcomed to discuss with him the whole problem, and that the entire question will be fully and sympathetically considered by the Imperial Government from the points of view put forward by the Indian Committee. May I thank His Grace and, through him, the British Government, for this assurance, and earnestly hope that the final results will be an advance on the present situation and give cause for my countrymen to be grateful for assistance?

#### PERSONAL POSITION

On this important problem of Indians overseas I have little more to say, but I wish to add this, that my position as a Delegate from India is likely to be misunderstood in some quarters and even in India, and therefore I would like to make it clear.

I have not come here as an elected or selected representative of British India. I have not even been elected or selected by my Brother Princes, or have their mandate.

I think you know that I am not an employee of the British Government, but in accordance with past precedent I have come here as the nominated representative of the Indian Princes and have been invited to work here by the Government of India and the Secretary of State. But, although I carry no mandate for what I say for my Order, I nevertheless happen to be one of them. I am an Indian and I belong to a family who have been loyal and faithful allies of the Crown and its Government. I have, therefore, primarily expressed my own views, but I hope also what I feel to be the views of my Order and my countrymen, or at least some of them.

I have much appreciated the compliment of having been asked to work on this Conference, but, for the sake of my country, I hope that my successor at the next one will be even more fortunate in being elected by my Order to come to this distinguished gathering in consultation, with the approval of the Viceroy and the Secretary of State.

I should welcome indeed if our member for two-thirds of India should be privileged to enjoy the same position, but on this topic I will not attempt to speak as it is outside my purview and because I would be charged with treading on ground on which angels fear to go.

#### CONCLUSION

And now, in conclusion, I will say this. The whole question of Indians overseas is, we are told, in many places, an economic problem; that it is not a racial one, to impress upon anyone the inferiority of any particular race. I, at any rate, welcome that sentiment and I feel, now that this goodwill and co-operation is prevailing on all sides, that the whole of this difficult problem will be set at rest—and the earlier the better—within the domains of possibilities, so that India can turn her mind towards her own domestic problems and work out her salvation to be a loyal and integral part of the British Empire.



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In conclusion, may I thank the Dominion Prime Ministers for the words that have fallen from their lips, where one said that he certainly desired to see India go ahead; and that the 1921 Resolution passed by the previous Conference is regarded as a pledge which all concerned seem anxious to fulfil and to uphold?

Prime Minister and Gentlemen, I thank you one and all for having created in this room that favourable atmosphere towards my country, which I hope will soon bear practical and tangible results, not only for the sake of the British Empire, but for the sake of one-fifth of the human race.

Mr. Harvey, in giving his views recently, when Lord Curzon presided, said: "We have preferred settlement to argument." That exactly sums up my conclusion, and I hope that I may be permitted to express my final sentiments. Although it is in poetry, I think the words exactly express my views:—

"What then shall be the guerdon  
(A great and priceless burden)  
Of taut'ning up our Grand Old Empire's Chain?

It shall be for us the Glory  
To prove in full the story  
Our Brotherhood does not exist in vain.

Don't criticize and grumble;  
Don't sneer at every stumble;  
Let each one try and see the other's aim:  
And if at first we fail  
To hear the friendly hail  
Let us bear in mind the birthright of our slain.

Like them we'll pull together—  
Rose and Wattle, Maple, Heather—  
Our own bright Star is rising with the morn;  
Aye, let's sail the ship together  
Thro' storm and stress of weather,  
Onward, ever onward, to the Dawn!"

## STATEMENT BY THE SECRETARY OF STATE FOR THE COLONIES, ON BEHALF OF THE SECRETARY OF STATE FOR HOME AFFAIRS

THE DUKE OF DEVONSHIRE: I regret to say the Home Secretary is unable to be here this afternoon, but, as a statement\* has been circulated to the whole of the Conference which will eventually be published, I would like to make the following observations on his behalf:—

### MEANING OF IMPERIAL NATIONALITY

"This interesting and frank discussion has brought out in high relief a distinctive characteristic of the British Empire or Commonwealth—an essential unity attaining realization in varying and independent methods and practices under a great variety of conditions.

"At the core lies the vital principle of common British nationality on which the representatives of India have justly and eloquently laid great stress, and which finds expression in General Smuts' words: 'The common Kinship is the binding link between the parts of the Empire.'

"It is not inconsistent with this principle to recognize, as it always has been recognized, that every part of the Empire is free to settle its own domestic concerns, including questions as to the rights to be enjoyed by any person or classes

\*See page 138.

of persons within its territory. In considering problems arising out of this right or freedom it is important not to confuse the issue by any ambiguous use of such words as 'citizen' or 'citizenship.' If those words are used, as they rightly may be, as having a local significance and connoting a status or right which it is within the power of any self-governing Dominion to confer on persons within its territory, they should not at the same time be used as though they were almost synonymous with the Imperial conception of nationality.

"Imperial nationality is one and indivisible; local citizenship and the rights and privileges attached thereto may be diverse. If we keep these two conceptions clearly in our minds it ought to be possible, notwithstanding difficulties of detail and practice, to maintain a principle of action consistent alike with Imperial unity and local autonomy."

### STATEMENT BY THE PRIME MINISTER OF GREAT BRITAIN

MR. STANLEY BALDWIN: After what has been said on behalf of the Dominions and by the Duke of Devonshire on behalf of the British Government, I have little to add.

#### RESULT OF INDIAN PROPOSAL AS REGARDS COLONIES AND PROTECTORATES

I should like first of all to read to the Conference a statement which has been drawn up, as the result of informal discussions, since our last meeting. It sets out, for inclusion in the records of the Conference, the result of Sir Tej Sapru's proposal, so far as it relates to the Colonies and Protectorates. The statement is as follows:—

"The Secretary of State for the Colonies, on behalf of His Majesty's Government, cordially accepted the proposal of Sir Tej Bahadur Sapru that there should be full consultation and discussion between the Secretary of State for the Colonies and a Committee appointed by the Government of India upon all questions affecting British Indians domiciled in British Colonies, Protectorates and Mandated Territories. At the same time the Duke was careful to explain that, before decisions were taken as a result of discussion with the Committee, consultations with the local Colonial Governments concerned, and in some cases local enquiry, would be necessary.

"Further, while welcoming the proposal, the Duke of Devonshire reminded the Conference that His Majesty's Government had recently come to certain decisions as to Kenya, which represented in their considered view the very best that could be done in all the circumstances. While he saw no prospect of these decisions being modified he would give careful attention to such representations as the Committee appointed by the Government of India might desire to make to him.

"Sir Tej Bahadur Sapru, while taking note of the above statement of the Duke, desired to make plain that the recent Kenya decisions could not be accepted as final by the people of India."

#### PUBLICATION OF SPEECHES

I am glad to think that, on this occasion, we have been able to arrange for the speeches made at this Table to be published. This constitutes a departure from the procedure at the 1921 Conference, when only the resolution which has been quoted here more than once was made public. We shall, of course, include a brief summary of the proceedings when a report on the work of the Conference comes to be prepared.\*

## HELPFUL NATURE OF DISCUSSION

I hope that the Indian delegation will feel, as I feel, that the discussions we have had on this subject have been most helpful and encouraging. There has not merely been goodwill and an earnest attempt to meet India's wishes so far as varying political and economic circumstances in different parts of the Empire permit, but we can record quite definite results. These are due to the growing sense of partnership among all the many peoples and races who owe common allegiance to the Crown. It is this sense of Partnership which I should like to stress. India's value to the Empire and the Empire's value to India are becoming every day more clearly seen. The British Commonwealth of Nations rests upon no narrow basis. It is the greatest association known to the world of many races bound together ever more intimately by common interests and by mutual desire to help each other. Here at these Conferences we can with full freedom learn each other's problems and each other's point of view, and India can, I am sure, feel that the magnitude of her share in our common partnership, and of her contribution to the common weal, is being realized in increasing measure. I am confident that the members of the Conference who have spoken for India will feel, both from the manner in which their representations have been received and from the actual results achieved, that mutual goodwill can and does help each and all of us to solve our common problems. I think the Conference as a whole can congratulate itself on what has been effected.

## STATEMENT BY SIR TEJ BAHADUR SAPRU

SIR TEJ BAHADUR SAPRU: Before the Conference leaves this very important subject, I desire to take up just two minutes of your time in making my own position quite clear.

## EFFECT OF DISCUSSION ON INDIAN OPINION

I am completely satisfied with the kindness of my colleagues from the Dominions, and I am sure that Indians throughout the Empire will derive new hope and encouragement from their attitude. This, of course, does not apply to South Africa, regarding which country I had my say on Monday last. As regards the Colonial Office, I am very glad to notice that the Committee to be appointed as I suggested is not to be restricted in its scope to certain specified Colonies. To me, as an Indian, it is, of course, disappointing that the Duke, speaking last Monday, saw no prospect of modifying the Kenya decisions, which, as I have already made clear, can never be accepted in India. But his agreement with the principle of my scheme, and his consent to give careful attention to such representations as the Committee may lay before him, inspires me with the hope that the door is not barred, and that the Colonial Office may be shown the way to an acceptable solution. I shall recommend those with whom I have any influence, both in India and elsewhere, to work through this Committee to obtain an amelioration of such conditions as they and every Indian regard as incompatible with our national dignity and with our position as equal subjects in the Empire of our common Sovereign.

## NO NEED TO MOVE FORMAL RESOLUTION

May I here just also refer to the expression of opinion made by Lord Peel to-day with regard to the Resolution that I intended to move on the last

\*See pages 17-20 of Cmd. 1987.

occasion? I thoroughly appreciate the advice that has been given to me to-day by Lord Peel. I have noted with great pleasure the spirit of cordiality shown by my colleagues from all over the Empire, except General Smuts. I take their speeches as very encouraging, and I note that what I wanted really has been achieved, namely, that they recognize the character of the Resolution of 1921, and that they have given me a hope that they would do something material to achieve the end which we have in view, namely, the accomplishment of the principle of equality. Most of them have accepted my suggestions about Committees; Mr. Bruce thinks that he can do without a Committee. As I said on a former occasion, so much the more honourable and creditable to him and to his country. It is because I have this support from all the Dominion Prime Ministers excepting one, that it is unnecessary for me to move my Resolution formally.

#### THANKS TO LORD PEEL

Lastly, will you allow me to say one word about Lord Peel? Throughout the anxious days I have had to spend upon this question within the last two weeks I have received nothing but unreserved support and encouragement from him, and I am sure that, when my countrymen come to know how strongly he has stood by me, they will realize that not only the Government of India and the great Statesman who presides over that country have identified themselves with our national sentiment with regard to this matter, but that the Secretary of State has also done the same. May I thank you, Sir, on behalf of myself and on behalf of those whom I represent? That is all, Sir.

#### Annexe (A)

### POLITICAL STATUS OF BRITISH INDIANS IN THE COLONIES, PROTECTORATES, AND MANDATED TERRITORIES

#### MEMORANDUM PREPARED IN THE COLONIAL OFFICE

##### *West Indies.*

In the *West Indies* British Indians are under no political or legal disability of any kind. They have the same franchise and the same opportunities of becoming members of elective bodies as any other British subjects.

The West Indian colonies in which there is a considerable British Indian population are British Guiana, Trinidad and Jamaica. It may be of interest to add some particulars regarding the franchise in these colonies.

In *British Guiana* the property qualifications for voters are somewhat complicated, and the following may serve as examples. Persons are qualified to be voters for counties if they have an annual income or salary of \$480 or are tenants of a house, or house and land, of an annual rental of \$192. A person is qualified as a voter for a city or town if he possesses a similar income or salary, or is a tenant to the value of \$120. In either case, the payment of \$20 in taxes qualifies. No person is entitled to be registered as a voter unless he can read and write some language.

In *Trinidad* the Legislative Council is at present nominated, but the elective system will be introduced at an early date. A person desirous of being registered as a voter must be able to satisfy the Registration Officer that he or she can understand the English language when spoken, and must possess one of a number of property qualifications. An annual salary of £62 10s., or the payment of £12 10s. for rent, or the occupation of land, or land and house thereon, assessed to taxes at 10s. a year will qualify.

## SESSIONAL PAPER No. 37a

In *Jamaica* the qualification for voters is the receipt of salary or wages of £50, or income of a similar amount combined with the payment of a rental of £10, or the payment of taxes of 10s. on real property or £1 10s. on personal property.

*Eastern Colonies.*

In *Ceylon*, under a revised Constitution about to be issued, qualified British Indians will be eligible for the franchise and for election to the Legislative Council in the same manner as all other British subjects. In addition, they will have the privilege of electing two Indian representatives on a communal basis. The property qualification for the franchise is reasonably low.

In *Mauritius* there is no distinction between British Indians and other British subjects as regards eligibility for the franchise. Moderate property and educational qualifications are imposed in all cases. An Indian member is also specially nominated to the Council of Government, to represent Indian interests.

In the *Straits Settlements* provision for an Indian representative, nominated by the Governor, is made in the recently revised Constitution of the Legislative Council.

With regard to the *Federated Malay States*, the Government of India has recently suggested that Indians should have representation in the Federal Council. This question is now under discussion with the High Commissioner.

*Southern Pacific.*

In *Fiji* the question of the political representation of Indians is still under consideration.

*Eastern Africa.*

In *Kenya*, where there are four communities to consider, the communal system of representation in the Legislative Council has, after careful consideration, been adopted. The European British subjects vote for eleven elected members on an adult franchise. The Indians will vote for five elected members on a wide franchise, which will be determined in consultation with the Indian community. The Arabs will vote for one elected member on a franchise to be determined in a similar manner. Until the political education of the African is advanced, African interests will be represented by a non-African, nominated, unofficial member, who will be a missionary.

The unofficial members of the Executive Council are not limited either as to race or numbers by the instrument of Government. Hitherto, there have been two European unofficial members and one Indian unofficial member, and it is hoped to continue this arrangement, with the addition of an unofficial member whose advice on matters affecting Africans will be of value.

In each Council there is an absolute official majority.

In *Uganda* the Legislative Council is not elective. There is no restriction on the number or race of the unofficial members who may be nominated to the Council. The members at present approved are two Europeans and one Indian. There is an official majority.

In the Executive Council, there are no unofficial members.

In the *Tanganyika Territory* there is no Legislative or Executive Council; but, speaking generally, the Indians have the same rights as the citizens of other countries members of the League of Nations.

COLONIAL OFFICE, October, 1923.



## Annexe (B)

## THE POSITION OF INDIANS IN THE BRITISH EMPIRE

## MEMORANDUM BY THE PRIME MINISTER OF THE UNION OF SOUTH AFRICA

Before the Conference comes to consider this thorny subject, I wish my colleagues to consider the following suggestion of a way out of the difficulties in which we find ourselves. In India the position of Indians in other parts of the Empire seems to be adding to the political agitation and unrest, while in those other parts the atmosphere for the solution of the difficulty is not improving, but on the contrary getting worse. This latter change is in some measure due to the Sastri mission. Mr. Sastri by his mission and his speeches has undoubtedly made matters worse. He has, for instance, never failed, whenever opportunity presented itself, to attack the Indian policy of South Africa, and has thereby greatly exasperated public opinion in that Dominion, already very sensitive on this issue. In other Dominions he has made people alive to the issue—indeed he has largely created it. The claim he has everywhere vigorously pressed for equal franchise rights for Indians over the whole Empire has not only gone further than the local claims of the Indians themselves, but has tended to raise opposition in quarters where it did not exist before. It is because I foresaw this development that I did not invite Mr. Sastri to include South Africa in his mission. It is not alleged that the economic position of Indians in other parts of the Empire is bad. It is admitted that they are successful and thriving under the laws of the Dominions, and are in most respects economically better off than they would be in India. But the claim is put forward for equal political rights throughout the Empire, and its denial is looked upon as a stigma, as an affront to our Indian fellow-subjects. And no questions are more difficult and dangerous than those involving national dignity and honour.

The Indian claim for equal franchise rights in the Empire outside of India arises, in my opinion, from a misconception of the nature of British citizenship. This misconception is not confined to India, but is fairly general, and the Conference would do not only India but the whole Empire an important service by its removal. The misconception arises, not from the fact, but from the assumption, that all subjects of the King are equal, that in an Empire where there is a common King, there should be a common and equal citizenship, and that all differences and distinctions in citizen rights are wrong in principle. Hence it is claimed that, whether a British subject has or has not political rights in his country of origin, he should, on migration to another part of the Empire where British subjects enjoy full political rights, be entitled automatically to the enjoyment of these rights. It is on this basis that equal political rights are claimed for Indians who live in the Dominions or Colonies outside of India.

It is, of course, clear that the assumption on which the claim is based is wrong. There is no equality of British citizenship throughout the Empire. On the contrary, there is every imaginable difference. In some parts British subjects have no political rights whatever; in others they have modified rights of one kind or another; in others, again, they have the fullest political rights. In the same part you may find British subjects with little or no political rights, and others with full rights. There is no common equal British citizenship in the Empire, and it is quite wrong for a British subject to claim equality of rights in any part of the Empire to which he has migrated or where he happens to be living. There is no indignity or affront at all in the denial of such equality. Once this is clearly recognized, the stigma above referred to falls away. Indians in those parts of the Empire where they do not enjoy equal franchise rights cannot justly or fairly claim that their national dignity or status is involved.

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I go even further. The newer conception of the British Empire as a smaller League of Nations, as a partnership of free and equal nations under a common hereditary Sovereign, involves an even further departure from the simple conception of a unitary citizenship. British citizenship has been variable in the past; it is bound to be even more so in the future. Each constituent part of the Empire will settle for itself the nature and incidents of its citizenship. The composition and character and rights of its people will be the concern of each free and equal State in the Empire. It will not only regulate immigration from other parts of the Empire as well as from the outside world, but it will also settle the rights of its citizens as a matter of domestic concern. The common Kingship is the binding link between the parts of the Empire; it is not a source from which private citizens will derive their rights. They will derive their rights simply and solely from the authority of the State in which they live. Hence Indians going to Canada will not be entitled to claim equal political rights with the other citizens of Canada, no more than Canadians going to India or Australia could claim equal political rights there. The conception of the Empire as a League of Nations ought to do away with these claims, which are so disturbing and unsettling in the Empire.

From this point of view the Indian resolution passed at the last Imperial Conference was a profound mistake. It was not only impracticable, but it ran counter to the new conception of the Empire as not a unitary State but a partnership of equal States. It has both theoretically and practically landed us in a false position, and the sooner we get out of it the better for the future good relations of the different States of the Empire. The political claims of Indians arising under that resolution should not be allowed to create difficulties for the Governments of the Dominions, which would not have arisen if the constitutional position had been properly appreciated.

The Indian Government should not claim from the other Empire Governments what (say) the friendly Governments of Japan and China would not claim. And the fact is that with neither of these Governments have we any difficulties in the Dominions, while the difficulties with India are notorious and growing.

We must get to the right constitutional conception, which I take to be the absolute and unquestioned power and authority of each part of the Empire to settle such questions for itself. India has threatened retaliation as a method of reprisal against Dominions which do not concede equal rights to her nationals. This is, again, a false position arising out of the misconception which I have explained. There should be no question either of retaliation or reprisal. India should be free to deal with nationals of the Dominions on a basis of reciprocal treatment, and neither on her part nor on the part of the Dominions concerned should there be any resentment or ill-feeling in the matter. Our relations in this regard should be practically those of friendly sovereign States towards each other. Unless this readjustment of viewpoint is brought about it is feared that the question of the position of Indians in the Empire may continue to grow in gravity.

I would therefore suggest that for the resolution of the last Conference on the subject there be substituted a resolution affirming the right of each portion of the Empire to regulate citizenship as well as immigration as domestic questions for its own handling and not affecting the status or dignity of other portions of the Empire, and expressing the opinion that provisions for reciprocal treatment of the nationals of the States of the Empire should not be looked upon as unfriendly or otherwise affecting the good relations of these States *inter se*. It would thus be left to the good sense of each State of the Empire to say what citizen rights shall be enjoyed, and by whom, within their terri-

torial jurisdiction, and no State of the Empire should have claim to force its citizens on any other State or resent their exclusion or special treatment by the latter.

J. C. SMUTS.

SOUTH AFRICAN DELEGATION, SAVOY HOTEL, W.C. 2.  
October 18, 1923.

## APPENDIX VI

### PAPERS REGARDING NATIONALITY QUESTIONS

#### PART 1

MEMORANDUM PREPARED BY THE COMMONWEALTH GOVERNMENT FOR CONSIDERATION AT THE IMPERIAL CONFERENCE, 1923

THE Commonwealth Government desires to make certain amendments in the Commonwealth *Nationality Act* 1920-1922. This Act gives effect, within the Commonwealth, to the system of Empire naturalization introduced by the British Act, the *British Nationality and Status of Aliens Act* 1914-1918. As the British Act was framed in consultation with the Dominions, the Commonwealth Government desires that the amendments now suggested should be discussed at the forthcoming Imperial Conference.

The amendments desired relate to:—

- (A)—The constitution of the tribunal to which cases of revocation of naturalization are referred for enquiry.
- (B)—Re-admission to British nationality of British-born women married to aliens.
- (C)—Naturalization of Residents of "B" and "C" Mandated Territories.

#### (A)—CONSTITUTION OF THE TRIBUNAL TO WHICH CASES OF REVOCATION OF NATURALIZATION ARE REFERRED FOR ENQUIRY

By section 7 of the *British Nationality and Status of Aliens Act* 1914-1918 the Secretary of State is given power to revoke certificates of naturalization for the various classes of reasons set out in that section. In some of these cases he is given discretion, and in others he is required, before making an order of revocation, to give the person whose certificate is proposed to be revoked an opportunity of claiming that the case be referred for enquiry to a committee presided over by a person who holds or has held high judicial office, or to the High Court.

Section 8 of the British Act provides that, if the scheme of Empire naturalization is adopted by a Dominion, the Dominion shall have the same powers of revocation, there being substituted for "High Court," in section 7, the words "High Court or Superior Court" of the Dominion.

The Commonwealth *Nationality Act* 1920-1922, conforming to the British Act, confers on the Governor-General similar powers of revocation, and provides that the corresponding enquiries shall be held by a Committee presided over by a person who is or has been a Justice of the High Court of Australia or a Judge of a Supreme Court of a State or the officer holding the principal judicial office in a Territory, or by the High Court of Australia.

The classes of persons thus designated as competent to preside over a committee of enquiry hold offices in the Commonwealth which correspond to

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those named in the British Act. It has been found, however, that in remote parts of the Commonwealth it is sometimes very difficult to arrange for a president qualified under this section. To facilitate the holding of enquiries, the Commonwealth Government desires to amend the section to provide that a committee of enquiry may be presided over by a Judge of a District Court or of a County Court (these being courts the jurisdiction of which is inferior to that of the Supreme Courts and which sit in parts of the Commonwealth not visited by Judges of the Supreme Courts) or by a special or stipendiary magistrate (that is, a magistrate having professional qualifications who sits in a court of minor jurisdiction).

Before making this amendment, it is desired to have the concurrence of the Governments of the other parts of the Empire which have adopted the scheme of Empire naturalization.

(B)—RE-ADMISSION TO BRITISH NATIONALITY OF BRITISH-BORN WOMEN  
MARRIED TO ALIENS

The *British Nationality and Status of Aliens Act 1914*, Part II of which has been adopted by the *Commonwealth Nationality Act 1920-1922*, provides that a Certificate of Naturalization shall not be granted to any person under "disability," the definition of which term includes "the status of being a married woman."

This provision has, in the Commonwealth, resulted in the infliction of considerable hardship upon certain women of British birth who have married aliens and been deserted by them, but who are nevertheless not eligible to re-acquire their former British nationality.

As an illustration, the case may be cited of a woman born in England who emigrated to South Australia where, in 1885, she married a German. In 1912 her husband deserted her and returned to Germany. Since his departure he has not written to her, not sent her money, and she has had to earn a living as best she could. She was the mother of ten children. The eldest son served in the Light Horse in the late war, and returned to Australia a cripple. In 1920 the woman had a paralytic stroke and was ill for a considerable time, and partially lost her memory. Fourteen of her male relations, including sons, grandsons, and nephews, served in the late war, and three of them were killed, yet this woman is not entitled to the privileges of a British subject.

Other women of British birth married to aliens have also been deserted by their husbands or been separated from them and have been precluded from exercising privileges which they enjoyed prior to marriage.

In this connection attention is invited to the war-time provision of the British Act, and the corresponding section 18 (3) of the *Commonwealth Nationality Act 1920-1922*, which permits of the re-admission of married women to British nationality *where the husband is a subject of a State at war with His Majesty*.

Although this provision is applicable only during war time, it establishes a principle which it is thought might, with advantage, be extended to British-born women in meritorious cases at all times.

The Commonwealth Government desires to ascertain whether the Imperial Government and the Governments of the Dominions which have adopted Part II of the British Act would be agreeable to an amendment which would confer upon British-born women the right of re-acquiring British nationality in cases where they have lost such nationality through marriage with aliens and have been deserted by their husbands.

In this connection it is pointed out that if the power under section 5 (2) of the British Act (and section 10 (2) of the *Commonwealth Nationality Act*)

to grant naturalization in special cases to "minors," who are as a class subject to the same general "disability" as "married women," were extended to cover "married women of British birth," all requirements would be met.

(C.)—NATURALIZATION OF RESIDENTS OF "B" AND "C" MANDATED TERRITORIES

The Permanent Mandates Commission of the League of Nations, at its session in August 1922, adopted for submission to the Council of the League a resolution that Mandatory Powers to which "B" and "C" Mandated Territories have been entrusted might make arrangements, in conformity with their own laws, for the individual acquisition of their nationality by inhabitants of these territories.

The Commonwealth Government is advised that under the existing law British nationality cannot be acquired by residents (not being in the service of the Crown) of mandated territories. It accordingly suggests that the British Act should be amended so that residence in a "B" or "C" Mandated Territory should count as residence in His Majesty's Dominions, for the purpose of qualifying by residence for naturalization. When the British Act has been amended, a corresponding amendment can be made in the Commonwealth Act.

PRIME MINISTER'S DEPARTMENT,  
MELBOURNE, July 26, 1923.

PART 2

GRANT OF NATURALIZATION TO PERSONS RESIDENT IN MANDATED TERRITORIES

JOINT MEMORANDUM PREPARED IN THE HOME OFFICE AND COLONIAL OFFICE

The Commonwealth Government have asked that the question of amending "The British Nationality and Status of Aliens Act, 1914," so as to permit of the grant of naturalization to persons resident in mandated territories may be brought before the Imperial Conference. It is understood that the Commonwealth Government have in mind Imperial naturalization, and the amendment which they suggest is one to the effect that residence in "B" or "C" mandated territories should count as residence in His Majesty's Dominions for the purpose of qualifying by residence for naturalization.

2. In this connection, the Commonwealth Government have referred to the proposal submitted to the Council of the League of Nations by the Permanent Mandates Commission in August 1922, which was in the following terms:—

"It is open to mandatory Powers to whom 'B' and 'C' mandated territories have been entrusted to make arrangement in conformity with their own laws for the individual and purely voluntary acquisition of their nationality by inhabitants of these territories."

3. The matter was considered by the Council of the League in April, 1923, and the following resolutions were adopted:—

- (1) The status of the native inhabitants of a mandated territory is distinct from that of the nationals of the mandatory Powers, and cannot be identified therewith by any process having general application.



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- (2) The native inhabitants of a mandated territory are not invested with the nationality of the mandatory Power by reason of the protection extended to them.
- (3) It is not inconsistent with (1) and (2) above that individual inhabitants of the territory should voluntarily obtain naturalization from the mandatory Power in accordance with arrangements which it is open to such Power to make with this object under its own law.

4. Hitherto naturalization, except on the ground of service under the Crown in foreign countries, has depended on residence in British territory, and it has been considered undesirable to allow naturalization on account of residence in protectorates on the ground that it is contrary to sound principle to exercise such a high right of sovereignty as that involved in changing the nationality of an inhabitant in a territory which does not form part of His Majesty's dominions. Only two exceptions to this principle have been admitted, namely, in Southern and Northern Rhodesia, where *local* naturalization has been provided for by Orders in Council.

5. If provision is to be made for Imperial naturalization in mandated territories, and it would appear from the resolutions of the Council of the League of Nations quoted above that the League entertains no objection to this as regards "B" and "C" mandated territories, it will be necessary to make similar provision in protectorates to which these territories are analogous.

6. The position is different as regards protected States where there are local rulers and the native inhabitants are subjects of those rulers. It would hardly be possible for His Majesty to take power to enable such subjects of the local rulers to transfer their allegiance to himself, and even if naturalization in such territories were confined to persons who were not subjects of the local rulers it is probable that the local rulers would object to such action as an infringement of their own sovereign rights and powers. Somewhat similar objections would apply to a proposition to provide for Imperial naturalization in "A" mandated territories, the position of which is analogous to that of protected States.

7. If a general desire is expressed for such a change in the law as is proposed by the Commonwealth Government, the most convenient method of procedure would appear to be that, when next legislation amending the Act of 1914 is introduced, provision should at the same time be made enabling the Act to be applied by Order of His Majesty in Council (or, in the case of territories mandated to Dominions, Order of the Governor General in Council), to the territories in question, subject to such modifications and adaptations as may be necessary. Having regard to the difficulty which arises in connection with protected States and "A" mandated territories, it would be desirable not to provide generally for the application of the Act to "any territory under His Majesty's protection or in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty," but to provide for its application to certain individual territories specified in a schedule to the Act. This schedule would include "B" and "C" mandated territories and most of the protectorates, as to which no difficulty in regard to sovereignty occurs, but would not include "A" mandated territories or protected States.

8. *Nationality of Children Born to British Subjects in Mandated Territories.*—Somewhat similar considerations underlie another question which arises out of the scheme for the continuance of British nationality amongst successive generations born abroad contained in "The British Nationality and Status of Alien Act, 1922." It would appear that, as regards the children of British subjects born in "B" and "C" mandated territories, there is no neces-

sity to go through the procedure contemplated in the Act of 1922 in order that they may obtain British nationality at birth and retain it at majority. It would seem that they are to be deemed to be "born in a place where by treaty, capitulation, grant, usage, sufferance or other lawful means His Majesty exercises jurisdiction over British subjects," and they therefore acquire British nationality at birth in their own right under the proviso to section 1 (1) of the Act of 1914, as amended in 1922. Children born in protectorates appear to be in the same position. On the other hand, children born in protected States and in "A" mandated territories would appear not to acquire or retain British nationality except in pursuance of the procedure laid down in the Act of 1922 in regard to registration at birth and assertion of British nationality at majority.

September 10, 1923.

### PART 3

#### NATIONALITY OF MARRIED WOMEN

##### *Memorandum prepared in the Home Office*

1. The Commonwealth Government have asked that the question of the readmission to British nationality of British-born women married to aliens may be placed on the agenda of the Imperial Conference.

2. Whether the cases which the Commonwealth Government have in mind are confined to those of women who have been abandoned by or for some reason have been permanently separated, but not divorced, from their alien husbands, or whether they include also cases of British-born women living with their alien husbands, the discussion of the question must necessarily bring into consideration the general question of the nationality of married women which has attracted considerable attention in recent years, both within the British Empire and in certain foreign countries.

3. The existing British law relating to the nationality of married women is statutory, and is based on the principle of a common nationality for husband and wife. The matter was first dealt with, partially, in "The Naturalization Act, 1844," next, more completely, in "The Naturalization Act, 1870," and now by section 10 of "The British Nationality and Status of Aliens Act, 1914," in which the general rule is expressed as follows: The wife of a British subject shall be deemed to be a British subject, and the wife of an alien shall be deemed to be an alien.

This rule is followed by the majority of civilized countries, though the Legislature of the United States of America has recently reversed it.

4. Previously to the statutes quoted and under the common law of England, British nationality could neither be acquired nor lost by marriage. This position does not seem to have been the result of any deliberate policy of the law in favour of independent nationalities for husband and wife, but followed incidentally from the application of the two general rules which at common law governed our nationality law. Thus, in the first place, women, equally with men, were subject to the general rule *nemo potest exuere patriam*, and as the result of this rule a British woman could not divest herself of her British nationality by the voluntary act of marriage. Secondly, the principle governing the acquisition of British nationality at common law was "birth within the allegiance," and British nationality could not be acquired in any other way. To this rule the voluntary act of marriage was no exception, and accordingly an alien woman did not at common law acquire British nationality on marriage to a British subject.

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5. To the above general rule, quoted from the Act of 1914, there are certain important exceptions (some contained in the Act of 1914 originally and others introduced by the amending Act of 1918). These exceptions are:—

- (a) Where a British subject, during the continuance of his marriage, becomes an alien by naturalization or otherwise his wife can remain British if she makes a declaration of her desire to do so ("British Nationality and Status of Aliens Act, 1914," section 10).
- (b) The British-born wife of any alien who is the subject of a State at war with His Majesty can become British by the grant of a certificate of naturalization upon a declaration by her that she wishes to resume British nationality. (Amendment of section 10 of the above Act by the Act of 1918.)
- (c) The wife of a naturalized British subject whose certificate is revoked retains her British nationality, unless the order of revocation directs that she shall cease to be a British subject. (Section 7A of the principal Act inserted by the Act of 1918.)

6. In April, 1922, a Bill was introduced into the House of Commons by Sir John Butcher, in which it was proposed to make important alterations in the existing law, and to provide *inter alia* that a British woman shall not lose her British nationality by marriage with an alien, and that an alien shall not acquire British nationality merely by marriage with a British subject. This Bill was referred to a Select Standing Committee of the House of Commons for examination and report, but the proceedings of the Committee were interrupted before any report was made by the dissolution of Parliament.

7. In 1923, on the motion of Sir John Butcher, a Joint Committee of both Houses of Parliament was appointed "to examine the British law as to the nationality of married women; to consider in their legal and practical aspects the questions involved in the possession by husband and wife of the same or of different nationalities; and, with due regard to the operation of the laws of foreign countries, to report what, if any, alteration of the British law is desired."

8. This Committee, after hearing a considerable amount of evidence, was unable to agree as to the form of a report. The proceedings of the Joint Committee have not yet been published,\* but advance copies of a portion of the proceedings containing two alternative draft reports which were laid before that Committee (one by the Chairman and one by Sir John Butcher) have been secured for the use of the Imperial Conference and are annexed hereto. These draft reports disclose numerous considerations which may be advanced in favour of or against any substantial alteration of the existing law.

9. A summary of the points and arguments urged in favour of an alteration of the law will be found in paragraph 9 of the Chairman's report. It may be stated generally that the main arguments proceed from (a) the demand of various women's organisations that married women should have the same right as men of individual choice and self-determination in respect of their national status; and (b) the special grievances of British-born women who have become aliens by marriage, and are subject, as such, to certain disabilities and incapacities (*e.g.*, franchise disqualification).

10. As regards (a) it has to be considered *inter alia* whether the theoretical value of the principle of self-determination is not outweighed by the practical disadvantages (affecting, *inter alia*, the children) involved in a difference of nationalities between the parents, disadvantages ranging from the regions of

\*Since published as House of Commons Paper No. 115 of 1923.

diplomatic protection and private international law to the position of the family as a unit of society (see paragraphs 10 and 11 of the Chairman's report and the second section of Sir John Butcher's report).

11. As regards (b), it has to be considered whether the disabilities and incapacities in question are such as to justify a change in the law of nationality, or whether a remedy for most, if not all, of the grievances of British-born women cannot be found in specific legislative provisions dealing with the particular subject matter (see paragraphs 10 (i) and 14 of the Chairman's report).

*Home Office, October, 1923.*

#### PART 4

### VALIDITY OF MARRIAGES BETWEEN BRITISH SUBJECTS AND FOREIGNERS

#### CORRESPONDENCE BETWEEN THE SECRETARY OF STATE FOR THE COLONIES AND THE GOVERNOR-GENERAL OF THE COMMONWEALTH OF AUSTRALIA

##### (a) *From the Governor-General to the Secretary of State*

(No. 381.)

SIR,

October 4, 1922.

I have the honour, at the instance of my Prime Minister, to inform you that a question has been raised in regard to the validity of marriages contracted between Australians and foreigners.

It is thought that it would probably be within the powers of the Commonwealth Parliament to enact that all such marriages shall be valid, but that validity would probably not be recognized outside Australia if the foreigner was not, by the law of his country of domicile, capable of contracting the marriage. Such legislation, however, would not go far to improve the position, and, while Imperial legislation extending to all the Dominions would advance matters a little further, it is considered that it would be inadvisable to interfere with the established rules of international law in this connection.

In order that some action might be taken which would lead to a satisfactory settlement of the question, my Ministers have suggested that His Majesty's Government might be asked to consider the desirability of discussing the matter at an Imperial Conference, with a view to international arrangements being made which would be acceptable to all parties concerned and I should be glad if you would be so good as to take the necessary steps to give effect thereto.

I have, etc.,

FORSTER.

##### (b) *From the Secretary of State to the Governor-General*

(No. 133.)

MY LORD,

April 6, 1923.

I have the honour to acknowledge the receipt of Your Excellency's despatch No. 381 of the 4th October regarding the validity of marriages contracted between Australians and foreigners, and to request you to inform your Ministers that the question of the validity of marriages between British subjects and foreigners has on many occasions in the past formed the subject of consideration by His Majesty's Government.

## SESSIONAL PAPER No. 37a

2. As regards such marriages contracted in foreign countries according to the *lex loci*, it has long since been found necessary, in order to satisfy the requirements of foreign marriage laws, to authorize His Majesty's consular officers to issue certificates in individual cases, varying from a statement that the publication of banns in this country is not required in the case of such marriages, to statements that, the parties having gone through the antecedent formalities required by law for enabling them to be married at His Majesty's consulate under the provisions of the Foreign Marriage Act, 1892, there is no obstacle to the celebration of their marriage. Certificates according to the particular requirements of the foreign law concerned have in this way for a good many years past been issued by His Majesty's consular officers in France, Belgium, Germany, Switzerland, Italy, Hungary and Sweden. On the other hand, in the case of marriages contracted in this country the French Government have since 1904 authorized French consular officers in this country to issue certificates to French citizens marrying British subjects to the effect that the formalities of French law have been complied with, while in the case of Belgium, by an agreement of November 1888, a similar certificate is issued by the Belgian legation.

3. Under the provisions of the Foreign Marriage Act, 1892, and of the Foreign Marriages Order in Council, 1913, His Majesty's consular officers are in many cases empowered to solemnize marriages between parties of whom one is a British subject. This Act and Order in Council form the subject of Chapter XXX of the Consular Instructions. In this connection reference is invited to Viscount Milner's despatch Dominions No. 506 of the 17th December 1920, and connected correspondence, as to officers who are empowered to issue the certificates required by Article 10 of the Foreign Marriages Order in Council, 1913. I enclose a copy of a printed memorandum,\* which, while summarizing in a convenient form the formalities to be observed under the Act and Order in Council, exhibits also information which has been compiled as regards foreign *lex loci* marriages and marriages between British subjects and various classes of foreigners. Copies of this memorandum were forwarded in the late Viscount Harcourt's despatch No. 468 of the 30th July, 1914.

4. On the 29th November, 1906, "The Marriage with Foreigners Act, 1906" (6 Edward VII, Chapter 40), was passed. This Act in section 1 provides that any British subject desiring to be married in a foreign country a foreigner according to the law of that country may give notice to the Registrar, or if abroad to the marriage officer (i.e., His Majesty's consular officer), and apply for a certificate that after proper notices have been given no legal impediment to the marriage has been shown to exist. In section 2, as regards marriages in the United Kingdom, it is provided that, where arrangements have been made with a foreign country for the issue by the proper officers of that country of certificates that after proper notices have been given no impediment according to the law of that country has been shown to exist, His Majesty may by Order in Council require the production of such certificate before the marriage can be solemnized. Section 3 provides for the issue of an Order in Council making general regulations prescribing the forms to be used.

5. After the passing of this Act a considerable correspondence, which extended over several years, took place with foreign Governments with a view to ascertaining the possibility of giving effect, in the case both of sections 1 and 2 of the Act, to the arrangements contemplated. While it was found that in the case of some countries a certificate of the nature contemplated by section

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\* Foreign Office Memorandum, entitled "Marriages Abroad and in the United Kingdom": not reproduced.



I was unnecessary, and that, in the case of some, no arrangements of the nature contemplated by section 2 were possible, the correspondence showed that in the case of a number of foreign countries such arrangements were possible, though the requirements of the various foreign laws created difficulties as to the forms of certificates which would be required. Concurrently with this correspondence His Majesty's Representatives abroad were instructed to obtain and communicate to the Foreign Office the texts of the marriage laws of foreign countries, with a view to a more complete study of the question, and these laws as received were translated, and have been published in Parliamentary Paper Miscellaneous No. 11, 1911 (Cd. 5993), of which a copy is enclosed.

6. As the outcome of the correspondence referred to above, the preparation of the form of certificate to be given by the Registrar (and *mutatis mutandis* by His Majesty's consular officers) under section 1 of the Act of 1906 was commenced, but various difficulties have so far delayed its completion. When this has been done it will be possible again to approach foreign governments in the matter and to endeavour to bring about the further arrangements contemplated under section 2 of the Act.

7. It is noted that Ministers suggest that the matter might be discussed at an Imperial Conference, and a copy of the correspondence is accordingly being sent to the other Dominions and to the Secretary of State for India.

I have, &c.,

DEVONSHIRE.

## APPENDIX VII.

### ADDRESS BY HIS HIGHNESS THE MAHARAJAH OF ALWAR, ON THE DUSSEHRA FESTIVAL, OCTOBER 19, 1923

THE MAHARAJAH OF ALWAR: Prime Minister and Friends, it is a curious coincidence, I hope a happy coincidence, that to-day in this room we should be discussing questions relating to Military, Naval and Air matters, all connected with the defence of the Empire, on the exact day when in India is being celebrated our greatest festival of the year.

It is a festival to commemorate the march of Shri Ram, one of our greatest incarnations, to Ceylon where he achieved victory. The anniversary is celebrated nowadays in India inspecting our Military troops and units, in other words, examining the means of war, or, more correctly speaking, the means of peace.

We may thus in a sense be celebrating the Dussehra festival to-day by examining the means of Defence of our Empire.

Friends, I wish you all in the name of my country as an Indian, in the name of the Princes as one of their Order, our cordial and sincere Dussehra greetings to each and all of you.

Let us hope that this quiet, almost unostentatious, work that we are doing, or trying to do, will lead to co-ordination and co-operation of all the forces of the Empire to secure real peace, not only within, but also without.

## APPENDIX VIII.

REPLY FROM HIS MAJESTY THE KING, EMPEROR OF INDIA,  
TO THE ADDRESS FROM THE CONFERENCE

It has been a great satisfaction to the Queen and myself to receive from the Prime Minister of Great Britain the Address presented by the Members of the Imperial Conference at the close of their sessions. We thank you most cordially for these inspiring words.

The last few weeks have given me a happy opportunity to renew personal touch with some of my Ministers from the Overseas Dominions, and of making the acquaintance of others on whom their present high responsibilities have fallen since the last Conference.

As Emperor of India, I welcome the Members of the Conference from that great country. I know that its many peoples will rejoice that the problems brought on their behalf to the attention of the Conference have been dealt with so fully and sympathetically.

No one can follow closely, as I have done, the work of successive Conferences without realizing the immense value of such Meetings. First comes the spread of mutual knowledge of the conditions obtaining in all parts of the Empire, then the increase of good feeling that springs naturally from such knowledge, and, lastly, the hearty desire to co-operate in strengthening the bonds which unite us, so that, however distracted the world may be, the British Commonwealth shall stand steadfast and undismayed.

I thank you one and all for your labours. I am confident that these will redound to the security, happiness and prosperity of all the nations and peoples of my Empire.

GEORGE R.I.

NOVEMBER 14, 1923.



ROYAL COMMISSION *re* HOME BANK

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# INTERIM REPORT

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JUNE 10, 1924

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OTTAWA  
F. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1924





## INTERIM REPORT

*To His Excellency General the Right Honourable Lord Byng of Vimy, G.C.B., G.C.M.G., M.V.O., Governor General and Commander-in-Chief of the Dominion of Canada.*

In compliance with the Commission of Your Excellency dated the 27th day of February, 1924, by which I was appointed a Commissioner to make investigation into all material and relevant facts in relation to the Orders in Council attached to the above-mentioned Commission, I have the honour to submit the following interim report.

This report does not contemplate a consideration of all the matters referred to, but has to do with such of them as have a bearing upon the facts alleged in a petition presented to Your Excellency by an executive committee of the depositors of the Home Bank of Canada, dated the 23rd day of February, 1924, praying that those who suffered loss as such depositors because of the facts set out in the said petition, should be indemnified against such loss on grounds set forth.

The hearing in the matter was commenced before me in the city of Ottawa on the 16th day of April last, and evidence was taken under oath both at Ottawa and at Toronto on divers days between that date and the 20th day of May, 1924, inclusive; Mr. E. Lafleur, K.C., and Mr. H. J. Symington, K.C., appearing throughout as counsel for the Government of the Dominion of Canada; Mr. H. J. McLaughlin, K.C., Mr. A. G. Browning, K.C., and Mr. W. T. J. Lee appearing for the depositors during the continuance of the hearing; and in addition to the above-named counsel, Sir Thomas White, K.C., Mr. McGregor Young, K.C., and Mr. R. A. Reid appeared for different interests from time to time.

In view of the questions raised and argued before me during the investigation, it is well, I think, to clearly define the proper range of the present inquiry, as limited by the Orders in Council under which I am directed to act. No ambiguity attaches to them, and it is my duty to confine myself circumspectly to the letter of the instructions received.

I am the more desirous of doing so, inasmuch as the courts of the province, on their civil and criminal sides, are concerned with the conduct of many of those whose names have been mentioned in the testimony adduced before me, and actions both civil and criminal have been commenced against some of them. Regard for the obvious proprieties of the situation, demands complete reticence on my part concerning the issues which have been thus judicially raised and as to which the proper tribunals are now making inquiry. While some reference to their acts as such directors was unavoidable during the taking of the evidence, such reference was made for the most part wholly ancillary to the depositors' claim, and in explanation of the grounds upon which this claim is based.

I am further particularly concerned to confine myself strictly to what I am now directed to do, since it is said that the Parliament of Canada may be asked to take certain action in respect of the petition filed by the depositors, and I appreciate how jealously the frontiers of parliamentary responsibility and action are guarded. I do not consider that the commission requires me to set foot over that line. I am asked to answer these questions, and whether the findings of fact involved in such answers be accepted or not, or whether any

action may be taken upon them, is not for me to say. While I realize that I have permission to express an opinion on the result of the investigation and the evidence taken, I recognize that the responsibility for any action thereon really lies elsewhere, and those who carry that burden should, I think, approach their task unaffected by the expression of any opinion on my part. My duty, as I see it, is simply to put them in possession of definite answers to the questions submitted, as best I may. I have been urged by certain of the counsel to say that in my opinion compassionate allowance should be made to the depositors who have suffered loss, and also to pronounce what would amount to a finding of negligence on the part of some responsible for the administration of the Department of Finance in its oversight of the bank. While my right to discuss the discretionary acts of a minister of the Crown, where no dishonesty is alleged, has been sharply challenged by other counsel, on the ground that the jurisdiction therein abides with Parliament itself, nevertheless I have been further invited to express an opinion upon the diligence and honesty of administrative acts. But in strictly confining myself to answering the questions set out in the Orders in Council, I am constrained to lay aside any inquiry into matters suggested immediately above and to refrain from comments upon facts, concerning which various counsel have asked that pronouncement may be made, especially regarding the conduct of ministers of the Crown responsible for the administration of the department immediately involved.

While it would, I think, be impossible for one to follow the evidence and discussion without forming an opinion, and perhaps a strong opinion, upon the questions so raised, yet the expression of such opinion, to my mind, would serve no useful purpose, but rather cloud the direct issues to which I am commanded to give attention. It may be that other matters related to the Home Bank will be explored later, as coming within Order in Council number 412, directing the commissioner to investigate:—

“the affairs of the said bank during the whole interval between the issue of the bank's charter and the failure of the said bank” etc., but in this interim report I am confining myself solely to the task of finding answers to the questions set out in the Order in Council number 306, which questions are as follows:—

“1. Whether, in the years 1915, 1916 and 1918, representations were made to the Department of Finance of the Dominion of Canada respecting the condition of the Home Bank of Canada, and, if so, what representations were so made.

“2. Whether, if such representations were made, a state of affairs was revealed concerning the condition of the said bank such as would have justified an investigation under the powers conferred upon the Minister of Finance by section 56A of the Bank Act.

“3. What action if any was taken by the then Minister of Finance upon such representations as may have been made.

“4. What effect would an audit under section 56A of the Bank Act if made in 1915, 1916 and 1918 have had upon the conduct of the affairs of the said bank and upon the position of the present depositors.

“5. What was the financial condition of the said Home Bank of Canada in the years 1915, 1916 and 1918, respectively, and what steps, if any, could have been taken by the Government to save the situation.”

Adhering to the course indicated above and in compliance with what I consider to be the directions of the commission in this regard, I desire to state specifically my answers to the questions above set out.

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Question 1 is as follows:—

"1. Whether, in the years 1915, 1916 and 1918, representations were made to the Department of Finance of the Dominion of Canada respecting the condition of the Home Bank of Canada, and, if so, what representations were so made."

It will be observed that this question contains two component inquiries:—

First, whether during the years mentioned any representations were made, and,

Second, if such representations were made, of what nature were they?

I think it was established by the evidence that in the year 1915 no representations were made to the Department of Finance respecting the condition of the bank.

With equal clearness it is apparent that during the year 1916 such representations were actually made to the Department of Finance. They are evidenced by exhibits submitted and filed numbered from "2" to "42" inclusive. These exhibits show that such representations originated from Messrs. T. A. Crerar, John Kennedy and John Persse, who then were directors of the Home Bank, residing in Winnipeg. In these communications, as well as in many others, Messrs. Crerar, Kennedy and Persse are termed "the western directors," and it is clear that originally they assumed such position with a view especially of scrutinizing the operations of the bank in Manitoba and the western provinces of Canada. Such representations took the form of three separate communications to the then Minister of Finance, each bearing date the 22nd day of January, 1916, the first of which in order of filing is headed:—

(Ex. 2. p. 12).

"*Re* Home Bank of Canada.  
*Re* Prudential Trust Loan.

Confidential memorandum to the Minister of Finance."

It is signed thus:—

"James Fisher,  
For Western Directors."

The second communication is headed:—

(Ex. 3. p. 15).

"*Re* Home Bank.

Confidential memorandum *re* Barnard loan."

and is also signed:—

"James Fisher,  
For the Western Directors."

The third communication is headed:—

(Ex. 5. p. 17).

"*Re* Home Bank of Canada.

Confidential memorandum to the Honourable, the Minister of Finance,  
from Messrs. Crerar, Kennedy and Persse, Directors of the Home  
Bank residing in Winnipeg."

and is signed:—

"James Fisher,

On behalf of and by instructions of the three Western Managers."

There are contained in the communications themselves, as well as in the accompanying statements attached, particulars concerning various loans and complaints about the way the bank's business was being transacted and other matters which will be detailed as far as necessary in answer to the second part

of this question. There were also submitted to the Minister of Finance at that time, accompanying such communications, many letters written by and on behalf of the western directors, and replies thereto, covering the period extending from the 17th day of February, 1915, to the 18th day of January, 1916.

From all this correspondence it is apparent that in the year 1915 the affairs of the bank were under criticism on the part of the western directors, and that they were making complaints to the eastern directors concerning certain loans and the general lack of oversight and proper care that existed, and this is especially evidenced by the communication of February 17, 1915, by Messrs. Crerar, Kennedy and Persse to A. C. Macdonell, M.P. (ex. 10, p. 24).

The letters which passed between the western and eastern directors, of the year 1915, are attached to the file brought to the attention of the department in the year 1916, and admittedly came under the attention of the Minister of Finance at that time.

It is therefore abundantly clear that as far as the year 1916 is concerned, it must be reported that representations were made to the Department of Finance of the Dominion of Canada respecting the condition of the Home Bank of Canada.

The same answer must be made as regards the year 1918, for all the communications and documents above referred to were again brought to the attention of the Minister of Finance in the year last mentioned and he received further representations concerning the condition of the bank by way of a communication from Mr. W. A. Machaffie, for many years an official of the Home Bank. The contents of these communications will be referred to in answer to the second part of this question.

In addition to the above, there were also interviews during the years mentioned between the then Minister of Finance and the president and other directors of the bank as well as with Mr. Z. A. Lash, counsel for the Home Bank.

Summing up what is above written as regards the first part of question number 1, I repeat that no representations were made to the Department of Finance of the Dominion of Canada respecting the condition of the Home Bank during the year 1915; but that such representations were made to the Department of Finance during the year 1916, and during the year 1918.

Turning now to the second part of this question, which asks what representations were made:—It is to be noted that they take the form of three special memoranda, each bearing date the 22nd of January, 1916, and signed by James Fisher for or on behalf of the western directors (ex. 2, p. 12; 3, p. 15; and 5, p. 17). Of these, one is more general in its character and will be referred to first in order (ex. 5). It drew to the attention of the Minister the fact that out of a paid-up capital of not quite two millions of dollars, about \$500,000 was held in the West; that a few years then previous, three western stockholders were placed on the board of directors to deal with the western business; that they met weekly and reported regularly their action to the head office. No eastern director met with them, and none of the three attended the head office meeting in Toronto unless specially requested. Also that in the fall of 1914 the western members became apprehensive that the business of the Toronto branch was not in good condition whereupon they went to Toronto about the middle of November of that year, for the purpose of acquainting themselves with the condition of affairs of the home branch, as well as to make complaint of the lack of money for loans in their part of the country; that upon their request meetings of the directorate of the bank were at once called, lasting for four days, during which they for the first time learned that there was no regular inspection of the Toronto office, the reason alleged being that the business there transacted was under weekly supervision by the eastern members of the board. The complainants set out that they were not satisfied with the information furnished at these



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meetings, especially as to certain accounts, one of which on the first day of meeting was reported at the figure \$1,100,000, but on the second day an error was admitted to have been made, and the amount was raised to \$1,500,000, and on the third day it was placed at \$1,780,000; and concerning which loan it appears that even the largest figure given was too small, for at the meeting on the 30th of the following month, it was disclosed that the amount involved was nearly two millions of dollars. They also learned that the general manager was indebted to the bank in a sum first reported as \$35,000, and which was afterwards disclosed to be \$76,000, and the like situation existed regarding other customers (ex. 10, p. 24). It was further represented to the minister that although they had urged an immediate inspection of the Toronto office, and that the report be ready for the next annual general meeting, it was not ready at that time, and the annual report of the bank had been sent to Ottawa without the western directors knowing of its contents. Also that they refused to acknowledge the validity of the election of Messrs. Barnard and Haney to the board of directors, in the place of Messrs. Gooderham and McNaught, who had resigned, and the western directors notified the manager that they held themselves free to contest the validity of these elections (ex. 9, p. 23). Another matter of complaint was that at the December meeting a resolution had been submitted and approved to the effect that a committee be appointed consisting of the assistant general manager and two others to carry on the affairs of the bank, and to specially pass upon all credits and make every possible effort to collect all overdue loans, and submit the earliest possible statement showing the present condition of the bank, with recommendations, which resolution was not pressed to its passage as the general manager was at that time out of the country in ill-health, but it had been agreed that this course would be taken, but the agreement was ignored and nothing done pursuant to these plain directions (ex. 10, p. 25). This communication was of a general nature, and in that sense supplementary to the particulars set out in the other two accompanying memoranda referred to below, but all the matters above noted were contained therein, and in accompanying exhibits, and thereby brought to the attention of the Minister of Finance.

The memorandum filed as exhibit number 2 is of the same date and has reference to the loan made by the bank to the Prudential Trust Company. The facts laid before the minister in this document showed that the bank had parted with \$500,000 in a transaction involving the Prudential Trust Company and the New Orleans Southern and Grand Isle Railway Company, which was explained by the general manager in a communication to Mr. Crerar, under date of December 24, 1915 (ex. 31, p. 53), part of which reads:—

*“James Mason to T. A. Crerar*

*“Messrs. Warren, Bristol and Morden were the promoters of the reorganized New Orleans Southern and Grand Isle Railway Company, and as such made application to the Prudential Trust Company, Limited, for a loan of \$500,000, which the trust company agreed to make, provided the bank would advance to the trust company the necessary funds. It was afterwards discovered by the solicitor for the trust company that under its charter it could not make the advance, but could accept the funds from the bank for investment by way of loan to the railway company and that the trust company could guarantee repayment to the bank—there was no connection between Warren, Bristol and Morden and the bank—their dealings being direct with the trust company.”*

There is a feature of this loan upon which I desire to make no comment, but feel it necessary to state, and that is, that apparently, preliminary to the



loan being made by the bank, a like sum of \$500,000, being trust funds of one of the provinces, then in the hands of the Prudential Trust Company, was deposited in the Home Bank. It was considered by certain of the directors that in some way these funds would be security for the loan to the trust company, but obviously such could not be the case, and on reference to the bank's solicitor, advice to that effect was obtained. The security taken for this loan was a note signed by the Prudential Trust Company in favour of the Home Bank of Canada, and \$750,000 of bonds of the railway company as collateral security. Now this loan represented a very large proportion of the bank's capital, and the western directors whose amounts for western accommodation were being curtailed, were unsparing in their criticism of the transaction. The exhibits show a great deal of activity concerning this loan; the trust company made no effort to repay it, and the same may be said of the railway company.

Their third communication to the minister (ex. 3, p. 15), deals with a loan to C. A. Barnard, who had become a director of the bank, and concerning whose election the western directors protested, as above referred to. It sets out that from the report of the inspector of the Toronto office made in June, 1915, it appears that C. A. Barnard was indebted to the bank in the sum of \$394,000, and that 2,622 shares of Home Bank stock were held in the name of Barnard and Pellatt in trust. The inspector pointed out that there was no trust deed held concerning these shares, and that they would have to realize about 125 per cent to enable the bank to avoid a loss. It will be shown a little later that in addition to these three large amounts other individuals and companies were shown to be indebted to the bank in sums wholly disproportionate to the bank's assets, but in their first communications the western directors called the attention of the minister to these three large accounts then representing more than the whole paid up capital of the institution. They complained as to the Barnard loan that they never could get any satisfactory explanation of the transaction; that it had been explained by Col. Mason at the November meeting in 1915 that it was connected with the taking over of the Banque Internationale, but how it came to be made or what its object was, complainants say they could not ascertain; neither could they understand, nor were they informed, as to the relationship of the bank shares to the loan in question; and by the submission of these three accounts and others mentioned in the exhibits, they brought the attention of the department to the condition of the bank. I do not conceive it to be my duty to enter into detailed history or explanation concerning these loans; I am answering the question as to what the representations were, and it is apparent that the existence of three accounts, viz: the Prudential Trust Company, C. A. Barnard, and the A. C. Frost Company, involving at that time the withdrawal from circulation of over two and a half millions of dollars of the bank's funds (ex. 4, p. 16, and 35 p. 59), upon which no interest was being paid, and to some of which addition was being made from time to time, was relied on by the western directors in their complaint against the bank management. They further showed that by a statement placed before the board of directors at the meeting in September, 1915 (ex. 4, p. 17), the Barnard account and the Prudential Trust Company account, and other accounts mentioned below, had been increased from December 31, 1914, and August 31, 1915, in the amount of \$192,849.30. Increases involved in the A. C. Frost Company account and the Pellatt & Pellatt account were responsible for the greater part of this sum and except incidentally in the statement of increases mentioned above, the indebtedness of the last named firm was not placed before the minister in the year 1916. This branch of question number 1 is two-fold:—

First, as to what representations were made in 1916; and,

Second, what representations were made in 1918. Coming now to the representations made in the year 1918, it will be observed that everything that was placed before the department in 1916 was still available, as well as an addi-

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tional representation contained in the letter of Mr. W. A. Machaffie, who signed himself "Late assistant to the president"; and under date of August 29th, 1918 (ex. 88, p. 178) communicated certain very important facts concerning the condition of the bank to the then Minister of Finance, by registered mail. He drew the reports of Mr. Fisher, made in February, 1916, to the Minister's attention, and also referred to the A. C. Frost account—which will be mentioned below—as well as to certain shipbuilding transactions in which he alleged that the bank, as well as the president and one of the directors, were interested with a Mr. Stewart whom he described as a personal friend of Mr. Haney, the vice-president; he made the serious charge that the dividends which had been declared during the years 1916 and 1917 had been based on the addition of interest to doubtful accounts; that section 153 of the Bank Act had been violated; and that Home Bank officials, unwilling to share in what he termed the "guilt" of making false returns, were obliged to resign; that the auditor who had the affairs of the bank under examination was incapable of filling that position; that information was withheld by the officials of the bank from their counsel, Mr. Lash. Taken as a whole, the nature of this communication was such as to cause the liveliest apprehension concerning the financial standing of the bank, and concerning the safety of the funds entrusted to it, if even only a portion of such representations were true. And from the particulars furnished to the Minister by officials of the bank in response to his demand for information bearing upon the accounts referred to in the communications sent to him, it appeared that the indebtedness of the Prudential Trust Company to the bank on the 15th of November, 1918, had risen to the sum of \$933,747.74 (ex. 107, p. 194). This large increase was due, for the most part, to a further expenditure, the object of which was to protect the original investment, but which in 1918 gave little promise of assisting to work the account out. The account of A. C. Frost & Co., sometimes referred to as the British Columbia timber account, was reported on 30th November, 1918, as an indebtedness of \$2,425,288.58 (ex. 108, p. 200). The Pellatt & Pellatt accounts showed that \$1,900,960.69 of the bank's funds were locked up therein (ex. 109, p. 201). A portion of these capital sums represents interest on the original investment, and the bank's statement to the Minister also revealed the disquieting fact that unpaid interest amounting to \$688,962.42 on the Frost account and \$234,955.11 on the Prudential Trust Co. account, had been added to the principal and taken into profits (ex. 107, p. 195).

It was therefore abundantly clear that the management of the bank had resulted in an amount over twice its paid-up capital and reserve being locked up in accounts not realizable, and for the most part not bearing interest, from which it followed that whatever funds were available from day to day were those of the depositors, and notwithstanding the declaration of dividends, a proper accounting would have shown that no profit at all had been made for years. The bearing of these facts upon the condition of the bank is specifically enquired of in the next quotation and will, I think, be more properly considered thereunder.

*Answer to question number 1:—*

A. In the year 1915 no representations were made to the Department of Finance of the Dominion of Canada respecting the condition of the Home Bank of Canada. Such representations were made in the year 1916, as well as in the year 1918.

B. The following important representations were made to the Department of Finance concerning the condition of the Home Bank during the years 1916 and 1918, viz:—

(1) That an amount more than double the total paid up capital and reserve of the bank was locked up in four accounts, the securities for which could not be realized upon.

(2) That loans wholly disproportionate to the assets of the bank had been made on inadequate security, from which large loss was likely to occur.

(3) That amounts representing unpaid interest on at least three large accounts were carried into profit year by year and dividends declared on the basis of much fictitious earnings.

(4) That arrangements agreed upon at a meeting of the board of directors with a view of passing upon all credits and making an early statement showing the bank's position, with recommendations, were not carried out.

(5) That false returns were made by the directors of the bank to the Department of Finance.

(6) That specific instructions given by the Minister of Finance in 1916 forbidding the capitalizing of unpaid interest, were disobeyed.

(7) That the president and some of the directors were indebted to the bank in large sums upon personal account and through companies in which they had an interest.

(8) That the auditor employed by the bank from year to year was incompetent and important matters were concealed from the board of directors and from Mr. Lash the bank's counsel.

Question number 2 reads as follows:—

“Whether, if such representations were made, a state of affairs was revealed concerning the condition of the said bank such as would have justified an investigation under the powers conferred upon the Minister of Finance by section 56A of the Bank Act.”

Argument was presented in support of the proposition that the minister is responsible to parliament alone, and that unless he were charged with dishonesty or bad faith in the performance of his duties, the exercise of his discretion could not be challenged by this commission. I am not disposed to dispute this contention, seeing that the only duty imposed upon me under this question is to say whether the representations made to him were such as to justify him in calling for an audit under section 56A of the Bank Act.

I am not called upon to question the manner in which he made use of the powers therein given to him, nor whether he exercised his discretion correctly or otherwise. It is easy to conceive that certain representations might be made to a minister which would be of such a nature as not to call for the exercise of the rights given to him by this section of the statute, while on the other hand it is equally obvious that other representations might be made of a character which would not only justify the exercise of his discretion, but would make it a matter of careless administration if he should not do so. How such discretion should be exercised is a matter by itself, and must be for the determination of the head of the department. If any fault is to be found with the minister as to how his discretion was exercised, the complaint must be tried before parliament itself, always assuming honesty and integrity of purpose on his part, and no question whatever was, or could be, raised in that regard. But it is open to me I conceive, to say whether such a state of affairs was revealed as would call for the exercise of the discretionary powers vested in the minister. In answer to the preceding inquiry, I have detailed the representations which were made, and, taking them as a basis for my answer to this question, I do not think that any doubt can be entertained that what had been so represented was of sufficient importance to call for an audit under section 56A of the Bank Act. I am in harmony with the view of Sir Thomas White, as shown in his evidence at page 345 of the record:—

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"Q. As a result of the memorandum and other documents filed with you by Mr. Fisher, you proceeded under section 113 of the Bank Act to ask for a report?—A. I did.

Q. You also decided that it would justify an investigation under section 56A?—A. I asked the auditor to make a report to me.

Q. That is under that section?—A. Yes, 56A, without doubt I proceeded under the Bank Act.

Q. Well, you might answer my question, you felt yourself justified in asking for a report under section 56A of the Bank Act?—A. Yes, undoubtedly, and calling on the board and on the auditor.

Q. Did you call on the auditor for a report under section 56A of the Act?—A. Right."

It will be remembered that in his argument Sir Thomas White contended, with reference to the evidence above quoted, that in answering these questions as he did, he was not committing himself to the view that an outside auditor should have been called in, but that he was confining his testimony to an assent on his part that the auditor appointed by the shareholders should make report, and he said that if the questions had been put to him plainly as to his being justified in calling in an outside auditor, he would have answered them in the negative, for the reason that, in his opinion, the conditions prevailing in the bank at that time would have meant that calling in an outside auditor would have necessitated closing its doors.

The powers given under section 56A of the Bank Act, as it stood in 1916, were not confined to the employment of an outside auditor, or to the employment of the regular bank auditor either. The provision was to the effect that the minister could direct any auditor "to examine and enquire especially into any of the affairs or business of the bank", and the argument was, that an auditor wholly detached from the bank should have been selected, whereas the minister, in the exercise of his discretion, for the reasons indicated, thought best to appoint Mr. Jones, the regular auditor of the bank. There is no necessity for the expression of any opinion upon my part as to whether the minister should have engaged an inside or an outside auditor for this work; either one could be appointed by the minister under that section according to his discretion and the evidence above quoted shows that the minister exercised his discretion under the section in question by the appointment of Mr. Jones. It must therefore follow that to his mind the conditions prevailing justified the investigation under the authority of section 56A of the Bank Act, altogether apart from the question whether it should be made by one class of auditor or the other. The enquiry up to this point, has, I think, brought us to the conclusion that the reason that an outside auditor was not appointed was that the minister feared such action would result in the collapse of the bank. It is not said by anyone that the exercise of the powers given by section 56A were not or should not, have been called into action. The argument put forward by counsel for the shareholders was, that such discretion as the minister saw fit to exercise was really useless. The statement that an outside auditor would have closed the bank, throws some light upon that contention.

The letters which passed between Sir Thomas White and the president of the bank and Mr. Lash and others, show that it was with considerable reluctance that the minister relinquished his first idea of calling the attention of the Bankers' Association to the condition of the bank, but that he was moved thereto by representations of a betterment of condition by change of management, and by statements made by Mr. Lash, in whom, it is unnecessary to say, he reposed a very great deal of confidence; but inasmuch as it is admitted that these representations resulted in calling upon the auditor of the bank under sec-



tion 56A, it is hardly necessary for me to amplify reasons which have led me to the conclusion that the state of affairs revealed by the representations made, justified an investigation under the powers conferred upon the minister by section 56A of the Bank Act, for what the minister did shows it. That he considered the situation to be a serious one, is evidenced by his letter to General Mason, then the president of the bank, written under date of January 24th, 1916, (ex. 43, p. 75), immediately after receiving the complaint of the western directors through Mr. Fisher. It will be remembered that these representations and complaints were not made by outside people, or by individuals to whom some personal grievance or antagonism towards the bank could be attributed; they emanated from persons bearing the responsibility of the institution, being directors, entrusted by their shareholders with seeing that an honest management prevailed. In this letter the minister said that he considered it his duty to ask for full particulars, both from the board and from the auditor, as to the accounts of the Prudential Trust Company, Pellatt and Pellatt, and A. C. Frost and Co., with a detailed statement of securities held. In answer to a letter received from the president, asking the minister if he would have the thirty days referred to in section 113 of the Bank Act to make such return, the minister advised him that the matter was of so serious a character that he thought it advisable that the reply should be completed and forwarded at as early a date as possible.

In writing to Mr. Fisher upon the subject, (ex. 54, p. 86) Sir Thomas further said:

"You make certain definite explicit charges, which I conceive it to be my duty to investigate."

This latter sentence describes the effect produced upon the minister by the communications.

The evidence discloses that after the receipt by Sir Thomas White of the communications from the western directors, attempts were made to change the management of the bank so as to meet with the approval of all the directors, and such attempts were well known to the Minister of Finance, being conducted mainly through the late Mr. Z. A. Lash, K.C., who had personal interviews and carried on correspondence with the minister concerning the matter. But notwithstanding the desirability of having the whole directorate in accord, Sir Thomas White did not consider that to be a solution of the difficulty, and defined his position in a letter of February 17th, 1916, written to Mr. Lash in these words: (Ex. 71, p. 162.)

*"Sir Thomas White to Z. A. Lash.*

*"Re Home Bank of Canada:*

"DEAR MR. LASH:—I have your private letter of the 14th instant and think I must ask you for the statements to which you refer. In themselves they may disclose a situation which apart altogether from the question of other accounts would cause me to bring the affairs of the bank to the attention of the Bankers' Association through its president here. The position is that I have been made aware by the Winnipeg directors of a certain condition which is most disturbing. It does not appear to me that I would be justified in staying enquiry because the Winnipeg directors may ask me to suspend action. The real question is whether the bank, having regard to the condition which will be disclosed by the statements should be allowed to continue business with the public. I shall be glad, therefore, if you will send me those statements. It would



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not appear to me necessary that you should specially come down about the matter but I leave this to your discretion. I shall desire, of course, to give the reorganized board and management every opportunity to restore the bank's position, but this statement must be taken subject to the overriding consideration of the public interest."

This was the view taken of the matter by the minister both in 1916, and two years later, when his attention was again drawn to it by Mr. Machaffie's letter. The serious character of the representations made therein was appreciated by the minister, as shown by his letter to Mr. Lash under date of September 4th 1918. He enclosed a copy of the Machaffie letter and asked Mr. Lash to take the matter up with the board of directors, and expressed himself as follows:— (ex. 90, p. 179).

*"Sir Thomas White to Mr. Lash.*

"I regard the matter as of the utmost public importance, and it is my intention to have a thorough investigation made through the Bankers' Association or otherwise. Before taking this step, however, I wish to have a reply from Mr. Haney and his board."

All I am at present directing my attention to is, whether or not the representations made would have justified an investigation under section 56A of the Bank Act. From the testimony above quoted, and from the letters, extracts from which are set out above, it is very apparent to me that the representations made were regarded, on all sides, as of a character which would justify such investigation, and, I thoroughly agree with that view.

*Answer to question 2:—*

The condition of the bank, as revealed by the representations made, was such as to justify an investigation under the powers conferred upon the Minister of Finance by section 56A of the Bank Act.

Question number 3 reads as follows:—

"What action, if any, was taken by the then Minister of Finance, upon such representations as may have been made."

It is apparent that the answer to this must be shown by the communications which passed between the minister and the bank and parties in interest. They disclose in the first place, a lively apprehension on the part of the minister concerning the position of the bank, and a desire to keep it upon its feet.

Confining myself first to the year 1916, it is evident that the minister acted promptly on the receipt of the three memoranda from the western directors, for on the 24th of January, 1916, he addressed a letter to the president of the bank, detailing the information submitted to him by Mr. Fisher and the complaints made. After referring to the accounts of the Prudential Trust Co., Pellatt & Pellatt, and the A. C. Frost Co., the safety and security of which were challenged, the minister concludes his communication to the president of the bank as follows (ex. 43 p. 76)—

*"Sir Thomas White to James Mason.*

"I shall be obliged if you will write me officially, setting out concisely the history of these loans and indicating the amounts of unpaid interest (if any) in such accounts. I also request a detailed statement as to the securities held as collateral and the valuation placed upon them by your bank. Apart altogether from the question of security, the loans appear to me to be exceedingly large, having regard to the capital of your bank."

and I can only express the hope that the concern which is undoubtedly felt by the directors mentioned may prove to be unfounded. In directing to you this letter with reference to the memorandum which, as I have stated, has come before me officially, I am following the practice which we have hitherto adopted in similar cases and am acting under the provisions of section 113 of the Bank Act."

On the same day the minister addressed a letter to the auditor of the bank, Sydney H. Jones, enclosing a copy of the letter which he had sent to the president, as follows: (ex. 46. p. 78.)—

*"Sir Thomas White to Sydney H. Jones.*

*"The Home Bank of Canada.*

"For your information I enclose herewith copy of a letter I have today addressed to Hon. James Mason, president of the above bank, referring to a memorandum which has been officially filed with me respecting certain accounts of the bank and requesting detailed information.

Under the provisions of section 56A of the Bank Act, I now direct and require you as auditor to enquire into the accounts mentioned and report to me in all proper detail respecting them. Your prompt attention will greatly oblige."

Mr. Jones acknowledged the receipt of this letter on the 26th of January 1916, but, further than that, he seems to have paid no attention to the directions sent him by the minister, who again addressed him on the 24th of the following month as follows:— (ex. 59. p. 89.)

*"Sir Thomas White to Sydney H. Jones.*

*"Re Home Bank of Canada.*

"Referring to my previous letter requesting an investigation by you of certain accounts of the above bank, I shall be glad if you will send me as soon as possible a detailed statement showing advances, repayments, and interest charges on the A. C. Frost Company account. The western members of the Board have thought it desirable that I should obtain this information. Your prompt attention will oblige."

This communication was acknowledged by Mr. Jones on the 26th of February 1916, and on the first day of March following he forwarded a statement showing details of advances, repayments and interest in the A. C. Frost Company account, which he said that he had duly verified by the books of the bank. (Ex. 61. p. 90.) This is all that was done by the minister or the auditor under the provisions of section 56A of the Bank Act.

It is apparent that the minister relied with confidence upon the opinions expressed by Mr. Lash, counsel for the bank, and accepted his conclusions. The result was, that in consequence of the representations made by Mr. Lash and the directors, acting then in harmony, Sir Thomas consented to allow them to work the situation out, but in assenting to this it is plain that the mind of the minister was hardly at rest and his opinion concerning the condition of affairs can easily be gathered from his letter to Mr. Lash as follows: (Ex. 84, p. 175).

*"Sir Thomas White to Z. A. Lash*

"I have yours of the 23rd inst., in which you set forth substantially what occurred at our interview on Wednesday. You clearly understand that I reserve to myself the fullest liberty to consult with the president of the Canadian Bankers' Association, or take any other steps which I may deem to be in the public interest without further communication

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with Mr. Haney or yourself on the subject. In the meantime it appears to me from the statement of yourself and Mr. Haney and from Mr. Crerar's letter that the position of the bank is being improved. I should like to have from you an assurance that interest upon the Frost account will not be taken into profits distributed to shareholders in the way of dividends. It would appear to me also that until the New Orleans situation is cleared, it would be advisable to pursue a similar course respecting that account."

Within a week from the receipt of the letters from Mr. Fisher, the minister had interviews with Mr. Haney, vice-president of the bank, and Mr. Barnard, then a director (ex. 51, p. 80), whose dealings with the bank were criticized, and impressed upon them the necessity of bringing pressure to bear on the doubtful accounts, and the danger of showing unpaid interest as profit. This was followed by communications to the minister from Mr. Fisher, K.C., and Mr. Lash, K.C., and a communication from J. Cooper Mason, acting general manager of the bank, to the minister, enclosing papers and documents showing in full the statements of the accounts which were challenged (ex. 63, p. 93). All these communications were written and information supplied within four weeks from the time of the receipt by the minister of the complaint from the western directors, which shows that no time was lost on his part in an effort to secure the necessary information. The correspondence shows that the minister was not convinced that, because the eastern and western directors had settled their difference, he should stay his hand from a thorough and complete investigation of the bank's affairs (ex. 71, p. 162). But further correspondence carried on by Mr. Lash and Mr. Crerar, and personal interviews with the two latter as well as with Mr. Haney, and information furnished concerning the accounts—much of it misleading and false—and promises of a thorough investigation of the bank's affairs under the direction of Mr. Haney and Mr. Machaffie, and information supplied by both these gentlemen (ex. 83, p. 172) and the minister's desire to prevent the collapse of any bank in view of war conditions, resulted in his acquiescing in the unanimous request of the whole board that no investigation should be made. No other report from the auditor was asked for or received. It was represented to the minister, in a letter signed by Mr. Crerar (ex. 81, p. 171) that a change in management had taken place by which he expressed himself certain that the knowledge and information concerning the position of affairs desired by the western directors, and the changes they wished when they sent their request to him, could now be made without calling in outside assistance; that the situation had materially improved within the past month, and that it was better to have the inquiry proceed from within rather than from without.

If the information thus furnished to the minister concerning these accounts had been accurate, I think it is reasonably clear that the course adopted was in the interest of everybody, including the depositors; but it is difficult to conclude that they had made a full disclosure to the minister concerning the situation which Mr. Lash described by letter written on the 29th of February, 1916, to Mr. Fisher, in these words (ex. 132, p. 292):—

*"Z. A. Lash to James Fisher*

"The more I consider the bank's position, even assuming that every account will ultimately be collected in full, the more doubtful I feel as to the possibility of its continuing in business. The amount locked up indefinitely in four large accounts, is probably three times the paid-up capital, and more than half the total deposits; and if anything should take place which would cause a comparatively small percentage of the depositors to ask for their money. I do not see how the bank would, without assistance from outside, continue with open doors

"I told Sir Thomas that my main object, since I learned in outline what the bank's position was, has been to bring about a position, which, if the worst happened, would result in liquidation with open doors. This can only be brought about by the assistance of other banks, and I want definite instructions from the board as to how far I may go in this direction in consultation with Sir Thomas White, for he is now an essential element in the situation, which cannot be disregarded. He told me, and I could not dispute the correctness of his position, that, after you, on behalf of the Winnipeg directors, had submitted to him information which, to say the least, was very disturbing, the responsibility was thrown upon him, which he could not avoid, and which would not be discharged because those who had invited his intervention might desire him to withhold further action."

Attention may be drawn here to the fact that this communication was not addressed to Sir Thomas, nor is there any evidence that he was in possession of Mr. Lash's views as above expressed. Following the representations above referred to, the hand of the minister was stayed, no inspection was ordered, and the audit, if it can be called such, was useless.

Attention was drawn by Mr. Lafleur, of counsel for the Government, to the unwisdom of seeking information from the parties whose good faith was challenged, and he strongly urged that the only proper course to have pursued would have been to have sought information from an outside source. I am not asked to comment on the course taken by the minister, but simply to say what he did. It is open to all concerned to draw whatever inferences the circumstances would seem to justify in that regard.

Upon receipt of the complaint, in 1916, the first action taken by the minister was to direct an enquiry into the accounts complained of, and a report thereon by Mr. Jones, the bank's auditor, under section 56A of the Bank Act. (ex-46-p-78). And at the same time he called upon the president of the bank for special returns under the provisions of section 113 of the Bank Act. (ex-43-p-75).

Turning to the consideration of what was done by the minister in 1918, when further complaint was made, it is clear that upon the receipt of the letter from Mr. Machaffie, dated the 29th of August 1918 (ex-88-p-178), the minister lost no time in communicating its contents to Mr. Lash, as appears by his letter dated September 4th 1918, in which he enclosed a copy of Mr. Machaffie's letter to him, and asked that it be taken up with the board of directors and a report be made. The letter reads as follows:—(ex-90-p-179).

*"Sir Thomas White to Z. A. Lash*

*"Re Home Bank*

"DEAR MR. LASH,—I enclosed herewith copy of a letter which I have received from Mr. Machaffie, late assistant to the president of the above bank. I shall be glad if you will take the matter up with the board of directors and have a report prepared dealing with the several charges made. I regard the matter as of the utmost public importance, and it is my intention to have a thorough investigation made through the Bankers' Association or otherwise. Before taking this step, however, I wish to have a reply from Mr. Haney and his board."

Absence of Mr. Lash and illness of Mr. Haney seemed to be the cause of a delay in forwarding the board's reply to the charges made by Mr. Machaffie, but it was eventually sent to the minister under date of October 29th, 1918. (ex-96-p-182). The report is a voluminous one, touching upon all of the doubtful accounts, denying the charges contained in Mr. Machaffie's letter, and



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picture a condition of affairs with reference to the bank, which, if true, would have disproved the necessity of action being taken. It is in the form of a resolution of the board of directors, dealing with all the matters complained of by Mr. Machaffie, and signed by the president. The regrettable thing about it is that in very many respects it was not true. But its receipt seems to have satisfied the minister that the proper course to be taken under the circumstances was to allow the bank officials to work out the situation. Having said so much about Mr. Machaffie's letter, it is right, I think, for me to say, that its force in anybody's mind would very naturally be broken by the fact that on the 25th of February, 1918, Mr. Machaffie had drafted a letter to the Minister of Finance (ex-135-p-390) in which he made representations concerning the Pellatt account, the New Orleans account, and the Frost account, commenting adversely upon them, and saying that there were numerous other accounts in a precarious condition, and sharply criticizing the policy of the president, Mr. Haney. This letter was not sent to the Minister of Finance, but a copy of it was forwarded to the Home Bank. (ex-146-p-402). Mr. Machaffie subsequently retracted all these statements in a letter to the bank, admitting that his information was inaccurate and incomplete, and that his first letter would have conveyed a wrong impression as to the condition of the bank and the conduct of its affairs. Now the minister was acquainted with the fact of this withdrawal, and that the reason Mr. Machaffie had retracted these statements was, that he might procure a settlement of his claim against the bank. If the accuracy of the information concerning the banks' affairs had depended upon Mr. Machaffie's representations, while perhaps it would be too strong to say that no attention whatever should have been paid to him, yet the fact remains that he had retracted them under circumstances that would very materially weaken them, and would also present their author in a very unfavourable light. If it were a question between Mr. Machaffie and the officials of the bank, backed in their statement by Mr. Lash, no one would expect otherwise than that Mr. Machaffie's statements would be ignored. In response to the minister's call for a report upon the matters, there was submitted to him under date of 29th October, 1918, a lengthy statement signed by the president of the bank, in the form of a report unanimously adopted by the board, instructing the president to forward a copy to Mr. Lash, and with a direction to have the same forwarded to the minister. (ex-96-p-182). The report made reference to what was done in 1916, and the changes made since that time in the management of the bank, discussed the accounts which had given so much trouble, and reported favourably on the British Columbia account, and the New Orleans account; it denied that any dividends had been paid out of capital, and asserted that the profits of the bank actually earned had been sufficient to warrant the payment of the dividends; it set out the net profits for the years 1917 and 1918, and controverted Mr. Machaffie's statements about the shipbuilding enterprise, on which he had commented unfavourably; it assured the minister that the position of the bank had been steadily growing stronger, giving figures of its growth comprising the years 1917 and 1918, and at great length purported to set out the improved position of the institution. It was a report of such a character as to set at rest the mind of anyone who believed it, and apparently was written with that end in view. Upon its receipt the minister apparently was convinced that there was no necessity for ordering any further investigation. It was so drawn as to raise an issue between Mr. Machaffie and the president and directors of the bank, thereby clouding the real question.



*Answer to question 3:—*

The action taken by the Minister of Finance upon the representations made to him consisted in:—

(a) Calling for special returns from the bank under section 113 of the Bank Act.

(b) Calling for a report from the bank's auditor under section 56A.

(c) Seeking and obtaining information from Mr. Lash, the bank's counsel, and from its president and other directors, including therein detailed statements of accounts regarding the dealings of the bank with the following individuals and firms, viz: A. C. Frost & Co.; Pellatt & Pellatt; the Prudential Trust, New Orleans account.

(d) Forbidding further capitalization of interest on doubtful accounts.

(e) Securing a promise from Mr. Lash and the president that a thorough investigation would be made of the affairs of the bank under the direction of Mr. Haney and Mr. Machaffie.

I think it is right to say also that the minister's intervention in 1916 resulted in a change of management of the bank, Mr. Haney becoming vice-president, with the understanding that he should discharge the duties of president, and have full powers with respect to the organization of the staff; this change appears to have met with the approval of all concerned, although no improvement seems to have actually resulted from it.

*Question number 4 reads as follows:—*

"What effect would an audit under section 56A of the Bank Act, if made in 1915, 1916 and 1918, have had upon the conduct of the affairs of the said bank and upon the position of the present depositors."

Confining myself to the years 1916 and 1918, as no evidence whatever has been directed towards the year 1915, it is clear that an effective audit would have revealed a condition of affairs demanding the application of immediate and drastic remedies. It will be noticed that both in his evidence and in his argument Sir Thomas White directs attention to the fact that he called for an audit of certain accounts under the above mentioned section of the Act, and the criticism of the other counsel was, as outlined in the answer to question 2, that he directed the auditor of the Home Bank to do the work, instead of selecting an outside auditor or one named by the Bankers' Association, as he had first in mind. It is apparent that he received no such audit, and at page 346 of the evidence he thus describes it, in answer to questions put by Mr. McLaughlin:—

"Q. So while you directed the audit under section 56A you never received one?—A. I received an audit of the Frost account.

"Q. Just the statement from the ledger?—A. Well, that is what appears in these exhibits. It is not in my mind that I received anything else, but I may have. But I do not say I did.

"Q. There is nothing else in the exhibits. That of course was not the kind of independent audit that these directors wanted?—A. Not up to a certain stage, up to a certain stage they wanted an independent audit.

"Q. And this was the auditor who had certified to the various reports of the bank from year to year?—A. Yes.

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"Q. So to ask him for a further statement would be to merely ask him to send in his previous report or else show he was wrong?—A. I do not think so, the previous report dealt with general accounts. I asked him for a report in all fitting detail.

"Q. Anyway, the report was never received, except this?—A. Apparently not."

The evidence of the minister is to the effect that had he known the true condition of affairs in 1916 or 1918 he would have taken steps to meet the situation. The steps indicated by him were, that by calling in the aid of the Bankers' Association, arrangements could have been made to have the bank taken over by another institution. Even if, for reasons that might be imagined, this could not have been consummated, I think a revelation to the stockholders of the existing condition of affairs could have had no other result than a complete change of management. Anyone whose funds were at stake must instantly have realized the necessity of forcing the liquidation of the large accounts, whose inactivity was gradually drying up the resources of the bank. It is impossible to state with certainty what would have occurred in any line of business, had certain events intervened, and what renders an estimate in that regard most questionable, is the fact that one's mind and opinions are liable to be influenced and shaped, even unconsciously, by events subsequent to the period which is under consideration; consequently the value of an answer to a question of this nature must for that reason be impaired; but notwithstanding all this, one can always rely in judgment upon the continued operation of natural impulses for safety which prevail in financial dealing. It is a fact that disclosure of the true financial condition of the bank in 1916 and still more in 1918, would have shown that, under the management of the then board of directors, the bank had been placed in most extreme jeopardy; that they, and others associated closely with them in its affairs, had access to the resources of the institution to a degree wholly incompatible with the bank's financial standing; that the capital had been most seriously impaired, if not altogether lost, and fictitious earnings were being put into profit and loss account as a justification for declaring dividends which had not been earned, and in view of these facts I think it can safely be said that the effect of an audit of the bank's affairs in 1916 or in the year 1918, would have been to bring to the attention of the shareholders a condition of affairs which would have moved them instantly to insist upon a change of management, and to have wholly reversed the policy theretofore pursued. It is inconceivable, I think, that the permission of the Department of Finance, or of the shareholders of the bank, could have been procured to countenance the continuation of the then conduct of the bank's affairs, as must have been disclosed by a thorough and effective audit. It might have come to pass that the minister, after such audit, would have been able to secure the amalgamation of the Home Bank with another bank. If that desirable course could not have been effected, the bank would have come under honest management, and in my view, been compelled to liquidate its affairs; for after disclosure of its true condition, as must have followed an effective audit, there would inevitably have been an instant demand by the depositors for their money, and a withdrawal of public support generally, which, in view of the condition of the large accounts, and the impossibility of converting them into liquid assets, must, I think, have resulted in liquidation.

I now turn to the second branch of this question, which asks:—

"What effect such audit would have had upon the position of the present depositors."

In answer to this I may say I am taking it for granted that such audit would have been thorough and effective, and as observed above, I think the result would have been either to close the bank altogether, or put it upon a firm foundation as an integral part of another banking institution, since, for the reasons above noted, I do not think it could have had further independent existence. In the light of this supposition, it is obvious that as far as the year 1916 is concerned, such audit would have saved the situation for the then depositors, for although the capital and reserve had largely, if not wholly, disappeared, yet despite the loss thus made, there was still left a fairly balanced account, according to the testimony given by Mr. Edwards.

There is no evidence as to what number of those who are referred to in the question as "present depositors," occupied that position in 1916 and 1918; but I think it is clear, as regards those who were depositors in the first named year, that if either of the foregoing remedies had been applied, their accounts would have been met in full from the then resources of the bank, backed by the double liability of the shareholders, and it is this last asset which might have saved the situation for the depositors in the year 1918.

It is my duty to specifically inquire into the financial condition of the bank during the years 1916 and 1918 under the next succeeding question, and the result of that inquiry is closely bound up in the answer to the present one; but my finding on this branch of question 4 is that an effective audit in 1916 would have resulted in action which would have saved the depositors from loss. While, because of lack of evidence on which to base a conclusion, it is impossible to speak with as much certainty as regards the year 1918, the probability is that the same result would have followed had the audit been made and action taken in that year.

*Answer to question 4:—*

For the reasons above set out, I think an effective audit under section 56A of the Bank Act made in 1916 or 1918, would have resulted, as far as concerns the conduct of the bank's affairs, in either:—

(a) Liquidation immediately following such audit, or,

(b) Amalgamation with another bank.

And the effect of such audit upon the position of the present depositors:—

If made in 1916 the present depositors would have suffered no loss.

If made in 1918, I do not think any loss would have fallen upon them.

*Question number 5 reads as follows:—*

"What was the financial condition of the said Home Bank of Canada in the years 1915, 1916 and 1918 respectively, and what steps, if any, could have been taken by the Government to save the situation?"

The returns to the Government for 1916 show (ex. 170, p. 495) that the paid-up capital of the bank was \$1,946,639; the reserve, \$300,000; the deposits, \$10,028,224; the total liabilities were \$18,722,963; and the total assets \$21,030,353. Upon this showing a dividend of five per cent was declared and paid. The foregoing figures indicate an excess of assets over liabilities of \$2,307,390, which represents what the officials of the bank reported to the Government in that year as to the financial condition of the Home Bank of Canada. The expert accountants, Mr. Clarkson and Mr. Edwards, who testified before the commission, were undoubtedly best equipped to find the answer to this question. Whatever lack of unanimity there is in the opinions expressed

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by these two gentlemen, arises from a difference as to what would have been their respective opinions if confronted by the physical assets of the bank in 1916 and asked at that time to pronounce upon their value. If the answer to the question—what was the financial condition of the Home Bank in 1916—depended wholly upon ascertaining what value should be placed upon the bank's assets in the year indicated, I think that is a most difficult thing to determine. Confining attention for a moment to the large accounts which were challenged, it seems to me that the one concerning which an auditor at that time would have spoken with most certainty, was the Prudential Trust account, spoken of as the New Orleans account. The bonds, which were security for the loan, had become worthless by the underlying property having been disposed of under a prior claim, and it looked as if a total loss would be made in that particular, and yet, to illustrate the difficulty of relying upon opinions thus formed, it is only necessary to say that at present, Mr. Clarkson holds out strong hope of this account being paid in full, that result having followed from further expenditure for the purpose of protecting the claim. An estimate of the value of the security underlying the loan to A. C. Frost & Co. in 1916 must have been influenced by the reports on these timber limits, then on file in the offices of the bank, as well as from reports of two of the directors who had personally visited the locality and pronounced favourably upon it. A like remark may be made as to the Pellatt & Pellatt loan, and while both these latter have turned out much more disastrously than could have been anticipated, they nevertheless, in the year 1916, could not have given to an auditor anything like the concern which now prevails regarding them. Again, the wisdom of adding interest to an existing loan and carrying such interest into profits year by year, as far as the safety of the investment is concerned, must depend upon the value of the underlying security, and that remark I think has a bearing upon what conclusion an auditor in the year 1916 would have drawn as to the financial condition of the bank from the standpoint of its physical assets represented so largely by the existing securities for these large loans. I can draw only lame conclusions in view of the reports which would be laid before the auditor in 1916. Clearly an auditor could not have taken it upon himself to have personally valued the timber lands, nor indeed to have gone over all the properties and securities represented by the Pellatt loans or the New Orleans Railway loan, but looking at such information as was available for him in the year 1916 with reference to the securities underlying these large loans, and speaking from the standpoint of that year, it is difficult to say what value should have been placed upon these assets in 1916, and consequently what its financial condition was viewed from that standpoint. If estimated in the light of knowledge since acquired, the answer is easy. But I think there were easier tests to apply, which were open to his observation, and would have challenged the attention of any competent auditor. One of these lies in the power of the bank to earn and pay dividends from year to year. While from the standpoint of abstract security as manifested by the reports available, I think it could hardly be said at that time, that the capitalization of interest on these accounts would necessarily be productive of danger, yet considering that such course resulted in depriving the bank of its liquid assets available for dividends as well as for daily use, I think these accounts were calculated to cause the liveliest apprehension. It is just as necessary that a bank be in a position to marshal its assets for the purpose of a dividend as that its solvency be manifest from a comparison of its general liabilities and assets, and having regard to the capital and resources of this bank, the capitalization of interest on these large accounts from year to year must have been looked upon as a most dangerous and alarming procedure. And I think it would be equally correct to say that the existence of these accounts them-



selves, which rendered it necessary to capitalize the interest, was a most disturbing circumstance apart from the question of securities held for them. The effect of a bank passing a dividend is too well known to require comment. Conditions may be imagined in which directors would wisely determine it to be better to pay the ordinary dividend, even though the profits were unliquid, as in the case of this bank; but, before another year should elapse, unquestionably steps should be taken to force the liquidation of accounts rendering that course necessary, otherwise the result would be as in the present instance.

Also, there is always an existing danger that for some reason or other a run upon a bank's funds may take place for which a volume of ready money is necessary to tide over the situation. Whether any cause exists justifying such action is beside the point. It does occur from time to time that depositors become alarmed, frequently for no valid reason, and in consequence of such alarm demand their money. No bank should lose sight of the possibility of such an incident taking place, and be prepared to meet it. From that point of view it is unnecessary to argue that these accounts then carried by the Home Bank were altogether incompatible with safety, and I think that any competent auditor would have felt compelled to so report. Here again it will be perceived that this has no direct bearing upon the sufficiency of the security for the principal and interest of the loan, but the existence of these large loans was, in my opinion, wholly contrary to sound banking principles, for the two reasons briefly outlined above, and therefore that they created a very dangerous condition for the bank. Now for these reasons, rather than from the comparison of assets and liabilities, I think a competent auditor, viewing the situation in 1916, would have felt compelled to report an extremely dangerous situation in connection with the bank, for it was apparent that dividends were being paid out of interest which had been capitalized; in other words, from earnings which were not available, and he would have been confronted by the ominous fact that the amount of interest so capitalized and taken into profits then amounted to much more than the whole capital and reserve of the bank. He would have seen that during the year 1915, although a profit of \$163,900 was shown, the actual state of affairs was that there had been taken into profits uncollected interest on four accounts to an amount exceeding \$275,000; (p. 270) that in the year 1916, in which a profit of \$133,406 was shown, uncollected interest to the amount of \$210,000 (p. 271) had been put to profit account. Now the necessity of taking these uncollected annual amounts into profit and loss in order to declare a dividend, would have given to an auditor most serious concern, apart altogether from the question whether the security available for each individual account could have stood the strain of the additional interest as well as the principal which it professed to guarantee. No doubt an auditor would have been very much embarrassed by finding these large accounts in the condition in which they were, and must have reported them with such comments as in his judgment were necessary bearing upon the question of security, but apart from their safety from that standpoint, the fact that by capitalizing the interest of these accounts they were absorbing more money than the bank was making year by year, would convince him that a very grave situation existed. I have illustrated the situation with reference to 1916 by a reference to the accounts above named, but other accounts were in a similar condition, and the combined effect of all these matters were danger signals of the most alarming nature.

For the reasons suggested above, I cannot satisfactorily work out an answer to this question from a comparison of assets and liabilities. I think it must have been as a result of looking at the matter in this light, on the part of the late Mr. Z. A. Lash, K.C., that as early as February, 1916, he wrote to Mr.



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Fisher, K.C., of Winnipeg (ex. 132, p. 292) the letter previously set out, in part, in my answer to question three, wherein he expressed doubt as to the possibility of the bank continuing in business, because, as he therein said:—

*“Z. A. Lash to James Fisher.*

“The amount locked up indefinitely in four large accounts, is probably three times the paid-up capital and more than half the total deposits.”

And he also alluded to the danger of even a slight run upon the bank.

Having regard to the condition of the bank in the years in question, from a comparison of the assets and liabilities, Mr. Edwards has testified as a result of his investigations that the assets of the bank in the year 1916 should have been reduced by the sum of three millions of dollars thereby leaving the liabilities and assets about even, thus assuring the depositors of the safety of their money, and that the entire capital and rest had disappeared (p. 515). In arriving at these figures Mr. Edwards put a valuation upon the assets, as it would be necessary for him to do, and while that is easily done at present, yet from the standpoint of the information available in 1916, I cannot say that it would have appeared so clearly to me at that time.

Mr. Clarkson, one of the liquidators, spoke very guardedly as to the exact position of the bank in 1916, but remarked (p. 283):—

“He must have felt that the bank was not earning profits sufficient to continue payment of dividends without capitalizing interest on accounts which were in jeopardy or at least in deep water; and that being the case, the situation must have appealed to him as a serious situation.”

And further says (p. 287):—

“There were a great many danger signs and the revenue situation was one of them.”

Down to May, 1916, the interest capitalized on the A. C. Frost & Co. account was estimated by Mr. Edwards at \$535,000 (p. 540), and it may not be out of place to say that until the date of failure interest had been capitalized to the extent of over two millions of dollars.

The financial condition of the bank in the year 1918 when the attention of the minister was drawn to it a second time, had become more serious, although returns to the government for that year gave no cause for apprehension. The returns showed (ex. 170, p. 495) paid-up capital to have slightly increased, it then being \$1,947,635. Reserve stood at the same figure, viz., \$300,000. The deposits showed almost five million dollars increase, being \$14,988,422. The total liabilities were \$25,842,635, and the assets \$28,270,766. From all of which it appeared, that if the assets were realizable, the bank was, from that standpoint, on safe footing. But an examination of the books would have shown—according to Mr. Edwards' testimony—that the accumulated and unpaid interest for the years 1916, 1917 and 1918 amounted to \$676,000 (p. 509), which illustrates in a startling way how dangerous these frozen accounts were. Such examination would also have shown that in 1917 a profit of \$142,900 was shown in the bank's statement, but that in that year interest to the extent of \$205,000 was capitalized and never collected (p. 271); that the earnings of the bank for 1918 were \$167,157 which was the most satisfactory showing for a long while, but as a matter of fact the annual statement represented the bank to have made \$228,963 in that year (p. 271).

After the receipt of Mr. Machaffie's letter the minister reverted to his determination to refer the matter to the Canadian Bankers' Association, but for the reasons which have been duly detailed in answer to question 3, he was persuaded not to do so.

As to what further loss in capital had taken place between 1916 and 1918, it is difficult to form a conclusion. That some such impairment had taken place within that period is certain, although no details of amount are furnished in the evidence. Two yearly dividends amounting to over \$190,000 had in the meantime been paid.

The concluding part of this question asks:—

“What steps, if any, could have been taken by the Government to save the situation.”

In considering what the Government might have been able to do to that end in the years above mentioned, attention is directed to the probability of assistance from other financial institutions. By its continual supervision of banking matters and from the fact that there must be a renewal of the charter of each bank every ten years, it is obvious that the Department of Finance is in a position to exercise much influence with the Bankers' Association. While the Government has no power to compel one bank to take over another, and the Bankers' Association has no funds with which to assist a weak bank, nevertheless, the stability of banking institutions being supreme law in financial circles, one can see the force of the opinion expressed by Sir Thomas White, that intervention on his part would have resulted in the Home Bank being taken over by another bank or by other banks. Speaking strictly, such action could not be forced upon the Bankers' Association, or upon any bank, and therefore, if one is to consider what the Government could have done to save the Home Bank, apart from co-operation by the Bankers' Association or by other banks, the answer to such restricted enquiry is, I think, that the Government, after ascertaining the facts, could have closed the bank and forced liquidation at a time when, in my opinion, no loss would have fallen upon the depositors. But there still remained, however, the good services of other financial institutions responding to the express desire of the Department of Finance, especially when considering the imperative necessity for financial stability at that time. Whether, in view of the situation which would have been then disclosed by a proper audit and inspection, any other financial institution would have burdened itself with the Home Bank's liabilities or not, is a matter to which I cannot give absolute and definite answer. The evidence of Sir Thomas White is clear and distinct that he would not have allowed the Home Bank to fail at that time, but he would have had it taken over by some other institution, clearly explaining, however, that such action could not be made imperative upon any other bank. He was referring to the condition of affairs from a national standpoint, and to the overwhelming necessity at that time for keeping up a strong financial front in face of the world's demands, and replying upon the unquestioned patriotism of those who directed the issues of financial matters within Canada. Sir Henry Drayton expressed the same opinion. Keeping in mind these two spheres of operation open to the Government, it is clear I think, that all that it could have done to save the situation for the depositors would have been either to have closed the bank, forcing a liquidation of its assets to meet its liabilities as far as then possible, or have brought such influence to bear upon the Bankers' Association, or some other bank, as might have resulted in its amalgamation with another financial institution.

SESSIONAL PAPER No. 100d

*Answer to question 5:—*

I. The financial condition of the Home Bank was:—

*In 1916:*

(a) More than double its total paid up capital and reserve was locked up in four accounts, the securities for which were not realizable.

(b) No interest was being paid on three of these large accounts.

(c) No money was available for dividends except money belonging to the depositors, and the dividends paid from year to year were paid out of the depositors' money.

(d) A demand by the depositors for even a small percentage of their money could not have been met.

(e) The total paid up capital and reserve of the bank had been lost.

(f) A loss of assets calculated by Mr. George Edwards at over \$3,000,000, had been sustained, leaving the assets and liabilities about even.

*In 1918*

(a) There had been no reduction in the amounts due to the bank from their heaviest debtors, but on the contrary further capitalization of interest had taken place.

(b) All the weaknesses which existed in 1916 were accentuated.

(c) The dividends paid in the meantime, amounting to over \$190,000, had been paid out of money belonging to depositors.

(d) A further loss of assets had been sustained but the auditors were unable to state with any certainty as to the amount of such loss.

II. The only steps that the Government could have taken to save the situation would have been to make thorough investigation into the bank's affairs, which would have resulted:

(1) In forcing the liquidation of the bank, or,

(2) Bringing about its amalgamation with another bank.

It will be noticed that by Order in Council number 412, dated 17th March, 1924, the Committee of the Privy Council advised that the powers of the Commissioner under Order in Council number 306:—

“Be not limited to the specific years 1915, 1916 and 1918 referred to in the petition of the depositors, but should extend to an investigation of the affairs of the said bank during the whole interval between the issue of the bank's charter and the failure of the said bank, including any representations made to the Government of the day, as to its condition, any action taken by way of the Ministers of Finance upon such representations as may have been made, and the effect on the position of the depositors of any audit under section 56a of the Bank Act if made at any time in consequence of such representations.”

I beg to report that there is no evidence that representations of any kind were made to the Government concerning the Home Bank of Canada subsequent to the year 1918.

14 GEORGE V, A. 1924

After his retirement from office, correspondence took place between Sir Thomas White and his successor, Sir Henry Drayton, bearing upon the condition of the Home Bank, as set out in the evidence given before me by Sir Henry Drayton, but nothing requiring consideration here arises therefrom, as in any way bearing upon the substance of the depositors' petition.

An incidental reference to the Home Bank was made by Sir Henry Drayton to his successor in office, the Right Honourable W. S. Fielding, when the latter succeeded to the position of Finance Minister, but nothing was said as to the existence of the memoranda or letters above referred to.

No representations of any kind appear to have been made to either Sir Henry Drayton or to the Right Honourable W. S. Fielding concerning the condition of the Home Bank, and although the present Minister of Finance expressed himself as ready to give evidence before the commission, if required, it did not seem to me that anything had taken place which made such a step necessary. There was nothing to indicate that his attention had ever been drawn to the existence of the various memoranda or to the correspondence above dealt with.

Having reference therefore to the scope of the enquiry, as enlarged by Order in Council number 412, I beg to report that there were no representations of any kind made to the Government of the day as to the financial condition of the Home Bank of Canada after the year 1918, and consequently no action in that respect was taken by any of the Ministers of Finance.

All of which is respectfully submitted.

OTTAWA, the 10th day of June, 1924.

HARRISON A. McKEOWN,

*Commissioner*

PAPERS RELATING TO

**THE ST. LAWRENCE WATERWAY PROJECT**

AND

**THE CHICAGO DRAINAGE CANAL**

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*PRINTED BY ORDER OF PARLIAMENT*

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OTTAWA  
F. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1924





## SUPPLEMENTARY RETURN

To an Address to His Excellency the Governor General of the 24th March, 1924, praying that he will cause to be laid before the House a copy of all memoranda, correspondence, telegrams and other documents exchanged between the Government of Canada or any of its members and other governments, corporations or individuals, since the first of January, 1922, relating to the St. Lawrence Waterway Route, and the establishment of dams on the St. Lawrence for the development of certain water-powers.

A. B. COPP,  
*Secretary of State.*

Mover: Mr. ARCHAMBAULT.

### RURAL MUNICIPALITY OF SASKATCHEWAN LANDING NO. 167

*Geo. G. Smith, Reeve*

STEWART VALLEY, SASK., February 11, 1924.

Minister of Justice and Attorney General,  
House of Commons,  
Ottawa, Canada.

HON. AND DEAR SIR.—I take great pleasure in enclosing for your consideration and action copy of a resolution which was unanimously adopted at the regular meeting of the council board of the above rural municipality, held at Leinan, Saskatchewan, on the 4th day of February, 1924.

Yours very truly,

P. S. CAMPBELL,  
*Secretary-Treasurer.*

### RESOLUTION FROM THE RURAL MUNICIPALITY OF SASKATCHEWAN LANDING NO. 167

Moved by John T. Stewart, seconded by George G. Smith:

Whereas the Council of the Rural Municipality of Saskatchewan Landing No. 167 is cognizant of the fact that excessive transportation costs are one of the factors contributing most seriously to the economic problems which affect the farmers of Western Canada;

And whereas excessive charges which prevail in connection with the lake and rail haul of grain and other exportable products from Port Arthur to the seaboard constitute a very heavy setback on the net price received by the farmer for these products;

And whereas the proposed deepening of the St. Lawrence canals for power and navigation purposes will reduce these lake and rail rates from approximately

13 cents per bushel on wheat to 4 or 5 cents a bushel from Port Arthur to Montreal, thus making a saving of 8 or 9 cents a bushel on freight charges;

And whereas the development of these deepened canals is proposed in a section of the St. Lawrence river that is owned equally between Canada and the United States, with costs to be shared according to the benefits to be derived by each country;

And whereas the development of power in this international section will produce a revenue that will take care of the amortized bonds for the whole undertaking, making the project self-financing and self-supporting, without the necessity of added taxation upon the people;

And whereas it is authoritatively stated that the United States is now seeking a conference with the Government of Canada for the purpose of entering into a definite treaty for the immediate prosecution of this work;

Therefore be it hereby resolved that this Rural Municipality of Saskatchewan Landing No. 167 request that the Government of Canada acquiesce in the request for a conference with the Government of the United States for the purpose of going ahead at the earliest possible moment with the deepening of the St. Lawrence canals in the international section between Lake Ontario and Montreal, to a depth of 25 feet instead of the present depth of 14 feet, in order that the large lake freighters may have free access from the head of the lakes to Montreal, and that ocean tramp steamers may be permitted an open seaway through to the head of the lakes, thus carrying our grain and other exportable products at a minimum lake freight charge from the ports of Port Arthur and Fort William to the markets of the world;

And further, that this Council protest most vigorously against any action on the part of the Dominion Government whereby the requests of certain interests in Ontario for the development of the power end of the project being gone ahead with immediately, and that the navigation improvement be done later by the Dominion Government at the entire expense of the government; but rather that the navigation and power improvement be undertaken simultaneously and at the earliest possible date;

And that copies of this resolution be sent to Premier King at Ottawa, and all the Dominion Cabinet Ministers, to our constituency member of the Dominion House, and to the Premiers of the provinces of Manitoba, Saskatchewan, Alberta, Ontario and Quebec.

Dated at Leinam, Sask., this 4th day of February, 1924.

Resolution unanimously adopted.

(Signed) P. S. CAMPBELL,  
Secretary-Treasurer,

R. M. Saskatchewan Landing No. 169.

February 15, 1924.

DEAR SIR,—I acknowledge receipt of your letter of the 11th instant with which you enclose copy of a resolution adopted by the Council Board of the Rural Municipality of Saskatchewan Landing, No. 167, on the subject of the deepening of the St. Lawrence Canals.

This resolution shall have my careful consideration.

Yours sincerely,  
(Sgd.) ERNEST LAPOINTE

P. S. CAMPBELL, Esq.,  
Secretary-Treasurer,  
Rural Municipality of Sask. Landing,  
Stewart Valley, Sask.

SESSIONAL PAPER No. 101c

## THE SWIFT CURRENT BOARD OF TRADE

SWIFT CURRENT, SASKATCHEWAN, CANADA

February 20, 1924.

Minister of Justice,

House of Commons,

Ottawa, Canada.

HON. AND DEAR SIR,—Upon instructions of the Swift Current Board of Trade Executive Council, I enclose herewith for your information and consideration copy of a resolution respecting the Deep Waterways, which was unanimously passed at a general meeting of the Board of Trade on February 12th, 1924.

Yours truly,

(Sgd.) CHAS. THORESON,  
Secretary-Treasurer.

*Copy of Resolution Adopted at the Annual Meeting of the Associated Boards of Trade of Saskatchewan at Moose Jaw, Sask., February 27, 1924*

## ST. LAWRENCE DEEP WATERWAY IMPROVEMENT

Whereas substantial reductions in transportation rates on grain, cattle and other exportable products of Western Canada will reasonably ensue from the completion of the St. Lawrence Deep Waterway improvement, whereby the large lake freighters will have through navigation to Montreal, and ocean tramp steamers an open seaway to the Head of the Great Lakes, thus eliminating costly transfers and rail haul between Buffalo and New York and between Georgian Bay ports and Montreal;

And whereas these reductions, together with lower freight charges on incoming commodities from Eastern ports and overseas will unquestionably promote most effectively the permanent growth and development of Western Canada.

And whereas the deepening of the canals between Lake Ontario and Montreal is proposed in a section of the St. Lawrence river that is international waters, owned equally between Canada and the United States, with costs to be shared according to benefits derived by each country;

And whereas, according to a memorandum in possession of the Dominion Government, the development of hydro-electric energy in this international section will provide a revenue that will pay the total cost of the undertaking, without imposing a cent of added taxation upon either country, and without increasing the burden of Canada's national debt;

Therefore, be it resolved that this annual meeting of the Saskatchewan Associated Boards of Trade assembled at Moose Jaw Sask., this 27th day of February, 1924, does hereby approve and endorse the action of the Dominion Government in conferring with the Government of the United States in a proposal to obtain fullest technical, and economic details concerning the Deep Waterway project, and that we respectfully request our Government to consummate present negotiations without unnecessary delay.

## THE SWIFT CURRENT BOARD OF TRADE

SWIFT CURRENT, SASKATCHEWAN, CANADA

*Resolution Unanimously Adopted by Swift Current Board of Trade, Tuesday Evening, February 12, 1924*

Moved by R. T. Graham, seconded by A. E. Longmore:

Whereas excessive charges which prevail in connection with the lake and rail haul of grain and other exportable products of the prairie provinces from Port Arthur to seaboard constitutes a very heavy financial setback on the net price received by the farmer for these products;

And whereas the proposed deepening of the St. Lawrence canals for power and navigation purposes will reduce these lake and rail rates from approximately 13 cents per bushel on wheat to 4 or 5 cents a bushel, Port Arthur to Montreal, thus making a saving of 8 or 9 cents a bushel on wheat carried to Montreal by the large freighters; and a further reduction of from 1 to 3 cents where tramp steamers can carry our grain direct from the head of the lakes to Liverpool without any transfer whatsoever.

And whereas the development of these deepened canals is proposed in a section of the St. Lawrence river that is international waters, owned equally between Canada and the United States, with costs to be shared according to the benefits to be derived by each country;

And whereas the development of power in this international section will produce a revenue that will pay for the whole cost of the undertaking, thus making the project self-financing and self-supporting, without imposing a cent of added taxation upon either country, and without increasing the burden of Canada's national debt;

And whereas the deepened St. Lawrence, besides providing unquestionable great savings on transportation rates for exportable products and incoming commodities, will also be a great stimulus to the more intensive development of the agricultural West, and provide an outstanding incentive for attracting new immigration;

Therefore be it resolved, that the Swift Current Board of Trade does hereby approve and endorse the action of the Dominion Government in conferring with the government of the United States in an effort to obtain further technical details concerning the St. Lawrence project. And that we hereby respectfully request that the Dominion Government will proceed with all the haste possible to consummate present investigations in order that a satisfactory treaty between the two countries may be arrived at, and work upon the project actually begun at the earliest possible moment with a view to its speedy completion in the economic interest of the Dominion of Canada at large.

And that copies of this resolution be sent to Hon. W. L. Mackenzie King, Prime Minister, the various Cabinet Ministers at Ottawa, to our constituency member of the Dominion House; also that copies be sent to the various Boards of Trade of Saskatchewan, Manitoba and Alberta, and to the associated Boards of Saskatchewan, asking their endorsement of this resolution.

(Signed) W. W. COOPER,

President.

CHAS. THORESON,

Secretary.

SWIFT CURRENT, SASK., Feb. 12, 1924.



SESSIONAL PAPER No. 101c

February 23, 1924.

DEAR SIR,—I acknowledge receipt of your letter of the 20th instant, enclosing copy of a resolution adopted by the Swift Current Board of Trade respecting the Deep Waterways. The representations contained in this resolution shall have my careful consideration.

Believe me,

Yours sincerely,

(sd.) ERNEST LAPOINTE.

CHARLES THORESON, Esq.,

Secretary-Treasurer,

The Swift Current Board of Trade,

Swift Current, Sask.

FORT GARRY HOTEL,

WINNIPEG, March 23, 1924.

Dear Mr. LAPOINTE:—

*St. Lawrence Canals*

I took the liberty of writing you on the 30th January, with a few suggestions as to the proposed deepening of the St. Lawrence Canals and the lake harbours, so as to allow the ocean steamer to go to upper lake ports.

Since then, the Government seem to have taken a step towards meeting the wishes of the U. S. Government, by consenting to the appointment of a commission to study the question further.

You know, much better than I, I feel sure, how strongly opposed the people of our Province are towards this project, which may prove disastrous to our seaports, and in fact their feeling towards any new public works, whilst the debt and taxation of the country are weighing so heavily upon us.

Why not call a halt until we see whether the railways which we have overbuilt, at such enormous cost, may not be able to do the trade which they were built to do.

The Transcontinental Railway, which the wise policy of Sir Wilfrid Laurier built, for the purpose of correcting the diversion of our grain trade to U. S. seaports, has proved its ability to do so. It has carried export wheat from Fort William to Quebec for 6 cents per bushel. (The all water rate from Fort William to Montreal last year was 11 and 12 cents and in 1922 went as high as 14 cents.)

Rival influences seem to have been able to prevent this new railway from carrying out this great public service, and our own officials have raised its tariff to the ridiculous figure of 21 cents, whereas even if the Crowsnest basis, in force west of Fort William, had been adopted, the rate would only have been 11 cents.

The result has been to prohibit through grain shipments, and to force our wheat into the lake boats at Fort William and thence to Buffalo and New York, which last year took 65 per cent of our transatlantic export, and, the year before, 74 per cent.

Is not this policy simply robbing the unfortunate western farmer, who has also seen his wheat tumble in price from \$3 to \$1, and at the same time depriving Canadian seaports of their legitimate traffic?

Why not remove this barrier—of our own creation—before plunging into any more public works?

If, however, the question of St. Lawrence waterways has to be studied further, may I take the liberty of making the following suggestions, as to

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the conditions upon which, in the interest of Quebec and the Maritime Provinces, that study should be pursued:—

1. That the rate of 11 cents per bushel upon export wheat from Fort William or Armstrong over the Government railway, to Quebec or Montreal and 12 cents to St. John and Halifax, should be immediately put into force, and that, as recommended by the Senate investigation, 10 million bushels storage should be put at Quebec, Halifax, St. John and Vancouver (14 million is now being built at Montreal) and marine insurance guaranteed by Government at New York rates of premium.

2. That the Cardinal, Ottawa & Montreal route for the canal as recommended by Mr. Cauchon, C.E., should also be examined and reported upon. If as he says, it will only cost half the money, and will be altogether in Canadian territory, it is well worth looking into. The route would develop the water power at Carillon, said to be as great as Shawinigan, and might eventually form part of the proposed Georgian Bay Canal.

Hoping that these suggestions may be of some interest to you.

Yours very truly,

J. G. SCOTT.

If branch lines of the Canadian National Railways are to be built in the northwest, at the public expense, should not the same policy be followed at Lake St. John, where there are flourishing settlements, at Normandin, Albabel, Mistassini and Peribonca, which are great feeders of the National Railways at St. Felicien, and would be much greater if the farmers had not to drive their produce 40 and 50 miles to reach it? A very great hardship.

Might I suggest that if you should have occasion to discuss with your Maritime Province members the propriety of using the Transcontinental Railway for the grain traffic, it might be well to remind them that by the existing tariff the extra charge for carrying export wheat from Montreal or Quebec to Halifax or St. John is only 1 cent per 100 lbs. (6 10c pr. bushel). So that if the rate from Armstrong to Quebec is made 11c, as it should be, Halifax and St. John would be able to take advantage of the 214 miles shortening of distance between Winnipeg and Quebec, and would be in a position to compete as to price with New York for the winter shipment to Europe. The Maritime Provinces should understand, at last, that their future depends upon the use of the Transcontinental Railway and that they must work with Quebec.

March 27, 1924.

J. G. SCOTT, Esq.,  
Fort Garry Hotel,  
Winnipeg, Man.

Dear Mr. Scott:—

Re: *St. Lawrence Canals*

I have your letter of March 23rd, contents of which are carefully noted.

Thanking you.

I remain, yours faithfully.

## FURTHER SUPPLEMENTARY RETURN

To an Address to His Excellency the Governor General of the 24th March, 1924, praying that he will cause to be laid before the House a copy of all memoranda, correspondence, telegrams and other documents exchanged between the Government of Canada or any of its members and other governments, corporations or individuals, since the first day of January, 1922, relating to the St. Lawrence Waterway Route, and the establishment of dams on the St. Lawrence for the development of certain water-powers.

A. B. COPP,  
*Secretary of State.*

Mover: MR. ARCHAMBAULT.

OTTAWA, April 3, 1924.

DEAR SIR,—I have the honour by direction to transmit herewith a Return to an Address of the House of Commons of Canada, so far as the Department of Agriculture is concerned, showing a copy of all memoranda, etc., between the Government of Canada or any members thereof, since January 1, 1922, re St. Lawrence Waterway Route, and have to request that you will be good enough to cause the same to be forwarded to the proper officer for submission to the House.

Reference No. 46 is returned herewith.

I have the honour to be, Sir,

Your obedient servant,

A. L. JARVIS.

*Assistant Deputy Minister and Secretary*

The Under-Secretary of State,  
Ottawa

OTTAWA, March 20, 1924.

J. E. H. LAIDLAW, ESQ.,  
Secretary-Treasurer.

Rural Municipality of Swift Current No. 137,  
Swift Current, Sask.

DEAR MR. LAIDLAW,—I am in receipt of your favour of the 14th March, together with copy of a resolution unanimously adopted by the Rural Municipality of Swift Current, urging the deepening of the canals of the St. Lawrence to permit access of ocean ships to the head of the Lakes.

In reply, Mr. Laidlaw, I think I cannot do better than attach hereto copy of the Speech from the Throne, which was delivered by the Governor General on the opening day of the Session and which contains the Government's programme for this Session. You will, I know, be interested to find that one paragraph deals with the subject you mention.

Thanking you for your representations, I am,

Yours very truly.

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## RURAL MUNICIPALITY OF SWIFT CURRENT No. 137

SWIFT CURRENT, SASK., March 14, 1924.

Hon. W. R. MOTHERWELL,  
Minister of Agriculture,  
Ottawa, Canada.

HON. AND DEAR SIR,—Enclosed herewith please find copy of a resolution unanimously adopted by our council board at a regular meeting on Saturday, March 1.

Believing that nothing which can be devised will effect such a comprehensive solution to the grievous transportation problems confronting Western Canada as the deepening of the canals of the St. Lawrence to permit access of ocean ships to the head of the Lakes, we trust you will give this resolution your very best practical consideration.

Yours very truly,

(Sgd.) J. E. H. LAIDLAW,  
Secretary-Treasurer.

## ST. LAWRENCE DEEP WATERWAY IMPROVEMENT

*Resolution Adopted by the Rural Municipality of Swift Current No. 137 in Regular Council Meeting at Swift Current, Sask., on Saturday, March 1, 1924.*

Whereas the Council of the Rural Municipality of Swift Current No. 137 is cognizant of the fact that excessive transportation costs are one of the factors contributing most seriously to the economic problems which affect the farmers of Western Canada:

Whereas excessive charges which prevail in connection with the lake and rail haul of grain and other exportable products from Port Arthur to the seaboard constitute a very heavy setback on the net price received by the farmer for these products:

Whereas the proposed deepening of the St. Lawrence canals for power and navigation purposes will reduce these lake and rail rates from approximately 13 cents per bushel on wheat to 4 or 5 cents a bushel from Port Arthur to Montreal, thus making a saving of 8 or 9 cents a bushel on freight charges:

Whereas the development of these deepened canals is proposed in a section of the St. Lawrence river that is owned equally between Canada and the United States, with costs to be shared according to the benefits to be derived by each country:

Whereas the development of hydro-electric power in this international section will produce a revenue that will take care of the amortized bonds for the whole undertaking, making the project self-financing and self-supporting, without the necessity of special taxation upon the people.

Therefore be it hereby resolved that this Rural Municipality of Swift Current No. 137 request that the Government of Canada act in conjunction with the Government of the United States for the purpose of going ahead at the earliest possible moment with the deepening of the St. Lawrence canals in the international section between lake Ontario and Montreal, to a depth of 25 feet instead of the present depth of 14 feet, in order that the large lake freighters may have free access from the head of the lakes to Montreal, and that ocean tramp steamers may be permitted an open seaway through to the head of the lakes, thus carrying our grain and other exportable products at a minimum lake freight charge from the ports of Port Arthur and Fort William to the markets of the world;

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And that copies of this resolution be sent to Premier King at Ottawa, and all the Dominion Cabinet Ministers, to our constituency member of the Dominion House, and to the Premiers of the provinces of Manitoba, Saskatchewan, Alberta, Ontario and Quebec.

Dated at Swift Current, Sask., this 1st day of March, 1924.

Resolution unanimously adopted.

(Sgd.) J. E. H. LAIDLAW,  
Secretary-Treasurer,

R. M. of Swift Current, No. 137.

Copy

OTTAWA, March 1, 1924.

Wm. McINNIS, Esq.,  
2236 Smith Street,  
Regina, Sask.

Dear Mr. McINNIS.—Your favour of the 25th inst., with respect to Deep Waterways, came to hand yesterday, and I think the best reply I can send you is to attach hereto copy of Votes and Proceedings, No. 1, of the House of Commons, in which you will find the Speech from the Throne, which has special reference to the matter about which you write me.

I am, yours very truly,

Encl.

2236 SMITH STREET, REGINA, SASK., February 25, 1924

Honourable W. R. MOTHERWELL,  
Parliament Buildings,  
Ottawa, Canada.

*Re Deep Waterways*

SIR:

No doubt you are well acquainted with all the facts in connection with this enterprise. There is only one solution to freight rates, and I think the waterways is it, and in the coming session I think a man in your position has a great opportunity to help Western Canada out of a lot of the difficulties which farmers are up against at the present time. The Hudson Bay Route has been in the air for so long, that I think it amounts to nothing, and never will and I do hope that you will see your way clear to not leave a stone unturned to try to get this waterways deal through this session, especially while the United States are willing to do so much towards the financing of the whole deal.

Yours sincerely,

(Sgd.) Wm. McINNIS.

*Copy of Resolution Adopted at the Annual Meeting of the Associated Boards of Trade of Saskatchewan at Moose Jaw, Sask., February 27, 1924.*

#### ST. LAWRENCE DEEP WATERWAY IMPROVEMENT

Whereas substantial reductions in transportation rates on grain, cattle and other exportable products of Western Canada will reasonably ensue from the completion of the St. Lawrence Deep Waterway Improvement, whereby the large lake freighters will have through navigation to Montreal, and ocean tramp



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steamers an open seaway to the Head of the Great Lakes, thus eliminating costly transfers and rail haul between Buffalo and New York and between Georgian Bay ports and Montreal:

And whereas these reductions, together with lower freight charges on incoming commodities from Eastern ports and overseas will unquestionably promote most effectively the permanent growth and development of Western Canada:

And whereas the deepening of the canals between Lake Ontario and Montreal is proposed in a section of the St. Lawrence river that is international waters, owned equally between Canada and the United States, with costs to be shared according to the benefits derived by each country:

And whereas, according to a memorandum in possession of the Dominion Government, the development of hydro-electric energy in this international section will provide a revenue that will pay the total cost of the undertaking, without imposing a cent of added taxation upon either country, and without increasing the burden of Canada's national debt:

Therefore, be it resolved that this annual meeting of the Saskatchewan Associated Boards of Trade assembled at Moose Jaw, Sask., this 27th day of February, 1924, does hereby approve and endorse the action of the Dominion Government in conferring with the Government of the United States in a proposal to obtain fullest technical and economic details concerning the Deep Waterway project, and that we respectfully request our Government to consummate present negotiations without unnecessary delay.

OTTAWA, February 25, 1924.

Chas. THORESON, Esq.,

Secretary-Treasurer, Board of Trade,  
Swift Current, Sask.

Dear Mr. THORESON,—Mr. Motherwell has asked me to acknowledge and thank you for your favour of the 20th instant together with resolution respecting the Deep Waterways, which was unanimously passed by your Board at a general meeting on February 12th.

Your very truly,

*Private Secretary.*

#### THE SWIFT CURRENT BOARD OF TRADE

SWIFT CURRENT, SASK., February 20, 1924.

Honourable W. R. MOTHERWELL,  
Parliament Buildings,  
Ottawa, Canada.

Hon. and DEAR SIR,—Upon instructions of the Swift Current Board of Trade Executive Council, I enclose herewith for your information and consideration copy of a resolution respecting the Deep Waterways, which was unanimously passed at a general meeting of the Board of Trade on February 12th, 1924.

Yours truly,

(Sgd.) Chas. THORESON,  
*Secretary-Treasurer.*

SESSIONAL PAPER No. 101d

THE SWIFT CURRENT BOARD OF TRADE, SWIFT CURRENT, SASK., CANADA

*Resolution unanimously adopted by Swift Current Board of Trade, Tuesday evening, February 12, 1924.*

Moved by R. T. Graham, seconded by A. E. Longmore:

Whereas excessive charges which prevail in connection with the lake and rail haul of grain and other exportable products of the prairie provinces from Port Arthur to seaboard constitutes a very heavy financial setback on the net price received by the farmer for these products;

And whereas the proposed deepening of the St. Lawrence canals for power and navigation purposes will reduce these lake and rail rates from approximately 13 cents per bushel on wheat to 4 or 5 cents a bushel, Port Arthur to Montreal, thus making a saving of 8 or 9 cents a bushel on wheat carried to Montreal by the large freighters; and a further reduction of from 1 to 3 cents where tramp steamers can carry our grain direct from the head of the lakes to Liverpool without any transfer whatsoever;

And whereas the development of these deepened canals is proposed in a section of the St. Lawrence river that is international waters, owned equally between Canada and the United States, with costs to be shared according to the benefit to be derived by each country;

And whereas the development of power in this international section will produce a revenue that will pay for the whole cost of the undertaking, thus making the project self-financing and self-supporting, without imposing a cent of added taxation upon either country, and without increasing the burden of Canada's national debt;

And whereas the deepened St. Lawrence, besides providing unquestionable great savings on transportation rates for exportable products and incoming commodities, will also be a great stimulus to the more intensive development of the agricultural West, and provide an outstanding incentive for attracting new immigration;

Therefore be it resolved, that the Swift Current Board of Trade does hereby approve and endorse the action of the Dominion Government in conferring with the government of the United States in an effort to obtain further technical details concerning the St. Lawrence project. And that we hereby respectfully request that the Dominion Government will proceed with all the haste possible to consummate present investigations in order that a satisfactory treaty between the two countries may be arrived at, and work upon the project actually begun at the earliest possible moment with a view to its speedy completion in the economic interest of the Dominion of Canada at large;

And that copies of this resolution be sent to Hon. W. L. Mackenzie King, Prime Minister, the various Cabinet Ministers at Ottawa, to our constituency member of the Dominion House; also that copies be sent to the various Boards of Trade of Saskatchewan, Manitoba and Alberta, and to the associated Boards of Saskatchewan, asking their endorsement of this resolution.

W. W. COOPER, *President.*

CHAS. THORESON, *Secretary.*

SWIFT CURRENT, SASK., February 21, 1924.

OTTAWA, April 28, 1924.

SIR,—I have the honour to enclose herewith the information in the Department of the Interior asked for in the Address of the House of Commons dated 24 25 March, 1924, your Reference No. 46, moved by Mr. Archambault showing: -

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"A copy of all memoranda, correspondence, telegrams and other documents, exchanged between the Government of Canada or any of its members and other Governments, corporations or individuals since the 1st of January, 1922, relating to the St. Lawrence Waterway Route, and the establishment of dams, on the St. Lawrence River, for the development of certain water-powers."

I have the honour to be,

Sir,

Your obedient servant,

W. W. CORY.

*Deputy Minister.*

THOMAS MULVEY, Esq., B.A., K.C.,  
Under-Secretary of State,  
Ottawa.

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A. G. CHISHOLM, K.C.,  
Barrister, etc.

CANADIAN BANK OF COMMERCE CHAMBERS,  
CORNER DUNDAS AND RICHMOND STREET,  
LONDON, CANADA, December 18, 1923.

Right Hon. W. L. MACKENZIE KING, P.C.,  
Prime Minister,  
Ottawa, Ont.

DEAR SIR,—For some months past I have been gathering all the data connected with or bearing on the so called Great Waterways scheme for the improvement of the St. Lawrence canal system, that my reading has led me to, and one conclusion reached, is that there is a very highly organized system of propaganda being conducted in the endeavour to force the hand of the Canadian Government, to enter into negotiations with the United States on this subject. This may not be altogether apparent to a casual observer at the present time, but I will be greatly surprised if some development does not take place within the next three months. In my view, it is the most important question, I make no exception, any Canadian Government has had to consider since Confederation.

My study of this subject has not been along the line of whether or not the navigation project is economically feasible or could be made a commercial success, though I have read enough to convince me it cannot; but rather what would be the effect on the political future of the country, of surrendering to International control, Canada's chief outlet to the Sea. My conclusion is it would mean a "complete sacrifice of Canadian autonomy," and is fraught with the direst possibilities for continued Canadian independence.

I have also concluded, that as it is apparent what would be the logical result of the scheme, if carried out, it is not a question on which Canadians can consent to any negotiation. A conference to negotiate a treaty, which failed of result, would undoubtedly provoke an acrimonious feeling in the United States, more particularly in the Middle West, and once aroused in an emotional people like the Americans, one cannot foretell the end. Later American Writers concede it was the West which drove the American government to war in 1912.

My own opinion is, that the only safe reply a Canadian government can make to any overtures on this subject is, that our policy for many years has been to construct and maintain an independent Canadian outlet to the sea, and that this cannot now be altered. If the American Government desires a waterway, let them construct a canal on their own side, the same as we have with the Welland, or at the Sault. It may be remembered, the latter while long contemplated, was actually begun and rushed to completion because of Cleveland's attempt to withdraw the Bonding privilege, and this threat was made because Canada would not surrender to the Americans on the Fisheries question, and the whole Fisheries embroglio which lasted for nearly one hundred years, arose through the complacent attitude of Lord Bathurst to American pretensions in 1915, and so on and so on, in an endless chain.

I could write pages in justification of these conclusions, and I think demonstrate the correctness of the views I express, and I hope to make some use of the information I have acquired to influence public opinion, for I believe at present there is little real knowledge of the matter and its possibilities, but I cannot refrain from now forwarding you these remarks, even if only to show appreciation of what is the very serious and vital question, your Government will undoubtedly have to decide upon in the near future, and my conviction of how the whole scheme of Canadian independence is inseparably linked, with our unfettered control of a St. Lawrence route to the Sea.

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In expressing the above views, I may strike a discordant note, but I run that risk for, above all things I am a Canadian and have the most profound conviction of the peril to be here avoided. I am sure then under the circumstances, you will find some excuse for my addressing you on the subject. With cordial assurances of my esteem, believe me to be,

Very sincerely yours,  
(Sgd.) ANDREW GORDON CHISHOLM.

## ONTARIO

OFFICE OF THE PARLIAMENTARY UNDER SECRETARY,  
DEPARTMENT OF LANDS AND FORESTS AND DEPARTMENT OF MINES.

The Right Honourable Mr. KING,  
Prime Minister of Canada,  
Ottawa, Ontario.

Dear Mr. KING,—In the first place, in accordance with the season, let me wish you a pleasant Christmas and a Happy New Year.

In the next place, you will recall, at the deputation when we were before you and on one or two other occasions, the suggestion that the United States should again communicate and reopen the negotiations respecting the St. Lawrence.

It was difficult to get this done. The former President felt that the answer he received through his Secretary of State was the quietus.

The new President, however, has acted and communicated with your Government.

Simply as one who thinks he understands this question and thinks that it is the question that carries more benefit to Canada than any other public question, may I urge that as far as possible you meet the United States in their present request?

May I point out to you, as suggested at the time when you did me the honor of dining with me in my house at Ottawa, that this is one of the quick ways to settle the diversion of waters by the Chicago drainage canal? The City of Chicago is quite desirous of seeing the St. Lawrence consummated, and once the United States and Canada are associated on the problem they will not be interested in interfering with their new outlet to the sea through our territories, and this would make a clean up of what otherwise is a disagreeable situation.

Then again, Ontario is faced with a shortage of power and she can only get that from the International section in which she is interested.

All these things combined, together with the high price that is charged up eventually to the Western producer because the big upper lake carrier cannot go on to Montreal or any other St. Lawrence River ports, makes me believe that your Government will realize the wisdom, in the interests of Canada, of taking up this problem.

The West is now beginning to realize that they are paying more in this extra freight annually than the whole of Canada would have to pay for the sinking fund and interest and operating expenses for its share in the proposed development, and this, supposing that there is no revenue whatever from power produced.

You will remember that it was suggested that the United States should pay one-half the cost of the work and also one-half the cost of the Welland. When this is figured out and then the interest and sinking fund computed, even



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without any power revenue to liquidate what Canada's remaining portion would be, the amount is much less than the West annually loses in the unnecessary water rate.

I do sincerely trust, now that the United States has approached your Government again, that you will meet them half way.

Yours very truly,

(Sgd.) FRANK H. KEEFER.

OTTAWA, January 9, 1924.

Dear Mr. KEEFER,—I have been asked to acknowledge your letter of December 20th, addressed to the Prime Minister, regarding the "St. Lawrence to the Sea" navigation and power project.

I am looking forward to an opportunity of discussing this matter with you.

Yours faithfully,

(Sgd.) CHAS. STEWART.

FRANK H. KEEFER, Esq., K.C., M.P.P.,

Parliamentary Secretary,

Department of Lands and Forests,

Toronto, Ont.

#### DOMINION MARINE ASSOCIATION

The Rt. Hon. W. L. MACKENZIE KING, C.M.G., etc.,

Prime Minister of Canada,

Ottawa, Ontario.

SIR,—I beg to submit herewith a copy of a resolution adopted by the Dominion Marine Association in Annual General Meeting at Ottawa on the 17th instant, referring to the proposal of the Government of the Province of Ontario for the development of power near Morrisburg in the St. Lawrence River. I am directed to commend this resolution to your serious consideration.

I have the honour to be, sir,

Your obedient servant,

(Sgd.) FRANCIS KING.

RESOLUTION ADOPTED BY THE DOMINION MARINE ASSOCIATION IN ANNUAL  
GENERAL MEETING AT OTTAWA ON JANUARY 17, 1924

*Resolved:*

That the Dominion Marine Association disapproves of the proposal made through the Hydro-Electric Commission of the Province of Ontario for the immediate development of power in the vicinity of Morrisburg on the St. Lawrence River in so far as the proposal in any way (a) contemplates any reversal of the order of priority between navigation and power fixed by the Treaty of 1909 as the order to be observed in the use of boundary waters; (b) permits in the slightest any surrender by the Dominion of the complete control of the river necessary for the purpose of improving and protecting navigation, or subjects the existing control to the dominance of any parties primarily interested in the development of power; (c) or includes a power

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development scheme which does not form a proper part of a well considered and fully approved plan for the development of the whole river as a unit, primarily to improve navigation and incidentally to develop power.

That the Association will be pleased to see the demand for more electrical power in Ontario satisfied as soon as possible, so long as navigation interests remain in every way paramount and under the exclusive and unfettered control of federal authorities, and so long as any work undertaken forms a proper part of the general plan for development of the whole river above mentioned.

And that copies of this resolution be forwarded to the Rt. Hon. the Prime Minister, and to the Hon. the Ministers of Railways and Canals, Marine and Fisheries and Public Works.

### KINGSTON BOARD OF TRADE

KINGSTON, CANADA, January 22, 1924.

Honourable CHAS. STEWART,  
Minister of the Interior,  
Ottawa, Ontario.

Dear Mr. STEWART,—I enclose herewith copy of resolution passed at the Annual Meeting of the Dominion Marine Association which explains itself.

The general impression among marine men is that as far as the development at Morrisburg is concerned it conflicts very seriously with the scheme laid down by the engineers of your Government and the engineers of the International Joint Commission, and while it may temporarily act as a supply of power that when the development is continued at Long Sault the proposed dam and power development will either have to be flooded out and made useless for power purposes or else if continued, navigation will be seriously interfered with between Morrisburg and Cornwall and the power development above Cornwall will be useless in the winter time.

There is ample power available on the Ottawa River to take care of the demand in Eastern Ontario until the St. Lawrence scheme can be carried on as a completed whole. Some years ago the Hydro-Electric Commission expropriated the water power at Chate Falls which they now own and which they have never attempted to develop and which is capable of supplying Eastern Ontario for the next ten years. As far as Toronto is concerned their proper source of power is Niagara Falls and I have no doubt that when the demand for power becomes insistent the Federal Governments will grant the power companies the right to use more water.

I am satisfied that the engineers of the Hydro-Electric Commission know that they are absolutely wrong and they do not expect that the scheme will ever be put through.

Yours very truly,  
(Sgd.) J. M. CAMPBELL.

#### RESOLUTION ADOPTED BY

THE DOMINION MARINE ASSOCIATION IN ANNUAL GENERAL  
MEETING AT OTTAWA ON JANUARY 17, 1924.

#### *Resolved:*

That the Dominion Marine Association disapproves of the proposal made through the Hydro-Electric Commission of the Province of Ontario for the immediate development of power in the vicinity of Morrisburg on the St. Lawrence River in so far as the proposal in any way (a) contemplates any

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reversal of the order of priority between navigation and power fixed by the Treaty of 1909 as the order to be observed in the use of boundary waters; (b) permits in the slightest any surrender by the Dominion of the complete control of the river necessary for the purpose of improving and protecting navigation, or subjects the existing control to the dominence of any parties primarily interested in the development of power; (c) or includes a power development scheme which does not form a proper part of a well considered and fully approved plan for the development of the whole river as a unit, primarily to improve navigation and incidentally to develop power.

That the Association will be pleased to see the demand for more electrical power in Ontario satisfied as soon as possible, so long as navigation interests remain in every way paramount and under the exclusive and unfettered control of federal authorities, and so long as any work undertaken forms a proper part of the general plan for development of the whole river above mentioned.

And that copies of this resolution be forwarded to the Rt. Hon. the Prime Minister, and to the Hon. the Ministers of Railways and Canals, Marine and Fisheries, and Public Works.

OTTAWA, ONTARIO,

February 18, 1924.

DEAR MR. CAMPBELL,—I beg to acknowledge the receipt of your letter of the 22nd ultimo, enclosing a copy of a resolution passed at the Annual Meeting of the Dominion Marine Association relative to the proposed scheme of development of the St. Lawrence River at Morrisburg.

Since the date of the above resolution, there has been made public the contents of a despatch from the Government of Canada to the Government of the United States wherein the question is raised of appointing an enlarged board to make a detailed study of the engineering and economic phases of the St. Lawrence River Scheme.

In any action which may be taken you may rest assured that navigation interests will be fully protected.

Yours Faithfully,

(Sgd.) CHAS. STEWART.

J. M. CAMPBELL, ESQ.,

c/o the Kingston Board of Trade,  
Kingston, Ontario.

TOWN OF CORNWALL

January 26, 1924.

The Honourable W. L. MACKENZIE KING,  
Ottawa, Ontario.

HONOURABLE SIR,—I take the liberty of writing you to express my personal views upon the much talked of St. Lawrence development.

I am opposed to any development whatsoever that does not include the question of navigation as well as power. I was one of a delegation that waited upon you in either January or February 1923 to ask your government to again open up negotiations with the United States government upon the plan recommended by the Joint International Waterways Commission.

This plan as you are aware, Sir, is for a dam at the Longue Sault and an International Power House at the foot of Barnhart's Island and is capable of

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developing four times the amount of H.P. as compared with Morrisburg at the same time the question of navigation is also part and partial of development.

At Morrisburg I believe a head of 42 feet is available whereas at the Longue Sault upwards of 70 feet can be developed.

I feel that I am voicing the sentiments of most of the citizens of Cornwall when I say they are opposed to the plan as suggested at Morrisburg.

I was not one of the recent delegation that waited upon you last week from Ontario or did I receive an invitation to attend.

My attendance in January, 1923, before you expressed my views on this most important question.

As one of a family who have been fighting for Liberalism in this County for upwards of fifty years I beg to express to you my personal view that Sir Adam Beck's Morrisburg Hydro Development is in part political and with the idea of endeavouring to embarrass the Liberal Government of which you have the honour to be Leader.

I am, yours sincerely,

(Sgd.) HARRY W. SNETSINGER,

*Mayor.*

#### ST. LAWRENCE DEEP WATERWAYS ASSOCIATION OF WESTERN CANADA

SWIFT CURRENT, SASK., January 29, 1924.

Hon W. L. MACKENZIE KING,

Premier, Dominion of Canada,  
Ottawa, Ontario.

HON. AND DEAR SIR.—Acting under instructions from the President and Directors of the St. Lawrence Deep Waterways Association of Western Canada, I am enclosing a copy of a resolution unanimously passed at an executive meet- of the above association held on Friday, January 25, 1924, with the earnest prayer that you and your Cabinet give the text matter of this resolution your very earnest consideration.

After careful and exhaustive investigation, it is the firm conviction of this association that nothing is more vital to the economic destiny of Western Canada than our farmers be given the advantages in transportation that unquestionably will ensue with the deepening of the Canals of the St. Lawrence so as to bring tidewater to the Head of the Lakes, and the Liverpool market 1,500 miles financially closer to the heart of the prairies.

I have the honour to be,

Sir,

Yours very truly,

A. S. BENNETT,

*Executive Director.*

#### RESOLUTION FROM THE ST. LAWRENCE DEEP WATERWAY ASSOCIATION OF WESTERN CANADA

Whereas it has come to the attention of the executive council of the St. Lawrence Deep Waterway Association of Western Canada that strong pressure is being brought to bear upon the Dominion Government, by the Province of Ontario and the Ontario Hydro-Electric Commission, for the development of power in the international section of the St. Lawrence river without provision for simultaneously proceeding with navigation development in these waters,

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heretofore so urgently advocated in many quarters of Eastern Canada and now being vigorously advocated in Western Canada with a strong and rapidly growing conviction in favour of the project:

And whereas the deepening of the canals of the St. Lawrence sufficient to permit passage of large lake freighters through to Montreal, and give ocean tramp steamers of 8,000 tons capacity an unimpeded seaway to the head of the Lakes, and according to statistics from exhaustive investigations made by this Association, reduce by at least 7 or 8 cents a bushel the freight costs to the farmers of Western Canada for delivering their wheat at seaboard;

And whereas the deepened canals will readily facilitate the handling of much larger quantities of grain at the lake head during the rush period in the Fall, thus enabling more favourable competition with other countries where crops mature later;

And whereas the deepened canals of the St. Lawrence will enable Western Canada to benefit largely in the more direct and cheaper shipment of other exportable products, such as cattle, dairy products, fruits, potatoes, etc.;

And whereas these transportation savings on exportable products, as well as the not inconsiderable reduction of rates on incoming commodities from Eastern Canada and overseas countries, and bring a direct benefit to the farmers of the prairie provinces of \$50,000,000 per annum, at a low estimate;

And whereas the benefits that will accrue to the agricultural industry of Western Canada through a deepened St. Lawrence will encourage settlers now in the country to remain on their farms and proceed with more intensive development of their lands, also attract and retain new agricultural immigrants and tend to a speedy reduction of the taxation load and deficits on the national railways, thus, in our opinion, making the improved St. Lawrence Waterway the crucial economic question of a domestic nature before the Dominion of Canada to-day:

And whereas the economic problems of Western Canada are of vital concern to the whole of the Dominion, and the solution thereof is of national and not sectional importance;

Therefore be it resolved, that the St. Lawrence Deep Waterways Association of Western Canada vigorously protest against any action upon the part of the Government of the Dominion of Canada that will acquiesce in, or assist to finance, any proposals for the development of power in the international section of the St. Lawrence river unless the most adequate development for improved navigation, as set forth in the preamble hereof, be proceeded with at one and the same time;

And it is Further resolved, that this association urge upon the Dominion Government conferring with the Government of the United States at the earliest possible date with a view to immediately proceeding with the work of deepening the canals of the St. Lawrence in the section referred to for increased navigation and power development, in the interests of the Dominion at large;

And that copies of this resolution be forwarded to the Hon. W. L. Mackenzie King, Premier, and members of his Cabinet at Ottawa, also members of the Senate and members of the Dominion Parliament at large, as well as to such other persons of official or private capacity as may be deemed advisable in the judgment of this executive.

Dated at Swift Current, Sask., this 25th day of January, 1924.

(Sgd.) W. W. COOPER,

*President.*

A. S. BENNETT,

*Executive Director and Secretary.*



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## RURAL MUNICIPALITY OF SASKATCHEWAN LANDING, No. 167.

STEWART VALLEY, February 11, 1924.

Hon. W. L. MACKENZIE KING,  
Premier, Dominion of Canada,  
Ottawa, Ontario.

HON AND DEAR SIR,—I take great pleasure in enclosing for your consideration and action copy of a resolution which was unanimously adopted at a regular meeting of the council board of the above rural municipality, held at Leinman, Saskatchewan, on the 4th day of February, 1924.

Yours very truly,  
(Sgd.) P. S. CAMPBELL,  
*Secretary-Treasurer, Atlas P.O.*

## MUNICIPALITY OF SASKATCHEWAN LANDING, No. 167

STEWART VALLEY, SASKATCHEWAN, February 11, 1924.

Minister of Interior,  
House of Commons,  
Ottawa, Canada.

HON. AND DEAR SIR,—I take great pleasure in enclosing for your consideration and action copy of a resolution which was unanimously adopted at the regular meeting of the council board of the above rural municipality, held at Leinman, Saskatchewan, on the 4th day of February, 1924.

Yours very truly,  
(Sgd.) P. S. CAMPBELL,  
*Secretary-Treasurer, Atlas P.O.*

## RESOLUTION FROM THE RURAL MUNICIPALITY OF SASKATCHEWAN LANDING No. 167

Moved by John T. Stewart, seconded by George G. Smith:

Whereas the Council of the Rural Municipality of Saskatchewan Landing No. 167 is cognizant of the fact that excessive transportation costs are one of the factors contributing most seriously to the economic problems which affect the farmers of Western Canada;

And whereas excessive charges which prevail in connection with the lake and rail haul of grain and other exportable products from Port Arthur to the seaboard constitute a very heavy setback on the net price received by the farmer for these products;

And whereas the proposed deepening of the St. Lawrence canals for power and navigation purposes will reduce these lake and rail rates from approximately 13 cents per bushel on wheat to 4 or 5 cents a bushel from Port Arthur to Montreal, thus making a saving of 8 or 9 cents a bushel on freight charges;

And whereas the development of these deepened canals is proposed in a section of the St. Lawrence river that is owned equally between Canada and the United States, with costs to be shared according to the benefits to be derived by each country.

And whereas the development of power in this international section will produce a revenue that will take care of the amortized bonds for the whole undertaking, making the project self-financing and self-supporting, without the necessity of added taxation upon the people.

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And whereas it is authoritatively stated that the United States is now seeking a conference with the Government of Canada for the purpose of entering into a definite treaty for the immediate prosecution of this work;

Therefore be it hereby resolved that this Rural Municipality of Saskatchewan Landing No. 167 request that the Government of Canada acquiesce in the request for a conference with the Government of the United States for the purpose of going ahead at the earliest possible moment with the deepening of the St. Lawrence Canals in the international section between Lake Ontario and Montreal, to a depth of 25 feet instead of the present depth of 14 feet, in order that the large lake freighters may have free access from the head of the lakes to Montreal, and that ocean tramp steamers may be permitted an open seaway through to the head of the lakes, thus carrying our grain and other exportable products at a minimum lake freight charge from the ports of Port Arthur and Fort William to the markets of the world;

And further, that this Council protest most vigorously against any action on the part of the Dominion Government whereby the requests of certain interests in Ontario for the development of the power end of the project being gone ahead with immediately, and that the navigation improvements be done later by the Dominion Government at the entire expense of the Government; but rather that the navigation and power improvement be undertaken simultaneously and at the earliest possible date;

And that copies of this resolution be sent to Premier King at Ottawa, and all the Dominion Cabinet Ministers, to our constituency member of the Dominion House, and to the Premiers of the provinces of Manitoba, Saskatchewan, Alberta, Ontario and Quebec.

Dated at Leinan, Sask., this 4th day of February, 1924.

Resolution unanimously adopted.

(Signed) P. S. CAMPBELL,

*Secretary-Treasurer,*

*R. M. Saskatchewan Landing No. 167.*

OTTAWA, ONTARIO,

February 18, 1924.

Dear Mr. CAMPBELL,—I beg to acknowledge the receipt of your letter of the 11th instant, enclosing copy of a resolution unanimously adopted at the regular meeting of your Council Board held at Leinan, Sask., on the 4th February, 1924, requesting the Government to confer with the Government of the United States for the purpose of going ahead at the earliest possible moment with the deepening of the St. Lawrence canals in the international section between Lake Ontario and Montreal.

Yours faithfully,

(Sgd.) CHAS. STEWART.

P. S. CAMPBELL, Esq.,

Secretary-Treasurer,

Rural Municipality of Saskatchewan, Landing No. 167,

Atlas P.O., Saskatchewan.

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THE ONTARIO ASSOCIATED BOARDS OF TRADE AND  
CHAMBERS OF COMMERCE

TORONTO, February 12 1924

The Rt. Honourable W. L. MACKENZIE KING,  
Prime Minister of Canada,  
Ottawa, Ont.

DEAR SIR,—I am instructed to enclose a copy of a Resolution adopted at the recent Annual Meeting of The Ontario Associated Boards of Trade and Chambers of Commerce on the subject of the Conservation of the Great Lakes.

I am also forwarding copy of the Resolution to the Honourable Minister of Marine and Fisheries.

Yours very truly,  
(Sgd.) T. MARSHALL

THE ONTARIO ASSOCIATED BOARDS OF TRADE AND CHAMBERS OF COMMERCE

*Conservation of Great Lakes*

Whereas the lowering of the Great Lakes levels may threaten transportation by water, and the costs of deepening harbours and connecting rivers thereby be steadily increased, and whereas the maintenance of the Great Lakes Levels is vital to such water transportation, generation of hydro-electric power, development of the Great Lakes-St. Lawrence River waterway to tide-water, extension of the fishing industry and the profit and pleasure of our citizens generally; therefore be it resolved that the Dominion and Provincial Governments be urged to take immediate action:

First, to determine the actual cause of any lowering of Great Lakes Levels; and second, (a) To devise ways and means to prevent any further lowering, and (b) To restore the Lakes to their former levels.

Adopted at the Annual Meeting of the Ontario Associated Boards of Trade and Chambers of Commerce held at Hamilton, Ontario, November 15-16, 1923.

(Sgd.) T. MARSHALL,  
*Secretary-Treasurer*

THE ONTARIO ASSOCIATED BOARDS OF TRADE AND CHAMBERS OF  
COMMERCE

TORONTO, February 12, 1924.

The Rt. Honourable W. L. MACKENZIE KING,  
Prime Minister of Canada,  
Ottawa, Ont.

Dear SIR,—I am instructed to enclose a copy of a Resolution adopted at the recent Annual Meeting of the Ontario Associated Boards of Trade and Chambers of Commerce and re-confirmed by the Executive Council at meeting of February 8, 1924, on the subject of the Development of the St. Lawrence River.

The Executive Committee respectfully commends the Government's recent action in this connection, as reported in the press, and would urge that further steps be taken, as conditions warrant, as will result in the early consummation of this important international project.

I am also forwarding copy of this Resolution to the Honourable Minister of Marine and Fisheries.

Yours very truly,  
(Sgd.) T. MARSHALL,  
*Secretary Treasurer.*

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"Whereas in the opinion of the Ontario Associated Boards of Trade and Chambers of Commerce transportation facilities are of the first importance to the people of this Province, and in order that the fullest development of our resources be encouraged, it is desirable that our products should reach the markets of the world at the least expense and with the utmost despatch;

And Whereas this Association is further of the opinion that deepening the water channel from Lake Ontario to Montreal should be such as will accommodate ocean going vessels that will secure the cheap and rapid conveyance of goods to the world's markets;

Therefore be it Resolved that the Ontario Associated Boards of Trade and Chambers of Commerce strongly recommend the deepening of the St. Lawrence to a depth of thirty feet, and that the project should be undertaken at the earliest date practicable, and pushed forward to completion with the greatest possible expedition;

And be it further Resolved that to obtain the desired development referred to, the Hydro Electric Power available through the improvement of the waterway be utilized to the fullest extent."

Adopted at Annual Meeting, Ontario Boards of Trade and Chambers of Commerce, Sept. 21-22, 1922, and re-affirmed at meeting, Executive Council, Ontario Boards of Trade and Chambers of Commerce, February 8th, 1924.

(Sgd.) T. MARSHALL,  
*Secretary-Treasurer.*

COUNCIL CHAMBER, February 18, 1924.

Moved by Ald. W. V. Oglesby, seconded by Ald. McKenzie:

Whereas the proposed deepening of the St. Lawrence waterway between Lake Ontario and Montreal, for navigation and power purposes, if consummated, will reduce the cost of haulage and therefore constitute a desirable, permanent improvement.

And Whereas it is claimed that the development of power in this international section will produce a revenue that will take care of the amortized bonds for the whole undertaking, making the project self-financing and self-supporting, without the necessity of added taxation upon the people.

Therefore the Council of the City of Brandon, in Council assembled, hereby memorializes the Government of the Dominion of Canada to assent to a conference with the Government of the United States of America, for the consideration of the proposed project, with a view to thoroughly investigating the merits and demerits thereof, and the early consummation as an international project should it, after such investigation, promise to be a desirable venture.

Carried.

H. CATER.

OTTAWA, ONTARIO, March 7, 1924.

Dear Mr. BENNETT.—I beg to acknowledge the receipt of your letter, addressed to the Minister of Agriculture, in which you stress the importance to the Prairie Provinces of the early completion of the St. Lawrence deep waterway project, and wish to thank you for the trouble which you have taken in placing your views so adequately before the Administration.

Permit me to assure you that the subject is receiving attentive consideration.

Yours faithfully,  
(Sgd.) CHAS. STEWART.

A. S. BENNETT, Esq.,  
Swift Current,  
Saskatchewan.

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## THE SWIFT CURRENT BOARD OF TRADE

SWIFT CURRENT, SASKATCHEWAN, CANADA,

February 20, 1924.

Minister of the Interior,  
House of Commons,  
Ottawa, Canada.

Hon. and Dear Sir,—Upon instructions of the Swift Current Board of Trade Executive Council, I enclose herewith for your information and consideration copy of a resolution respecting the Deep Waterways, which was unanimously passed at a general meeting of the Board of Trade on February 12th, 1924.

Yours truly,

CHAS. THORESON,  
*Secretary-Treasurer.*

## THE SWIFT CURRENT BOARD OF TRADE

SWIFT CURRENT, SASKATCHEWAN, CANADA

*Resolution Unanimously Adopted by Swift Current Board of Trade, Tuesday evening, February 12, 1924.*

Moved by R. T. Graham, seconded by A. E. Longmore:

Whereas excessive charges which prevail in connection with the lake and rail haul of grain and other exportable products of the prairie provinces from Port Arthur to seaboard constitutes a very heavy financial setback on the net price received by the farmer for these products;

And whereas the proposed deepening of the St. Lawrence canals for power and navigation purposes will reduce these lake and rail rates from approximately 13 cents per bushel on wheat to 4 or 5 cents a bushel, Port Arthur to Montreal, thus making a saving of 8 or 9 cents a bushel on wheat carried to Montreal by the large lake freighters; and a further reduction of from 1 to 3 cents where tramp steamers can carry our grain direct from the head of the lakes to Liverpool without any transfer whatsoever;

And whereas the development of these deepened canals is proposed in a section of the St. Lawrence river that is international waters, owned equally between Canada and the United States with costs to be shared according to the benefits to be derived by each country;

And whereas the development of power in this international section will produce a revenue that will pay for the whole cost of the undertaking, thus making the project self-financing and self-supporting, without imposing a cent of added taxation upon either country, and without increasing the burden of Canada's national debt;

And whereas the deepened St. Lawrence, besides providing unquestionable great savings on transportation rates for exportable products and incoming commodities, will also be a great stimulus to the more intensive development of the agricultural West, and provide an outstanding incentive for attracting new immigration;

Therefore be it resolved that the Swift Current Board of Trade does hereby approved and endorse the action of the Dominion Government in conferring with the Government of the United States in an effort to obtain further technical details concerning the St. Lawrence project. And that we hereby respectfully request that the Dominion Government will proceed with all the haste possible



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to consummate present investigations in order that a satisfactory treaty between the two countries may be arrived at, and work upon the project actually begun at the earliest possible moment with a view to its speedy completion in the economic interest of the Dominion of Canada at large.

And that copies of this resolution be sent to Hon. W. L. Mackenzie King, Prime Minister, the various Cabinet Ministers at Ottawa, to our constituency member of the Dominion House; also that copies be sent to the various Boards of Trade of Saskatchewan, Manitoba and Alberta, and to the associated Boards of Saskatchewan, asking their endorsement of this resolution.

(Signed) W. W. COOPER, *President*,  
CHAS. THORESON, *Secretary*.

SWIFT CURRENT, SASK., February 12, 1924.

OTTAWA, ONTARIO, February 26, 1924.

Dear Mr. THORESON,—I beg to acknowledge the receipt of your letter of the 20th instant, enclosing copy of a resolution respecting the Deep Waterways, which was unanimously passed at a general meeting of the Swift Current Board of Trade on the 12th instant.

This will have our attentive consideration.

Yours faithfully,

(Sgd.) CHAS. STEWART.

CHAS. THORESON, Esq.,  
Secretary-Treasurer,  
Swift Current Board of Trade,  
Swift Current, Saskatchewan.

#### CANADIAN PACIFIC RAILWAY COMPANY'S TELEGRAM

MONTREAL, February 21, 1924.

Honourable W. L. MACKENZIE KING,  
Prime Minister of Canada, Ottawa.

We understand that Government proposes to appoint Commission to study St. Lawrence problems and export of power. Stop. We urge that before Government makes any commitment that our great interests have opportunity to interview your ministers and explain position of Province of Quebec. Stop. Unless you deal with the entire complicated problem any commitment now may adversely affect the great navigation industrial and power interests of this Province.

H. S. HOLT.

#### CANADIAN NATIONAL TELEGRAPHS

OTTAWA, February 21, 1924.

Sir HERBERT HOLT,  
Royal Bank of Canada,  
Montreal.

Replying your telegram received to-day, the Government has made no commitment respecting the St. Lawrence waterway beyond expressing willingness to have problem studied in all its aspects. Stop. I shall be only too pleased to arrange for representations to be made to such body as may be constituted for the purpose by any interests so desiring. Stop. I would suggest that any request for such an opportunity should be made either through Minister of Interior or Minister of Railways and Canals.

W. L. MACKENZIE KING.

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## CANADIAN DEEP WATERWAYS AND POWER ASSOCIATION

400 CROWN OFFICE BLDG.,

TORONTO, ONTARIO, February 21, 1924.

Rt. Hon. W. L. MACKENZIE KING,  
Prime Minister of Canada,  
Ottawa, Ont.

Dear Sir,—At the Annual Meeting of the Canadian Deep Waterways and Power Association held in the City Hall, Toronto, on Monday last the 18th inst. a Resolution was passed dealing with the proposed deepening of the St. Lawrence Canals and the development of power in the International section of the river and I was instructed to forward copy of Resolution to you and urge that it receive your serious consideration.

Copy of the Resolution is enclosed herewith and expresses the view of delegates from Ontario municipalities from Prescott in the East to Fort William and Port Arthur in the West.

Yours respectfully,

(Sgd.) ALEX. C. LEWIS,  
*Secretary-Treasurer.*

## RESOLUTION

Moved by Alderman W. A. Sommerville, Toronto; seconded by, Controller John Tope, Hamilton:

Whereas the development of the power now wasting on the St. Lawrence River and the construction of a new lock system in that river of the same capacity as the new lock system being constructed in the new Welland Ship Canal are matters of paramount importance to the people of Canada,

And whereas the Government of Ontario is pressing urgently for the authority to develop the power in the International Section of the river and such development without further delay is an urgent need of Ontario,

And whereas the two developments of power and navigation should be carried out co-incidentally,

Now therefore be it resolved that the Canadian Deep Waterways and Power Association strongly urge on the Government of Canada the urgent desirability of immediately proceeding jointly with the United States Government, with a proper scheme of joint development in order to meet transportation needs and also to provide for adequate power facilities.

OFFICE OF  
THE CANADIAN GOVERNMENT TRADE COMMISSIONER  
IN THE UNITED STATES

March 4, 1924.

*St. Lawrence Waterway Project*

SIR,—I am requested to transmit to you the enclosed copy of a Memorial adopted by the Philadelphia Board of Trade and transmitted to the Congress of the United States.

Your obedient servant,

(Sgd.) FREDERIC HUDD,  
*Canadian Government Trade Commissioner.*

The Right Hon. W. L. MACKENZIE KING, P.C., M.P.,  
Prime Minister,  
Ottawa,  
Canada.

Acknowledged by the Prime Minister's Private Secretary and referred to the Minister of the Interior.

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PHILADELPHIA BOARD OF TRADE  
BOURSE BUILDING

*To the Honourable the Senate and House of Representatives in Congress Assembled:*

This Memorial of the Philadelphia Board of Trade respectfully represents:

That the Board, believing the plan of opening up the Lake Ports for ocean-going vessels will prove impractical and such ocean transportation uneconomical feels justified in opposing the enactment as law of H. R. Bill 5635 providing for a deep waterway from the Great Lakes to the Atlantic Ocean;

That the effect of the Bill will definitely commit the United States to the projected improvement of the St. Lawrence, recommended by the International Joint Commission in its report made in 1921;

That a well formed doubt exists as to the wisdom of a great national investment having for its purpose the promotion of direct trade between the Lake Ports and foreign countries and great doubt is entertained whether the volume of such a trade-movement would be sufficient to warrant the proposed outlay;

That until the many projects already authorized for the improvement of the rivers and harbours of the Country are provided for by ample appropriations, no endorsement of one such as that of the St. Lawrence with its enormous costs should be endorsed; therefore

Your Memorialist, the Philadelphia Board of Trade, earnestly protests against the enactment as law of H. R. Bill 5635, to provide for a deep waterway for ocean-going vessels from the Great Lakes to the Atlantic Ocean by way of the St. Lawrence River and the Welland Canal;

And your Memorialist will ever pray.

THE PHILADELPHIA BOARD OF TRADE.

(Sgd.) WM. M. COATES, *President*.

(Seal)

Attest:

(Sgd.) W. R. TUCKER,

*Secretary.*

## THE MONTREAL BOARD OF TRADE

MONTREAL, March 4, 1924

Right Honourable MACKENZIE KING,  
Prime Minister,  
Ottawa.

SIR,—I have the honour by direction of the Council of this Board to inform you that it is unanimous in reaffirming the report of the Council for 1922 (see printed copy appended) with regard to the St. Lawrence Waterway Project, the leading points thereof being as follows:—

That the whole question of cost should be very carefully considered, as at the present time Canada is not in a position to take on a further financial obligation of such tremendous magnitude,—

That it is most unlikely that joint control by Canada and the United States of the extensive system of canals and waterways proposed in this scheme would be possible without leading to many complications between the two countries;—

That while the question of increased electric power to be afforded by the proposed development is a most important one, it would appear

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that this power would be for the most part available in that section of Canada where power is already in excess of the requirements, and that when additional power is needed it could be obtained at a very much lower cost than by said proposed development,—

That, in conclusion, the Council of the Montreal Board of Trade reaffirms its opposition to any serious consideration being given by the Canadian Government to the proposed scheme for deepening the St. Lawrence Waterway and the power development therefrom, until the financial position of Canada has so far improved as to warrant contemplation of such a costly undertaking.

I am to add that the foregoing report was unanimously approved by the general membership of this Board at the annual meeting in January, 1923, also that the Council prays your Government to favourably consider the conclusions of the above report.

I have the honour to be, sir, your obedient servant.

(Sgd.) J. STANLEY COOK,  
*Secretary.*

Acknowledged by the Prime Minister's private secretary and referred to the Minister of the Interior.

## POSTMASTER GENERAL, CANADA

OTTAWA, March 5, 1924.

HON. CHARLES STEWART, M.P.,  
Minister of the Interior,  
Ottawa.

Dear Mr. STEWART:

### *Re International Waterways*

Herewith enclosed, I send you a copy of a letter written by Mr. John S. Pardee, Assistant Executive Director, Great Lakes-St. Lawrence Tidewater Association, on the above subject.

It would seem that, notwithstanding his position, Mr. Pardee holds views on the above subject quite at variance with those advanced by Sir Adam Beek, Mr. Keefer and the other advocates of the rights of Ontario as against the world.

Sincerely yours,

(Sgd.) CHAS. MURPHY.

## THE CANADIAN ENGINEER

February 26, 1924.

### STATE VS. FEDERAL RIGHTS

SIR,—Question having been raised as to the respective interests of the Government of the United States and of the State of New York in the St. Lawrence River, the best answer is a reference to certain leading decisions of the United States courts.

The Federal Government has exclusive control of navigable waters and the right of navigation is paramount.

There was a bridge case, a railroad bridge over a navigable stream. The government said, "That bridge will have to be moved, it is in the way of navigation." The railway company said, "But we had permission to put it

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there. The specific plans were approved." And the court said, "That makes no difference. If it is in the way of navigation it will have to be moved." The railway company was obliged to get out of the way. Its rights, no matter how well secured, retired before the superior right of navigation.

There is a long line of decisions which support one another and which constitute settled law in that respect. Anything that gets in the way of navigation in a navigable stream must get out of the way whenever the government says so.

As to power rights, they too retire before the superior right of navigation.

There was a case at the Soo. The Government was re-arranging the channel. In doing that, it destroyed a water-power and the property served by that water-power was taken under condemnation. The owners thought they should be compensated for loss of the water-power. The court said, "No, nothing was taken from you. The government simply went ahead with its improvement of navigation and your water-power disappeared." "But," they said, "the land which the government took was extra valuable because it had a water-power attached to it." And the court said, "No, the minute the government drowned out that water-power it was no longer attached to the land."

"You can have what that property was worth as just plain land. The water-power ran away when the government exercised its right of navigation." Thereafter it appeared that the water-power which had been destroyed at one place re-appeared in another, and the government, the court said, had a perfect right to dispose of that power. Having seized the river for the purpose of navigation everything else was included in the seizure. Furthermore the court would not review the act of Congress. Congress said the river was wanted for the purposes of navigation and that settled it. It was a political decision which the court will not review.

Now in this case the State of New York is the unquestioned owner of the riparian rights in the river, but when the Federal Government undertakes to improve the river for navigation the rights of New York retire. They may be recognized by Congress if Congress pleases. All or part of the accruing revenues may be yielded to the State of New York if Congress pleases. The Federal Government, it may be supposed, will retain at least enough of the earnings to reimburse itself for the cost of the dam and as much more as Congress thinks fit, all of it if Congress thinks best. And as much of the water-power, or of the revenue derived from it, may be yielded to the State of New York as may seem good to the Congress at Washington.

Whatever the conflict of interest may be between the State of New York and the Federal Government it is a much less formidable difficulty than many suppose.

Very truly yours,

JOHN S. PARDEE,

*Assistant Executive Director.*

*Great Lakes-St. Lawrence Tidewater Association.*

DULUTH, MINN., February 15, 1924.

OTTAWA, March 10, 1924.

DEAR MR. MURPHY,—I wish to thank you for your letter of the 5th instant and for the copy which you enclosed of a letter written by Mr. John S. Pardee, Assistant Executive Director of the Great Lakes-St. Lawrence Tidewater Association, on the subject of International Waterways.

Yours faithfully,

(Sgd.) CHAS. STEWART.

The Honourable CHARLES MURPHY, M.P.,  
Postmaster General,  
Ottawa.



P.C. 386

*CERTIFIED COPY of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 10th March, 1924.*

The Committee of the Privy Council have had before them a report, dated 6th March, 1924, from the Secretary of State for External Affairs, submitting that the problems presented by the proposal to develop the St. Lawrence Waterway are of such variety and complication that it would be useful to provide for the co-ordination of the views of the technical officers of the several departments of Government whose work may be affected by the initiation of negotiations leading to the conclusion of a treaty with the United States of America on the subject, or by the carrying out of the work, if it is undertaken.

The Minister accordingly recommends that there be constituted a committee including one representative from each of the following departments, viz., the Departments of Finance, Public Works, Marine and Fisheries, Interior, Railways and Canals, and Trade and Commerce such representatives to be selected by the Ministers of the said Departments respectively, who may each of them appoint an alternate member to act in the absence of his principal nominee, and that Colonel Biggar, Government Counsel, be appointed Chairman of such committee.

The Minister further recommends that the Committee be directed to bring to his attention such technical aspects of the problems presented by the proposal as in its opinion may require consideration either in determining whether or not negotiations looking to the conclusion of a treaty should be entered into, or, in the course of any such negotiations as may be initiated, and also to report especially upon any matter relating to the proposed waterway which may be referred to it by any Minister of the Crown or by the Canadian section of the Joint Engineering Board, the enlargement of which has already been agreed upon. Each member of the Committee shall keep his Minister informed of its proceedings and conclusions.

The Committee concur in the foregoing and submit the same for Your Excellency's approval.

(Sgd.) E. J. LEMAIRE,  
*Clerk of the Privy Council.*

The Honourable

The Minister of the Interior.

#### MUNICIPAL DISTRICT OF SHEPARD, No. 220.

CALGARY, ALTA., March 11, 1924.

Right Honourable W. MACKENZIE KING,

Premier of Canada,

Ottawa.

DEAR SIR:—The Rural Municipality of Saskatchewan Landing No. 167, have forwarded to our Municipality a resolution moved by Mr. John T. Stewart, and seconded by Mr. George G. Smith, in connection with the deepening of the St. Lawrence canal in the international section between Lake Ontario and Montreal.

Their letter informs us that they have forwarded this resolution to yourself, and they have requested that our Council draft a similar resolution.

The Council of the Municipal District of Shepard, at their meeting on March 6th, thoroughly endorsed the resolution as submitted by the Municipality

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of Saskatchewan, Landing No. 167, and we earnestly pray that this will receive the attention of your Cabinet should this matter come up before Parliament during the coming Season.

Yours respectfully,  
(Sgd.) W. HINDE,  
*Secretary-Treasurer.*

Acknowledged by the Prime Minister's Private Secretary and referred to the Minister of the Interior.

## MUNICIPAL DISTRICT OF BOW VALLEY

STRATHMORE, ALTA., March 26, 1924.

HON. CHARLES STEWART,  
Minister of Interior,  
Parliament Buildings, Ottawa, Ont.

DEAR SIR.—Enclosed with this please to find resolution passed unanimously by the Council of the Municipal District of Bow Valley, No. 219, at Strathmore, Alberta; who respectfully request that you do all in your power to bring this project into being, as soon as possible.

Yours truly,  
(Sgd.) W. G. WAY,  
*Secretary-Treasurer.*

By order of the Council.

## MUNICIPAL DISTRICT OF BOW VALLEY, No. 219,

STRATHMORE, ALTA.

*Resolution from the Municipal District of Bow Valley No. 219*

Moved by C. S. Baker:—

Whereas the Council of the Municipal District of Bow Valley No. 219 is cognizant of the fact that excessive transportation costs are one of the factors contributing most seriously to the economic problems which affect the farmers of Western Canada;

Whereas excessive charges which prevail in connection with the lake and rail haul of grain and other exportable products from Port Arthur to the seaboard constitute a very heavy setback on the nett price received by the farmer for these products;

Whereas the proposed deepening of the St. Lawrence canals for power and navigation purposes will reduce these lake and rail rates from approximately 13 cents per bushel on wheat to 4 or 5 cents a bushel from Port Arthur to Montreal, thus making a saving of 8 or 9 cents a bushel on freight charges;

Whereas the development of these deepened canals is proposed in a section of the St. Lawrence river that is owned equally between Canada and the United States, with costs to be shared according to the benefits to be derived by each country;

Whereas the development of power in this international section will produce a revenue that will take care of the amortized bonds for the whole undertaking, making the project self-financing and self-supporting without the necessity of added taxation upon the people;

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Whereas it is authoritatively stated that the United States is now seeking a conference with the Government of Canada for the purpose of entering into a definite treaty for the immediate prosecution of this work;

Therefore be it hereby resolved that this Municipal District of Bow Valley No. 219 request that the Government of Canada acquiesce in the request for a conference with the Government of the United States for the purpose of going ahead at the earliest possible moment with the deepening of the St. Lawrence canals in the international section between Lake Ontario and Montreal to depth of 25 feet instead of the present depth of 14 feet, in order that the large lake freighters may have free access from the head of the lakes to Montreal, and that ocean tramp steamers may be permitted an open seaway through to the head of the lakes, thus carrying our grain and other exportable products at a minimum lake freight charge from the ports of Port Arthur and Fort William to the markets of the world;

And further, that this Council protest most vigorously against any action on the part of the Dominion Government whereby the request of certain interests in Ontario for the development of the power end of the project being gone ahead with immediately, and that the navigation improvement be done later by the Dominion Government at the entire expense of the Government; but rather that the navigation and power improvement be undertaken simultaneously and at the earliest possible date.

Dated at Strathmore, Alta., this 6th day of March, 1924.

Resolution unanimously adopted.

(Sgd.)

W. G. WAY,

*Secretary-Treasurer.*

OTTAWA, April 2, 1924.

MY DEAR SIR,—I am in receipt of your letter of the 26th ultimo, enclosing a resolution passed by the Council of the Municipal District of Bow Valley, No. 219, relative to the St. Lawrence Deep Waterways project, and may say in reply that this matter will receive attentive consideration.

Yours faithfully,

(Sgd.) CHAS. STEWART.

W. G. WAY, Esq.,

Secretary-Treasurer,

Municipal District of Bow Valley,

Strathmore, Alberta.

*Copy of Resolution from Brokenhead (Man.) Board of Trade*

Whereas the matter of the St. Lawrence Deep Waterway\* is at the present time under discussion both in Canada and in the United States.

And whereas the satisfactory completion of the proposed work is of great importance to Canada and especially to Western Canada;

And whereas experience has proven that anything which facilitates production and marketing is beneficial to the whole and every part of the country, so that none need fear that the proposed improvement in navigation of the St. Lawrence River and the Great Lakes will do them damage.

Now therefore be it resolved that we, the Brokenhead Board of Trade, being representative of Northeastern Manitoba, urge the Dominion Government to confer with the Government of the United States without delay and with a view to immediately proceeding with the work of deepening the canals, rivers and lakes of the St. Lawrence and Great Lakes Route and also with a view to Power development in connection with said work.

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If it be found feasible, we are in favour of making said Waterway of a navigable depth of thirty feet.

Dated at Beausejour in the Province of Manitoba, this 28th day of February, A.D. 1924.

*Copy of Resolution Adopted at the Annual Meeting of the Associated Boards of Trade of Saskatchewan at Moose Jaw, Sask., February 27, 1924*

#### ST. LAWRENCE DEEP WATERWAY IMPROVEMENT

Whereas substantial reductions in transportation rates on grain, cattle and other exportable products of Western Canada will reasonably ensue from the completion of the St. Lawrence Deep Waterway improvement, whereby the large lake freighters will have through navigation to Montreal, and ocean tramp steamers an open seaway to the Head of the Great Lakes, thus eliminating costly transfers and rail haul between Buffalo and New York and between Georgian Bay ports and Montreal;

And whereas these reductions, together with lower freight charges on incoming commodities from Eastern ports and overseas will unquestionably promote most effectively the permanent growth and development of Western Canada;

And whereas the deepening of the canals between Lake Ontario and Montreal is proposed in a section of the St. Lawrence river that is international waters, owned equally between Canada and the United States, with costs to be shared according to the benefits derived by each country;

And whereas, according to a memorandum in possession of the Dominion Government, the development of hydro-electric energy in this international section will provide a revenue that will pay the total cost of the undertaking, without imposing a cent of added taxation upon either country, and without increasing the burden of Canada's national debt;

Therefore, be it resolved that this annual meeting of the Saskatchewan Associated Boards of Trade assembled at Moose Jaw, Sask., this 27th day of February, 1924, does hereby approve and endorse the action of the Dominion Government in conferring with the Government of the United States in a proposal to obtain fullest technical and economic details concerning the Deep Waterway project, and that we respectfully request our Government to consummate present negotiations without unnecessary delay.

Moved by R. H. Moore, seconded by H. D. McNaughton:

That the Municipal Council of the ..... of ..... desires to endorse the action of the delegation of January 11, 1924, representing over three hundred and fifty Municipalities in requesting the Honourable the Prime Minister of Canada and his Government to use every effort to enable the Hydro Electric Power Commission to develop electric energy on the St. Lawrence River on behalf of the Municipalities of the Province of Ontario.

And in view of the immediate necessity of making provision for an adequate supply of power to meet the Municipal and industrial requirements of this province we respectfully request that the Government of Canada approve the plans of the Hydro Electric Power Commission of Ontario for the development of the St. Lawrence river and the undertaking of the first stage in such development at Morrisburg and that immediate action be taken so that the commencement of this work may not be delayed.

Passed this 3rd day of March, 1924.

..... Mayor.  
..... Clerk.

The attached resolution has been adopted by the following:—

The Public Utilities Commission, city of Chatham.  
Municipal Council, town of Deseronto.  
Municipal Council, village of Springfield.  
Municipal Council, village of Havelock.  
Municipal Council, township of Sandwich South.  
Municipal Council, town of Waterloo.  
Municipal Council, village of Port Stanley.  
Municipal Council, town of Weston.  
Municipal Council, township of Gainsboro.  
Municipal Council, township of Usborne.  
Water and Light Commission, town of Goderich.  
Public Utilities Commission, town of Elmira.  
Municipal Council, township of York.  
Municipal Council, city of Hamilton.  
Municipal Council, township of Oxford.  
Municipal Council, township of Darlington.  
Municipal Council, township of Crowland.  
Municipal Council, city of London.  
Waterloo Light Commission, town of Waterloo.  
Public Utilities Commission, town of Exeter.  
Municipal Council, town of Prescott.  
Municipal Council, town of Tilbury.  
Municipal Council, town of Paris.  
Municipal Council, city of Guelph.  
Municipal Council, police village of Williamsburg.  
Municipal Council, town of Smiths Falls.  
Municipal Council, town of New Toronto.  
Municipal Council, township of Uxbridge.  
Municipal Council, township of Scott.  
Municipal Council, township of Canboro.  
Public Utilities Commission, city of Galt.  
Municipal Council, town of Walkerville.  
Municipal Council, town of Ford City.  
Municipal Council, town of Brockville.  
Municipal Council, town of Kincardine.  
Municipal Council, township of Egremont.  
Municipal Council, town of Durham.  
Municipal Council, village of Bayfield.  
Municipal Council, village of Milverton.  
Municipal Council, village of Newbury.  
Municipal Council, village of Vienna.  
Municipal Council, town of Vankleek Hill.  
Municipal Council, village of Bell River.  
Municipal Council, township of Hay.  
Municipal Council, town of Picton.  
Municipal Council, village of Port Credit.  
Municipal Council, town of Hespeler.  
Municipal Council, township of Derby.  
Municipal Council, township of Zone.  
Municipal Council, township of Delaware.  
Municipal Council, town of Southampton.  
Municipal Council, township of McKillop.  
Municipal Council, village of West Lorne.



Municipal Council, town of Eastview.  
Municipal Council, village of Tavistock.  
Public Utilities Commission, town of Dundas.  
Municipal Council, town of Wallaceburg.  
Hydro Electric Commission, city of Brantford.  
Municipal Council, city of Kitchener.  
Municipal Council, township of Seneca.  
Municipal Council, town of Thornbury.  
Municipal Council, city of Galt.  
Municipal Council, township of Wilmot.  
Municipal Council, township of Barton.  
Hydro Electric Commission, city of Niagara Falls.  
Municipal Council, village of Woodville.  
Public Utilities Commission, town of Whitby.  
Hydro Electric Commission, city of Hamilton.  
Municipal Council, village of Waterdown.  
Municipal Council, town of Oshawa.  
Municipal Council, town of Lindsay.  
Municipal Council, town of Thorold.  
Public Utilities Commission, city of Owen Sound  
Municipal Council, township of Clarke.  
Hydro Electric Commission, town of Niagara.  
Municipal Council, town of Dunnville.  
Municipal Council, town of Merriton.  
Municipal Council, village of Port Dover.  
Municipal Council, town of Elmira.  
Municipal Council, city of Sarnia.  
Municipal Council, township of Etobicoke.  
Municipal Council, village of Lucan.  
Municipal Council, police village of Mt. Bridges.  
Municipal Council, village of Wellington.  
Municipal Council, police village of Thamesford.  
Municipal Council, city of St. Catharines.  
Municipal Council, village of Humberstone.  
Municipal Council, township of Grantham.  
Municipal Council, town of Morrisburg.  
Municipal Council, city of Brantford.  
Municipal Council, village of Bolton.  
Municipal Council, city of Peterborough.  
Municipal Council, town of Leamington.  
Municipal Council, town of Wingham.  
Municipal Council, town of Dresden.  
Municipal Council, town of Mimico.  
Municipal Council, township of London.  
Municipal Council, village of Tweed.  
Municipal Council, village of Lancaster.  
Municipal Council, town of Seaforth.  
Municipal Council, village of Drayton.  
Municipal Council, township of Orillia.  
Municipal Council, township of Arthur.  
Municipal Council, village of Winchester.  
Woodstock Public Utilities Commission, city of Woodstock.  
Municipal Council, village of Brighton.  
Municipal Council, township of Malahide.

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Municipal Council, village of Portsmouth.  
 Public Utilities Commission, city of London.  
 Municipal Council, township of Colchester South.  
 Municipal Council, town of Preston.  
 Toronto Electric Commissioners, city of Toronto.  
 Windsor Hydro-Electric System, city of Windsor.  
 Municipal Council, town of Brampton.  
 Municipal Council, village of Wellington.  
 Hydro-Electric System, city of Sarnia.  
 Municipal Council, city of Ottawa.  
 Peterborough Utilities Commission, City of Peterborough.  
 Municipal Council, township of Scarborough.  
 Municipal Council, township of Oxford.  
 City Council, city of Toronto.  
 Municipal Council, village of Port Perry.  
 Municipal Council, village of Ayr.  
 Municipal Council, village of Norwich.  
 Municipal Council, township of (name illegible).  
 Municipal Council, township of Bosanquet (?)

## DEPARTMENT OF PUBLIC WORKS

*Order of the House of Commons*

Mr. Archambault—Order of the House—For a copy of all memoranda, correspondence, telegrams, and other documents exchanged between the Government of Canada or any of its members and other governments, corporations or individuals since the 1st of January, 1922, relating to the St. Lawrence Waterway Route, and the establishment of dams on the St. Lawrence River for the development of certain water powers.

2756-1C

## BRITISH EMBASSY,

WASHINGTON, January 30, 1922.

Dear Mr. WALKER, —As requested in your letter of January 27th, I have pleasure in enclosing herewith six additional copies of joint Resolution 262, providing for the establishment of an International Board to have jurisdiction of the construction, operation, and control of the improvement of the Great Lakes St. Lawrence Waterway.

Yours faithfully,

(sgd.) M. M. MAHONEY.

Acting Under Secretary of State for External Affairs, Ottawa, Canada.  
 Referred to: Public Works.

2756-1C.

H. J. Res. 262

## IN THE HOUSE OF REPRESENTATIVES

January 20, 1922.

Mr. Chalmers introduced the following joint resolution; which was referred to the Committee on Interstate and Foreign Commerce and ordered to be printed.

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## JOINT RESOLUTION

*Providing for the establishment of an International Board to have jurisdiction of the construction, operation and control of the improvement of the Great Lakes Saint Lawrence Waterway.*

Whereas in the treaties now in force between the United States of America and Great Britain, namely, the Webster-Ashburton Treaty of 1842, the reciprocity treaty of 1854, the treaty of Washington of 1871, and the treaty of Washington of 1909, it is provided that the Saint Lawrence River shall forever remain free and open for the purpose of commerce to the citizens of the United States; and

Whereas the treaty of Washington of January 11, 1909, provides for the organization of an International Joint Commission; and

Whereas the River and Harbor Act approved March 2, 1919, provided that the International Joint Commission should investigate what further improvement of the Saint Lawrence River between Montreal and Lake Ontario is necessary to make the same navigable for ocean going vessels, together with the estimated cost thereof, with its recommendation for co-operation by the United States with the Dominion of Canada in the improvement of said river, and

Whereas on January 21, 1920, in what is known as the Reference, the Secretary of State requested the International Joint Commission to investigate what further improvement in the Saint Lawrence River between Montreal and Lake Ontario is necessary to make the same navigable for deep-draft vessels of either the lake or ocean going type and what draft of water is recommended and the estimated cost; and

Whereas on January 1, 1920, the Secretary of State in said Reference asked the Board of Engineers to take charge of the survey of the Saint Lawrence River from Montreal to Lake Ontario for the purpose of preparing plans and estimates for its further improvement to make the same navigable for deep draft vessels of either the lake or ocean going type, and to obtain the greatest beneficial use of these waters; and

Whereas in July, 1921, the Board of Engineers unanimously recommended the improvement of said waterway for navigation and power purposes; and

Whereas the International Joint Commission on January 10, 1922, recommended to the Government of the United States and the Dominion of Canada the completion of the New Welland Canal connecting Lake Erie and Lake Ontario, and the improvement of the Saint Lawrence River from Lake Ontario to the sea for navigation and power purposes; Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, that an International Board be established, composed of six members, three on the part of the United States, one appointed by the President thereof, one by the President of the Senate, and one by the Speaker of the House of Representatives, and three on the part of Great Britain.

Resolved further, That the International Board shall have jurisdiction of the construction, operation and control of the improvement of the Great Lakes Saint Lawrence waterway from Lake Erie to Lake Ontario and from Lake Ontario to the sea, providing for a channel thirty feet deep, and shall determine the final plans for the construction of the improvement for navigation and power purposes.

Resolved further, That one half of the cost of construction, maintenance, and operation of the navigation and power works shall be borne by the United States of America and one half by the Dominion of Canada.

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Resolved further, That one half of the hydro-electric power generated by the construction of this work shall be credited to the United States of America and one half to the Dominion of Canada, and that the International Board shall supervise the control, use, and sale of the power thus made available.

Resolved further, That the expenditure of the sum of \$1,000,000 is hereby authorized to be paid from funds not otherwise appropriated, to be under the control of the American section of the International Board, to be transferred to the control of the International Board when completed by the legal appointment of the Canadian section of said International Board and the appropriation of an equal amount of money by the Dominion of Canada. This joint appropriation is to be used by the International Board for organization purposes and to start the work until additional funds are made available.

Resolved further, That the International Board is hereby authorized to issue bonds, guaranteed by the United States of America and Great Britain, in an amount necessary to pay for the construction of the navigation and power works.

2756-1C

BRITISH EMBASSY,

WASHINGTON, February 13. 1922.

Dear Sir JOSEPH POPE,—I have the honour to enclose herewith four copies of Senate Resolution No. 235, respecting proposed St. Lawrence development, introduced in the Senate on February 10th, by Senator King of Utah.

Yours faithfully,

(Sgd.) M. M. MAHONEY.

Referred to: Public Works.

Sir JOSEPH POPE, K.C.M.G.,

Under Secretary of State for External Affairs,  
Ottawa, Canada.

2756-1C

S. Res. 235

IN THE SENATE OF THE UNITED STATES

February 3 (Calendar day, February 10) 1922.

Mr. King submitted the following resolution; which was referred to the Committee on Commerce.

## RESOLUTION

Whereas the project for the canalization of the Saint Lawrence River, and the development of hydraulic power in connection therewith, between Lake Ontario and the head of tidewater, in the Saint Lawrence River below the city of Montreal, at the joint expense of the Governments of the United States and the Dominion of Canada, contemplates that the Government of the United States shall contribute one half of the cost of the construction of the necessary channels, dams, locks, and hydraulic works in that portion of the Saint Lawrence River between the northern boundary of the State of New York and the mouth of the Richelieu River, which portion of the Saint Lawrence River passes entirely through Canadian territory, and upon which the United States has no riparian rights, or rights with respect to the water power, and has no contact with the banks or with the proposed navigable channels, canals, dams, locks or hydraulic works, for which the Government of the United States is expected to appropriate one half of the cost of construction; Now, therefore, be it

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Resolved, That it is the sense of the Senate that, as a condition precedent to the Government of the United States joining with the Government of the Dominion of Canada in the construction of such works, the Dominion of Canada cede to the United States the territory lying between the Richelieu River, Lake Champlain, and the northern boundary of the State of New York, including the bank and the bed of the Saint Lawrence River to the center of the channel thereof, from the point of intersection with the northern boundary of New York to the mouth of the Richelieu River, in order that the United States may become joint owner with the Dominion of Canada of the course of the Saint Lawrence River to the head of tidewater below the city of Montreal and joint owner with the Dominion of Canada in the proposed canals, channels, dams, locks and hydraulic works and of all rights of navigation and of water power appurtenant thereto.

2756-1C

BRITISH EMBASSY,

WASHINGTON, February 21, 1922.

Dear Sir JOSEPH POPE,—I enclose herewith four copies of House Resolution 287 relating to the St. Lawrence River Development.

Yours faithfully,

(Sgd.) M. M. MAHONEY.

Sir JOSEPH POPE, K.C.M.G.,

Under Secretary of State for External Affairs,  
Ottawa, Canada.

Referred to: Public Works.

2756-1C

H. Res. 287.

IN THE HOUSE OF REPRESENTATIVES

February 14, 1922.

Mr. Ten Eyck submitted the following resolution: which was referred to the Committee on Foreign Affairs and ordered to be printed.

## RESOLUTION

Whereas the Saint Lawrence River is a natural boundary line and the interests of the Government of the Dominion of Canada and of the Government of the United States are mutual in its utilization:

Therefore be it

Resolved, That the President is requested to take such steps as are consistent and in accordance with international procedure with the Dominion of Canada and Great Britain to purchase all that territory in the Dominion of Canada lying east and south of the line comprising the centre of the channel of the Saint Lawrence River from its mouth to its source and the centre of the Gulf of Saint Lawrence, including the full riparian rights and rights to develop and utilize half of the water power from the Saint Lawrence River.

Resolved further, That the President is requested to use his best endeavours to have payments due the United States on the British debt credited on the purchase price of the territory so acquired.



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## DEPARTMENT OF STATE

May 25, 1922.

For the Press:

The Secretary of State, on May 17, 1922, sent to the British Ambassador a note stating that the United States Government would be glad to take up with the Canadian Government the negotiation of a treaty looking to the deepening of the waterways which would enable ocean going ships to reach the Great Lakes.

The note to the British Ambassador referred to the fact that on January 21, 1920, the Governments of the United States and Canada referred to the International Joint Commission for investigation and report, under the terms of Article IX of the Treaty of January 11, 1909, relating to Boundary Waters, questions with respect to the improvement of the St. Lawrence River between Lake Ontario and Montreal, both for navigation and the development of water power. This Commission reported on December 19, 1921.

The Secretary of State said that he was authorized to state that the President favors the negotiation of a treaty on the basis of this report of the International Joint Commission, or such modifications as might be agreed on, and requested to be informed as to whether the appropriate British and Canadian authorities are disposed to undertake the negotiation of a treaty.

The Department understands that this note has been forwarded to the Canadian Government. No answer has as yet been received.  
Referred to: Public Works.

2756-1C

OTTAWA, December 4th, 1923.

Dear Mr. HUNTER,—In accordance with your telephone request of yesterday I am forwarding to you, herewith, copy of the despatch No. 413 of the 19th November 1923, from His Majesty's Charge d'Affaires at Washington to His Excellency, on the subject of the St. Lawrence River Improvement Scheme, together with copy of Sir Auckland Geddes' despatch No. 127 of the 18th of May, 1922, referred to therein, and copy of the Minute of Council authorizing the Minister of the Interior to deal with international questions relating to the joint waters of Canada and the United States.

Yours very truly,

(sgd.) W. H. WALKER.

*Assistant Under Secretary of State  
for External Affairs.*

J. B. HUNTER, Esquire,

The Deputy Minister of Public Works, Ottawa.

No. 413

2756-1C

BRITISH EMBASSY,

WASHINGTON, November 19, 1923.

My LORD.—With reference to Your Excellency's despatch No. 82 of May 30th, 1922, I have the honour to transmit to Your Excellency herewith copy of a note from the United States Government enquiring whether the competent authorities of the Dominion Government have yet been able to give considera-

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tion to the St. Lawrence River improvement scheme and whether they are prepared to enter into negotiations with the United States Government on the lines suggested by Mr. Hughes in his note of May 17th, 1922, copy of which was communicated to Your Excellency by Sir Auckland Geddes in his despatch No. 127 of May 18th of that year.

I have the honour to be, my Lord,

Your Excellency's most obedient, humble servant,

(Sgd.) H. G. CHILTON.

His Excellency,  
THE LORD BYNG OF VIMY, G.C.B.,  
etc., etc., etc.,  
Governor General of Canada,  
Ottawa, Canada.

2756—1C

BRITISH EMBASSY,

WASHINGTON, January 30, 1924.

MY LORD,—I have the honour to transmit to Your Excellency, herewith, copies of the paper mentioned in the subjoined schedule, and to enquire what reply should be returned to this communication.

I have the honour to be,

Your Excellency's most obedient, humble servant,

(Sgd.) H. G. CHILTON.

His Excellency,  
The Governor General of Canada.

Name and Date.

Subject.

To Department of State, Washington, The St. Lawrence River Improvement  
January 30th, 1924. scheme.

*Reference:* Ottawa despatch No. 13 of January 25, 1924.

Referred to: Public Works.

2756—1C

BRITISH EMBASSY,

WASHINGTON, January 30, 1924.

SIR,—I have the honour to refer to the note which you were so good as to address to me on November 17th last, regarding the St. Lawrence River improvement scheme and to inform you, by request of His Excellency the Governor General of Canada, that the Dominion Government have had under consideration the contents of your note addressed to Sir Auckland Geddes on May 17th, 1922. In that note you suggested either the immediate conclusion of a treaty looking to the development of the St. Lawrence waterway along the lines recommended by the International Joint Commission charged with the formulation of a complete plan which would be subject to the approval of the two Governments, or alternatively, the constitution of a Joint Commission of experts to make preliminary studies and investigations and to frame the draft of a treaty.

The Dominion Government point out that the report of the International Joint Commission recommended that, before any work was carried out, the

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Joint Engineering Board, whose proposals it generally approved, should be enlarged, and that once so enlarged, the said Board should further consider the technical aspects of the problem in detail and decide upon the plan which should be adopted.

While the Government of Canada desire to give further consideration to the suggestions put forward in your note of May 17th, 1922, they are of opinion that the proposal made by the International Joint Commission should be acted upon without further delay. The Dominion Government are accordingly prepared to appoint additional engineers to enlarge the Joint Engineering Board with a view to the Board undertaking the preparation of a final report covering the engineering features of the whole project, including its cost. The Government of Canada intend, further, to form a committee which will, in consultation with the Canadian members of the Joint Engineering Board, enquire fully from a national standpoint into the wide questions involved, and they hope shortly to be in a position to take further action of the proposals made by the United States Government.

Meanwhile the Government of Canada would be glad to learn the views of the United States Government in regard to the number of additional engineers who should be appointed by each Government to the Joint Engineering Board. The Dominion Government are also ready to nominate one or more technical officers to discuss with similar United States officers the form which the instructions to the enlarged Joint Engineering Board should take, and the time within which the Board should be directed to report.

In expressing the hope of the Government of Canada that the above proposals will be agreeable to the United States Government, I have the honour to inform you that Lord Byng of Vimy would be grateful if arrangements could be made by telegraph for their publication simultaneously in Washington and Ottawa.

I have the honour to be,

With the highest consideration, sir,

Your most obedient, humble servant,

(Sgd.) H. G. CHILTON.

The Honourable CHARLES E. HUGHES,  
Secretary of State of the United States,  
Washington, D.C.

2756-1C

BRITISH EMBASSY,

WASHINGTON, February 4, 1924.

My LORD,—I have the honour to transmit to Your Excellency, herewith, copies of the paper mentioned in the subjoined schedule, and to inquire what reply should be returned to this communication.

I have the honour to be,

Your Excellency's most obedient, humble servant,

(Sgd.) H. G. CHILTON.

His Excellency,  
The Governor General of Canada.

*Name and Date*

*Subject*

From Department of State, Washington, Improvement of the St. Lawrence River  
D.C., February 2, 1924. for navigation and water power.

*Reference:*

Washington despatch No. 39 of January 30, 1924.

Referred to: Public Works.

SESSIONAL PAPER No. 101d

2756-1C

## DEPARTMENT OF STATE

WASHINGTON, February 2, 1924.

SIR,—I have the honour to acknowledge the receipt of your note No. 97, of January 30, 1924, communicating certain proposals made by the Government of Canada concerning joint action by the United States and Canada in regard to the improvement of the St. Lawrence River for navigation and water power.

The proposals made by the Government of Canada will receive the careful consideration of this Government and a further communication in regard to the matter will be made to you in due course.

Accept, Sir, the renewed assurance of my high consideration.

(Sgd.) CHARLES E. HUGHES.

Mr. HENRY GETTY CHILTON,

Charge d'Affaires ad interim of Great Britain.

2756-1C

## BRITISH EMBASSY,

WASHINGTON, February 6, 1924.

SIR,—I have the honour to transmit to you, herewith, copies of the paper mentioned below.

I have the honour to be,

Your most obedient servant.

The Under Secretary of State for External Affairs,  
Ottawa, Canada.

*Name and Date*

*Subject*

2 copies articles from Washington Post, St. Lawrence Deep Waterways.  
February 6, 1924.

Referred to: Public Works.

2756-1C

*Washington Post, February 6, 1924*

## CANADA READY TO ACT ON LAKES WATERWAY

WILL APPOINT ST. LAWRENCE RIVER PROJECT ENGINEERS HUGHES ADVISED

The Canadian government, in a note transmitted to the State Department through the British Embassy, has declared its readiness to act without delay on certain proposals made by the International Joint Commission for improvements in the St. Lawrence river between Montreal and Lake Ontario to make possible deep water navigation into the Great Lakes.

The Ottawa government asserts that it desires to give further consideration to some of the suggestions made by Secretary Hughes to Sir Auckland Geddes, British Ambassador, in a note transmitted in May 1922, but is prepared now to appoint additional engineers to enlarge the joint engineering board and undertake the preparation of a final report covering "the engineering features of the whole project, including its cost."

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2756-1C

## BRITISH EMBASSY

WASHINGTON, February 19, 1924.

SIR,—I have the honour to transmit to you, herewith, copies of the paper mentioned below.

I have the honour to be,

Your most obedient servant,

(Sgd.) M. M. MAHONEY,

The Under Secretary of State, for External Affairs,  
Ottawa, Canada.

*Name and Date*

*Subject*

2 copies article from Washington Star, St. Lawrence Deep Waterway,  
February 18, 1924.

Referred to: Public Works.

2756-1C

## RIVERS WATERWAY PLAN

SPEAKER PREDICTS GRAIN WILL REACH BALTIMORE FROM LAKES

*Special Despatch to the Star.*

Baltimore, February 18. The middle west will ship grain and iron direct to Baltimore by an all-water route when the the great lakes St. Lawrence waterway project is a reality, declared Charles M. Jackson of the Northern New York Development League, speaking to the Foreign Trade Club here Saturday.

He predicted that Canada and the United States will join to build the waterway and asserted that it could be built in ten years at a cost of \$250,000,000. This cost, he said, would build two canals, a channel in the St. Lawrence and a power plant of 1,500,000 horse-power that would pay the bill within fifty years by selling power at two mills per kilowatt hour.

Mr. Jackson said the railroads are in favour of the plan and that President Coolidge and a majority of the cabinet and Congress, as well as a majority in the Canadian government, approve it.

2756-1C

## BRITISH EMBASSY,

WASHINGTON, February 28, 1924.

My Lord,—With reference to my despatch No. 39 of January 30th last, I have the honour to transmit to Your Excellency herewith copies of a note from the United States Government containing their views on the proposals made by the Dominion Government in connection with the St. Lawrence River improvement scheme, from which it will be seen that the United States Government are in general agreement with the suggestions put forward in my note No. 97 of the 30th ultimo.



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In expressing the hope that the proposals contained in the enclosed note will be acceptable to the Government of Canada, Mr. Hughes states that he will be pleased if arrangements can be made by telegraph for a simultaneous publication in Ottawa and Washington.

A copy of this despatch is being communicated to His Majesty's Government.

I have the honour to be, my Lord,

Your Excellency's most obedient humble servant,

(For His Majesty's Charge d'Affaires),

(Sgd.) JOHN CECIL.

His Excellency,

THE LORD BYNG OF VIMY, G.C.B.,

etc., etc., etc.,

Ottawa, Canada.

Referred to: Public Works.

2756-1C

#### DEPARTMENT OF STATE

WASHINGTON, February 27, 1924.

SIR,—In your note of January 30th, 1924, in regard to the project for joint action by the United States and Canada for the improvement of the St. Lawrence River between Montreal and Lake Ontario for navigation and the development of water power, you informed me that while the Government of the Dominion of Canada desires to give further consideration to the suggestions brought forward to my note of May 17, 1922, to Sir Auckland Geddes with a view to carrying out the recommendations made by the International Joint Commission, the Dominion Government is nevertheless prepared to act without delay on the recommendation for the enlargement of the Joint Engineering Board which assisted the Commission in making the investigation of the project and to appoint additional engineers to the Board with a view to having it undertake the preparation of a final report covering the engineering features of the whole project, including its cost.

You informed me also that the Government of Canada intends to form a committee which will in consultation with the Canadian members of the Joint Engineering Board, inquire fully from a national standpoint into the wide questions involved in the project.

In reply permit me to say that this Government is gratified to learn that the Canadian Government hopes shortly to be in a position to take further action on the proposals made in my note of May 17, 1922, and meanwhile is especially pleased to be advised that the Government of Canada intends to create a committee for the purpose described in your note. This Government, similarly, will immediately constitute a national committee which will in consultation with the American members of the Joint Engineering Board make adequate inquiry from a national standpoint into the questions involved to the end that the project for the improvement of the St. Lawrence River for navigation and the development of its water power may be carried forward as speedily as possible.

This Government is glad to give its assent to the suggestion that the Joint Engineering Board should be enlarged and, in response to the request of the Canadian Government for its view as to the number of additional engineers which should be appointed, suggests that two engineers be added to the Board of each Government, the membership of the Board thus being increased to six.

three of whom would be representatives of the United States and three would be representatives of Canada. In connection with this enlargement of the Board it may be noted that the first of the recommendations made by the International Joint Commission was that the Governments of the United States and Canada enter into an arrangement by way of treaty for a scheme of improvement of the St. Lawrence River between Montreal and Lake Ontario. It would appear that the Commission did not contemplate that negotiations for a treaty should be postponed until after a report should be made by an enlarged board of engineers but that negotiations should forthwith be opened, that the proposed works between Montreal and Lake Ontario should "be based upon the report of the Engineering Board" accompanying the report of the Commission, and that the Governments should have the benefit of the advice of an enlarged Board of Engineers before a "final decision" should be reached.

This Government would propose that the instructions to the enlarged Engineering Board should be prepared in joint conference by the two advisory committees which the Governments of Canada and the United States intend to establish as indicated in your note and this reply, and that the two committees should accordingly be empowered to meet in joint conference for the purpose of formulating such instructions. However, the instructions would be given to the Board of Engineers by the Governments and the report of the engineers would be made to the Governments.

As it appears that the report of the Board of Engineers of June 24, 1921, while of a preliminary character, as contemplated in their instructions, nevertheless presented a general plan believed to be practicable in its main features, this Government would desire to have included in the first instructions to the enlarged Board the two fundamental questions whether the scheme for the improvement of the St. Lawrence Waterway which the Board presented in its report of June 24, 1921, is practicable and whether the estimates of costs made by it require revision. The time within which the Board should make its report should, as was suggested by the Canadian Government, be determined in advance and stated in the instructions. It is believed that the fundamental questions can be reported upon within a short time. If the suggestion that the instructions to the Joint Engineering Board be prepared by the two advisory committees in joint conference be acceptable to the Canadian Government the appointment of technical officers especially for this purpose as proposed by the Canadian Government would not be necessary.

This Government further suggests that the two committees be empowered to meet from time to time in joint session in order to prepare supplemental instructions for the Board of Engineers as occasion may require, and to consider and develop the broader aspects of the whole matter so that each committee may be as helpful to the other as possible.

This Government is hopeful that the foregoing proposals will be acceptable to the Government of Canada and I should be pleased if arrangements can be made by telegraph for publishing them simultaneously at Washington and Ottawa.

Accept, Sir, the renewed assurance of my high consideration.

(sgd.) CHARLES E. HUGHES.

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## MORRISBURG

10741-1

KINGSTON, ONT., January 21, 1924.

Hon. Dr. JAMES H. KING,  
Minister of Public Works,  
Ottawa, Ontario.

SIR,—I beg to submit herewith copy of a resolution adopted by the Dominion Marine Association in Annual General Meeting at Ottawa on the 17th instant, referring to the proposal of the Government of the Province of Ontario for the development of power near Morrisburg in the St. Lawrence River. I am directed to commend this resolution to your serious consideration.

I have the honour to be, sir,

Your obedient servant,

(Sgd.) FRANCIS KING,

RESOLUTION ADOPTED BY THE DOMINION MARINE ASSOCIATION IN ANNUAL  
GENERAL MEETING AT OTTAWA ON JANUARY 17, 1924

*Resolved:*

That the Dominion Marine Association disapproves of the proposal made through the Hydro Electric Commission of the Province of Ontario for the immediate development of power in the vicinity of Morrisburg on the St. Lawrence River in so far as the proposal in any way (a) contemplates any reversal of the order of priority between navigation and power fixed by the Treaty of 1909 as the order to be observed in the use of boundary waters; (b) permits in the slightest any surrender by the Dominion of the complete control of the river necessary for the purpose of improving and protecting navigation, or subjects the existing control to the dominance of any parties primarily interested in the development of power; (c) or includes a power development scheme which does not form a proper part of a well considered and fully approved plan for the development of the whole river as a unit, primarily to improve navigation and incidentally to develop power.

That the Association will be pleased to see the demand for more electrical power in Ontario satisfied as soon as possible, so long as navigation interests remain in every way paramount and under the exclusive and unfettered control of federal authorities, and so long as any work undertaken forms a proper part of the general plan for development of the whole river above mentioned.

And that copies of this resolution be forwarded to the Rt. Hon. the Prime Minister, and to the Hon. the Ministers of Railways and Canals, Marine and Fisheries and Public Works.

10741-1

## HYDRO-ELECTRIC POWER COMMISSION

TORONTO, January 24, 1924.

To the Secretary.

Department of Public Works,  
Ottawa, Ont.

*Re: Application of Hydro-Electric Power Commission of Ontario for Morrisburg Development.*

DEAR SIR:

In pursuance of authority of the Government of Ontario, the Hydro-Electric Power Commission of Ontario makes application for the approval of plans

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and site for dam and power development works proposed to be built on the St. Lawrence river at or near Morrisburg.

Accompanying this application are the following plans and documents, which I beg to enclose herewith:—

1. Five copies of a description of the general engineering features of the proposition of the Hydro-Electric Power Commission of Ontario to develop the St. Lawrence river in the vicinity of Morrisburg, dated January 10, 1924.

2. Five copies of Plan No. 160-E-105, entitled "Project for the Power Development of the St. Lawrence River" dated January 8, 1924, being a general plan of the site, regulating dam, the power works, and the lock for navigation within the above structures at or near Morrisburg.

3. Five copies of plan No. 160-D-106 entitled "St. Lawrence River project for power development channel improvements" showing excavation plans at Leishman Point and Ogden Island.

4. Five copies of plan No. 160-E-107 entitled "St. Lawrence River project for power development channel improvements" showing excavation in vicinity of Galops Island head of South Galops Rapids.

5. Five copies of plan No. 160-D-103, entitled "Power House at Morrisburg, St. Lawrence River, scheme "B" being a general cross section of the power house, and section of the dam, in which it is located.

6. Five copies of a general map of the St. Lawrence river from Brockville to Montreal, with approximate proposed location of the works indicated thereon.

The above referred to plans, together with descriptive matter are general, but I trust will answer the requirements of your department for the present. It is expected that further detailed plans will be provided at a later date, as are found necessary and required by your department.

The Commission suggests that a conference between the engineers of your Department and the Commission might be desirable, with a view to settling objections, if any, that your engineers may have to the proposed works.

The Commission desires to proceed with the work at the earliest possible date, and would be glad to have this application receive your early consideration.

Yours truly,

(Sgd.) W. W. POPE,  
Secretary.

10741-1

*Description of General Engineering Features of the Proposal of the Hydro-Electric Power Commission of Ontario in the vicinity of Morrisburg, Ontario. (January 23, 1924.)*

The works proposed to be constructed on the St. Lawrence river, opposite the village of Morrisburg, Ontario, provide for navigation and for the development of power. The works comprise excavated channels, navigation lock, dams and sluiceways, embankments and power house.

The site near the village of Morrisburg, Ontario, has been selected on account of its many advantages, some of which are,—accessibility for purposes of construction, a location for the power house that in large measure is free from construction hazards, the procuring of foundation material for all the major structures, and such contours of the lands upstream as will greatly reduce the damage and inconvenience that would result to residents as contrasted with developments at other feasible sites.

The general arrangement of the proposed works may be understood by reference to the accompanying drawings, upon which the various structures and works are shown in their respective general situations.

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Sufficient spillway and sluiceway capacity will be provided to take care of the total maximum flow of the St. Lawrence river without any allowance for flow through the turbines in the power houses. At the main dam there will be provided 600 feet of free spillway with crest at or about elevation 241; sluiceways aggregating a clear 800 feet in length with a depth of 21 feet, controlled by stoney sluices; a clear length of sluiceways aggregating 320 lineal feet with a depth of 21 feet of submerged sluices with suitable gates. Further, it is proposed to divide the river, as far down as the foot of Murphy Island, into two channels, by an embankment connecting this island to the power house. The south channel will be connected to the forebay of the power plant by a channel 600 feet wide, cut through Murphy Point. Also a dam, provided with 350 lineal feet of submerged sluices, and 250 lineal feet of ice sluices will be placed across the upper end of this channel.

The channel south of Ogden island, known as Little river, with the channels east and west of Clark island, will form the forebay of the proposed development. There will be three inlets to this basin, of which the present mouth of Little river will form one. This channel will be improved by cutting off part of Leishman's Point, by deepening the channel of Little river, and by removing the present dam near Waddington. A cut 300 feet wide will also be made across the low part of Ogden island west of Waddington with a bottom grade at elevation 213. In addition to this channel, there will be another channel across the island just above the main dam. Inasmuch as the new water level created by the proposed structures will create sufficient depth of water across this channel, no excavation is contemplated here as the existing contours provide all the carrying capacity that is required at this place.

Provision is made for sufficient excavation in the channels on either side of Galops island to permit the proposed pool levels to be maintained without causing lake Ontario to rise as high as its natural flood level. This part of the proposed work is shown on drawing 160-E-107.

*Power House.*—The Canadian power house occupies the channel between the lower end of Ogden island and Clark island. Provision is made for an American power house between the east side of Clark island and Murphy point. The Canadian power house will contain some 34 units, each capable of developing 10,800 h.p. under a head of 27 feet. A cross section of the power house through one of the units is shown in drawing 160-B-103. The general location of the power house, dams, and other structures and work are shown on drawings Nos. 160-E-105, 160-D-106 and 160-E-107.

*Question of Damages for Flooding.*—The important feature of damage to property by flooding or by other means has not been overlooked. On account of the uncertainties appertaining to this phase of the project, it has not been considered necessary at this stage to do more than here give the assurance that this matter will be disposed of in such a manner as to do full justice to all interests concerned.

*Navigation Structures.*—At the north end of the dam a lock with 30 feet of water on the sill at low water will permit shipping to pass between the pool above the dam to the part of the present Morrisburg canal below Mariatown. This lock is provided with ample entrance piers, four pairs of service gates, a pair of unwatering gates, and an emergency gate. Sluices in the dam adjacent to the lock supply water to the lower reach of the canal, and for the power plants at present drawing their water supply from the canal at Morrisburg. Provision is made also for adequate sluices to discharge surplus water from this reach to the river below the dam. A swing bridge over the lock will provide access by a railway spur to the power house.



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Shipping after passing into the portion of the Morrisburg canal below the dam, would continue as at present through the present lock 23 and thence return to the river and vice versa.

When, in the future, it is desired to provide for navigation with a draft of 25 to 30 feet, then the channels above and below the 30 ft. lock would be excavated to provide the necessary depth and the necessary additions to the entrance piers built. Shipping would then pass from the pool above the dam to the river below the dam or vice versa.

10741-1.

OTTAWA, January 25, 1924.

SIR,—I beg leave to acknowledge the receipt of your letter of January 24 instant, enclosing the following plans in connection with the application of the Commission for approval of a dam and power development works proposed to be built on the St. Lawrence River at or near Morrisburg:—

1. Five copies of the description of the general engineering features dated January 10, 1924.
2. Five copies of plan No. 160-E-105, project for the power development of the St. Lawrence River, dated January 8, 1924.
3. Five copies of Plan No. 160-D-106 showing excavation plans at Leishman Point and Ogden Island.
4. Five copies of plan No. 160-E-107 showing excavation in the vicinity of Galops Island, head of South Galops Rapids.
5. Five copies of plan No. 160-D-103 being a general cross-section of the power house and section of the dam.
6. Five copies of a general map of the St. Lawrence River from Brockville to Montreal.

None of the plans mentioned are certified by the Registrar. I note that further detailed plans will be provided later on if they are found necessary by this Department.

Would you please send a set of tracings of the plans filed, and have them certified by the Registrar.

Your suggestion that a conference between the Engineers of this Department and the Commission might be desirable has also been noted.

The plans are being referred to the Chief Engineer for report.

I enclose a copy of our memorandum explaining the requirements of the Navigable Waters Protection Act which govern works of this nature.

Yours obediently,

(Sgd.) L. H. COLMAN, Secretary.

W. W. POPE, Esq., Secretary,

Hydro-Electric Power Commission of Ontario, 190 University Ave.,  
Toronto, Ont.

No. 840.

#### DEPARTMENT OF PUBLIC WORKS, CANADA

*Memorandum in reference to applications for the approval by the Governor General in Council under the provisions of chapter 115, revised statutes of Canada, 1906, and amending Acts, of the sites and plans of works in navigable waters.*

Paragraph (a) of Section 2 of the Navigable Waters Protection Act as re-enacted by Chapter 33, 1918, defines "work" as follows:—

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(a) "Work" includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, tunnel or pipe, or telegraph or power cable or wire and the approaches or other works necessary or appurtenant thereto, or any work, structure, or device, whether similar in character to the foregoing or not, which may interfere with navigation.

Under the Statute and practice of the Department the procedure is as follows:—

1. To deposit a written description of the site, if possible by metes and bounds, and also a plan or plans of the proposed work, with the Minister of Public Works, accompanied by an application for their approval by the Governor General in Council. The plan or plans must be sufficient to indicate clearly the nature and extent of the work, and also the site of the same. Five copies of the description and five copies of the plan, or set of plans if there are more than one plan, are required. One of the plans, or one set of the plans if there are more than one, must be traced on linen, the others may be blue or white prints. The descriptions must be typed on heavy paper. If these documents are sent by mail, they should be addressed to "The Secretary, Department of Public Works, Ottawa."

2. A duplicate of the above-mentioned description of the site and of the plan or plans of the proposed work, must be deposited with the Registrar of Deeds for the district, county or province in which the work is to be constructed. Evidence that the description of the site and the plans have been so deposited, and of the date of their deposit, must be furnished to the Department, and the most satisfactory evidence is a certificate of the Registrar endorsed upon one of the descriptions of the site, and upon one of the plans or on each of the plans forming a set of plans, if there are more than one plan, forwarded to the Secretary of the Department. It is essential that it be clearly established that the description and plan or plans deposited with the Registrar are duplicates of those filed with the Minister. The plan or plans so certified must be the tracings referred to in Clause 1 hereof.

3. One month's notice in the form set out at the conclusion hereof, of the deposit of the description of the site and of the plan or plans with the Minister of Public Works and with the Registrar of Deeds must be given by advertisement in the *Canada Gazette* and in two newspapers published in or near the locality where the work is to be constructed.

Evidence of the publication of the advertisement in the *Canada Gazette* and in the two local newspapers must be furnished to the Department, and may be by Statutory Declaration, with copies of the advertisement in the *Canada Gazette* and in each newspaper attached as exhibits. The declaration must state that the two newspapers containing the advertisement are published in or near the locality where the work is to be constructed, and must mention the dates of the issues of the newspapers that contained the advertisement. Four insertions of the advertisement at weekly intervals will be accepted as satisfactory compliance with the provisions of the Statute in this regard.

4. The Applicants must furnish proof that they own or have a sufficient interest in the land and land covered with water upon which the works are to be constructed. It is not sufficient to hold the riparian interests alone if the work extends beyond the limits of the shore, but a sufficient portion of the harbour, river or lake bed must also be held by the Applicants. The Statute has reference to the erection of structures on lands owned by the Applicants or which they have the right to use and is designed to provide for due protection to navigation. It cannot be used as a means of acquiring title to lands upon which the structure is to be erected.

Applicants will note that when it is necessary in connection with the proposed work for them to acquire land (including land covered with water) belonging to the Dominion of Canada, a separate application for such land must be made:—

(a) To the Department of Marine if the land is situated in a public harbour.

(b) To the Department of the Interior if the land is not a public harbour and is in Manitoba, Saskatchewan, Alberta, the Railway Belt of British Columbia, the Northwest Territory or the Yukon Territory or if it is Ordnance Land in the Provinces of Ontario, Quebec, Nova Scotia and New Brunswick.

(c) To the Department of Indian Affairs if the land belongs to an Indian reserve.

(d) To the Department of Railways and Canals if the land is part of a canal reserve.

(e) To the Department of Militia and Defence if the land is part of a Military reserve.

(f) In other cases the application for the Dominion Land required may be sent with the application for the approval of the work, and the description of the site thereof, to the Department of Public Works.

All applications for Dominion Lands must be accompanied by a plan and description of the land by metes and bounds in quintuplicate. One of the plans must be a tracing, the others may be blue or white prints.

5. By Section 4 (2) of the Act, as re-enacted by Chapter 33, S-9 George V, 1918, certain small works costing not more than one thousand dollars, which do not interfere with navigation are excepted from the operation of the Act and may be, on application, approved by the Department without advertising or filing of plans and description of the site in the Registry Office, as otherwise required. It is to be noted, however, that if the work costs more than one thousand dollars, or if it in the slightest degree interferes with navigation or encroaches upon navigable waters, even though it may really be otherwise of the utmost value to navigation, it will not be within the exception. The works covered by this exception are the following:—

Small wharfs or groynes or other bank or beach protection works, or boat-houses.

6. It is to be noted that it will be too late to apply for approval of the plans and site after the work is built, and works must not be commenced before the plans have been duly approved. The Statute gives no power to approve of works already constructed or in process of construction, except in the case of works constructed or in process of construction on the first day of June, 1918.

The procedure to secure approval of the plans and sites of works constructed or in process of construction on June 1, 1918, is the same as already described for works proposed to be constructed, except that legal evidence must be supplied that the works were constructed or in process of construction on that date; this evidence may be by Statutory Declaration.

DEPARTMENT OF PUBLIC WORKS, CANADA,  
OTTAWA, September 17, 1919.

#### *Model Advertisement.*

#### NAVIGABLE WATERS PROTECTION ACT.

#### R. S. C. Chapter 115.

(give full name of applicant) hereby gives notice that .....  
has, under Section 7 of the said Act, deposited with the Minister of Public

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Works at Ottawa, and in the office of the District Registrar of the Land Registry District of ..... at ..... a description of the site and the plans of (insert name of work, wharf, breakwater, laying of cable, etc., as the case may be) proposed to be (built, laid, under etc., as the case may be) in the (name of river or other body of water) at ..... in front of Lot number ..... (or at the foot of such a street, &c.)

And take notice that after the expiration of one month from the date of the first publication of this notice (insert name of applicant) will under Section 7 of the said Act, apply to the Minister of Public Works at his office in the city of Ottawa, for approval of the said site and plans, and for leave to construct the said (wharf, breakwater, &c., as the case may be).

Dated at ..... this ..... day of ..... 1921.  
(Signature)

10741.

OTTAWA, February 5, 1924.

SIR,—Complying with a request of the Honourable the Minister of Justice, I am directed to send you herewith a copy of the application of the Hydro Electric Power Commission of Ontario for approval of a dam and power development works proposed to be built on the St. Lawrence River at or near Morrisburg. One copy of the description and of the five plans accompanying this application are sent you under separate cover.

The above are forwarded in connection with a meeting to be held by La Chambre de Commerce de Montreal on the 6th instant to consider all projects in reference to the opening of the St. Lawrence water rates.

As the Department will probably require this set later on, it is to be considered as a loan, and I would, therefore, ask you to please return it at your early convenience.

Your obedient servant,  
(Sgd.) L. H. COLMAN,  
*Secretary.*

J. C. GROVES CONTANT, Esq.,  
Secretary La Chambre de Commerce, Montreal, P.Q.

10741-1.

## HYDRO-ELECTRIC COMMISSION

TORONTO, January 28, 1924.

MR. L. H. COLMAN,  
Secretary Department of Public Works, Ottawa, Ont.

DEAR SIR,—I beg to acknowledge receipt of yours of the 25th inst., with enclosures, as stated, in connection with the application of the Commission for approval of dam and power development works proposed to be erected on the St. Lawrence River, at or near Morrisburg.

Yours truly,  
(Sgd.) W. W. POPE,  
*Secretary.*

10741

OTTAWA, February 22, 1924.

GENTLEMEN.—Referring to my letter of January 25, further examination of the plans filed by you with your application for the construction of a dam and

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power development works on the St. Lawrence River at or near Morrisburg shows that the power houses proposed are to be located wholly in the United States, and that only a part of the dam and the canal are to be situate in Canada. The project is consequently one which must be dealt with internationally, not departmentally.

Moreover, since you were represented before the International Joint Commission on the hearings preceeding their report upon the development of power and navigation on this section of the St. Lawrence you are no doubt aware that the Commission recommended a project differing in essentials from that now submitted by you, and that in accordance with the Commission's recommendation action has recently been taken looking to the reconstitution, with additional members, of the International Board of Engineers, upon whose report that of the Commission was based.

If, in the circumstances you consider that any further steps can usefully be taken at present upon your application, the Department will be glad to receive your suggestions.

Your obedient servant,

(Sgd.) L. H. COLMAN,  
*Secretary.*

The Hydro-Electric Power Commission of Ontario,  
190 University Avenue, Toronto, Ont.

10741-1

## HYDRO-ELECTRIC POWER COMMISSION

TORONTO, February 25. 1924.

Mr. L. H. COLEMAN,  
Secretary Department of Public Works,  
Ottawa, Ont.

DEAR SIR,—Yours of the 22nd inst. with reference to the construction of dam and power development on the St. Lawrence River, near Morrisburg, came duly to hand and will be brought to the attention of the Board at an early date, when you may expect to be communicated with further.

Yours truly,

(Sgd.) W. W. POPE,  
*Secretary.*

---

MASSENA

## INTERNATIONAL JOINT COMMISSION

OTTAWA, September 12. 1922.

DEAR SIR,—I beg to enclose herewith copy of Application of the St. Lawrence River Power Company for approval of a further continuance of the submerged weir in the south chanel of the St. Lawrence River below the mouth of the Company's Power Canal near Massena, N.Y., constructed in 1918 under an Interim Order of this Commission.

Yours very truly,

(Sgd.) LAWRENCE J. BURPEE,  
*Secretary.*

J. B. HUNTER, Esq.,  
Deputy Minister of Public Works,  
Ottawa.



SESSIONAL PAPER No. 101d

## INTERNATIONAL JOINT COMMISSION

*Application of the St. Lawrence River Power Company for approval of a further continuance of the submerged weir constructed in the year 1918, under an interim order of the International Joint Commission, in the South channel of the Saint Lawrence River, below the mouth of the St. Lawrence River Power Company's Power Canal, near Massena, New York.*

To the Honourable the International Joint Commission:

The application of the St. Lawrence River Power Company respectfully sets forth:—

1. Under an Interim Order, promulgated by your Honourable Commission September 14, 1918, a copy of which is attached hereto and marked Exhibit 1, the applicant, The St. Lawrence River Power Company, a New York corporation, with its principal office at Massena, St. Lawrence County, New York, hereinafter termed the "Company" constructed during the months of October, November and December, 1918, a submerged weir in the South Channel of the St. Lawrence River, near the mouth of the company's power canal near Massena, New York, as shown on the map attached hereto, marked Exhibit 2.

2. The applicant respectfully sets forth that the said weir and the South Channel of the St. Lawrence River, in which it is located, are wholly within the territory of the United States and the construction and maintenance of said weir have been authorized by the United States and approved and a permit therefor issued by the Secretary of War (bearing number 38786 64 dated September 10, 1917), a copy of which is attached hereto marked Exhibit 3.

3. The company therefore respectfully applies to your Honourable Commission for its approval of a further continuance of the submerged weir hereinbefore referred to and shown on Exhibit 1 and in the permit of the Secretary of War of the United States; that is to say, the weir as at present constructed.

Respectfully submitted,

(Sgd.) THE ST. LAWRENCE RIVER POWER COMPANY,

G. R. GIBBONS,  
Vice-President.

2400 Oliver Building,  
Pittsburgh, Pennsylvania,  
September 1, 1922.

OTTAWA, September 13, 1922.

DEAR SIR,—I beg to thank you for yours of the 12th instant, enclosing copy of Application of the St. Lawrence River Power Company for approval of a further continuance of the submerged weir in the south channel of the St. Lawrence River below the mouth of the company's power canal near Massena, N.Y., constructed in 1918 under an interim order of the International Joint Commission.

Yours truly,

(Sgd.) J. B. HUNTER,

Deputy Minister.

LAWRENCE J. BURPEE, Esq.,  
Secretary International Joint Commission,  
Ottawa.

14 GEORGE V. A. 1924

## INTERNATIONAL JOINT COMMISSION

OTTAWA, October 14, 1922.

DEAR SIR,—I beg to inform you that a public hearing on the application of the St. Lawrence River Power Company for approval of a further continuance of the submerged weir constructed in 1918 under an Interim Order of this Commission, in the south channel of the St. Lawrence River below the mouth of the company's power canal near Massena, New York, will be held in the offices of the Commission, Old Land Office building, Washington, on Tuesday, December 5th, at ten o'clock a.m.

Yours very truly,

(Sgd.) LAWRENCE J. BURPEE,  
*Secretary.*

J. B. HUNTER, Esq.,  
Deputy Minister of Public Works,  
Ottawa.

OTTAWA, October 17, 1922.

DEAR SIR,—I am just in receipt of your favour of the 14th instant, advising that a public hearing on the application of the St. Lawrence River Power Company for approval of a further continuance of the submerged weir constructed in 1918, under an interim order of the International Joint Commission, in the south channel of the St. Lawrence River below the mouth of the company's power canal, near Massena, N.Y., will be held in the offices of the Commission, Old Land Office Building, Washington, on Tuesday, December 5, 1922, at ten o'clock a.m.

Yours sincerely,

(Sgd.) J. B. HUNTER,  
*Deputy Minister.*

LAWRENCE J. BURPEE, Esq.,  
Secretary International Joint Commission,  
Ottawa.

## INTERNATIONAL JOINT COMMISSION

OTTAWA, October 21, 1922.

DEAR SIR JOSEPH POPE,—I am forwarding herewith copy of a communication received from the Harbour Commissioners of Montreal setting forth their regard to the application of the St. Lawrence River Power Company. I have written Mr. MacDougald pointing out that if this communication is to be regarded as a formal statement in response it should under the commission's rules be printed and sent to the Government for transmission to the commission. Meanwhile you may wish to put the views of the Harbour Commissioners before the Government engineers who may have been charged with this matter.

Yours very truly,

(Sgd.) LAWRENCE J. BURPEE,  
*Secretary.*

SIR JOSEPH POPE, K.C.M.G.,  
Under Secretary of State for External Affairs,  
Ottawa.  
Referred to: Public Works.

SESSIONAL PAPER No. 101d

## HARBOUR COMMISSIONERS OF MONTREAL.

## PRESIDENT'S OFFICE.

MONTREAL, October 11, 1922.

DEAR SIR,—The Montreal Harbour Commissioners respectfully submit the following statement for the consideration of the International Joint Commission.

For many years the organization known as the Harbour Commissioners of Montreal has been recognized generally as a public "Trust." Important public interests, relating to navigation, to the St. Lawrence Route, to Maritime Commerce as well as to the Harbour of Montreal, have been entrusted to them, not only for development but for guarding inviolate the rights, obligations, and interests of Canada in the River St. Lawrence District.

The Harbour Commissioners recognize therefore, not only their important functions in the development of the Harbour, and the facilitation of Transport and Trade, but their obligations in connection with the rights of the United States and Canada, in International matters connected with the St. Lawrence River. They recognize that they are serving Canada rather than Montreal. Their views, in the past, have been held in such authority that the Commissioners have approached this serious question with an open mind, and from a practical viewpoint. It was their first impulse to cry "halt" "The Sacred Treaty of 1842 must not under any circumstances be profaned and what may have been approved in 1918 and permitted, at the request of the United States to meet an urgent necessity for the prosecution of the War must not now be continued."

The Commissioners, after careful study, have concluded that such a decision would not be in keeping with the traditions and past policy of the Trust. Their policy must be commercial development, their duty to guard and improve navigation.

After, therefore, due consideration of the questions involved in connection with the application of the St. Lawrence Power Company for approval of their application by the International Joint Commission, of the continuance of the submerged weir in the channel south of Long Sault Island, the Harbour Commissioners of Montreal are of the following opinions:

1. That the submerged weir is a fundamental transgression of not only the letter but also of the spirit of the Webster Asburton Treaty of 1842.

2. The weir was permitted only as an interim measure, and as being a great International necessity.

3. What could be accepted as an International requirement may not be approved as being in the interests of a Corporation.

4. The existence of the weir in question is regarded without apprehension as regards navigation interests and transportation. The very able Chief Hydrographer of the Department of Marine, Canada, Mr. W. J. Stewart, has given an opinion, which is concurred in by the Consulting Engineer of the Commissioners, Mr. F. W. Cowe, that navigation conditions are if anything improved.

5. If, then, the St. Lawrence River Power Company desires a valuable privilege for profitable operations of its plant, and no interests are in the meantime suffering, it would seem reasonable that an International lease, with public interests safeguarded and cancellable should be negotiated by the International Joint Commission, the proceeds to be strictly applied to navigation interests on the St. Lawrence.

14 GEORGE V, A. 1924

The Harbour Commissioners of Montreal again submit for the consideration of the International Joint Commission, that approval of every important matter connected with the St. Lawrence should be withheld until a properly developed plan is prepared, taking in the whole river from Lake Ontario to Montreal, fully safeguarded for the people of the United States and Canada their heritage in connection with

1. Navigation
2. Hydro-electric power
3. Regulation of flow.

Faithfully yours,

(Sgd.) W. L. McDOUGALD,  
*President.*

LAWRENCE J. BURPEE, ESQ.,  
Secretary International Joint Commission,  
Ottawa, Ontario.

8812

## INTERNATIONAL JOINT COMMISSION

OTTAWA, December 1, 1922.

Dear SIR,—I enclose herewith copies of statements filed by Canadian Cottons, Limited, and the Shipping Federation of Canada, in regard to the Application of the St. Lawrence River Power Company for a further continuance of the submerged weir constructed in 1918 in the south channel of the St. Lawrence River below the mouth of the Company's Power Canal, near Massena, N.Y.

Yours very truly,

(Sgd.) LAWRENCE BURPEE,  
*Secretary.*

Referred to: Public Works.

Sir JOSEPH POPE, K.C.M.G.,  
Under Secretary of State for External Affairs,  
Ottawa.

8812

## CANADIAN COTTONS, LIMITED,

CORNWALL, November 29, 1922.

The Honourable the International Joint Commission,  
Attention of Mr. Lawrence J. Burpee, Secretary,  
Ottawa, Canada.

Dear SIRs,—We desire to file with your Commission, the following statement in regard to the continuance of the submerged weir built in 1918 by the St. Lawrence River Power Company of Massena, N.Y., in the South Channel of the St. Lawrence River, near the head of the Long Sault Island.

Since this weir was built, the conditions, insofar as power development from waters of the Cornwall Canal are concerned, have been much improved and we have not been called upon to close down our mills, as we have had to do in previous years, on account of the low head of water at the entrance to Lock 21, Cornwall Canal. Prior to the placing of the weir and with the water in the river at the level that it is to-day, we would be put to serious inconvenience and financial loss on account of not being able to get enough water through the

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inlet gates of the canal to supply the requirements of navigation and power and in all probability we would be operating our auxiliary steam plant to make up for the shortage in our water-power which is developed from the Cornwall canal waters.

So far as our interests are concerned, we think it would be a mistake to remove this weir. We therefore respectfully request your honourable Commission to take such action as will insure its continuance.

Yours very truly,  
(Sgd.) CANADIAN COTTONS LIMITED,  
W. V. BOYD,  
Manager.

8812

OTTAWA, December 6, 1922.

Dear Sir,—With reference to your letter of the 5th instant, I enclose herewith copy of a statement from the Shipping Federation of Canada, which should have accompanied my reference to you of the 4th December, 1922.

Regretting this inadvertency,

Yours very truly,  
(Sgd.) F. M. BAKER,  
For Under Secretary of State for External Affairs.

The Deputy Minister of Public Works,  
Ottawa.

8812

## THE SHIPPING FEDERATION OF CANADA.

218 BOARD OF TRADE BLDG.,  
MONTREAL, November 30, 1922.

LAWRENCE J. BURPEE, Esq.,  
Secretary International Joint Commission,  
Ottawa, Ontario.

*Re application of the St. Lawrence River Power Company for approval of a further continuance of their submerged weir.*

Dear Sir,—The Shipping Federation of Canada (Incorporated) have given careful consideration to the application of the St. Lawrence River Power Company for permission to further continue with their submerged weir constructed in 1918, and have come to the unanimous conclusion that they still hold to the same views as expressed in their petition addressed to the International Joint Commission on the 24th August, 1918.

The Federation have always opposed in principle any scheme that would give any vested rights of any kind whatsoever to a private corporation in connection with damming or controlling our national highway. If, however, the International Joint Commission feel there are circumstances which justify the weir remaining, it should be taken over by the International Joint Commission or other properly constituted authority and leased annually to whom they may see fit, but under no circumstances should the vested rights of this weir be allowed to remain in the hands of a private corporation.

Respectfully submitted,

(Sgd.) ROBERT W. REFORD,  
President.

(Sgd.) THOMAS ROBB,  
Manager and Secretary.



8812

## INTERNATIONAL JOINT COMMISSION

OTTAWA, December 12, 1922.

Dear SIR,—I enclose herewith copy of the Interim Order in the matter of the Application of the St. Lawrence River Power Company, adopted by the Commission on December 6, 1922.

Yours very truly,

(Sgd.) LAWRENCE J. BURPEE,

*Secretary.*

J. B. HUNTER, Esq.,

Deputy Minister of Public Works,  
Ottawa.

IN THE MATTER OF THE APPLICATION OF THE ST. LAWRENCE RIVER POWER COMPANY FOR A FURTHER CONTINUANCE OF THE SUBMERGED WEIR IN THE SOUTH CHANNEL OF THE ST. LAWRENCE RIVER, NEAR MASSENA, N.Y.

Whereas, the Commission, by interim order dated 14th September, 1918, approved the construction and maintenance of a submerged weir in the St. Lawrence River, pursuant to an application dated 25th July, 1918, by the St. Lawrence River Power Company, a New York State Corporation having its principal office at Massena, N.Y., as by reference to the said order will more fully appear, and

Whereas, said applicant has constructed said weir in said river and maintained the same, and

Whereas, said applicant has made application for the further continuance of the approval of said weir.

It is hereby ordered, as a further interim measure that the approval of the construction and the maintenance of the said submerged weir, as expressed by the interim order of the 14th September, 1918, shall be and is hereby extended for the further period of two years next following the 14th day of September, 1923, and thereafter until six months notice in writing either by the Government of Canada or by the Government of the United States to the St. Lawrence River Power Company that the notifying Government objects to the further maintenance of the said weir; and thereupon, at or before the expiry of said notice, the said weir shall be removed by the applicant company, unless the said company having applied to the Commission within two months after the service of the said notice, for the approval of the continuance of said weir for a further period and having prosecuted said application with due diligence, shall obtain such approval; approval granted by this order to be, however, upon and subject to the following conditions:

1. That the diversion of water by the Massena power canal shall at no time exceed 25,000 c.f.s. unless when the diversion of a larger quantity of water will not, in the opinion of the Board of Control hereafter constituted, injuriously affect navigation.

2. That the St. Lawrence River Power Company shall, at its own proper cost and charges, with reasonable dispatch and under the direction of the Board of Control, cause sluice gates or other suitable contrivances to be provided so as to protect against injury from flood; and also with reasonable dispatch and under the like direction shall complete, according to the approved plans, repair, put into good condition and make tight, so far as reasonably practicable, the said weir in order that it may afford the utmost possible compensation at low water

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for the diversion which takes place through the Massena Power Canal; and that the weir with the sluice gates or other contrivances as aforesaid, shall thereafter be maintained in good condition during the period of extension hereby authorized, or for so long as this order shall continue to operate or to be effective.

3. That the weir and the flood control works herein provided for and, in time of emergency, any equipment of the applicant wherever situated which can be used for flood control be placed under the direction of said Board of Control consisting of two engineers, one to be named by the Government of Canada and the other to be named by the Government of the United States who shall control the operation of the gates and sluices therein or connected therewith so as if possible to insure that at high water the level at the head of the Cornwall Canal shall not be higher than that which would be caused by the river discharge under natural conditions; that at low water the said level shall not fall lower than at the time of low water under natural conditions and that no diversion of water by the Massena Power Canal in excess of 25,000 c.s.f. shall at any time take place to the injury of navigation. In the event of disagreement in the execution of their powers the Board of Control shall apply to the Commission for directions, and further shall have the right to apply in any circumstances where deemed necessary or advisable.

Provided that notwithstanding anything in this order contained the Commission may, at any time, of its own motion and upon notice and after hearing revoke the approval hereby granted; and moreover all the terms and conditions in the said interim order of the 14th September, 1918, expressed are mutatis mutandis and so far as they are capable of being applied to this order to be incorporated herein.

WASHINGTON, D.C., December 6, 1922.

(Sgd.) O. GARDNER,  
C. A. MAGRATH,  
C. D. CLARK,  
H. A. POWELL,  
W. H. HEARST,  
M. A. SMITH.

A true copy of the duplicate original of the order signed by the Commissioners December 6, 1922.

(Sgd.) LAWRENCE J. BURPEE,  
*Secretary.*

8812

OTTAWA, December 14, 1922.

DEAR SIR,—I beg to thank you for yours of the 12th instant enclosing copy of the Interim Order in the matter of the Application of the St. Lawrence River Power Company, adopted by the International Joint Commission on December 6, 1922.

Yours truly,

(Sgd.) J. B. HUNTER,  
*Deputy Minister.*

L. J. BURPEE, Esq.,  
Secretary International Joint Commission,  
Ottawa.

14 GEORGE V, A. 1924

8812

## BRITISH EMBASSY,

WASHINGTON, February 27, 1923.

My LORD,—I have the honour to transmit to your Excellency, herewith, copies of the paper mentioned in the subjoined schedule.

I have the honour to be,

Your Excellency's most obedient, humble servant,  
(For the Ambassador)

(Sgd.) R. G. CHILTON.

His Excellency, the Governor General of Canada.

*Subject*

<i>Name and Date</i> From Department of State, Washington, February 26, 1923.	Appointment of representatives upon the International Board of Control, concern- ing the submerged weir in the South Channel of the St. Lawrence River, near Massena, New York.
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*Reference:*

Canada, despatch No. 6 of January 22, 1923.

Referred to: Public Works.

8812

## DEPARTMENT OF STATE,

WASHINGTON, February 26, 1923.

EXCELLENCY.—Referring to your note No. 74 of January 27, 1923, informing the Department that Mr. W. J. Stewart, Consulting Engineer of the Department of External Affairs, has been appointed as the representative of Canada upon the International Board of Control, constituted by an Order passed by the International Joint Commission, on December 6, 1922, concerning the submerged weir in the South Channel of the St. Lawrence River, near Massena, New York, I have the honour to inform you that Major Paul S. Reinecke, United States District Engineer, in charge of Federal River and Harbour Improvements in the district within which the submerged weir is located, has been designated as this Government's representative on the Board. Major Reinecke's address is 540 Federal Building, Buffalo, New York.

Accept, Excellency, the renewed assurance of my highest consideration.

(Sgd.) CHARLES E. HUGHES.

711,42157 Sa. 24/29.

## CEDARS

3560—1C

MONTREAL, April 27, 1922.

Secretary, Department of Public Works,  
Ottawa, Ont.

Re *Application of the Cedars Rapids Manufacturing & Power Company, Montreal, for approval of Plans under Chapter 115, R.S.C.*

DEAR SIR,—In connection with the above application, we enclose herewith five copies of the petition and description of works and are sending you by

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express five copies of the plan. You will note that one copy of the plan as well as one copy of the description of the works has been certified by the Registrar of the District of Soulanges evidencing the deposit in his office. The advertisements are running in the local papers and have been forwarded for publication in the Canada Gazette.

If any further information or documents are required kindly advise. In the meantime we would be obliged if you would acknowledge receipt.

Yours truly,

(Sgd.) BROWN, MONTGOMERY & McMICHAEL.

3560—1D

## NAVIGABLE WATER PROTECTION ACT

R.S.C., Chapter 115.

The Cedars Rapids Manufacturing and Power Company hereby gives notice that it has, under Section 7 of the said Act, deposited with the Minister of Public Works at Ottawa, and in the office of the District Registrar of Land Registry, District of Soulanges at Coteau, a description of the site and the plans of ice protection, piers and glance boom to be built in the St. Lawrence River at Cedars, joining the Company's property and in front of Lots numbers 131, 132, 133, 134, 135, 136, 137 and 138.

And take notice that after the expiration of one month from the date of the first publication of this notice the Cedars Rapids Manufacturing and Power Company will, under Section 7 of the said Act, apply to the Minister of Public Works at his office in the City of Ottawa, for approval of the said site and plans and for leave to construct the said ice protection, piers and glance boom.

Dated at Montreal, this 26th day of April, 1922.

THE CEDARS RAPIDS MANUFACTURING AND POWER COMPANY.

(Sgd.) C. S. BAGG,

*Secretary*

3560-1D

IN THE MATTER of the Application of the CEDARS RAPIDS MANUFACTURING AND POWER COMPANY, Montreal, for Approval of its Plan for the Construction of Certain Work in Navigable Waters, to wit, the St. Lawrence River.

To His Excellency Julian Hedworth George, Baron Byng of Vimy, General on the Retired List and in the Reserve of Officers of The Army, Knight Grand Cross of The Most Honourable Order of the Bath, Knight Grand Cross of The Most Distinguished Order of Saint Michael and Saint George, Member of The Royal Victorian Order, Governor-General and Commander in Chief of The Dominion of Canada.

## IN COUNCIL:

The Petition of the undersigned, the Cedars Rapids Manufacturing and Power Company, a body politic, incorporated by special act of the Dominion of Canada, and having its head office and principal place of business in the City of Montreal, in the Province of Quebec.

## HUMBLY SHEWETH:

1. That your Petitioner was incorporated for the purpose of constructing and operating a hydro-electric development on the St. Lawrence River at Cedars, Quebec.

2. That upon report of the Committee of Privy Council approved by His Excellency, the Governor General, on the 28th day of May, 1909, the plans submitted by The Cedars Rapids Manufacturing and Power Company and the description of the proposed site filed with the Minister of Public Works was approved subject to the conditions set forth in the said Order in Council to which the Cedars Rapids and Manufacturing and Power Company agreed and obliged itself.

3. That upon report of the Committee of Privy Council approved by His Excellency, the Governor General on the 16th day of June, 1913, the plans submitted by The Cedars Rapids Manufacturing and Power Company for the construction of an ice boom and concrete piers at the intake to its power canal, filed with the Minister of Public Works, was approved.

4. That upon report of the Committee of Privy Council approved by His Excellency, the Governor General, on the 12th day of November, 1920, the plans submitted by The Cedars Rapids Manufacturing and Power Company for the installation of a wing dam constructed of rock and earth instead of an ice boom and concrete piers, filed with the Minister of Public Works, was approved.

5. That your Petitioner has for a number of years past operated its hydro-electric development at Cedars, and since the installation of its wing dam approved of under date November 12, 1920, has found that the trouble experienced from low water, frazil and anchor ice has been mitigated but the trouble experienced from large sheets of floating ice which break away from the shores between the head of the power canal and Coteau Rapids still continues to be a menace to the operation of the Company's plant.

6. That your Petitioner has determined that by the installation of ice protection piers, and glance boom, the difficulties encountered during the winter season with the large sheets of floating ice will be overcome.

7. That your Petitioner has caused copies of its plan and description of the site and proposed work to be deposited with the Minister of Public Works and with the office of the Registrar of Deeds, for the District in which such work is proposed to be constructed, the whole in accordance with the provisions and requirements of Chap. 115 of the Revised Statutes of Canada, 1906.

8. That your Petitioner is prepared to properly protect all interests which might be affected by the proposed works, and to compensate for any losses which might be sustained by reason of the proposed works, as well as to protect the rights of navigation.

Wherefore your Petitioner prays that your Excellency in Council may be pleased to approve the plan and description deposited by your Petitioner as aforesaid.

And as in duty bound your Petitioner will ever pray.

MONTREAL, 26th April, 1922.

(Sgd.) THE CEDARS RAPIDS MANUFACTURING & POWER CO..

E. T. NORRIS, *Vice-President*.

C. S. BAGG, *Secretary*.

Solicitors.



SESSIONAL PAPER No. 101d

APPLICATION OF THE CEDARS RAPIDS MANUFACTURING AND POWER COMPANY FOR  
APPROVAL OF PLANS OF IMPROVEMENTS TO PLANT AT CEDARS, QUE.

## Description of Work.

*Site.*—The proposed work is situated on the the St. Lawrence River, in the County of Soulanges, Province of Quebec, at a place known as Cedars, Quebec.

The St. Lawrence River at this point has a fall of approximately 30 feet and The Cedars Rapids and Manufacturing and Power Company has a hydro-electric development at Cedars using a portion of the river flow.

*Purpose of Work.*—The Company asks for the right to install ice protection piers and glance boom abutting on its wing dam and extending at an angle of approximately 15 degrees upstream in a westerly direction for a distance of approximately 2500 feet and thence to the shore line a distance of approximately 1500 feet.

The purpose of the ice protection piers and glance boom is to break up and keep out of the Company's power canal large sheets of floating surface ice which seriously interfere with the operation of the plant during the winter season.

*Ice Protection Piers and Glance Boom.*—The ice protection, piers and glance boom will be constructed from the end of the Company's wing dam in a westerly direction, as indicated on white print of Drawing No. 1289—E. The Cribs supporting the glance boom will consist of timber, rock filled, the glance boom consisting of three 12 inch by 12 inch timbers bolted together with four inch spacings between timbers. The section of boom being chained together and to the piers, so as to permit of same being easily removed during the season of navigation. The western end of boom will be anchored to a rock filled bank situated on top of a reef as shown on plan.

The ice piers consist of timber rock filled and constructed in such a manner as to break up the sheets of floating surface ice.

Bureau d'enregistrement du Comté de Soulanges, déposé à 9½ heures am le 26 Avril, 1922.

(Sgé.) ADRIEN ROULEAU.

Rg.

Vraie copie.

(Sgé.) A.R.,

Rg.

3560—1D

Canada

Province of Quebec,

District of Montreal.

IN THE MATTER OF THE APPLICATION OF THE CEDARS RAPIDS MANUFACTURING AND POWER COMPANY, FOR APPROVAL OF ITS PLAN FOR THE CONSTRUCTION OF CERTAIN WORK IN NAVIGABLE WATERS, TO WIT, THE ST. LAWRENCE RIVER.

I, Robert M. Wilson, of the City of Montreal, Province of Quebec, do make oath and say:—

1. That I am the Engineer of the Company applicant.

2. That I have a knowledge of the matter, and that the allegations in the annexed Petition of The Cedars Rapids Manufacturing and Power Company, for the approval of its plan is to the best of my knowledge true in substance and in fact.

14 GEORGE V, A. 1924

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

Declared before me at the City of Montreal, in the Province of Quebec, this 24th day of April, 1922.

(Sgd.) R. M. WILSON.

3560-1C

OTTAWA, May 1, 1922.

GENTLEMEN,—I have received your letter of April 29 last, making application under section 7 of the Navigable Waters Protection Act, for approval of the plan and description of the site of ice protection piers and a glance boom proposed to be constructed at Cedars, Que., by the Cedars Rapids Manufacturing & Power Company, in connection with its power development works. The following enclosures accompanied your communication; five copies of a document containing a copy of the advertisement; a copy of the Company's petition; a description of the work, the description being certified by the Registrar; a statutory declaration; five copies of the plan—one being certified.

Your obedient servant,

(Sgd.) R. C. DESROCHERS,

*Secretary.*

MESSRS. BROWN, MONTGOMERY & McMICHAEL,  
Barristers, etc.,  
Dominion Express Building, Montreal, P.Q.

3560-1C

MONTREAL, June 10, 1922.

Secretary, Department of Public Works,  
Ottawa, Ont.

*Re Cedars Rapids Manufacturing & Power Company Approval of Plans.*

DEAR SIR,—We enclose herewith affidavit of Mr. R. M. Wilson establishing the publication of the notices as required by law, and are sending you by express the newspapers containing the several notices.

Yours truly,

(Sgd.) BROWN, MONTGOMERY & McMICHAEL.

3560-1C

IN THE MATTER of an Application by the Cedars Rapids Manufacturing & Power Company for Approval of the Plans, under Chapter 115 R.S.C.

1. Robert M. Wilson, of the City of Westmount, in the District of Montreal, do solemnly declare:

1. I am the Chief Electrical Engineer of the company applicant and reside at No. 2 Hudson Avenue, in the said City of Westmount.

2. One month's notice of the deposit of the description of the site and of the plans with the Minister of Public Works required by law has been given by advertisement in the *Canada Gazette* and in two newspapers published in

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or near the locality where the work is to be constructed, to wit, in the *Montreal Standard* and *Le Progres de Valleyfield*, as appears by copies of the said applications hereto annexed as follows:—

*Exhibit "A"*—Copies of the *Canada Gazette* of the following issues: May 6th, 1922; May 13th, 1922; May 20th, 1922, and June 3rd, 1922.

*Exhibit "B"*—Copies of the *Montreal Standard* of the following issues: April 29th, 1922, May 6th, 1922, May 13th, 1922; May 20th, 1922, and May 27th, 1922.

*Exhibit "C"*—Copies of *Le Progres de Valleyfield* of the following issues: May 4th, 1922; May 11th, 1922; May 18th, 1922; May 25th, 1922; June 1st, 1922.

And I make this solemn declaration conscientiously believing the same to be true and knowing that it is of the same force and effect as if taken under oath and by virtue of the Canada Evidence Act.

Declared before me at the City of  
Montreal, this 10th day of June, 1922.

(Sgd.) G. N. WHATLEY.

(Sgd.) R. M. WILSON.

3560-1C

OTTAWA, June 14, 1922.

GENTLEMEN,—I have received your letter of June 10 instant, enclosing in the matter of the ice protection piers and glance boom proposed to be constructed at Cedars, P.Q., by the Cedars Rapids Manufacturing and Power Company, a statutory declaration proving that the advertisement respecting the application has been published in the *Canada Gazette* and two local newspapers.

Our Engineers have reported favourably with respect to the project, but you do not appear as yet to have filed evidence that the applicants have the right to use the site of the work.

Yours obediently,

(Sgd.) R.C. DESROCHERS,

Secretary.

MESSRS. BROWN, MONTGOMERY & McMICHAEL,  
Barristers, etc.,

Dominion Express Building, Montreal, P.Q.

3560-1C

MONTREAL, June 14, 1922.

Secretary, Department of Public Works,  
Ottawa, Ont.

Re Application of Cedars Rapids Manufacturing & Power Company for  
Approval of Plans.

DEAR SIR,—We enclose herewith copy of letter received from the Deputy Minister of Lands & Forests, Quebec, together with copy of Order in Council granting the lease of the water lot at Cedars.

Yours truly,

(Sgd.) BROWN, MONTGOMERY & McMICHAEL.

14 GEORGE V, A. 1924

3560-1C

QUÉBEC, 13 juin, 1922.

Messieurs BROWN, MONTGOMERY & McMICHAEL,  
Montréal, Qué.

*St-Laurent, Rapides des Cèdres*

Messieurs,—J'ai l'honneur de vous transmettre ci-joint copie d'un arrêté du conseil en vertu duquel votre cliente, la compagnie Cedars Rapids Manufacturing and Power Co. Ltd., est autorisée à occuper un lot additionnel du St-Laurent, d'une superficie de 5.7 acres au prix de \$10 de l'acre.

Je vais donner instructions au notaire Chs. Delagrave de préparer l'acte devant incorporer les conditions.

J'ai l'honneur d'être, messieurs,

(Sgé.) ELZ. MIVILLE-DECHENE,  
*Sous-Ministre.*

3560-1C

MONTREAL, June 15, 1922.

R. C. DESROCHERS, Esq.,  
Secretary, Department of Public Works,  
Ottawa, Ont.

*Re Cedars Rapids Manufacturing & Power Company Application—  
File No. 3560-1*

Dear SIR,—We beg to acknowledge receipt of your favour of the 14th instant, for which we are obliged. Yesterday morning we mailed you a copy of the Order in Council granting the Cedars Rapids Company the lease of the additional water lot at Cedars.

Yours truly,

(Sgd.) BROWN, MONTGOMERY & McMICHAEL.

3560-1C

OTTAWA, June 19, 1922

GENTLEMEN,—I have received your letter of June 14 instant, enclosing a copy of a letter from the Deputy Minister of Lands and Forests of Quebec together with a copy of the Order in Council passed by the Provincial Government granting authority to issue a lease to the Company for the site required for the ice protection piers and glance boom proposed to be constructed at Cedars, P.Q.

There is, however, little to our purpose in the copy of the Order in Council referred to as it does not contain a description of the area proposed to be leased, and moreover is not certified. Kindly send me a copy of the Order in Council with a plan and description attached certified by the proper officers of the Department.

Your obedient servant,

(Sgd.) R. C. DESROCHERS.

*Secretary.*

Messrs. BROWN, MONTGOMERY & McMICHAEL,  
Barristers, etc.,  
Dominion Express Building, Montreal, P.Q.

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3560-1D

KINGSTON, June 19, 1922.

J. B. HUNTER, Esq.,

Deputy Minister of Public Works,  
Ottawa, Ont.*Re Dam at Isle aux Vaches erected by Cedars Rapids Mfg. & Power Company*

Dear Mr. HUNTER,—There was a correspondence in May of last year regarding this dam and after investigation at the stage which construction had then reached it was reported to you by this Association that the dam did not appear to be interfering with navigation. It has now been found that levels are being interfered with, and the pilot of the "Rapids Prince" reports touching bottom in the Cedars Rapids notwithstanding the prevailing higher water levels. It appears that levels vary with the amount withdrawn inside the dam and according to the report the dam has obviously changed shore levels at certain points under conditions when good water might have been expected, and presumably the same depreciation in level has taken place in the Channel.

The owners of the Rapids steamer are naturally concerned and I have been instructed to call the matter to your attention and to ask whether construction is being carried on with strict regard to the proposals approved and whether also there is not a remedy applicable to the present difficulty. Will you be so good as to let me know about this. Perhaps you would indicate the present position of the construction work and the extent of the additional work already authorized.

Then too, it is also understood that advertisement has recently been made by the Montreal Light, Heat & Power Company of proposed additional works. I am asked to enquire as to the character and probable effect of these works. If they would in any way increase the difficulties of navigation the Association would of course be on record as protesting.

I shall be glad to be favoured with a reply from you and no doubt you will realize the seriousness of any undertaking which will in fact bar the river to navigation, and will see that prompt investigation is made and advice given to me on behalf of the Association.

Yours very truly,

(Sgd.) FRANCIS KING.

3560-1D

OTTAWA, June 22, 1922.

Dear Mr. KING,—Your letter of the 19th instant concerning the dam which is being erected by the Cedars Rapids Mfg. and Power Company at Isle aux Vaches, P.Q., interfering with navigation duly received.

Your communication is being referred to the Engineering Branch of the Department for immediate investigation.

Yours very truly,

(Sgd.) J. B. HUNTER,  
Deputy Minister.

FRANCIS KING, Esq., K.C.,

Counsel, Dominion Marine Association,  
Kingston, Ont.



14 GEORGE V, A. 1924

3560-1D

MONTREAL, July 3, 1922.

R. C. DESROCHERS, Esq.,  
 Department of Public Works,  
 Ottawa, Ont.

*Re Cedars Rapids Manufacturing and Power  
 Company. Approval of Plans*

Dear Sir,—In further reference to your request, we have pleasure in enclosing herewith certified copy of the Order in Council granting the water lot, together with certified copies of plan and description. Trusting that this will give you the information desired, we remain,

Yours truly,

(Sgd.) BROWN, MONTGOMERY & McMICHAEL.

3560-1D

COPIE DU RAPPORT D'UN COMITÉ DE L'HONORABLE CONSEIL EXÉCUTIF EN DATE DU  
 7 JUIN 1922 APPROUVÉ PAR LE LIEUTENANT-GOUVERNEUR LE 7 JUIN 1922

*Concernant la demande de la compagnie dite "The Cedar Rapids Manufacturing  
 and Power Co. Ltd."*

1110.

L'honorable ministre des Terres et Forêts, dans un rapport en date du 30 mai (1922) expose: que la compagnie "The Cedar Rapids Manufacturing and Power Co. Ltd." demande la concession d'un certain lot faisant partie du lit du Saint-Laurent en front de la paroisse de Saint-Joseph de Soulanges, pour y faire certains travaux dans et but d'améliorer le canal d'aménée de leur usine hydro-électrique des Cèdres.

Que par acte devant le notaire Jos. Allaire, de Québec, en date du 2 courant 1910, le Gouvernement a loué à la compagnie susmentionnée par bail emphytéotique de 99 ans, à courir du 1er août 1910, les forces hydrauliques d'une partie du rapide des Cèdres et une certaine étendue des grèves et du lit du fleuve, le tout mieux défini au bail et d'une superficie de 194.85 arpents carrés.

Qu'en vertu d'un acte devant le notaire J. A. Perodeau, en date du 31 mars 1913, deux lots additionnels faisant partie du lit du fleuve Saint-Laurent, d'une étendue totale de 123½ arpents carrés ont été loués à la dite compagnie pour le reste de la durée du bail emphytéotique original. (2 août 1918).

Que par acte devant le notaire Chs Delagrave, en date du 25 avril 1921, le Gouvernement a concédé par bail emphytéotique un nouveau lot adjacent aux précédents faisant partie du lit du Saint-Laurent, d'une superficie de 52.2 aeres, pour le reste de la durée du bail original.

Considérant que la nouvelle demande est nécessaire à l'usine, établie en vertu de la première concession, l'honorable ministre recommande d'être autorisé à louer jusqu'à l'expiration du susdit premier bail et aux conditions ordinaires, le lot demandé de 5.7 aeres au prix de \$10.00 de l'aere, en réservant les droits des tiers et un passage d'accès et de sortie pour les propriétaires riverains ainsi enclavés et celui des tiers en général ainsi que pour la navigation, le tout sujet aux lois et règlements du Gouvernement fédéral et du Gouvernement provincial, (8 Geo. V, chap. 68) concernant la navigation, les mines et les pêcheries.

Certifié,

(sgé) A. MORISSET,  
*Greffier Conseil Exécutif.*

## 3560-1D

*DESCRIPTION of a Deep water lot which the Cedars Rapids Manufacturing and Power Company purposed to lease from the Government of the Province of Quebec, in front of lots 131 to 137 inclusive, of the Cadastre of the Parish of St. Joseph des Cedres, county of Soulanges.*

A parcel of land, of irregular shape, lying and being on the river bed of the St. Lawrence river, in front of lots Nos. 131, 132, 133, 134, 135, 136, 137 of the Cadastre of the Parish of St. Joseph des Cedres, County of Soulanges, bounded towards the North by the lot No. 131; towards the Northeast and Southwest, by the bed of the river St. Lawrence; towards the Southeast by the westerly boundary of a deep water lot leased by the Cedars Rapids Manufacturing and Power Company, by contract dated 25th April, 1921, and passed before Charles Delagrave, N.P.

The present parcel of land is shown in detail on a plan prepared by Paul A. Beique, Q.L.S., under date of May 13, 1922, and it may be more particularly described as follows:—

1. A strip of land Fifty (50) feet in width, lying and being twenty-five (25) feet on each side of the centre line which may be more particularly described as follows:—

Commencing at a point marked "Z" on the plan hereto annexed, which said point "Z" is situate at a distance of One hundred and sixty-seven feet measured along a line to the Southwest and perpendicular to the division line between Lots Nos. 131 and 132 of said Cadastre of the Parish of St. Joseph des Cedres, from a point distant One hundred and six feet and four tenths (106.4) measured towards the Southeast, along said division line between lots Nos. 131 and 132, from its intersection with the Northerly boundary of the Public Road. Said starting point "Z" is located on the high water mark bounding lot No. 131, to the South. From said starting point "Z" proceeding in a straight line, in a direction South  $40^{\circ} 03\frac{1}{2}'$  East, for a distance of One thousand, two hundred and fifty-nine (1,259) feet to a point marked "V;" thence, proceeding along a straight line, in a direction South  $40^{\circ} 03\frac{1}{2}'$  East and seven tenths (343.7) to a point marked "U;" thence proceeding in a straight line, in a direction South  $61^{\circ} 58\frac{1}{2}'$  East, for a distance of Two thousand, seven hundred and fifty-four feet and two-tenths (2,754.2) to a point marked "Y" which is located on the Westerly Boundary of line described by letters "M-X" in a lease of the Honourable H. Mercier to the Cedars Rapids Manufacturing and Power Company, passed before Charles Delagrave, N.P., on the 25th April, 1921. Said point "Y" is located at a distance of One thousand, three hundred and twenty-three feet and one-tenth (1,323.1) measured in a South Westerly direction, along said line "M-X" from point "E."

2. A strip of land measuring fifty feet (50) in width, and lying twenty-five feet (25) on each side of the centre line, and which may be more particularly described as follows:—

Commencing at a point "V" hereinabove referred to in part No. 1 which said point "V" is situate at One thousand two hundred and fifty-nine (1,259) feet measured in a direction South  $40^{\circ} 03\frac{1}{2}'$  East, from starting point "Z" located on the high water mark at the Southerly boundary of said lot No. 131, and fully described hereinabove under part No. 1; and from said point "V" proceeding in a straight line in a direction South  $18^{\circ} 35\frac{1}{2}'$  East, for a distance of One thousand and thirty feet and seven-tenths (1,030.7) to point "X."

Said two parcels of land, as described, containing by admeasurement, Five acres and seven-tenths (5.7) acres more or less, and being shown coloured pink, on plan attached hereto.

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All bearings are astronomical, and all distances English measure, and expressed in decimals of a foot.

The high water elevation is one hundred and thirty-one feet and five-tenths (131.5) and the low water elevation is one hundred and twenty-eight feet and four-tenths (128.4) above mean tide.

(Sgd.) PAUL A. BEIQUE,  
Q.L.S.

MONTREAL, May 13, 1922.

3560-1D

OTTAWA, July 5, 1922.

*Re application of the Cedars Manufacturing and Power Company, Limited, for approval of ice protection piers and glance booms proposed to be built at Cedars, P.Q.*

GENTLEMEN,—I beg leave to acknowledge the receipt of your letter of July 3 instant, enclosing a certified copy of the Order in Council passed by the Provincial Government of Quebec, which you state grants the water lot required for the works. Copies of the plan and description were likewise received.

Your obedient servant,  
(Sgd.) R. C. DESROCHERS,  
*Secretary.*

Messrs. BROWN, MONTGOMERY & McMICHAEL,  
Barristers, etc.,  
Dominion Express Building, Montreal, P.Q.

3560-1D

MONTREAL, July 10, 1922.

Mr. C. R. COUTLEE,  
Dept. of Public Works,  
Hunter Building, Ottawa, Ont.

Dear SIR,—Referring to our interview in the matter of letter received by Mr. Hunter, Department of Public Works, from Mr. Francis King, under date of June 19th, 1922, representing the Dominion Marine Association, alleging that the wing dam which we have constructed at Cedars from Isle aux Vaches westward has been responsible for changing water levels so as to cause the grounding of one of the Rapids' boats in the Cedars Rapids, the property of the Canada Steamship Lines, we most emphatically deny that our wing dam has in any way been responsible for the grounding of the "Rapids Princee."

In order that your record may be quite clear we take pleasure in furnishing the following:

In June, 1920, the Power Company started the construction of its embankment from the end of Isle Aux Vaches westwards; by the end of the season of 1920 there had been completed approximately one quarter of the total embankment.

At a meeting held on March 30th, 1921, of the Dominion Marine Association in Montreal, a representative of the Canadian Steamship Lines stated that one of their pilots, Captain Ouelette, made a complaint that our work would be the cause of trouble to the Steamship Line boats in the Cedars Rapids.

Under date of April 30th, 1921, a letter of protest was forwarded by Mr. Francis King to Mr. Hunter, Deputy Minister of Public Works, complaining

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that we were obstructing the channel in the Cedars Rapids. As a result of this communication, Mr. L. G. Papineau, Supervising Engineer of the Department of Public Works in Montreal, visited the work at Cedars and made certain observations with a view to ascertaining if the work was being carried out in accordance with plans furnished your Department, and he found such was the case.

About May 12th, 1921, Captain Ouelette called at the Power Company's offices and interviewed the undersigned, stating he was very much worried that our work, which had been carried out during the previous year on the embankment, would cause him trouble in navigating the Cedars Rapids. We assured him we were certain our work would in no way affect navigation and in order to satisfy him we agreed to run the Rapids in one of our own boats to prove to him and any other Captain piloting boats through the Rapids that such was the case.

On May 17th, 1921, Captain Ouelette, accompanied by Captain Batten, ran the Cedars and Cascade Rapids in one of our boats accompanied by Mr. Hawley, the Company's Resident Engineer at Cedars, and the undersigned. Both of the Captains informed us that they were satisfied that our work had not interfered with the navigating conditions in the Cedars Rapids.

It might be of interest for you to note that at the time the trip was made through the rapids our dam had been extended practically 50 per cent of its total length. The Rapids' boats continued to operate all the season of 1921, during which time our dam was being constructed, and was completed on October 29th, 1921.

Since last October we have not extended the bank. The work during the present season has been the widening of the bank on the Company's own property.

A short time after the company started the construction of its works at Cedars, automatic recording gauges were installed at the head of Isle a l'Ail and at the head and bottom of Isle Ville Monble, otherwise known as Quenneville Island, and elevations recently taken, viz. on June 24th, 1922, demonstrate that instead of the water being lower in the boat channel since the construction of the embankment from Isle aux Vaches west that the water is actually higher.

The following levels are of interest and confirm this statement:—

August 1, 1917—Elevation Lake St. Francis.. . . .	152.4
Western end of Isle a l'Ail.. . . .	124.04
Western end of Quenneville Island.. . . .	115.54
Eastern end of Quenneville Island.. . . .	107.74
June 24, 1922.—Elevation Lake St. Francis.. . . .	152.5
Western end of Isle aux Vache.. . . .	124.41
Western end of Quenneville Island.. . . .	116.44
Eastern end of Quenneville Island .. . . .	108.84

For the purpose of locating these gauges in relation to the Company's works we forward herewith a rice paper copy of the plan of the river in the vicinity of the Company's Plant.

On June 9th of the present year, which was the first day the Canada Steamships Line started to run their Rapids' boats down through the Rapids, the "Rapids Prince" touched bottom in going through la barriere. Cedars Rapids, and as a result our work at Cedars was immediately blamed for the boat having touched bottom.

It is interesting to note that the boats have continued to run the Rapids every day since the 9th inst., and have not grounded although the water is lower in the river and the condition of our dam is exactly the same as on the 9th inst.

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We think you are sufficiently acquainted with the conditions that exist in the Cedars Rapids during the winter season to know that the large volumes of anchor ice that are formed in the Rapids are responsible for the movement of large boulders, and also changed the shore line conditions along the islands. We have experienced ourselves a very serious condition as the result of the movement of large boulders during the ice season.

If there is any further information you would like on this matter in the way of records of water elevations we would be most pleased to furnish same.

It has been suggested that possibly the cause of the trouble of the boat grounding was our drawing more water through the plant than we are entitled to. For your information I beg to advise you that our contract with your Department permits us to use 56,000 sec. feet of water, and up to the present time we have not used any more than approximately 43,000 to 44,000 sec. ft. and each day's usage at the present is practically uniform.

In our opinion either one of two things happened to cause the grounding of the "Rapids Prince,"—the pilot either mistook the channel owing to the absence of some of his monuments, which are in no way permanent, or else the anchor ice during the past winter carried down large boulders which lodged in the gate at the point where the boat struck.

The work, which is contemplated by the application made to your Department, filed in April of the present year, will in no way affect navigation, as you will readily ascertain by looking at the plans filed.

It is very important to us to have the approval of our plans at once in order that we can begin our construction work so that the glance boom and ice piers will be completed in time to protect our plant and improve operating conditions during next winter.

We would consider it a great favour if you can see your way clear to having this matter disposed of at once.

Yours truly,

(Sgd.) MONTREAL LIGHT HEAT & POWER CONSOLIDATED.

R. M. WILSON,  
*Chief Electrical Engineer.*

3560-1D

KINGSTON, ONT., July 12, 1922.

J. B. HUNTER, ESQ.,  
Deputy Minister of Public Works,  
Ottawa, Ont.

Referring letter nineteenth Isle aux Vaches dam, President Marine Association advises that Department's engineers and others yesterday satisfied him as to construction works under way but this association should maintain right to question amount of water withdrawn by Company. Protest therefore temporarily withdrawn; shall write again after meeting at Montreal, Friday.

(Sgd.) FRANCIS KING.

3560-1D

OTTAWA, July, 13, 1922.

A. ST. LAURENT, ESQ.,  
Chief Engineer, Public Works Department,  
Ottawa.

SIR,—I have the honour to state that following an interview with Mr. A. W. Wilson, Chief Electrical Engineer, Montreal Light, Heat and Power Consoli-



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dated, the enclosed letter has been received from him refuting the allegations made that navigation in the Cedars Rapids was being injured by the power company's works.

Briefly the extension of the power dam above Ile aux Vache was authorized and work began June 1920 and it was completed October 1921, since when no further extension has been made. The Marine Association protested this work 1st May, 1921, but on 17th May the Power Company took the rapids boat captains through the Cedars chutes and both were satisfied that navigation conditions had not been interfered with. At this time the new bank was 50 per cent completed, and the boats continued to run the rapids until the end of season without trouble.

On June 9th this year on first trip down the "Rapids Prince" touched in Cedars Rapids and a protest was made. Since however, the boat has been running every day without trouble.

After consideration it seems that possibly steering marks ashore have disappeared, or were confused on the occasion of the first trip this year. Possibly last winter's ice may have carried boulders and deposited them in a jam upon the edge of one of the shoals.

In the protest it was alleged that the regime of the St. Lawrence river had been altered and that the surface above and below the power works did not fluctuate as formerly. To examine into this condition, monthly mean readings for the last two years were plotted against one another and the results are enclosed in the form of a diagram. They indicate that nothing unusual has occurred, the gauges at Coteau Landing and Coteau du Lac above the works rising and falling in unison with the gauge at St. Timothee. The plotted points are within an inch or two of the theoretical line, the variation being due to prevailing winds and to the use of a constantly reading automatic gauge against a gauge read once a day at St. Timothee.

With regard to abstraction of water from the boat channel into the power works, the fact is that in the natural state 60,000 to 75,000 c.f.s. passed between Ile aux Vache and the north shore. At present according to the horse-power generated only 44,000 c.f.s. passes between Ile aux Vache and the north shore, the difference upwards of 15,000 c.f.s. is thrown into the navigation channel thereby improving its condition. Occasional meterings across the power canal would be advisable to check the consumption of water and directly prove that the public channel was receiving its proper amount.

Evidence as to maintained channel heights is also contained in Mr. Wilson's letter which shows that in August 1917 with Lake St. Francis, elev. 152.4 the foot of Quenneville Island which is situated well down the Cedars Rapids showed elev. 107.74. In June 1922, with Lake St. Francis at practically the same elevation, the foot of Quenneville Island showed elev. 108.84 or a good foot higher than five years previously.

It seems clearly settled that the steamboat channel through the rapids has not been injured by the power works and I recommend that the stay in granting the application for the ice boom be removed, and that the company's request be approved.

I have the honour to be, Sir,

Your obedient servant,

(Sgd.) C. R. COUTLEE.

Engineer, Grade II.

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3560—1D.

OTTAWA, July 18, 1922.

SIR,—Referring to previous correspondence, I enclose the following papers relative to the application of the Cedars Rapids Manufacturing and Power Company for approval of ice protection piers and a glance boom proposed to be constructed at Cedars, P.Q.:

1. Letter dated July 10, 1922 from Mr. R. M. Wilson, Chief Electrical Engineer of the Montreal, Light, Heat and Power Consolidated.
2. Report of July 13, 1922 from Mr. C. R. Coutles, our Engineer.

Your obedient servant,

(Sgd.) L. H. COLMAN.

Assistant Secretary.

FRANCIS KING, Esq. K.C.,  
Dominion Marine Association,  
Kingston, Ont.

3560—1D.

KINGSTON, July 19, 1922.

J. B. HUNTER, Esq.,  
Deputy Minister of Public Works,  
Ottawa, Ont.

Dear SIR,—I beg to refer to my telegram of the 12th instant, with reference to the dam under construction at Isle aux Vaches and with reference to my letter of the 19th ultimo.

The matter received further consideration at a meeting of the Executive Committee of this Association in Montreal and I have now been instructed to confirm the substance of the telegram mentioned withdrawing the Association's protest as to the construction works but preserving the right to question the amount of water withdrawn by the company.

Yours very truly,

(Sgd.) FRANCIS KING.

3560—1D.

OTTAWA, July 21, 1922.

Dear SIR,—In the absence of the Deputy Minister I beg to acknowledge receipt of your favour of the 19th instant, with reference to the dam under construction at Isle aux Vaches, and confirming the substance of your telegram withdrawing the protest of the Dominion Marine Association to the construction of this work, but reserving the right to question the amount of water withdrawn by the Company.

Yours very truly,

(Sgd.) L. H. COLMAN,

Act'g. Deputy Minister.

FRANCIS KING, Esq., K.C.,  
Kingston, Ont.

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P. C. 1681

*CERTIFIED COPY of a Report of the Committee of the Privy Council approved by His Excellency the Governor General on the 14th August 1922.*

The Committee of the Privy Council have had before them a report dated 3rd August, 1922, from the Minister of Public Works, submitting that on January 6th, 1906, an Order in Council was passed approving of the plans submitted by the Cedars Rapids Manufacturing and Power Co. under the Statute 4 Edward VII, Chapter 65, 1904, of certain power development works proposed to be built in the River St. Lawrence at St. Joseph de Soulanges, in the Province of Quebec. The Order in Council also approved of the book of reference describing the various lots which the Company desired to expropriate in connection with the said works, and it provided that the approval of the plans and the book of reference should not be effective until an agreement had been passed between the Crown and the Company;

By the statute referred to the Company was given power, amongst other things, to construct, develop, acquire, own, use and operate water powers in or adjacent to the St. Lawrence River, in the County of Soulanges and Province of Quebec, and to construct, operate, and maintain, works, canals, race-ways, water courses, dams, piers, booms, dykes, sluices, conduits and buildings in connection with the said water powers, provided that any work authorized by the said Act should not be commenced until the plans thereof had first been submitted to and approved by the Governor General in Council.

Before entering into the agreement mentioned the matter was referred to the International Waterways Commission, which, after careful examination, reported that though they were unable to form opinion in detail as to the effect of the proposed works on navigation, they did not consider that fact a valid reason for reporting adversely against the scheme as outlined, assuming that in the detailed plans which were to be submitted later for the approval of the Minister of Public Works the interests of navigation would be safeguarded.

Pursuant to the authority granted in the Order in Council of January 6, 1906, an agreement was entered into on May 28, 1909, a copy of which is attached hereto, between the Crown, as represented by the Minister of Public Works, and the said company, in which were stipulated, amongst other conditions, the following:—

1. That the company will so construct their works that the general navigation of the St. Lawrence River shall not be impeded or interfered with, and that the diversion of water shall not be so great or so effected as to in any way injure the navigation on the St. Lawrence River.

2. That, if at any time, in the opinion of the Minister or of any engineer appointed by the Minister for that purpose, the navigation of the St. Lawrence has been injuriously affected by the said works, then the company shall at once construct and maintain remedial or compensating works, or such other works in addition thereto or in substitution therefor as in the opinion of the Minister may be necessary to fully restore and maintain the said navigation of the St. Lawrence.

3. That, in the event of such remedial works not having the effect anticipated, the company shall modify, alter or remove such portion of their said works, or so reduce the use of the water provided by the said works as in the opinion of the Minister may be necessary to fully restore and maintain the said navigation;

4. That no construction shall be commenced before detail plans have been submitted to and approved of by the Minister.

5. That said works shall be constructed by the company subject to the approval of an engineer authorized for such purpose by the Minister of Public Works, etc.

In compliance with condition No. 4 of the agreement referred to detailed plans of the proposed power development works were submitted by the company and approved by the Minister of Public Works, and by an Order in Council passed on October 26, 1911, the approval of the Minister of Public Works was confirmed, and it was provided that the Minister should appoint a special engineer to follow up the progress of the works and report to him from time to time as to the action to be taken to enforce all the conditions of the agreement and fully protect navigation interests.

On August 15, 1916, an Order in Council was passed giving the Cedars Rapids Manufacturing and Power Company permission to divert from the St. Lawrence River, in connection with its power works at St. Joseph de Soulanges, an additional 19,000 cubic feet a second of waste water from November 20 in each year to May 20 in each succeeding year, subject to the condition that such permission did not imply a guarantee that the said quantity should be always available, and should not constitute a preferential right for the company when a general system of control and distribution of the waters of the St. Lawrence would be established at the outlet of Lake St. Francis.

The Cedars Rapids Manufacturing and Power Company applied under Section 7 of the Navigable Waters Protection Act for approval of the plan and description of the site of a wing dam proposed to be constructed on its property known as Isle aux Vaches, and extending upstream in a westerly direction for a distance of approximately 3,500 feet;

Under date of November 12, 1920, an Order in Council issued approving of the plan and description of the site of the wing dam referred to, such approval being subject to the terms of the agreement of May 28, 1909, and further, to the following conditions:

1. That the company shall secure from the Provincial Government of Quebec the necessary portion of the river bed required for the work.

2. That beacons or signals shall be maintained by the company at its expense, so as to show the end of the pier or the open space reserved for navigation.

3. That openings shall be maintained at the expense of the company to give access to the Cedars Wharf.

4. That the depth of dumped material shall not be less than 14 feet at low water.

It was mentioned in the Order in Council of November 12, 1920, that the application for approval of the wing dam was referred to the Department of Justice which reported in effect that it was not one which needed to be referred to the International Joint Commission but that it was purely a domestic matter for the consideration of the Governor General in Council under the provisions of the Navigable Waters Protection Act.

The Dominion Marine Association entered a protest against the wing dam referred to on the ground that it caused interference with the level of the river, but later withdrew the protest reserving the right to question the amount of water withdrawn by the company.

The Cedars Rapids Manufacturing and Power Company has now applied for approval of the plan and description of the site of ice protection piers and a glance boom which it proposes to build in the St. Lawrence River at Cedars in connection with the said power development, according to the plan and description hereto annexed.

## SESSIONAL PAPER No. 101d

The Engineer of the Department of Public Works at Montreal has recommended the approval of the application subject in effect to the following conditions:—

1. That the company shall agree to modify and increase the size of the opening when it is found that navigation requires an increased passage way.

2. That the general conditions in the agreement of May 28, 1909, and in the Orders in Council of August 15, 1916, and November 12, 1920, shall apply.

3. Plans to be approved by the Minister of Public Works before the company can begin works.

4. That the construction of the works shall be subject to the approval of an engineer designated for the purpose by the Minister of Public Works.

5. That the company is to pay all damages arising from the development of the works.

6. Lights or signals which may be necessary shall be established and maintained at the company's expense.

7. Beacons shall be erected on each of the two side piers marking the open space to the best possible channel, these beacons to be easily visible at daylight at a distance of two miles; the size, elevation and colour of the beacons to be satisfactory to the engineer of the Department of Public Works so designated.

8. Should the Department of Public Works consider it advisable the company may be required to install posts or signals on land to show the range of the channel inside the power canal.

The Chief Engineer and the Deputy Minister have concurred in the Engineer's report, the company having secured the right to use the site of the work. The Deputy Minister considers that as to conditions 6, 7 and 8 regarding the beacons and signals that this would properly come under the jurisdiction of the Department of Marine and Fisheries;

The Department of Justice has reported that all the requirements of Section 7 of the Navigable Waters Protection Act have been complied with, and that the application may now properly be submitted for the approval of the Governor General in Council subject in effect to the conditions mentioned.

The Minister, therefore, recommends the approval, under Section 7 of the Navigable Waters Protection Act, Chapter 115, Revised Statutes of Canada, 1906, of the attached plan, and description of the site of ice protection piers and a glance boom proposed to be built by the Cedars Rapids Manufacturing and Power Company in the St. Lawrence River at Cedars, such approval to be subject to the following conditions:—

1. That the company shall agree to modify and increase the size of the opening when it is found that navigation requires an increased passage way.

2. That the general conditions in the agreement of May 28, 1909, and in the Orders in Council of August 15, 1916, and November 12, 1920, shall apply.

3. Plans to be approved by the Minister of Public Works before the company can begin works.

4. That the construction of the works shall be subject to the approval of an engineer designated for the purpose by the Minister of Public Works.

5. That the company is to pay all damages arising from the development of the works.

6. Lights or signals which may be necessary shall be established and maintained at the company's expense, satisfactory to the Department of Marine and Fisheries.



7. Beacons shall be erected on each of the two side piers marking the open space to the best possible channel, these beacons to be easily visible at daylight at a distance of two miles; the size, elevation and colour of the beacons to be satisfactory to the Department of Marine and Fisheries.

8. Should the Department of Marine and Fisheries consider it advisable the company may be required to install posts or signals on land to show the range of the channel inside the power canal.

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) RODOLPHE BOUDREAU,  
*Clerk of the Privy Council.*

3560—1D

THIS AGREEMENT made in duplicate this twenty-eighth day of May in the year of Our Lord one thousand nine hundred and nine:—

Between His Majesty King Edward the Seventh, represented, by The Honourable William Pugsley, His Majesty's Minister of Public Works of Canada, hereinafter called "The Minister"

*Of the First Part;*

And the Cedars Rapids Manufacturing and Power Company, hereinafter called "The Company" represented and acting by James William Denville, its President, and Casimir Dessaulles, Secretary, duly authorized by a resolution of the Board of Directors of said company passed on the 8th May, 1909, a certified copy whereof is hereunto annexed.

*Of the Second Part;*

Whereas the company was duly incorporated by an Act of Parliament of Canada, in 1904, Chapter 65, and was given power, amongst other things, to construct, develop, acquire, own, use and operate water powers in or adjacent to the River St. Lawrence in the County of Soulanges, in the Province of Quebec, and to construct, operate and maintain works, canals, race-ways, water courses, dams, piers, booms, dykes, sluices, conduits and buildings in connection with the said water powers, provided that any work by the said Act authorized should not be commenced until the plans thereof had first been submitted to and approved by the Governor in Council.

And whereas it is by the said Act also provided that lands actually required for the construction, maintenance or operation of the power, canals, water courses, race-ways, reservoirs, dams, booms, piers, dykes, transmission lines and conduits of the company may be taken and acquired by the company subject to the approval of the Governor in Council and subject also to such of the provisions of the Railway Act 1903, as are applicable to such taking and acquisition.

And whereas the said Company have applied for the approval by His Excellency the Governor in Council of the plans for the construction of a masonry dam with sluice gates from the lower point of l'Île aux Vaches running in an easterly direction about 500 feet; of an earth dyke running thence in the same direction to the mainland of Pointe des Cedres, a distance of about 600 feet; for a channel to be cut through said Pointe des Cedres about 2,600 feet in length; and from thence to erect an earth dyke from such channel about 3,200 feet in length to the upper end of Île Bedard of an earth dyke from the lower end of Île Bedard running in about the same direction for a length of about 1,200 feet to Pte. du Moulin; and a masonry

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dam from Pointe du Moulin running the same direction about 400 feet in length and of a power house situated on the said last-mentioned dam (the said dams, dykes, channel and power house being hereinafter referred to as the said "Works"). The whole as will more fully appear upon reference to the plan dated the eighth day of September A.D. 1905 and signed by the parties hereto *ne varietur*.

And whereas the company have also applied for the approval of the Governor in Council to the taking and acquiring by the said company of the lands required for the said works, which said lands are described in the Book of Reference prepared by the said company, a copy of which is hereto attached marked "Schedule A" (which said lands are hereinafter referred to as the said "lands").

And whereas by an Order in Council bearing date the 6th day of January A.D. 1906, a copy of which is hereto annexed, marked B, the plans of the said works and of the acquiring of the said lands by the company have been approved by His Excellency the Governor in Council upon condition that the company enters into an agreement with His Majesty represented as aforesaid, for the protection of certain rights and interests therein referred to.

Now therefore these presents witness that the company for and in consideration of the approval of the plans for the said works, and for the acquisition of the said lands by the company for itself, its successors and assigns contracts and agrees with His Majesty represented as aforesaid as follows:—

1. That the said company will so construct the said works that the general navigation of the St. Lawrence River shall not be impeded or interfered with and that the diversion of water shall not be so affected as to in any way injure the navigation on the St. Lawrence River, such diversion not to exceed the quantity mentioned in Order in Council dated 6th January 1906, namely 350,000 gallons per second.

2. That if at any time in the opinion of the Minister or of any Engineer appointed by the Minister for that purpose, the navigation of the St. Lawrence has been injuriously affected by the said works, then the company shall at once construct and maintain dykes or dams of which the location and mode of construction shall be determined by the Minister, from the lower end of Ile à l'Ail to the upper end of Ile No. 467 of the official cadastral plan and book of reference of the said Parish of St. Joseph de Soulanges, a length of about 600 feet; and from the lower end of the said Island No. 467 to the upper end of Ile Villemomble a length of about 700 feet; and from time to time build and maintain such other works in addition thereto or in substitution therefor as in the opinion of the Minister may be necessary to fully restore and maintain the navigation of the St. Lawrence.

3. That if the works directed by the Minister to be built by the company under the provisions of the last clause shall not have the effect of fully restoring and maintaining the navigation of the St. Lawrence River, then in such case the company shall alter, modify or remove such portion of their said works, or so modify or reduce the use of the water provided by the said works as in the opinion of the Minister may be necessary to fully restore and maintain the said navigation.

4. That the company shall not commence the construction of the works until the proposed sites, plans and details of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister.

5. That the said works shall be constructed by the company subject to the approval of an Engineer authorized for such purpose by the Minister of Public Works, and the decision of the said Engineer shall be final and conclusive upon all questions that may arise in connection with such construction.

6. That the company will settle, pay and fully provide for the claims of all riparians and other persons who may sustain any loss or damage in consequence of the construction of the said works or of any of the works which the company may be required to construct and maintain for the purpose of restoring or maintaining the navigation of the St. Lawrence.

7. That it is distinctly understood and agreed that nothing in these presents contained shall in any way relieve the said company from its obligation to observe and abide by all the provisions of its said Act of Incorporation or of any of the provisions of the Railway Act 1903 that may be applicable to it.

8. That if, in the opinion of the Minister of Public Works, the construction of these works should impede the free passage of rafts down the river, provision shall be made to pass rafts through the power canal, and a proper slide shall be provided at the lower end of the said canal, such opening and slide to be provided and operated at the expense of the said company.

9. That the Hon. the Minister of Public Works may establish and maintain at the expense of the company on the dam or appurtenant works such lights and other signals as he may deem necessary on account of the existence of the proposed works for the protection of navigation.

10. Provided further that the company shall commence their works within a period of 3 years and shall complete the development of a minimum quantity of 30,000 horse power within a period of 10 years from the date of signing this agreement.

11. Whenever in this agreement "the company" is referred to such reference shall include the heirs, executors, administrators, and assigns, and whenever "His Majesty" or "The Minister" is referred to, such reference shall include his Successors and Assigns.

In witness where of, the parties hereto of the first and second parts have hereunto set their hands and seals the day, month and year first above written.

Signed, Sealed and Delivered by the  
Deputy Minister and counter-  
signed by the Secretary of the  
Department of Public Works in  
the presence of:

(Sgd.) J. A. CHASSE.

Signed, Sealed and Delivered by the  
company in the presence of:

(Sgd.) S. LeMAY.

PAUL J. LORRAIN.

(Sgd.) J. B. HUNTER,  
*Deputy Minister of Public Works.*  
NAP. TESSIER,  
*Secretary.*

(Sgd.) The CEDARS RAPIDS MANU-  
FACTURING AND POWER COMPANY.

JAS. W. DOMVILLE,  
*President.*

C. DESSAULLES,  
*Secretary.*

[Seal] P.C. No. 1681

ORDER IN COUNCIL

Dated 14 August, 1922.

Privy Council, Canada.

(Sgd.) RODOLPHE BOUDREAU,  
Clerk of the Privy Council.

SESSIONAL PAPER No. 101d

3560-1D.

OTTAWA, August 18, 1922.

GENTLEMEN,—I send you herewith a copy of an Order in Council passed on August 14 instant, approving subject to certain conditions of the plan and description of the site of ice protection piers and a glance boom proposed to be built by the Cedars Rapids Manufacturing & Power Company at Cedars, P.Q. I enclose also copies of the plan and description approved by the Order in Council.

Kindly acknowledge receipt of these documents.

(Sgd.) L. H. COLMAN.

*Assistant Secretary.*

MESSRS BROWN, MONTGOMERY & McMICHAEL,  
Barristers, etc.,

Dominion Express Building, Montreal, P. Q.

3560-1D

OTTAWA, August 19, 1922.

R. M. WILSON, Esq.,  
Montreal Light, Heat and Power Consolidated,  
Montreal, P.Q.

Council has granted authority for approval your works at Cedars. Instructions being issued to-day to Engineer Papineau by letter.

(Sgd.) A. ST. LAURENT.

3560-1D

MONTREAL, August 21, 1922.

L. H. COLMAN, Esq.,  
Assistant Secretary, Dept. Public Works,  
Parliament Buildings, Ottawa.

*Re Ice protection piers and glance booms Cedars Rapids Manufacturing and Power Company, at Cedars.—Your file No. 3560-1C.*

DEAR SIR,—We are most obliged for your letter of the 18th instant enclosing copy of Order in Council, and also copies of plan and description as approved by the Order in Council.

Yours very truly,

(Sgd.) BROWN, MONTGOMERY & McMICHAEL.

3560-1D

OTTAWA, February 27, 1924.

J. B. HUNTER, Esq., C.M.G.,  
Deputy Minister of Public Works,  
Ottawa, Ont.

*Re Cedar Rapids Manufacturing and Power Company*

DEAR SIR,—By agreement dated the 28th day of May, 1909, the Cedar Rapids Manufacturing and Power Company obtained the right to use 350,000 gallons of water per second from the St. Lawrence River. This is equivalent to 56,000 cubic feet.

The works of the Company were approved apparently by an Order in Council dated January 6th, 1906, which is attached to the agreement.

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Reference to the agreement shows that the whole arrangement with the Company was conditional upon the preservation of navigation on the St. Lawrence and it specifically provided that it shall not be impeded or interfered with and that the diversion of water shall not be so affected as to in any way injure the navigation of the St. Lawrence River. The Company is expressly prohibited from taking more than 350,000 gallons of water per second. Paragraph 2 of the agreement provides, among other things, that if at any time in the opinion of the Minister or any engineer appointed by the Minister for that purpose, the navigation of the St. Lawrence River has been injuriously affected by the said works, the Company is bound to construct dykes and dams as therein provided for the purpose of restoring and maintaining the navigation of the river. Clause 3 of the agreement makes this last provision more drastic and provides for the alteration and removal of the Company's works, if necessary.

I do not think it necessary to refer at greater length to the provisions of the agreement as the original is no doubt on file in the Department for reference.

Representing the Canada Steamship Lines, Limited, I have to say that during the years 1920, 1921, 1922 and 1923 it has been brought to our attention that navigation has been seriously impaired and on many occasions of which we can furnish the Department with full evidence, our steamships, the *Rapids Queen* and *Rapids King* and the *Rapids Prince* have struck bottom and sustained damage at the point in the river affected by the works and operations of the power company and navigation has apparently been seriously interfered with.

This interference with navigation may be due to the construction of the works of the Company, or to the Company taking more water from the river than the quantity stipulated in the agreement. In either case, the remedy under the agreement appears to be in the hands of the Minister of Public Works. As I said in the earlier part of the letter, the agreement gives him power to compel the Company to preserve free navigation even if it should be necessary to order some of the works to be removed.

The Canada Steamship Lines do not desire to be unreasonable in the matter. This Company is only concerned with the preservation of navigation but the interference with navigation at this place has reached such a point that it has become almost unsafe to bring down our boats laden as they are with passengers.

We would therefore respectfully request that the Minister of Public Works exercise his powers under the agreement and investigate first, the question as to whether the Company is taking from the river more water than the quantity stipulated. It has been stated that this is the case but the Steamship Company has no means of verifying this. It is however, in the power of the Minister to do so. Secondly, we would respectfully request that investigation be made to ascertain whether the works of the Company constructed under the above mentioned Order in Council and agreements have had the effect of interfering with free navigation of the river. If it should be found on investigation that the Company is taking too much water from the river or that the works interfere with navigation, on behalf of the companies and persons navigating the river, we would further respectfully request that steps be taken by the Minister to relieve the situation under the powers vested in him by the agreement.

I shall be glad any time to attend at your convenience to discuss the matter further and the Canada Steamship Lines will be glad to furnish you with whatever evidence you may require which is in their possession.

Yours respectfully,

(Sgd.) N. G. GUTHRIE.



SESSIONAL PAPER No. 101d

3560-1D

OTTAWA, February 28, 1924.

DEAR SIR,—I am in receipt of your favour of the 27th instant, suggesting that the Cedar Rapids Manufacturing & Power Company is using a larger quantity of water on the St. Lawrence than authorized by their agreement, and that the effect is detrimental to navigation and is complained of by the Canada Steamship Lines, Limited.

The matter will be duly investigated.

Yours truly,

(Sgd.) J. B. HUNTER,  
*Deputy Minister.*

N. G. GUTHRIE, Esq.,  
Barrister,  
Ottawa, Ont.

3560-1D

OTTAWA, February 29, 1924.

J. B. HUNTER, Esq., C.M.G.,  
Deputy Minister of Public Works,  
Ottawa, Ont.

*Re Cedar Rapids Manufacturing & Power Company.*

DEAR MR. HUNTER,—I have your letter of February 28th, informing me that the subject matter of the Canada Steamship Company's complaint will be duly investigated.

I have a letter from the Secretary of the Company to-day asking me for information as to what evidence we will have to submit, as the Company desires to put the Department in possession of evidence that navigation has been seriously impaired and will probably want to produce technical evidence of engineers that this is due to the Cedar Rapids Company taking too much water or to the nature and character of the construction of their works. I would be glad to be advised on this point.

Yours respectfully,

(Sgd.) N. G. GUTHRIE,

3560-1D

OTTAWA, March 3, 1924.

DEAR SIR,—I am in receipt of your letter of the 29th ultimo, concerning the complaint made by the Canada Steamship Company re Cedar Rapids Manufacturing and Power Company, and if you submit all the evidence the Canada Steamship Company has in support of this complaint, it will facilitate the study of this matter by the Department. I take it that evidence as to the nature and character of the construction of the Cedar Rapids Manufacturing and Power Company's works need not be supplied.

Yours very truly

(Sgd.) J. B. HUNTER,  
*Deputy Minister.*

N. G. GUTHRIE, Esq.,  
Barrister, etc.,  
Citizen Building, Ottawa.

## LACHINE

10730-1

OTTAWA, January 29, 1924.

DEAR SIR,—With reference to the application on behalf of the Lachine Rapids Hydraulic & Land Company, Ltd. for approval of plans and site of proposed development in replacement of the existing development at Lachine Rapids, I would advise you that this application has been referred to our District Engineer in Montreal, Mr. J. L. Dansereau, for a report, and I have advised Mr. Dansereau to communicate with you for any further information which he may require in the matter.

When Mr. Dansereau's report is received I will be pleased to make an appointment with you here, so that the matter may be further considered.

Yours very truly,

(Sgd.) K. M. CAMERON,  
*Chief Engineer.*

Mr. POPE,  
Care Montreal Light, Heat & Power Consolidated,  
Montreal, P.Q.

10730-1

MONTREAL, February 2, 1924.

The Minister of Public Works,  
Ottawa, Ont.

*Re Navigable Waters Protection Act and proposed application of the Lachine Rapids Hydraulic & Land Company, Ltd.*

DEAR SIR,—We are writing on behalf of Messrs. F. H. and C. W. Peniston of Verdun, Que., the owners of Lot No. 999, cadastre of the Parish of Lachine, now in the Town of Lasealle.

On examination of the plans deposited by the above named Company under section 7 of the said Act, in the Registry Office of the Registration Division of Hochelaga and Jacques Cartier at Montreal, we find that a portion of our clients' property will evidently be used by the Company for the purposes of its proposed development, and that not only this portion but the entire lot of property will suffer a very serious detriment.

No steps have as yet been taken by the Lachine Rapids Hydraulic & Land Company, Limited to procure from our clients the necessary rights or offer them any compensation. Hence we must, on their behalf and in protection of their interests place ourselves on record as opposing the proposed development.

We would be glad to make personal representations to you in support of our clients' opposition if and when you should so desire or deem necessary.

Would you kindly acknowledge receipt hereof.

Your very truly,

(Sgd.) LAFLEUR, MacDOUGALL, MacFARLANE & BARCLAY.

SESSIONAL PAPER No. 101d

10730-1

MONTREAL, February 4, 1924.

To the Honourable J. H. KING,  
Minister of Public Works,  
Parliament Bldgs., Ottawa.

DEAR SIR,—Our attention has been drawn to a notice published in our daily papers by the Montreal Light, Heat and Power Company, under the "Navigable Waters Protection Act" advising that they are asking for leave to erect a power plant in front of Lot 4687, P. of Montreal, (City of Verdun).

We understand that opposition to this project is to be heard before you; would you be kind enough to advise us when and where such hearing will take place.

Being the owners of said Lot 4687 we are deeply interested in this case and would be very thankful should you accede to our request.

We beg to remain, dear sir,

(Sgd.) THE GREATER MONTREAL LAND COMPANY,  
J. Ald. OUMET,  
Manager.

10730-1

OTTAWA, February 5, 1924.

DEAR SIR,—I have yours of the 2nd instant protesting against the application of the Lachine Rapids Hydraulic and Land Company, Ltd., for approval of plans and site of proposed development in replacement of the existing development at Lachine Rapids, and shall be pleased to have your representations looked into and reported upon by the Engineering Branch.

Your sincerely,  
(Sgd.) J. H. KING.

MESSRS. LAFLEUR MACDOUGALL, MACFARLANE BARCLAY,  
Barristers, Royal Trust Building,  
Montreal, P.Q.

10730-1

OTTAWA, February 7, 1924.

DEAR SIR,—I am in receipt of your letter of the 4th instant in which you state that your attention has been drawn to a notice published in your daily papers by the Montreal, Light, Heat and Power Company, under the Navigable Waters Protection Act advising that they are asking for leave to erect a power plant in front of Lot 4687, P of Montreal, City of Verdun.

This application is now being considered by the Engineering Branch of this department. Will you please file in writing as soon as possible any objections which you have to this application so that they may be carefully studied.

If a public hearing is held in connection with this application, you will be advised in good time so that you may have a representative present.

Yours sincerely,  
(Sgd.) J. H. KING.

J. A. OUMET, Esq.,  
Manager,  
"The Greater Montreal Land Company,  
160 St. Jacques, Montreal, P.Q.

14 GEORGE V, A. 1924

10730-1

OTTAWA, February 9, 1924.

J. B. HUNTER, Esq., B.A.,  
Deputy Minister of Public Works,  
Ottawa, Ont.

DEAR SIR,—I note that the Lachine Rapids Hydraulic and Land Company, Limited are advertising under the Navigable Waters Protection Act the deposit of plans in connection with a proposed hydro-electric development in the St. Lawrence River at Lachine Rapids, in front of lots numbers 993, 994, 995, 996 and 999, Cadastre of the Parish of Lachine. I am instructed by my clients the Canada Steamship Lines, Limited, to protest against the approval of these plans on the ground of interference with navigation through reducing the depth of water or altering the currents in the river. I therefore respectfully request that before this matter is dealt with, the fullest opportunity may be given to the Canada Steamship Lines, Limited, and others interested to lay before the Department their views on the subject. I would take it as a great favour if I could be advised that consideration of the application will be deferred until my clients and others interested have been heard.

Yours respectfully,  
(Sgd.) N. GUTHRIE.

10730-1

OTTAWA, February, 11, 1924.

DEAR SIR,—I am in receipt of your letter of the 9th instant, protesting against the application of the Lachine Rapids Hydraulic and Land Company, Limited, for approval of plans for a proposed hydro-electric development in the St. Lawrence River at Lachine and will be pleased to see that your representations are given careful consideration when the matter is reported upon by the Engineering Branch.

Yours sincerely,  
(Sgd.) J. B. HUNTER,  
Deputy Minister.

N. G. GUTHRIE, Esq.,  
Barrister,  
Citizen Building, Ottawa.

10730-1

KINGSTON, ONT., February 11, 1924.

J. B. HUNTER, Esq.,  
Deputy Minister of Public Works,  
Ottawa.

DEAR SIR,—It has just come to the notice of the Dominion Marine Association that The Lachine Rapids Hydraulic and Land Company, Limited, is applying for approval of plans for certain developments and that the one month's notice is on the point of expiring. The plans have not yet been examined by the Association and formal action is scarcely possible until the next meeting of the Executive Committee, but I am asked in the meantime to lodge a necessary protest on behalf of the Association and to ask for time for consideration. I shall be glad to know that this is in order and I shall endeavour to have advise at an early date.

I have the honour to be, sir,  
Your obedient servant,  
(Sgd.) FRANCIS KING.

SESSIONAL PAPER No. 101d

10730-1

OTTAWA, February 13, 1924.

DEAR SIR,—I have yours of the 11th instant protesting against the application of The Lachine Rapids Hydraulic and Land Company Limited for approval of plans and site of proposed development in replacement of the existing development at Lachine Rapids and shall be pleased to have your detailed objections to the proposal as soon as possible so that they may be given consideration.

Yours truly,

(Sgd.) J. B. HUNTER,  
*Deputy Minister.*

FRANCIS KING, Esq., K.C.,  
Dominion Marine Association,  
Kingston, Ont.

10730-1

*To the Minister of Public Works, Ottawa**Re: THE LACHINE RAPIDS HYDRAULIC AND LAND COMPANY, LIMITED**Navigable Water Protection Act, R.S.C., Chapter 115*

The City of Verdun objects to the carrying out of this work as it will be detrimental to the properties located in the limits of the City, and specially amongst other things to the water intake, to the sewers outlet, to the navigation, etc., and damages will result that will effect to considerable extent.

The City of Verdun wishes to have an opportunity to be heard when the application of the Lachine Rapids Hydraulic and Land Company, Limited will be made.

VERDUN, February 13, 1924.

(Sgd.) FAUTEUX & FAUTEUX,  
*Attorneys for said City of Verdun.*

10730-1

VERDUN, February 13, 1924.

*To the Honourable Minister of Public Works, Ottawa.*

HONOURABLE SIR.—Enclosed please find an objection filed by the City of Verdun against the carrying out of the work proposed by the Lachine Rapids Hydraulic and Land Company Limited.

Would you be kind enough to give instructions to notify our offices when this case will be heard.

We have the honour to be,

Honourable sir,

Yours very truly,

(Sgd.) FRANCIS FAUTEUX.



14 GEORGE V, A. 1924

10730-1

OTTAWA, February 14, 1924.

DEAR SIR,—I have yours of the 13th instant with enclosed objection filed by the City of Verdun against the carrying out of the work proposed by the Lachine Rapids Hydraulic and Land Company Limited and as desired shall be pleased to advise your Office when this case is brought up for a hearing.

Yours sincerely,

(Sgd.) J. H. KING.

F. FAUTEUX, Esq.,  
City Solicitor,  
Verdun, P.Q.

10730-1

MONTREAL, February 22, 1924.

To the Honourable J. H. KING,  
Minister of Public Works,  
Ottawa, Ont.

*Re Lachine Rapids Hydraulic & Land Company*

DEAR SIR,—Please accept our sincere thanks for yours of the 7th ult; in connection with same we have learned that the objections filed to you by the City of Verdun cover very nearly all points of our case.

However we should feel much obliged to you should advise us in good time so that our counsel may be present at the hearing.

Your truly,

(Sgd.) THE GREATER MONTREAL LAND COMPANY.

Per J. A. OUMET,  
*Manager.*

# FURTHER CORRESPONDENCE between Canada and the United States of America respecting the St. Lawrence Waterway Project—Appointment of a Joint Engineering Board.

No. 167

BRITISH EMBASSY,

WASHINGTON, D.C., April 29, 1924.

My LORD,—I have the honour to refer to Your Excellency's despatch No. 32 of the 10th ultimo regarding the Joint Engineering Board in connection with the improvement of the St. Lawrence River, and to transmit to you herewith a copy of a note received from the United States Government in reply to the representations which I made on the 12th ultimo. A copy of my note of that date was enclosed in my despatch No. 103 of the same day.

I have received a verbal communication from the State Department to the effect that the United States Government desire to release this note for publication at the earliest possible moment, and I should therefore be grateful if Your Excellency would inform me by telegraph, with the least possible delay, whether your Ministers concur in its publication.

I have the honour to be, My Lord,

Your Excellency's most humble servant,

(For the Ambassador)

(Sgd.) H. G. CHILTON.

His Excellency

THE LORD BYNG OF VIMY, G.C.B., etc., etc., etc.,

Governor-General of Canada,

OTTAWA.

DEPARTMENT OF STATE,

WASHINGTON, April 28, 1924.

EXCELLENCY,—In your note of March 12, 1924, you informed me further in regard to the views of the Canadian Government with reference to the proposal for joint action by the United States and Canada for the improvement of the St. Lawrence River between Montreal and Lake Ontario for navigation and the development of water power.

In pursuance of the intention of this Government, as stated in my note of February 27, 1924, the President has appointed a national committee of nine members having as its Chairman the Honourable Herbert Hoover, Secretary of Commerce, which will act as an advisory committee to this Government on all questions that may arise in the consideration of the project.

While regretting that the Canadian Government does not desire that the committees for the two Governments shall meet in joint conferences, at least at the outset, to prepare instructions for the enlarged joint engineering board and to consider the broader aspects of the project for the proposed development of the St. Lawrence waterway, this Government would be grateful if you would inform the Canadian Government that the National Committee for the United States will be prepared at all times to meet in conference with

14 GEORGE V, A. 1924

the Canadian Committee in the event that circumstances should develop in the view of the Canadian Government would cause it to appear that joint conferences by the two committees or by representatives of the committees might be desirable for the consideration of any questions arising in connection with the project.

This Government is pleased to note that the Canadian Government concurs in its suggestion that the enlarged Joint Engineering Board shall consist of six members, three representing the United States and three representing Canada, and to accept the proposal of the Canadian Government that two technical officers be appointed by each Government for the purpose of formulating the terms in which the matters to be enquired into by the Board shall be defined.

The United States will be represented on the Joint Engineering Board by Colonel Edgar Jadwin, Colonel William Kelly, and Lieutenant Colonel George E. Pillsbury, Corps of Engineers, United States Army. Colonel Jadwin and Lieutenant Colonel Pillsbury will also act as technical officers for the United States to formulate in collaboration with the technical officers to be designated by the Canadian Government the instructions which will be given to the engineers.

This Government is also pleased to note the acceptance by the Government of Canada of the proposal of this Government that there shall be included in the first instructions to the Joint Engineering Board the two fundamental questions, whether the scheme for the improvement of the St Lawrence River water-way which the Engineering Board submitted in its report of June 24, 1921, is practicable and whether the estimates of the costs of the project made by the Board require revision, and to agree to the suggestion made by the Dominion Government that amongst other matters the enlarged Board shall be directed to enquire into the extent to which the water levels in the St. Lawrence River at and below Montreal, as well as the river and lake levels generally, will be affected by the execution of the project.

It will, of course, be understood that the instructions drafted by the technical officers will be subject to review and approval by the appropriate officials of the respective Governments before they would be given to the Board of Engineers by the Governments in conformity with the remark made on that point in my note of February 27, 1924. In connection with such review and approval, the instructions drafted by the technical officers will be submitted by the officers for the United States to the National Committee, for this Government.

This Government would be pleased to be informed at the early convenience of the Canadian Government of the names of the technical officers appointed by that Government in order that the officers for the two Governments may make arrangements with as little delay as possible to collaborate in the drafting of the instructions for the joint engineering Board. This Government would also be pleased to be informed in due course of the names of the Canadian members of the Joint Engineering Board.

Accept Excellency, the renewed assurances of my highest consideration.

(Sgd.) CHARLES E. HUGHES.

His Excellency

The Right Honourable

Sir ESME HOWARD, G.C.M.G., K.C.B., C.V.O.

Ambassador of Great Britain.

SESSIONAL PAPER No. 101e

CODE TELEGRAM FROM THE GOVERNOR GENERAL TO HIS  
MAJESTY'S AMBASSADOR AT WASHINGTON

OTTAWA, May 7, 1924.

With reference to your despatch No. 167 of the 29th April. St. Lawrence River.

The Government of Canada has selected as its representatives on the Board—Duncan W. McLachlan, B.Sc., Ottawa; Olivier Odilon Lefebvre, Chief Engineer, of the Quebec Streams Commission, Montreal, P.Q.; and Brigadier-General Charles Hamilton Mitchell, C.B., C.M.G., B.A.Sc., C.E., of Toronto; and of them the two last mentioned will act as technical officers on its behalf to settle the terms of reference.

Canadian Government entirely concurs with the Government of the United States that it should be understood that the instructions drafted by the technical officers will be subject to approval by the respective Governments before being given to the Board, and these instructions will be submitted by the technical officers for Canada to the Canadian National Advisory Committee which has been constituted under the Chairmanship of the Honourable George P. Graham, Minister of Railways and Canals, and which includes among its members the Honourable Walter Edward Foster, of St. John, N.B., the Honourable Sir Clifford Sifton, K.C.M.G., K.C., of Toronto, Ontario; Dr. Wilfrid Laurier McDougald, of Montreal, P.Q.; Major-General John William Stewart, C.B., C.M.G., of Vancouver, B.C., the Honourable Adelard Turgeon, C.M.G., C.V.O., of Quebec, P.Q.; and Messrs. Thomas Ahearn, of Ottawa, Beaudry Leman, B.Ss., C.E., of Montreal, P.Q.; and Edward D. Martin, of Winnipeg, Man.

The Canadian Government suggests that the unpublished despatches should be released for publication in the afternoon papers of Friday, May 9th.

(Sgd.) BYNG.





**CERTIFIED COPY of a Report of the Committee of the Privy Council approved by His Excellency the Governor General on the 7th May, 1924.**

*P.C. 779.*

The Committee of the Privy Council have had before them a Report, dated 7th May, 1924, from the Secretary of State for External Affairs, submitting that the question of improving the navigation on the St. Lawrence Waterway so as to provide access to the Great Lakes for maritime commerce, is one of considerable difficulty and complication, and its right decision may be of the highest possible importance to Canada. The project necessarily involves collaboration with the United States of America and the expenditure of very large sums of money. The minutest examination of the problem in all its aspects, financial, economic, technical and international, is not only justified but essential. The International Joint Commission has held hearings on the subject in both Canada and the United States, and has submitted a most elaborate and valuable report; the engineering problems involved have already been the subject of enquiry and report by an international board of engineers, and are to be further investigated by another such Board; other technical connected questions are in course of being studied by an interdepartmental committee.

The Minister is of the opinion that it would be in the public interest to constitute a National Advisory Committee to consider generally whether or not the project would, if completed, be beneficial to Canada, whether the benefits which might accrue and the pecuniary returns, direct or indirect, which may be anticipated from it are such as to counterbalance its disadvantages, if any, whether Your Excellency should indicate a readiness to enter into discussions with the United States of America looking towards the negotiation of a treaty for the carrying out of the necessary works, and what should be the character of the stipulations which any such treaty should contain.

The Minister accordingly recommends that a National Advisory Committee be constituted for the purposes aforesaid, the Honourable George Perry Graham, Minister of Railways and Canals, to be Chairman thereof, and the following to be its members:—

Thomas Ahearn, Ottawa, Ont.;  
Honourable Walter Edward Foster, St. John, N.B.;  
Beaudry Leman, B.Sc., C.E., Montreal, P.Q.;  
Edward D. Martin, Winnipeg, Man.;  
Dr. Wilfrid Laurier McDougald, Montreal, P.Q.;  
Honourable Sir Clifford Sifton, K.C.M.G., K.C., Toronto, Ont.;  
Major-General John William Stewart, C.B., C.M.G., Vancouver, B.C.;  
Honourable Adelard Turgeon, C.M.G., C.V.O., Quebec, P.Q.

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) E. J. LEMAIRE,  
*Clerk of the Privy Council.*



**CERTIFIED COPY of a Report of the Committee of the Privy Council appointed by His Excellency the Governor General on the 7th May, 1924.**

*P.C. 778.*

The Committee of the Privy Council, on the recommendation of the Secretary of State for External Affairs, advise that Duncan W. McLachlan, B.Sc., of the Department of Railways and Canals, Ottawa; Olivier Odilon Lefebvre, Chief Engineer, Quebec Streams Commission, of Montreal, and Brig.-General Charles Hamilton Mitchell, C.B., C.M.G., B.A.Sc., C.E., of Toronto, be appointed to act with three engineers nominated by the Government of the United States of America as a Joint Board of Engineers to examine further into such matters relating to the improvement of the St. Lawrence Waterway as may be referred to such Board by agreement between the Government of Canada and the Government of the United States, and to report upon the matters referred to the Board within such time as may be limited by the specific instructions agreed on as aforesaid.

The Committee, on the same recommendation, further advise that the two engineers last above named be appointed to consult with two technical officers selected by the Government of the United States as to the subjects of investigation which should be specifically referred to the Board, and to submit their recommendations as to the form and contents of such specific instructions.

All of which is respectfully submitted for Your Excellency's approval.

(Sgd.) E. J. LEMAIRE,

*Clerk of the Privy Council.*



## RETURN

To an Address to His Excellency the Governor General, 19th March, 1924, for a copy of all correspondence, papers, applications, agreements, letters and other documents exchanged between the Government of Ontario and the Hydro-Electric Commission of Ontario and the Government of Canada, relating to the construction of a power dam on the St. Lawrence River near the town of Morrisburg for the generation of electric power for the use of the people of the Eastern part of the province of Ontario.

A. B. COPP.

*Secretary of State.*

Mover: Mr. CHURCH.

## DEPARTMENT OF PUBLIC WORKS

## OFFICE OF THE DEPUTY MINISTER

OTTAWA, March 27, 1924.

SIR,—I beg to transmit herewith Return called for by Order of the House of Commons, for a copy of all correspondence between Ontario Government or Hydro Electric Commission and Dominion Government, *re* Construction Power Dam on St. Lawrence River near Morrisburg, etc., together with your Reference No. 10.

I have the honour to be, sir,

Your obedient servant,

J. B. HUNTER,

*Deputy Minister.*

The Under Secretary of State,  
Ottawa.

Encl.

## HYDRO-ELECTRIC POWER COMMISSION

TORONTO, January 24, 1924.

To the Secretary,  
Department of Public Works,  
Ottawa, Ontario.

Re: *Application of Hydro-Electric Power Commission of Ontario for Morrisburg Development.*

DEAR SIR,—In pursuance of authority of the Government of Ontario, the Hydro-Electric Power Commission of Ontario makes application for the approval of plans and site for dam and power development works proposed to be built on the St. Lawrence River at, or near Morrisburg.

Accompanying this application are the following plans and documents, which I beg to enclose herewith:—



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1. Five copies of a description of the general engineering features of the proposition of the Hydro-Electric Power Commission of Ontario to develop the St. Lawrence River in the vicinity of Morrisburg, dated January 10th, 1924.

2. Five copies of Plan No. 160-E-105, entitled "Project for the Power Development of the St. Lawrence River" dated January 8th, 1924, being a general plan of the site, regulating dam, the power works, and the lock for navigation within the above structures at or near Morrisburg.

3. Five copies of plan No. 160-M-106 entitled "St. Lawrence River project for power development channel improvements" showing excavation plans at Leishman Point and Ogden Island.

4. Five copies of plan No. 160-E-107 entitled "St. Lawrence River project for power development channel improvements" showing excavation in vicinity of Galops Island head of South Galops Rapids.

5. Five copies of plan No. 160-D-103, entitled "Power House at Morrisburg, St. Lawrence River, scheme "B" being a general cross section of the power house, and section of the dam, in which it is located.

6. Five copies of a general map of the St. Lawrence River from Brockville to Montreal, with approximate proposed location of the works indicated thereon.

The above referred to plans, together with descriptive matter are general, but I trust will answer the requirements of your Department for the present. It is expected that further detailed plans will be provided at a later date, as are found necessary and required by your Department.

The Commission suggests that a conference between the Engineers of your Department and the Commission might be desirable, with a view to settling objections, if any, that your Engineers may have to the proposed works.

The Commission desires to proceed with the work at the earliest possible date, and would be glad to have this application receive your early consideration.

Yours truly,

(Sgd.) W. W. POPE,

Secretary.

*DESCRIPTION of General Engineering Features of the Proposal of the Hydro-Electric Power Commission of Ontario to Develop the St. Lawrence River in the vicinity of Morrisburg, Ontario.—January 23, 1924.*

The works proposed to be constructed on the St. Lawrence River, opposite the village of Morrisburg, Ontario, provide for navigation and for the development of power. The works comprise of excavated channels, navigation lock, dams and sluiceways, embankments and power house.

The site near the village of Morrisburg, Ontario, has been selected on account of its many advantages, some of which are: accessibility for purposes of construction, a location for the power house that in large measure is free from construction hazards, the procuring of foundation material for all the major structures, and such contours of the lands upstream as will greatly reduce the damage and inconvenience that would result to residents as contrasted with developments at other feasible sites.

The general arrangement of the proposed works may be understood by reference to the accompanying drawings, upon which the various structures and works are shown in their respective general situations.

Sufficient spillway and sluiceway capacity will be provided to take care of the total maximum flow of the St. Lawrence river without any allowance for

## SESSIONAL PAPER No. 157

flow through the turbines in the power houses. At the main dam there will be provided 600 feet of free spillway with crest at or about elevation 241; sluiceways aggregating a clear 800 feet in length with a depth of 21 feet, controlled by stoney sluices; a clear length of sluiceways aggregating 320 feet with a depth of 21 feet of submerged sluices with suitable gates. Further, it is proposed to divide the river, as far down as the foot of Murphy Island, into two channels by an embankment connecting this island to the power house. The south channel will be connected to the forebay of the power plant by a channel 600 feet wide, cut through Murphy Point. Also a dam, provided with 350 lineal feet of submerged sluices, and 250 lineal feet of ice sluices will be placed across the upper end of this channel.

The channel south of Ogden Island, known as Little River, with the channels east and west of Clark Island will form the forebay of the proposed development. There will be three inlets to this basin, of which the present mouth of Little River will form one. This channel will be improved by cutting off part of Leishman's Point, by deepening the channel of Little River, and by removing the present dam near Waddington. A cut 300 feet wide will also be made across the low part of Ogden Island west of Waddington with a bottom grade at Elevation 213. In addition to this channel, there will be another channel across the Island just above the main dam. Inasmuch as the new water level created by the proposed structure will create sufficient depth of water across this channel, no excavation is contemplated here as the existing contours provide all the carrying capacity that is required at this place.

Provision is made for sufficient excavation in the channels on either side of Galops Island to permit the proposed pool levels to be maintained without causing Lake Ontario to rise as high as its natural flood level. This part of the proposed work is shown on drawing 160-E-107.

*Power House*—The Canadian power house occupies the channel between the lower end of Ogden Island and Clark Island. Provision is made for an American power house between the east side of Clark Island and Murphy Point. The Canadian power house will contain some 34 units, each capable of developing 10,800 H.P. under a head of 27 feet. A cross section of the power house through one of the units is shown in drawing 160-B-103. The general location of the power house, dam and other structures and work are shown on drawings Nos. 160-E-105, 160-D-106, and 160-E-107.

*Question of Damages for Flooding*—The important feature of damage to property by flooding or by other means has not been overlooked. On account of the uncertainties appertaining to this phase of the project. It has not been considered necessary at this stage to do more than here give the assurance that this matter will be disposed of in such a manner as to do full justice to all interests concerned.

*Navigation Structures*—At the north end of the dam a lock with 30 feet of water on the sill at low water will permit shipping to pass between the pool above the dam to the part of the present Morrisburg canal below Mariatown. This lock is provided with ample entrance piers, four pairs of service gates, a pair of unwatering gates, and an emergency gate. Sluices in the dam adjacent to the lock supply water to the lower reach of the canal, and for the power plants at present drawing their water supply from the canal at Morrisburg. Provision is made also for adequate sluices to discharge surplus water from this reach to the river below the dam. A swing bridge over the lock will provide access by a railway spur to the power house.

Shipping, after passing into the portion of the Morrisburg canal below the dam, would continue as at present through the present lock 23 and thence return to the river and vice versa.

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When, in the future, it is desired to provide for navigation with a draft of 25 or 30 feet, then the channels above and below the 30-foot lock would be excavated to provide the necessary depth and the necessary additions to the entrance piers built. Shipping would then pass from the pool above the dam to the river below the dam or vice-versa.

OTTAWA, January 25, 1924.

SIR,—I beg leave to acknowledge the receipt of your letter of January 24th instant, enclosing the following plans in connection with the application of the Commission for approval of a dam and power development works proposed to be built on the St. Lawrence River at or near Morrisburg:—

1. Five copies of the description of the general engineering features dated January 10, 1924.
2. Five copies of plan No. 160-E-105 project for the power development of the St. Lawrence River, dated January 8, 1924.
3. Five copies of plan No. 160-D-106 showing excavation plans at Leishman Point and Ogden Island.
4. Five copies of plan No. 160-E-107 showing excavation in the vicinity of Galops Island, head of South Galops Rapids.
5. Five copies of plan No. 160-D-103 being a general cross-section of the power house and section of the dam.
6. Five copies of a general map of the St. Lawrence River from Brockville to Montreal.

None of the plans mentioned are certified by the Registrar. I note further detailed plans will be provided later on if they are found necessary by this Department.

Would you please send me a set of tracings of the plans filed, and have them certified by the Registrar.

Your suggestion that a conference between the Engineers of this Department and the Commission might be desirable has also been noted.

The plans are being referred to the Chief Engineer for report.

I enclose a copy of our memorandum explaining the requirements of the Navigable Waters Protection Act which governs works of this nature.

W. W. POPE, Esq.,

Secretary, Hydro-Electric Power Commission of Ontario,  
Toronto, Ont.

Yours obediently,

(Sgd.) L. H. COLMAN,  
Secretary.

#### DEPARTMENT OF PUBLIC WORKS, CANADA

*MEMORANDUM in reference to applications for the approval by the Governor-General-in-Council under the provisions of chapter 115, revised statutes of Canada, 1906, and amending acts, of the sites and plans of works in navigable waters.*

Paragraph (a) of Section 2 of the Navigable Waters Protection Act as re-enacted by Chapter 33, 1918, defines "work" as follows:—

(a) "Work includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, tunnel or pipe, or telegraph or power cable or wire and the

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approaches or other works necessary or appurtenant thereto, or any work, structure, or device, whether similar in character to the foregoing or not, which may interfere with navigation."

Under the Statutes and practice of the Department the procedure is as follows:—

1. To deposit a written description of the site, if possible by metes and bounds, and also a plan or plans of the proposed work, with the Minister of Public Works, accompanied by an application for their approval by the Governor-General-in-Council. The plan or plans must be sufficient to indicate clearly the nature and extent of the work, and also the site of the same. Five copies of the description and five copies of the plan, or set of plans if there are more than one plan, are required. One of the plans, or one set of the plans if there are more than one, must be traced on linen, the others may be blue or white prints. The descriptions must be typed on heavy paper. If these documents are sent by mail, they should be addressed to "The Secretary, Department of Public Works, Ottawa."

2. A duplicate of the above-mentioned description of the site and of the plan or plans of the proposed work must be deposited with the Registrar of Deeds for the District, County or Province in which the work is to be constructed. Evidence that the description of the site and the plans have been so deposited, and of the date of their deposit, must be furnished to the Department, and the most satisfactory evidence is a certificate of the Registrar endorsed upon one of the descriptions of the site, and upon one of the plans or on each of the plans forming a set of plans, if there are more than one plan, forwarded to the Secretary of the Department. It is essential that it be clearly established that the description and plan or plans deposited with the Registrar are duplicates of those filed with the Minister. The plan or plans so certified must be the tracings referred to in Clause 1 thereof.

3. One month's notice in the form set out at the conclusion hereof, of the deposit of the description of the site and of the plan or plans with the Minister of Public Works and with the Registrar of Deeds must be given by advertisement in the "Canada Gazette" and in two newspapers published in or near the locality where the work is to be constructed.

Evidence of the publication of the advertisement in the "Canada Gazette" and in the two local newspapers must be furnished to the Department, and may be by Statutory Declaration, with copies of the advertisement in the "Canada Gazette" and in each newspaper attached as exhibits. The declaration must state that the two newspapers containing the advertisement are published in or near the locality where the work is to be constructed, and must mention the dates of the issues of the newspapers that contained the advertisement. Four insertions of the advertisement at weekly intervals will be accepted as satisfactory compliances with the provisions of the Statute in this regard.

The Applicants must furnish proof that they own or have a sufficient interest in the land and land covered with water upon which the works are to be constructed. It is not sufficient to hold the riparian interests alone if the work extends beyond the limits of the shore, but a sufficient portion of the harbour, river or lake bed must also be held by the Applicants. The Statute has reference to the erections of structures on lands owned by the Applicants or which they have the right to use and is designed to provide for due protection to navigation. It cannot be used as a means of acquiring title to lands upon which the structure is to be erected.

Applicants will note that when it is necessary in connection with the proposed work for them to acquire land (including land covered with water) belonging to the Dominion of Canada a separate application for such land must be made:—

(a) To the Department of Marine if the land is situated in a public harbour.

(b) To the Department of the Interior if the land is not a public harbour and is in Manitoba, Saskatchewan, Alberta, the Railway Belt of British Columbia, the Northwest Territory or the Yukon Territory or if it is Ordnance Land in the Provinces of Ontario, Quebec, Nova Scotia and New Brunswick.

(c) To the Department of Indian Affairs if the land belongs to an Indian reserve.

(d) To the Department of Railways and Canals if the land is part of a canal reserve.

(e) To the Department of Militia and Defence if the land is part of a Military reserve.

(f) In other cases the application for the Dominion Land required may be sent with the application for the approval of the work, and the description of the site thereof, to the Department of Public Works.

All applications for Dominion Lands must be accompanied by a plan and description of the land by metes and bounds in quintuplicate. One of the plans must be a tracing, the others may be blue or white prints.

5. By Section 4 (2) of the Act, as re-enacted by Chapter 33, 8-9 George V, 1918, certain small works costing not more than one thousand dollars, which do not interfere with navigation are excepted from the operation of the Act and may be, on application approved by the Department without advertising or filing of plans and description of the site in the Registry Office, as otherwise required. It is to be noted, however, that if the work costs more than one thousand dollars, or if it in the slightest degree interferes with navigation or encroaches upon navigable waters, even though it may really be otherwise of the utmost value to navigation, it will not be within the exception. The works covered by this exception are the following:—

Small wharfs or groynes or other bank or beach protection works, or boat-houses.

6. It is to be noted that it will be too late to apply for approval of the plans and site after the work is built, and works must not be commenced before the plans have been duly approved. The Statute gives no power to approve of works already constructed or in process of construction, except in the case of works constructed or in process of construction on the first day of June, 1918.

The procedure to secure approval of the plans and sites of works constructed or in process of construction on June 1, 1918, is the same as already described for works proposed to be constructed, except that legal evidence must be supplied that the works were constructed or in process of construction on that date; this evidence may be by Statutory Declaration.



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Department of Public Works, Canada,  
Ottawa, September 17, 1919.

*Model Advertisement*

## NAVIGABLE WATERS PROTECTION ACT

## R.S.C. Chapter 115

(give full name of applicant) hereby gives notice that.....has, under Section 7 of the said Act, deposited with the Minister of Public Works at Ottawa, and in the office of the District Registrar of the Land Registry District of.....at..... a description of the site and the plans of (insert name of work, wharf, breakwater, laying of cable, etc., as the case may be) proposed to be (built, laid, under etc., as the case may be) in the (name of river or other body of water) at..... in front of Lot number.....(or at the foot of such a street, etc.,)

And take notice that after the expiration of one month from the date of the first publication of this notice (insert name of applicant) will under section 7 of the said Act, apply to the Minister of Public Works at his office in the City of Ottawa, for approval of the said site and plans, and for leave to construct the said (wharf, breakwater, etc., as the case may be).

Dated at..... this.....day of.....1921.  
(Signature)

## HYDRO-ELECTRIC POWER COMMISSION

TORONTO, January 28, 1924.

Mr. L. H. COLMAN,  
Secretary Department of Public Works,  
Ottawa, Ont.

DEAR SIR,—I beg to acknowledge receipt of yours of the 25th inst., with enclosures, as stated, in connection with the application of the Commission for approval of dam and power development works proposed to be erected on the St. Lawrence River, at or near Morrisburg.

Yours truly,

(Sgd.) W. W. POPE.

Secretary.

OTTAWA, February 22, 1924.

GENTLEMEN,—Referring to my letter of January 25, further examination of the plans filed by you with your application for the construction of a dam and power development works on the St. Lawrence River at or near Morrisburg, shows that the power houses proposed are to be located wholly in the United States, and that only a part of the dam and the canal are to situate in Canada. The project is consequently one which must be dealt with internationally, not departmentally.

Moreover, since you were represented before the International Joint Commission on the hearings preceding their report upon the development of power and navigation on this section of the St. Lawrence, you are no doubt aware that the Commission recommended a project differing in essentials from that

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now submitted by you, and that in accordance with the Commission's recommendation action has recently been taken looking to the reconstitution, with additional members, of the International Board of Engineers, upon whose report that of the Commission was based.

If, in the circumstances, you consider that any further steps can usefully be taken at present upon your application, the Department will be glad to receive your suggestions.

Your obedient servant,

(Sgd.) L. H. COLMAN,

*Secretary.*

The Hydro-Electric Power Commission of Ontario,  
190 University Avenue, Toronto, Ont.

### HYDRO-ELECTRIC POWER COMMISSION

TORONTO, February 25, 1924.

Mr. L. H. COLMAN,  
Secretary Department of Public Works,  
Ottawa, Ontario.

DEAR SIR,—Yours of the 22nd inst. with reference to the construction of dam and power development on the St. Lawrence River, near Morrisburg, came duly to hand and will be brought to the attention of the Board at an early date, when you may expect to be communicated with further.

Yours truly,

(Sgd.) W. W. POPE,

*Secretary.*

## RETURN

To an Address to His Excellency the Governor General of the 19th March, 1924, for a copy of all correspondence, petitions, protests, letters, resolutions, and other documents exchanged between the Government and any person or persons or organizations, or Provincial Governments or other public bodies in Canada, protesting against the illegal diversion of the waters of the Great Lakes by the Chicago Drainage Commission and of any and all correspondence with the Government of the United States, the Joint International Commission or others on the subject.

Mover: Mr. CHURCH, M.P.

P.C. 721

PRIVY COUNCIL, CANADA

*CERTIFIED COPY of a Report of the Committee of the Privy Council, approved by His Royal Highness the Governor General on the 27th March, 1912.*

On a Memorandum, dated 25th March, 1912, from the Minister of Marine and Fisheries, stating that he understands that the United States Secretary of War has arranged to hear argument in the matter of the Chicago Drainage Canal scheme, at Washington, on the 27th March, 1912.

The Minister observes that as the proposed works contemplate the diversion of ten thousand cubic feet of water per second from Lake Michigan to the Desplaines River, the question of the effect of any such scheme on navigation in the international boundary waters, and in the St. Lawrence River, calls for careful consideration.

The Minister recommends,—in order that the views of the Canadian Government may be laid before the Secretary of War,—that Messrs:—

Wm. J. Stewart, Chief Hydrographer of Canada, Department of the Naval Service;

Victor W. Forneret, Superintending Engineer, St. Lawrence Ship Channel, Marine and Fisheries Department;

Arthur St. Laurent, Assistant Deputy Minister, Public Works Department;

John Kennedy, Consulting Engineer, Harbour Commissioners of Montreal; and

Daniel Mullen, K.C., St. John, N.B.,

be authorized to attend the meeting to be held at Washington on the 27th March, 1912, in connection with the Chicago Drainage Canal scheme, and to oppose, on behalf of the Canadian Government, any proposal which will result in lowering the level in the International boundary waters and in the St. Lawrence River.

The Committee submit the same for approval.

(Sgd.) RODOLPHE BOUDREAU,

Clerk of the Privy Council.

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The Honourable

The Secretary of State for External Affairs.

*From the Governor General to His Majesty's Ambassador at Washington.*

GOVERNMENT HOUSE,

OTTAWA, November 23rd, 1912.

No. 145.

SIR.—I have the honour to transmit, herewith, for Your Excellency's consideration, copies of an Approved Minute of the Privy Council for Canada on the subject of the Calumet and Sag Channel.

Your Excellency will observe that my responsible advisers view the making of this Channel with grave concern and would be glad if Your Excellency will protest to the United States Government against its construction being allowed to continue, on the grounds that it would be highly detrimental to the interests of the Dominion.

I have, etc.,

(Sgd.) ARTHUR.

His Excellency

The Right Honourable, JAMES BRYCE, P.C., etc., etc., etc.,

19th November.

P. C. 3249

PRIVY COUNCIL, CANADA.

*CERTIFIED COPY of a Report of the Committee of the Privy Council, approved by His Royal Highness the Governor General on the 19th November, 1912.*

The Committee of the Privy Council have had before them a report, dated 16th November, 1912, from the Right Honourable the Secretary of State for External Affairs, stating that it has been represented to him that work has been commenced by the City of Chicago and is in progress on a new channel called the Calumet and Sag channel, having for its object the diversion of water from Lake Michigan to the Chicago Sanitary Canal.

The Minister submits that this work is a further menace to the navigation of the Great Lakes and the River St. Lawrence; the present diversion has lowered Lake Huron  $4\frac{1}{4}$  inches and the new channel would lower it  $2\frac{1}{2}$  inches, additional, making a total of  $6\frac{3}{4}$  inches. As each inch represents a loss of 68 tons in the cargo carrying capacity of the largest boats, it is evident that this would result in a loss on each trip of no less than 459 tons.

The Minister represents that the Calumet and Sag channel will carry 4,000 cubic feet per second. At present, with an authorized diversion of 4,167 cubic feet per second, the City of Chicago actually takes from 7,000 to 8,000 cubic feet per second. This will mean that when the Calumet and Sag channel is completed, the City of Chicago will be diverting three times the amount of water authorized.

The Committee, on the recommendation of the Secretary of State for External Affairs, advise that Your Royal Highness may be pleased to request His Majesty's Ambassador at Washington to inform the United States Government that Canada views the making of this Calumet and Sag Channel with grave concern and, on the ground that it would be highly detrimental to the interests of the Dominion, to protest to the United States Government against its construction being allowed to go on.

All which is respectfully submitted for approval.

(Sgd.) RODOLPHE BOUDREAU,

Clerk of the Privy Council.

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*From His Majesty's Ambassador at Washington to the Governor-General*

No. 217

BRITISH EMBASSY,

WASHINGTON, December 30, 1912.

SIR.—With reference to Your Royal Highness's despatch No. 145 of the 23rd ultimo, on the subject of the Calumet and Sag Channel, I have the honour to transmit, herewith, a copy of a Note from the United States Government in reply to the representations which I addressed to them on the subject.

Your Royal Highness will observe that the note states that your Government have been misinformed in the matter, and that the amount of water to be withdrawn from Lake Michigan to the Chicago and Calumet rivers together will not exceed the total amount already authorized to be withdrawn through the Chicago river alone. I should be glad to know what reply you wish me to make to the United States Government.

I have, etc.,

(Signed) JAMES BRYCE.

His Royal Highness

The DUKE OF CONNAUGHT AND STRATHEARN, K.G.,

etc., etc.,

The Governor General.

Enclosure in No.

*From the Acting Secretary of State of the United States to His Majesty's Ambassador at Washington*

No. 1713

DEPARTMENT OF STATE,

WASHINGTON, December 24, 1912.

EXCELLENCY.—Referring to your note of the 29th ultimo concerning the apprehension felt by the Government of Canada that that work in progress by the City of Chicago on the Calumet and Sag Channel for the diversion of water from Lake Michigan to the Chicago Sanitary Canal will prove a menace to the navigation of the Great Lakes and the St. Lawrence River, and result in the diversion of water by the city in excess of the amount now authorized, I have the honour to communicate the substance of a report by the Chief of Engineers, United States Army, made to the Secretary of War on the 16th instant, in explanation of the situation and which I feel confident will satisfy Your Excellency that the Government of Canada has been misinformed in the matter, and that the amount of water to be withdrawn from Lake Michigan to the Chicago and Calumet rivers together will not exceed the total amount already authorized to be withdrawn through the Chicago River alone:—

"The Calumet and Sag Channel is being constructed under authority of a permit issued by the War Department June 30, 1910. Its purpose is to substitute two routes instead of one between Lake Michigan and the centre third of the Drainage Canal of the Sanitary District of Chicago, on the express condition however, that there shall be no increase in the amount of water diverted from Lake Michigan. The language of the permit of June 30, 1910, on that point, is as follows:—



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"That the amount of water withdrawn from Lake Michigan, through the Chicago and Calumet Rivers together, shall not exceed the total amount of 250,000 cubic feet per minute (4,167 cubic feet per second) already authorized to be withdrawn through the Chicago River alone".

"The amount of diversion is not only restricted by the permit but it is also controlled by the fact that the new channel will unite with the Drainage Canal at a point some distance above the point of its discharge into the Des Plaines River; and, from the junction to the point of discharge, the flow of water through the Chicago River combined with that flowing through the Calumet or Sag Channel, must find its exit through some miles of the existing section of the Drainage Canal, for which no enlargement is authorized or contemplated by the War Department.

"At the time the permit was given to the Sanitary District of Chicago in 1899 for its original diversion of water from Lake Michigan through the Chicago River a connection with the Calumet River was not mentioned, but if it had been, it is probable that a connection with that river as well as with the Chicago River would have been allowed. So long as the waterflow remains unchanged and the exit remains unenlarged, there seems to be no special objection to allowing an entrance to the canal from both rivers, instead of confining it to a single one; especially since, if the new (Calumet) route be developed later to a navigable state, the doubled route between the Lake and the Drainage District dock frontage will be greatly to the advantage of navigation interests.

"The question of the final total amount of water which the War Department may allow the Sanitary District of Chicago to divert from Lake Michigan is still before the Secretary of War for consideration, and when his decision on that point is made, it will apply to the entire diversion, whether through a single entrance channel or through two entrance channels."

I have etc.,  
(Signed) HUNTINGTON WILSON,  
*Acting Secretary of State.*

His Excellency The Right Honourable JAMES BRYCE, O.M.,  
Ambassador of Great Britain.

Telegram

*Mr. Bryce to the Governor General*

WASHINGTON, D.C., January 13, 1913.

Referring to Previous correspondence with Prime Minister of last February Secretary of State for War has refused application of Chicago sanitary district.  
(Sgd.) BRYCE.

*From His Majesty's Ambassador at Washington to the Governor General*

No. 7

BRITISH EMBASSY,

WASHINGTON, January 14, 1913.

SIR,—With reference to my telegram of yesterday, I have the honour to transmit to Your Royal Highness herewith copies of the decision of the Secre-

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tary of War in the matter of the application made by the Trustees of the Sanitary District of Chicago for permission to divert water from Lake Michigan.

I have the honour to be, sir,

Your Royal Highness'

most obedient, humble servant,

(Sgd.) JAMES BRYCE.

His Royal Highness

The DUKE OF CONNAUGHT AND STRATHEARN, K.G.,

etc., etc., etc.,

The Governor General.

(To be held as *Confidential* until date of release, which will be for the morning papers of January 13, 1913.)

DECISION OF THE SECRETARY OF WAR IN THE MATTER OF THE APPLICATION OF THE TRUSTEES OF THE SANITARY DISTRICT OF CHICAGO, ILL., FOR PERMISSION TO DIVERT FROM LAKE MICHIGAN 10,000 CUBIC FEET OF WATER PER SECOND.

IN THE MATTER of the application of the trustees of the Sanitary District of Chicago for permission to divert from Lake Michigan 10,000 cubic feet of water per second.

WAR DEPARTMENT

WASHINGTON, January 8, 1913.

The Sanitary District of Chicago applies to the War Department for permission to increase the amount of water it is authorized to withdraw from Lake Michigan from 4,167 cubic feet per second, the amount now authorized, to 10,000 cubic feet per second.

The Chicago Drainage Canal was opened in January, 1900. It reverses the flow of the Chicago River, which formerly emptied into Lake Michigan, and as a result a portion of the waters of that lake, instead of following their former course through Lakes Huron, Erie, and Ontario into the St. Lawrence, are now carried across the watershed into the Illinois River, and thence to the Mississippi and the Gulf of Mexico. The canal thus serves as a system of drainage for the city of Chicago, carrying the sewage of that city southward to the Mississippi, and thus protects the water supply of that city, which is taken from Lake Michigan.

Permission to divert water from Lake Michigan was first granted by my predecessor, Secretary Alger, on May 8, 1899. He permitted a flowage of 5,000 cubic feet per second, but his permit contained the following conditions:—

1. That it be distinctly understood that it is the intention of the Secretary of War to submit the questions connected with the work of the Sanitary District of Chicago to Congress for consideration and final action, and that this permit shall be subject to such action as may be taken by Congress.

2. That if, at any time, it becomes apparent that the current created by such drainage works in the south and main branches of Chicago River be unreasonably obstructive to navigation or injurious to property, the Secretary of War reserves the right to close said discharge through said channel or to modify it to such extent as may be demanded by navigation and property interests along said Chicago River and its south branch.

Subsequently, during the administration of Secretary Root, the amount of the current permitted to be taken was modified or restricted until December 5, 1901, when it was fixed at the amount now permitted, and these permits contained the conditions that the permission herein given shall be subject to such modification as in the opinion of the Secretary of War the public interests may from time to time require.

On March 14, 1907, an application made for permission to divert an additional 4,000 cubic feet per second for the purpose of reversing the current of the Calumet River and flowing that river also through the canal to drain the southern portion of Chicago was denied by Secretary Taft in an opinion in which he referred once more to the desirability of submitting "this question of capital and national importance to the Congress of the United States."

It is clear that even under the conditions heretofore manifested on these applications, the proposition to divert the waters of Lake Michigan into another watershed has not been entertained without hesitation and careful restriction by my predecessors. The propriety of obtaining congressional sanction for the project has been pointed out from the beginning; and the form in which the permit has been granted, even for the moderate amount of diversion permitted, has been so phrased as to indicate that the permission was prejudicated upon the absence of any substantial injury to commerce.

The sanitary canal has never received the direct sanction of Congress. It was built solely under the authority of the State of Illinois, as given in its 1889 general act for creating sanitary districts. And although pursuant to the suggestion of my predecessors the question of the propriety of its diversion of water from Lake Michigan was presented urgently in the reports of the Chief of Engineers for the years 1899 and 1900 as transmitted to Congress, no action upon the question has ever been taken by that body. In the argument before me it was urged that the present canal represented the growth and development of a national policy expressed in two acts of Congress, 1822 and 1827, which authorized the construction of a canal "to connect the Illinois River with Lake Michigan," thus connecting the two watersheds. (Acts of Mar. 30, 1882, and Mar. 2, 1827.) But these statutes authorized a canal for the purpose of navigation and not sanitation. (*Missouri v. Illinois*, 200 U. S., 526.) The Illinois and Michigan Canal, actually constructed under their authority, derived its water for navigation purposes from the Calumet, Des Plaines, and Chicago Rivers, and not from the Lakes. And although in the latter part of its existence it was used to a very slight extent to help purify the waters of the Chicago River and thus sanitize the city of Chicago, such a purpose could not have been dreamed of at the time its construction was authorized by Congress, 90 years ago. I can not see that its authorization and construction offer the slightest congressional sanction for the great canal now under discussion, which was not even contemplated until much more than half a century later. Even at the time when the present canal was constructed and opened it is very evident that its ultimate possible effect upon the navigation of the Great Lakes was not clearly realized by those interested in that navigation. The evidence before me indicates that the withdrawal of water from Lake Michigan at Chicago would require about five years to produce its full effect upon the levels of the Great Lakes (see report of International Waterways Commission on Chicago Drainage Canal, p. 7), and that this effect be still further obscured by periodic oscillations in the lake levels. These facts may easily explain any inaction on the part of the Nation and their representatives to this withdrawal of water and make it clear that any argument of implied acquiescence must be scrutinized with unusual care.

In this respect the situation is now very different. The present application was opposed by representatives of 23 cities and 6 States interested in harbors

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and commerce upon the Great Lakes, notably the cities of Duluth, Milwaukee, Toledo, Cleveland and Buffalo. It was opposed by representatives of the navigation interests engaged on the Chicago River as well as on the Great Lakes, and by the official representatives of the Canadian Government as well as private Canadian interests engaged in the navigation of the Lakes and the St. Lawrence River, including representatives of the cities of Kingston and Montreal.

A very careful consideration of the voluminous evidence and statements submitted, as well as a consideration of the reports of other commissions and boards of engineers who have investigated the subject, leaves no doubt in my mind that the withdrawal of 10,000 cubic feet per second would substantially interfere with the navigable capacity of the Great Lakes and their connecting rivers. The Chief of Engineers, whose statutory authority in passing upon this application is concurrent with and independent of my own, and whose opinion upon such a question of scientific conclusion must be given especial weight, so states in his recommendation. His conclusions are corroborated by the authority of other boards of investigation, notably the report of the International Waterways Commission of January 4, 1907.

Careful observations and calculations conducted under the offices of the United States Lake Survey and reported through the Chief of Engineers, covering observations for the last 46 years, indicate that a withdrawal of 10,000 cubic feet per second would reduce levels at various places as follows:

	Inches.
Lakes Huron and Michigan .....	6.9
Lake St. Clair .....	6.3
Lake Erie .....	5.4
Lake Ontario .....	4.5
St. Lawrence River at Rapide Plat.....	4.8+

The foregoing effects would be produced at mean lake levels; the lowering effects would be much greater at low-water periods—the precise time when any additional shortage would be most keenly felt. This reduction would create substantial injury in all of the American harbors of the Great Lakes and in the St. Marys, St. Clair, and Detroit Rivers. It would produce equal injury in Canadian harbors on the Great Lakes, and a still greater injury on the lower St. Lawrence, the Canadian officials claiming a probable lowering effect of 12 inches at Montreal at low water.

The United States has improved about 106 harbors and rivers on the Great Lakes affected by this diversion and has spent on such improvements over ninety millions of dollars. The Canadian Government has improved over 50 harbors on Georgian Bay and Lakes Huron, St. Clair, Erie, and Ontario. By treaty, American vessels are accorded equal rights of navigation with Canadian vessels in all these waters, including the St. Lawrence River. The reduction of the water in these harbors and channels would diminish to just that extent the amount of these improvements, and would nullify to just that extent the effects of the moneys which have been appropriated for that purpose by the respective Governments. Connecting various portions of these waterways are the two canals at the Sault Ste. Marie, the Welland Canal, and a number of canals on the St. Lawrence River. The available depth of water over one or all sills of each of these canals would be affected, and in some cases reconstruction might even be made necessary.

The enormous lake traffic which uses these harbors and these rivers is increasing with great rapidity, both in gross volume and in the size and average draft of the vessels employed therein. The Chief of Engineers reports that to lower the water surface 6 inches would reduce the permissible load of one of

the large modern vessels by from 300 to 550 tons, with a consequent loss of from \$3,600 to \$7,500 in freights for such vessel per season. The International Waterways Commission reported that it would be a conservative estimate which would make the loss to the navigation interests resulting from a reduction of 6 inches in the depth of water as \$1,500,000 per annum, or a sum which, capitalized at 4 per cent, would amount to a loss of \$37,500,000 (see third progress report of International Waterways Commission of Dec. 1, 1907, p. 24). The lowest careful estimate of injury to American vessels alone is reported by the Chief of Engineers as \$1,000,000 per year.

The argument was made before me that, owing to the well-known fact that the levels of the lake vary, owing to winds and change of barometric pressure, by amounts even greater than the reduction which would be caused by this canal, therefore the proposed reduction is of no consequence. This argument is well disposed of in the report of the International Waterways Commission of January 4, 1907, on page 8, as follows:—

It is evident that the average level of the lake may be lowered considerably without the change becoming immediately apparent, and that fact has been used as an argument to prove that the lowering caused by the Chicago Drainage Canal is of no consequence to those interested in navigation. Since they can not see it they will not know it and will not feel it. The argument is fallacious. It is true that they can not see it immediately, but they will soon feel it and will know it through the most costly means of acquiring knowledge—the injury to their material interests. The oscillations will remain the same as before but low water will fall lower and high water will rise less high. The average draft of vessels must be diminished by the amount that the average level is lowered unless the depth be restored by remedial works.

In a word, every drop of water taken out of Chicago necessarily tends to nullify costly improvements made under direct authority of Congress throughout the Great Lakes, and a withdrawal of the amount now applied for would nullify such expenditures to the amount of many millions of dollars, as well as inflict an even greater loss upon the navigation interests using such waters.

On the other hand, the demand for the diversion of this water at Chicago is based solely upon the needs of that city for sanitation. There is involved in this case no issue of conflicting claims of navigation. The Chief of Engineers reports that so far as the interests of navigation alone are concerned, even if we should eventually construct a deep waterway from the Great Lakes to the Mississippi over the route of the sanitary canal, the maximum amount of water to be diverted from Lake Michigan need actually be not over 1,000 feet per second, or less than a quarter of the amount already being used for sanitary purposes in the canal. This estimate is confirmed by the report of the special board of engineers on the deep waterway from Lockport, Ill., to the mouth of the Illinois River, dated January 23, 1911. It is also confirmed by the practical experience of the great Manchester Ship Canal in England. From the standpoint of navigation alone in such a waterway too great a diversion of water would be a distinct injury rather than a benefit. It would increase the velocity of the current and increase the danger of overflow and damage to adjacent lands.

We have, therefore, presented in this case claims of entirely different characters and jurisdictions—the claim of sanitation on the one side and of navigation on the other; the vital interest of a single community on the one side and the broad interest of the commerce of the nation on the other. The discretion given to the Secretary of War under sections 9 and 10 of the act of 1899 is very broad, but I have very grave doubts as to whether it was intended



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to authorize him to grant a permit which would inflict a substantial injury upon commerce in order to benefit sanitation. The entire purpose and scope of that legislation was to make him the guardian of the commercial interests of the nation represented in their waterways. And while he sometimes under that statute must decide that the interests of one class of transportation are less important and must yield to the conflicting interests of another class, I have considerable doubt whether it was intended to give him authority to sacrifice substantial interests of navigation to entirely different claims over which he normally has no jurisdiction whatever.

But however that may be, and without resting my decision upon the question of my legal authority, I am quite clear as a matter of discretion that under the facts presented by this case no further diversion of water should be permitted at Chicago without the direct sanction of the Congress of the United States. I do not for one moment minimize the importance of preserving the health of the great city of Chicago; but when a method of doing this is proposed which will materially injure a most important class of the commerce of the nation and which will also seriously affect the interests of a foreign power, it should not be done without the deliberate consideration and authority of the representatives of the entire nation. The growth of Chicago is phenomenal and its representatives are quite unwilling to put any final limit to the demand which may be made upon the waters of Lake Michigan for its sanitation under the system now in use. I have before me the report in 1911 of the president of the sanitary district, in which he says:—

I am of the opinion that the presumption that our water supply is to be limited to 10,000 cubic feet per second, or 600,000 cubic feet per minute, is gratuitous and mischievous and should not be voiced by the officials of this district. I believe that we should have the volume requisite to our needs as they appear and are justified.

It is therefore quite conceivable that compliance with their sanitary needs according to this method of sanitation may eventually materially change this great natural watercourse now existing through the Lakes. The weighing of the sanitation and possibly the health of one locality over against the commerce of the rest of the Nation and the consideration of our relations and obligations to Canada in respect to a great international waterway are not matters of mere technical or scientific deduction. They are broad questions of national policy. They are quite different in character, for example, from the question of fixing the proper location of a pierhead line or the height or width of a drawbridge over a navigable stream—fair samples of the class of questions which come to the Secretary of War for decision under the above-mentioned act of 1899. While the researches and opinions of experts in the respective fields are necessary and useful as an assistance toward reaching a fair and proper policy, the final determination of that policy should belong not to an administrative officer but rather to those bodies to whom we are accustomed to entrust the making of our laws and treaties.

In my view of the proper exercise of my discretion in this matter the foregoing considerations are sufficient for a decision of this case. Having reached the conclusion that the proposed diversion of the waters of Lake Michigan would substantially injure the interests of navigation on the Great Lakes which it is my legal duty to protect, it would clearly follow that the present application should be denied.

I have carefully examined, however, the evidence which both sides have introduced bearing upon the sanitary needs of the city of Chicago, and my conclusion is in no way shaken. I am not persuaded that the amount of water applied for is necessary to a proper sanitation of the city of Chicago. The

evidence indicates that at bottom the issue comes down to the question of cost. Other adequate systems of sewage disposal are possible and are in use throughout the world. The problem that confronts Chicago is not different in kind but simply larger and more pressing than that which confronts all of the other cities on the Great Lakes, in which nearly 3,000,000 people of this country are living. The urban population of those cities, like that of Chicago, is rapidly increasing, and a method of disposition of their sewage which will not injure the potable character of the water of the Lakes must sooner or later be found for them all. The evidence before me satisfies me that it would be possible in one of several ways to at least so purify the sewage of Chicago as to require very much less water for its dilution than is now required by it in its unpurified condition. A recent report of the engineer of the sanitary commission (Oct. 12, 1911) proposes eventually to use some such method, but proposes to postpone its installation for a number of years to come, relying upon the present more wasteful method in the meanwhile. It is manifest that so long as the city is permitted to increase the amount of water which it may take from the Lakes, there will be a very strong temptation placed upon it to postpone a more scientific and possibly more expensive method of disposing of its sewage. This is particularly true in view of the fact that by so doing it may still further diminish its expenses by utilizing the water diverted from the Lakes for water power at Lockport. But it must be remembered that for every unit of horsepower realized by this water at Lockport four units of similar horsepower would be produced at Niagara, where the natural conditions are so much more favorable. Without, therefore, going more into detail in a discussion of this question, I feel clear that no such case of necessity has been presented by the evidence before me as would justify the proposed injury to the many varied interests in the great waterways of our lakes and their appurtenant rivers.

It remains only to consider certain special arguments that have been pressed upon me. It has been urged that the levels of the lakes, even if lowered, could be restored by compensating works. To a certain extent that is true. But the very nature of this consideration offers another illustration of the importance of having the whole question passed upon by Congress. Such compensating works can only be constructed by the authority of Congress and at very considerable cost. It is not a matter which is in the hands of the Secretary of War. Permission to divert water which will at one and the same time nullify the effect of past appropriations and make necessary similar expenditures in the future, should be granted only with the express consent of the body in whose hands the making of such appropriations and the authorization of such works rest.

Furthermore, in most cases such compensating works could only be constructed with the joint consent of our neighbor Canada. The United States Government alone would be unable, even if it were willing to spend its own funds, to compensate for the damage done through the lowering of these levels unless Canada were willing to join in constructing the portion of such works which would necessarily stand upon Canadian soil.

The question therefore becomes not merely national but international, and this leads me to the consideration of the arguments which were urged by both sides in reference to the treaty with Great Britain in respect to Canada of January 11, 1909. A careful consideration of that treaty fails to indicate to me that it is in any way controlling upon the questions now before us. It gives to the citizens of both countries certain mutual rights of navigation in the waters of the Great Lakes and their connecting rivers; but beyond that the question of the right to this diversion at Chicago seems to me to have been carefully excluded. The applicants for the permit have urged upon me that article 8 of the treaty gives a preference to the uses of water of the lakes for domestic and

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sanitary purposes over the uses of such water for navigation. Article 8, however applies only to future cases brought before the International Joint Commission; and furthermore I am clearly of the opinion that the domestic and sanitary purposes referred to in that article were intended to be the "ordinary" uses of such waters for domestic and sanitary purposes referred to in article 3. It would be quite contrary to our own national policy to give such a preference to an extraordinary sanitary use of such a character as to create a substantial injury to navigation. The matter has been before our own Supreme Court in the case of the *United States v. Rio Grande Dam and Irrigation Co.* (174 U.S. 690). In that case the Supreme Court held that a company which proposed to take the water of the Rio Grande River for the purpose, among others, "of supplying water to cities and towns for domestic and municipal purposes" could be prevented from so doing when the result would be a substantial injury to the navigability of the Rio Grande River farther down. In its opinion the court said:—

The question always is one of fact, whether such appropriation substantially interferes with the navigable capacity within the limits where navigation is a recognized fact. In the course of the argument this suggestion was made, and it seems to us not unworthy of note, as illustrating this thought. The Hudson River runs within the limits of the State of New York. It is a navigable stream and a part of the navigable waters of the United States, so far at least as from Albany southward. One of the streams which flows into it and contributes to the volume of its waters is the Croton River, a nonnavigable stream. Its waters are taken by the State of New York for domestic uses in the city of New York. Unquestionably the State of New York has a right to appropriate its waters, and the United States may not question such appropriation, unless thereby the navigability of the Hudson be disturbed. On the other hand, if the State of New York should, even at a place above the limits of navigability, by appropriation for any domestic purposes, diminish the volume of waters, which, flowing into the Hudson, make it a navigable stream, to such an extent as to destroy its navigability, undoubtedly the jurisdiction of the National Government would arise and its power to restrain such appropriation be unquestioned; and within the purview of this section (act of Sept. 19, 1890, ch. 907) it would become the right of the Attorney General to institute proceedings to restrain such appropriation.

The treaty, however, contains provisions in its article 10 by which "any questions or matters of difference arising between the high contracting parties involving the rights, obligations, or interests of the United States or of the Dominion of Canada, either in relation to each other or to their respective inhabitants, may be referred for decision" to an international joint commission established by the said treaty. The hearing before me brought forth the fact that the Government of Canada regards the proposal contained in this application as one which affects the material interests of that country. The establishment by formal treaty between the two countries of a tribunal with jurisdiction to decide just such questions seems to me to afford an additional reason against the assumption of jurisdiction to decide the question by an administrative officer of one of those countries.

In short, after a careful consideration of all the facts presented, I have reached the following conclusions:

First. That the diversion of 10,000 cubic feet per second from Lake Michigan, as applied for in this petition, would substantially interfere with the navigable capacity of the navigable waters in the Great Lakes and their connecting rivers.

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Second. That that being so, it would not be appropriate for me without express congressional sanction, to permit such a diversion, however clearly demanded by the local interests of the sanitation of Chicago.

Third. That on the facts here presented no such case of local permanent necessity is made evident.

Fourth. That the provisions of the Canadian treaty for a settlement by joint commission of "Questions or matters of difference" between the United States and Canada offer a further reason why no administrative officer should authorize a further diversion of water, manifestly so injurious to Canada, against Canadian protest.

The prayer of the petition is therefore denied.

HENRY L. STIMSON,  
*Secretary of War.*

*From the Governor General to His Majesty's Ambassador at Washington*

CANADA

No. 16

GOVERNMENT HOUSE, OTTAWA, February 25, 1913.

SIR,—With reference to Your Excellency's Despatch No. 217 of the 30th December on the subject of the diversion of water from Lake Michigan to the Chicago Sanitary Drainage Canal, I have the honour to transmit herewith, copies of an Approved Minute of the Privy Council for Canada submitting a memorandum embodying the views of the Department of Public Works, the Department of Marine and Fisheries and the Commission of Conservation on the opinion expressed by the Government of the United States as contained in Your Excellency's Despatch referred to above.

Your Excellency will observe that my responsible advisers are anxious that representations should be made to the United States Government in the sense of this Minute maintaining the protest against the proposed construction of the Calumet Sag Channel and against the continued injurious affection of the said boundary waters.

I have, etc.,  
(Signed) ARTHUR.

His Excellency  
The Right Honourable JAMES BRYCE, O.M.  
February 21.

Enclosure in No. —

P.C. 398

*CERTIFIED COPY of a Report of the Committee of the Privy Council, approved by His Royal Highness the Governor General on the 21st February, 1913.*

1. The Committee of the Privy Council have had before them a report, dated 17th February, 1913, from the Right Honourable the Secretary of State for External Affairs, upon a despatch from His Majesty's Ambassador at Washington, dated 30th December, 1912, on the subject of the diversion of water from Lake Michigan to the Chicago Sanitary Drainage Canal.

2. The Minister observes that this despatch conveyed to Your Royal Highness an expression of the opinion of the United States Government that Your



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Royal Highness's advisers had been misinformed in the matter, and that, as by the terms of the War Department permit under which the Calumet and Sag Channel is being constructed, the amount of water to be withdrawn through the Chicago and Calumet Rivers together would not exceed the total amount (4167 cubic feet per second) already authorized to be withdrawn through the Chicago River alone, no danger to navigation interests need be apprehended.

3. The Minister has submitted to the Department of Public Works, to the Department of Marine and Fisheries and to the Commission of Conservation the opinion expressed by the Government of the United States and has the honour to submit a memorandum, hereto attached, embodying the views (in which he entirely concurs) that have thus been elicited from the two Departments and from the Commission.

4. The Minister states that no official information was received by the Canadian Government with regard to the construction of the Canal or the request for diversion of water, and consequently no protest was made at the time by that Government. Notwithstanding such absence of notice Canada's failure to protest has been advanced as a reason for assuming her acquiescence in the proposal to divert 10,000 cubic feet per second, a fact which renders it the more desirable that Canada shall now make plain its attitude of steadfast opposition to the policy involved in the proposed diversion.

5. Your Royal Highness's advisers have already pointed out in the Minute of Council, approved on the 19th November, 1912, the serious detriment to navigation interests caused by the diversion of water from Lake Michigan and the consequent lowering of the levels of the Great Lakes. It is pertinent to observe further that the full effect of this diversion is at the present time mitigated to some extent by the fact that it is made from a reserve that has accumulated in these years of plenty. There is every reason to apprehend that when years of low precipitation return the harmful effects will be still more severely felt.

6. Considering, therefore, the fact that in practice the Chicago Sanitary District has greatly exceeded the provisions of the War Department permit; considering further its avowed policy largely to increase the present diversion, and having regard to the fact that the proposed Sag and Calumet Channel cannot be of service for sanitation purposes unless the diversion at present permitted should be increased, and that its construction would permit of a largely increased flow through the portion of the channel between Sag and Lockport which cannot under existing conditions take place without danger to navigation in the main channel between Lake Michigan and Sag. Your Royal Highness's advisers are constrained to regard the construction of the proposed channel as constituting a grave menace to important Canadian interests; and they consider it desirable that Canada's protest as put forward in the Minute of Council approved by Your Royal Highness on the 19th November should be maintained, on the ground that any diversion of water from Lake Michigan which prejudicially affects the navigation of the Great Lakes constitute an invasion of the rights secured to Canada by the Ashburton-Webster Treaty of 1842 in the channels in the river St. Lawrence and in the river Detroit and in the other passages and channels referred to in Article 7 of that Treaty, and further of the rights of navigation in boundary waters and in Lake Michigan to which this Dominion is entitled under Article 1 of the Boundary Waters Treaty of 1909.

7. While relying upon the provisions of the Treaties above mentioned and any other relative Treaties and Conventions, Your Royal Highness's advisers are not prepared to admit, and they do not admit that apart from these Treaties the authorities of the United States or the authorities of any State have the



right under the recognized principles of International Law to divert from Lake Michigan by any means, or for any purpose, such an amount of water as will prejudicially affect the navigation of boundary waters in which both Canada and the United States are deeply and vitally interested. It is submitted moreover that the navigation of these boundary waters, upon the improvement and development of which as International waterways each country has spent many millions of dollars, ought to be secured absolutely from injurious diversion on either side of the boundary line to the end that the interest of navigation and commerce, common to both countries, may be adequately preserved.

The Committee, on the recommendation of the Secretary of State for External Affairs, advise that Your Royal Highness may be pleased to forward a copy of this Minute, if approved, to His Majesty's Ambassador at Washington with a request that he make representations to the United States' Government in the sense thereof maintaining the protest against the proposed construction of the Calumet Sag Channel and against the continued injurious affection of the said boundary waters.

All which is respectfully submitted for approval.

(Signed) RODOLPHE BOUDREAU,

Clerk of the Privy Council.

*MEMORANDUM respecting the despatch from His Excellency the British Ambassador at Washington of 30th December, 1912, conveying reply of the Acting-Secretary of State of the United States of the 24th December, 1912, with regard to the diversion of water from Lake Michigan to the Chicago Sanitary Drainage Canal.*

1. The despatch of His Excellency the British Ambassador at Washington, above mentioned, and accompanying reply of the Acting-Secretary of State of the United States, have been submitted to the Department of Marine and Fisheries, to the Department of Public Works and to the Commission of Conservation.

2. Reports have been received from the two departments and from the commission, the effect of which is expressed in the following paragraphs of this memorandum.

3. According to information available to the Government of Canada, the Chicago sanitary drainage canal was built solely under the authority of the state of Illinois without federal authority or sanction; and upon its completion the United States government was first officially informed of its existence by a request for permission to divert water from Lake Michigan for the dilution of the sewage of Chicago.

4. Permission to divert water from lake Michigan was first granted by the federal authorities on May 8, 1899, subject to the conditions therein stated. The flowage then permitted was 5,000 cubic feet per second.

5. Subsequently the amount of the current permitted to be taken was modified and on the 5th of December, 1901, it was fixed at 4,167 cubic feet per second.

6. Although the federal authorities have never given permission to divert a greater amount than 4,167 cubic feet per second it is a matter of public notoriety that at least 8,000 cubic feet per second, and probably nearly nine thousand cubic feet per second are now being diverted through the canal for the purpose above mentioned.

7. The trustees of the Chicago sanitary district have displayed remarkable persistency in the attempt to divert an increased volume through the canal.

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An application to authorize a flowage of 10,000 cubic feet per second was made in 1912, to the Secretary of War, who dismissed the application on the 8th January, 1913.

8. The Chicago sanitary drainage canal between Sag and Lockport has a capacity of 14,000 cubic feet per second and those in control avow the intention of diverting that amount from lake Michigan if it can be done without injury to the navigation of the Chicago river. Evidences of that intention may be found in the following extract from the report of the president of the sanitary district for the year 1911:—

“I am of the opinion that the presumption that our water supply is to be limited to 10,000 cubic feet per second, or 600,000 cubic feet per minute is gratuitous and mischievous and should not be voiced by the officials of this district. I believe that we should have the volume requisite to our needs as they appear and are justified.”

9. It is urged by the United States authorities that aside from the provisions of the War Department permit, further protection against undue diversion is afforded by the fact that no enlargement of the existing section of the drainage canal below the point at which the Calumet and Sag channel would enter the same, is authorized or contemplated in connection with the works in progress. Such an argument is by no means convincing because, as has already been pointed out, the drainage canal below Sag has now a capacity of 14,000 cubic feet per second. Thus, the sanitary district could, if unrestricted, pass through it a flow greater than the combined capacities of the Calumet and Sag Channel and the Chicago river without increasing the section of the canal between the point of junction and its discharge into the Desplaines river.

10. It appears that in the main canal between lake Michigan and Sag the flow is at present limited not on account of the size of the canal but out of consideration for navigation interests which cannot manage their vessels in that channel with stronger currents than would be caused by a flow of 9,000 cubic feet per second.

11. It is of importance further to consider that for the sanitation purposes forming the ostensible object of the canal's construction, the amount of flow authorized by the War Department permit,—measured by the standard of the sanitary district's charter which calls for a flow of  $3\frac{1}{2}$  cubic feet per second for each thousand of population,—is only sufficient for a population of one and one quarter millions, a number admittedly not greater than that which is now dependent on the drainage canal. This being the case it is not apparent what advantage, for such sanitation purposes, can be derived from the construction at great cost of a new channel which must obtain its flow, if the restrictions of the permit are observed, at the expense of the main drainage canal.

12. Importance is attached to the reasons given by the secretary of war in his decision of 8th January, 1913, upon the application of the trustees of the sanitary district of Chicago. The conclusions of the secretary of war are as follows:—

“First. That the diversion of 10,000 cubic feet per second from lake Michigan, as applied for in this petition, would substantially interfere with the navigable capacity of the navigable waters in the Great Lakes and their connecting rivers.

“Second. That that being so, it would not be appropriate for me, without express congressional sanction, to permit such a diversion, however clearly demanded by the local interests of the sanitation of Chicago.

“Third. That on the facts here presented no such case of local permanent necessity is made evident.

"Fourth. That the provisions of the Canadian Treaty for a settlement by joint commission of "questions or matters of difference" between the United States and Canada offer a further reason why no administrative officer should authorize a further diversion of water, manifestly so injurious to Canada, against Canadian protest."

13. Inasmuch as the trustees of the Chicago sanitary district are at the present time diverting nearly the entire amount for which permission was refused, it is apparent that not only the navigation interests of Canada but those of the United States as well are suffering detriment from the course now being pursued.

14. The following extract from the decision of the Secretary of War is pertinent and cogent:—

"A very careful consideration of the voluminous evidence and statements submitted, as well as a consideration of the reports of other commissions and boards of engineers who have investigated the subject, leaves no doubt in my mind that the withdrawal of 10,000 cubic feet per second would substantially interfere with the navigable capacity of the Great Lakes and their connecting rivers. The Chief of Engineers, whose statutory authority in passing upon this application is concurrent with and independent of my own, and whose opinion upon such a question of scientific conclusion must be given special weight, so states in his recommendation. His conclusions are corroborated by the authority of other boards of investigation, notably the report of the International Waterways Commission of January 4, 1907.

"Careful observations and calculations conducted under the officers of the United States Lake Survey and reported through the Chief of Engineers, covering observations for the last 46 years, indicate that a withdrawal of 10,000 cubic feet per second would reduce levels at various places as follows:—

	Inches.
Lakes Huron and Michigan.. . . .	6-9
Lake St. Clair.. . . .	6-3
Lake Erie.. . . .	5-4
Lake Ontario.. . . .	4-5
St. Lawrence River at Rapide Plat.....	4-8 x

"The foregoing effects would be reduced at mean lake levels; the lowering effects would be much greater at low-water periods—the precise time when any additional shortage would be most keenly felt. This reduction would create substantial injury in all of the American harbours of the Great Lakes and in the St. Marys, St. Clair, and Detroit Rivers. It would produce equal injury in Canadian harbours on the Great Lakes and a still greater injury on the lower St. Lawrence, the Canadian officials claiming a probable lowering effect of 12 inches at Montreal at low water."

15. Canada has expended in the construction of canals and in the improvement of lakes, rivers and harbours, forming part of the St. Lawrence Waterway, about two hundred million dollars and further large expenditures are now in contemplation. The benefits resulting from such expenditure will be largely minimized and may even be destroyed, if the existing diversion from Lake Michigan be permitted to continue.

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*From His Majesty's Ambassador at Washington to the Governor General*

No. 40.

BRITISH EMBASSY,

WASHINGTON, March 25, 1913.

SIR,—I have the honour to transmit herewith copy of the Note which I have addressed to the United States Government in pursuance of the instructions contained in Your Royal Highness's despatch No. 16 of February 25 regarding the Calumet and Sag Channel.

The United States Government have promised to give careful consideration to the views of Your Royal Highness' Government.

I have, etc.,

(Signed) JAMES BRYCE.

His Royal Highness

The DUKE OF CONNAUGHT AND STRATHHEARN, K.G.,

etc., etc., etc.,

The Governor General.

Enclosure No.

*From His Majesty's Ambassador at Washington to Secretary of State of the United States.*

No. 67.

BRITISH EMBASSY,

WASHINGTON, March 17, 1913.

SIR,—On receipt of your predecessor's note No. 1713 of the 24th of December last relative to the protest of the Canadian Government against the construction of the Calumet and Sag Channel for the diversion of water from Lake Michigan, I at once communicated the information contained in that note to the Canadian Government.

In reply the Governor General has sent me a memorandum, of which a copy is enclosed, questioning the correctness of the statements furnished to the State Department by the Department of Engineers.

This memorandum, which is based on information obtained from the Canadian Department of Public Works, the Department of Marine and Fisheries and the Commission of Conservation, represents the views of the Canadian Government, who, in calling attention to it, offer the following further observations.

They state that: no official information was received by the Canadian Government with regard to the construction of the canal or the request for diversion of water, and consequently no protest was made at the time by that Government. Notwithstanding such absence of notice Canada's failure to protest has been advanced as a reason for assuming her acquiescence in the proposal to divert 10,000 cubic feet per second, a fact which renders it the more desirable that Canada should now make plain its attitude of steadfast opposition to the policy involved in the proposed diversion.

The serious detriment to navigation interests caused by the diversion of water from Lake Michigan and the consequent lowering of the levels of the Great Lakes has already been pointed out. It is pertinent to observe further that the full effect of this diversion is at the present time mitigated to some extent by the fact that it is made from a reserve that has accumulated in these years of plenty. There is every reason to apprehend that when years of low precipitation return the harmful effects will be still more severely felt.

Considering, therefore, the fact that in practice the Chicago Sanitary District has greatly exceeded the provisions of the War Department permit; considering further its avowed policy largely to increase the present diversion, and having regard to the fact that the proposed Sag and Calumet Channel cannot be of service for sanitation purposes unless the diversion at present permitted should be increased, and that its construction would permit of a largely increased flow through the portion of the channel between Sag and Lockport which cannot, under existing conditions, take place without danger to navigation in the main channel between Lake Michigan and Sag, the Canadian Government regard the construction of the proposed channel as constituting a grave menace to important Canadian interests; and they consider it desirable that Canada's protest as already put forward should be maintained, both on the ground that any diversion of water from Lake Michigan which prejudicially affects the navigation of the Great Lakes infringes the rights secured to Canada by the Ashburton-Webster Treaty of 1842 in the channels in the River St. Lawrence and in the river Detroit and in the other passages and channels referred to in Article 7 of that Treaty, as well as the rights of navigation in boundary waters and in Lake Michigan to which the Dominion is entitled under the Boundary Waters Treaty of 1909, and also on the ground that apart from these Treaties the authorities of the United States or the authorities of any State have not under the recognized principles of International Law any right to divert from Lake Michigan by any means, or for any purpose, such an amount of water as will prejudicially affect the navigation of boundary waters in which both Canada and the United States are deeply and vitally interested. The navigation of these boundary waters, upon the improvement and development of which as International waterways each Country has spent many millions of dollars, is a question of vital interest to both the United States and Canada and it should be secured absolutely from injurious diversion on either side of the boundary line to the end that the interests of navigation and commerce, common to both countries, may be adequately preserved.

I am desired earnestly to draw the attention of the United States Government to the views of the Canadian Government as here expressed on a question to which they attach great importance, and to urge that the whole matter shall be re-examined with a view to securing in the best manner the common and general interests of all the regions adjoining the Great Lakes and of meeting the serious objections which the Canadian Government entertain to the continuance of the works against which they consider it their duty to protest.

I have, etc.,

The Honourable WILLIAM JENNINGS BRYAN,  
Secretary of State, etc., etc.

*From the Governor General to His Majesty's Ambassador at Washington*

GOVERNMENT HOUSE,

OTTAWA, June 9, 1916.

No. 135.

SIR,—With reference to my telegram of the 8th instant, I have the honour to transmit herewith, for Your Excellency's information, a copy of the letter from the Secretary of State for External Affairs upon which my telegram was based.

I have, etc.,

(Sgd.) ARTHUR.

His Excellency

The Right Honourable Sir CECIL SPRING RICE, G.C.V.O., K.C.M.G.,

7th June.



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*To His Royal Highness the Governor General:*

The undersigned has the honour to represent to Your Royal Highness that he has had under consideration a Bill—H.R.12193—now engaging the attention of the Congress of the United States, providing for the construction, repair and maintenance of public works on rivers and harbours and for other purposes.

By a reference to the Bill alluded to it will be observed that commencing at line 23, page 32 of the printed document, provision is made for "the improvement of navigation of the Illinois River authorized by an Act of the Illinois General Assembly approved June 18, 1915, providing for an expenditure of \$5,000,000 therefor by the State of Illinois be and is hereby authorized in accordance with said Act".

It will be further observed that beginning at line 4, page 34, it is: "provided further that the amount of water to be diverted from Lake Michigan through this system of waterways, shall never exceed the rate of two hundred and fifty thousand cubic feet per minute".

The Minister of Marine has been advised by Daniel W. Hoan, Mayor, John L. Klinger, President Merchant and Manufacturers Association and William George Bruce, President Harbour Commission, all of Milwaukee, Wisconsin, that while the provision in the preceding paragraph restricting the volume of water to be diverted, was passed by the Senate, there is danger that it may not find sufficient support in the House of Representatives.

The Government of Canada has already urged strong grounds for the non-interference with the waters discharging through the St. Lawrence system, holding the view that the conservation of these is essential to the trade and commerce of this country.

The undersigned submits that the experience of the past two seasons in the River St. Lawrence has fully justified the position hitherto assumed by the Canadian Government with reference to this question, which position they now desire to reaffirm.

The undersigned recommends that His Majesty's Ambassador at Washington may be so informed by telegraph and requested to renew the protest made by the representatives of the Canadian Government before the Secretary of War in 1912 against any further diversion of the waters discharging through the St. Lawrence system.

Humbly submitted,

(Sd.) R. L. BORDEN,

*Secretary of State for External Affairs.*

Ottawa, June 7, 1916.

*From His Majesty's Ambassador at Washington to the Governor General*

No. 130.

BRITISH EMBASSY, WASHINGTON, April 22, 1921.

My LORD DUKE.—I have the honour to transmit to you, herewith, copies of the paper mentioned in the subjoined schedule.

I have, etc.,

(For the Ambassador)

R. L. CRAIGIE.

His Excellency

The DUKE OF DEVONSHIRE, K.G.,

etc.,

etc.,

etc.,

Governor General of Canada.

<i>Name and Date</i>	<i>Subject</i>
British Embassy, Washington, April 22, 1921.	Diversion of water from Lake Michigan.

*Reference*—Canada telegram of April 15, 1921.

*From His Majesty's Ambassador at Washington to the Secretary of State  
of the United States*  
No. 285.

BRITISH EMBASSY, WASHINGTON, April 22, 1921.

SIR,—I have the honour to inform you that my attention has been drawn by the Canadian Government to statements recently made public to the effect that the authorities of the city of Chicago are about to approach Congress with a view to obtaining legislative authority to increase the diversion of water from Lake Michigan for the use of the Chicago Sanitary Canal up to, and even possibly beyond, a rate of 10,000 cubic feet per second.

For convenience of reference I may perhaps be permitted to recall the earlier correspondence that has taken place on this subject: in a note dated March 17, 1913, His Majesty's Ambassador made known to the Secretary of State the attitude of steadfast opposition which Canada has consistently adopted to the policy involved in the proposed diversion. Mr. Bryce took the opportunity to point to the serious prejudice caused to Canadian navigation interests by the diversion of waters from Lake Michigan and the consequent lowering of the levels of the Great Lakes, even when such diversion had been made from a reserve that had accumulated in years of plenty. He further represented that any diversion of water from Lake Michigan which prejudicially affected the navigation of the Great Lakes constituted an infringement of the treaty rights secured to Canada by the Ashburton-Webster Treaty of 1842 in so far as concerned the channels of the rivers St. Lawrence and Detroit and other channels and passages mentioned in Article 7 of that Treaty. It was pointed out that such diversion was also an infringement of those rights of navigation in boundary waters and in Lake Michigan to which the Dominion is entitled under the Boundary Waters Treaty of 1909.

In drawing attention again to the above representation, I should like to lay stress upon the fact, quoted by Mr. Bryce that, apart from the question raised by these specific treaty stipulations, the recognised principles of International Law do not confer either upon the Federal Authorities of the United States or upon any individual State of the Union the right to divert from Lake Michigan, by any means or for any purpose, such an amount of water as will prejudicially affect the navigation of boundary waters in which both Canada and the United States are interested.

The existing diversion of water has not been acquiesced in by the Canadian Government and is, in fact, greatly in excess of the amount authorised by the Secretary of War in December, 1901. It has already done considerable harm and the Water Power interests throughout all the Great Lakes and the St. Lawrence system, from Lake Huron to tide water, look upon the present situation with apprehension—an apprehension which is shared by the Canadian Government.

The United States Government will, I think, agree that no solution of the area question is likely to be permanently sound or satisfactory unless it is based upon a recognition of the principle, established by international practice, that

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no permanent diversion should be permitted to another watershed from any watershed naturally tributary to waters forming the boundary between two countries.

In drawing your attention to the attitude consistently taken by the Canadian Government upon this question, I venture to express the confident hope that the United States Government will not give their approval to the application of the Chicago authorities or take any steps in this matter which so closely affects Canadian interests without in the first instance arranging for a discussion of the matter with the Canadian Government.

I have etc.,

The Honourable CHARLES H. HUGHES,  
Secretary of State of the United States,  
Washington, D.C.

*From His Majesty's Ambassador at Washington to the Governor General*

No. 156

BRITISH EMBASSY,

WASHINGTON, May 17, 1921.

MY LORD DUKE,—I have the honour to transmit to you, herewith, copies of the paper mentioned in the subjoined schedule.

I have the honour to be,

My Lord Duke,

Your Excellency's most obedient, humble servant,

(For the Ambassador)

MAURICE PETERSON.

His Excellency

The DUKE OF DEVONSHIRE, K.G.,

etc., etc., etc.

Governor General of Canada.

NAME AND DATE.	SUBJECT
Note from the Secretary of State, Washington, D.C., May 11, 1921.	Diversion of Water from Lake Michigan.

*Reference:* Canada telegram of April 15, 1921.

*From the Secretary of State of the United States to the Governor General*

No.

DEPARTMENT OF STATE,

WASHINGTON, May 11, 1921.

EXCELLENCY,—I have the honour to acknowledge the receipt of your note No. 285, dated April 22, 1921, by which you inform me that recently statements have been made public to the effect that the authorities of the city of Chicago are about to approach Congress with a view to obtaining legislative authority for the withdrawal of water from Lake Michigan for the use of the Chicago Sanitary Canal, and bring to my attention the solicitude of the Canadian Government that no diversion of the waters of Lake Michigan may be permitted which will prejudicially affect the navigation of the boundary waters between Canada and the United States.

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I have the honour to inform you that it had been ascertained that no bill has been introduced in either House of Congress with the object of authorizing the diversion of additional waters from Lake Michigan, and that no information, other than that afforded by your note, has come to the attention of this Department that proposals are under consideration which may lead to the introduction of such bills. The Department will be pleased to watch for developments in this situation and to give further consideration to the suggestions of your note in connection with any proposals that may be made touching this matter or bills that may be introduced in Congress concerning it.

Accept, Excellency, the renewed assurances of my highest consideration.

(Sgd.) CHARLES E. HUGHES.

c. 711.4216 M 58/16.

*From His Majesty's Ambassador at Washington to the Governor General*

No. 155

BRITISH EMBASSY.

WASHINGTON, June 6, 1922.

MY LORD,—With reference to my despatch No. 156 of the 17th of May 1921. I have the honour to inform you that my attention has been drawn to the following statements which appear in a report entitled: "Report on the Diversion of Water from the Great Lakes and Niagara River 1921" by Colonel Warren of the United States Corps of Engineers:—

"The diversion through the Chicago Sanitary Canal averaged 8,800 cubic feet per second in 1917, although some daily averages were 10,000 cubic feet per second or more. Of this diversion, 6,800 cubic feet per second is incidentally used in the development of power." (page 19).

"It is definitely known that the diversion of the amount of water authorized to be taken by the terms of the permit of 1903, namely, 4,167 cubic feet per second, at mean stages would lower the level of Lakes Michigan and Huron about 0.2 foot, of Lakes Erie and Ontario about as much, and of the St. Lawrence River at Lock 25 about 0.28 foot. The average diversion for 1917, 8,800 cubic feet per second, being uncompensated, has lowered the level of Lakes Michigan and Huron about 0.43 foot, of Lakes Erie and Ontario about 0.41 foot, and of the St. Lawrence River at Lock 25 about 0.57 foot. Damage varying in amount with the locality extends from the lower miter sills of the locks at Sault Ste. Marie through all the lakes and connecting channels to tide water in the lower St. Lawrence River, and its amount increases in the same proportion as the diversion at Chicago increases." (page 20).

"... To this total loss of earnings the diversion of the Chicago Sanitary Canal, an average of 8,800 cubic feet per second in 1917, contributed \$2,866,000 annually, and even the diversions for power in the Chippawa-Grass Island pool far below the foot of Lake Erie, lower it nearly one-tenth foot and cause a loss of about \$526,000 each year." (page 44).

"The general estimate arrived at was that the present diversion of 8,800 cubic feet per second has a value to the City of Chicago of about \$7,000,000 a year, or \$800 per cubic foot per second per annum." (page 93).

It is, I believe, the understanding of the Canadian Government that the diversion of water through the Chicago Sanitary Canal should not exceed

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4,167 cubic feet per second whereas, according to Colonel Warren's report, the diversion averaged 8,800 cubic feet per second in 1917, some daily averages rising as high as 10,000 cubic feet per second. Later on Colonel Warren speaks of the "present diversion of 8,800 cubic feet per second."

It will be seen from the earlier correspondence that, in the note which I addressed to the State Department on the 22nd of April, 1921, (No. 285), I made representations in regard to the alleged intention of the City of Chicago to approach Congress with a view to obtaining legislative authority to increase the diversion of water from Lake Michigan for the use of the Sanitary Canal up to, and even possibly beyond, a rate of 10,000 cubic feet per second. In their reply the State Department stated that no bill had been introduced for this purpose in either House of Congress and that, so far as the State Department were aware, no proposals were under consideration which might lead to the introduction of such bills.

Judging from Colonel Warren's report, the Chicago authorities have persistently exceeded the limit of 4,167 cubic feet laid down in the American War Department permit of 1903 and accepted, if I am correctly informed, as the basis for the Boundary Waters Treaty of 1909, Article 3 of which provides that no further.....diversions.....shall be made except.....with the approval.....of a Joint Commission.

I have the honour to enquire whether it is the desire of the Canadian Government that representations in the above sense should be addressed to the United States Government.

A bill introduced in the House of Representatives on April 18th by Mr. Shaw and referred to the Committee on Rivers and Harbours is also enclosed. The purpose of this bill is to limit to 4,167 cubic feet per second the quantity of water which may be withdrawn from Lake Michigan by the Sanitary District of Chicago. I understand that the motive which inspired Mr. Shaw to introduce this measure was that the present excessive diversion of water has caused floods in the District of Illinois which he represents.

I have forwarded a copy of this despatch to His Majesty's Principal Secretary of State for Foreign Affairs.

I have, etc.,

(Signed) A. C. GEDDES.

HIS EXCELLENCY,

The LORD BYNG OF VIMY.

Enclosure in No. —

H. R. 11348

67th Congress, 2nd Session.

IN THE HOUSE OF REPRESENTATIVES

April 18, 1922

Mr. Shaw introduced the following bill; which was referred to the Committee on Rivers and Harbours and ordered to be printed.

#### A BILL

*Governing the withdrawal of water from Lake Michigan by the Sanitary District of Chicago.*

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of War is hereby authorized and directed to prescribe regulations to govern the withdrawal of,



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water from Lake Michigan by the Sanitary District of Chicago, a municipal corporation organized and existing under the laws of the State of Illinois, or its legal successor, through the Chicago and Calumet Rivers, and through artificial channels which have been heretofore or may hereafter be constructed: Provided, That no greater quantity than four thousand one hundred and sixty-seven cubic feet of water per second shall be withdrawn from Lake Michigan by the said Sanitary District of Chicago: Provided further, That the Secretary of War is hereby authorized to construct, at suitable points in the Chicago and Calumet Rivers, such controlling works as may be necessary to regulate the flow in accordance with the provisions of this Act.

*From the Counsel for the Dominion Marine Association to the Prime Minister*

KINGSTON, ONT., June 7, 1923

SIR,—I am instructed by the Executive Committee of the Dominion Marine Association to refer to a letter which I had the honour to write to you on the 10th April, 1922, regarding the Chicago Drainage Canal, and to ask you whether it is not possible for the Dominion Government to take some action to assist in preventing the further improper diversion of water at Chicago. The Present continued low levels on the lakes seriously decrease the carrying capacity of the fleet and as the lack of necessary depth of water is undoubtedly due in part to what is going on at Chicago, vessel owners fear that conditions will go from bad to worse.

Having regard to the treaty of 1910 and with due regard to the restriction imposed by the Secretary of War in 1912 limiting the diversion to 4,187 cubic feet per second, and to the fact also that the process of dilution and flushing at present adopted by the Sanitary Trustees at Chicago is wasteful and, in the opinion of this Association, not justified by the terms of the treaty relating to the priority of rights of user, it is submitted that some representation should be made with a view to asserting the rights of the Dominion on the Great Lakes and St. Lawrence now so seriously prejudiced.

I beg to commend the matter to your earnest consideration and shall hope to be favoured with advice as to what action is considered proper.

I have etc.,

(Sgd.) FRANCIS KING

Right Hon. W. L. MACKENZIE KING, C.M.G., &c.,  
Prime Minister, Ottawa, Ontario.

*From the Under-Secretary of State for External Affairs to the  
Counsel for the Dominion Marine Association*

OTTAWA, June 12, 1923.

DEAR SIR,—I am desired by the Secretary of State for External Affairs to acknowledge the receipt of your letter of the 7th instant, on the subject of diversion of water from the Great Lakes at Chicago, and to inform you that the matter will be referred to the technical officers of the Government for consideration and report.

Yours etc.,

(Sgd.) JOSEPH POPE

FRANCIS KING, Esq., K.C.,  
Counsel for the Dominion Marine Association,  
Kingston, Ontario.

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*From the Counsel for the Dominion Marine Association to the Under-Secretary of State for External Affairs.*

KINGSTON, ONT., September 26, 1923.

SIR,—I am directed to inquire on behalf of the Dominion Marine Association what action, if any, is being taken by way of active protest against the diversion of water from the Great Lakes at Chicago. The Association has been deeply interested in the question since 1912 when it was represented at the hearing by the Secretary of War at Washington, on which occasion the limitation of 4167 c.f.s. was maintained, and on repeated occasions since then it has urged the Dominion Government by letters and representations made to the Prime Minister for the time being, and to various Departments, the need of intervention to maintain for Canada the water levels essential for safe navigation. The difficulties heretofore experienced are accentuated by conditions prevailing at the present time as the loss of an inch of available draft of water results in the corresponding loss of carrying capacity measured in tons of freight. Canadian vessel owners, and in fact all transportation interests in the country, are deeply concerned.

Recently the Trustees of the Sanitary District of Chicago waited upon the Executive Committee of this Association to outline their proposals for establishing compensating works in consideration of being allowed to withdraw 10,000 c.f.s. The Association has not seen any plans and is greatly in doubt as to the possibility of applying remedies satisfactorily in the manner proposed even without increasing the amount of water withdrawn. It has made inquiry again in certain quarters and it has been informed that your Department would be able to give advice.

I would, therefore, ask you to be so good as to let me know for the benefit of the Association what attitude is being taken by the Dominion in the matter and whether the subject is receiving the consideration which its importance appears to demand. I shall be glad to be favoured with an early reply.

I have, etc.,

(Signed) FRANCIS KING.

Sir JOSEPH POPE, K.C.M.G.,  
Under-Secretary of State for External Affairs,  
Ottawa, Ontario.

*From the Under-Secretary of State for External Affairs to the Counsel for the Dominion Marine Association.*

OTTAWA, October 6, 1923.

SIR,—I have been out of town for a few days, and only received a day or two ago your letter of the 26th September last, enquiring on behalf of the Dominion Marine Association what action, if any, is being taken by way of active protest against the diversion of water from the Great Lakes at Chicago.

As you are aware, the Secretary of State for External Affairs is at present in England, attending the meetings of the Imperial Conference. I am, therefore, not in a position to afford you any information on the subject, nor do I know how far the consideration which the Government no doubt has given thereto may have resulted in any concrete decision. I shall, however, make it my duty to enquire among the Departments of Government most likely to know something of the matter, and will communicate with you again.

I have etc.,

(Signed) JOSEPH POPE

FRANCIS KING, Esq., K.C.,  
Counsel for the Dominion Marine Association,  
Kingston, Ontario.

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*From the Managing Secretary of the Hamilton Chamber of Commerce to the Acting Premier.*

HAMILTON, ONT., September 26, 1923.

SIR,—I am directed to communicate with you with regard to the statement made by Sir Adam Beek, Chairman of the Hydro Electric Power Commission, with regard to the illegal diversion of water from the Great Lakes by the Sanitary district of Chicago and to advise that at a regular meeting of the Board of Directors of the Hamilton Chamber of Commerce held this date, a resolution was passed placing ourselves on record that the Federal House should be urged to press for an immediate adjustment of this matter with the United States.

Ontario has had within the last week or so a visit from a number of officials of the sanitary district of Chicago, the object of which was to facilitate negotiations urging towards an adjustment of the difficulty in which the sanitary district of Chicago finds itself by reason of its illegal diversion of water from the Great Lakes system to the Mississippi River. We are told that this action is equivalent to a loss of \$35,000,000 a year in water-power or 5,000,000 tons of coal annually. In addition it must be clear that such action must materially affect the level of the Great Lakes producing as a consequence a most serious effect upon navigation.

We believe that this is a subject of great importance and one which should be dealt with very promptly. The Government's serious consideration is therefore respectfully requested.

I have etc.,

F. P. HEALEY,

*Managing Secretary.*

Honourable W. S. FIELDING,

Acting Premier,

Parliament Buildings, Ottawa, Ont.

*From the Assistant Private Secretary of the Acting Premier to the Managing Secretary of the Hamilton Chamber of Commerce*

OTTAWA, September 27, 1923.

DEAR SIR,—In the absence of Mr. Fielding, I beg to acknowledge receipt of your letter of the 26th instant, in regard to diversion of water from Great Lakes to Mississippi River.

Your letter will be brought to the attention of Mr. Fielding upon his return to Ottawa.

Yours faithfully,

*Assistant Private Secretary.*

F. P. HEALEY, Esq.,

Managing Secretary, the Hamilton Chamber of Commerce,

Hamilton, Ontario.

*From the Counsel for the Dominion Marine Association to the Under-Secretary of State for External Affairs.*

KINGSTON, ONT., October 19, 1923.

SIR,—I have the honour to refer to your letter of the 6th instant with reference to the diversion of water from the Great Lakes at Chicago, and to inform you that at a meeting of the Executive Committee of the Dominion Marine

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Association held in Toronto on the 17th instant the matter was further considered and the following resolution was unanimously adopted:—

"That the Dominion Marine Association protests in the most emphatic terms against any compromise with the Sanitary District of Chicago in its demand for diversion of water from the Great Lakes in excess of the 4,167 cubic feet per second authorized by the United States Secretary of War in 1912, and urges upon the Canadian Government the need of more active measures than have been apparent to date, with a view to securing from the United States Government enforcement of the existing order of the Federal authorities."

I was directed to communicate this resolution to the proper departments of the Government of Canada, and I am, accordingly addressing letters containing copies to the Rt. Honourable the Prime Minister and to the Honourable the Ministers of Public Works, Railways and Canals, and Marine.

The question, however, is of such general importance that there are doubtless many other departments of the Government directly interested and I am, therefore, communicating direct with you and would ask you to be so good as to forward the resolution in the proper direction.

I shall be very grateful to you also for such information as you may find available in pursuance of the terms contained in your letter of the 6th instant, and shall be very pleased to lay before the Executive Committee of this Association any advice you think proper on the subject.

I have, etc.,

(Signed) FRANCIS KING.

Sir JOSEPH POPE, K.C.M.G.,

Under-Secretary of State for External Affairs,  
Ottawa, Ontario.

*From the Under-Secretary of State for External Affairs to the Counsel for the Dominion Marine Association*

OTTAWA, October 21, 1923.

SIR,—I am in receipt of your letter of the 19th instant, on the subject of the diversion of water from the Great Lakes at Chicago, and in reply to inform you that the matter will be referred to the appropriate officers of the Government for consideration.

Yours very truly,

(Signed) JOSEPH POPE.

FRANCIS KING, Esq., K.C.,

Counsel for the Dominion Marine Association,  
Kingston, Ontario.

*From the Mayor of Collingwood to the Acting Prime Minister*

November 23, 1923.

Honourable W. S. FIELDING,

Acting Prime Minister,  
Ottawa, Ontario.

DEAR SIR,—It is proposed to send delegates from interested Municipalities to Ottawa to wait on the Federal Government asking that the United States—

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Government be memorialized at Washington with a view to having the City of Chicago prevented from diverting the waters of Lake Michigan, contrary to treaty between Canada and the United States.

From estimates made and submitted at various meetings held to protest against the actions of Chicago it would appear that lake levels and consequently lake navigation are being seriously affected by such action.

We are interested in this matter in Collingwood and are prepared to support a peaceful but firm protest against, what appears to us, a violation of treaty rights and a serious menace to Canadian Lake Transportation and Canadian Industry.

May I ask whether the Federal Government has yet decided to make representations of any such character at Washington? We are interested enough in this matter to join the delegation to Ottawa but if the Government has already decided on the action to be taken I can perceive no reason for action on our part at this time.

Yours very truly,

(Signed) J. ROBERT ARTHUR,

Mayor.

*From the Private Secretary of the Acting Prime Minister to the Mayor of Collingwood*

OTTAWA, November 26, 1923.

DEAR SIR,—In the absence of Mr. Fielding I beg to acknowledge receipt of your letter of 23rd instant in regard to the diversion of the waters of Lake Michigan by the city of Chicago.

Your communication will be placed before the Minister upon his return to Ottawa.

Yours faithfully,

Private Secretary.

His Worship MAYOR ARTHUR,  
Collingwood, Ontario.

*From the Governor General to His Majesty's Chargé D'Affaires at Washington*

No. 170.

GOVERNMENT HOUSE,

OTTAWA, December 19, 1923.

SIR,—I have the honour to inform you that numerous communications have been received by the Canadian Government from various interests and corporate bodies directly concerned, protesting vigorously against the diversion of water from Lake Michigan. The position of the Government of Canada in opposition to and in protest of the injurious effects of this diversion, both to navigation and water power, has been fully declared in representations which have been made to the Government of the United States. The attitude of the Canadian Government was clearly made known in a brief filed with the Secretary of War of the United States on the 27th March, 1912, and in Governor General's despatches No. 145 of the 23rd November, 1912, No. 16 of the 25th February, 1913, telegram of the 8th of June, 1916, No. 135 of the 9th June, 1916, and Secret telegram of the 15th April, 1921, to His Majesty's Ambassador at Washington for transmission to the Government of the United States.



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In connection with the aforementioned representations, it has been brought to the attention of the Canadian Government that on or about the month of June, 1923, the Government of the United States was granted an injunction restraining the Sanitary District of Chicago from diverting water from Lake Michigan and, further that this injunction would not become active for a period of six months, to permit the Sanitary District time in which to appeal to the Supreme Court of the United States.

I shall be grateful if you will inform the Government of the United States that the declared attitude of the Government of Canada in the above matter is unchanged.

My Government request that appropriate enquiries may be made regarding the legal proceedings undertaken by the Government of the United States, which the Canadian Government confidently trusts will be vigorously pressed.

I have, etc.,

(Signed) BYNG OF VIMY.

His Majesty's Chargé d'Affaires,  
British Embassy, Washington.

*From the Under-Secretary of State for External Affairs to the Mayor  
of Collingwood*

OTTAWA, December 20, 1923.

SIR,—With reference to your letter of the 23rd ultimo, addressed to the Rt. Hon. W. S. Fielding, at that time Acting Prime Minister, regarding the diversion of the waters of Lake Michigan by the Chicago Drainage Canal, I beg to say that this question is now engaging the attention of the Government.

I have, etc.,

(Signed) JOSEPH POPE.

His Worship the Mayor,  
Collingwood, Ontario.

*From the British Charge d'Affaires at Washington to the Governor General*

BRITISH EMBASSY,

WASHINGTON, D.C., December 21, 1923.

No. 447.

MY LORD,—I have the honour to report that during the last session of Congress a special Senate Committee was appointed by the Vice-President to investigate the problem of a nine-foot channel in the waterway from the Great Lakes to the Gulf of Mexico and to enquire into the navigability of the Mississippi, Ohio and Missouri rivers, with a view presumably, to exploring the possibility of establishing direct maritime communication between the Great Lakes and the South Atlantic and Pacific Oceans.

This project continues to interest the Senate, and a sum of \$10,000 has now been allotted to the Committee, which consists of five senators and seven Representatives, for expenses connected with the calling of witnesses, the collection of relevant data, etc., in connection with their investigations.

I understand that the proposals mentioned above have long been of considerable interest to the Dominion Government since, if carried into effect, they must necessarily entail the use of large volumes of water drained from

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the Great Lakes. I shall not fail, therefore, to keep Your Excellency informed of all further developments in the matter.

A copy of this despatch is being communicated to His Majesty's Principal Secretary of State for Foreign Affairs.

I have the honour to be, my Lord,

Your Excellency's most obedient humble servant.

His Excellency,

The LORD BYNG OF VIMY, G.C.B.,

etc., etc., etc.,

Ottawa, Canada.

(Sd.) H. G. CHILTON.

*From Sir Adam Beck to the Prime Minister*

Canadian National Telegram

HON. MACKENZIE KING,

OTTAWA, ONT.

TORONTO, ONT., February 2, 1924.

I am informed what is known as the McCormick Bill purporting to authorize the construction of a canal and diversion of water from the Great Lakes to the Gulf of Mexico has been referred to a special committee for investigation and report the committee are meeting to hear evidence on Monday February eleventh the commission considers this diversion of water a serious interference with the power projects administered by the commission on behalf of the municipalities and the province of Ontario who are vitally interested and have an investment approximately two hundred and fifty million dollars I hope you will take the necessary action to properly protect and safeguard all interests concerned and greatly oblige.

ADAM BECK.

*From the Governor General to His Majesty's Chargé  
D'Affaires at Washington.*

CANADA

No. 19

GOVERNMENT HOUSE,

OTTAWA, February 9, 1924.

SIR,—With reference to your despatch No. 447 of the 21st December, on the subject of a special Committee of the United States Senate appointed to investigate the problem of a nine-foot channel in the waterway from the Great Lakes to the Gulf of Mexico, I have the honour to transmit, herewith, a copy of a letter from the Department of the Secretary of State for External Affairs setting forth the views of my Government on the matter and requesting that you will be good enough to communicate the sense of this letter to the Government of the United States.

It is upon the last paragraphs of this letter that my telegram No. 15A. of the 8th February was based.

I have the honour to be, Sir,

Your most obedient, humble servant,

(Sgd.) BYNG OF VIMY.

His Majesty's Chargé d' Affaires,

British Embassy, Washington.

February 8th

SESSIONAL PAPER No. 180

*From the Under-Secretary of State for External Affairs  
To the Governor General's Secretary*

OTTAWA, February 8, 1924.

No. 447.

SIR,—With reference to a despatch from His Majesty's Charge d'Affaires at Washington to the Governor General, dated 21st December, 1923, on the subject of a special Committee of the United States Senate appointed by the Vice-President to investigate the problem of a nine-foot channel in the waterway from the Great Lakes to the Gulf of Mexico and to enquire into the navigability of the Mississippi, Ohio and Missouri Rivers with a view presumably to exploring the possibility of establishing direct maritime communication between the Great Lakes and the South Atlantic and Pacific Oceans, I have the honour to represent that Bills before both the United States Senate and the United States House of Representatives, after defining the nature of the work to be done in the stretch above mentioned, proceed to confer upon the Sanitary District of Chicago the legal right to divert for sewage dilution and navigation 10,000 cubic feet of water per second from Lake Michigan upon condition that the said district shall pay into the Treasury of the United States such sums as may be estimated to be its reasonable share of the cost of constructing compensating works at several points for the purpose of controlling and restoring to the lakes above mentioned, the levels lost by reason of this diversion.

In that connection it is observed that no provision is made for the restoration of the levels of the St. Lawrence River from its head to tidewater. In other words, the restoration to be provided is to be in the waters where United States navigation predominates but none is provided for the waters so extensively used by Canadian shipping.

Representations that have been made to the Department of Marine and Fisheries refer not only to the loss of levels that affect navigation but also to the diversion of water for power purposes both in the international stretches where compensation may be determined and in the international stretches below Cornwall, in the Province of Quebec. In that connection it is submitted that the limit of 10,000 cubic feet of water per second, as contemplated by the proposed legislation, is about 1,500 c.f.s. more than is being diverted at present and it is possible that the proposed legislation may mean that the 10,000 c.f.s. is allowed for diversion and power at Lockport whilst the amount that would be required for lockages may be extra.

Having regard to the foregoing, I have the honour to represent that the Canada Government is unalterably opposed to the proposed diversion of water from the Great Lakes watershed to that of the Mississippi to the great detriment of navigation from Sault Ste. Marie to tidewater. The diversion that has already taken place at Chicago has lowered the waters of the Great Lakes to an extent that is now well known. It affects harbours that have cost many millions of dollars to deepen by dredging. It affects the locksills of the Sault Ste. Marie Canals, the Welland Canal and the St. Lawrence Canal, and it also injuriously affects the ocean shipping channel between Montreal and the sea, where the Government of the Dominion of Canada have spent many more millions of dollars in dredging operations. How great the injuries sustained by navigation interests are may be gathered from the fact that every inch of navigable water means an additional 60 to 80 tons of carrying capacity. The waters of the Great Lakes are the heritage of both the people of the United States and the people of Canada and quite obviously they should be conserved for the interests of both peoples.

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It is therefore sincerely to be hoped that the Government of the United States will not only not permit any further diversion of water from Lake Michigan but will intimate to, and if necessary insist, upon the Sanitary District of Chicago adopting some more scientific method of sewage disposal.

I am to request that His Excellency may be humbly moved to ask His Majesty's Chargé d'Affaires to communicate the sense of this communication to the Government of the United States.

I am to add that this Government is in receipt of information that the hearings on the Bills now before the United States Senate and House of Representatives, dealing with the matter, will commence at Washington on Monday of next week, and I am further to request that His Excellency may be humbly moved to cause His Majesty's Chargé d'Affaires to be informed by telegraph that it is proposed to send Mr. W. J. Stewart, Chief Hydrographer, to Washington to be present at these hearings on behalf of the Canadian Government, and asked that the necessary arrangements for Mr. Stewart's attendance at these hearings should be made.

I have the honour to be, sir,

Your obedient servant,

(Sd.) JOSEPH POPE,

*Under-Secretary of State for  
External Affairs.*

The Governor General's Secretary,  
Ottawa.

#### Copy of Code Telegram

*To H.B.M. Ambassador at Washington from the Governor General*

OTTAWA, February 8, 1924.

15 A.

With reference to your despatch December 21st, No. 447. Canadian Government is in receipt of information that hearings on Bills, now before United States Senate and House of Representatives, dealing with matter, will commence at Washington, on Monday next week, and it is proposed to send Mr. W. J. Stewart, Chief Hydrographer, to Washington to be present at these hearings on behalf of Canadian Government and ask that necessary arrangements for Mr. Stewart's attendance at these hearings should be made.

Despatch follows by mail.

(Sd.) BYNG.

#### Copy of Telegram

*From the British Chargé d'Affaires at Washington to the Governor General*  
Code.

WASHINGTON, February 11, 1924.

No. 14.

Your telegram No. 15 A. I am informed by State Department that no date has yet been fixed for the hearings on this Bill.

(Sgd.) CHILTON.

SESSIONAL PAPER No. 180

*From the Governor General to His Britannic Majesty's Ambassador at Washington*

Telegram.

OTTAWA February 11, 1924.

19 A.

My telegram February 8.

Marine Department has ascertained that Committee to deal with question of Waterway from Great Lakes to Gulf of Mexico has postponed hearings until sometime in March and in consequence visit of Mr. Stewart is cancelled.

(Sd.) BYNG.

*From His Majesty's Chargé d'Affaires at Washington to the Governor General*

No. 66.

BRITISH EMBASSY.

WASHINGTON, February 13, 1924.

MY LORD,—I have the honour to transmit to Your Lordship, herewith, copies of the paper mentioned in the subjoined schedule.

I have the honour to be,

Your Lordship's

most obedient, humble servant.

(Signed) H. G. CHILTON.

His Excellency

The Governor General of Canada.

NAME AND DATE.	SUBJECT.
To the Department of State, Washington, D.C., February 13, 1924.	Views of Canadian Government on the subject of a special Committee of the United States senate appointed to investigate the problem of a nine-foot channel in the waterway from the Great Lakes to the Gulf of Mexico and to enquire into the navigability of the Mississippi, Ohio and Missouri Rivers.

*Reference: Ottawa despatch No. 19, of February 9, 1924.*

Enclosure in No.

*From His Majesty's Chargé d'Affaires at Washington to the Secretary of State of the United States*

No. 144.

BRITISH EMBASSY.

WASHINGTON, D.C., February 13, 1924.

SIR,—I have the honour to inform you that the Government of Canada have recently noted that a special Committee of the United States Senate has been appointed by the Vice-President to investigate the problem of a nine-foot



channel in the waterway from the Great Lakes to the Gulf of Mexico and to inquire into the navigability of the Mississippi, Ohio and Missouri rivers, with a view presumably to exploring the possibility of establishing direct maritime communication between the Great Lakes and the South Atlantic and Pacific Oceans. The Dominion Government further understand that certain legislation now before Congress proceeds, after defining the nature of the work to be undertaken in the stretch above mentioned, to confer upon the Sanitary District of Chicago the legal right to divert for sewage dilution and navigation purposes, 10,000 cubic feet of water per second from Lake Michigan upon condition that the said district shall pay into the Treasury of the United States such sums as may be estimated to be its reasonable share of the cost of constructing compensating works at several points for the purpose of controlling and restoring to the lakes in question the levels lost by reason of this diversion of water.

In this connection, the Dominion Government observe that no provision is made for the restoration of the levels of the St. Lawrence River from its head to tidewater. In other words, the restoration to be provided in the legislation above-named is to be in the waters where United States navigation predominates but no such restoration is provided for the waters so extensively used by Canadian shipping.

Reports submitted to the Canadian Government during recent months refer not only to the loss of levels that affect navigation, but also to the diversion of water for power purposes both in the international stretches where compensation may be determined and in the international stretches below Cornwall in the province of Quebec. In that regard, Lord Byng of Vimy desires me to point out that the limit of 10,000 cubic feet of water per second, as contemplated by the proposed legislation, is about 1,500 cubic feet per second more than is being diverted at present, and His Excellency considers it possible that the proposed legislation may mean that 10,000 cubic feet per second is allowed for diversion and power at Lockport, while additional water power will doubtless be required for lockages.

In view of the above, I have the honour to inform you that the Government of Canada are unalterably opposed to the proposed diversion of water from the Great Lakes watershed to that of the Mississippi, to the great detriment of navigation from Sault Ste. Marie to tidewater. The diversion that has already taken place at Chicago has lowered the waters of the Great Lakes to an extent that is now common knowledge. This affects harbours upon which many million dollars have been expended in deepening operations. It also affects the lock-sills of the Sault Ste. Marie Canals, the Welland Canal and the St. Lawrence Canals and, further, this diversion of water has a most injurious effect upon the ocean shipping channel between Montreal and the sea, where the Government of the Dominion have spent many more millions of dollars in dredging operations. How great have been the injuries sustained by navigation interests may be seen from the fact that every inch of navigable water means an additional 60 to 80 tons of carrying capacity. The waters of the Great Lakes are the heritage of both the people of the United States and the people of Canada, and the Dominion Government are of opinion that it is quite obvious that these waters should be conserved for the interests of both peoples. The Government of Canada, therefore, sincerely hope that the Government of the United States will not only not permit any further diversion of water from Lake Michigan, but will intimate to, and if necessary insist upon, the Sanitary District of Chicago adopting some more scientific method of sewage disposal than is foreshadowed at present.

SESSIONAL PAPER No. 180

I have the honour to request that I may in due course be furnished with an expression of the views of the United States Government upon the contents of this note, for communication to His Excellency the Governor General of Canada.

I have the honour to be,

with the highest consideration, Sir,

Your most obedient, humble servant,

(Signed) H. G. CHILTON.

The Honourable CHARLES E. HUGHES,  
Secretary of State of the United States,  
Washington, D.C.

*From His Majesty's Chargé d'Affaires at Washington to the Governor General*  
No. 68.

BRITISH EMBASSY.

WASHINGTON, February 18, 1924.

MY LORD.—I have the honour to transmit to Your Lordship, herewith, copies of the paper mentioned in the subjoined schedule.

I have the honour to be,

Your Lordship's most obedient, humble servant.

(For H. M. Chargé d'Affaires).

(Signed) JOHN CECIL.

His Excellency,  
The Governor General of Canada.

Name and Date	Subject
From Department of State, Washington, February 15, 1924.	Proposed building of a nine-foot channel in the waterway from the Great Lakes to the Gulf of Mexico.

*Reference:* Washington despatch No. 66 of February 13, 1924.

Enclosure in No.

*From the Secretary of State of the United States to His Majesty's Chargé d'Affaires at Washington*

DEPARTMENT OF STATE.

WASHINGTON, February 15, 1924.

SIR,—I beg to acknowledge the receipt of your note No. 144, of February 13, 1924, concerning the proposed building of a nine foot channel in the waterway from the Great Lakes to the Gulf of Mexico, and the suggested further diversion by the Sanitary District of Chicago of waters of Lake Michigan.

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The contents of your note have been communicated to the appropriate Departments of this Government for consideration and upon receipt of their replies I shall be glad to send you the expression of the views of this Government for which you ask.

Accept, Sir, the renewed assurance of my high consideration.

(Signed) CHARLES E. HUGHES.

Mr. HENRY GETTY CHILTON,

Chargé d'Affaires ad interim of Great Britain.

*From His Majesty's Chargé d'Affaires at Washington to the Governor General*  
No. 70.

BRITISH EMBASSY,

WASHINGTON, February 19, 1924.

MY LORD,—I have the honour to transmit to Your Lordship, herewith, copies of the paper mentioned in the subjoined schedule.

I have, etc.,

(for H. M. Chargé d'Affaires),

His Excellency,

The Governor General of Canada.

(Signed) JOHN CECIL.

Name and Date	Subject
From the Department of State, Wash- ington, D.C., February 16, 1924.	Appeal taken by the Sanitary District of Chicago from the decision of the United States District Court in favour of the Government in con- nection with diversion of water from Lake Michigan.

*Reference:* Ottawa despatch, Secret, No. 170 of December 19, 1923.

Enclosure in No.

*From the Secretary of State of the United States to His Majesty's Chargé  
d'Affaires at Washington*

DEPARTMENT OF STATE,

WASHINGTON, February 16, 1924.

SIR,—With reference to your note of December 29, 1923, in regard to the legal proceedings instituted by the Government of the United States against the Sanitary District of Chicago to prevent the unauthorized diversion of water from Lake Michigan, I have the honour to inform you that the Department has been advised by the Solicitor General of the United States that an appeal has been taken by the Sanitary District of Chicago from the decision of the United States District Court in favour of the Government and that the appeal is still pending in the Supreme Court of the United States. The Solicitor General further stated that as soon as the record of the case shall have been printed a motion will be submitted to the court to advance the case for early argument.

Accept, Sir, the renewed assurances of my high consideration.

For the Secretary of State,

(Sd.) LELAND HARRISON.

Mr. HENRY GETTY CHILTON,

Chargé d'Affaires ad interim of Great Britain.

SESSIONAL PAPER No. 180

*From His Majesty's Chargé d'Affaires at Washington to the Governor General*  
No. 72.

BRITISH EMBASSY,

WASHINGTON, February 20, 1924.

MY LORD,—I have the honour to transmit to Your Lordship, herewith, copies of the paper mentioned in the subjoined schedule.

I have the honour to be,

Your Lordship's most obedient,

humble servant,

(For H. M. Chargé d'Affaires),

(Signed) JOHN CECIL.

HIS EXCELLENCY,

The Governor General of Canada.

Name and Date	Subject
From Department of State, Washington, February 18.	Canadian Government's wish to send Mr. W. J. Stewart to Washington to be present at hearings in regard to waterway—Great Lakes to Gulf of Mexico.

*Reference:* Washington despatch No. 68 of February 18, 1924.

Enclosure in No.

*From the Secretary of State of the United States to His Majesty's Charge d'Affaires at Washington*

DEPARTMENT OF STATE,

WASHINGTON, February 18, 1924.

SIR,—I beg to acknowledge the receipt of your note No. 130, of February 9, 1924, in which you state that the Canadian Government wishes to send Mr. W. J. Stewart, Chief Hydrographer of the Dominion Government, to Washington to be present at the hearings to be held by the Committee appointed to investigate the problem of a nine-foot channel in the waterway from the Great Lakes to the Gulf of Mexico and to inquire into the navigability of the Mississippi, Ohio and Missouri Rivers.

Upon inquiry this Department is informed that no time has yet been fixed for the holdings of hearings on this question.

Accept, Sir, the renewed assurance of my high consideration.

(Signed) CHARLES E. HUGHES.

Mr. HENRY GETTY CHILTON,  
Chargé d'Affaires ad interim of Great Britain.

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*From His Majesty's Chargé d'Affaires at Washington to the Governor General*  
No. 94.

BRITISH EMBASSY,

WASHINGTON, March 5, 1924.

My LORD,—I have the honour to transmit to your Exceellency, herewith, copies of the paper mentioned in the subjoined schedule.

I have etc.,

(for the Ambassador)

(Signed) H. G. CHILTON.

His Excellency The Governor General of Canada.

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Name and Date	Subject
" Boston Transcript," February 26th.	Press comment—Diversion of the water on the Great Lakes.

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*Reference:* Washington despatch No. 72 of February 20th, 1924.

Enclosure in No.

*Boston Transcript, February 26, 1924*

## THE FIGHT FOR LAKE MICHIGAN

A question of very great physical importance, and one having both inter-state and international complications, has arisen on our Great Lakes. It is the question whether, for sanitary and other reasons, the Sanitary District of Chicago shall be empowered by a proposed act of Congress, introduced by Representative Hull, to withdraw 10,000 cubic feet of water per second from Lake Michigan and turn it into the Illinois and Michigan canal for the proper drainage of the city of Chicago and for purposes of navigation and of hydro-electric power. This proposition is being actively pressed by the Illinois representatives in Congress, and it is said that this amount of water is actually being taken at the present time, although by the existing permission, which rests only on an order of Secretary Alger twenty-five or more years old, only 4,167 cubic feet may be taken. The new proposition, and the present actual over-stepping of the law, are earnestly opposed by all the States on Lakes Michigan, Huron and Erie, on the ground that the diversion of the water into the Mississippi watershed, through the canal, is steadily lowering the level of the lakes named, and consequently shallowing the harbours and interfering with commerce. Chicago urges the proposition not only (and principally) for the people's health and the lives of the children of Chicago, but to improve the navigation between the lakes and the Mississippi and to furnish hydro-electric power. It is urged by the other States that Chicago is taking for this purpose, so desirable to her, the water that belongs to others. Two cases, one of them instituted by the State of Wisconsin, are now before the Supreme Court challenging the power to do this and the Dominion of Canada, which is interested in the supply of water that comes down the Niagara and the St. Lawrence, is also opposing the diversion of the waters of Lake Michigan.



SESSIONAL PAPER No. 180

The question, of course, would never have arisen but for the geographically striking fact that the Mississippi River, at the point where the Illinois River comes into it, is less than five hundred feet above the sea level, whereas the level of Lake Michigan is 581 feet above sea. The Des Plaines River, which flows southward (and into the Illinois River) just west of Chicago, is only sixteen miles from the shore of Lake Michigan. The result of this condition is that the sixteen-mile strip of land between the lake and the Des Plaines River is a natural dike, and as soon as it was pierced to a sufficient depth by the construction of the canal, the water began to flow from the lake toward the Des Plaines, the Illinois, and the Mississippi. The flow through this canal is capable of control, and it is declared that at the present time the flow is fully equal to the ten thousand cubic feet per second which the Hull bill would permit. Lake Michigan, in the condition, becomes an affluent of both the Mississippi and the St. Lawrence, and it is obvious that it cannot continue to be so extensive a feeder of the Mississippi and also be able to supply so fully the lower lakes and the St. Lawrence. And in fact, the level of the lakes has been perceptibly falling, with the result that the harbours of Lakes Huron and Erie, as well as those of Lake Michigan itself, are shallowing, to their detriment and danger. The level of Lake Huron is the same as that of Lake Michigan. There is a descent of eight and seven-tenths feet in the St. Clair and Detroit rivers between Lake Huron and Lake Erie, and a Niagara plunge of 226.3 feet from Erie to Ontario. If the level of Lake Erie is depressed—as perceptibly it has been—the volume of water flowing over Niagara is by that much diminished, and its power lessened.

The struggle between the States and cities below Chicago on the lakes, and the City of Chicago and State of Illinois, will be watched with interest, even by those not immediately concerned. Naturally the Mississippi valley interest, which is very powerful, will tend to cast itself into the balance on Chicago's side. This with regard to the proposed legislation. The attitude of the United States Supreme Court on the question whether Chicago has already taken what does not belong to her will be based on the law and on justice, presumably with due regard for the natural right of all who dwell on navigable waters to their normal flow.

*From the Governor General to His Majesty's Ambassador at Washington*

No. 39.

GOVERNMENT HOUSE,

OTTAWA, March 13, 1924.

SIR.—With reference to Mr. Chilton's despatch No. 70 of the 19th February, enclosing a copy of a letter dated the 16th February from Mr. Leland Harrison, on the subject of the Chicago Drainage Canal, I should be glad to receive, for the use of my Government, a copy of the note addressed to the United States Department of State on the 29th December, 1923, to which Mr. Harrison's letter is the reply, and also a copy of the previous reply in this matter which, it would appear from Mr. Harrison's letter, was sent to Mr. Chilton.

I have, etc.,

(Signed) BYNG OF VIMY.

His Excellency

The Right Honourable SIR ESME HOWARD, G.C.M.G., K.C.B., C.V.O.,  
H.B.M. Ambassador at Washington.

14 GEORGE V, A. 1924

*From the Governor General to His Majesty's Ambassador at Washington*  
Telegram

OTTAWA, March 17, 1924.

34 A.

The question of the diversion of water from the St. Lawrence watershed into that of the Mississippi by the Sanitary District of Chicago is still causing great concern in Canada, particularly in view of the bill on the subject which has been introduced into Congress, and my Ministers desire that the Government of the United States be informed of their hope that no action will be taken either to confirm or permit the extension of the claims of the Sanitary District to continue any diversion and thus adversely affect important interests in the navigation of the great Lakes and the St. Lawrence River and the development of power, actual or prospective, upon the river or upon interlake connecting waters.

The position of the Government of Canada in opposition to and in protest against the injurious effects of this diversion has been consistently maintained, and is still held, and my Ministers venture to suggest that it would be unfortunate if, now that the development of the St. Lawrence waterway for navigation and power purposes is under consideration, any action should be taken which might adversely affect the possibility of such development. They sincerely trust that this view will commend itself to the Government of the United States.

(Sd.) BYNG.

*From His Majesty's Ambassador at Washington to the Governor General*

BRITISH EMBASSY,

WASHINGTON, March 18, 1924.

No. 111.

My LORD,—I have the honour to acknowledge the receipt of Your Excellency's despatch No. 39 of the 13th instant, and in accordance with the request contained therein, to transmit to Your Excellency herewith copy of a note which Mr. Chilton addressed to the United States Government on December 29th last on the subject of the diversion of water from Lake Michigan by the Sanitary District of Chicago, together with a copy of the reply which was received from the United States Government to this communication.

I have etc.,

(For the Ambassador)

His Excellency,

The Lord BYNG of Vimy, G.C.B.,  
etc., etc., etc.

Governor General of Canada,  
Ottawa, Canada.

(Sgd.) JOHN CECIL.

*From the Secretary of State of the United States to His Majesty's Ambassador at Washington.*

DEPARTMENT OF STATE, WASHINGTON, January 21, 1924.

EXCELLENCY,—I have the honour to acknowledge the receipt of your Embassy's note No. 1111, of December 29, 1923, regarding the diversion of water from Lake Michigan by the Sanitary District of Chicago.

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A copy of the note has been referred to the proper authorities to ascertain the status of the legal proceedings pending against the Sanitary District of Chicago and a further communication in regard to the matter will be addressed to you upon receipt of their reply.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

(Sgd.) WILLIAM PHILLIPS.

HIS EXCELLENCY

The RIGHT HONOURABLE

SIR AUCLAND GEDDES, G.C.M.G., K.C.B.,

Ambassador of Great Britain.

*From His Majesty's Chargé d'Affaires at Washington to the Secretary of State of the United States.*

No. 1111.

BRITISH EMBASSY, WASHINGTON. December 29, 1923.

SIR,—My attention has been drawn by the Government of Canada to the fact that about the month of June last the Government of the United States were granted an injunction restraining the Sanitary District of Chicago from diverting water from Lake Michigan, but that this injunction would not take effect for a period of six months in order to allow time for the Sanitary District of Chicago to appeal to the Supreme Court of the United States. I understand that such an appeal has been lodged but that the Supreme Court has not yet acted upon it.

I have the honour to inform you that the Government of Canada have received numerous communications from various bodies and interests directly concerned with this question, protesting against this diversion of water from Lake Michigan and I would further explain that, owing to the injurious effect of such diversion both upon navigation and water-power, the Dominion Government still maintain their attitude of opposition as already explained to the United States Government in Sir Auckland Geddes' note No. 285 of April 22, 1921, and previous correspondence.

In these circumstances, the Governor-General of Canada has asked me to enquire the present status of the legal proceedings instituted by the Government of the United States with a view to preventing any increase in the diversion of water from Lake Michigan, and to add that the Dominion Government confidently hope that these legal proceedings will be vigorously pressed by the United States Government.

I have etc.,

(Sgd.) H. G. CHILTON.

The Honourable CHARLES E. HUGHES,

Secretary of State of the United States,  
Washington, D.C.









REPORT ON

# AGRICULTURAL CREDIT

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BY  
H. M. TORY

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OTTAWA, APRIL 4, 1924

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA  
F. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1924



The Honourable JAMES A. ROBB,  
Acting Minister of Finance,  
Ottawa, Ont.

SIR,—I have the honour of presenting, herewith, the report on Agricultural Credit, which I was asked to prepare by the Right Honourable W. S. Fielding for the Department of Finance.

Your obedient servant,

H. M. TORY,  
*President of the University of Alberta.  
Administrative Chairman of the Honorary  
Advisory Council for Scientific and Industrial  
Research.*





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## INTRODUCTION

On the authority of a letter from the Minister of Finance, dated August 23, 1923, I undertook to make an enquiry into the subject of Rural Credits. The above mentioned letter intimated that the enquiry should be along the lines suggested in the Report of the Special Committee appointed to enquire into Agricultural Conditions, dated January 19, 1923. The report is as follows:—

"As to the necessity of credit on more advantageous terms to the farmers of this country, there can be little room for difference of opinion. Well selected and secured farm loans should be among the safest and most attractive of investments, while the security offered through the pledging of non-perishable and readily marketable farm products is certainly comparable to that offered by merchants and manufacturers. Notwithstanding these facts, the agriculturist of Canada, in certain parts at least, pays considerably more for long term credits secured by his property than many of his competitors in other lands as well as more than is paid by many of his fellow citizens in other walks of life for similar accommodation.

"Your committee are of the opinion that after consideration along the lines hereinafter respectfully suggested, the Government should promote the obtaining by agriculturists of this country of long term credits, as well as intermediate credits, and that action should be taken, and, if necessary, legislation enacted to this end at the earliest possible date.

"The attention of your committee has been forcibly brought to the fact that the operations of the Federal Farm Loan Board system in the United States offer, through the National Farm Loan Associations, the Federal Land Banks and the Joint Stock Land Banks, facilities for long term credits to the farmers of that country, which when prudently availed of, are of immense advantage to them. Likewise, it would appear that the farmers of certain European countries, as well as of other parts of the commonwealth of British nations, enjoy credit facilities of an advantageous nature.

"The Federal Farm Loan Board system, operating through the Federal Intermediate Credit Banks and the Agricultural Credit Corporations in the United States, is designed to supply to a very large extent, to agriculturists, intermediate credits, that is to say, credits running from nine months to three years.

"It will be remembered that there are at present operating in Canada certain provincial systems. As to the success of some of these, serious differences of opinions have been expressed. It would appear that some are suffering from inadequate loaning funds.

"To what extent the Federal Government should inaugurate a federal system of long term and intermediate term loans to farmers; how such system, if inaugurated should be related to the different provincial systems; what features of, or other systems of, farm credits could, with advantage, be adopted, are all matters requiring further searching investigation.

"Your committee have heard a number of witnesses and have devoted a considerable amount of study to the question. They feel, however, that the system is of such paramount importance that further investigation and study should take place before definite legislation is brought down.

All authorities apparently agree that there is a barren area of credit unsupplied by either the banks on the one hand or the loan companies on the other.

"We, therefore, recommend the investigation by the Government into the question of long term and intermediate term rural credits; the operation of existing schemes in Canada, the United States and elsewhere; the examination of the question as to whether and to what extent systems of agricultural credits should be fitted into and related to our present banking system; as well as the operations of mortgage and loan companies; and that to this end, and in such manner as may appear best to the Government, the views of agriculturists, bankers, representatives of loan companies, officers of the present Canadian provincial loan system, as well as of the officers of the Federal Farm Loan Systems in the United States, should be obtained, in order that adequate and well-founded action for the relief of the present situation may be taken.

"In this connection also, the attention of your committee was drawn to the question as to whether it would be advisable and in accordance with sound economic and banking principles to extend to those provinces which desired to obtain money for their rural credit systems, facilities for obtaining of credit such as are afforded to the chartered banks under the provisions of the Finance Act of 1914, under the provisions of which Dominion notes are issued to the banks against the deposit of certain approved securities with the Treasury Board."

Taking, therefore, the report of the Special Committee as a basis for the enquiry, the procedure in obtaining information was as follows:—

First, all the documents, legal enactments and reports of the Dominion Government and the Provincial Governments, not already in my possession, were obtained and studied. Following this the central provinces, Alberta, Saskatchewan, Manitoba and Ontario were visited, and the schemes in actual operation were gone into with the officials responsible for their administration. Wherever possible ministers of Provincial Governments were consulted, especially those having already had experience in the creation or the working of legislative enactments. The province of British Columbia and the Maritime Provinces have not yet been visited as time did not permit, but the laws in operation and the reports of the provinces have been studied.

In order to get first-hand information of the condition of affairs in the United States of America, some time was spent in the offices of the Farm Loan Board in Washington, under whose supervision both the Federal Land Banks and the Intermediate Credit Banks are functioning. Through the offices of this Board the fullest information was made available to me both by means of documentary evidence and personal interviews with those responsible for the administration of the affairs of these great organizations.

Further, letters of introduction were given me to the presidents of the Federal Land Banks in all the centres of the country where they now operate. I was able by visiting some of these centres to get information on the actual working of their plans in the most intimate way.

In selecting points for detailed study, banks operating in parts of the country bordering on Canada, the problems of which would be similar to our own, were selected. These were the Land Bank of Springfield, Mass., which operates in the states of Maine, New Hampshire, Vermont, Massachusetts and northern New York and the Bank at St. Paul, the operation of which covers northern Michigan, Wisconsin, Minnesota, North Dakota and Montana. The Bank at Baltimore was also visited and studied intimately as presenting somewhat contrasting conditions to the others

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At this point I wish to express my grateful appreciation for the generous treatment accorded me by all the officials of the organizations in the United States and especially to Commissioner Cooper of the Farm Loan Board at Washington, through whose kindness the doors of the organizations all over the country were opened to me.

A good deal of documentary evidence was collected first hand at the centres visited. Many of the foreign documents were made available through the kindness of Mr. Doherty, of the International Institute of Agriculture, Ottawa, while valuable assistance in the same way was given by Mr. Lynch, of the Department of the Interior.

The problems involved in the enquiry were also discussed with bank managers in the United States and Canada, as well as with managers of loan companies and insurance companies in both Eastern and Western Canada.

In addition to the information thus obtained, I drew upon the evidence which I collected when in Europe in 1913 with the American Commission, and the reports which grew out of the work of the commission. As far as possible, documents have been obtained showing the recent trend of rural credit organization in Europe and in Great Britain. Documents have also been obtained from New Zealand, Australia, South Africa and South American countries where systems of rural credits are already in existence. So far as the time at my disposal would permit, I have tried to cover the field of the practical application of rural credit principles, as distinguished from mere theorizing about the matter.

One further word by way of explanation. The usual method of holding public sessions of enquiry has not been followed. The facts collected were from responsible people whose statements were substantiated by documents, legislative enactments and official reports. Many expressions of opinion were received by letter and from individuals personally. These opinions, however extreme, have been duly considered and carefully weighed.

In what follows a precise presentation of the facts gathered is attempted. Technical terms and statistical information have been avoided, unless considered absolutely necessary for a proper understanding of the issues involved. In the interest of clearness the report is divided into six sections as follows:—

Section I—General Considerations.

Section II—Rural Credit in Europe.

Section III—Rural Credit in the British Empire, outside Canada—

(a) Great Britain.

(b) Australia.

(c) South Africa.

(d) New Zealand.

Section IV—Rural Credit in the United States.

Section V—Rural Credit in Canada.

Section VI—Consideration of Methods in Relation to Canadian Conditions.

I have tried to make every section of the report complete in itself, so that, after reading section 1, those interested in the study of the special problems of the individual country may do so without reference to other parts.

It is hardly necessary to point out that the movement for Rural Credits on this continent is not an incident in the history of an individual country, but is part of a movement covering the whole civilized world, and would appear to be a normal development growing out of the conditions of modern agriculture.



## SECTION I

## GENERAL CONSIDERATIONS

The terms Rural Credit, Short Term Credit, Long Term Credit, and Intermediate Credit, require definition as they are used ambiguously in much of the current literature in which the terms occur.

The term "*Rural Credit*" is used in both Europe and America in a general sense to include all forms of credit which have to do with the production and distribution of farm crops. It will be used always with that meaning in this report.

The term "*Short Term Credit*" has a different meaning in Europe from that which it has in the United States. In Europe it means all forms of credit in relation to agriculture other than mortgage credit and in which the security is personal or easily negotiable collateral. In the United States the term is used generally in reference to ordinary banking transactions of from three to six months. In Canada it is used in the same sense, except in legal documents referring to Rural Credits where its meaning is the European one. When discussing European methods, therefore, it will be necessary to use the word with the European meaning as comprehensive of the two American terms, "*Short Term Credit*" and "*Intermediate Credit*." In discussing Canadian documents it will be necessary, in order to avoid confusion, to define the term when used.

The term "*Long Term Credit*" is everywhere used to mean mortgage credit and in relation to agriculture, farm mortgage credit for terms of five years or over. The only exception is in France where a special meaning is given by the use of the terms "*Long Term Collective Credit*" and "*Long Term Personal Credit*." The context, however, will be found to give sufficient explanation in these cases.

The term "*Intermediate Credit*" is always used to mean credit for a period longer than the ordinary banking transaction of from three to six months, and yet shorter than the ordinary mortgage term. The period may vary from six months to five years. The security is non-perishable farm commodities or stock security but is not based on land mortgage. As worked out in the United States where the term is now official, it is a banking operation but done through a bank specially regulated to cover the longer term stated above. In this sense only will the word be used.

The problem which the Rural Credit organizations seek to solve is how to safeguard and promote the economic interest of those engaged in agricultural pursuits, especially by providing them with such facilities for obtaining credit that they may be able to acquire the means of production and to dispose of their produce on such favourable terms as to make farming a profitable enterprise.

One great reason why all countries have found it necessary to solve in some measure this problem is that agriculture is everywhere regarded as the fundamental industry, which if not prosperous reflects its lack of prosperity on every other national activity. This is especially true of all those countries which seek to become even approximately self-supporting.

In order to make possible the instruments of production to those whose only capital is the land, the Long Term or Mortgage Credit systems arose. To make possible the seasonal operations by means of which production and disposal could be profitably undertaken, the Short Term and Intermediate Credit systems came into being.

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The aims of the Long Term or Mortgage Credit systems, so far as they relate to agriculture, are:—

1. To free the landowner from the necessity of borrowing directly from the individual creditor.
2. To regulate the payment of interest and principal so as to free the borrower from the danger and anxiety associated with demands for repayment under circumstances which made payment impossible.
3. To get rid of usurious rates of interest, putting agriculture in this regard on the same basis as other business equally secure.

From the effort to meet these conditions arose—

1. Land mortgage bonds.
2. Amortization, the repayment of the principal with the interest at a fixed rate over a series of years.
3. Co-operative land mortgage credit, the combining of the security of the many to secure a reduction in the rate of interest.

The reasons advanced in favour of the land mortgage bond are briefly as follows:—

1. It makes possible the long term mortgage, otherwise impossible, as the individual money lender would not as a rule be willing to take a mortgage for a term of fifteen or twenty or thirty years. This can be done by the creation of a corporate body, the Land Bank, whose existence does not terminate with the death of the individual.
2. It places between the lender and the borrower an intermediary whose business it is to safeguard the loan and whose security is unquestioned.
3. It makes a more flexible arrangement for the lender, as his bonds are always available for sale in case of need or as collateral security of a high order, if desired.
4. It makes possible the use of the amortization principle, that is the repayment of the principal of the debt by means of small annual instalments along with the interest, the payment of principal and interest alike coming out of the annual proceeds of the land.
5. It recognizes also the fact that the mortgage is to be redeemed by production from the land, thus establishing the security on a rational basis. The mortgage is not strictly a real estate mortgage otherwise.
6. It allows that combination of security which makes low rates of interest possible, if correct principles are followed. In so doing it establishes a reasonable limit for a mortgage and thus protects both borrower and lender.
7. If the fixed capital is raised in this way, free from personal or other kind of guarantee, it leaves the total remaining assets of the farmer free as security for his seasonal requirements for immediate production. This can be used with the ordinary bank or through the special banks at the will of the borrower.

The aims of the Short Term Credit systems as they exist in Europe and the Intermediate Credit system as it exists in the United States are:

1. To give to the agriculturist a credit system suited to the seasonal requirements of his occupation.
2. To secure for him rates of interest for this requirement consistent with the security of his business.

With regard to the first of these aims, it is claimed everywhere by those who advocate such credit systems that the ordinary banks are not organized to meet in a normal way the claims of agriculture. It is not necessary in this report to go over the arguments advanced, as they are quite well known. Briefly it amounts to this.

The farmer's business does not usually give him a quick return. His period of investment is at least nine months or a year as he has to await the processes of nature to give him his dividends. He is subject to losses by accident, disease and fluctuations in prices, causes over which he has no control and which make special financial arrangements necessary often covering a period considerably longer than that required to produce his yearly crop. Short Term Credit of three months even with the right of renewal is to him both inconvenient and embarrassing, as although renewal may be promised the difficulty in obtaining it is much greater if crop difficulties in the meantime have arisen. Further, the ordinary commercial banks, organized especially to suit commercial and industrial conditions, to a large extent fail to appreciate the position of the farmer, who, because of his inability to meet specific banking practises, finds himself, particularly if he is a small farmer, regarded as an undesirable customer, not because of any fault of his own, but because he is unable to marshal his assets in a manner to satisfy the bank. Hence the claim that a special financial organization with a different purpose from that of the ordinary bank is required.

With regard to the second aim mentioned above, the difficulty to be overcome arises naturally out of the conditions just stated. If the ordinary commercial bank is incapable of meeting legitimately the farmer's needs, then he must either do without working capital or resort to some other means of obtaining it. To do without renders him helpless, unless he has already acquired a surplus of his own. The only other sources open to him are the private money lender or the local merchant through whom he may buy his supplies. In either case, while the credit may be obtained for the length of time required, the cost is very great, often too great in proportion to his productive capacity. The private money lender is often more hard-hearted than the banker, while the local dealer's credit is generally the most expensive of all. The latter usually considers it necessary to protect himself against loss by increasing the price of his goods, if sold on credit or by charging a higher rate of interest, if he advances money.

The Short Term Credit Banks of Europe, the Intermediate Credit Banks of the United States and a great variety of state supported financial organizations in other civilized countries have sought to overcome the difficulties stated above by organizing the security of the farmer on a co-operative or semi-co-operative basis in such a way as to make possible credit at reasonable rates of interest and for a length of time suited to his needs.

The foregoing is not to be interpreted as an argument but as an effort to state in the briefest possible way the point of view and purpose of the Rural Credit movement. The extent to which these organizations have succeeded will be apparent later on in this report.

## SECTION II

## RURAL CREDIT IN EUROPE

One of the outstanding facts about modern Europe is the number and variety of its financial institutions. Private, public and co-operative organizations have grown up everywhere, often with a view to meet special needs or to solve special financial problems. In every country the ordinary joint stock bank is, of course, to be found. Side by side with these are to be found savings banks working under definite restriction; rural banks specially suited to do business with the rural communities; public utility banks, that is banks doing a non-profit-making business; land mortgage banks whose activities are often confined to land mortgage business or to credit based on land mortgages; general joint stock loan companies; state banks doing business on a profit-making basis in the interest of the State; and finally co-operative banks specially regulated to assist and stimulate co-operative institutions.

Institutions of all of the above mentioned types give consideration to the problems of agriculture and make loans on the basis of farm land security. I shall discuss, however, the agricultural credit institutions only; that is, institutions whose function is to deal with problems of agriculture specifically and whose aim is to give the agriculturist money at rates of interest in relation to the security offered. These institutions give to the farmer the advantage of their knowledge of the value of his security and have resulted in establishing agricultural credit on what is regarded as a rational basis. As a consequence of their operation the small farmer has been taken out of the hands of the usurers, whose rates of interest fifty years ago ranged from ten per cent to fifty per cent, and has been made the cheapest borrower in the country. These institutions have done more than this. They have had a regulating influence on the rate of interest charged by all the other financial institutions doing business with the farmer. As an illustration, one might take the position of the Land Mortgage Credit Associations or the *Landschaften* in Germany. At the end of 1912, the financial institutions in Germany lending money on mortgages had invested about \$6,500,000,000 in various types of mortgage security. Of this amount over \$2,000,000,000 was in farm mortgages. Of this latter amount the *Landschaften* held \$850,000,000, about 13 per cent of the whole, or about 40 per cent of that invested in farm mortgages. The rate of interest, however, was practically that fixed by the *Landschaften*. The above figures stood practically unchanged in 1920. In this section of the report attention is devoted to a description of those institutions whose special aim is to facilitate agricultural credit, dealing with those of a co-operative or state-aided type, or a combination of both.

Studied with respect to their purpose, these institutions fall under two general heads:—

1. Those giving Long Term or Mortgage Credit.
2. Those giving Short Term or Personal Credit.

### 1. Long Term or Mortgage Credit

Of the institutions giving Long Term or Mortgage Credit the following are the most important and will be described in some detail:—

- (1) The German *Landschaften* or Land Mortgage Credit Associations.
- (2) The German Mortgage Credit Banks.

- (3) The German Savings Banks.
- (4) The *Crédit Foncier* of France.
- (5) The Co-operative Mortgage Credit Banks of Denmark.
- (6) Institutions in other Countries of Europe.

Similar institutions found in other parts of Europe which have a local application or which are varieties of one or the other of the above will be referred to only when by so doing points of special significance make it necessary.

#### (1) The German *Landschaften* or Land Mortgage Credit Associations

The German *Landschaften* or Land Mortgage Credit Associations were called into being at a time so like our own, so far as the difficulties of the agriculturist are concerned, that to quote from the discussion of the time seems like reading current literature on the subject. They had their origin in the period following the Seven Years' War (1755-1763). The land owners who belonged largely to the nobility and who had depending on them the peasant population found themselves in great difficulties. "Agriculture was in a disastrous state; fields lay untilled, dwelling-houses had been destroyed by fire, cattle had perished. The landowners lacked the means to carry out any reconstruction inasmuch as their credit was no longer good and the difficulties in the way of procuring necessary capital were very great. Interest was not paid punctually, debts were not discharged, mortgages were foreclosed and insolvency resulted. The confidence of investors in respect to the landowners was completely shaken. Many mortgage loans were withdrawn. The owners ran the risk of losing a considerable portion of their property." In 1759 a moratorium was declared. This was revived six years later. "But this moratorium merely acted as a palliative as soon as it ceased to be operative, the deficiency of credit made itself felt with landed proprietors in a still more aggravated form. Many estates were sold by auction. In addition, there was the circumstance that the price of cereals, very high during the war, fell sharply after the peace, and besides the export of wool was forbidden on pain of death. This meant that even where it had been possible to keep up farms or to restore them to working order the owners were plunged in difficulties. Credit could only be obtained from private individuals, at a high rate of interest, since there were at the time no institutions that could act as intermediaries between landowners seeking credit and capitalists seeking investment for their money." Such were the circumstances which led to the devising of the first land mortgage scheme in Europe. The landowners of the Prussia of that day were very much in the position of those in Western North America to-day. They had land in abundance but money was scarce and hard to get. Interest charges were abnormal and ruin stared many of them in the face.

Within a very short time after the establishment of the *Landschaft*, the following statement from a report to the King indicates the change that had taken place. "Thanks to the most benevolent support of your Majesty the credit of the *Landschaft* is now in an extremely satisfactory state. A remarkable number of families who for want of money and credit were on the brink of ruin and are now in a secure position and thoroughly rehabilitated and will in consequence ever cherish admiration and reverence for your Majesty."

The credit for the scheme belongs to Buhring, a Berlin merchant. He presented his scheme to Frederick The Great in 1765.

The general idea of the scheme was that the land represented the best conceivable security, if there could be created by some sound system a quotable security, that is if the real value of the land could be made a basis for a sound negotiable security it would cause money to flow again freely into the required



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channels. In order to realize his scheme he advised that there be created with the approval of the state authorities a credit association (*landschaft*) by persons in need of credit, which on the basis of mortgages issued in its favour would issue mortgage bonds bearing interest payable to bearer. In this way, the liability of the individual would not be direct to the investor, the bonds being guaranteed by the central authority.

The actual scheme as put into operation in 1770 was a modification of this suggestion. The fundamental idea, that of placing an intermediary, the credit association, between the individual borrower and the investor remained as a foundation stone of the whole structure.

As it stands to-day the *Landschaft* is an association of borrowers for the purpose of securing loans by the issue of bonds secured by mortgages registered collectively against their properties. The bonds are not chargeable against any individual mortgage but against the mortgages taken together. For this borrowing, the landowner is debtor to the association and the association is debtor to the investor. The borrower pays interest to the association, and the association to the investor.

The bondholders are secured in the following manner:—

(a) Mortgages must not be granted beyond two-thirds of the value of the land. The valuation is fixed after careful appraisement by independent officials, the basis being the annual productive capacity of the land as shown by experience.

(b) Bonds must not be issued in excess of the total amount of the mortgages bearing equal interest.

(c) The amount of debt is being constantly reduced by amortization at least until a certain definite portion is paid off.

(d) The organizations themselves are non-profit-seeking, and possess no share capital upon which profits are paid.

(e) The bonds are secured not only by total mortgages of the association, but also by its reserves and the accumulated sinking fund payment of mortgages.

(f) Finally, should all other sources fail the incorporated landowners are responsible in some cases to full value of their property, in others to a given limited liability.

These associations are public corporations and are under state supervision. This supervision is exercised by a Royal Commission and the articles of the Credit Association and the regulations must be sanctioned by the Government, much as our railroad companies are in Canada. They possess certain special privileges. One of the permanent officials must have passed the State examination qualifying him for the office of judge so that they are permitted to distrain without having recourse to ordinary civil procedure. Within the limits mentioned above they are autonomous and manage their affairs on the principle of self-government. The employees have the standing of state officials. It cannot be over-emphasized that these associations are associations of borrowers, not lenders; their aim is to save money for their members, not make money for others. Apart from paying interest on bonds, they have no relation to the investor who buys his bonds on the market in the usual way. The landowner becomes a member of the Credit Association when it acquires a mortgage on his land and ceases to be a member when his mortgage has been paid off, so that no pressure for dividends enters into the conduct of the business.

The special merits of these associations are summarized by Mr. J. R. Cahill in his excellent report for the British Government in the following terms:—

(1) They enable landowners to mobilize, as it were, their landed possessions by the creation of bonds passing into the general system of securities; instead

of only being able, like English landowners to provide a mortgage security of very restricted currency, German landowners have the advantage of being able to convert a mortgage charge into a security realizable at any time in the general market.

(2) Loans granted are not subject to recall.

(3) The rate of interest is as moderate as possible, being closely related to the prevailing market rates for money.

(4) The bonds being irredeemable by the holder, the rate of interest may not be raised.

(5) The right is conceded to reduce the debt by payments made at the mortgagor's convenience.

(6) The necessary extinction of the capital debt is accomplished gradually.

(7) The costs for valuation and other charges are low.

(8) Their administration is at once relatively inexpensive and their office holders highly qualified for their work.

Of these associations there are twenty-three in Germany having a total of outstanding loans in 1920 of 3,255,000,000 marks equal at par to about \$850,000,000. The average pre-war interest was about 4 per cent. That is 4 per cent bonds were selling at par in 1914. These bonds have always maintained a strong position in the market. At the time of the Napoleonic Wars when Prussian four per cents were quoted at twenty, the land bonds never fell below fifty. In 1920, the Central Landschaft four per cent bonds were quoted at one hundred, while in certain of the provinces they were above par. These facts show how firm a hold, after one hundred and fifty years of experience, these securities have on the investing public in Germany.

## **(2) The German Mortgage Credit Banks**

The Mortgage Credit Banks, of which there are sixteen in Germany, are all established under the guarantee of some public authority, either a State, a Province, or a District within a Province. While not restricting their operations to farm mortgages, they all do a large farm mortgage business. They had in 1913 a total of outstanding loans of \$500,000,000, one half of which is in land mortgages, the other half being to local municipal or communal authorities. The funds of these institutions are obtained,—

(a) By the issue of bonds guaranteed by State, Province or District in which it operates. These are recognized by law as trustee securities.

(b) By deposits.

(c) By grants or loans from the State or authority concerned.

(d) Payments by borrowers into sinking fund account.

(e) Accumulated funds.

These banks were specially designed to serve the needs of the medium or small landowner to whom loans are made at moderate rates of interest, on an amortization plan and not subject to recall.

These banks are usually managed by a special committee in some cases appointed by the State, in others either wholly or partially by the Assembly or Council of the public authority guaranteeing the liabilities of the bank. They are, strictly speaking, public institutions. Any profits accruing from the operation go to the guaranteeing authority.

I have not been able to obtain information of the standing to-day of these institutions. In normal times, they were functioning greatly to the advantage of the guaranteeing authority and to the borrowers, mostly small farmers and communal organizations.

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**(3) The German Savings Bank**

The German Savings Banks are mortgage credit institutions of very great importance to farmers. Their total investments in farm mortgages in 1913 were about \$850,000,000. In some parts of Germany they were the chief source of mortgage credit for the small farmer. Most of these institutions are public savings banks, established, managed and guaranteed by the public authority. In 1913 there were 2,844 public savings banks of this type in Germany with 7,404 branches.

The deposits in these banks reached the sum of over \$4,000,000,000.

These institutions, being usually under local control and management and not subject to central control are allowed to fix a rate of interest to suit their own convenience.

The result is they pay comparatively high interest on deposits, as high as four per cent. There is no combine to fix rates paid on deposits. The result is the savings of the district go to the banks and loans are made to those people living in the same district. The guarantee of the District Authority makes them absolutely safe.

The charges made on loans are also slightly higher than in the case of the *Landschaften*.

Of the total deposits of over \$4,000,000,000 in 1913, over \$2,500,000,000 was invested in mortgages, of which \$850,000,000 was invested in farm mortgages. The exchange in all the figures in this report is based on gold values of the coinages used.

These institutions are of such great importance in connection with agricultural credit that the following brief statement concerning them, taken from the report of Mr. Cahill, will not be without interest:—

"The earliest German savings banks were founded to serve as institutions for safeguarding the poorer classes against absolute poverty by providing a place for the safe deposit of small sums of money until such should be required in bad times. Established in connection with the efforts to reform the poor laws they were regarded rather as philanthropic institutions. But the savings banks lost this character of philanthropy early in the nineteenth century, and have developed along the more general lines of institutions for the furtherance of thrift. They have been established usually by and under the guarantee of public authorities; and in normal cases do not aim at profits beyond the obtaining of an adequate interest upon money deposited with them and the payment of the expenses of management. Any surpluses remaining after paying these charges and making suitable appropriations to reserve are applied to objects of public welfare. In primary aim they are distinguishable from banks in the ordinary sense of the term; they seek deposits, not in order to be in a position to grant credit for their own profit, but to foster thrift, and only to utilize deposits for investments in the interests of the depositors themselves. But while there is this distinction in their aims, German savings banks constitute, by reason of their un-examined development and freedom of investment credit sources of great importance. Not being obliged to deposit their funds at interest with the State Treasury, or invest in stocks and shares only as such banks are constrained to do in some other countries, but seeking to obtain on investments the best returns consistent with the absolute security of their funds, they have lent a very large percentage of their deposits on mortgages, a considerable proportion of which have been on rural property."

The special advantage of these banks is that they provide farmers with a public mortgage institution in their immediate vicinity and facilitate personal relations between borrower and lender. Its local character and the knowledge its officers possess of the conditions of the borrowers makes it possible to dispense with costs in obtaining a loan, especially that caused by a special valuation. The disadvantages are higher rates of interest, liability of rates of interest to rise or of recall of loan and the limited facilities for reducing mortgages.

The German Mortgage Credit Banks and the Savings Banks correspond somewhat to what is now being done in Ontario and Manitoba through the public credit institutions.

#### (4) The *Crédit Foncier of France*

Mortgage credit in France is provided through the agency of the *Crédit Foncier*, a Land Credit Bank established in 1852 for that purpose. It is a joint stock institution subject to legislative control by the French Government.

When organized the *Crédit Foncier* was given a monopoly for a period of twenty-five years on all land credit business over a large portion of France. The monopoly was later extended to the whole country. The period expired in 1877 but no new competing organization has yet been established, so that land credit still remains a monopoly in France.

The following article of the constitution shows the scheme of capitalization and the relation of normal capital to loans:—

"The Society's capital is fixed at 200,000,000 francs. It is designed as a guarantee of the society's obligations and especially of the land (mortgages) and commercial obligation.

"It shall be divided into 400,000 shares of 500 francs each, entirely paid up.

"The amount of the normal capital of the shares shall be maintained in the proportion of one-twentieth at least of the capital realized by the issue of bonds in circulation."

The capital has since been permitted to be raised to 250,000,000 francs on condition that loans are made in like proportion. Originally the government subsidized the society to the extent of 10,000,000 francs.

It will be seen that this system in its organization differs from the *Landschaft*, in that it is a joint stock organization doing business for profit; the rate of interest, however, is controlled by the Government and must not exceed the rate of interest on the bonds by more than six-tenths of one per cent. As we shall see the Joint Stock Land Bank which forms a part of the system existing in the United States under the Federal Farm Loan Board, corresponds somewhat to the *Crédit Foncier* in that the capital may be subscribed by private investors; the interest is regulated by law; and the twenty to one ratio of capital to loans is also fixed:—

The *Crédit Foncier* grants loans:—

- (a) On mortgage security,
- (b) To municipalities.

Mortgage loans are made on the security of houses and town property and on agricultural land.

These loans are made in one of the following forms:—

(a) Short term loan on mortgage, not to exceed nine years, not repayable by amortization and not repayable till the end of the term. The present rate of interest on these loans is approximately 5%.

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(b) Long term loans, which run from ten to seventy years; repayable by amortization or at the pleasure of the borrower. The rate of interest at present on these loans is, including amortization, approximately 5%. Such loans are made for a maximum of not more than one-half the value of the property mortgaged. In the case of vine-yards, it is only one-third.

(c) Current account loans on mortgage guarantee by opening what is called a mortgage line of credit. The rate on these loans is about one-third higher than that on ordinary mortgages, and the loan is repayable in six months.

In addition to the loans made on mortgages, loans are made to municipalities and public institutions. The rate of interest on these loans is less than on either of the foregoing. These loans are made for a period of from one to nine years.

Since its origin in 1852, the *Crédit Foncier* has loaned more than 9,000,000,000 francs, and, in 1913, had outstanding 5,000,000,000, the full amount allowed under its capitalization. An additional capitalization may have been permitted since this information was obtained. More than half the loans are in mortgages.

The share capital of the bank was created to give security to the land mortgage operations. All mortgage loans are covered by the issue of bonds, which are sold in the open markets of the country. The borrower is paid in cash at current price of bonds. *The bonds are not guaranteed by the Government.* They are repayable in a maximum of seventy-five years.

The feature worthy of special attention, is that the *Crédit Foncier* provides both the Short Term and Long Term Credit. A mortgage credit being established by a property valuation for any client, money can be borrowed against this, interest being charged only on the money advanced. This is a feature not found in Germany nor is it copied in the system now in operation in the United States. The *Crédit Foncier* thus in a measure serves the purpose for certain clients of both long term and short term credit bank. The *Crédit Foncier* is allowed to take deposits from its clients. *It is also permitted, in default of payment of interest and amortization to sell without notice and without civil procedure in the courts, as in the Landschaften.*

#### (5) The Co-operative Mortgage Banks of Denmark

The Co-operative Mortgage Banks of Denmark are fashioned after the German *Landschaften* and do not therefore demand a lengthy description.

A mortgage bank in Denmark is a credit association composed of landed proprietors (from the Danish speaking provinces) founded by the sanction of the King with a view to making it easier for its members to borrow money upon easy terms upon the mortgage of their estates and by degrees to repay the sum borrowed. Only borrowers are admitted to the association. The borrower becomes a member when he delivers to the cashier of the association a mortgage upon his property and receives his loan in the shape of debentures of the association. The bonds are then sold to anyone who may wish to buy. The relationship is specifically defined by regulations in conformity with which the loan is made. The security for the principal and interest of the mortgage bond is the sum total of all the mortgages effected by the association.

Bondholders may have their bonds cashed on giving six months' notice. Should the demand, however, exceed the amount at the disposal of the bank through its sinking and reserve fund, the bondholder must wait until payments become due from the mortgages. When a bondholder gives notice of his desire to cash his bond, he is notified the date he can secure payment. Mortgages



are paid by an amortization scheme in forty-seven years, the amortization being three-quarters of one per cent of the loan annually. Payment of a larger amount may be made at the regular payment date, should the mortgagor desire it. Should the sinking fund thus formed exceed the bonds presented for cash at any given time, a drawing is made for other bonds to be redeemed.

The members of the association may borrow up to three-fourths of the value of the property and must pay four per cent interest on mortgages, three-quarters per cent amortization and one-quarter per cent for expenses, making altogether 5 per cent. The value of the property is based directly on the revenue which the borrower can show as accruing annually to him from the property.

The association is managed either directly by the members through a general meeting or by a board of directors chosen by a general meeting. The general meeting is held at least once a year. Full details of their methods are available if desired.

There are 14 associations of the *Landschaft* type in Denmark doing first mortgage business and 9 for second mortgages on small estates. The latter are the only ones of their kind in Europe.

#### (6) Institutions in other Countries of Europe

In nearly all other countries in Europe facilities exist in some form for mortgage credit based either on the German or French model. In HOLLAND the government authorized the creation of Joint Stock Mortgage Banks for the purpose of affiliating the small savings organizations which had arisen in the villages and country places and were doing mortgage credit. They were not subsidized by the government and found their money for loans out of the savings deposited in the small village banks which affiliated with them. Mortgages are issued for forty years on an amortization plan.

In AUSTRIA in pre-war days, the mortgage credit business was mainly in the hands of the savings banks. Of these six hundred and sixty-nine were in operation in 1914, mostly in towns and cities. At that date these banks had invested in mortgages 3,700,000,000 crowns, about 55 per cent in agricultural property.

Institutions based on the German *Landschaften* also prevailed and were rapidly growing in 1914.

In HUNGARY, a system of state-supported though not state-owned institutions exist. Mortgage bonds are issued against mortgages in the usual way. In 1911, \$500,000,000 worth of such bonds were in circulation, redeemable under definite regulations. Many of them had been sold in France.

In ITALY, a great number of institutions do agricultural long term mortgage business. Land Credit Institutions, Land Credit Banks, Savings Banks and Mutual Societies all exist for the purpose. They grant loans on first mortgages on a fifty per cent valuation. The amortization period is ten to fifty years. The annual payments include (a) Interest, (b) Amortization instalments, (c) Income tax, (d) Commission and management expense, (e) Revenue and stamp duties. Bonds are sold, where possible, against the total security of mortgages held.

In SWEDEN, there are ten distinct land mortgage associations of the *Landschaften* type created by authority of the Government. These have a monopoly of the land mortgage business. For these there is a central institution known as the Swedish General Mortgage Bank which advances money to the district associations upon the assignment of mortgages taken from the members of the associations. Members of each association are jointly and severally liable for all loans made. The central bank is a semi-public institution closely associated with the government and enjoys a monopoly.

With regard to the security of the land mortgage systems described, it may be said that the land mortgage bonds are everywhere regarded as the safest kind of security available for both large and small investors. The payment of interest and principle is assured by strict government supervision which prevents over-issue and which sees that all repayments made by borrowers are reserved for repayment of bonds. Their record of accomplishment is so high that money sufficient for their needs flows freely into their treasury.

## 2. Short Term or Personal Credit in Europe

The expression "Short Term or Personal Credit" is used everywhere in Europe to include all types of agricultural credit other than mortgage credit. This form of credit is based mainly on the security of the borrower as indicated by his general standing in his community and on his personal assets apart from land.

Only such institutions as devote their attention mainly to agriculture will be discussed. The ordinary commercial institutions, joint stock banks and savings banks therefore will not come under review, except as they are part of an agricultural credit system.

Under the section devoted to general observations I have set forth briefly the reasons advanced for the development of the institutions herein described. I quote here only one short paragraph from a document which was prepared by a distinguished European authority to set forth the reasons for their creation in Europe.

"Urban bankers being naturally more conversant with commercial or industrial undertakings are less capable of judging the standing of a farmer and his business capacity. Credit implies confidence and facility of supervision; but the banker is unacquainted with farming and farms are comparatively isolated units, usually more or less remote from the banking office. Ordinary commercial tests are not often applicable, especially where small farmers whose book-keeping is apt to be very incomplete and unmethodical, are concerned. The same difficulty presents itself as to proposed sureties who are also likely to be farmers. Other banking security is often out of the question and the procuring and bringing of sureties to the bank involves great loss of time and expense. The world in which the bankers or bank manager moves is not that of the farmer so that personal knowledge is infrequent. The whole situation is rendered even more unfavourable by the supplanting of small country banks by branches of great banks which are directed on fixed lines from headquarters and whose managers are frequently changed. Commercial banks cannot, moreover, be brought nearer than small towns....The smaller farmers offer also little attraction to the ordinary commercial banks as borrowers, and, apart from other disadvantages, pay for the small loan they require an unduly high percentage as interest and commission. As a result, farmers cannot obtain from banks, organized mainly to serve industry and commerce, credit in suitable amounts at reasonable interest and on security which they can usually provide. Yet while commercial banks have become less satisfactory from the standpoint of the farmer, his need for working capital has greatly increased. More scientific and intensive farming, made necessary by competition which has been facilitated by improved and cheapened transport, refrigerating processes, and other causes, requires more capital expenditure on labour, fertilizers, feeding stuffs and machinery; payment in kind being entirely superseded by payment in currency, while money wages are higher; and other expenditure including cash payments to the state and other public authorities has increased"

The quotation is from a European document and may be taken as a reasonable statement of the conditions which gave rise to the institutions about to be described.

Of the institutions in Europe giving short term or personal credit to farmers the following, of which a short description is given, are the most important:—

- (1) The Raiffeisen System of Banks or Credit Societies of Germany.
- (2) The Crédit Agricole of France.
- (3) Modifications of 1 and 2 found in other parts of Europe as the Rural Banks and Popular Banks of Italy, Hungary and other countries.

#### (1) The Raiffeisen System of Banks or Credit Societies of Germany

There are two distinct steps to be taken to complete the organization of credit on Raiffeisen lines. First the formation among the farmers of local credit societies and second, the organization of a group of societies into a collective body federated into a central bank. These societies are based on what are known as the "Raiffeisen Principles".

(a) Their legal foundation is the unlimited liability of all their members for all liabilities of their particular society.

(b) Their aim is to improve the condition, alike material and moral, of their members.

(c) They admit only members from a distinct district, which is advisedly as narrowly circumscribed as is consistent with its being self-supporting; therefore, there can be no persons members of more societies than one at any one time.

(d) They collect no entrance fee.

(e) So far as the law of the land permits, they issue no shares; wherever the law makes shares obligatory, they limit a member's holding to one share only, which must be small; and should dividend be declared on such share, such dividend must not in rate exceed the interest charged upon loans.

(f) The only officer remunerated for his services is the "accountant" (the employee who keeps the accounts and actually handles the money); members of the managing committee and the council of inspection are expected to discharge their duties without remuneration.

(g) All profit resulting is conscientiously carried to an indivisible common fund belonging to the society as such.

The following statement prepared by the general secretary of the Union of Co-operative Societies in Germany will serve to make clear their purpose and mode of operation:—

"The task which credit societies set themselves is to provide the cash required for advances and credits to be accorded to members; furthermore, to provide for the supply of goods required by members and to make any other arrangements for the promotion of the material welfare of their members which may appear desirable; and the aim which they pursue is to come to the aid of those who are materially weak and to further the intellectual and moral well-being of their members rather than to earn a profit. The foundation upon which they are built up is that of christianity and loyalty; it is a standing rule that at society gatherings neither denominational nor political subjects may be touched upon in discussion.

"These societies are not allowed to engage in any speculative business whatever. Advances and credits are permitted only to members on personal security, and for objects held to be economically legitimate, in

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the shape either of specific loans or else of current accounts. Adequate security must be provided for every loan or credit to be granted. And in respect of every loan the term for repayment is fixed in advance, the length of time and the amount of the instalments for repayment are in every case proportioned to the object of the loan and the power of the borrower to repay within a given time. No loan is granted without consideration of the object for which it is asked and the capacity and title of the borrower to answer for a credit. Borrowers are, on their side, entitled to repay at any time. In respect of certain contingencies the societies reserve to themselves the right of calling in the loan."

When the system is fully organized, it consists of a group of these local societies, each as independent unit, but federated into a Central Bank. The central Bank acts as a clearing house for the group. It makes it possible to confine the action of the local society to a small group in a fixed district, thus making collective action possible. The Central Bank also serves as a purchasing agency for agricultural requirements and a selling agency for agricultural products.

The Central Bank is a joint stock company, but its shares are held only by the local societies or certain officials of the institution.

The objects of the Bank are:—

(a) To carry on banking and credit business, more particularly as a means of equalizing temporary shortness or over-supply of cash in local banks.

(b) To provide for collective purchase of agricultural requirements, as well as for collective sale of agricultural produce.

The money required for the business of the Bank is provided as follows:—

(a) By the issue of shares to local societies.

(b) By deposits received and loans raised.

(c) By commissions charged and a margin of interest on business transacted.

(d) By profits on the dealing in goods and by similar income.

The money so raised is applied as follows:—

(a) In credits given in current account to local co-operative banks, societies, central banks formed for particular counties or provinces, co-operative societies.

(b) For carrying on a business in goods.

(c) For discounting acceptance and making advances in approved securities in conformity with the practice of the Imperial Bank.

(d) For any other purpose in harmony with the general objects of the institution.

The profits realized are applied as follows:—

(a) To the accumulation of a reserve fund.

(b) To the payment of a dividend on shares, which must not in any case exceed four per cent.

Each local society has a credit fixed by the managing committee of the Central Bank. This credit is based on the valuation of the possessions of the members of the society, the liability being unlimited, that is, each member is jointly responsible for the whole of the obligations of the local society to which he belongs. The borrowing power of each member of a local society is fixed by the local society.

The adjustment of assessment to determine the maximum credit of the local society is made every three years.

The business transacted between the local society and the central bank is as follows: "Should the funds collected locally by the branch offices prove insufficient for their daily requirements, those offices are to apply to the central bank for the balance needed. Such amount is furnished either in cash out of the balance in hand, or else by means of a draft on the Imperial Bank. Sur-

plus funds held by the branch offices are in the same way paid in to the Central Bank. Each branch office is required to send in to the Central Bank every week a return of its transactions and holdings in cash, and every month a full return showing the whole state of its business. By such means the Central Bank is enabled to exercise a steady and effective control over the branches. In addition, each branch office is subjected once every year to a minute inspection carried out, in conjunction with the chief inspector of the union, by a committee nominated by the Council of inspection of the central bank.

"In this manner the Agricultural Central Bank for Germany has, in spite of its formation as a joint stock company, been enabled to retain its genuinely co-operative character, transacting business in its wider sphere practically on the same co-operative lines as the local credit societies do on a smaller scale. Its being registered as a joint stock company facilitates its business with the money markets, and provides for it, through its share capital, a working fund which cannot be affected by any changes occurring which influence local societies. Keeping the money transactions with societies in its own hands, it is in a position to charge lower rates than societies would be saddled with, were the business to be carried on through the medium of independent provincial intermediate institutions; and by means of its branch offices it secures to itself all that information respecting the financial status of local societies which is imperatively needed for the appropriate apportionment of credit. It is, therefore, a central bank based entirely upon self-help and self-government, and combining in itself all the advantages both of a centralized and a decentralized clearing house for money."

As already mentioned, these societies are not only co-operative agencies for obtaining credit, but also for the purchase and supply of farm requirements, and for the sale of farm produce. Within it are organizations for the purchase of fertilizers, feed, farm machinery and the collective sale of all kinds of farm produce.

In Germany there is a general Union of the Raiffeisen Societies with other types of co-operative societies such as co-operative dairies, etc., All these are under the caption of the "General Union of Rural Societies". Its aim is education. At the close of the year 1913 there were 25,576 of these societies in Germany, of which 16,927 were loan and savings banks of the type described above.

These credit societies have practically banished usury from the communities where they are organized. Any farmer of good standing in his community, who has established a reputation for honesty, may obtain his working capital on reasonable terms. In 1913 these societies had out on loan 1,800,000,000 marks at rates from four to five per cent.

All this was not accomplished by magic. It followed on a determined and systematic effort running through a long period of years to establish credit on a basis of security which reduces to a minimum the liability of loss. In other words, this has been made possible because the security offered is of such a character as to make serious loss to the lender almost impossible. The three essential facts of the security are:—

- (a) The unlimited liability of all members of the society.
- (b) The money borrowed must be put to productive uses.
- (c) The operation of the individual society is limited to a small, well defined area.

## (2) The Crédit Agricole of France

The agricultural credit system as worked in France is the outstanding example in Europe of a credit system involving co-operation among borrowers, either on the principle of limited or unlimited liability, and state aid. It is a state-aided co-operative system.



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This system was created by a law passed in 1894 which took for its nucleus of organization the small unions and agricultural syndicates already in operation in local communities. The following statement from Senator Albert Viger of France, for some years President of the National Federation of Agricultural Co-operative Associations, indicates the idea behind the scheme:—

“The first step toward the establishment of an Agricultural Credit System in France was to organize rural credit from below, to see that the roots were firmly fixed in the agricultural population itself. An idea formerly prevailed in France as in other countries that agricultural credit could only be established by the formation of great central banks from whence credit could flow out to all the local centres. When the government of France finally took up the question of agricultural credit in earnest, it was planned on an entirely different principle. It was decided that agricultural credit should begin with the lowest group; that the co-operative agricultural society or syndicate should form its own credit bank and that these should grow from below. Under the French system we therefore have the credit syndicate and out of these the departmental banks (Regional Banks) usually located in the principal towns and finally the Central Federation of credit over which I preside. The development of the system has been from the growth of the small unit.”

It will be seen, therefore, that the unit of organization like that of the Raiffeisen system is the small group in the community organized for the purpose of facilitating the credit of the group. There are 4,000 of these local groups or banks organized in France; 1,000 on the principle of unlimited liability; 3,000 with limited liability. A bill is now before the French Parliament compelling the principle of unlimited liability. The system is highly specialized and includes only the farmers of the community.

In 1899, a system of Regional Banks was founded of which there are 100 now in operation. These correspond to the Central Banks of the Raiffeisen system. Each of the four thousand local banks functions through one of the Regional Banks. These are joint stock banks fostered by the state but not state-owned. State aid is granted on condition that they submit to state supervision. This aid stimulates their development so that to-day the system embraces the whole nation.

The Regional Banks were organized for two reasons:—

(a) To discount the bills of the local bank and to endorse them for the Bank of France. This was necessary because the Bank of France is not permitted by law to discount bills with less than three signatures. The endorsements of the farmer, the local bank and the regional bank, fulfill this condition. Further, it places between the Bank of France and the local unit an intermediary capable, from intimate knowledge, of valuing the security offered.

(b) The regional banks were further necessary as a medium for distributing the funds placed at the disposal of agricultural credit, by the Government. Each one receives from the government through the Bank of France four times the amount of its paid-up capital. This amount it uses as a reserve fund on deposit with the Bank of France to secure its credit for discounting purposes. The money for this is found as follows:

The charter of the Bank of France having expired in 1896, was renewed by the Government under certain conditions favourable to agriculture. The conditions were:

First, that the Bank of France must advance to the Government the sum of 40,000,000 francs, free of interest, to use in subsidizing the rural credit organizations.

Second, that it pay annually a certain portion of its yearly profits as an advance for agricultural credit. This conditional advance was to be not less than 2,000,000 francs. It has varied between 4,000,000 francs and 5,000,000 francs annually.

The law of 1896 fixed the annual advance from profits as twelve and one-half per cent. of the net profits on discount business done by the Bank of France. In 1911, when this charter was again renewed this percentage was increased to  $14\frac{2}{7}$  per cent when the discount rate was  $3\frac{1}{2}$  per cent and to  $16\frac{2}{3}$  per cent when the discount rate was 4 per cent. The money provided in this way up to 1920 amounted approximately 200,000,000 francs.

When the charter of the Bank of France was renewed a committee was appointed composed of members of the Senate, representatives of the local banks, directors of the Bank of France and certain other persons through whom the funds provided as above should be distributed to the Regional Banks.

In the operation of these banks three forms of credit are granted:

- (a) Short term personal credit.
- (b) Long term collective credit (non-mortgage).
- (c) Long term personal credit.

#### **(a) Short Term Personal Credit**

This form of credit is given generally for one year. It is strictly personal; only the endorsement of someone of known responsibility is required. The local association endorses and recommends to the Regional Bank which in turn, should it not have the money, endorses to the Bank of France. As the Bank of France is not allowed to make a loan for a longer period than three months, the advance is made for that period subject to renewal. In one year 85,000,000 francs were loaned in this way, of which 60,000,000 were from money provided by the state.

#### **(b) Long Term Collective Credit (Non-Mortgage)**

The main purpose of this form of credit is to promote the prosperity of the farmers with small holdings. It makes it possible for a group to unite for the production, conservation or marketing of the products actually produced by the members of the association. The members must be really engaged in production. The rate of interest on this form of credit must not exceed 4 per cent. The period of the loan must not exceed twenty-five years. The total loans to one society are limited to twice the capital of the society. This form of long term credit is not found in any other country in Europe.

#### **(c) Long Term Personal Credit**

The following statement from M. Vinreux, of the Crédit Foncier, will explain this kind of credit:

"The law of 1910, providing for personal long term agricultural credit, is the latest stone in the structure of agricultural credit in France. This form of credit is granted by the local banks through the Regional Banks, which receive money for this purpose out of the advance made for the purposes of agricultural credit by the Bank of France. It is only granted to small agricultural holdings, for the purpose of the law is to attach the small peasant farmer to the soil."

The maximum period for which the loan runs is fifteen years and is only allowed in the case of young farmers. The purpose is to assist the small farmer to purchase holdings and to encourage young men who have finished their military service to take up a farm.

The loans are extinguishable by amortization, and the rate of interest is, as a rule, two per cent. A mortgage on property may be taken but life insurance policies and surety security are accepted.

The French local societies differ from the German ones in certain particulars. They sell shares but only to persons who are already members of some professional agricultural syndicate or agricultural co-operative insurance association. While they may receive deposits a definite maximum is fixed in relation to paid up capital.

Unlike the German societies, the withdrawal of a member does not terminate his liability until the obligations assumed during his membership have been settled. Further, the principle of one man one vote does not apply, voting being based on shares held. In addition, loans may be made by the local society from its own funds for productive uses to farmers who are not members. The Regional Bank, however, with which the local society is affiliated, is not permitted to discount loans made to non-members. Lastly, no state aid is given to the local bank as such. All state aid is given to the Regional Banks which make loans directly to the person endorsed by the local society. As these organizations have a monopoly with respect to Government assistance, co-operation on the part of the farmer is almost compulsory.

Reference has been made so often in the foregoing to the Bank of France, that a word of explanation seems necessary. The Bank of France is a bank of issue; that is, its function is to issue paper money and re-imburse it. It issues notes either against deposits or on the guarantee of credit operations. It is prohibited from issuing loans on any other basis. The repayment of the paper francs in circulation is guaranteed either in coin or commercial paper protected by bonds.

The Bank of France assists agriculture in three ways. First, in conformity with regulations mentioned above it assists the individual agriculturist by facilitating loans and discounts. Second, it makes possible the work of the agricultural banks by rediscounting for the Regional Banks and other commercial banks. Third, it provides the government with funds with which to supply the needs of the agricultural credit banks.

### **(3) Modifications of (1) and (2) Found in Other Parts of Europe**

Many variations of the foregoing types of credit institutions for personal credit are found in various parts of Europe. Nearly every country has found some modification necessary to suit its own requirements. In Italy personal credit is granted by both state and co-operative institutions. The aid of the state, as in France generally finds its way to the borrower through these co-operative institutions, and not directly to the individuals. By means of special legislation the Government of Italy has made provision to the extent of over \$14,000,000 for agricultural loans at reasonable rates of interest, a maximum of six per cent being charged.

The co-operative banks of Italy are based on the ideas before mentioned. As applied to Italy they are known as—

(a) The People's Banks, organized by Luigi Luzzatti.

(b) The Rural Banks, organized by the Leone Wollenborg.

The inspiration in each case came from Germany and is but the application of known principles. There are about 2,000 banks of the second class in Italy of which two-thirds are under the control of the church.

In nearly every other country of Europe similar institutions exist for the promotion of agricultural credit. It is not too much to say that these institutions have been one of the most important factors in improving rural conditions in Europe. As stated by one who is an enthusiastic admirer of them, "The use of credit in agriculture may be compared to the use of water. If the water is brought into the field at the right time, in the proper way, and in proper quantities, it will be valuable; but if the field is flooded or if the water is applied at the wrong time, it will be destructive." These societies have aimed to apply credit to productive purposes and without question have attained their object.

## SECTION III

## RURAL CREDIT IN THE BRITISH EMPIRE OUTSIDE OF CANADA

## The United Kingdom

Co-operation for the purpose of promoting agriculture and carrying with it the organization of co-operative credit, began in the United Kingdom in the year 1895. At first, it was mainly confined to Ireland, where the Irish Agricultural Organization Society was promoted. Development began in England in 1901 and in 1905 in Scotland, where societies were established following the Irish pattern established by Sir Horace Plunkett. The following statement from Sir Horace Plunkett indicates the principle on which the institutions were organized—"The keynote of our proposals is in the proposition that the farmers must work out their own salvation, and, further, that this can only be done by combination among themselves."

The objects set before them were "to secure the co-operation of all connected with the land, whether owners, occupiers, or labourers, and to promote the formation of agricultural co-operative societies for the purchase of requisites, for the sale of produce, for agricultural credit banking and insurance and for all other forms of co-operation for the benefit of agriculture."

Under the Agricultural Organization Society, all organizations were allowed to affiliate, which aimed at co-operation. By 1914, out of 495 co-operative societies organized in Great Britain and affiliated, there were 48 credit societies and one central co-operative agricultural bank. It is with the activities of the agricultural co-operative credit societies that we are specially concerned.

The following statement issued by the Board of Agriculture and Fisheries in 1912 indicates the point of view of the British authorities with respect to these societies:—

"It is possible to form an agricultural co-operative credit society under the Industrial and Provident Societies Act, with shares and share capital and limited liability; but, as a matter of fact, all the societies of this character now in existence in England and Wales have been registered under the Friendly Societies Act, 1896, and the special authority granted by the treasury in accordance with section 8(5) of that Act. A society registered under that authority must have for its object the creation of funds by monthly or other subscriptions, to be lent out to, or invested for, the members of the society, or for their benefit, and must have in its rules provisions that no part of its funds shall be divided by way of profit, bonus, dividend or otherwise among its members, and that all money lent to members shall be applied to such purpose as the society or its committee of management may approve."

**Unlimited Liability**

All the societies organized under the Friendly Societies Act in Great Britain are unlimited liability societies, that is, every member of the society is, equally with every other member, jointly and severally liable for all debts incurred by the society and for any loan which any member or his sureties may fail to pay. No one is admitted as a member to a society unless he lives within a certain prescribed area, such as a parish or two or more adjoining parishes. He must



also be approved by the committee as a man of good character, worthy of admission to the society. All the members have an equal voice in the election of the committee of management.

Through these societies, loans are made to members on approved security for a specific purpose of such a productive nature that the loan may be repaid through the activity in which it is invested. The maximum loan is £50.

### **Deposits**

The societies are permitted to receive deposits either from members or non-members and to pay interest on them. All profits are carried to a reserve fund for the purpose of meeting possible losses and no dividends are permitted. The only benefit which any person receives by becoming a member of the society is the special benefit of receiving loans.

The loans are taken out for any purposes likely, in the opinion of the loaning committee, to prove profitable, such as the purchase of sheep, pigs, cattle, horses, to procure seed, plants or manure, or for the employment of extra labour, and are made repayable at the time when the borrower may expect to reap the return of his expenditure, generally running from six to twelve months. Loans are granted for a period of two years under certain special conditions.

The rate of interest varies from  $4\frac{1}{2}$  per cent to 6 per cent.

The total amount of loans under these societies is not large and they have not played a very large part in the development of agriculture in Great Britain. Perhaps the chief reason for this is the unpopularity in Britain of the principle of unlimited liability and the fact that Great Britain is served so thoroughly by joint stock banks as compared with other countries on the continent of Europe.

Some of the joint stock banks have been willing to assist in financing these societies; in fact, many of them have offered their co-operation but even this did not assist the growth to any considerable extent.

In Ireland, organization of credit societies of the type just described has been much more rapid. In 1913, there were 236 of these credit societies in Ireland, with a total membership of 19,105 and a loan capital of approximately \$275,000 and a turnover of about the same amount.

This probably represents the position in the United Kingdom at the outbreak of the war so far as Short Term Credit was organized among the farmers.

### **Long Term Credit**

Long term credit in Great Britain has always been regarded as a field for private enterprise. In order that permanent improvements might be carried out by land owners, special corporations were organized, under government regulation, but without government assistance, for the purpose of making loans to farmers. For example, the General Land Drainage Company was formed in 1849, the Land Improvements Company in 1853, the Scottish Drainage and Improvement Company in 1856 and the Land Loan and Enfranchisement Company in 1860. The first and last of these just mentioned were absorbed into the Land Improvements Company in 1864.

All these companies were authorized under statutory authority which permitted charges to be made against estates. The interest was limited to 5 per cent. Since the war, it has been found necessary to remove the 5 per cent limit and to allow the rate of interest to be fixed by the Board of Agriculture.

The Improvement of Lands Act of 1864, authorized land owners to raise loans on mortgages against their estates. From its inception the Land Improvements Company authorized under the Act advanced approximately £13,000,000 for various improvement purposes.

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There was a similar organization for Scotland.

Under these schemes, money is advanced for the erection of farm buildings and cottages, for the making of roads, sewers, drains and for the erection of silos. Before the loan is made, the application must be submitted to the Department of Agriculture and Fisheries for inspection and approval. The loans are repayable by an annuity for a prescribed period, which varies from 15 to 40 years, according to the nature of the improvements.

The mortgage given ranks prior to existing mortgages, but not as against statutory taxes. As these mortgages are usually assignable to insurance companies, who seek them for investment purposes, the resources of the company are very great and money has always been easily available.

Under a general statute of Great Britain, machinery is created for the organization of other companies to do corresponding work so that there is a basis for the development of regulated private enterprise in this connection to a very considerable extent.

During the war, the position of agriculture in England underwent a great change. There was an increase in England and Wales of over 21,000 landholders as compared with 1914, and in Scotland an increase of 1,600. The majority of these purchases took place between June, 1919, and June, 1921, the total involving a change in ownership of approximately 2,000,000 acres of farm lands.

There were two reasons for this—(a) There was a desire on the part of many landowners on account of heavy taxation to dispose of their land, and (b) a keen demand for the purchase of farms for the purpose of land settlement, due to the increased price of farm products. In October, 1919, the then Prime Minister gave the farmers an assurance that the prices of staple products would be maintained in case of the markets falling, so as to safeguard them against serious loss. This was put upon the statute book in 1920, a sliding scale being fixed, based upon the 1919 cost of production. This was the period during which so much land was purchased and at prices beyond normal values. The following year, 1921, conditions had arisen which made it impossible to carry out the provisions of the statute of 1920 and it was repealed.

A committee was appointed by parliament in 1923 to make an investigation into the whole matter and decided that "the plea that the farmer was induced to buy land by the representations made by the Government has undoubtedly a solid foundation", and, therefore, some scheme of relief was necessary.

The fall in prices further produced generally a condition with regard to the farmers in England that was brought about by the fall of prices in both Canada and the United States. A great deal of the money used in the purchase of lands had been borrowed from the banks by means of overdrafts and, as the banks were not allowed to take mortgages, the position of both banks and farmers was considered precarious.

The same committee went into the whole question of short term credit for farmers to meet their current needs and examined the facilities that were offered by the banks and the conditions under which loans were made. It is not necessary in this report to go into the details of the enquiry. Suffice it to say that the relation of the banks, the credit of merchants and dealers were all inquired into. It was found that there was outstanding approximately £46,000,000 on loans to farmers from the banks, of which £26,000,000 had been advanced for the purchase of land and £20,000,000 for normal current production. The committee was of the opinion that bank facilities were, in the main, available to farmers in good standing, but that a large class of small

farmers, who did not easily have access to the banks, had not credit facilities necessary to make a success of their occupation. Recommendations were, therefore, made covering both the long term and short term credit and were incorporated into an act of parliament, which was passed July 31st, 1923.

#### **Provisions under Act, July 1923, for Long Term Loans**

Under this Act, power is given to the Public Works Loan Commissioners to lend money to associations created for the purpose of making advances upon farm mortgages at any time within five years after the passing of the Act, the total amount to be subject to the approval of the Treasury and under conditions which the Treasury may prescribe. The borrower must be a person who had agreed to purchase the land comprised in the mortgage not earlier than the 5th day of April, 1917, and not later than the 27th June, 1921. The object of this is to cover the period of inflated land prices.

The land comprised in the mortgage must be wholly or mainly agricultural land.

The amount of the loan must not exceed 75 per cent of the value ascertained to the satisfaction of the Commissioners, or exceed an amount equal to thirty times the annual value of the land as ascertained for income tax purposes.

The rate of interest is to be fixed by the Treasury.

The loan is repayable in sixty years by yearly instalments of the principal advanced, together with interest charges.

The land must be free-hold or copy-hold land.

The advance is made by the Commissioners to an Approved Association, which, in turn, secures the mortgage on the property.

"For the purpose of the Act, the expression 'Approved Association' means an association which is approved by the Treasury for the purposes of this Act and which does not trade for profit and by its constitution or otherwise is restricted in relation to the rate of interest on loan capital and the distribution of profits among its members, so as to comply with regulations made in that behalf by the Treasury."

The sections of the act referring to Long Term Credit, as previously stated, are designed to assist recent purchasers of land.

#### **Provisions under Act, 1923, for Short Term Loans**

The Act further calls upon the Minister of Agriculture and Fisheries to "take such steps as are practicable to promote the formation or extension of Agricultural Credit Societies, that is to say, societies approved by the Minister and registered under the Industrial and Provident Societies Act, 1893, having for their object or one of their objects, the making of advances to members of the society repayable within a period not exceeding five years for such agricultural purposes as may be approved by the Minister."

The Minister of Agriculture and Fisheries is authorized at any time within three years after the passing of the Act, or during such additional period as the Treasury may prescribe to make advances to such societies to an amount equal to the amount of shares held by members of the society and of which at least 25 per cent has been paid up. This is clearly an effort to create a greater interest in the Agricultural Credit Societies mentioned earlier in this section.

The Act is made, subject to certain modifications, to apply to Scotland.

The Act is cited as the "Agricultural Credits Act of 1923."

In this report I have not taken cognizance of special Acts for the purchase of land from landowners, such as the enactments for the purchase of land in Ireland.

It is expected that, under the stimulation of government assistance, the Credit Societies will have a rapid development, especially among small farmers. The overcoming of the individualistic tendencies of the British farmer, however, is likely to be a slow process.

### The Commonwealth of Australia

In all the States of the Australian Commonwealth, provision is made for loans from government sources to farmers, both for short term and long term credit. In most of the States, advances are made as loans to settlers, advances for the purchase of farms, and advances under the Returned Soldiers' Settlement Act. The Commonwealth government has contributed by advances to the various States to meet the requirements of the Returned Soldiers' Settlement Act. These advances to the States up to June 30th, 1923, amounted to approximately £32,866,000.

#### New South Wales

In New South Wales, there is a Government Savings Bank with a Rural Credits Department. Through the Rural Credits Department all advances are made to settlers. For Short Term loans, these advances are made as overdrafts on current account. For Long Term loans they are made on first mortgages with an amortization period of 31 years. The limits of the loans made under the Act are £50 to £2,000. They may be made,—

- (1) for the purchase of farms, in which case advances must not exceed 80 per cent of the valuation of the security and are limited to £1,250;
- (2) for land held in fee simple; the loan must not exceed 66 per cent of the security;
- (3) not exceeding £500 in the case of homestead lands, provided that this does not exceed the value of the improvements on the land;

Loans may also be made on land leased for a period of years on a basis of 50 per cent of the security which the borrower can offer.

The savings banks are under a Board of Commissioners, to whom is given the authority to make loans.

As the advances to returned soldiers are under a special act for a special purpose, I am not entering into a discussion of these loans.

#### Victoria

In the State of Victoria, the State Savings Bank is the institution through which money is advanced to settlers. Under this bank there is a loan mortgage department created for the express purpose of making loans to settlers. This department is authorized to borrow up to £10,000,000 for the purpose of making loans. The bank is controlled by a Board of Commissioners on whom is conferred the authority to decide on loans.

The limits of the loans are the same as in New South Wales, viz., £50 to £2,000, a limit of two-thirds of the value of the security offered.

In the case of special land used for vineyards, hop-grounds, orchards, etc., advances may be made to a much larger limit, subject to the will of the commissioners.

Mortgage bonds may be sold for the purposes of the Act and the loan may be made in cash or in mortgage bonds at a price fixed by the commissioners.

Victoria has, in addition to this State Savings Bank Act, an Act called "The Closer Settlement Act," which is under a board known as "The Closer Settlement Board," through which loans, so far as agriculture is concerned, may be made,—

- (1) to agricultural labourers on allotments in aid of the cost of fencing and erecting dwelling houses;
- (2) to lessees of crown lands for carrying on farming or grazing pursuits and to owners of land for the purchase of fencing, etc.

The interest fixed is 5% and the repayments are made on the basis of forty half-yearly instalments.



### Queensland

In Queensland, advances are made under a State Advances Act and the Co-operative Agricultural Production Act. Under the State Advances Act, the board of management may make advances to property owners for any of the general purposes of agriculture against first mortgage on property. The limit of advances is £1,200 and in no case to exceed 75 per cent of the value of the property.

Advances may be made to purchase property or to refund indebtedness for agricultural purposes, to purchase stock and implements, to effect improvements or any general agricultural productive purposes.

The loan is repayable in 20 years in half-yearly instalments.

The interest rate is 5%. Interest only is payable during the first five years, amortization beginning after the end of the five year period.

Under the Act known as "The Co-operative Agricultural Production Act", advances may be made to any co-operative organization engaged in manufacturing processes relating to agriculture. These loans may be made up to two-thirds of the entire cost of the machinery and buildings necessary for the process.

This Law calls for the organization of associations with capital shares of which at least two-thirds must be held by producers. Upon the shares no dividend greater than six per cent is permitted. The security in this case is a first mortgage on property.

### South Australia

In South Australia, there are a number of Acts, under which advances may be made to farmers out of government funds, of which the most important are:—

(1) The Crown Lands Act. Under this Act, advances may be made to homestead holders for erecting buildings and making improvements on their land. The limit of loan is £50.

(2) The Advance to Settlers on Crown Lands Act. Under this Act there is a Board known as the Advances to Settlers Board, which is authorized to make advances to any settler on the security of his land and improvements, for the purpose of making improvements, the limit being £400. An additional loan of £250 can be made provided this is not greater than three-fourths of the excess value above £400 of the property. The loan may be made for discharging existing mortgage or for any other productive purpose, if satisfactory to the Board.

Interest only is required on the loan for the first five years and from that time it is amortized by half-yearly instalments in thirty years.

(3) The State Advances Act. The State Advances Act is similar to the State Advances Act previously described. Loans under this act cannot exceed £5,000 and must be repaid within 42 years. The loan is based on a three-fifths value of the property.

(4) The Irrigation Act. Under this Act, there is a Commission known as The Irrigation Commission, which may make loans on leased property for the purpose of clearing, fencing, constructing channels or drains, or for erecting buildings. A limit of £600 is fixed. In addition to this, £200 may be advanced for the purpose of improvements, stocks, etc. An additional loan may be made for refunding in the case of mortgaged property.

(5) Under the Loans to Producers Act, the Minister of Agriculture may, on the security of a mortgage on the property, make loans to any registered co-operative society, three-fourths of whose members are engaged in agriculture. This money can be applied to the erection of factories, packing houses, etc., etc., the Minister being protected by first mortgage on the property.



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(6) There is one other Act, known as The Agricultural Graduates Land Settlement Act. So far as I am aware, this is the only act of its kind in existence. Under the provisions of this Act, the government is authorized to purchase land with a view to the settlement of graduates of agricultural colleges. Loans under this Act may be made up to £3,000 for each graduate and an additional £500 for the purpose of purchasing seed, implements, etc. During the first three years, interest only is payable and the capital in half-yearly instalments during the following six years.

**Western Australia**

In Western Australia, an Agricultural Bank was established in 1895. The management of this Bank has authority to make advances up to £2,000 on the security of first mortgages to persons engaged in agricultural pursuits. Advances are repayable over a period of 30 years. Interest only is payable during the first ten years and the principal on an amortization plan with the interest during the remaining 20 years.

**Tasmania**

In Tasmania advances are made to farmers and producers under three separate Acts, functioning in a manner similar to those in the other States. Those are (1) The Advances Act, (2) The Closer Settlement Act, and (3) The Advance to Fruit Growers Act.

Under the various Acts described there was loaned, during the year 1922, in the Australian States . . . . . £12,801,731  
The total advances to date were . . . . . £77,323,766  
And the outstanding balances in all the states amounted to . . . £53,913,716

**The Union of South Africa**

For the purpose of promoting agricultural credit, the "Land and Agricultural Bank of South Africa" was established in 1912. Before the establishment of the Union of South Africa, a number of the parts which entered into the Union had loan banks of their own; for example, the "Transvaal Land and Agricultural Bank," "The Land and Agricultural Loan Fund of the Orange Free State," "The Land and Agricultural Loan Fund of Natal," "The Agricultural Credit Bank in the Cape of Good Hope." The latter bank had, however, never been operated. With the establishment of the Land and Agricultural Bank of South Africa in 1912, all the provincial banks ceased to exist and their assets and liabilities were transferred into the new bank, cited as "The Union Land Bank."

When the Union Land Bank started business, it had a capital of £2,735,000, derived from the provincial banks on the basis of the settlement under which the amalgamation was effected. In addition to this, its capital consists of—

Such monies as the parliament may from time to time appropriate and such amounts as may be recovered from loans under certain old enactments which become part of the general scheme, and such further amounts as the bank may be able to raise for the purpose of financing co-operative societies by means of—

- (1) discounting with other banks bills of co-operative societies.
- (2) overdrafts with other banks,
- (3) issuing Land Bank bills.

Up to the end of 1922, Parliament had authorized advances to just over £4,000,000. On account of the war, however, all of this had not been paid into the funds of the bank, but £3,060,361 were actually paid in by the Minister

of Finance. In the meantime, approximately £340,000 has been added to the bank as the result of collections under the arrangements mentioned above. The total capital of the bank, therefore, at the end of 1922 was approximately £6,000,000.

On this amount Parliament has authorized the payment of  $3\frac{1}{4}$  per cent, but by resolution of Parliament, the interest charges varied during the period of the war. At the moment, the bank is returning to the state an amount in excess of the cost of the money raised by the state.

This bank is under the management of a central board, appointed by the Governor General, consisting of a general manager and four other members. In addition, local boards have been established at Cape Town, at Port Elizabeth and at Bloemfontein, for advisory purposes only, the headquarters of the bank being at Pretoria.

Under the Act, every magistrate, field cornet and police officer and the Postmaster General and any officer under him are by law agents of the bank when required by the central board to give assistance.

The main objects of the Bank, in so far as they affect agriculture, are—

- (1) to make advances to farmers against the security of first mortgage on agricultural and pastoral lands. Advances cannot be greater than 60 per cent of the appraised value of the land nor greater than a maximum of £2,000;
- (2) to make advances to agricultural co-operative societies against the security of the joint liability of the members for the society's debts;
- (3) to make advances to farmers to construct dipping tanks, silos and other contrivances for the making or storage of ensilage and to erect boundary fences;
- (4) to make advances to settlers who hold land from the Crown under lease or license. In addition, advances made to farmers by Parliament for purposes of relieving distress from time to time have been administered by the Bank;
- (5) to promote co-operation among farmers.

The bank's relation to the co-operation societies, is that of a lending agency. Legally the Bank is not responsible for the formation of these societies. They are formed under a special Act for the Promotion of Co-operation, administered by the Department of Agriculture.

These co-operative societies at first were unlimited liability, but, by an Act passed in 1922, the Bank is authorized to make advances to these societies with limited liability, to receive money on fixed deposits for the purpose of financing co-operative societies and to make advances with respect to fencing of boundaries and public roads.

Prior to 1921, the Bank was authorized to charge only 5 per cent interest; since 1921, 6 per cent interest has been charged on all loans.

It will thus be seen that this Bank serves the purpose of the Long Term Credit and Short Term Credit organizations in other countries, that is, it makes capital loans on first mortgages to farmers, and, in addition, makes short term loans for seasonal purposes through the co-operative societies organized within the Union.

Since its inception in 1912, the Bank has shown a net profit of £355,596, being 5.14 per cent on the capital invested.

"While the bank is conducted on ordinary commercial lines, its object is not to make large profits and the law provides that as soon as the reserve fund and the capital of the bank total such an amount as is in the board's opinion adequate

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to enable the bank to fully carry out its objects, an amount determined by the board will be paid to the Minister of Finance out of the profits and the reserve fund of the bank, but the amount of the reserve fund may not be reduced below £350,000... It is anticipated that the time is not far distant when the bank will be fully able to carry out its objects on its own resources and that it will be in a position to commence the repayment of its capital."

On the 31st of December, 1922, the co-operative societies owed the Bank £750,565, while the turnover of the co-operative societies for the same year was £1,237,400.

The amount of loans on mortgages on 31st December, 1922, was £5,858,824. These figures will suffice to show the relation between Short Term Credit to co-operative societies and that of Long Term Credit on mortgages.

It will thus be seen that under the South African plan, agriculture is called upon to carry itself financially, the government borrowing the money, thus giving security to the lenders and making possible reasonable interest rate, while the business of the bank is supposed to be conducted so as to secure a business-like return to the State.

### The Dominion of New Zealand

The effort to promote agricultural settlement through government support began in New Zealand many years ago and has been worked out with greater detail with respect to the classification of land and the kind of security offered for loans than in any other part of the British Empire.

Under the authority of an Act passed in 1892, the government began the purchase of lands in order to make provision for their sale or lease to private individuals. In 1894, an Act was passed, known as "The Advances to Settlers Act," the first of a considerable number of enactments having for their object the lending of money to settlers and workers for the purchase and improvement of farms and for the general development of the resources of the Dominion.

Two general ideas lie behind all these schemes:—

- (1) The providing of money on security direct to settlers, and
- (2) The providing of money by the government itself in the survey and improvement of purchased lands with the intention of recouping themselves from the sale of the land.

Under the Advances to Settlers Act of 1894, an Advances to Settlers Office was established and authority was taken to raise £3,000,000 within two years for the purposes of the Act.

A number of other Acts were passed prior to 1913 relating to the subdivision of the land, all of which were embodied in a new Act passed in 1913, known as "The State Advances Act."

This Act is of a general character relating to many things other than advances to agriculture, making provision for advances to settlers, for advances to workers and for advances to local authorities. In this report, except incidentally, only the agricultural phases of the Act are dealt with.

#### Advances to Settlers

With regard to advances to settlers, the Act authorizes the establishment of an office, called the State Advances Office, managed by an officer called the Superintendent, who in his own right becomes a corporation. He holds office at the pleasure of the government.

Under this Act, the Advances to Settlers Branch is authorized to make first mortgages on lands in New Zealand when free from all encumbrances, liens and interest, other than leasehold interest. The Act defines freehold land

as land registered under the Registration Act of 1908 and describes a great many other types of land, which, under special forms of lease, are also eligible as security for loans.

Advances are made between the limits of £25 and £2,000, but loans not exceeding £500 are given priority. In the case of freehold lands, loans are granted to three-fifths of the value of the security, or two-thirds, if the land be first class agricultural land. In the case of lands where the security is leasehold, loans are granted to three-fifths of the value of the lessee's interest.

Loans are made at the rate of 5 per cent interest per annum, and are repayable in 36½ years on the amortization principle. The borrower is permitted, however, to repay from time to time part of the principal in amounts not less than five pounds or a multiple of five pounds.

In order to encourage early payment, one-tenth of the interest is rebated, if the mortgagor, not being in arrears for previous instalments, pays his interest on or before the date due.

#### Funds for Loans

Section 18 of the Act sets out the process by which money for the purpose is raised:

- (1) For the purpose of the Advances Office, the Minister of Finance, on being authorized by the Governor in Council so to do, may from time to time raise on the security of and charge upon the public revenue of New Zealand, such sums of money as he deems fit, not exceeding in any one financial year the amounts hereinafter specified.
- (2) The maximum amount that may be raised in any one financial year for the business of the several branches of the Advances Office shall be as follows:

For the Advances to Settlers Branch. . . .	£1,500,000
For the Advances to Workers Branch. . . .	£ 750,000
For the Advances to Local Authorities. . .	£1,000,000

- (3) The sum so raised shall bear interest at such rate, not exceeding five per cent per annum, as the Minister prescribes.

Since the inception of the scheme in 1894, loans have been advanced to 53,228 people amounting to £19,826,000, of which £12,155,812 has been repaid, leaving outstanding £7,670,188. These figures are as at December 31, 1921. Of the loans outstanding at the above date, 14,166 are for sums not exceeding £500.

Of the amount outstanding approximately £4,500,000 is on rural land, the balance being on urban or suburban land.

It may be of interest to note that under the Advances to Workers Branch (and a "worker" is defined as a person whose income does not exceed £200), there has been loaned out £4,446,685, and under the Advances to Local Authorities Branch, there has been loaned out £4,661,000.

In addition to the money raised as described above, the Act authorizes the lending to settlers of the amount paid in to the Public Debt Sinking Fund and the amount also paid in to the Advances Office Sinking Fund.

Sir George Elliott, Chairman of the Board of Directors of the Bank of New Zealand, the government bank, recently stated that the total mortgage indebtedness of New Zealand was not less than £200,000,000. Of this amount approximately £7,000,000 is outstanding under the State Advance Act, which, after all, is a very moderate amount in comparison with the whole. He states that of the £200,000,000 loaned on mortgage, by far the largest proportion has been obtained from sources within the Dominion of New Zealand and represents money in the possession of persons of moderate means.

As a large proportion of the loans under the Advances to Settlers Act is in amounts not exceeding £500, it would appear that advantage has been taken of

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this Act by a considerable number of persons of moderate means, who, at the time of taking the loans, were in the process of establishing themselves.

A Moratorium Act has been in force in New Zealand with respect to repayment of the principal of mortgage loans for nine years and will expire on 31st December, 1924.

During the war period, the same conditions with respect to the prices of land which existed in England and the United States, and, to a limited extent, in Canada, existed in New Zealand, giving rise to after war hardships which made the moratorium necessary.

**Short Term Loans**

The Bank of New Zealand, which is a bank conducted by a Board for the State also does a very large business with the farmers. £10,000,000 of the outstanding obligations as at March 31, 1922, were advances on short term loans made to farmers. A very large proportion of the loans were under £100, and, therefore, were probably made to farmers of moderate means.

During the session of the Parliament of New Zealand of 1922, an Act providing for the incorporation of local associations of the usual co-operative character was passed. The objects to which loans under these organizations could be applied were as follows:—

- (a) Clearing, fencing, drainage and improvement of a piece of ground occupied by the member;
- (b) Construction of buildings on these grounds;
- (c) Purchase of tools, livestock, seed, plants, trees and other things useful for the occupation or exploitation of land;
- (d) Purchase of professional implements;
- (e) Payment of mortgages, debts, and other obligations of the member;
- (f) All the other objects which the Governor General in Council may declare as approved in the sense and for the purposes of the present law.

No associations had been formed under this Act up to 31st July, 1923.

In all the British Dominions, agriculture has felt very heavily the after effects of the war and special consideration has been granted it. Reports would indicate that the institutions described above and designed to aid agriculture are functioning as satisfactorily as could be expected.



## SECTION IV

## RURAL CREDIT IN THE UNITED STATES

## 1. Long Term or Mortgage Credit

The agitation for rural credit in the United States began many years ago. During periods of prosperity it would lie dormant but would spring into life again during periods of depression. The whole movement which led to the establishment of the small state banks with authority to do mortgage business was a result of the conviction that the large national banks under federal regulations were so commercial and industrial in their spirit and organization that the state system of small banks was necessary to agriculture. It was an effort to solve the problem of mortgage credit from within the state. The fact is that almost without being recognized agriculture had become so enormous in its industrial and commercial relations that old methods of financing its operations were felt to be inadequate without the real reason becoming quite apparent. This state of affairs was brought about by the permanent settlement of the enormous areas of good agricultural land and the disappearance of cheap new lands capable of easy settlement; the consequent rise in value of the lands in the settled area and the difficulty of securing, without being possessed of considerable capital, good farms; the better education of the farming population and the consequent application of modern science to agriculture.

With regard to available lands it may be noted that by 1915, six-sevenths of all the free land of the United States had been taken up and what remained was mostly desert, dry or swampy land which could not be brought under cultivation without great capital expenditure. This was brought about by the passage of the Homestead Act of 1862. Long before 1900 therefore land in the settled areas had so advanced in price that the difficulty of obtaining good land by those who desired to cultivate it became very great and larger capital expenditures were necessary. This fact is indicated by the enormous increase in the price of land as shown by the United States census and by the rapid increase in the number of tenant farmers. Land which had been bought originally for \$1.25 an acre was worth in 1915 from \$150 to \$250 per acre. The average price of plow land in the United States in 1919 was estimated by the United States Bureau of Crop Estimates as \$74.31 per acre, while since 1900 the average value of the farms in the country had increased approximately 400%.

Parallel with this rise of values and as a consequence of it was a great increase in the number of tenant farmers. In 1880, 25.6% of the farmers of the United States were tenants; in 1920 this had increased to 38%. The high prices meant either becoming a tenant or removing to the centres of industry.

During the same period and prior to the establishment of the Farm Loan Board in 1916, there had been an enormous growth of farm mortgage business through the agencies established under state and federal laws for the purpose. In 1913, the estimated total value of farm mortgages in the United States was \$3,599,000,000. In the seven years following, this had increased to the enormous total of over \$8,000,000,000, the figure at which it now stands approximately. The agencies granting these mortgages were the Farm Mortgage Banks, Farm Loan Companies, Insurance Companies, local investors, private lenders and State Banks and Savings Banks.

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**Farm Mortgage Banks**

The Farm Mortgage Banks were really the pioneer institutions. They came into being after the Civil War following the development of the western states, because of the necessity for an intermediary between the eastern capitalists seeking investments and the western farmer. Men living in the new centres of populations, familiar with the country and confident of its future loaned their small capital to farmers on first mortgages and then sold the mortgages to the men of means in the East who possessed larger means and who desired good investments. From such a small beginning larger farm mortgage banks came into being, the bank taking the place of the intermediary instead of the individuals. In 1921, Farm Mortgage Banks and Farm Loan Companies organized on the same principles had over \$3,000,000,000 of mortgages. These institutions put their own money into the loan, sell it either directly or by means of bonds to the capitalist, collect the interest and principal and in general act as agents for the secondary investor, while carrying the responsibility for the transaction in case of failure on the part of the borrower.

**Insurance Companies**

Next in importance came the Insurance Companies. These had invested in farm mortgages in 1921, \$1,250,000,000. Many of these mortgages were purchased from the Farm Mortgage Banks. As their aim is security as well as profit, they will doubtless be heavy buyers of the bonds of the Farm Loan Board. A number of these companies are now making loans on the amortization plan.

**National Banks**

Prior to 1913 the National Banks were not permitted to lend on the security of land. They were primarily commercial institutions and required liquid assets. Many of these, however, acted as agents doing the work of a Farm Mortgage Company for private persons and insurance companies. Since 1913 National Banks, when not situated in a Federal Reserve City, may make loans on farm lands under certain definite restrictions. For example, such a loan can only be a first mortgage on improved property and the total loans at any time must not exceed one-fourth of the capital and surplus of the banks.

**State Banks**

Since 1890 a very large part in mortgage credit business has been played by the State Banks. Of these there are now nearly 20,000 in the United States. As previously stated they grew rapidly after the free lands had been settled and the demand for rural credits became somewhat insistent. They depend mainly on the farming community for their business and are planned to meet its needs. Many of them prefer the State charter to the National charter for the reason that the former carries with it more privileges in the direction of the mortgage business. It is estimated that the mortgages held by the State Banks amounted in 1915 to at least \$1,000,000,000. They are, however, definitely restricted by the fact that most of them have small capital and are provincial in their character and outlook.

**Trust Companies and Other Organizations**

In addition to the foregoing a considerable amount of farm mortgage business is done by Trust Companies, Building and Loan Associations and a great variety of saving banks operating under state laws. Probably one-third of the total mortgage business is done through these agencies.

With all these agencies at work it would seem that all legitimate claims for money on farm mortgage security would be met.

That such was not the case was due to following causes:—

(1) The high average of interest rates which prevailed, when compared with the European farmers with whom the American farmer must compete, especially in the newer settled parts of the country, the parts least able to pay.

(2) The excessive costs connected with the making of loans, namely legal costs, commissions, and incidental expenses.

(3) The impossibility of meeting mortgage payments out of production of the land because of the short terms for which the mortgage was made. This is emphasized when the increased cost of the instruments and methods of production are considered.

(4) The knowledge that in other countries schemes of a national character had been found to work well both in the national interest and the interest of the farmer.

### Interest Rates

With regard to the interest rates, the facts are that the average rate of interest on first mortgage loans in thirty states of the Union was 7 $\frac{1}{2}$  per cent in 1915.<sup>1</sup> To this must be added legal expenses, commissions and other charges. In the different states the averages were as follows: Alabama, 8.8 per cent; Arkansas, 8.8 per cent; Arizona, 10 per cent; Illinois, 5.5 per cent; Indiana, 5.6 per cent; Iowa, 5.6 per cent; Massachusetts, 5.5 per cent; Minnesota, 6.2 per cent; Montana, 9.3 per cent; Ohio, 5.7 per cent; Oklahoma, 7.2 per cent; Pennsylvania, 5.3 per cent; Texas, 8.5 per cent; Utah, 8.7 per cent; Wisconsin, 5.6 per cent; Wyoming, 9.2 per cent. In comparison the average in Europe does not exceed 5 per cent.

Not only was there a variation between the states but just as great a variation within the individual states. In Minnesota, an extreme case, it varied from 5 per cent in the south to 9 or 10 per cent in the north. Without question these variations represented to a certain extent variations in the quality of the security. Soil and climatic conditions, the type of farming, the distance from markets, also played a part, but it was firmly believed that the public were being exploited by the money-lender especially in the new districts where there was not much competition. It was recognized that this could not be corrected by the small banks whose facilities for getting money were limited and by whom a rediscounting was absolutely necessary if considerable business was to be done.

With regard to (2), excessive costs in obtaining money, it is only necessary to say that for short term mortgage loans, two to five years, a commission of 5 per cent or over was often charged; this added to the interest rate one or two per cent. When it is added that two-fifths of the total mortgage debt is in the west north central states where the average rate is high, it seems reasonable to assume that the average interest charges of the thirty states were not far from 8 $\frac{1}{2}$  per cent interest, with legal charges still remaining to be accounted for, while in many of the states it greatly exceeded that sum.

With regard to (3), the impossibility of meeting mortgage payments under the short term conditions of payment, especially by those whose original capital was small, was everywhere apparent. It is hardly necessary to repeat that mortgage payments on land at \$50 to \$75 per acre are an entirely different thing from such payments at \$10 per acre. In the latter case payments from production might be possible; in the former it would be impossible unless the mortgage was on a small percentage of the value. New methods had to be devised.

To this was added (4) the knowledge, that schemes less oppressive to the borrower, of greater security to the lender and at lower rates of interest were working well elsewhere, and this created the demand for careful consideration of the whole subject.

<sup>1</sup>Investigations made by the Rural Organization Service of the United States Government.

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A distinguished authority on agriculture, the Assistant Secretary of Agriculture in 1915 stated the matter to a body of bankers in the following terms: "I believe I am not overstating the matter when I say that a satisfactory system of Rural Credit is as necessary to the development of agriculture in the country as is a widespread application of scientific methods to agriculture. As a matter of fact, it is impossible for the farmers to make use of the latest scientific discoveries without better credit facilities." It is hardly necessary to state that the two go hand in hand.

In 1913, two commissions were sent to Europe from the United States to study and report on European methods. These were the "United States Commission" and the "American Commission on Rural Credits." The former was appointed by the United States Congress, the latter was assembled by the Southern Commercial Congress, an organization in the southern states interested especially in the industrial, commercial and agricultural development of the southern states. The reports of these commissions were published by the United States Senate and became the basis of future legislation. If I were to select one fact as impressing the American mind more profoundly than any other as the result of the studies in Europe of these commissions, I would say it was the fact of farm mortgage bonds or debentures coupled with amortization.

One observer, a member of Congress, stated this conviction thus "One of the most important discoveries in the world was the invention of the farm mortgage bond or debenture as an instrument to promote land credit. There never has been a successful system of land credit established in any country that does not use the mortgage bond or debenture as an instrument of credit to mobilize and liquefy land values. Through the mortgage bond the farm mortgage has been made easily negotiable and put in such a form that the holder may realize thereon immediately."

The result of all this agitation was the passing of a number of acts for the purpose of promoting Rural Credit. Of these, one was especially designed to promote *Long Term Mortgage Credit*, viz:—

#### THE FEDERAL FARM LOAN ACT

The Federal Farm Loan Act was approved by the President of the United States on July 17th, 1916. It is described in the Act itself as an act "to provide capital for agricultural development, to create a standard form of investment based on farm mortgages, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to create government depositories and financial agents for the United States, and for other purposes."

Under this Act, there is established at the seat of government in the Department of the Treasury, a Federal Farm Loan Bureau, under the supervision of a

#### FEDERAL FARM LOAN BOARD

This Federal Farm Loan Board consists of seven members including the Secretary of the Treasury, who is Chairman, ex-officio. The remaining six members are appointed by the President of the United States, by and with the consent of the Senate. Of the six, not more than three are to be members of one political party and all must be citizens of the United States. They all devote their entire time to the work of the Board and are paid \$10,000 per annum for their services. The term of office is eight years and members are only removable for cause; they cannot be connected with any mortgage or bonding business and must certify to this under oath before appointment.



### FEDERAL LAND BANKS

Under the Act, the Federal Farm Loan Board is instructed to divide the United States, into twelve districts, to be known as Federal Land Bank districts, the districts to be apportioned with regard to the farm loan needs of the country.

In each of these districts, they are authorized to establish a Federal Land Bank "with its principal office, located in such city within a district as the Board shall designate." The name of the city in which the bank is located is included in the name of the bank. These banks are now located in the cities of Springfield, Mass., serving Maine, New Hampshire, Vermont, Massachusetts and New York; Baltimore, Md., serving Pennsylvania, Maryland, Delaware, Virginia, and West Virginia; Columbia, S. C., serving North Carolina, South Carolina, Georgia and Florida; Louisville, Ky., serving Kentucky, Indiana, Ohio and Tennessee; New Orleans, serving Louisiana, Mississippi and Alabama; St. Louis, Mo., serving Illinois, Missouri and Arkansas; St. Paul, serving Minnesota, Wisconsin, Michigan and North Dakota; Omaha, serving South Dakota, Nebraska, Iowa and Wyoming; Wichita, serving Kansas, Oklahoma, Colorado and New Mexico; Houston, serving Texas; Berkeley, serving California, Nevada, Utah and Arizona; Spokane, serving Montana, Idaho, Oregon and Washington.

Only one Federal Land Bank is allowed in each district. Each bank is a separate corporation independent in its organization and management, but is under the general supervision of the Farm Loan Board. In the case of each bank there is a directorate composed of seven persons, three of whom are elected by organizations to be described hereafter, known as National Farm Land Associations, three are appointed by the Farm Land Board and a Director-at-large, also selected by the Board from a list of three persons having the greatest number of votes cast for them by the National Farm Loan Associations.

#### Capital

When each Federal Land Bank was organized, it was organized with a capital stock of \$750,000, supplied by the Federal Government. Under the Act, this is automatically increased by five per cent on each loan made. This five per cent is derived by the compulsory sale of stock to each member of a local association who must subscribe, and pay for in cash, five per cent of the amount he desired to borrow. The capital stock, therefore, of each bank goes up and down automatically, depending upon the amount of outstanding loans.

### NATIONAL FARM LOAN ASSOCIATIONS

In each federal district, National Farm Loan Associations must be organized by persons desiring to borrow money on farm mortgage security. The persons so desiring must sign articles of association, specifying in general terms the objects for which the association is formed and the territory in which it desires to operate (generally a county). These National Farm Loan Associations thus become incorporated and are the only medium, excepting in very special cases, through which persons desiring to borrow money from the Federal Land Bank can do so. These are, in reality, local semi-co-operative associations, associations of borrowers, who become responsible for initiating all loans in their district. Only persons desiring to borrow money from a Federal Land Bank can become members of one of these associations.

A National Farm Loan Association must consist of ten or more farmers, whose joint applications for loans are not less than \$20,000. Each borrower, as



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before stated, must subscribe for stock equivalent to five per cent of the desired loan and assume a liability, in case of loss, for an additional five per cent. In other words, the local associations are double liability corporations. For example, should a borrower desire to borrow \$1,000 he must buy fifty dollars' worth of stock in the local association and become liable for an additional fifty dollars, in case of failure of members of the local association to meet their obligations. If the farmer has not the money to buy stock, it is deducted from his borrowings.

The affairs of a local association are administered entirely by officers appointed by the association itself. Each borrower has a vote for each five dollar share of stock he holds up to twenty. No one stock holder in the local association has more than twenty votes, no matter what the amount of stock he holds.

**Loans Through Agents**

In addition to making loans through the local associations, the Federal Farm Loan Act provides that a Federal Land Bank may make loans on farm lands through agents approved by the Board. Such agent must be a bank, a trust company, a mortgage company, or a savings institution, chartered by the state in which it is operating. This privilege may be taken advantage of in sections of the country where there are not enough farmers desiring loans to organize a local association. In the case of a loan through a local association it is endorsed by the association, which becomes liable to the extent of the double liability clause. In the case of an agent, however, the agent must endorse the loan and assume full liability for it. In return for this liability, the agent is allowed a certain percentage per annum on the unpaid capital. This is supposed to give to the agent a security corresponding at least to the double liability security of the association.

It will, therefore, be seen that under the Federal Farm Loan Act, loans are not made by the Federal Land Banks directly to individuals, but only to individuals applying through associations and recommended by them for loans. Every member of the association making the recommendation becomes responsible to the extent of ten per cent of his own borrowings for the total indebtedness of the association. The definite aim of the Federal Land Bank is to keep itself free from direct relationships with the individual and to force the organization, wherever possible, of the National Farm Loan Associations.

**Organization of Farm Loan Association**

The following illustration will make the process or organization clear. Let us assume that a farmer wishes to borrow the sum of \$2,000. He must get at least nine other persons in the community, the total of the borrowings asked for being not less than \$20,000, to join him in forming an association.

A meeting of the borrowers is then called and each applicant subscribes for stock to the extent of 5 per cent of the loan he desires. The law requires that five directors be elected each member having the privilege of voting, one vote for each share of stock up to twenty shares. A directors' meeting must then be held and a president, vice-president, secretary-treasurer and loan committee of three members elected, the directors themselves not being members, of the loan committee. All officers must be members of the association, excepting the secretary-treasurer, who must be a person selected especially for his suitability for the work, very often a local bank manager. He is the only officer who receives compensation for his services. When the foregoing has been completed, the group is ready to enter into articles of association. These articles can be obtained from the Federal Land Bank. The signed articles of association

with the applications for loans are then sent to the Bank, which sends an appraiser to investigate the security carried with the loans. After this investigation, if everything is satisfactory, the decision of the Bank is forwarded with a recommendation to the Federal Farm Loan Board, which, although almost always following the advice of the Federal Land Bank, nevertheless has power to refuse the charter. When the Board grants the charter, however, it is forwarded to the association from the Federal Land Bank of its own district. When the appraisals and applications have been fully approved and the charter granted, the loans are forwarded to the secretary-treasurer of the local association, who distributes the funds according to the applications made. As has already been stated, membership in the local association is confined to actual farmers who wish to borrow on a first mortgage basis.

After an association has been formed in a district, should another person desire to become a borrower under the system, he must make application through the Secretary-Treasurer of the local association and be accepted by a two-thirds vote of the board of directors. By purchasing the amount of stock representing 5 per cent of the desired loan, he becomes a member of the association and his application is forward with recommendation to the Federal Land Bank of his district. An appraiser of the Farm Loan Board is then sent to pass judgment on the loan. This appraisal is submitted to the Federal Land Bank and compared with the appraisal of the local committee. It is then sent to the Farm Loan Board for approval before the loan is made. If the money is granted, the money will be forwarded to the individual from the Bank through the secretary-treasurer of the association of which he has become a member.

Non-resident landowners, landlords, land speculators, or other persons who are not bona fide farmers, are not admitted to membership in these associations, and therefore cannot borrow from these banks.

#### **Dividends on Stock**

The money paid in for stock is deposited with the Federal Land Bank as additional security for the loans, but dividends are paid upon this stock through the secretary of the association, generally at a rate equivalent to the rate of interest paid for mortgages. The association has the right to allocate a part of this for the expenses of the association. It is a custom in many of the associations to use these dividends entirely for local expenses.

#### **Amount of Loan and Interest Rate**

The maximum amount which a farmer may borrow on his farm is 50 per cent of its appraised value for agricultural purposes plus 20 per cent of the permanent insured improvements.

The interest charges of all loans are fixed by law at a maximum of 6 per cent not, however, to exceed the interest charges paid on mortgage bonds sold by more than one per cent. For example, if the last sale of mortgage bonds was made at  $4\frac{1}{2}$  per cent then the interest charges could not exceed  $5\frac{1}{2}$  per cent. This prohibits the sale of bonds at a rate par of greater than 5 per cent.

#### **Terms of Repayment—Amortization**

All loans are repaid on an amortization basis, the borrower having the right to select the number of years for repayment, provided it is not less than five nor more than forty. The working of the amortization plan can, perhaps, be made more clear by taking an illustration. A borrower has \$1,000 at  $5\frac{1}{2}$  per cent, to be repaid in half-yearly payments in  $34\frac{1}{2}$  years. To do this requires an amortization rate of one per cent, in addition to the ordinary interest charges. Assuming the interest charges to be  $5\frac{1}{2}$  per cent then the charge, including amortization, would be  $6\frac{1}{2}$  per cent. Under the plan,  $6\frac{1}{2}$  per cent, of the original

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loan of \$1,000 viz., \$32.50, would be collected every six months. The difference between the interest requirement of  $5\frac{1}{2}$  per cent. on the sum due at any given time and the  $6\frac{1}{2}$  per cent. on the total borrowing would be credited as an instalment on the principal. The following table will show how it would work out in this particular case:

Principal, \$1,000. Rate,  $5\frac{1}{2}$  per cent. Semi-annual Instalments, \$32.50. Final Instalment, \$32.42.

Amortization Table				Amortization Table			
No.	Interest	Principal	Balance	No.	Interest	Principal	Balance
	\$ cts.	\$ cts.	\$ cts.		\$ cts.	\$ cts.	\$ cts.
1.....	27 50	5 00	995 00	35.....	19 92	12 58	711 02
2.....	27 36	5 14	989 86	36.....	19 58	12 92	699 00
3.....	27 22	5 28	984 58	37.....	19 22	13 28	685 72
4.....	27 08	5 42	979 16	38.....	18 86	13 64	672 08
5.....	26 93	5 57	973 59	39.....	18 48	14 02	658 06
6.....	26 77	5 73	967 86	40.....	18 10	14 40	643 66
7.....	26 62	5 88	961 98	41.....	17 70	14 80	628 86
8.....	26 45	6 05	955 93	42.....	17 29	15 21	613 65
9.....	26 29	6 21	949 72	43.....	16 88	15 62	598 03
10.....	26 12	6 38	943 34	44.....	16 44	16 06	581 97
11.....	25 94	6 56	936 78	45.....	16 01	16 49	565 48
12.....	25 76	6 74	930 04	46.....	15 55	16 95	548 53
13.....	25 58	6 92	923 12	47.....	15 08	17 42	531 11
14.....	25 38	7 12	916 00	48.....	14 61	17 89	513 22
15.....	25 19	7 31	908 69	49.....	14 11	18 39	494 83
16.....	24 99	7 51	901 18	50.....	13 61	18 89	475 94
17.....	24 78	7 72	893 46	51.....	13 09	19 41	456 53
18.....	24 57	7 93	885 53	52.....	12 56	19 94	436 59
19.....	24 35	8 15	877 38	53.....	12 01	20 49	416 10
20.....	24 13	8 37	869 01	54.....	11 44	21 06	395 04
21.....	23 90	8 60	860 41	55.....	10 86	21 61	373 40
22.....	23 66	8 84	851 57	56.....	10 27	22 23	351 17
23.....	23 42	9 08	842 49	57.....	9 66	22 81	328 33
24.....	23 17	9 33	833 16	58.....	9 03	23 47	304 86
25.....	22 91	9 59	823 57	59.....	8 38	24 12	280 74
26.....	22 65	9 85	813 72	60.....	7 72	24 78	255 96
27.....	22 37	10 13	803 59	61.....	7 04	25 46	230 50
28.....	22 10	10 40	793 19	62.....	6 34	26 16	204 34
29.....	21 81	10 69	782 50	63.....	5 62	26 88	177 46
30.....	21 52	10 98	771 52	64.....	4 88	27 62	149 84
31.....	21 22	11 28	760 24	65.....	4 12	28 38	121 46
32.....	20 91	11 59	748 65	66.....	3 34	29 16	92 30
33.....	20 59	11 91	736 74	67.....	2 54	29 96	62 34
34.....	20 26	12 24	724 50	68.....	1 71	30 79	31 55
				69.....	0 87	31 55	.....

The form of note taken in this case by the bank is as follows, and it is held along with a mortgage registered against the property of the borrower:—

Loan No.....

\$1,000.00

.....19....

For value received.....promise to pay to the order of THE FEDERAL LAND BANK OF SAINT PAUL at its office in the city of St. Paul, Minnesota, the sum of

ONE THOUSAND DOLLARS

with interest at the rate of five and one-half per cent per annum, payable semi-annually in manner and form as follows:

In sixty-eight semi-annual instalments of  
THIRTY-TWO DOLLARS AND FIFTY CENTS

each, payable on the.....day of.....and.....in each year, and a final instalment of

## THIRTY-TWO DOLLARS AND FORTY-TWO CENTS

payable on the.....day of.....19.... unless this note shall be sooner matured by extra payments on account of principal, such method of payment being on the amortization plan and in accordance with the amortization tables printed on the back hereof which are hereby accepted and made a part of this note. Extra payments can only be made on the regular instalment due dates. This note is secured by real state mortgage of even date herewith.

If default is made in the payment of an instalment or instalments as herein provided, the same shall bear simple interest from the date of such default at the rate of eight per cent per annum, as provided by the Federal Farm Loan Act.

If default be made in the payment of any instalment or instalments of this note, or if default be made in respect to any condition or covenant contained in the mortgage which secures the payment hereof, then the entire principal of this note remaining at that time unpaid, together with the accrued interest shall, at the option of the holder hereof, become immediately due and payable.

.....  
 .....

Under the Farm Loan Act, however, the borrower has the right after five years to repay at any interest payment date such additional instalments of the principal as he may desire.

Section 9 of subsection 12 of the Act, which reads as follows, defines the position of the borrower in relation to defaulted payments and other legal charges:—

“Every borrower shall pay simple interest on defaulted payments at the rate of eight per centum per annum, and by express covenant in his mortgage deed shall undertake to pay when due all taxes, liens, judgments, or assessments, which may be lawfully assessed against the land mortgaged. Taxes, liens, judgments or assessments not paid when due, and paid by the mortgagee, shall become a part of the mortgage debt and shall bear simple interest at the rate of eight per centum per annum. Every borrower shall undertake to keep insured to the satisfaction of the Federal Farm Loan Board all buildings the value of which was a factor in determining the amount of the loan. Insurance shall be made payable to the mortgagee as its interest may appear at time of loss, and, at the option of the mortgagor and subject to general regulations of the Federal Farm Loan Board, sums so received may be used to pay for reconstruction of the buildings destroyed.”

### Type of Security

Loans are made only on first mortgages on farm lands and the purposes to which the proceeds of the loan may be put are defined in the Act, as follows:—

“To provide for the purchase of land for agricultural uses.

“To provide for the purchase of equipment, fertilizers, and live stock necessary for the proper and reasonable operation of the mortgaged farm. The term “equipment” to be defined by the Federal Farm Loan Board.

“To provide buildings and for the improvement of farm lands, the term “improvement” to be defined by the Federal Farm Loan Board.

“To liquidate indebtedness of the owner of the land mortgaged, existing at the time of the organization of the first local farm loan association established in or for the county in which the land mortgaged is situated, or indebtedness subsequently incurred for purposes mentioned in this section.”

The term “equipment” has been defined by the Farm Loan Board to include “the implements needed in the conduct of a farm to facilitate its operations. It may consist of teams, as well as machinery, tools and like articles.

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The term "improvements" has been defined by the Federal Farm Loan Board as including "anything in the form of a beneficial structure, or any useful, permanent physical change tending to increase productive value, such as clearing, tilling, draining, fencing, building."

**Loans Limited**

In the original Act, the size of the loans was limited, viz., a minimum of \$100 and a maximum of \$10,000. In March, 1923, an amendment was passed to the law permitting a maximum of \$25,000.

**Legal Charges**

Certain charges are permitted by the Farm Loan Board to be collected by the association from borrowers as follows:—

- (1) An application fee of \$10.00 to cover cost of appraisal and the expenses of the local association.
- (2) The cost of title research.
- (3) The preparation of an abstract.
- (4) The recording of papers.

These costs will vary somewhat, depending upon the position of the title of the individual borrower. In the case of clear title, they will be small. Where there are difficulties to overcome and title to be cleared, the cost would necessarily be higher. On the other hand, there are no renewal costs, no bonuses and no recording or mortgage taxes.

**Reasons for Share Stock of Local Association**

It would appear that there were three main objects in having the purchase of stock made compulsory upon the borrowers:—

- (1) To make the local associations more careful in their appraisal of lands and in the persons to be recommended for loans, as all the members are obligated to the extent of ten per cent. of their own borrowing for mistakes made. They would thus be made more anxious to recommend loans with a reasonable appraisal of lands and to insist upon payments of interest and amortization charges on the part of persons who might otherwise be careless.
2. As the sale of farm mortgage bonds was fixed to not exceed twenty times the capitalization of the bank, the collection of 5 per cent. in cash from the borrower for capital stock made it possible for each borrower to capitalize his own loan, so that the capital stock of the bank increases and decreases just in proportion to the amount of the loans issued.
3. To bring into the association only persons of good standing. Special enquiry is made concerning a man's standing in his community and the personal element enters into decisions regarding loans.

As previously stated, the Government originally capitalized each one of the twelve Banks with a sum of \$750,000 making a total of \$9,000,000 in all. This capitalization does not receive dividends. It is really a loan by the Government without interest to the Banks. All the additional capital is raised by the sale of mortgage bonds, the amount issued not to exceed twenty times the capitalization of the bank. The additional capitalization required in order to increase the sale of the bonds is provided as stated above by the sale to the borrowers of stock representing one-twentieth of the amount they borrow. It will thus be seen that the whole organization is essentially an organization of



borrowers following the German *Landschaft*, as distinguished from the French *Credit Foncier*, where the capital of the organization is provided by selling stock to persons seeking investments. There are no outside capitalists making dividends by means of profits. Investors are guaranteed the interest on the bonds by the Federal Land Bank. All other profits, after expenses have been paid, go into a common fund in the interest of the Bank and to pay dividends on the stock held by the borrowers. All bonds issued under this system are exempt from taxation.

#### **Deposits**

These Federal Land Banks are not banks in the ordinary sense of the word. They are not permitted to accept deposits of current funds payable on demand, excepting from their own stock holders, nor are they permitted to do ordinary banking business; they are not allowed to loan money on mortgage, excepting through the Farm Loan Associations or under the special provision for agents in districts where there are no Farm Loan Associations; they are not permitted to demand or receive any commission of any kind not specifically authorized under the Act; they are mortgage corporations limited to acting as intermediaries between investors wishing to buy bonds and borrowers wishing to secure money on mortgage. Under the Act, however, the Secretary of the Treasury is authorized, in his discretion, upon request of the Farm Loan Board, to make deposits of federal funds for the temporary use of any Federal Land Bank out of unappropriated money in the Treasury. For such deposit the bank must pay the usual Government deposit rate and must give satisfactory security to the Treasury. A limit was originally fixed at \$6,000,000 as an aggregate for such deposits.

During the years 1919, 1920, 1921, the United States Treasury, under authorization of Congress, was permitted to purchase \$100,000,000 annually of the bonds of the Farm Loan Board the reason given being that as the Government was selling bonds in enormous quantities for war purposes it preferred to monopolize the market for the time, and so included the Farm Loan Boards' demands with its own. Without question it established a rate for the sale of the bonds.

#### **Sale of Bonds**

At first it was arranged that each of the twelve Banks would issue its own bonds in its own market. At the same time the Farm Loan Board fixed the rate of interest to be charged at a maximum of 6 per cent, and required uniformity in rates as far as possible. It was soon seen that these two things were inconsistent with one another. Bonds offered for sale, for example, for the Bank operating in Oregon, could not meet the prices that could be obtained for bonds offered for sale for the Bank in Baltimore or in Springfield. The same general motive that causes interest rates to be higher in the West than in the East, as demanded by mortgage companies, became apparent with respect to the sale of these bonds, and that, as a common rate of interest was to be charged, it would be necessary that some common scheme for the sale of bonds should be arranged. The Act was amended, therefore, unifying the responsibility of the twelve banks for each other's issues, and making possible a central agency, under the authority of the Farm Loan Board, for the purpose of selling all the bonds issued by the various Banks. The selling agency has been organized. The head of it is one of the great bond houses of the United States with which are associated 5 others forming a Syndicate. Under this Syndicate are some 800 smaller bond houses and banks operating through approximately 8,000 selling agents, distributed in all parts of the United States. The Syndicate re-

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ceives 1 per cent for selling the bonds and pays  $\frac{3}{4}$  of 1 per cent to the sub-agencies for the amounts of their sale. There is now no trouble disposing of all the bonds offered at from  $4\frac{1}{2}$  to 5 per cent interest rate for par.

## JOINT STOCK BANKS

In addition to the Federal Land Banks operating through the local associations, the Federal Farm Loan Act provides for the incorporation of Joint Stock Land Banks for the purpose of carrying on mortgage business through the issuing of farm loan bonds. These are private corporations, although definite limitation is placed by the Act upon their activities. These banks may be organized by ten or more persons forming themselves into a corporation. They must have a subscribed capital of not less than \$250,000, half of which must be paid in cash, the balance subject to call by the Board of Directors. Their charter is issued by the Federal Farm Loan Board on their complying with these conditions, just as in the case of the Federal Land Banks. They are not allowed to issue bonds until their entire capital stock is paid up.

Further, they are exempt from certain of the provisions laid down in respect to the Federal Land Banks; for example, they are freed from the control of the Farm Loan Board with respect to revisions and alterations of interest rates from time to time, and with respect to the nature of the mortgage. They are also permitted to make loans for purposes other than the purposes defined for the Federal Land Bank, and may operate outside a fixed district. They are allowed also to lend larger amounts than the Federal Land Banks, the limit being \$37,500 for Banks with a capitalization of \$250,000 and \$50,000 for those with larger capital. On the other hand, instead of being permitted, as in the case of the Federal Land Banks, to issue bonds aggregating twenty times their paid-up capital, they are not permitted to issue bonds to exceed fifteen times their paid-up capital and surplus, nor are they aided by grants directly made from the Treasury of the United States. It was intended apparently in the creation of these banks to provide a method of securing farm loans based on a security slightly different from that which the Federal Land Bank was authorized to accept and to trust to the initiative of private enterprise to take risks that could not be permitted under the Federal Farm Loan System. These profit-making institutions were, therefore, created with rather strictly defined modes of operating to enable loans to reach persons who could not be reached by a Federal Land Bank. They may lend to individuals. They function in a slightly different way from the Federal Land Banks, and on the whole are charging higher rates of interest, and, in all probability, taking risks which, as a private enterprise, they feel they can afford to take. They correspond somewhat to the *Crédit Foncier*.

## Growth of Business—Federal Land Banks

Since their inauguration, seven years ago, the business of the Federal Land Banks has had a very rapid development.

On February 29, 1924, the Assets of the Federal Land Bank System stood at.	\$936,694,908.00
Mortgage Loans had been made valued at.	832,202,914.00
While the total capital stock was.	44,684,777.00
Of this amount there had been collected from National Farm Loan Associations.	42,432,667.00
In addition there had been paid back into the United States Treasury of the original loan of \$9,000,000 for capitalizing the twelve Banks.	7,014,000.00
Dividends had been paid to the National Farm Loan Associations of.	8,828,173.00
And there is a total Reserve and Undivided Profits of.	7,814,341.00
During the months of January and February, 1924, loans were made to the extent of.	35,378,000.00
Farm Loan Bonds were outstanding to the amount of.	865,206,665.00

The loan was distributed to the various banks of the system as follows:—

Springfield.. . . .	\$ 30,967,968.00
Baltimore.. . . .	41,553,691.00
Columbia.. . . .	52,292,055.00
Louisville.. . . .	78,981,846.00
New Orleans.. . . .	74,885,917.00
St. Louis.. . . .	60,233,912.00
St. Paul.. . . .	104,154,746.00
Omaha.. . . .	97,417,171.00
Wichita.. . . .	73,690,608.00
Houston.. . . .	93,516,680.00
Berkeley.. . . .	36,254,955.00
Spokane.. . . .	87,908,359.00

Every state in the Union and Porto Rico have received financial assistance through these banks the amount varying from \$254,200 for Delaware to \$93,-516,680 for Texas. Broadly speaking, the Western States and the newer States on the southwest have benefited most.

#### Growth of Business—The Joint Stock Land Banks

The Joint Stock Land Banks, under the Federal Farm Loan Board, have been very keen rivals of the Federal Land Banks as the following figures given below will show.

Eighty of these Joint Stock Land Banks have organized since the system began operation.

On February 29, 1924, their assets stood at.. . . .	\$138,397,336.00
They had capital stock paid in to the amount of.. . . .	34,233,520.00
There were outstanding mortgage loans to the amount of.. . . .	400,988,343.00
They had Farm Loan Bonds outstanding to the amount of.. . . .	368,176,900.00

Combining the figures Federal Land Banks and the Joint Stock Banks they show the number of loans made from beginning to be 351,183 and the amount of loans made from beginning, \$1,318,843,548.00.

As the total outstanding farm mortgages indebtedness of the United States is now approximately \$8,000,000,000 it will be seen that the Banks operating under the Farm Loan Board now hold about 16 1/3 per cent. of the whole. The loans under the system will have to increase materially before the 40 per cent. ratio of Germany will be reached. There can be no doubt, however, but that there has already been a regulatory influence on interest rates.

One further word with regard to the Federal Farm Loan Associations. Approximately 5,000 of these have been organized in the United States and through these have been issued the major part of the loans under the Federal Land Banks as distinguished from the Joint Stock Banks. As previously stated, the object of organizing these local associations was to create a spirit of co-operation among the farmers and to ensure that the administration of the whole system should ultimately be in the hands of the borrowers themselves and not, as in the Joint Stock Company Banks, in the hands of private individuals for the purpose of making profit. I found a good deal of difference of opinion as to the value of these associations, depending, I think, to a considerable extent, upon the temperament of the management of the Land Bank. For example, one bank president quite openly stated that he did not believe that the local associations were of any real value, that the persons in them did not co-operate, that at times it was difficult to get them to meet, in order to pass upon loans that were urgent, and, on the whole, he would prefer to deal with the individuals through the other appointed agencies allowed under the Federal Farm Loan Act. On the other hand, other bank presidents were strongly in favour of the local association, but I found in such cases they had been spend-

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ing a good deal of time trying to bring about a spirit of co-operation among the borrowers and were convinced that as the days went by these associations would become a strong conservative influence in maintaining the integrity of the Bank. In the beginning, there was a disposition on the part of the local association members to over-value their property, having, doubtless, the feeling that it was government money they were using and, therefore, were disposed to take as much as would be allowed. This, I was informed, very rapidly disappeared when they began to realize that, in case of loss, they would be called upon under the double liability clause, so that, with the passing of years and a better understanding, these local associations are becoming helpful, not only in their own communities, but helpful also in relation to the Bank.

The two things that stand out as having been definitely accomplished by the Federal Farm Loan system are:—

(1) Equalization of interest, viz., a maximum of six per cent, from the Atlantic to the Pacific. This was only made possible by the establishment of mutual responsibility between all twelve banks and the fact that the scheme being under the supervision of the Federal Farm Loan Board gave confidence to the investing public.

(2) The second is the firm establishment under this system of the principle of amortization of farm loans. It seems worth repeating a statement previously made that the scheme of amortization would not have been valuable in the days when there was plenty of cheap land and farmers could move easily from one place to another for purposes of settlement. Under these circumstances, it might be possible by means of production, in a short period of years, to repay mortgages raised on land at these cheap valuations, but with the increasing valuation of land, the increased capital investment necessary for the purchase of a farm, the old system of short mortgage made the redeeming of a mortgage impossible out of farm production and the United States farmers found themselves in exactly the same position that the farmers of Europe found themselves in one hundred years ago. The establishment of this principle without question will enormously strengthen the position of the American farmer in competition with Europe.

On the other hand, I think it is wise to point out that the Federal Farm Loan scheme was conceived as a business scheme intended to be self-supporting and ultimately free from any lien upon the Government. The result is loans have only been made where the security was of a class to warrant the loan, and under very rigid terms. While the advantage of interest rates and of amortization were made available to the farmers, there was no slackening in the demand for a proper security for the money loaned. This, in my judgment, is the real reason why the Federal Land Banks of the north-western states have not been able to meet the financial needs of these communities. In parts of these states, at least, a condition of affairs has been reached with regard to income from land that makes it impossible for money to be loaned by the Federal Land Banks or any other bank with the security which the law demands. I feel confident that the major part of the complaints made, and there are many, against the operation of the Federal Land Banks, is due to the fact that they have refused to make loans of money against properties that could not offer sufficient security. In other words they have refused to become philanthropic institutions.

## 2. Short Term and Intermediate Credit

Before entering into a discussion of the organization of the Federal Intermediate Credit Banks, it seems necessary to look broadly at the way the problem of Short Term Credits for Agriculture has been faced in the United States. As stated previously, the agitation for a better scheme of rural credits



involving both mortgage credit and short term credit began many years ago. In fact, the whole movement for the establishment and maintenance of small State Banks had behind it the desire to take advantage of the commercial opportunities which agriculture offered, and, at the same time, to provide better facilities for agricultural credit. An illustration of this can be seen in the Bank Law of the State of Kansas, passed in 1897, which grew out of the agitation which followed the period of depression from 1891 to 1895. The objects and methods of the System, as set forth by one of its authors, is as follows:—

- (1) To finance the farm efficiently.
- (2) To oversee the investment of money in farms so that it would be made productive.
- (3) To supervise the farming operations of the borrower so as to ensure profitable return.
- (4) To compel the majority of the directors of the bank to live at the place where the bank is located.
- (5) To make the capital small so that it could be put in rural communities, yet having the competition of nearby banks.

It was believed that, with proper local organization and oversight, risks could be taken on individuals which a large bank, without the local knowledge could not afford to take. These banks were deposit banks only, and aimed at using the local capital available in the development of the local community. That these banks have flourished side by side with national and private banks, there is no doubt, and their local intimate relation to the local community has been of immense value. Similar statements could be made with regard to the other State Banking Systems, at least as operated in most of the Western States of America.

The whole matter was brought into prominence again during the crisis of 1907 when so many of the small banks of the United States closed their doors. This was due largely to the absence of a plan by which the banks in the country could adjust themselves in relation to each other. Corresponding to the agitation which led ultimately to the establishment of the Federal Farm Loan Board, there was also an agitation for the securing of better facilities through which capital might flow from one part of the country to another in times of stress. In 1909 a Monetary Commission was appointed by the United States which, after a very intensive study of banking methods in other countries, ultimately brought about the system known as "The Federal Reserve System." It was felt at that time that the scheme of small banks scattered throughout the country, of which there were nearly 30,000, was very effective, in so far as they related to the local community in which they operated. The absence of some centralizing agency was very severely felt, however, especially in times of depression. A competent authority has stated these difficulties as follows:—

- (1) Decentralization.
- (2) Inelasticity of credit.
- (3) A cumbersome exchange and transfer system.
- (4) Defective organization as regards relation to the Federal Treasury.

With regard to the first of these, it will be only necessary to point out that the 30,000 banks, each with its cash reserve without any exchange relations other than through the Clearing House, made the flow of capital from one part of the country to another almost impossible, and, as few of these banks had any definite relation to the Treasury, even Government help in emergency times was unavailable.

The Federal Reserve Act which was approved December 23rd, 1913, aimed at overcoming these difficulties. It provided for the establishment of twelve



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Federal Reserve Banks, each to operate in one of the twelve Federal Reserve Districts into which the country was divided. In determining the boundaries of these districts, regard was had to the convenience and customary course of the business of the country. Each district was made large enough to provide for the operation of a bank with a minimum capital of \$4,000,000. Under the scheme all National banks were required to become members of the System, and State Banks and Trust Companies, which complied with certain provisions laid down by the law, were encouraged to join. Member banks were required to subscribe to the capital stock of the Federal Reserve Bank in their district to an amount equal to 6 per cent of the member bank's capital and surplus.

Only a portion of this has yet been called up, but on November 21st, 1923, the total capital paid into these banks amounted to \$110,103,000.

Less than a quarter of the banks of the United States have become members of the Federal Reserve System, but this represents approximately 50 per cent of the total capitalization of the banks of the United States.

Each of the twelve Federal Reserve Banks is managed by a Board of Directors elected from the member banks by a special method devised to be equitable, and are, therefore, democratic in their management.

Above these twelve banks is a central board at Washington known as "The Federal Reserve Board." This Board consists of seven members, including the Secretary of the Treasury, the Comptroller of Currency and five appointed by the President of the United States with the advice and consent of the Senate. In addition, there is a Federal Advisory Council consisting of twelve members appointed by the Board of Directors of the twelve Federal Reserve Banks. The Federal Reserve Board appoints three of the nine directors of each of the Federal Reserve Banks, while in turn each Federal Reserve Bank appoints a member of the Federal Advisory Council, the object being to give complete inter-communication of ideas within the whole system.

Every bank, or banking association, belonging to the Federal Reserve System is required to maintain its entire legal reserve in the form of a deposit in the Federal Reserve Bank of its district. The Federal Reserve Law recognizes only one form of legal reserve, that is, a member bank's deposit in its Federal Reserve Bank. They may keep balances in other banks, but their legal reserve, the reserve which the Government looks upon as the minimum below which the public interest demands that banks should not go, must all be kept on deposit in the Federal Reserve Banks, which thus become the reservoir of the reserve money of the nation. The great purpose to be served by this is that the reserves are so mobilized in the centre of great districts that they are available at points in the country where the demand is greatest for them, the Federal Reserve Banks being permitted to re-discount for one another and for all the member banks of the system.

Much discussion has taken place with regard to the relation of the Federal Reserve to agricultural credit. It is sufficient for our purpose to say that the Federal Reserve Bank, as the other general institutions described in this report, does not do business either directly with individual farmers or with individuals in any other walk of life. The Federal Reserve scheme presupposes that the farmer or other person borrows through his local bank, which, if they are members of the Federal Reserve system, may, in turn, rediscount with the Federal Reserve Bank, the paper received from customers. The Federal Reserve Act places certain limitations on the character of the paper to be discounted, but in reality, as amended in 1919 and 1923, special provision is made for its banks providing a short term credit for agricultural purpose. For example, any Federal Reserve Bank may discount "notes, drafts and bills of exchange issued or drawn for agricultural, industrial or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes." The law does not permit the

reserve banks to discount paper, the proceeds of which are to be loaned to some other borrower, or to be used for current investment or for speculation.

"Agricultural paper is given by the Act an important advantage over commercial paper, since the latter can be discounted only for a period not exceeding 90 days, while paper which is issued or drawn for an agricultural purpose, or is based on live stock, may now be discounted by Federal Reserve Banks even though it has nine months to run from the date of discount. The Federal Reserve Board has made appropriate provision for this in its new regulations in which the definition of agricultural paper has been clarified and broadened so as to incorporate the latest and most liberal principles adopted by the Board in determining what constitutes agricultural paper. Nine months' paper will thus be eligible for discount if the proceeds have been or are to be used by a farmer in any one or more of the steps of planting, cultivating, harvesting, or marketing a crop, or of breeding, fattening, or marketing live stock, and the Federal Reserve Board has held that the marketing of crops or live stock includes carrying them for a reasonable time in order to market them in an orderly manner instead of dumping large quantities on the market at one time in order to get money with which to meet current expenses. Under this provision of the law, member banks which have loaned money for nine months to wheat growers and other farmers for the purpose of raising, carrying, and marketing their crops, will be able to rediscount the farmers' notes with the Federal Reserve Banks."

Further, under the Federal Reserve Act, as amended by the Agricultural Credits Act passed March 4th, 1923, co-operative marketing associations can issue paper which is eligible for discount with maturities up to nine months, if the proceeds of the paper are advanced to members of the association for an agricultural purpose, or are used to pay members for agricultural products delivered to the association, or to finance the association in packing, preparing for market, or marketing products grown by its members. Co-operative marketing associations are permitted to borrow money to be loaned to the individual members of the association under certain restricted conditions. In all cases, credit for agriculture is extended to nine months instead of ninety days, the assumption being that the local bank holds the paper for three months and it is carried by the Federal Reserve Bank for the additional six months. Further, as amended in 1923, the Federal Reserve Banks are permitted to discount sight or demand drafts drawn to finance shipment within the country of nonperishable and readily marketable agricultural products. A limit, however, of ninety days is placed upon such paper. In order to extend the credit facilities of the Federal Reserve System to smaller banks under the Agricultural Credits Act of 1923, provision was made to admit small banks whose capital was 60% of the original requirement, provided that within a given time the capital was built up to the necessary requirement under the Act, and for this purpose such banks were authorized to set aside 20% of their earned income for the purpose of increasing the capital to the necessary standard.

The most important provision, however, of the Federal Reserve Act, insofar as it affected farm loans, was the authorization given to national banks to make loans for a period up to five years secured by land mortgage. I have referred to this previously in discussing the question of the national banks. This was only made possible to the national banks through the Federal Reserve System. The farmers who need long time loans, therefore, can borrow for five years from the national banks on the security of their farm lands, and the Federal Reserve Board has provided in its regulations that at maturity such loans may be renewed for an additional five years, although a national bank is not permitted to obligate itself in advance. I think there can be no doubt that the Federal Reserve System sought to live up to its responsibilities in connection with short term loans to

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farmers. When the prices fell for farm products in 1920, they immediately began to increase their loans through the members of the system to help steady agricultural conditions.

For example, it was many months after the great price decline began before the loans made from the bank in Minneapolis to the northwest farmers reached its peak. During the period from March to November, 1920, there was more than \$30,000,000 increase in loans made under the system in the country centering on Minneapolis, and at the end of the period, loans had reached the sum of \$115,000,000. During the same period the Federal Reserve Banks, located in agricultural districts, increased their loans by more than \$500,000,000 and their issues of Federal Reserve notes by a nearly equal amount.

There were two principal causes why the Federal Reserve System did not satisfy the demands of the agricultural districts.

(1) Because a large percentage of the small state banks which do business with the farmers did not become members of the Federal Reserve System, and, therefore, were not able to get the required rediscounting privilege.

(2) Because the length of time for which the rediscounting privilege was allowed was too short to satisfy the farmers's requirements.

The former was the fault of the small banks; the latter, if a fault, the fault of the law itself and not of the administration.

It was because of these circumstances that the agitation took place which brought about the foundation of the Federal Intermediate Credit Banks described on the following pages.

#### THE FEDERAL INTERMEDIATE CREDIT BANKS

The Intermediate Credit Banks were organized for the purpose of providing credit for periods longer than that granted by ordinary banking operations. They were intended to cover what was spoken of as the barren area of credit between the three to six months provided under the Federal Reserve System and the minimum mortgage term. The Act creating them calls for loans between the period of six months and three years. The Act was passed in the closing days of the 67th Congress, March, 1923. As the transactions of the Intermediate Credit Banks are real banking transactions as distinguished from mortgage transactions, their operations are merely time extensions of the ordinary banking systems of the country, but related specifically to the service of agriculture. It would appear for that reason that they might have functioned more easily under the Federal Reserve System and the reason for not so doing is not quite apparent. They are associated, however, with the Federal Land Bank scheme and under the direction of the Federal Farm Loan Board. Perhaps the chief advantage of this arrangement is the fact that they will be making banking loans to the same people who will be taking mortgages under the Federal Land Banks and there will be some advantage in having the same persons supervising and determining upon credits to be granted for current account that have already dealt with the individuals from the point of view of capital loans. From information which I obtained I concluded that that was the chief advantage of the connection with the Federal Land Banks and perhaps the further reason that the Federal Reserve Board wishes to disassociate itself entirely from the operation of loans made for a longer period than the ordinary term allowed to the Federal Reserve Banks.

Under the Act creating the Intermediate Banks, the Farm Loan Board is given power to grant charters to twelve institutions to be known as Federal Intermediate Credit Banks. It instructed the Board to establish these institutions in the same cities as the twelve Federal Land Banks. The officers and directors of the Federal Land Banks were made ex-officio officers and directors of the several

Federal Intermediate Credit Banks. Such officers were given authority to create the necessary machinery and employ the necessary officers for conducting the business of the Bank as a separate organization from the Federal Land Bank. These Banks were given authority to act as fiscal agents for the United States Government and to perform such duties as the Secretary of the Treasury may prescribe. Accordingly, acting under the authority of the charter, twelve separate institutions were founded in the summer of 1923.

#### **Capital Stock**

In order that capital might be provided for the business of these Banks, the United States Government was authorized to subscribe capital stock to the extent of \$5,000,000 for each bank and the Secretary of the Treasury was given authority to take up such portion of this stock as might be deemed necessary at any given time. This gave a possible capitalization of \$60,000,000 subscribed by the Treasury. On the organization of the banks, the Treasury took up one million dollars capital stock of each of the banks, holding the balance of \$4,000,000 in reserve to be taken as needed.

The Federal Farm Loan Board was authorized to apportion the joint expenses incurred in behalf of the Federal Land Banks, the Joint Stock Land Banks and the Federal Intermediate Credit Banks, all under their jurisdiction, among the three institutions. After all the necessary expenses are paid, it is provided that the net earnings shall be divided in equal parts, one-half to be paid into the United States treasury and the balance into the surplus fund until the amount of such surplus shall be equal to the subscribed capital stock of the bank. After this has been accomplished, ten per cent. only of the earnings is paid into this surplus, the balance being paid to the United States as a franchise tax. The monies paid from earnings into the United States treasury are to be used at the discretion of the Secretary of the Treasury, either to supplement the gold reserve held against outstanding United States notes, or to be applied to the reduction of the outstanding bonded indebtedness of the United States. Should a bank be dissolved, its whole assets become the property of the United States.

#### **Debentures**

Under the Act, each Federal Intermediate Credit Bank is allowed to issue debentures up to ten times the original paid up capital and the surplus of the bank. As the original capitalization of the twelve banks was \$60,000,000, when fully in operation, they could issue debentures for \$600,000,000, making a total available capitalization when the stock is fully paid up of \$660,000,000. It is provided, however, that the issue of debentures shall be subject to the approval of the Federal Farm Loan Board and no debenture is to be issued for a period of longer than five years and only as against cash or discounted paper held by the Bank. The rate of interest on debentures was fixed, at most not exceeding six per cent.

#### **No Government Liability**

It is specially provided that the United States Government shall assume no liability, direct or indirect, for any debentures or other obligations issued under the authority of the Act. To make this absolutely clear, provision is made that all debentures or other obligations shall contain in "conspicuous and appropriate language" a definite statement that there is no liability upon the treasury of the United States.

#### **Rate of Interest**

With regard to the rate of interest charged, definite restrictions are placed upon it. The maximum rate at which debentures may be issued is fixed at six



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per cent, although the Farm Loan Board is given the power to determine whether it shall be lower than that, while the Bank itself must not charge a rate of discount of more than one per cent in excess of the last debenture issued. This fixes a maximum of seven per cent on discounted paper. In discounting paper for such organizations as shall be described hereafter, the Federal Intermediate Credit Bank is not permitted to discount for any borrower who charges a rate of interest of more than one-half of one per cent above the discount rate fixed by the Intermediate Credit Bank. The Bank is permitted to purchase in the open market at par, or below, its own debentures before maturity.

**Discounting Privileges**

These Banks are allowed a very considerable discretion in the matter of bank business. For example, they are allowed to discount for or purchase from any National Bank or any State Bank, trust company, agricultural credit corporation (hereafter described) incorporated live stock loan company, savings institutions, co-operative bank, co-operative credit or mortgage association of agricultural producers, organized under the laws of any State, with their endorsement, any note, draft, bill of exchange, etc., or other such obligation, the proceeds of which have been advanced in the first instance for any agricultural purpose or for the raising, breeding, fattening or mortgaging of live stock.

They are further authorized to make loans or advances direct to any co-operative association organized under the laws of any state and composed of persons engaged in producing, or producing and marketing staple agricultural products or live stock, if the notes or other such obligations representing the loans are secured by ware-house receipts, or shipping documents, or both, covering such products, or mortgages on live stock, provided that the loan does not exceed 75 per cent of the market value of the product. The only restriction placed upon the amount of such discounted paper which the Federal Intermediate Bank can hold is the limitation (1st) of its own capitalization, and (2nd) no institution can rediscout for more than twice the amount of its unimpaired capital and surplus.

**Mutual Liability**

As in the case of the Federal Land Banks, mutual liability is established as between the twelve Banks. Clearly, the purpose of this is to enable the banks to secure equal credit facilities in the money markets of the country. This liability is set out in Section 207 of the Act, as follows:—

"That any Federal Intermediate Credit Bank issuing debentures or other such obligations under this title shall be primarily liable therefor, and shall also be liable, upon presentation of the coupons for interest payments due upon any such debentures or obligations issued by any other Federal Intermediate Credit Bank and remaining unpaid in consequence of the default of the other Federal Intermediate Credit Bank. Any Federal Intermediate Credit Bank shall likewise be liable for such portion of the principal of debentures or obligations so issued as are not paid after the assets of such other Federal Intermediate Credit Bank have been liquidated and distributed. Such losses, if any, either of interest or of principal, shall be assessed by the Federal Farm Loan Board against solvent Federal Intermediate Credit Banks liable therefor in proportion to the amount of capital stock, surplus, and debentures or other such obligations which each may have outstanding at the time of such assessment. Every Federal Intermediate Credit Bank shall, by appropriate action of its board of directors duly recorded in its minutes, obligate itself to become liable on debentures and other such obligations as provided in this section."



The tax exemption privilege accorded to debentures issued under the Federal Land Banks is also granted to the debentures issued under the Federal Intermediate Credit Banks. This is set forth in Section 210 of the Act, as follows:—

"That the privileges of tax exemption accorded under Section 26 of this Act shall apply also to each Federal Intermediate Credit Bank, including its capital, reserve or surplus, and the income derived therefrom, and the debentures issued under this title shall be deemed and held to be instrumentalities of the Government and shall enjoy the same tax exemptions as are accorded farm loan bonds in said section."

The scheme of the Federal Intermediate Credit Banks with regard to the individual borrower is identical with that under the Federal Land Banks, that is to say, no individual can have direct access for borrowing purposes to the Bank. All loans made must be rediscounted loans made to a responsible corporation which in itself assumes responsibility for the repayment of the loan, so that a borrower must find his way to the Federal Intermediate Credit Bank through other organized financial machinery. In order to make comprehensive machinery for this purpose, the Act authorizes the creating of

#### NATIONAL AGRICULTURAL CREDIT CORPORATIONS

These are organizations corresponding to the local associations under the Federal Land Bank. These National Agricultural Credit Corporations, however, are much more highly organized institutions than the local associations under the Federal Land Banks.

The manner of the formation of these organizations is described in the Act as follows: "That corporations for the purpose of providing credit facilities for the agricultural and live stock industries of the United States, to be known as National Agricultural Credit Corporation, may be formed by any number of natural persons, not less in any case than five. Such persons shall enter into articles of association which shall specify the object for which the corporation is formed. Such articles of association shall be signed by the persons intending to participate in the organization of the corporation and be forwarded to the Comptroller of the Currency to be filed and preserved in his office."

The organization certificate and the articles of association must be acknowledged before some judge of a court of record or notary public before submission to the Comptroller of the Currency for approval. On the approval of the Comptroller of the Currency, such an association becomes a corporate body with well defined powers in relation to financial operations. For example,, they are allowed:—

(1) To make advances upon, to discount, rediscount, or purchase and to sell or negotiate, with or without its endorsement of guarantee, notes, drafts, or bills of exchange and to accept drafts or bills of exchange, which (a) are issued or drawn for an agricultural purpose or the proceeds of which have been or are to be used for agricultural purposes, (b) having a maturity at the time of discount, purchase, or acceptance not exceeding nine months, and (c) are secured at the time of discount, purchase or acceptance by warehouse receipts or other like documents, conveying the title to non-perishable and readily marketable agricultural products, or other instruments of like guarantee.

(2) To make advances upon, or to discount, rediscount, or purchase and to sell or negotiate with or without its endorsement or guarantee, notes secured by chattel mortgages, conferring on first lien upon maturing, or breeding live stock or dairy herds and having a maturity at the time of discount, rediscount, or purchase not exceeding three years.

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(3) To subscribe for, acquire, own, buy, sell and otherwise deal in treasury certificates of indebtedness, bonds or other obligations of the United States to such extent as its board of directors may determine.

(4) To act when requested by the Secretary of the Treasury as a fiscal agent of the United States and to perform such services as the Secretary of the Treasury may require in connection with the issue, sale, redemption or re-purchase of bonds, notes, treasury certificates or other obligations of the United States.

There is much additional authority given for conducting ordinary business, but the most outstanding one is their right, subject to regulation of the Comptroller of the Currency, to issue collateral trust notes or debentures with maturity not exceeding three years and to pledge as security for such notes or debentures financial paper held by the corporation. It is specially stated, however, that "the United States Government shall assume no liability direct or indirect for any debentures or other obligation issued under this title and all such debentures and other obligations shall contain in conspicuous and appropriate language to be prescribed in form and substance by the Comptroller of the Currency and approved by the Secretary of the Treasury, a clear indication that no such liability is assumed."

**Capital Stock**

The National Agricultural Credit Corporation is not permitted to do business until it has paid up capital of \$250,000; which must represent at least 50 per cent of the authorized capital stock of the corporation. The remaining 50 per cent must be paid within six months after the beginning of business. Such a corporation is allowed to make loans to the extent of ten times its paid up capital.

**Rate of Interest**

With regard to interest rates, it must submit to the laws of the state in which the corporation is located. A special penalty is imposed, should at any time, or by any means, direct or indirect, a rate of interest be charged greater than that allowed by the State law. If this is knowingly done, the corporation forfeits the entire interest of the debt and has no power of collection and, further, the person who was charged the interest, if paid, has the right to recover in action twice the amount of the interest thus paid to the corporation, provided legal action is commenced within two years—a very definite and rigid provision.

I think sufficient has been said to show that the National Agricultural Credit Corporations are intended to occupy a very large place in the financing of agriculture. While they function through the Federal Intermediate Credit Banks and constitute an intermediary between the bank and the individual, they differ entirely from the local associations under the Federal Land Bank in that they are private corporations for profit-making purposes, doing business for agriculture under certain definite restrictions with regard to interest charges and security placed upon them by the Treasury of the United States.

**Credit Corporations Formed by Banks**

There is one special provision to which, perhaps, attention should be called, viz., that any particular bank of the Federal Reserve System may file application with the Comptroller of the Currency for permission to invest an amount not exceeding in the aggregate ten per cent of its capital stock and surplus in the stock of one or more of the National Agricultural Credit Corporations. As a matter of fact, while it may have been intended originally that these corporations should be corporations formed from among the larger producers on the land

and local financial men, in many localities the banks have taken the initiative in their organization, the reason for this probably being that while the banks themselves are only permitted to rediscount with the Federal Intermediate Credit Banks up to twice their paid up capital and surplus, these institutions are permitted to re-discount up to ten times their paid up capital and surplus. The debentures issued by these corporations are not free from taxation, but are subject to the laws of the state in which they operate.

There has not yet been time to determine to what extent these institutions will function as practical institutions. So far as I know the only ones operating were organized through the agency of the banks for the purpose above mentioned.

The twelve Federal Intermediate Credit Banks were promptly organized after the passage of the Act, March, 1923. The following figures will show how far they have functioned as business organizations. The statements are as at February 29, 1924.

Direct loans and discounts have been made to the amount of. \$41,409,368.00  
This amount was loaned out at the banking centres as follows:—

Springfield.. . . .	\$ 627,950.00
Baltimore.. . . .	6,511,150.00
Columbia.. . . .	4,683,355.00
Louisville.. . . .	2,210,406.00
New Orleans.. . . .	6,161,816.00
St. Louis.. . . .	1,176,607.00
St. Paul.. . . .	2,659,620.00
Omaha.. . . .	3,262,258.00
Wichita.. . . .	4,465,676.00
Houston.. . . .	3,433,177.00
Berkeley.. . . .	5,061,240.00
Spokane.. . . .	1,163,107.00
These banks had outstanding on the same date debentures amounting to.. . . .	31,750,000.00

These debentures are short term debentures and are sold generally to banks for short time investments. The price so far has been good, as the Government capitalization of \$60,000,000 gives them special security. No one can foretell what would happen should their sale greatly exceed that amount. It is difficult to say what the future has in store for them, as the lengthening of the Federal Reserve discount time to nine months may greatly interfere with their development.

#### War Finance Corporation

In the foregoing I have not discussed the operation of the War Finance Corporation, which, by assisting the small banks, and co-operative organizations and Live Stock Loan Companies, has co-operated in carrying agriculture for the past few years. It is not part of the permanent financial system of the country. It was intended to close its operations on the 1st of February, 1924, but because of agricultural conditions in the Northwestern States, Congress recently extended its life until 31st December, 1924. The figures in connection with its work will, however, be of significance as during its existence it has been a very great assistance in financing agriculture.

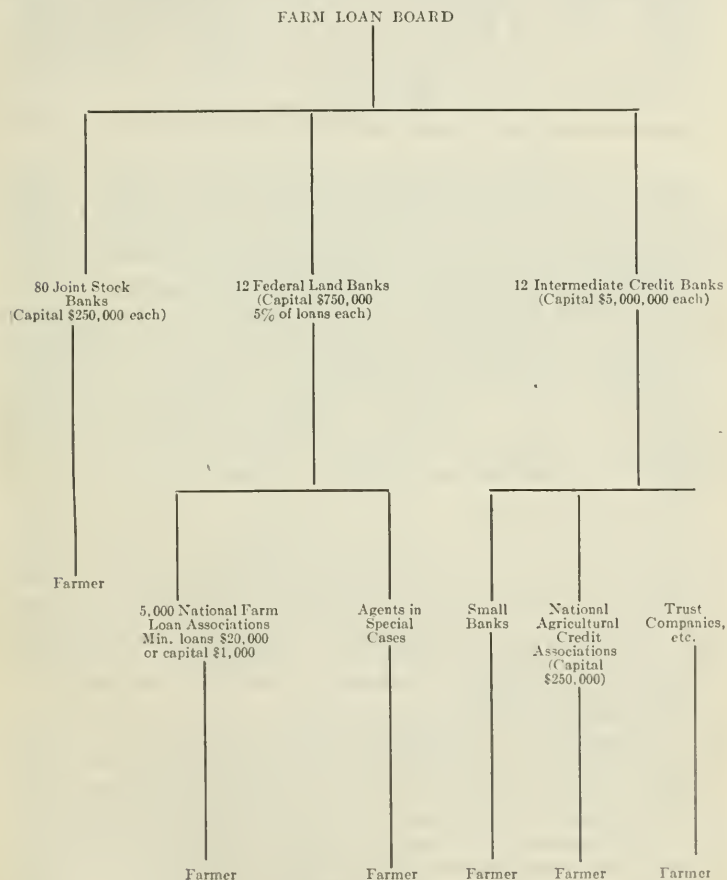
From the time authority to make loans to agriculture was granted in August, 1921 to November 20, 1923, advances in the interest of agriculture were made as follows:—

To banking and financial liabilities.. . . .	\$169,708,000
To Live Stock Loan Companies.. . . .	80,096,000
To Co-operative Marketing Associations.. . . .	37,936,000
Making a total of.. . . .	287,740,000
Of this there has been repaid.. . . .	211,345,000
Outstanding.. . . .	76,395,000

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Like all the other institutions described, the War Finance Corporation acts only through organized financial institutions.

The following diagram shows the relation of the various institutions to the Farm Loan Board and to each other, with the minimum capitalization. Tracing backward, it also shows the steps through which the application of the borrower must go to secure final action. It will be seen that except in the case of the Joint Stock Banks which are private institutions under special regulations, the farmer only gets access to the lending authority through local organizations.



### Rural Credits by State Governments

In addition to the provisions made, as set forth in the foregoing, under the Federal Government, many of the State governments of the United States have arranged for mortgage loans, some of these making provisions to raise money by debentures and others authorizing the State Treasury to make loans from special funds, generally from the permanent educational funds of the state.

The States of Idaho, Indiana, Iowa, North Dakota, Oklahoma, Oregon, South Dakota and Utah have made provision in their constitutions for loaning money to farmers on mortgage credit. Most of these make their loans out of certain specified funds, generally, however, the permanent educational funds of the State, or monies derived from the sale of State lands. Considerable sums of money have been lent out under these various provisions. There are a few, however, that I think deserve special mention.

The State of Arizona, in 1915, passed a law authorizing loans to be made in farm mortgages from the monies secured from the sale of lands owned by the State.

A State Land Settlement Act was passed in the State of California in 1917, having for its purpose 'the permitting of closer agricultural settlement, assisting deserving and qualified persons to acquire small improved farms, providing homes for farm labourers, increasing opportunities under the Federal Farm Loan Act and demonstrating the value of adequate capital and organized direction in subdividing and preparing agricultural land for settlement.'

Perhaps the most conspicuous examples of this sort of effort are to be found in South Dakota and Minnesota. In South Dakota, the State constitution provides that permanent school funds may be invested in first mortgages on farm lands and, under this provision, over six million dollars had been loaned on mortgages before 1912. In 1917, however, the legislature passed an Act establishing a system of rural credits for the State, creating the Rural Credits Board for the purpose of "maintaining a system of rural credits and providing for the loaning of money by the State of South Dakota upon real estate within this State," and, in addition, "authorizing the State of South Dakota to borrow money on its warrants and bonds secured by the good faith and credit of the State."

The purposes for which these loans may be made are almost identical with the purposes stated in the Act creating the Federal Farm Loan Board. There is this distinction, however, that loans may be made up to *seventy per cent* of the value of the land and forty per cent of the insured value of the improvements as against fifty per cent and twenty per cent under the Farm Loan Act. Loans run from five to thirty-five years and are paid on the amortization principle. I have not been able to get the exact amount of loans under this scheme, but I was informed that it probably amounts now to \$40,000,000. As the interest charges must be paid by the Government, the State is at the present moment embarrassed, as a consequence.

The State of Minnesota, in 1923, passed an Act creating a rural credit system "for the loaning of money by the State of Minnesota upon real estate within the State, authorizing the State of Minnesota to borrow money on its certificates and bonds secured by the good faith and credit of the State for the purpose of maintaining such system of Rural Credits." Here again the provisions regulating the purposes of loans are almost identical with those of the Federal Farm Loan Board. They provide for the purchase of equipment and live stock, buildings on improved farms, liquidating indebtedness on farms, and for part payment of the purchase price of improved farms, provided always that the property is occupied by the owner. Loans are limited to sixty per cent of the value of the land plus thirty-three per cent of the value of the improvements and the limits between



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which loans may be made are \$500 and \$15,000. The money in this case, as in South Dakota, is raised directly by the State Treasury and made available to the board of management for loans. This system has been in operation for less than a year, but has already loaned out approximately eight million dollars with a limit to their borrowings for the time being of forty million dollars. In January, 1924, Minnesota was disposing of its bonds at  $4\frac{1}{2}$  per cent par and was making an additional bond issue for this purpose of ten million dollars. Loans were being made to farmers on an amortization scheme for  $35\frac{1}{2}$  years at  $5\frac{1}{2}$  per cent interest plus amortization charges,  $\frac{1}{4}$  per cent less than the Federal Farm Loan Board. In reality, this Minnesota system is just duplicating the work of the Farm Loan Board and was brought about because of the conviction on the part of some people in the legislature that the Farm Loan Board was not generous enough in its lending policy and because the machinery through which it was working was said to create delays in the securing of loans.

The total amount advanced on Farm Mortgages under the various State systems is at the present moment not far short of \$100,000,000.

In concluding this section, I think a word about the general financial condition of agriculture in the United States may be permitted. In spite of all that has been done to provide credit, great distress still prevails, especially in the western and north-western states. As none of the larger organizations under Government auspices are permitted to deal directly with the individual, an effort is now being made to find a more direct way to help, especially in assisting those in the grain growing areas, who wish to develop diversified farming. A bill to grant \$50,000,000 for this purpose was recently defeated by the Senate of the United States. The President has appealed to the Chairman of a new financial organization known as the Agricultural Credit Corporation, capitalized at \$10,000,000, to undertake the responsibility of individual loans, suggesting that under proper regulations, the War Finance Corporation would be willing to make substantial advances for the purpose.

In the meantime, there is a great exodus from the land to the cities, especially in the above mentioned states. In his report to the President on the matter, Mr. Henry C. Wallace, Secretary of Agriculture for the United States, stated that over a million people left the land in 1923. Recently, representatives of a number of the leading farm organizations in the United States have published an open letter to "the President, the Congress and the People of the United States", in which the statement is made that farmers were forced from their homes during 1923 at the rate of 100,000 per month and "the process still is under way in all its cruelty". "Country conditions", it is said, "cannot be told in words. The hundreds of broken banks are real, but the suffering which followed them is hidden in the haze of distance. Unceasing toil of millions of people, futile attempts to protect family and property is lost without recognition. The reason for all this remains unchecked, although it has existed for five years.

"The cause is evident. A disordered world emerging from war and handicapped by man-made barriers across channels of international trade proves unable to absorb the surplus production of our farms and our industry at prices commensurate with American standards. An elaborate structure of economic protection is provided for industry and labour but does not reach the farmer.

"The remedy is as obvious as the cause. It rests in the application of effective protection of the farm equally with those of other industry. The establishment of domestic markets for farm crops on an American basis, apart from world conditions, to conform with like markets already provided for American manufacture and American labour."

The remedy proposed is that the United States should shut herself off from trade contact with the outer world. This would appear to be the remedy of

despair. In reality, there are two causes, one of which is touched upon in the foregoing quotation, viz., the disorganized state of the world markets, resulting from the world war and the inability of Europe to feed herself at the American cost of production. The second cause, however, is found in the fact that during the war, the high prices of products led to the purchase of land under conditions which made profitable cultivation impossible in normal times. This was further accentuated by the agricultural development of areas for cereal crops, hitherto unused and wholly unsuited for the purpose. I would respectfully suggest that in this there is a lesson here for Canada.

## SECTION V

## RURAL CREDIT IN THE DOMINION OF CANADA

The discussion of the problems in connection with rural credit in Canada is of long standing. Many years ago, in some of the provinces of Canada an effort was made to meet the requirements of the small town and country districts by means of a system of small banks. For reasons which it is unnecessary to discuss in this report the scheme failed in Canada and our banking history, as a consequence, runs along a line entirely different from that of our friends in the United States. Canada followed the European especially the English tradition of establishing large central banks, operating through branches established in localities where the establishment of such branches appeared to be warranted economically. The Canadian banking system went through a period of ups and downs as did the banks of the United States, having its times of great success and periods of prosperity and its times of failure in periods of great depression. In the early days the demand among the farmers for credit from the banks was not great, but, as the days went by, the same kind of conditions that produced the increased demand for Agricultural Credit in the United States increased the demand in Canada and the agitation in favour of a special system for financing agriculture followed closely the history of the same movement in the United States.

Up to the present time no general system of Agricultural Credit either for Long Term or Short Term Credit has been established. Efforts have been made from time to time to secure legal standing for Co-operative Credit Societies on the European model, but have so far failed of recognition, as far as the Federal Parliament is concerned.

On three occasions bills have been presented to Parliament, but did not secure authorization. These bills were:—

1. Bill 26, 1909-10. An Act Respecting Co-operative Credit Societies.
2. Bill 11, 1910-11. An Act Respecting Co-operative Credit Societies.
3. Bill 194, 1914. An Act Respecting Co-operative Credit Societies.

So far, therefore, as the Federal Parliament is concerned, organized Long Term Credit is a private enterprise in the hands of the mortgage companies and insurance companies and Short Term Credit in the hands of the banks. No effort to meet the requirements of what is called Intermediate Credit has been made, except by the banks.

In most of the provinces of Canada, however, efforts have been made to organize all these forms of credit. These efforts are discussed in what follows.

**British Columbia**

So far as I am aware, the first effort to establish some system of Rural Credits in Canada was tried out in British Columbia. In 1897-8, a demand was made in the Province of British Columbia for cheaper money than that provided by the ordinary banks and loan companies for agricultural purposes and an Agricultural Credits Act was passed by the British Columbia Government in 1898. This Act was based on the agricultural system of Germany. Its author was Mr. R. E. Gosnell, who was then in the service of the British Columbia Government. Under this Act, the Government of British Columbia took power to loan money to associations of farmers of twenty or more members

for specific purposes, including fencing, draining, purchase of live stock, farm implements, etc., to persons, who, having pre-empted land, had worked upon it long enough to secure their grant from the Crown as well as to other farmers who had already had their lands under cultivation.

The scheme was an unlimited liability scheme. The money was to be loaned to an association of borrowers, who, following the practice of the Raiffeisen system in Germany, were authorized to loan money to members on the endorsement of two or their number. The Government undertook to loan to the Association at  $3\frac{1}{2}$  per cent and to allow the Association to charge its members 5 per cent, the  $1\frac{1}{2}$  per cent margin being allowed for expenses and to create a reserve fund for possible losses. This Act was passed as a result of a good deal of agitation, but no loans were ever made under it for the simple reason that the farmers were not prepared to accept the co-operative principle involved in it.

Later on, two special Acts affecting agriculture were passed and, with amendments made from time to time, are still in operation in the province. The first was passed on March 6th, 1915, and is entitled "An Act Respecting Agriculture and Providing for the Incorporation and Organization of Agricultural Associations and Making Provision for Agricultural Credits". It is cited as "The Agricultural Act, 1915". The other, passed in May, 1917, is entitled "An Act to Promote Increased Agricultural Production" and is cited as "The Land Settlement and Development Act". Both of these acts provide for Long Term Mortgage Credit and also for Short Term Credit under certain specified conditions.

#### **Agricultural Act, 1915**

Under this Act, there is created an Agricultural Credit Commission, consisting of a superintendent who shall be, ex-officio, a director, and four other directors, who together constitute a body corporate with the usual powers to conduct a lending business as described in the Act. The superintendent holds office for ten years, unless removed as the result of action in the Legislative Assembly. Two of the directors are appointed for a period of ten years under the same conditions, but they must be engaged in the occupation of farming; the other two directors are the Deputy Minister of Finance and the Deputy Minister of Agriculture.

All regulations made by the commission for the conduct of business, all fees payable, etc., are subject to confirmation by the Lieutenant Governor in Council. Provision is made for the usual methods of carrying on the business of such an organization.

#### **Working Capital**

The Working Capital of the Commission is such as is raised from time to time by the issue of securities and such money as may be appropriated from time to time by the Legislative Assembly and such money as otherwise becomes available under repayment and other funds. All securities sold are sold by the Department of Finance of the Province and are unconditionally guaranteed by the Province. The Board works in the closest possible association with the provincial authorities. It, however, is authorized to keep its own accounts and to make its own banking arrangements subject to the approval of the Government. Provision is made in the usual way for sinking funds and reserve funds to cover accruing securities.

Under the Act, the Commission is authorized to accept as security for loans first mortgages upon agricultural land in the Province of British Columbia free from all encumbrances, liens, and other interests, except where special provision is made to the contrary.

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The loans are made for the following purposes:—

- (a) The acquiring of land for agricultural purposes and the satisfaction of encumbrances on land used for such purposes;
- (b) The clearing of land, draining, dyking, water-storage and irrigation works;
- (c) The erection of farm buildings;
- (d) The purchase of live stock, machinery and fertilizers;
- (e) Discharging liabilities incurred for the improvement and development of land used for agricultural purposes and any purpose calculated to increase land productivity;
- (f) And any purpose which in the opinion of the Commission will increase the productivity of the land in respect of which the loan is proposed;
- (g) Carrying out the objects of any association, subject to approval by Order in Council as hereinafter provided;
- (h) Taking over in whole or in part and with the approval of the Lieutenant Governor in Council, by Order in Council, any existing loan by the Crown in right of the Province of British Columbia to any association or any debentures issued by any association.

No loan is granted for an amount exceeding sixty per cent of the appraised value of the land offered as security for the loan, the value to be calculated on the basis of productivity.

Loans are granted only to persons engaged in agricultural pursuits, and all officers and directors of the company are prohibited from receiving loans.

Loans may be made as long term loans or as short term loans or for a single season, in every case being covered by the mortgage. The rate of interest is not fixed, but it must not exceed more than one per cent of the actual interest paid on the securities upon which the money was raised. Long term loans must be paid back by amortization in either 36½ years, 30 years or 20 years. Short term loans must not exceed in amount \$2,000 to an individual or \$10,000 to an association. Such loans must not be for less than three years or more than ten. Single season loans may be made secured by promissory note and by a mortgage, the total amount to a person or individual being the same as above.

Power is given under the Act for increasing loans on a basis of improved condition of property or in recognition of instalments already paid.

Rigid provision is made in case of a loan not being applied to the definite purpose for which the loan was granted. The Commission may by giving one month's notice enter upon the property and sell either by private sale or public auction without recourse to law the property of the borrower.

Up to the end of 1922, loans were granted under the Act amounting to \$1,073,300.00, and there was outstanding \$691,250.00 with overdue interest amounting to \$32,152.53.

Most of the money loaned has been used in refunding accumulated debts. The Act has not produced satisfactory results.

When the Agricultural Act of 1915 was passed, previous Acts bearing upon the same subject were repealed.

#### Land Settlement and Development Act, 1917

The Land Settlement and Development Act was passed in May, 1917, and amended in 1918, 1919 and 1920. Under this Act, there was created in the Department of Agriculture or in the Department of Lands, as might be determined by the Lieutenant Governor in Council, a Land Settlement Board, consisting of one or more members appointed by the Lieutenant Governor in Council.



To this Board, on the authority of the Lieutenant Governor in Council, the Minister of Finance is authorized to pay from time to time, out of the consolidated revenue of the Province, any monies appropriated by or under authority of the Legislature for the purposes of the Board. These advances are to bear interest at a rate fixed by the Lieutenant Governor in Council from time to time.

All salaries and other expenses incurred by the Board for the administration of the Act are paid out of the money so advanced.

The Board is authorized to make loans, subject to the regulations of the Board to any person or association on first mortgage security upon agricultural land in the province, if it be free from encumbrances other than liens to the Crown, that is to say:—

- (a) Land held in fee simple.
- (b) Land held by record of pre-emption under the Land Act.
- (c) Land held by certificate of purchase on deferred payment.

Further, the Board is authorized to make loans by security on mortgage to Associations incorporated under the Act of 1915 of a sum not exceeding 60 per cent of the cash value of the Association's property.

Under this Act, loans are made for the following purposes:—

- (a) For any purpose which in the opinion of the Board will maintain or increase agricultural or pastoral production;
- (b) For carrying out the objects of any association, subject to approval by Order in Council;
- (c) For taking over in whole or in part, subject to approval by Order in Council, any existing loan advanced by the Crown in right of the province to any association or any debentures issued by any association.

Before the granting of a loan, certain definite regulations with regard to valuing security have to be carried out.

All mortgages under this Act contain the personal covenant of the borrower. The borrower is also required to keep insured all destructible property.

The rate of interest on these loans is fixed from time to time by the Lieutenant Governor in Council, but must not exceed by more than one-half of one per cent the actual amount paid by the Government for the money.

Two kinds of loans are made:—

- (1) Loans which may run either 25, 20 or 15 years, the annual collections being sufficient to amortize the loan within the period.
- (2) Loans which may run from three to ten years and are described as short-dated loans.

These loans are limited in amount not to exceed \$5,000 to an individual or \$10,000 to an association. They are not amortizable, but are subject to the conditions created by the Board.

Under this Act, in case of default in making payment, the Board may enter upon the property for collection without recourse to a court of law.

Under this Act, there was outstanding at the end of 1922, on principal, \$627,615.00, and overdue interest of \$34,486.00.

Under both of these Acts, the money borrowed has been used largely in paying off existing liabilities, generally in favour of mortgage companies.

It is stated by the British Columbia authorities that the most satisfactory borrowers are those starting on new land with a certain amount of capital, in which case the loan is made for some specific improvement.

These organizations are apparently not destined to play a very important part in the farm mortgage business in British Columbia.

## Quebec

The first successful effort to introduce the principle of the small bank for rural purposes in Canada was made in the Province of Quebec. The late M. Alphonse Desjardins, a resident of the town of Lévis, after a careful study of the systems of small banks in operation in Europe, decided to introduce into Quebec a system of "People's Banks", the "Caisses Populaires" after the model of the "People's Banks" in Italy.

The first bank was organized under the scheme on December 6th, 1900, in the town of Lévis.

The conditions making possible the success of such a scheme were present in the Province of Quebec as in no other province in Canada. The social, racial and religious unity that exists there made it easy for groups of people to co-operate on a common idea.

These banks were finally organized by law and operate under the Quebec Syndicates Act passed in 1906 and amended in 1919. Since 1915, they are obliged to make an annual report on their operations to the Secretary of the Province and the Bureau of Statistics is obliged to collect and compile reports for publication in the statistical year-book.

These banks are not strictly rural institutions, that is to say, they admit to membership persons who are other than farmers, but, in reality, they work out to be more largely in the interest of farmers than any other class, because of the high percentage of farmers composing the membership. While they do not specially aim to do mortgage business, loans are made on first mortgage on immovable property. In addition, they make loans to their members on personal security.

Each bank works in a small restricted area, where the personal character and integrity of the individuals are well known, so that the risk on loans is exceedingly small. The capital for the individual banks is raised by selling shares of five dollars each and by receiving deposits, upon which savings bank interest rates are paid. Both shares and deposits may be withdrawn on demand. The liability of the shareholder of the bank is limited to the value of his shares in the bank. It was believed by Mr. Desjardins that it would be impossible to have an unlimited liability scheme in Quebec as in Europe and that was probably his real reason for selecting the Italian model rather than the German model for his banks.

### Management

Each bank is administered by a board of management composed of at least five members. There is a committee on credit composed of at least three members. This committee examines and approves, or disapproves, the loans requested by shareholders. None but shareholders are allowed to borrow. There is a board of supervision composed of three members, who are responsible for checking the value of the securities and checking accounts. No member of any board is permitted to borrow. They give their services gratuitously. All officials are obliged to reside in the parish or city where the bank is founded. The manager may be paid a salary.

Each bank is required to deposit at least ten per cent of its annual net profit in a reserve fund. The balance is distributed among the shareholders as a bonus or dividend. The shareholders receive a dividend on their investment, varying from  $4\frac{1}{2}$  per cent to 8 per cent. Depositors are paid from three to four per cent. on their deposits.

In 1922, there were 111 of these banks in existence in Quebec, with 32,173 shareholders or members. 30,583 persons held deposits in these banks. Loans

were granted that year to the number of 13,367 and to the amount of \$2,891,092. The total business transactions for that year amounted to \$11,148,323.00 and the profit realized on the transactions was \$334,395.00

The one thing necessary to make this system complete, following the European model, would be a central bank through which the individual banks could co-operate in the interests of each other.

When it is recalled that, when the first bank was started at Lévis on December 6th, 1900, the total first collections amounted to \$26.00 and that this bank in 1922 had on loan \$304,043.84 to over one thousand borrowers and showed a gross profit for the year of \$64,243.00, while the entire system had done business as stated above, I think it would be admitted that this is a financial achievement of a very high order and justifies the faith of Mr. Desjardins and his associates when, in order to relieve the small farmers and working people of the Province of Quebec from the pressure of high interest rates, they undertook to found the system of People's Banks.

### Nova Scotia

The next legislation in Canada in the direction of organizing rural credit was passed in Nova Scotia in 1912, entitled "An Act for the Encouraging of Settlement on Farm Lands". This Act was amended in 1913 and again in 1915 and again in 1919. In addition, a special Act was passed in 1919 entitled "An Act to Provide Loans to Agriculturists upon the Security of Farm Mortgages".

#### Long Term Loans

Under the Act of 1912, "An Act for the Encouraging of Settlement on Farm Lands", and its amendments, the following methods are provided for making loans to settlers or farmers:—

- (a) Through the medium of a loan company through which a borrower can obtain up to eighty per cent of the appraised value of the farm land to be mortgaged, the Governor in Council giving the company a guarantee against loans up to forty per cent of the appraised value of the farm.
- (b) The Governor in Council is authorized to purchase real estate in farming districts, sub-divide it into farms or lands, repair, alter, or erect buildings and till and seed the land and sell the real estate, stock and improvements to settlers. Any approved loan company may be employed to act as agent in the taking of securities and the taking of principal and interest. There is also a provision giving the Governor in Council power to purchase stock and improvements on chattel mortgage. Under this Act loans to the amount of \$152,000 have been made to seventy-one farmers.

The Act of 1919, "An Act to Provide Loans to Agriculturists Upon the Security of Farm Mortgages," provides for the appointment of a Board of three,—

- (a) To lend money to agriculturists on the security of first mortgage on farm lands.
- (b) To acquire, hold and dispose of real estate as may be required.
- (c) To borrow money to carry out the objects of the Board, to hypothecate, pledge and mortgage its real property, and to sign bills, notes and contracts and for evidences of debt or securities for monies borrowed by the Board for the purposes aforesaid.

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- (d) To make provision for the placing of returned soldiers or other persons with farmers, in order that they may be instructed in farming, and
- (e) To make loans to a farmer who desires to erect a dwelling house on his farm for the occupation of any person employed by him as a farmer.

The period of a loan can be for thirty years, the amount loaned not more than seventy per cent of the value of the property, the interest at a rate sufficient to pay the interest on the money borrowed and the cost of raising the money by the Provincial Treasurer. This latter Act, has, however, never been put into operation.

### New Brunswick

The New Brunswick Legislature passed in 1912 "An Act to Encourage the Settlement of Farm Lands." This Act created a Farm Settlement Board with powers to purchase land in the Province suitable for farming, to improve the same, to erect houses and farm buildings thereon and to sell these lands to bona fide settlers. Settlers were required to pay 25 per cent of the purchase price in cash, where the property was valued at less than \$1,000, and 35 per cent if valued at more than \$1,000. The interest rate was fixed at 5 per cent. The purchase price must be paid at stated periods, the limit for final payment being ten years.

Under this Act, in the last five years, about fifty loans have been granted. At the end of 1922, \$80,439.55 was outstanding in loans. At no time have the outstanding loans under this Act exceeded \$130,000.

In April, 1923, a new Act was passed in the province of New Brunswick, known as the "Farmers' Relief Act." Its aim was to relieve farmers from financial embarrassment, to encourage agricultural development by providing for loans upon farm mortgages at reduced rates of interest. Under this Act, municipalities are authorized to borrow up to 75 per cent of the total value of the real estate in the municipality for the purpose of making loans to farmers residing within the municipality. A Farm Loan Board is authorized, consisting of three persons, two of whom may be members of the Municipal Council. This Board makes all necessary regulations regarding loans. The loan to the individual must not exceed 75 per cent of the value of the farm land owned by the borrower within the municipality; must be secured by a first mortgage and repayable by an amortization plan not exceeding thirty years. The maximum interest allowed is 6 per cent *par annum*.

Loans are made for the following purposes:—

- (a) The discharge of liability incurred for the improvement of land used for agricultural purposes;
- (b) The acquiring of land for agricultural purposes and the satisfaction of encumbrances thereon;
- (c) The clearing and draining of land, the erection of farm buildings, the purchase of live stock and implements.

Money is raised under the provisions of the Municipality Debentures Act of the Province.

I have not been able to obtain information as to the number and amount of loans made under this Act.

### Ontario

Three separate acts with respect to Rural Credit have been passed in the province of Ontario, all during the session of the Legislative Assembly of 1921. The first is entitled "An Act for the Promotion of Agricultural Development" (amended in 1923), the second, "An Act Respecting Short Term Farm Loans in Ontario" and the third, "An Act to Finance Agricultural Development."

### Long Term

The first of these Acts provides for long term or mortgage credit, the second provides for short term personal credit, and the third provides special means by which the Treasurer of the Province may use savings funds in financing the other two Acts. The Acts are based on the legislation of the Province of Manitoba described later.

### Capital Funds

Under the first Act, there is established a Board, to be known as the Agricultural Development Board, which consists of three persons appointed by the Lieutenant Governor in Council. This Board is a body corporate and has for its duty the promotion of agricultural development as provided in the Act. The Board, with the approval of the Lieutenant Governor is permitted to issue bonds to the amount of \$500,000 in such denominations and such rate of interest as the Board itself may see proper. Provision is made for the purchase of these bonds by the Province of Ontario, the money for purchase being deposited with the Board for its own use. In addition to the above, with the approval of the Lieutenant Governor in Council, the Board is permitted from time to time to issue debentures in such denominations as it may deem advisable. These debentures are to be issued as mortgage bonds, that is, against the security of mortgages held by the Board. The money so raised may be used in the following manner:—

- (a) Acquiring land for agricultural purposes;
- (b) The erection of farm buildings essential to production;
- (c) To pay off charges existing against land at the time of acquisition by the borrower under a will or by descent;
- (d) To pay off encumbrances in which cases loans shall not exceed 50 per cent of the valuation;
- (e) For the purpose of providing tile drainage;
- (f) To purchase breeding live stock;
- (g) To consolidate outstanding liabilities incurred for agricultural productive purposes.

The applicant for loans must submit evidence to the satisfaction of the Board;—

- (a) That he is a British subject of at least twenty-one years of age, and has been resident in Canada for at least three years;
- (b) That he has had at least three years' experience in farming and has displayed average ability and capacity;
- (c) That he is of good character;
- (d) That he is actually engaged or intends to engage upon the land upon the security of which the loan is to be made.

The limit to which a loan can be made is \$12,000 and it must be secured by first mortgage upon lands suitable for agricultural purposes.

Provision is made for repayment in annual instalments of principal and interest sufficient to discharge the debt within a period not exceeding twenty years.

The expenses of the conduct of the Board, including salaries, are paid out of the consolidated revenue of the Province.

This Act has only been in operation for two years. Over 1,500 applications have been received for loans, of which 1,411 have been granted. The total amount of loans made up to October 31st, 1923, was \$5,769,955.00.

The Ontario system of long term loans is distinguished from the American system in that the individual deals directly with the Board and not by means of a local association.



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**Short Term Farm Loan Associations**

The second Act provides for short term loans. This scheme operates under the Agricultural Development Board, as does the scheme for long term loans. Under this scheme, local associations, known as Farm Loan Associations, are required. Any person resident within a described territory, which has been approved by the Board, and engaged in farming operations or agreeing to become so engaged within one year, is eligible for membership.

In order to form a local Farm Loan Association, certain provisions with regard to capital stock must be complied with, viz.:—

- (a) Thirty members are necessary and each member must subscribe for one share at a par value of \$100.00;
- (b) One-half the amount subscribed by the members must be subscribed by the corporations of local municipalities in the territory where the Association is formed;
- (c) An amount equal to that subscribed by the municipalities must be subscribed by the Ontario Government.

This arrangement for capitalization of the Local Association differs entirely from the American system.

Each member must pay in 10 per cent of the par value of his stock at the time of subscription and the balance when called for, the payments by municipal corporations and the Ontario Government being made in the same proportion. Provision is made for the combination of two or more municipalities under one organization.

The board of management consists of two directors appointed by the municipal corporations subscribing, two directors appointed by the Lieutenant Governor in Council; the subscribing members elect from among themselves a president, vice-president and one director, who, with the four previously named, constitute the board of management.

Under this Act, short term loans are made for one or more of the following purposes:

- (a) Purchase of seed, feed, fertilizer and other supplies;
- (b) Purchase of implements and machinery;
- (c) Purchase of cattle, horses, sheep, pigs and poultry;
- (d) Payment of cost of carrying on any farming, ranching, dairying or other agricultural operations;
- (e) Payment of the cost of preparing land for cultivation;
- (f) Fire or life insurance where required, in the opinion of the directors, as collateral security for a loan made for any of the above-mentioned purposes.

No loan is made to exceed \$2,000.00.

The maximum rate of interest allowed is 7%, one-seventh of which goes to the local association for expenses.

Fifteen associations had been formed in Ontario up to October 31st, 1923, and 399 loans were made amounting to \$310,875.00.

The capital required for carrying on the business of the association may be obtained in two ways:—

- (a) The Treasurer of Ontario may, with the approval of the Lieutenant Governor in Council, make loans to the Board; and
- (b) The Minister of Agriculture may, with the approval of the Lieutenant Governor in Council, enter into agreement and guarantees with banks, loan companies and other corporations for securing money for the purposes of the associations, and may fix interest rates and terms of repayment.

I doubt if this scheme will play a very large part in the business organization of the farmers of Ontario.

The third Act, to finance agricultural development, authorizes the Treasurer of Ontario to borrow money by means of deposits in any amounts from any person or corporation and to open offices for this purpose in such parts of Ontario as seem to him wise.

In so far as this Act affects agriculture, it provides that the money raised in this way may be available;—

- (a) To make loans to members of associations under the Ontario Farm Loans Act; and
- (b) To purchase bonds or debentures issued under the Agricultural Development Act.

By this Act, savings bank deposits are made available through the Agricultural Development Board for agricultural purposes.

It has resulted in a considerable share of the savings deposits in Ontario going to the Government.

### Manitoba

In the Province of Manitoba, three Acts respecting Rural Credit have been passed and are now in operation. One of these, "An Act to Foster and Encourage Agricultural Development by Providing for Loans upon Farm Mortgages at Reduced Rates of Interest", is a long term mortgage scheme; the second, "An Act Respecting Rural Credits," provides machinery for the making of short term personal credit loans; and the third is entitled "An Act to Encourage Savings, to Authorize the Borrowing of Such Savings and the Issue of Securities Therefor."

#### Long Term

Under the first Act, there is established in the province a body corporate under the name of the Manitoba Farm Loans Association, to which, from the management point of view, is given all the general powers of a financial corporation.

The affairs of the Association are managed by a Board known as the Manitoba Farm Loan Board, consisting of five members appointed by the Government. Of these members, one, the Commissioner of Manitoba Farm Loans, is directly appointed by the Lieutenant Governor in Council and at pleasure, one may be nominated by the Union of Municipalities of the province and one by the Grain Growers' Association. The period of service is designated by the Lieutenant Governor in Council. All the expenses, including salaries, together with all other proper expenditure incurred by the Board, must be paid out of the funds of the association.

#### Capital Stock

The capital stock of the Association, which was originally \$1,000,000, is now fixed by an amendment to the Act at \$550,000, divided into 110,000 shares of five dollars each. These shares can only be owned by borrowers on farm loan mortgages under the provisions of the Act, and by His Majesty in the right of the Province. Every borrower must purchase capital stock of the Association equal to five per cent. of the value of the desired loan, the same to be paid in cash or deducted from the loan. The certificates of shares issued are not transferable, unless the property on which the mortgage is held is sold, in which case the shares may be transferred with the sale.

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Under the Act, one-half the share capital of the Association is purchased by the Government, which also is authorized to advance to the Association an amount equal to the paid up capital of its members, the total not to exceed \$550,000.

The rate of interest charged on loans made by the Association, which was originally 6 per cent, was fixed by an amendment to the Act in 1921, at 7 per cent per annum.

The amount of the loan must not exceed 50 per cent of the estimated value of the land mortgaged together with the value of the improvements upon the land, the appraisals being made on a valuation for agricultural purposes only.

Loans are made only for the following purposes:—

- (a) The acquiring of land for agricultural purposes and the satisfaction of encumbrances on land used for such purposes;
- (b) For the cleaning and draining of land;
- (c) The erection of farm buildings;
- (d) Purchase of live stock and implements;
- (e) Discharge of liabilities incurred for the improvement and development of land used for agricultural purposes and any purpose calculated to increase land productiveness.

Loans are made only to those actively engaged or intending to engage in the cultivation of the land and the Board may require borrowers, if in their judgment they deem it necessary, to insure crops against damage by hail, storm, etc., in a company approved by the Association. Should any borrower at any time use the money loaned for purposes other than the purposes for which it was borrowed, the mortgage at once becomes due and payable.

#### Sale of Bonds

The Lieutenant Governor in Council is authorized to empower the Board, on behalf of the Association, to raise by the issue of bonds against first mortgages, a sum not to exceed twelve million dollars. The issue at any one time must not exceed 95 per cent of the value of the mortgages held as security. The rate of interest at which these bonds can be issued must not exceed 5 per cent per annum. These bonds are guaranteed as to principal and interest by the Government of the Province, and, in case of the Association not being able to meet interest charges, they become at once a direct charge upon the revenues of the Province.

Further, it is provided that, pending a sale of bonds by the Association, which have been authorized by the Lieutenant Governor in Council, the Province may advance or guarantee a loan to the Association at any bank for a sum not exceeding at any one time \$1,000,000.

All the securities, including the capital shares issued under this Act, are free from all kinds of taxes other than federal taxation and the succession duties.

All mortgages are repaid on an amortization plan covered by 30 annual instalments, the debt to be extinguished in 30 years.

Up to the 31st December, 1923, approximately \$3,000,000 had been loaned under this Act. There has been a great demand for further loans, but the Government did not feel like going further into the scheme for the present.

It is hardly necessary to point out that this plan, like the Saskatchewan plan, differs materially from the farm loan scheme in the United States. While the Farm Loan Association is a corporation for the purpose or doing business, all the money acquired is acquired through an arrangement with the Government and with Government guarantees, while the officers who manage it are

subject to the direct action of the Lieutenant Governor in Council. In reality, individuals receiving loans are receiving Government monies with all the disadvantages of the sense of close contact with the Government.

### Short Term Loans

The second Act, The Rural Credits Act, is an Act authorizing the making of short term loans. The Act authorizes the organization of Rural Credit Societies in any part of the province. Such a society is organized on the basis of a petition presented to the Lieutenant Governor in Council, signed by not less than fifteen persons engaged in agriculture, setting out—

- (a) the names, addresses, occupations, and lands owned or occupied by them;
- (b) that the petitioners desire to organize a Rural Credit Society in a given locality within the Province;
- (c) the name of the municipality or locality which is to be the place of business;
- (d) the proposed name of the society;
- (e) the amount of capital stock and the number of shares into which the stock is divided with the amount paid on each subscription;
- (f) the names of not less than three nor more than seven of the subscribers who shall be provisional directors of the society.

The Lieutenant Governor in Council may then issue letters patent, incorporating the society with the prescribed powers under the Act, after which the organization of the society can be completed.

The society is not permitted to commence business until it has received subscriptions in capital stock from at least 35 persons engaged in farming of \$100 each and of which not less than 25 per cent has been paid.

The Government of the Province is authorized to subscribe an amount equal to one-half of the total amount subscribed by the individual shareholders, the amount to be paid in in like proportion to the individuals. The Government may borrow \$500,000 on debentures for this purpose. Any municipal corporation or combination of two or more municipalities may also subscribe an amount equal to that subscribed by the Government of the Province. The municipalities subscribing may issue debentures for the purpose of paying their subscription.

The business management of each society is vested in a board of directors composed of nine members, three elected annually by the individual subscribers, three appointed by the council or councils of the municipalities subscribing to the capital stock and three by the Lieutenant Governor in Council, each to serve for three years. It is necessary that at least one of the directors shall be a graduate of the Manitoba Agricultural College, or otherwise specially qualified in agriculture.

The officers of the society are appointed by the directors and registered by the Provincial Secretary and all the subscribing municipalities in the usual way. The secretary is the only paid officer and he may not be a member of the society, but is appointed because of his suitability for the work. The annual meeting is called for once a year.

The objects of the Rural Credit Societies organized under the Act are:—

- (a) To procure short term loans for members for paying the cost of farm operations of all kinds and increasing the production of farm products;
  - (1) and, particularly, for purchase of seed, feed and other supplies;
  - (2) purchase of implements and machinery;
  - (3) purchase of cows, hogs, sheep, pigs and other animals;

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- (4) payment of the cost of carrying on any farming, ranching, dairy-ing or other like operation;
- (5) payment of the cost of preparing land for cultivation;
- (6) payment of not more than one-half the cost of erecting silos.
- (b) To act as agents for members in purchasing supplies and selling products;
- (c) To promote co-operation for the improvement of conditions of farm life and to extend its operation to all residents of the district.

The moneys loaned under the Act are arranged for either with a chartered bank or with private individuals. Loans are made on a note signed by the applicant, approved by the directors and endorsed by the secretary, on behalf of the society, which thereby becomes responsible to the extent of the assets of the society, in case of default. The rate of interest is fixed so as not to exceed 7 per cent per annum, of which  $\frac{1}{7}$  is paid to the local association for the purposes of the business of the society, so that only 6 per cent is paid to the lender. All loans terminate on the 31st day of December of the year in which the loan is made, but application for renewal for one year beyond that date is admissible, provided the loan was made for purposes not productive within a year.

Under an amendment to the Act in 1923, the Province is authorized to lend to any society from the treasury, "to the extent of, but not exceeding, twenty times the paid up capital and surplus assets of such society, provided that no society shall incur liabilities, whether direct or contingent, in excess of the amount of its capital and surplus assets."

As security for the loan, so far as the individual is concerned, all animals, machinery, or goods of any kind purchased with the proceeds of the loan, together with the offspring of such animals and crops or any products produced as the result of the loan are subject to lien without documentary specification.

For default in payment or dishonest practices on the part of the borrower, there are very rigid enactments.

The capital stock of any society must be invested in Government bonds or bonds guaranteed by the Government and all the income derived must be paid into the society to be applied:—

- (a) in payment of the necessary expenses of the society;
- (b) in payment of dividends on the stock of not more than 6 per cent;
- (c) in accumulating a reserve which may, in the discretion of the directors, be invested in the same way as the capital stock.

Over and above all the societies there is a supervisor appointed by the Lieutenant Governor in Council, known as the Supervisor of Rural Credit Societies. His duties are defined by the Lieutenant Governor in Council.

In 1923, an investigation of the working of these societies was authorized by the Government and a report made upon them by Professor Jackman and Mr. Collier. The report was very condemnatory of the handling of the business of the societies and indicated the possibility of a very large loss to the Government. Approximately \$3,000,000 is outstanding in loans made under this system of which at least three-quarters are renewals of loans with outstanding interest charges of approximately \$30,000.

The Act originally did not place a limit to the borrowings, the result being that some individuals have received very large loans. Amendments have since been passed, however, restricting loans to \$2,000.

The third Act, "An Act to Encourage Savings, to Authorize the Borrowing of Such Savings and the Issue of Securities Therefor," is similar to the corresponding Act in Ontario.



### Saskatchewan

A Long Term or Mortgage Credit plan has been in operation in the province of Saskatchewan for some years. It is worked under an Act named "The Saskatchewan Farm Loans Act." The Act is administered by a Board called the Saskatchewan Farm Loan Board, consisting of one commissioner and two other members appointed by the Lieutenant Governor in Council. The Board is a corporation and, while receiving its moneys from the Government, works independently.

The Board has power—

- (a) to lend money on the security of farm mortgages;
- (b) to invest disposable funds by depositing same with any chartered bank, or in any other manner in which the trustees are permitted by law to invest trust funds;
- (c) to acquire and hold real estate for the purposes of the Board and to dispose thereof when no longer required for such purposes;
- (d) to borrow money as required for the purposes of the Board and to perform such transactions by way of security as are necessary;
- (e) to do all the necessary and incidental business resulting from the operation of a money lending agency on farm property.

The Farm Loan Commissioner holds office for ten years, unless removed for cause as the result of action in the Legislative Assembly. The other two members hold office during the pleasure of the Lieutenant Governor in Council.

No loan is permitted excepting on the security of a first mortgage on farm lands situated within the Province. Encumbrances, however, may be upon the land in the nature of legal priorities under the laws of the province.

Loans are made for the following fixed purposes:—

- (1) For permanent improvements to the property mortgaged, which, in the opinion of the Board, will assist in the productive development of the property;
- (2) Payment of liabilities which, in the opinion of the Board, have been incurred for any of the above purposes;
- (3) In special cases and under special conditions for the cultivation of land for agricultural purposes.

No loan is made for an amount greater than 50 per cent of the Board's valuation of the security offered.

Loans are made for a term of 30 years and are payable by amortization.

The rate of interest charged is to be sufficient to pay the interest on and the cost of raising the money as well as the expenses of conducting the business of the Board and other incidental expenses.

The working capital necessary is advanced from time to time by the Provincial Treasurer under the authority of the Lieutenant Governor in Council. The total sum permitted to be so raised under the Act is \$10,000,000, the securities used for raising it being Provincial securities. The term of years and the rate of interest to be paid by the Province is left to the determination of the Lieutenant Governor in Council.

The amount of advances made by the Provincial Treasurer is limited by the amount of the mortgages held by the Board and hypothecated to the Provincial Treasurer as security for the advance.

The Board is authorized, pending the disposing of securities, to borrow from any bank or corporation with the approval of the Lieutenant Governor in Council.

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In the working of the Act, the Government has not authorized the selling of debentures at a rate greater than 5 per cent and has fixed the rate of interest for loans at  $6\frac{1}{2}$  per cent. The Government charges the Board  $5\frac{1}{4}$  interest for the money,  $\frac{1}{4}$  being assumed to be sufficient to cover the expenses of sale and other incidental expenses to the department. The Board has thus a margin of  $1\frac{1}{4}$  per cent to cover expenses of administration and possible losses. This is regarded by the Farm Loan Board of Saskatchewan as sufficient for the purpose.

Up to December 31st, 1923, approximately \$9,000,000 was loaned out under the scheme.

It will be seen, therefore, that in Saskatchewan, while the money is raised directly on the credit of the Province, it is passed over to a Board which is a separate corporation, through which all the business is handled. Further, the Saskatchewan plan does not use the local association in any way, so that the individual borrower comes in direct contact with the Board. The relation of the borrower to the Government, therefore, is much nearer than is the borrower to the Government under the American farm loan scheme and the plan resembles more closely the plan recently inaugurated by the state of Minnesota.

Most of the loans were made prior to 1922. The difficulty of securing money at 5 per cent has retarded the growth of the scheme.

### Alberta

There are two Acts on the statute books of the Province of Alberta, dealing with rural credit, one entitled "An Act to Foster and Encourage Agricultural Development by Means of Standard Forms of Investment upon Farm Mortgage and the Equalization of Rates of Interest." It is cited as the "Alberta Farm Loan Act." The other, entitled "An Act Respecting Co-operative Credit" is cited as the "Alberta Co-operative Credit Act." The first of these is to provide, as its title indicates, Long Term or Mortgage Credit; the second is intended to provide Short Term or Personal Credit.

#### Long Term Loans

The Alberta Farm Loan Act, which was passed in 1917, is, in its general outline and purpose, much like the corresponding Act in Manitoba. As it has never been put into operation, I do not think it necessary to go into a detailed description.

Provision is made for the advancing of money by the Government to a body known as the Alberta Farm Loan Board, a body incorporated for the purpose of making farm loans. The limit of the loan is fixed at 40 per cent of the appraised value of the land offered for security calculated on its productiveness as farm land, the maximum amount, however, not to exceed \$5,000.

The purposes for which a loan is made are clearly defined and are related entirely to farm production. Provision is made for the issuing of bonds to be known as the Alberta Farm Loan Bonds, the same being unconditionally guaranteed by the Government of the Province. The mortgages are to be repaid through the usual amortization scheme, covering a period of thirty years. The rate of interest is not fixed. It must be sufficient to pay the interest on the bonds and to cover the current expenses of the organization.

#### Short Term Loans

The Act respecting co-operative credit in the Province of Alberta is also similar to those in the other Provinces of Canada. It provides for the organization of Co-operative Credit Societies in the Province. A Co-operative Credit

Society can be organized on the presentation of a petition to the Lieutenant Governor in Council of not less than fifteen persons, who are engaged in farming operations and who subscribe for stock in the society at par value to the amount of not less than \$1,500, of which not less than 20 per cent must have been paid up, the balance to be covered by the subscriber's promissory note payable to the society at 6 per cent interest. The society, however, cannot commence business until there are thirty members with subscribed stock equivalent to \$3,000, being paid under the same conditions as above.

After the society has become duly incorporated, an additional 20 per cent of the stock becomes due on the following first day of January and so on in each successive year, until the full value of the stock has been paid up.

The society is organized to exercise its function in a specific district.

The management of the society is vested in a board of directors, four of whom must be elected at the first meeting and annually thereafter by the subscribers, three of whom are named by the Provincial Treasurer and one by the municipality giving a guarantee to the society.

Provision is made in the Act for the guaranteeing of the securities, obligations and financial undertakings of any society by the Lieutenant Governor in Council. Further, the Council of any municipality in the Province may also guarantee the securities, obligations, or financial undertakings of any society, for an amount equal to one-half the total amount of stock subscribed by the shareholders. On assuming a guarantee for an amount of money to the society, the municipality is permitted to advance the money out of the general funds of the municipality without taking a vote of the rate-payers.

All the societies under the Act come under definite regulations and by-laws approved by the Lieutenant Governor in Council.

The objects of the Co-operative Credit Societies are:—

- (1) to procure short term loans for its members for paying the cost of farming operations of all kinds and increasing the production of farm products;
  - (a) the purchase of seed, feed and other farm supplies;
  - (b) the purchase of implements and machinery;
  - (c) the purchase of cows, horses, sheep and other live stock;
  - (d) payment of the cost of carrying on any farming, ranching, stock raising, dairying and other operations;
  - (e) payment of the cost of preparing for cultivation;
- (2) to act as agent for the members for purchasing goods, chattels, effects, stock, grain, coal, wood, lumber, merchandise and any other article or commodity required by subscribers and in selling any products produced by subscribers and in placing hail and fire insurance;
- (3) to promote co-operation among its members for the improvement of conditions of farm life.

Loans are made only to members of the society and at a rate of interest not exceeding 7½ per cent, of which one-half of one per cent is returned to the society for the purpose of meeting the expenses of the society.

All applications for loans must be accompanied by a statement of assets and liabilities and the endorsement of the local society. Before the monies are advanced, the borrower must sign a note for the amount of the money to be advanced, together with the interest on it, which, being endorsed by the society, can be used to obtain money from any bank or company approved by the Lieutenant Governor in Council, by whom, as stated above, it is also guaranteed.

Provision is made in the event of the borrower not being able to pay the amount at the date of maturity, to renew the note for one year, provided the

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purposes for which the loan was granted are not fully productive within one year. Should it become necessary because of the default of the borrower to seize any property of a borrower, the secretary-treasurer may act as bailiff and seize and sell the property without any other authority than that of the directors of the society.

Provision is also made for the retirement of a shareholder on payment of his obligation.

Any profits accruing to the society from interest or other sources are applied:—

- (a) in the payment of the necessary expenses of the society;
- (b) in the payment of dividends on paid up stock held by subscribers of not more than 6 per cent per annum; and
- (c) in accumulating a reserve which may be invested in the same manner as the paid up capital.

During the year 1923, \$830,560.00 was advanced to these societies, of which \$245,712.00 was outstanding at December 31st, 1923.

In some of the provinces of Canada, there are, in addition to the foregoing, special Acts dealing with special phases of agriculture. I have not deemed them of such importance as to require description for this report.

### Summary—Canadian Provinces

There are no available statistics regarding the amount of farm mortgage loans in Canada so that it is not possible to state the ratio of loans made under Provincial Government Organizations to the whole mortgage indebtedness of the country. The total loans made through the Provincial machinery, just described, is about \$23,000,000, an amount probably not more than 10 per cent of the whole, and certainly not enough to regulate interest rates on mortgages, but enough to prove the value to the farmers of the Amortization Principle. It is an unfortunate fact that most of the organizations described have for the moment ceased to function because of the difficulty of obtaining money at sufficiently low rate of interest, and because of the danger of embarrassing the Provinces by increasing too greatly their bonded indebtedness.

One other matter deserves special mention. In all the Provinces the Boards of Management have had difficulty in overcoming a disposition on the part of a considerable proportion of borrowers to regard lightly obligations to the Government. "It is Government money, they can wait" seems to be altogether too common an idea. The Administration Boards as well as ministers in charge of the Provincial Treasuries have had to call attention repeatedly, to this attitude of mind. It is being overcome but only by the use of rigid and decisive means. In the United States the same difficulty was encountered at first. It has been largely overcome by educational methods, by selling the bonds of the Land Banks in the districts where the borrowers themselves lived, thus showing to the borrowers that the money loaned was also borrowed in their interest, and where necessary by a rigid enforcement of the regulations regarding repayments.

With regard to interest rates in Canada there is little to add to the information brought out by the special committee of the House of Commons last year. The report of the Alberta Commissioner, made in 1922, after a careful study of that Province stated that the rate for short term loans from the Chartered Banks varied from 8 to 10 per cent "according to the condition of the district and the degree of competition present." The rate of interest on mortgages has been estimated to be 8 to 9 per cent the variation being due to similar causes.

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These figures would probably hold for Western Canada as a whole. In the Eastern Provinces the interest charges would be lighter. The aim of the Provincial Credit Organizations has been to lighten this burden by fixing rates varying from 6 to 7 per cent. They have succeeded only in proportion to the business done as the total loans have not been enough to afford effective competition. It remains for consideration whether agriculture can prosper under such charges.



## SECTION VI

## CONSIDERATION OF METHODS IN RELATION TO CANADIAN CONDITIONS

**Long Term Mortgage Credit**

Even a casual study of the foregoing description of the various methods of dealing with the problem of long term or mortgage credit will show that, with variations in detail, three methods have been employed:

- (1) The private investor, under which should be included the private corporation restricted only by common law conditions;
- (2) Public corporations working under special legal restrictions with or without government support—
  - (a) conducting business in the interest of the borrowers;
  - (b) conducting business in the interest of lenders; both within restrictions fixed by law;
- (3) Direct government loans.

With regard to (1), it is probably true that a very large share of the mortgage business in every country is in their hands. Under this I would include the private individual who loans directly himself and companies organized under general laws, such as insurance companies and corporations without legal restrictions with respect to interest charges. I think it may be truthfully said that wherever the mortgage business has been left entirely in the hands of persons or companies operating in this way, the claim has ultimately been made that rates of interest have remained high. So far as I am aware, no country in the western world continues to leave the solution of the farm mortgage problem entirely in the hands of organizations developed in such a way. In times of special prosperity, things may work out all right under such a plan, but in times of depression, in nearly every country in the world other methods have always been resorted to, at least within the last century. As has already been pointed out, it was the demand for more reasonable interest and government supervision that led to the whole scheme of Farm Mortgage Bonds in Europe, which has since been copied in the United States and in the Provinces of Canada. It should be stated, however, that those who claim that at the present time there is no necessity for government co-operation—and that claim is made everywhere on the American continent—base their claim on the belief that competition in money lending will sufficiently regulate the business.

(2) (a) In every civilized country, corporations have been developed of the second type. The *Landschaft* in Germany, for example, is a public corporation organized under special legislation with definite restrictions upon its business, which aims to so improve and regulate farm mortgage security, so as to be able to secure cheaper rates of interest and to conduct its business solely in the interest of the borrowers.

There is no declared purpose in the foundation of the *Landschaft* to force people to lend money at unremunerative rates; the express purpose was to so liquefy the mortgage as an investment, to give it such backing, that as a security, it would rank in its call for money with the best kind of public investment. There is absolutely no question that they succeeded in doing this and by the institution of Long Term Mortgage Bonds, secured for the owners of farm lands loans in competition with governments and municipalities and at rates of interest equal to that which they obtained. The persons so investing

invested on their own initiative, because they were convinced of the value of the security offered. The only public assistance granted to them was supervision, so as to give public confidence as to the soundness and honesty of their methods of carrying on their business.

Under (2) (b) come such organizations as those authorized in Great Britain under the older Acts which are described earlier in this report. For example, the Land Improvements Company Act of 1853 gave to the Company authority to carry on business in land mortgages for long terms of years in connection with definite operations for the improvement of agriculture. In doing so, the British Government put the stamp of its approval upon the undertakings and, in order to give public confidence, insisted that every such undertaking should be subject to proper expert inspection and carried out by well established methods. In return for this approval, which, while it may appear to have been a restriction, in reality gave security to the undertaking, they made a rate of interest greater than 5 per cent illegal. The fact that all the monies have since been forthcoming to carry out the projects entered into by this Company, which is still operating on a large scale, shows that the regulation did really not work out as a restriction and that in all probability investors were glad of the opportunity to place their money in investments made secure by the regulations of the Act.

The *Crédit Foncier* of France is an organization of a similar character. The business is being conducted really in the interests of investors. It has been given a practical monopoly in France of public mortgage business and received, in addition, definite support from the Government in getting started. In return for the privileges granted and for the assistance given, the Government fixed a definite limit of interest charges to be made on mortgages, namely, not to be greater than six-tenths of one per cent above the rate at which bonds for the purpose could be sold to the public. The French Government does not guarantee these bonds, but the supervision and control, which have been exercised by Government experts have stabilized security and given such confidence to the French investor that he is willing to accept the rates of interest offered. In this case, inspection and supervision were established because it was demanded by the public and because without it, security of land mortgages could not be established in the minds of the public so as to give the necessary confidence to secure rates of interest commensurate with the security. It was firmly believed that private enterprise did not offer the necessary competition to give agriculture, because of its lack of organization, interest rates commensurate with the security, and that by organization the security could be so improved as to attract the attention of the investing public.

With regard to institutions organized under the Farm Loan Board of the United States, it has already been pointed out that, the Federal Land Banks function somewhat as the *Landschaft* in Germany, while the Joint Stock Banks of the same system resemble the *Crédit Foncier*. That is to say, they are institutions organized under public control and supervision in such a way as to give confidence to the investing public in the security offered for loans, but, at the same time, doing business in such a way that the profits beyond a guaranteed return to lenders go to the benefit of the institutions and, therefore, of the organized borrowers in the case of the Federal Land Banks but to the investors in the case of the Joint Stock Banks.

While the United States Government put behind the Federal Land Banks \$9,000,000 free from interest charge for a period of years, nevertheless, the policy pursued has been to bring them to a state of independence and to make agriculture, through them, guarantee its own financial well-being.

Already, these institutions have returned to the United States Government three-quarters of the capital originally granted to them and are now financing

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the whole administration out of their own funds without any charge upon the public treasury. The Federal Farm Loan Board continues its supervision and care in the interest of the investing public. A definite restriction is placed by law upon interest charges and to assist them in living within these charges, a national selling agency has been authorized. The only other special privilege which they have in competition with other lending institutions is the freedom from the taxation of their bonds, a much discussed and controversial subject. With respect to that, I may say that I heard the principle of tax-free bonds universally condemned in the United States by all shades of opinion, but the Federal Farm Loan Board maintained that so long as state governments and municipalities, including towns and cities, had their bonds free from taxation, it was only fair that the bonds issued on farm mortgages should also be free from taxation. I think there can be no question that the issuing of tax-free bonds is working out enormously to the benefit of the well-to-do. Without question, also, it has been a benefit to the municipalities, and it has greatly assisted the Federal Land Banks in the sale of their bonds.

(3) The third method previously described is that of direct government loans. This has not been practised to any great extent, so far as my knowledge goes, elsewhere than on the American continent and in the British Dominions. In Great Britain, the New Act permits governments loans for a short period of years and is intended to give direct assistance to persons who, having bought lands on the basis of the stability of certain legislation, suffered because that legislation was repealed.

In most of the States of the United States, where loans are being made by the State governments, they are being made either directly or indirectly from the State Treasury. Even where bonds are only guaranteed by the governments, the officers administering the funds derived from them are State officers. The same is true, in the main, of what is being done in the Provinces of Canada.

There can be no question, I think, that in the administration of institutions dealing directly with governments, the dangers of political interference and of consequent loss to the public treasury is very great. Even in the United States, the work of the Farm Loan Board, removed as it is from the direct control of the Government, has suffered because men in public life have deemed it to be to their political advantage to speak critically of its policies without making an effort to get a knowledge of the facts.

When we come to consider the question of long term credit from the point of view of Canada as a whole, we are faced with the fact that no organization of a truly Canadian character has been developed. It is freely stated by those engaged in the farm mortgage business that none is necessary, that there is sufficient competition already in this business to take care of all the requirements of the country.

It is further claimed that the restrictions by way of taxes and priorities over mortgages have become so great in some, at least, of the Provinces of Canada that freedom of action is practically denied mortgage companies in carrying on their business. It was even suggested to me that with greater freedom of action and freedom from restrictions, the mortgage business of the country could be done at one to two per cent less cost than at present. Whether this be true or not, it is difficult to exactly determine. I have not yet found any lender who was willing to commit himself definitely to an agreement that, if restrictions were removed, prices on mortgages would be reduced. My judgment is, this is a matter of such serious importance that a conference between representatives of the mortgage organizations of Canada and the governments responsible for the legal limitations complained of and the leaders of the farmers' organizations in the country should be held to discuss the whole

matter and to see whether some scheme could not be devised that would remove the suspicion and doubt that have arisen in connection with it.

I think it cannot be denied, referring especially to Western Canada, that the mortgage business is conducted in an exceedingly expensive manner and that reasonable co-operation between loan companies might greatly reduce the present cost of administration. The Federal Land Banks of the United States are to-day conducting their business on a margin of one per cent and are setting aside out of that a considerable margin for possible losses. Figures are not available for Canada as to the cost of administering the farm mortgage business, but I think there can be no doubt that it is much beyond these figures.

Further, there is without question, a considerable number of farmers in Canada, who, following the urgent advice given during the war and at the close of the war to continue production, find themselves, due to the heavy deflation, in the same position that farmers found themselves in England and the United States, and for whom some plan of amortization of loans is absolutely necessary, if they are to be able to continue on the land. This demand is being met to-day only in a very limited degree. It is very doubtful whether the Provinces alone can continue to develop long term mortgage business without taking risks greater than they should take in connection with their own financing.

Now, while I am firmly of the opinion expressed by Sir Horace Plunkett and already quoted, that agriculture must be a self supporting industry, I believe with equal confidence that there is a need in Canada for some organization co-ordinating the credit which the farmer has to offer in such a way as to make it more attractive to the man who wishes to loan his money at a reasonable rate of interest with proper security. Every country in the civilized world has ultimately been compelled to take such a step. When it is remembered that two per cent, under the ordinary amortization scheme, will amortize a farm mortgage in 20 years, therefore, a reduction of two per cent in interest is equivalent in 35 years to the capital debt, the significance of the foregoing statement will be apparent.

#### **Short Term Loans**

With regard to short term loans, as already pointed out, two things have been aimed at—

- (1) to organize the security offered for them so as to secure more reasonable rates of interest, and
- (2) to increase the time of the loan, consistent with the seasonal production of agriculture.

It is quite apparent from the facts already related that three methods have been employed in securing these aims—

- (1) the better regulation of the security offered by means of co-operation with either limited or unlimited liability and government supervision;
- (2) by direct government assistance;
- (3) by a combination of the above.

With regard to (1), on the European continent, generally, the better organization of security so as to enable agriculture to be self-sustaining is the aim of the co-operative credit movement.

The Intermediate Credit Banks of the United States have been organized with the same idea in mind. They have been granted public organization and supervision and a portion of their capitalization, in order to make it possible that all charges shall ultimately be borne by the business in the interest of which they were instituted. A special regulation in the Act of incorporation prohibits the United States Government from guaranteeing any of their obligations.

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With regard to (2), direct government assistance, broadly speaking, all State loans in the United States are being made through organizations having direct contact with the government, although in some of these, the principle of establishing local co-operative associations is followed.

In so far as short term loans are made under the Australian and New Zealand organizations, I think they may be considered as direct government loans.

(3) In many countries, government assistance and co-operation are combined. In France, as has been pointed out earlier in this report, the Bank of France, functioning as a Bank of Issue, is compelled to make annual grants for the support of the co-operative banking institutions. Theoretically, these advances are made by way of a loan, but I do not think that the possibility of their return is seriously contemplated.

In a limited sense, the Federal Intermediate Banks would come under this classification, as the capital of the banks has been provided by the Federal Government. On the other hand, these institutions are required to pay interest on the money borrowed and, further, a rather remarkable provision, that while the Government refuses to guarantee the securities of the banks, all the profits beyond a certain amount must be returned to the United States Treasury as a franchise tax for the right of doing business or to be applied to the United States debt.

The organizations in Canada, in the main, come under this classification, that is to say, they are based on the organization of co-operation, but are directed and supported by the Government.

With regard to the organization of short term credit in Canada, I think there can be no doubt that some reorganization in connection with it must take place. I do not wish any statement I make to be taken as a criticism of the operation of the banks in Canada. That is not my business. I have no doubt that the statement made by bank organizations as to the losses they have had in the last few years are absolutely true, but I think it is equally true that, excepting in the case of well established farmers, the short term bank loan at present is not sufficient to carry the farmer's operations. Many of the leading bankers of the country admit this to be so. The General Manager of the Canadian Bank of Commerce in the following statement recently made in an address, shows that the great bankers of the country are cognizant of the problem with which agriculture is confronted:—

"The discussion of the problem of financing the operations of Canadian farmers, especially in the West, occupied much of the time of the last session of Parliament, much evidence was submitted, but as yet no practical scheme seems to have been evolved. Unquestionably, in an ordinary industry, if the capital already invested cannot be profitably employed it is useless to look for more. But the importance of agriculture as a basic industry and the plight of so many farmers during recent years force the problem to be approached from no ordinary angle. During the discussion in Parliament this Bank suggested that a possible solution might be found in money borrowed by way of the issue of long term securities, the marginal risk to be carried by the issue of stock of a corporation to be formed for the purpose, the money for which would be found in such proportion as might be agreed upon by the Dominion Government, the Governments of the various Provinces interested, the banks and other large corporate interests who share in financing the farmers. The details might prove difficult to work out, but the plan of financing such requirements by long term securities, rather than from moneys repayable on demand, is unquestionably sound from the economic point of view."



There can be no doubt that the establishment in Canada of a Short Term Credit System based on the formation of Local Associations for co-operative purposes would be much more difficult than in most European countries, or even in the United States. The uniformity of the population and the permanency of family relations create in those countries the exact conditions under which co-operative methods flourish. Yet, I think that experience has already shown that a sound plan along these lines could be worked out under proper supervision and control. It would be a definite step toward the realization ultimately of financial control and, therefore, independence by the farmers themselves. Discounting facilities would have to be provided by some central agency, either a corporation specially created, as suggested by the President of the Bank of Commerce, or organized and to some extent, at least, capitalized by the Government, as in the United States and in France. This would be absolutely necessary, unless, through the organization of Provincial Savings Banks, sufficient money could be found, a very doubtful contingency for some years to come.

One word in conclusion—It ought to be clear to anybody that Canada is slowly passing through the stage in her agricultural development that the United States was passing through some years ago, viz., the best lands of the country have been taken up, wealth accumulating from the rise in land prices will, in a large measure cease, and land mortgages based on growing prices will be harder to carry. I have no doubt that competition from the United States so far as cereals are concerned will grow less and that, in spite of high tariffs, the United States must buy from us eventually, but competition from a revived Europe and other parts of the world will increase. If we desire to have Canadian agriculture maintain its place in world competition in the future, the time to begin to plan for the rational administration both of its finances and its scientific development is the present.

Should the Government deem it wise, during the present session of Parliament, to take action with regard to the establishment of a plan for the development of long term and short term credit, I would respectfully urge that an intensive study of this problem be continued. If it is considered wiser to wait for further maturity of opinion on the subject, then I would respectfully suggest that, as the period given for the preparation of this report has hardly been sufficient to study the problem from the point of view of the communities seeking benefit, that I be permitted to continue the study of the problem in the interim.

# CARRIAGE OF FREIGHT

ON THE

# GREAT LAKES

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F. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
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## RETURN

### *Motion*

To an Order of the House of the 24th March, 1924, for a copy of all correspondence, letters, telegrams and other documents passing between the Government and American vessel owners, or vessel owners' organizations, since the passing of the Inland Lake Freights Bill, and relating to the carriage of freight on the Great Lakes and the compliance or non-compliance with the provisions of such Act.

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DETROIT SHIPBUILDING Co.,  
Foot of Orleans St.,  
DETROIT, MICH., September 28, 1923.

THOMAS A. LOW,  
Minister of Trade and Commerce,  
Ottawa, Canada.

Would consider charter steamer *Oncida* and five sister ships now operating on Great Lakes for lump net figure for use balance of season in grain carrying trade. Each has carrying capacity of over one hundred thousand bushels wheat, and are in first-class condition. Kindly wire if interested.

E. KETCHAM,  
*Secretary.*

DETROIT, MICH.

THOS. A. LOW,  
Minister of Trade and Commerce, Ottawa, Ont.

Would consider charter steamer *Oncida* and five sister ships now operating on Great Lakes for lump net figure for use balance of season in grain carrying trade each has carrying capacity of over one hundred thousand bushels wheat and are in first class condition kindly wire if interested.

E. KETCHAM,  
*Secretary Detroit Shipbuilding Co.*

DETROIT SHIPBUILDING Co.  
DETROIT, MICH., Oct. 1, 1923.

THOMAS A. LOW,  
Minister of Trade and Commerce,  
Ottawa, Canada.

W. H. Gerhauser Vice President Steamship Company owning steamers will communicate with you from New York City to-day or to-morrow. Thanks for telegram.

E. KETCHAM.

OTTAWA, 2nd October, 1923.

W. H. GERHAUSER,  
Vice-President,  
The American Shipbuilding Company,  
New York City, N.Y.

I will register at King Edward Hotel at Toronto to-morrow and will be able to give you name of party if you will get in touch with me (stop) advise me here quickly as I am going to Toronto on other business tonight.

THOS. A. LOW,  
*Minister of Trade and Commerce.*

DETROIT, MICHIGAN.

THOMAS A. LOW,  
Minister of Trade and Commerce,  
Ottawa, Canada.

Have just been in communication with W. H. Gerhauser, Vice-President steamship company. He will be glad to meet in Toronto Wednesday whomever you may designate. Kindly wire him to-day Hotel Biltmore New York City your wishes.

E. KETCHAM.



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October 3, 1923.

Hon. THOS. A. LOW,  
King Edward Hotel,  
Toronto, Ont.

Name is W. H. Gerhauser, Vice President American Shipbuilding Company.  
Never received an answer to our wire to him.

M. TAYLOR,

October 4, 1923.

W. H. GERHAUSER,  
Hotel Biltmore,  
New York City.

Can you meet party at Mount Royal Hotel Montreal to-morrow to discuss  
chartering of lake boats with party who will meet you there.

THOS. A. LOW.

WINNIPEG, MAN., October 22, 1923.

W. G. McGEAN,  
Kirby Bldg.,  
Cleveland, Ohio.

The Government accepts the interpretation placed upon section three of  
the Inland Waters Freight Rates Act of nineteen twenty three by the Board of  
Grain Commissioners in their statement of October nineteenth.

THOS. A. LOW,  
*Minister of Trade and Commerce.*

*Confirmation of Western Union Telegram.*

CLEVELAND, OHIO, OCTOBER 22, 1923.

Hon. THOMAS A. LOW,  
Minister of Trade and Commerce,  
Ottawa, Ontario, Canada.

Mister Rathbone's circular notice to vessel managers of October nineteenth  
has been received and has to-day been considered by the majority of United  
States Managers who have authorized me to send you the following message  
Stop. Your notice that you are prepared to accept as a compliance with section  
three of the Inland Water Freight Rate Act of Nineteen twenty-three either (a)  
the filing with the Board of Tariffs by the vessel owners or (b) the filing by  
the shippers before loading of copies of charters or contracts for space Stop.  
The vessel owners here represented will decline to file such tariffs Stop. We  
can have no objection to the filing by the shipper before loading of copies of  
charters or contracts for space as this so far as the vessel is concerned restores  
and preserves her right of contract and places no obligation on the ship and  
would of course not affect the reasonableness of the rates because we assume  
before the shipper definitely closes his contract with the vessel he has due  
approval of the Government Stop. With this understanding see no objection  
to United States vessels taking Canadian grain as in previous years Stop.  
Please confirm.

W. H. McGEAN,  
*Chairman.*

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4:10 PM

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CHICAGO, ILL., October 22, 23.

LESLIE H. BOYD,  
296 Grain Exchange,  
Winnipeg, Man.

Your message yesterday was in hopes you would be here to-day vessel men had meeting in Cleveland to-day and are prepared to carry Canadian grain they are now engaged in forming a proper charter to take care of new regulations suggest you go to Cleveland at once to talk this matter over when will you be there leaving for Cleveland to-night.

A. E. R. SCHNEIDER.

3:45 PM

RY CLEVELAND, OHIO, October 22, via Ottawa, Ont., October 22.

Hon. THOMAS A. LOW,  
Fort Garry Hotel,  
Winnipeg.

Mister Rathbone's circular notice to vessel managers of October nineteenth has been received and has to-day been considered by the majority of United States managers who have authorized me to send you the following message Stop your notice that you are preparing to accept as a compliance with section three of the Inland Water Freight Rate Act of nineteen twenty-three either (A) the filing with Board of Tariffs by the vessel owners of (B) the filing by the shippers before loading of copies of charters or contracts for space Stop the vessel owners here represented will decline to file such Tariffs Stop we can have no objection to the filing by the shipper before loading of copies of charters or contracts for spaces as this so far as the vessel is concerned restores and preserves her right of contract and places no obligation on the ship and would of course not affect the reasonableness of the rates because we assume before the shipper definitely closes his contract with the vessel he has due approval of the Government Stop with this understanding see no objection to United States vessels taking Canadian grain as in previous years Stop please confirm.

W. G. McGEAN,  
*Chairman.*

FORT WILLIAM, August 9, 1923.

For Addresses see separate list attached.

The Board of Grain Commissioners for Canada, which is charged with the administration of the Inland Water Freight Rates Act recently passed by the Parliament of Canada, and copy of which is doubtless now in your possession, is desirous of ascertaining if it is your intention to charter your boats for the movement of Canadian grain ex Fort William and Port Arthur under the provisions of said Act, more particularly Section Three relating to the filing of a tariff. Please wire reply to Leslie H. Boyd, Chief Grain Commissioner, Department of Trade & Commerce, Ottawa, Canada.

F. J. RATHBONE,  
*Sec., Grain Commission.*

To Barlum Steamship Co., 2720 Grand River Ave., Detroit; Becker Steamship Co., Kirby Bldg., Cleveland, Ohio; Boland & Cornelius, Mgrs. American Steamship Co., Prudential Bldg. Buffalo; Brown & Co., Chamber of Commerce, Buffalo; H. H. Brown & Co., Kirby Bldg., Cleveland; Cleveland-Cliffs Iron Co., Kirby

## SESSIONAL PAPER No. 162

Bldg., Cleveland; Columbia Steamship Co., Hanna Bldg., Cleveland, Ohio; Crosby Transportation Co., Milwaukee, Wis.; Davidson Steamship Co., Bay City, Mich.; Forest City Steamship Co., 1400 W. 25th St., Cleveland, Ohio; General Transit Co., Leader-News Bldg., Cleveland; Great Lakes Steamship Co., Kirby Bldg., Cleveland; M. A. Hanna & Co., Leader-News Bldg., Cleveland; Hutchinson & Co., Kirby Bldg., Cleveland; Independent Steamship Co., Foot of West 54th St., Cleveland; International Harvester Co., 1100 Harvester Bldg., Chicago; Inter-state Steamship Co., Kirby Bldg., Cleveland; Jenkins Steamship Co., Kirby Bldg., Cleveland; Kinney Steamship Co., Kirby Bldg., Cleveland; Lake Transit Co., 510 Crapo Bldg., Bay City, Mich.; Sidney C. McLouth, Marine City, Mich.; Nicholson Transit Co., 2654 Atwater St., E., Detroit; Herbert K. Oakes, Kirby Bldg., Cleveland; Interlake Steamship Co., Western Reserve Bldg., Cleveland; Pittsburg Steamship Co., Kirby Bldg., Cleveland; Reiss Steamship Co., Reiss Bldg., Sheboygan, Wis.; Shenango Steamship Co., Kirby Bldg., Cleveland; Kinsman Transit Co., Kirby Bldg., Cleveland; D. Sullivan & Co., 208 S. LaSalle St., Chicago; G. A. Tomlinson & Co., Kirby Bldg., Cleveland; Valley Camp Steamship Co., Brotherhood of Railway Trainmen Bldg., Cleveland; Wilson Transit Co., 948 Kirby Bldg., Cleveland.

FORT WILLIAM, August 9, 1923.

GEO. MARR, Esq.,

Secretary-Treasurer, Lake Carriers' Association,  
Roeckefeller Bldg., Cleveland, Ohio.

For your information I beg to advise the following wire has been sent to the principal United States vessel owners operating on Great Lakes; Stop. The Board of Grain Commissioners for Canada, which is charged with the administration of the Inland Water Freight Rates Act recently passed by the Parliament of Canada, and copy of which is doubtless now in your possession, is desirous of ascertaining if it is your intention to charter boats for the movement of Canadian grain ex Fort William and Port Arthur under the provisions of said Act, more particularly Section Three relating to the filing of a tariff, Please wire reply to Leslie H. Boyd, Chief Grain Commissioner, Department of Trade & Commerce, Ottawa, Can.

F. J. RATHBONE,  
*Sec., Grain Commission.*

MARINE CITY, MICH., August 10, 1923.

LESLIE H. BOYD, Chief Grain Commissioner,  
Dept. Trade and Commerce, Ottawa.

We cannot see our way clear to comply with the new regulations of your parliament regarding the carrying of grain from Canada.

SYDNEY C. McLOUTH.

P.

DETROIT, MICH., August 10, 1923.

LESLIE H. BOYD, Chief Grain Commissioner,  
Dept. of Trade and Commerce, Ottawa, Ont.

Answering F. J. Rathbone telegram August ninth the only two vessels we own suitable for grain transportation for Lake Superior are chartered to Hutchisons Cleveland for balance of season inland water freight rates act not received therefore cannot answer as requested until it is.

NICHOLSON TRANSIT CO.

14 GEORGE V, A. 1924

P.

BUFFALO, N.Y., August 10, 1923.

LESLIE H. BOYD, Chief Grain Commissioner,  
Dept. Trade and Commerce, Ottawa, Ont.

So far as Eastern Steamship Company a Canadian corporation whose boats we manage is concerned we will file tariff in accordance with the ruling of the administration of the Inland Water Freight Rates Act recently passed by the Parliament of Canada so far as boats of United States register that we operate are concerned we are not in position to offer these boats for movement of grain out of Fort William or Port Arthur under present conditions.

BOLAND AND CORNELIUS.

P.

CLEVELAND, OHIO, August 10, 1923.

LESLIE H. BOYD, Chief Grain Comm.,  
Dept. of Grain and Commerce, Ottawa.

Answering wire of F. J. Rathbone secretary from Fort William with the difficulties which we understand exist under the Act referred to do not as at present informed expect to charter.

HERBERT K. OAKES.

P.

CLEVELAND, OHIO, August. 10, 1923.

LESLIE H. BOYD, Can. Grain Comm.,  
Dept. of Trade and Commerce, Ottawa, Ont.

Replying to F. J. Rathbone's message believe American vessel owners will object filing tariffs in accordance with provisions Section Three but see no objection filing copy of charter personally believe charter should be filed with hopes this will expose and stop speculation on part of vessel brokers who are responsible to neither grain shipper or vessel owner and who have done tremendous harm to vessel interests some of these vessel brokers not being satisfied with their proportion of bout half million dollars a year on insurance commissions and charter fees try and scalp the market on rates this is pernicious practice and should be stopped charters can be made between vessel owners and grain shippers direct in which case both are responsible to each other and any default on either side can be properly taken care of.

A. E. R. SCHNEIDER,  
*The Cleveland Cliffs Iron Company.*

P.

CLEVELAND, OHIO, August 10, 1923.

F. J. RATHBONE,  
Secy. Bd. Grain Com'rs.,  
Fort William, Ont.

We will not carry any grain this fall.

PITTSBURG STEAMSHIP CO.

BAY CITY, MICH., 1232P, August 10, 1923.

F. J. RATHBONE,  
Sec'y. Grain Commission,  
Fort William, Ontario.

Am not acquainted with matter in question will have to advise later.

S. L. SHAW.

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CLEVELAND, OHIO, August 11, 1923.

LESLIE H. BOYD, Chief Grain Commissioner,  
1036 Dorchester St. West Montreal Que.

Received telegram from Rathbone Secretary Grain Commission Fort William asking whether or not we intend to charter our boats for movement of Canadian Grain Ex Fort William and Port Arthur under provisions of Board of Grain Commissioners for Canada particularly Section Three relating copy of the law we are not in position to answer you if you will kindly send us copy will advise you what we intend to do.

THE MA HANNA CO.

CLEVELAND, OHIO, 1215P. August 11, 1923.

F. J. RATHBONE,  
Fort William, Ontario.

Telegram received sorry but have not given your matter sufficient consideration to answer intelligently.

WILSON TRANSIT CO.

SHEBOYGAN Wis., August 13, 1923.

LESLIE H. BOYD, Chief Grain Commn.  
Dept. Trade and Commerce Ottawa Ont.

Our vessels not in grain market at this time cannot say whether or not will be in future.

REISS STEAMSHIP CO.

CHICAGO, ILLS., August 13, 1923  
Via Ottawa, Ont. August 13, 1923.  
Via Montreal, Que., August 13, 1923.

LESLIE H. BOYD,  
Chairman, Board of Grain Commissioners,  
Grain Exchange,  
Fort William, Ont.

Answering telegram from Mr. Rathbone from Fort William we are not in market at present time for grain from Fort William for our ships and cannot say at the present time whether we will be in the market in the future or not.

SULLIVAN AND CO.

RY CLEVELAND, O., Aug. 13, 1923.

F. J. RATHBONE,  
Secy. Grain Commission,  
Fort William, Ont.

Message received Mr. Tomlinson out of city for about two weeks will have his attention upon his return.

G. A. TOMLINSON.

CLEVELAND, OHIO, Aug. 14, 1923.

LESLIE H. BOYD, Chief Grain Commissioner,  
Dept. Trade and Commerce, Ottawa, Ont.

Replying your wire August ninth all our vessels under management G. A. Tomlinson Kirby Building Cleveland.

INDEPENDENCE STEAMSHIP CO.



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CLEVELAND, OHIO, August 15, 1923.

LESLIE H. BOYD, Chief Grain Commissioner,  
Dept. Trade of Commerce, Ottawa, Ont.

Answering F. J. Rathburn Secretary Grain Commission wire of August ninth it is not our intention to charter our boats to carry Canadian grain ex Fort William and Port Arthur and file tariff Interlake Steamship Co.

CLEVELAND, OHIO, August 15, via OTTAWA, ONT., 16, 1131 A.

LESLIE H. BOYD,

Queen's Hotel, Toronto, Ont.

Hold will arrive Mister Rathbone's message ninth was duly received Stop Vessel offices were closed Friday account funeral late President Harding and Saturday was short day and some managers away over week end hence delay replying Stop Informal meeting held to-day and for reason that our ships operate as private carriers engaged in the competitive business of transporting ore coal and stone with occasional grain cargoes the prevailing opinion is that the action of the Dominion Parliament has removed your grain from the class of competitive business subject to free and open competition which is the only character of business in which lake bulk freighters of United States registry have heretofore engaged Stop Under existing conditions the managers do not feel they can comply with the new law and of course will not operate in violation of it.

W. H. McGEAN, Chairman.

CROSBY TRANSPORTATION COMPANY,

MILWAUKEE, WIS., August 17, 1923.

Mr. F. J. RATHBONE, Secy.,  
Board of Grain Commissioners  
Fort William, Ont.

DEAR SIR,—Your telegram of August 9th was duly received, and I can say that we do not have a copy of the Inland Water Freight Rates Act, and would be interested to procure copy for our information if it is possible.

We do not expect to handle any Fort William or Port Arthur grain this season. Our operations at present are confined to a route Chicago-Milwaukee and Detroit with a stop-over at Goderich to discharge grain.

Very truly yours,

(Sgd.) G. F. MUNZER,

Traffic Manager.

G. F. Munzer—FW.

August 21, 1923.

File 1316

Crosby Transportation Co.,  
Milwaukee, Wis.

DEAR SIR,—I have your letter of the 17th inst. and, as requested therein, am sending you herewith copy of the Inland Water Freight Rates Act, 1923. for your information.

Yours truly,

(Sgd.) F. J. RATHBONE.

Secretary.

T.  
Enclosure.

SESSIONAL PAPER No. 162

September 21, 1923.

File No. 1316.

The Oriental Navigation Co.,  
New York, N.Y.

GENTLEMEN,—In case you have not already received copies, I am enclosing circular letters issued operators of steamship carrying cargoes of grain from Fort William and Port Arthur to other ports in Canada and United States.

Up to the present time we have not received tariffs covering a shipment of grain on the steamer *T. L. Church* on September 10 as follows: Wheat 107.545-30. It may be that this grain was a local shipment made in the province of Ontario for consumption or milling and under section 9 of the Inland Water Freight Rates Act the steamship company is not obliged to file the tariff therefor. At the same time I would point out that the same section of the Act places the burden of proof upon the steamship company. I would, therefore, appreciate the receipt from you at an early date of either a copy of the tariff covering this shipment and also further shipments which you expect to make from time to time on this vessel, or a statement in writing establishing beyond question that the shipment referred to comes under section 9 of the Act.

Yours very truly,

EAU/S  
Encl.

(Sgd.) F. J. RATHBONE,  
Secretary.

CLEVELAND, OHIO, September 21, 1923.

LESLIE H. BOYD,  
Grain Commissioner,  
Fort William, Ont.

Over five million bushels American vessel space for October and November towing is now offered also vessel space for storage. At Buffalo and side ports these offerings are not being accepted at comparative to the bay the nontaking of this tonnage would indicate that there is not the stress for the movement of grain which is bought before the public by propaganda from irreconcilables. Hope to wire you some favourable news later in day.

(Sgd.) A. E. R. SCHNEIDER.

NEW YORK, N.Y., September 22, 1923.

Board of Grain Commissioners,  
Fort William, Ontario.

The North American Export Grain Association comprising practically all grain exporters Canada and States earnestly desirous of bringing about conditions which will induce American vessel owners participate carrying Canadian grain thus facilitating the movement and improving the price relation of Canadian grain. Stop. With this end in view may we ask you to wire us your latest proposal to carriers.

NORTH AMERICAN EXPORT GRAIN ASS'N, INC.

BOARD OF GRAIN COMMISSIONERS FOR CANADA

September 22, 1923.

File No. 1316.

H. K. OAKES, Esq.,  
Manager, Franklin Steamship Co.,  
Kirby Building,  
Cleveland, Ohio.

DEAR SIR,—I beg to acknowledge receipt from you this morning of confirmation of your telegram of the 17th inst. and your favor of the 18th inst.

14 GEORGE V, A. 1924

enclosing copy of the charter for a shipment of approximately 350,000 bushels grain from Fort William to Buffalo during the last five days of September at a rate of  $4\frac{1}{2}$ ¢ per bushel for which kindly accept my very best thanks.

Yours very truly,

(Sgd.) F. J. RATHBONE,  
*Secretary.*

EAU S.

CLEVELAND OHIO September 25 1923.

LESLIE H. BOYD,  
Chief Grain Commissioner,  
Fort William, Ont.

Warner New York Grain Exchange and vessel men would like meeting with you Toronto earliest day possible this week preferably Thursday to discuss plan relative transportation Canadian grain by American vessels stop Cleveland Cliffs position remains as stated when you were here their boats are now being assigned to load grain chartres to be filed under protest think however would be good policy for you attend meeting if possible please answer.

(Sgd.) A. E. R. SCHNEIDER.

CLEVELAND, OHIO 25 430 P.  
1923 Sept. 25 PM 4 54

LESLIE H. BOYD, care Department of Trade and Commerce,  
Ottawa, Ont.

Confirming telephone conversation party of vessel and grain men will meet you King Edward Hotel Toronto Thursday morning. Perhaps Belden and I will come also.

A. E. R. SCHNEIDER.

CLEVELAND. ONE. 1120A

L. H. BOYD, Fort William, Ontario.

Wired you Ottawa yesterday was advised you returned Fort William Message was then sent Ft Wiliam since which time have offered additional tonnage and matters are shaping very satisfactory.

(Sgd.) A. E. R. SCHNEIDER.

FORT WILLIAM, ONT., September 28, 1923.

A. E. R. SCHNEIDER, Esq.,  
Mgr. The Cleveland Transportation Co.,  
Kirby Bldg., Cleveland, Ohio.

Please omit rate when wiring details of space chartered.

(Sgd.) F. J. RATHBONE,  
*Secretary, Grain Commission.*

CHG.-BOARD.

CLEVELAND, OHIO, September 28, 1923.

F. J. RATHBONE,  
Secy. Grain Commission,  
Fort William, Ontario.

Your message to Pringle Barge Line giving reason omit rate in future we will send you two telegrams one giving space and period other giving rate one you can post the other retain for your files.

(Sgd.) A. E. R. SCHNEIDER.

SESSIONAL PAPER No. 162

CLEVELAND, OHIO, September 28, 1923.

F. J. RATHBONE,  
Fort William, Ontario.

Your telegram stating to omit rate when wiring you details of space chartered stop understand present law compels owner to specify rate has there been any change would appreciate immediate advice giving particulars so can act accordingly.

## PRINGLE BARGE LINE.

FORT WILLIAM, ONT., September 28, 1923.

The Pringle Barge Line Co.,  
Kirby Bldg.,  
Cleveland, Ohio.

Replying your wire we desire use telegraphed notice of charters for posting in accordance Section six Freight Rates Act stop copy of charter which you mail with confirmation of telegram deemed satisfactory compliance Section three requiring rates filed stop letter follows please explain to Schneider and Oakes also.

(Sgd.) F. J. RATHBONE,  
*Secretary, Grain Commission.*

BOARD OF GRAIN COMMISSIONERS FOR CANADA

September 28, 1923.

File No. 1316.

A. E. R. SCHNEIDER, Esq.,  
Manager, Cleveland Trans. Co.,  
Kirby Building,  
Cleveland, Ohio.

DEAR SIR,—Enclosed find confirmation of telegram forwarded to you this morning. The copy of charter which you forward when mailing confirmation of your telegraphed notice of space chartered shows the rate and other particulars deemed necessary to comply with Section 3 of the Inland Water Freight Rates Act. We would like to use your telegram to post in accordance with Section 6 of the Inland Water Freight Rates Act but cannot do so unless the rate is omitted from the telegram.

I have also to acknowledge receipt of your favour of the 25th inst. wherein you protest against the filing of copies of any charters which you may make for the transportation of Canadian grain during the present shipping season it will receive the full consideration of the Board.

Yours very truly,

(Sgd.) F. J. RATHBONE,  
*Secretary.*

BOARD OF GRAIN COMMISSIONERS FOR CANADA

September 28, 1923.

File No. 1316.

H. K. OAKES, Esq.,  
Manager, The Franklin S.S. Co.,  
Cleveland, Ohio.

DEAR SIR,—Enclosed find confirmation of telegram forwarded to you this morning. A copy of charter which you forward when mailing confirmation of your telegraphed notice of space chartered shows the rate and other particulars deemed necessary to comply with Section 3 of the Inland Water Freight Rates

14 GEORGE V, A. 1924

Act. We would like to use your telegram to post in accordance with Section 6 of the Inland Water Freight Rates Act but cannot do so unless the rate is omitted from the telegram.

I have also to acknowledge receipt of your favours of the 18th and 25th insts. wherein you protest against the filing of copies of the charters which were enclosed. Your protests will receive the full consideration of the Board.

Yours very truly,

(Sgd.) F. J. RATHBONE,  
*Secretary.*

BOARD OF GRAIN COMMISSIONERS FOR CANADA  
September 28, 1923.

File No. 1316.

The Pringle Barge Line Co.,  
Kirby Bldg.,  
Cleveland, Ohio.

GENTLEMEN,—Enclosed please find confirmation of telegram forwarded to you this morning and reply to your telegrapher inquiry received later.

The rate and other details deemed necessary to comply with Section 3 of the Inland Water Freight Rates Act are shown on the copy of charter forwarded by you but we have nothing to comply with Section 6. If you will omit the rate when telegraphing in the first instance the notice of space chartered we can post this in compliance with the requirements of the Act.

Yours very truly,

(Sgd.) F. J. RATHBONE,  
*Secretary.*

BOARD OF GRAIN COMMISSIONERS FOR CANADA  
September 28, 1923.

File No. 1316.

The Oriental Navigation Co.,  
17 Battery Place,  
New York, N.Y.

GENTLEMEN,—I have for acknowledgement your favour of the 25th inst. enclosing copy of the charter covering shipments of grain on the S.S. T. L. Church from Fort William and/or Port Arthur to Port Colborne during the present season of navigation for which kindly accept my very best thanks.

Yours very truly,

(Sgd.) F. J. RATHBONE,  
*Secretary.*

BOARD OF GRAIN COMMISSIONERS FOR CANADA  
September 29, 1923.

File No. 1316.

H. K. OAKES, Esq.,  
Manager, Franklin Steamship Co.,  
Cleveland, Ohio.

DEAR SIR,—I have for acknowledgement your favour of the 26th inst., enclosing the confirmation of your telegraphic advice copy of the charter made on that date for a shipment of grain on the Steamer Fred G. Hartwell to Buffalo and also the formal protest accompanying same which will receive the consideration of the Board.

Yours truly,

(Sgd.) F. J. RATHBONE,  
*Secretary.*



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BUFFALO, N.Y., September 30, 1923.

LESLIE H. BOYD,  
Chairman of Grain Commissioners Board,  
Fort William, Ontario.

We have three Norwegian boats here with grain from Fort William Final destination grain cargoes United Kingdom Custom Authorities Fort William Had Captain sign papers stating if cargoes forward via Montreal cargoes and boats would be confiscated in this scarcity of tonnage Can you give us authority to forward this grain via Montreal transferring cargoes at Buffalo to other boats and assuring us that cargoes and boats would not be confiscated Tariff has been filled for this grain via Montreal Please answer quick.

BOLAND

FORT WILLIAM, Ont., October 1, 1923.

BOLAND & CORNELIUS,  
Buffalo, N.Y.

Subject matter your wire referred Customs Department, Ottawa. Will advise as soon as possible.

(Sgd.) LESLIE H. BOYD,  
*Chief Commissioner.*

CLEVELAND, OHIO, Oct. 1, 1923.  
Via OTTAWA, ONT., Oct. 1, 1923.

LESLIE H. BOYD,  
Chairman, Bd. of Grain Commr.,  
Fort William, Ontario.

J. A. Speers Fort William advises nine million bushels wheat in store but elevators cannot keep up with cleaning account grain being exceptionally dirty over twenty boats loading yesterday morning and will be Tuesday night before can find sufficient clean grain to take care of them stop more capacity would be available if shippers would not charter so many boats until grain is cleaned the quicker boats are loaded the quicker they will return for more grain according to Speers report if fifty more boats were put in the service it would not help the situation.

(Sgd.) A. E. R. SCHNEIDER.

CLEVELAND, OHIO, October 2, 1923.

LESLIE H. BOYD,  
Grain Comm. of Canada,  
Fort William, Ontario.

Figures given you total estimated movement grain were conservative expect to do much better some boats have been chartered which were not previously figured on.

(Sgd.) A. E. R. SCHNEIDER.

FORT WILLIAM, October 2, 1923.

A. E. R. SCHNEIDER, Esq.,  
Kirby Bldg.,  
Cleveland, Ohio.

On return Fort William have your wire. Condition as stated by Speers correct. Crop dirty and must be cleaned, stop. I figure your forty-four boats have a total capacity of eleven million. You state we could only count on thirty million for the season stop Is the reason for this that most Cleveland-Cliffs will only make one trip.

(Sgd.) LESLIE H. BOYD.

14 GEORGE V. A. 1924

## BOARD OF GRAIN COMMISSIONERS FOR CANADA

FORT WILLIAM, ONT., October 4, 1923.

THE PRINGLE BARGE LINE LTD.,

File No. 1316.

Kirby Building,

Cleveland, Ohio.

GENTLEMAN,—It is with a great deal of pleasure the Board notes your action when forwarding telegraphed advices of charters made in that instead of including the rate you are sending supplementary messages showing this and I have to thank you for your very kind consideration in this matter.

Yours very truly,

(Sgd.) F. J. RATHBONE,

*Secretary.*

EAU MD

## BOARD OF GRAIN COMMISSIONERS FOR CANADA

FORT WILLIAM, ONT., October 4, 1923.

A. E. R. SCHNEIDER, Esq.,

File No. 1316.

Manager, Cleveland-Cliffs Transp. Co.,

Kirby Building,

Cleveland, Ohio.

DEAR SIR,—Your telegram of September 28th last advising that in future when telegraphing notices of charters made for shipments of grain from Fort William-Port Arthur the rate would be shown in a supplementary message, duly came to hand and I have to thank you for your very kind considerations in this matter which is heartily appreciated.

Yours very truly,

(Sgd.) F. J. RATHBONE,

*Secretary.*

EUU MD

CLEVELAND, OHIO, October 5, 1923.

L. H. BOYD, 291 Grain Exchange,

Winnipeg, Man.

On my return from Europe am familiarizing myself with Canadian grain situation Cleveland Plain Dealer of yesterday morning carried news dispatch stating that your commission contemplates changing application of Grain Rates Act so as to have shippers file charter instead of vessel owner thus avoiding objections raised by American vessel owners understand our company suggested this plan to you in Cleveland September nineteenth I strongly urge its adoption as a practical reasonable working basis on which all American vessel owners can act without sacrificing their rights as stated in our protest filed with you and I feel ought under the circumstances be carried into effect failure to do so would in my opinion be most unfortunate.

WM. G. MATHER,

*President Cleveland Cliffs Iron Co.*

CLEVELAND, OHIO, October, 5,

via FORT WILLIAM, October, 5, 1923.

LESLIE H. BOYD,

Board of Grain Commissioners,

Grain Exchange,

Winnipeg, Man.

Referring dispatch in mornings paper regarding possible action of commission fixing maximum rates I believe owners here are maintaining attitude that conservative rates should prevail and would very much regret seeing

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commission fixing maximum rates so far as American boats are concerned as this would give our opponents here an opportunity to say I told you so and somewhat strengthen their position without having any beneficial effect to the commission on rates so far as American vessels are concerned.

(sgd.) H. K. OAKES.

WINNIPEG, Man. Can. October 5, 1923.

H. K. OAKES,  
Kirby Building,  
Cleveland, Ohio,  
U.S.A.

Thanks for wire. Board not responsible for dispatch referred to. All interested parties will be advised of any such possible action.

(sgd.) LESLIE H. BOYD,

Charge.

*Chief Grain Commissioner.*

BUFFALO, N.Y., October 6,  
via OTTAWA, ONT., October 6, 1923.

LESLIE H. BOYD,  
Chairman, Grain Comm'rs. for Canada,  
Ft. William, Ontario.

Report in mornings paper coming from Winnipeg that Canadian coasting laws will be changed so as permit American boat trade between two Canadian ports has this been done or are there any likely prospect please advise.

(sgd.) BOLAND AND CORNELIUS.

WINNIPEG, September 6, 1923.

BOLAND AND CORNELIUS,  
BUFFALO, N.Y.

Board has not made or recommended changes referred to. Will advise if such action contemplated.

LESLIE H. BOYD.

Charge Board.

BUFFALO, N.Y., October 6, 1923.

LESLIE H. BOYD, Chairman Grain Commrs. for Canada,  
291 Grain Exchange, Winnipeg, Man.

Report in mornings paper coming from Winnipeg that Canadian coasting laws will be changed so as permit American boats trade between two Canadian ports has this been done or are there any likely prospect please advise.

BOLAND AND CORNELIUS.

WINNIPEG, September 6, 1923.

WM. G. MATHER, Esq., President Cleveland Cliffs Co.,  
Cleveland.

Appreciate your wire under present shipping conditions Board not contemplating making changes as stated in press despatch Board feels that your protest should sufficiently protect your interests under circumstances.

LESLIE H. BOYD.

Charge Board.

14 GEORGE V, A. 1924

CLEVELAND, OHIO, October 8, 1923.

LESLIE H. BOYD,  
Chairman, Canadian Grain Commission,  
Fort William, Ont.

Telegram received inasmuch as I am now able to assure you that the majority of American vessel owners will accept basis of having slipper file copy of charter I think you ought to cooperate to end this unfortunate dispute this would give your Commission the desired information and immediately secure for your agricultural population better service and probably lower rates am earnestly working towards this fair and equitable solution and have made progress I think you are making a mistake in relying too much on present shipping conditions you are nearing critical time if your crop is to be brought down this season if you desire further conference I shall be glad to be of service.

(sgd.) WM. G. MATHER,  
*President Cleveland Cliffs Iron Co.*

WINNIPEG, MANITOBA, CANADA, October 9, 1923,

WILLIAM G. MATHER, Kirby Building,  
Cleveland, Ohio, U.S.A.

Thanks your wire Board appreciates your efforts in present situation at present no need for concern at head of lakes but will give your suggestion careful consideration.

Charge.

LESLIE H. BOYD.

BOARD OF GRAIN COMMISSIONERS FOR CANADA

FORT WILLIAM, ONT., October 10, 1923.

H. K. OAKES, Esq.,  
Manager, Franklin Steamship Co.,  
Kirby Bldg.,  
Cleveland, Ohio.

File No. 1316.

DEAR SIR,—Your favours of the 6th inst. enclosing copies of the charters covering shipments by the Steamers Earling & Hartwell between Oct. 10th and 15th are duly received. The formal protests which accompanied both of these copies of charter will have the full consideration of the Board.

Yours very truly,

(Sgd.) F. J. RATHBONE,

EAU S.

*Secretary.*

BOARD OF GRAIN COMMISSIONERS FOR CANADA

FORT WILLIAM, ONT., October 17, 1923.

File No. 1316.

HERBERT K. OAKES, Esq.,  
Manager, Franklin Steamship Co.,  
Kirby Bldg.,  
Cleveland, Ohio.

DEAR SIR,—I have for acknowledgment your favor of the 11th inst. enclosing formal protest against the filing of copy of the charter for shipment of about 350,000 bushels on the Steamship Earling during the last ten days of October. The copy of charter mentioned in your letter was not, however, enclosed.

Yours very truly,

(sgd.) E. A. URSELL,

EAU S.

*Statistician.*

SESSIONAL PAPER No. 162

WINNIPEG, MAN., CANADA, October 17, 1923.

WILLIAM G. MATHER, C/o Cleveland Cliffs Company,  
Cleveland, Ohio, U.S.A. (Kirby Building).

Re your wire fifth. Possible your suggestion might be arranged providing assurance from you that rates will be reasonable. Please wire your views.

Charge Grain Commission.

LESLIE H. BOYD.

CLEVELAND, O., October 18, 1923.

L. H. BOYD.

Fort William, Ont.

Confirming telephone conversation of to-day I do not hesitate to restate the opinions contained in my telegrams of fifth and eighth namely that if you can adopt basis of having shipper instead of vessel owner file copy of charter that majority of American owners will resume placing of their vessels in Canadian grain trade stop Although it is not practicable to state how many American vessels would enter that trade on account of their present contracts to carry ore and coal yet as freedom of taking Canadian grain will be resumed without interference unquestionably the supply of vessels will be increased stop With reference to rates this situation would also be correspondingly eased by resumption of these natural conditions we recognize if rates should raise unreasonable that we might use your right of fixing a maximum but we trust that this power will be exercised with discretion as the possibility of so doing was as you know obnoxious to American vessel owners I understand that you will be able to communicate with me your decision in this matter tomorrow and I will then communicate it to local press and Cleveland vessel owners.

WM. G. MATHER,

*President Cleveland Cliffs Iron Co.*

FORT WILLIAM, ONT., October 19, 1923.

WM. G. MATHER, President, Cleveland Cliffs Iron Company,  
Kirby Building, Cleveland, Ohio.

Your wire. Board has today decided to accept as a compliance with the Act the filing of tariffs by the vessel owners or the filing by the shippers before loading of copies of charters or contracts for space Will send you Night Letter.

LESLIE H. BOYD,

*Chief Commissioner.*

Charge Board.

FORT WILLIAM, ONT., October 19, 1923.

WM. G. MATHER, Esq.,

President, Cleveland-Cliffs Transportation Co.,

Kirby Bldg., Cleveland, Ohio.

The Board of Grain Commissioners for Canada hereby notifies all shipping companies, ship owners and shippers of grain that it is prepared to accept as a compliance with Section three of the Inland Water Freight Rates Act, nineteen twenty-three, either the filing with the Board of tariffs by the vessel owners or the filing by the shippers before loading of copies of charters or contracts for space. The Board has the assurance that a large number of American vessels are prepared to come into the grain carrying trade, and believe that this increased tonnage and competition will, of itself, regulate rates. If, however, under these conditions, fair and reasonable rates do not result, the Board may find it necessary to prescribe such maximum rates as it may consider reasonable.

Charge Board.

(sgd.) F. J. RATHBONE.

*Secretary.*



14 GEORGE V, A. 1924

FORT WILLIAM, ONT., October 19, 1923.

WM. G. MATHER, Esq.,  
 President, Cleveland-Cliffs Transportation Co.,  
 Kirby Bldg., Cleveland, Ohio.

As you state you are unable give assurance that all boats will come might suggest conference at Chicago to discuss matter personally, which might clear whole situation and give better results.

(sgd.) LESLIE H. BOYD.

Charge Board.

FORT WILLIAM, ONT., October 19, 1923.

You are hereby notified that the Board of Grain Commissioners is prepared to accept as a compliance with Section Three of the Inland Water Freight Rates Act, nineteen twenty-three either the filing with the Board of tariffs by the vessel owners, or the filing by the shippers before loading of copies of characters or contracts for space.

(sgd.) F. J. RATHBONE, *Secretary*.

Charge Board.

J. W. Norcross, President, Canada Steamship Lines, Montreal; Great Lakes Transportation Co., Midland, Ont.; Francis King, Esq., K.C., Dominion Marine Ass'n., Kingston, Ont.; Matthews Steamship Co., Toronto, Ont. (Board of Trade Bldg.); Dr. Magill, Secretary, Grain Exchange, Winnipeg, Man.; J. Stanley Cook, Secretary Corn Trade Ass'n., Montreal, Que.; Algoma Central Steamship Line, Bay St., Sault Ste. Marie, Ont.; Canadian Government Merchant Marine Ltd., Ottawa, Ont.; Capt. J. B. Foote, 64 King St., East, Toronto, Ont.; Eastern Steamship Co., Ltd., Port Colborne, Ont.; Lake Carriers' Ass'n., Rockefeller Bldg., Cleveland, Ohio; Davidson Steamship Co., Bay City, Mich.; Valley Camp Steamship Co., B. of R. T. Bldg., Cleveland, Ohio; Pringle Barge Line, Cleveland, Ohio; The Lake Transit Co., 510 Crapo Bldg., Bay City, Mich.; A. A. Langell, General Transit Co., Cleveland, Ohio; North Shore Transit Co., Port Huron, Mich.; Tri-State Steamship Co., Cleveland, Ohio; The Jenkins Steamship Co., Cleveland, Ohio; Herbert K. Oakes, Kirby Bldg., Cleveland, Ohio; Mr. Johnson, c/o Tilley Johnson & Co., Barristers, Toronto, Ont.

## BOARD OF GRAIN COMMISSIONERS FOR CANADA

FORT WILLIAM, ONT., October 19, 1923.

File No. 1316.

The Board of Grain Commissioners for Canada hereby notifies all shipping companies, ship owners and shippers of grain that it is prepared to accept as a compliance with Section 3 of the Inland Water Freight Rates Act, 1923, either

- (a) the filing with the Board of tariffs by the vessel owners,
- or
- (b) the filing by the shippers before loading of copies of charters or contracts for space.

The Board has the assurance that a large number of American vessels are prepared to come into the grain carrying trade and believe that this increased tonnage and competition will of itself, regulate rates. If, however, under these conditions, fair and reasonable rates do not result, the Board may find it necessary to prescribe such maximum rates as it may consider reasonable.

By Order of the Board.

(sgd.) F. J. RATHBONE,

FJR/T.

*Secretary.*

SESSIONAL PAPER No. 162

The Lake Carriers' Ass'n., Rockefeller Bldg., Cleveland, Ohio; James Davidson, Davidson Steamship Co., Bay City, Mich.; Valley Camp Steamship Company, B. of R. T. Bldg., Cleveland, Ohio; The Jenkins Steamship Company, Cleveland, Ohio; The Pringle-Barge Line, Cleveland, Ohio; Herbert K. Oakes, Kirby Bldg., Cleveland, Ohio; The Lake Transit Co., 510 Crapo Bldg., Bay City, Mich.; A. A. Langell, The General Transit Co., Cleveland, Ohio; North Shore Transit Co., Port Huron, Mich.; Tri-State Steamship Company, Cleveland, Ohio.

BUFFALO, N.Y., October 19, 1923.  
Via WINNIPEG, MAN., October 19, 1923.

L. H. Boyd,

Chairman, Canadian Grain Commission (PERSONAL),  
Fort William, Ont.

I have purchased steamer G. J. Grammer from Pioneer Steamship Co., at a high price and ordered vessel to Fort William from Ashland to load grain to Buffalo trust you will feel that this is real co-operation if Fort William Buffalo rates are satisfactory I may be able to purchase additional boats for Fort William trade.

(sgd.) NISBET GRAMMER.

FRANKLIN STEAMSHIP COMPANY OF DULUTH, MINNESOTA

CLEVELAND, October 20, 1923.

Mr. F. J. RATHBONE, Secretary,  
Board of Grain Commissioners for Canada,  
Fort William, Ontario, Canada.

*Your file No. 1316*

Dear Sir,—We are in receipt of your favor of October 17th, and herewith hand you copy of charter mentioned in our letter of the 11th, which copy we omitted in mailing the letter.

Very truly yours,  
H. K. OAKES.  
G.M.

G.M.  
P.

Exa rush report delivery get ans.

CLEVELAND, Ohio, October 20, 1923.

LESLIE H. BOYD,  
Chief Grain Commissioner,  
Fort William, Ont.

Your message to Mr. Mather please meet me Congress hotel Chicago Monday wire what time you will arrive.

(Sgd.) A. E. R. SCHNEIDER.

CLEVELAND, Ohio, October 20, 1923.

LESLIE H. BOYD,  
Fort William, Ontario.

Your message to Mr. Mather. Mr. Mather suggests that you meet me Congress hotel Chicago Monday hope you will come.

(Sgd.) A. E. R. SCHNEIDER.

14 GEORGE V, A. 1924

FORT WILLIAM, October 20, 1923.

A. E. R. SCHNEIDER,

Kirby Bldg., Cleveland, Ohio.

Impossible meet you Chicago before Wednesday. Wire me two ninety six Grain Exchange, Winnipeg, Monday if this satisfactory.

(sgd.) L. H. BOYD.

Charge Board.

CLEVELAND, O. 401P. October 22, 1923.

L. H. BOYD, Chairman Board of Grain Commissioners,

Fort William, Ont.

Mister Rathbone circular notice to vessel managers of October nineteenth has been received and has today been considered by the majority of United States managers who have authorized me to send to you the following message stop Your notice that you are prepared to accept as a compliance with section three of the inland water freight rate of nineteen twenty three either (A) the filing with the Board of Tariffs by the vessel owners or (B) the filing by the shippers before loading of copies of charter or contracts for space stop The vessel owners here represented will decline file such tariffs stop We can have no objection to the filing by the shipper before loading of copies of charters or contracts for space as this so far as the vessel is concerned restores and preserves her right of contract and places no obligation on the ship and would of course not effect the reasonableness of the rates because we assume before the shipper definitely closes his contract with the vessel he has due approval of the Government stop With this understanding see no objection to United States vessels taking Canadian grain as in previous years stop Please confirm.

W. H. McGEAN,  
Chairman.

505P.

P.

*Confirmation of Western Union Telegram*

CLEVELAND, OHIO, October 22nd. 1923.

LESLIE H. BOYD,

Chairman Board of Grain Commissioners for Canada,

Fort William, Ont.

Mister Rathbone's circular notice to vessel managers of October nineteenth has been received and has today been considered by the majority of United States Managers who have authorized me to send you the following message. Stop. Your notice that you are prepared to accept as a compliance with section three of the Inland Water Freight Rate Act of nineteen twenty-three either (a) the filing with the Board of tariffs by the vessel owners or (b) the filing by the shippers before loading of copies of charters or contracts for space. Stop. The Vessel owners here represented will decline to file such tariffs. Stop. We can have no objection to the filing by the shipper before loading of copies or charters or contracts for space as this so far as the vessel is concerned restores and preserves her right of contract and places no obligation on the ship and would of course not affect the reasonableness of the rates because we assume before the shipper definitely closes his contract with the vessel he has due approval of the Government Stop. With this understanding see no objection to United States vessels taking Canadian grain as in previous years Stop. Please confirm.

W. H. McGEAN,  
Chairman.

Chg. Pioneer S S Co.

P.

3.55 p.m.

SESSIONAL PAPER No. 162

Telegram

15156.

RA 353 201 1 Extra Cnt PSN

Ry CLEVELAND, OHIO, 22 4 30 P

Hon. THOMAS A. LOW,  
Minister of Trade and Commerce,  
Ottawa, Ont.

Mister Rathbones circular notice to vessel managers of October nineteenth has been received and has today been considered by the majority of United States managers who have authorized me to send you the following message stop Your notice that you are prepared to accept as a compliance with section three of the Inland Water Freight Rate Act of nineteen twenty three either (A) the filing with the Board of tariffs by the vessel owners or (B) the filing by the shippers before loading of copies of charters or contracts for space stop The vessel owners here represented will decline to file such tariffs stop We can have no objection to the filing by the shipper before loading of copies of charters or contracts for space as this so far as the vessel is concerned restores and preserves her right of contract and places no obligation on the ship and would of course not affect the reasonableness of the rates because we assume before the shipper definitely closes his contract with the vessel he has due approval of the Government stop With this understanding see no objection to United States vessels taking Canadian grain as in previous years stop Please confirm.

W. G. McGEAN,  
Chairman.

EASTERN STEAMSHIP COMPANY, LIMITED  
Port Colborne, Ontario.

BUFFALO, N.Y., October 22, 1923.

Board of Grain Commissioners for Canada,  
Fort William, Ontario.

GENTLEMEN,—We acknowledge receipt of your letter of October 19th, with reference to filing tariffs, for which please accept our thanks.

Very truly yours,

EASTERN STEAMSHIP COMPANY, LIMITED,

BOLAND & CORNELIUS,  
Managers.

JJB:D.

October 22, 1923.

H. K. OAKES, Esq.,  
Mgr. Franklin Steamship Co.,  
Kirby Building,  
Cleveland, Ohio.

DEAR SIR,—Your favour of the 18th inst., enclosing a copy of the charter covering the shipment by the ss. *E. J. Earling* during the first ten days of November, is duly received together with a copy of your formal protest against the filing of this charter.

Yours very truly,

"M."

E. A. URSELL,  
Statistician.

EAU/MD.  
P.

14 GEORGE V, A. 1924

FORT WILLIAM, ONT., October 22, 1923.

W. H. McGEAN,  
Cleveland, Ohio.

Referring your message Mr. Boyd meeting representatives of vessel owners at Congress Hotel Chicago Wednesday twenty-fourth stop Suggest you see Mather and if possible go Chicago or wire Mr. Boyd there.

F. J. RATHBONE,  
*Secretary, Grain Commission.*

P.

CHICAGO, ILL., October 22, 1923.

LESLIE H. BOYD,  
296 Grain Exchange,  
Winnipeg, Man.

Your message yesterday was in hopes you would be here today vessel men had meeting in Cleveland today and are prepared to carry Canadian grain they are now engaged in forming a proper charter to take care of new regulations suggest you go to Cleveland at once to talk this matter over when will you be there leaving for Cleveland tonight.

A. E. R. SCHNEIDER.

P.

WINNIPEG, MAN., CANADA, October 22, 1923.

A. E. R. SCHNEIDER,  
Congress Hotel,  
Chicago, Ill., U.S.A.

Leaving to-night for Cleveland. Endeavour arrive Wednesday morning.

LESLIE H. BOYD.

Charge P.

FORT WILLIAM, ONT., October 23, 1923.

W. H. McGEAN, Esq.,  
Cleveland, Ohio.

Commissioner Boyd will be Statler Hotel Cleveland Wednesday instead Chicago.

F. J. RATHBONE,  
*Secretary Grain Commission.*

Charge Board.

October 24, 1923.

File No. 1316.

H. K. OAKES, Esq.,  
Mgr. Franklin Steamship Co.,  
Kirby Building,  
Cleveland, Ohio.

DEAR SIR,—I have for acknowledgment your favors of the 20th inst., enclosing copies of the charters for shipments on the steamships E. J. Earling and Fred G. Hartwell during the month of November, together with your formal protests against the filing of tariffs in connection with same.

Yours very truly,

*Secretary.*

Eau/Md.  
P.



SESSIONAL PAPER No. 162

October 24, 1923.

File No. 1316.

A. E. R. SCHNEIDER, Esq.,  
Cleveland-Cliffs Iron Co.,  
Kirby Building,  
Cleveland, Ohio.

DEAR SIR,—During the month of September you forwarded notifications of charters having been made on the 12th, 13th, 20th, 24th, 25th, 26th, 27th and 28th, respectively, for shipments at various times in October by steamers to be named.

Will you kindly let me have the names of the vessels nominated to fulfil these contracts.

I have advice also that space for shipment of about 140,000 bushels made on the Penobscot, October 1st was a direct charter between your company and Messrs. Jas. Richardson and Sons, Limited. Possibly this will be one of the items nominated against space you have advised as chartered.

Yours very truly,

*Secretary.*

Eau. Md.  
P.

*Confirmation of Telegram sent over Private Wire*

CLEVELAND, OHIO, October 30, 1923.

LESLIE H. BOYD,  
Winnipeg, Manitoba.

Your messages received and vessel managers appear satisfied and believe business will now go forward through normal channels. Stop. For purpose of identification clause has been designated "Shippers' Indemnifying Clause and Agreement," and will be so referred to hereafter. Stop. Will mail you copies of printed form.

W. H. McGEAN,  
*Chairman.*

P.

#### SHIPPERS' INDEMNIFYING CLAUSE AND AGREEMENT

This charter is made with the understanding that the Board of Grain Commissioners of Canada, with approval of the Canadian Government, has duly ruled that the Inland Water Freight Rates Act of Canada will be so complied with as to authorize the shipment of grain from Canadian ports, if the shipper shall, before loading, file with said Board copies of charters or contracts for space entered into for grain shipments. And it is agreed that the shipper shall and will on his own behalf and not as representing the vessel owner (the vessel owner assuming no responsibility therefor), promptly, upon the execution hereof and before any loading takes place, file copies of charter or contract for space as required by the Board of Grain Commissioners of Canada, so as to render all shipments herein provided to be made fully authorized by Canadian authority—so that each vessel employed hereunder may, in every case, freely enter the port or ports of shipment and receive its cargo, and that clearance may be obtained and the vessel may leave port, without prevention, hindrance or liability because of or under said Inland Water Freight Rates Act of Canada; and that the shipper shall and will indemnify and save and keep the vessel owner harmless from all loss or damage resulting from any failure

14 GEORGE V, A. 1924

to so file this charter; or, having so filed the same with the Board of Grain Commissioners, in case any liability shall be asserted against the vessel, her owner, agents or servants, by reason of any shipment or proposed shipment hereunder, because of or under said Inland Water Freight Rates Act of Canada, the shipper shall and will, through the Board of Grain Commissioners, or otherwise, indemnify, save and keep harmless therefrom the vessel, her owner, agents and servants. And in consideration of all the foregoing on the shipper's part, the vessel owner agrees to perform his part of the charter to carry the cargo as above provided.

HUTCHINSON &amp; Co.,

LAKE TRANSPORTATION

1508 ROCKEFELLER BLDG.,

CLEVELAND, O., October 31, 1923.

MR. LESLIE H. BOYD,  
Chairman Board of Grain Commissioners for Canada,  
Fort William, Ont.

DEAR SIR.—As indicated in telegram sent you yesterday afternoon to Winnipeg over private wire, we have for the purpose of identification, designated the clause to be embodied in grain charters "shippers' Indemnifying Clause and Agreement." The clause has been printed and distributed to vessel managers, and several copies are enclosed.

Yours truly,

W. H. McGEAN,  
Chairman.

P.

## SHIPPERS' INDEMNIFYING CLAUSE AND AGREEMENT

This charter is made with the understanding that the Board of Grain Commissioners of Canada, with approval of the Canadian Government, has duly ruled that the Inland Water Freight Rates Act of Canada will be so complied with as to authorize the shipment of grain from Canadian ports, if the shipper shall, before loading, file with said Board copies of charters or contracts for space entered into for grain shipments. And it is agreed that the shipper shall and will on his own behalf and not as representing the vessel owner (the vessel owner assuming no responsibility therefor), promptly, upon the execution hereof and before any loading takes place, file copies of charter or contract for space as required by the Board of Grain Commissioners of Canada, so as to render all shipments herein provided to be made fully authorized by Canadian authority,—so that each vessel employed hereunder may, in every case, freely enter the port or ports of shipment and receive its cargo, and that clearance may be obtained and the vessel may leave port, without prevention, hindrance or liability because of or under said Inland Water Freight Rates Act of Canada; and that the shipper shall and will indemnify and save and keep the vessel owner harmless from all loss or damage resulting from any failure to so file this charter; or, having so filed the same with the Board of Grain Commissioners, in case any liability shall be asserted against the vessel, her owner, agents or servants, by reason of any shipment or proposed shipment hereunder, because of or under said Inland Water Freight Rates Act of Canada, the shipper shall and will, through the Board of Grain Commissioners, or otherwise, indemnify, save and keep harmless therefrom the vessel, her owner, agents and servants. And in consideration of all the foregoing on the shipper's part, the vessel owner agrees to perform his part of the charter to carry the cargo as above provided.

SESSIONAL PAPER No. 162

FORT WILLIAM, ONTARIO, November 3, 1923.

W. H. MCGEAN, Esq.,  
Messrs. Hutchinson & Co.,  
Roeckefeller Bldg.,  
Cleveland, Ohio.

DEAR SIR,—I am to-day in receipt of your favour of the 31st ult. with attached confirmation of telegram and several copies of the clause to be embodied in grain charters, and designated "Shippers Indemnifying Clause and Agreement", for which please accept my thanks.

I trust that all our difficulties are now cleared away and that the movement of our grain will follow the ordinary channels.

Yours very truly,

(Sgd.) LESLIE H. BOYD.

LHB T.

P.

November 5, 1923.

File No. 1316.

A. E. R. SCHNEIDER, Esq.,  
Manager, Marine Department,  
The Cleveland-Cliffs Iron Co.,  
Cleveland, Ohio.

DEAR SIR,—I have for acknowledgment your favour of the 31st ultimo, nominating vessels against charters already filed by you for which kindly accept my most sincere thanks.

Yours very truly,

*Secretary.*

EAU MD.

P.

November 28, 1923.

H. K. OAKES, Esq.,  
Manager, Franklin Steamship Co.,  
Kirby Bldg., Cleveland, O.

DEAR SIR,—I beg to acknowledge the receipt of your favour of the 22nd inst. confirming your telegraphed advice of the chartering of the steamship *Emory L. Ford* for shipment of grain to Erie about Nov. 26th or 27th and the attached protest in connection therewith. Kindly accept my sincere thanks for same.

Yours very truly,

E. A. URSELL,  
*Statistician.*

EAU S.

P.













ROYAL COMMISSION  
ON  
PENSIONS AND RE-ESTABLISHMENT

---

SECOND INTERIM REPORT ON SECOND  
PART OF INVESTIGATION

---

May, 1924

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA  
F. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1924





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TO HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL.

MAY IT PLEASE YOUR EXCELLENCY:

We, the Commissioners, appointed by Royal Commission dated July 22, 1922, issued pursuant to Order in Council P.C. 1525 of the same date, to investigate, inquire into, and report upon:—

Firstly, the matters referred to in complaints made by certain officials of the Great War Veterans Association as contained in a certain telegram; and

Secondly, certain questions relating to pension, medical treatment and re-establishment needs of Canadian ex-service men and their dependents;

have the honour to present to Your Excellency in Council our Second Interim Report in respect of the Second Part of such Investigation, (being report No. 3 of the Commission.)

The subject matter of the reference concerning the Second Part of such Investigation is as follows:—

1. To consider and make suggestions in respect of the procedure by which disabled ex-members of the Canadian Expeditionary Force are enabled to make application for pensions and medical treatment, or submit an appeal in respect of decisions thereon.

2. To recommend means for ensuring that suitable provision is made for those ex-members of the forces and dependents who are under serious handicaps by reason of war services, in conformity with the recommendations now made, and for whom definite legislative provision has not yet been made.

For the above purposes the Commission shall:—

1. Survey existing re-establishment needs among Canadian ex-service men and dependents.

2. Investigate available data in respect of phases of the Parliamentary inquiry as yet incomplete.

3. Obtain information as regards suitable provision for those classes of ex-service men described in Section 7, Chapter 2, of the Committee's report.

4. Investigate the question of Canteen Funds.

In the Second Report presented by the Commission it was indicated that instead of delaying all matters until a complete Final Report could be presented it was considered best to forward Interim Reports from time to time treating the various subjects in the order of those considered urgent. The Commission has made every effort to complete the whole reference to avoid further Interim Reports, but it has been found impossible to do so, without involving a delay of probably one month. This Second Interim Report on the Second Part of the Investigation is therefore forwarded, in view of the fact that the matters therein referred to are particularly subjects for legislation.

The subjects dealt with in this Report are:—

*Part One: Re Amendments to Pension Act and Interpretation of various Sections.*

*Part Two: Re Soldier Settlers.*

The Final Report which will, it is expected, be presented within one month, will deal with such evidence presented and suggestions made under the following headings: Procedure, Sheltered Employment (including Vet Craft Workshops, Selected Industrial Employment and Home Industries), Vocational Training, Soldiers' Homes, Relief, Matters presented *re* Disabilities from certain classes

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of ailments (including Mental, Blind, Tuberculous, Amputations, Syphilitic, Premature Old Age) Canadian ex-service men now residing in the United States. Matters referred to generally as Existing Re-Establishment Needs, Canteen Funds, and Matters mentioned on the Hearings but not within the scope of the Inquiry, such as Imperials, R.N.W.M.P., and Burials.

In this Report the Board of Pension Commissioners has been referred to as the "Pensions Board," the Soldier Settlement Board is spoken of as the "Settlement Board", and the Royal Commission, now reporting is designated "The Commission". In giving references to the pages of the record of evidence, duplication has been avoided, where possible, by not repeating the name of the place where the Sitting was held. Where, therefore, a reference to evidence consists of simply a number shown in brackets, it refers to the evidence given at the place next previously mentioned by name.

A copy of the evidence taken on the various Sitzings of the Commission at Halifax, St. John, Montreal, Vancouver, Calgary, Regina, Winnipeg, Toronto, and Ottawa, consisting in all of 5,800 pages is forwarded herewith. Some 210 exhibits referred to but not incorporated in the evidence will be forwarded with the Final Report.





## ROYAL COMMISSION ON PENSIONS AND RE-ESTABLISHMENT

## SECOND INTERIM REPORT

ON

## SECOND PART OF INVESTIGATION

## PART ONE

AMENDMENTS TO PENSION ACT AND INTERPRETATION  
OF VARIOUS SECTIONS

There were presented to the Commission suggestions as to amendments to the Pension Act referring to upwards of twenty different subjects. The Commission has considered these as coming within Paragraph 2 of the reference (P.C. 1525) under which the Commission is authorized to recommend means for ensuring that suitable provision is made for handicapped ex-service men and their dependents, and for whom definite legislative provision has not yet been made. The Commission has dealt with these suggestions by treating together those which, though made at different hearings, closely resemble each other. There are suggestions which, although not recommended favourably, were thought important enough to warrant being discussed at some length in this Report, so that the considerations which influenced the Commission might be understood and the way be open for further presentation of these suggestions to Parliament, in case the reasons adopted by the Commission were thought insufficient. The suggestions are dealt with in the order in which the Sections affected appear in the Act.

**Re Section 11 (1) (b) (formerly 25 (3))**

Pre-enlistment disabilities not to be deducted from disability at discharge

This was formerly Section 25 (3). It was amended (1923, Chap. 62, Section 3) and became clause (b) of sub-section (1) of Section 11 of the Pension Act. It now reads as follows:—

“No deduction shall be made from the degree of actual disability of any member of the Forces who has served in a theatre of actual war on account of any disability or disabling condition which existed in him at the time at which he became a member of the forces; provided that no pension shall be paid for a disability or disabling condition which at such time was wilfully concealed, was obvious, was not of a nature to cause rejection from service, or was a congenital defect.”

The United States provision (Sec. 300 War Risk Insurance Act) is that a member of the forces—

“shall be . . . taken to have been in sound condition when . . . enrolled for service, except as to defects, disorders, or infirmities.”

recorded at the inception of active service and then only to the extent so recorded.

*Suggestion by ex-service men re Section 11 (1) (b)*

That this provision be extended to ex-service men who served in England or Canada. (Halifax 88; Toronto 188.)

The spirit of Section 25 (3) was that all those who reached a theatre of actual war should be presumed to have been physically fit on enlistment, and the Pensions Board could not minimize the degree of disability existing at discharge by showing that part of such disability existed on enlistment. (See Report No. 1, 56, 57.)

This Section is admittedly a generous one, and the Commission considers its further extension not warranted.

*Recommendation of Commission.*

None.

*Suggestion by ex-service men re Section 11 (1) (b)*

That steps be taken to insure that so long as some disability remains pension is not discontinued to men who have served in a theatre of war, on the ground that aggravation incurred on service has disappeared. (Halifax 83; Winnipeg 57-63; Toronto 631.)

This has been discussed exhaustively in Report No. 1, P. 70-73. The final word on the subject is contained in an Instruction issued by the Chief Medical Adviser of the Pensions Board stating specifically that the "*whole disability*" must have disappeared before pension ceases."

The cases cited in Winnipeg (57 and 61) convince the Commission that notwithstanding all the discussion which has been had and the corrective instructions which have been issued, there is still lacking a clear and definite understanding that the terms of the Instruction above quoted mean what they say.

*Recommendation of Commission.*

That necessary steps be taken to ensure that the interpretation and practice indicated in the Instruction above quoted is invariably followed.

*Suggestion by ex-service men re Section 11 (1) (b)*

That all the exceptions in Section 11 (1) (b) (formerly Section 25 (3)) be struck out. (Toronto 188.)

These exceptions apply to cases in which the disability was: (a) wilfully concealed, (b) obvious, (c) not of a nature to cause rejection from service, (d) congenital.

The Commission is of opinion that these exceptions are not at all unreasonable nor strict in their intent.

The complaint has arisen, almost invariably, in reference to the interpretation of the word "obvious" as applied to certain cases. This was dealt with in Report No. 1 (P. 73, 75). The word has now been defined in the 1923 amendment to the Pension Act (C. 62, S. 1) as follows:—

"'obvious' means that which would be apparent, clear, plain, evident or manifest to the eye, ear or mind of an unskilled observer on examination."

The phrase excepting disabilities "not of a nature to cause rejection from Service" is taken as referring to ailments or defects so trivial in nature as not to justify rejection from service. The reason for urging the elimination of this exception is simply that its meaning is obscure and therefore causes apprehension. The Commission has had no case brought to its attention in which this provision was ever invoked as a ground for refusing pension. Assuming it means what is suggested above, it is at least innocuous and was evidently considered desirable in order to obviate any possible doubt.

The Commission considers that there is no good reason for eliminating the other exceptions, viz., disabilities which were "wilfully concealed" or "congenital."

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*Recommendation of Commission.*

None.

**Re Section 12 (1)**

## Improper Conduct Syphilis

"Section 12 (1).—A pension shall not be awarded when the death or disability of the member of the forces was due to improper conduct as herein defined; provided that the Commission may, when the applicant is in a dependent condition, award such pension as it deems fit in the circumstances and provided also that the provision of this section shall not apply when the death of the member of the forces concerned has occurred on service prior to the coming into force of the Pension Act."

The law and practice in awarding pension where syphilis has been a contributing factor to the disability has been complained of. It is claimed:—

(1) That the Pensions Board is in error in treating syphilis which originated previous to enlistment, as due to "improper conduct," which in turn is defined as including "vicious or criminal conduct."

(2) That even if this construction is correct, then the Statute should be amended, so that if the origin of the infection is prior to enlistment then the right to pension should be the same as in the case of any other pre-enlistment disease.

(3) The other claim is that even if syphilis comes under the ban of the Act, the Pensions Board is too strict in the exercise of its discretionary power to pay pension to applicants in a dependent condition.

Previous to the coming into force of the Pension Act, it would appear that in awarding pension, no distinction was made between disabilities resulting from syphilis and those from any other disease (Vancouver 113). The evidence shows that the Pensions Board considers that the Pension Act changed the rule so as to prohibit pensions for disabilities arising from syphilis. The section relied on is Section 12, which is quoted in full above.

"Improper conduct" is defined in Section 2, subsection (h) and it

"includes wilful disobedience of orders, self-inflicted wounding and vicious or criminal conduct."

As to the first complaint the Commission considers that the terms of the Section are broad enough to preclude even cases where the infection took place previous to enlistment.

As to the second complaint the Commission appreciates the force of the fact that this provision has been in the Act since its inception. The memorandum issued at the time the Act was passed contained no intimation that it effected a change in the law, which up to that time had made no distinction between this disease and any other which originated while the man was in civilian life. The regulation of the Pensions Board which is now in force concerning the practice under this Section shows that what was in mind was that the Section applied at least primarily to misconduct on service. The first two paragraphs of this regulation are:

**"Disability due to Misconduct"**

"1. Section 12 of the Act provides that pension shall not be awarded when the disability of a member of the forces is due to improper conduct.

"2. No pension, therefore, either for the disability or aggravation thereof can be paid when the disability or aggravation thereof is due to misconduct on service. (Vancouver 114)."

This of course does not exclude the interpretation that the section applies also to pre-enlistment infection and later, in the same regulation, is a provision which shows that the Pensions Board considered that it did so apply because the Pensions Board treats disabilities which were due to "misconduct which pre-existed enlistment" as only pensionable under the discretionary clause of the section. The subject is naturally one which has not received much public discussion, and claimants, especially dependents, may often hesitate to press their claims through dread of disgrace. Those who are affected are no less entitled to have an expression of the opinion of the Commission. The effect of the section as construed is that the State indirectly, but no less effectively, fines not only the ex-soldier but his dependents for an indiscretion which occurred before he took on any duty whatever as a soldier. For example; The man who had T.B. on enlistment, but who was accepted and served in France gets pension for his condition on discharge, and this pension increases as his disability grows worse, and if he dies his dependents of course get pension. On the other hand, the man who as a result of an indiscretion in his youth, has, on enlistment, the smouldering embers of V.D.S. but nevertheless is accepted and, like the other man, performs the duties and takes the risk of a fit man, and whose latent trouble would be just as much or more affected by service in the line as the T.B. man, gets no pension for any increase after discharge. What is even more striking is that his widow gets no pension as of right but only if she is in a dependent condition, and then it is entirely in the discretion of the Pensions Board to grant her such pension as it "deems fit." There is one exceptional case where she gets pension as of right, and that is if the husband dies within five years after discharge while pensioned for eighty per cent or over. In that case Section 33 (2) which applies to all pensioners drawing pension to that amount, authorizes pension to the widow, no matter what is the cause of his death.

The example given illustrates the discrimination which the Act makes between these two soldiers. The country availed itself of the services of both of them and put them to all duties and dangers of fit men. They both may have given flawless service and this service probably had a more serious effect on the health of the "immoral" man than on that of the other, but the State rids itself of its responsibility to him and his dependents because of his ancient indiscretion. The answer must be that the ailment of the V.D. man was voluntary while that of the T.B. man was not, but it appears like an attempt to mete out *ex post facto* punishment. The subject was considerably discussed before the 1920 Parliamentary Committee (Proceedings page 212) but this discussion had more reference to the case when the infection was contracted on service. This case is of course different in that the man was in uniform and subject to stringent prohibitory regulations.

It may also be said that the provisions of Section 11 (1) (b) (formerly 25 (3)) which, in effect, authorize pension for pre-enlistment disability, are generous and that a case of this kind should not have the same consideration. But that section was drawn on the principle that if, on enlistment, a man was taken on as "fit" for service purposes, he was entitled to be considered as "fit" for pension purposes and if this is the true principle it applies to the V.D.S. man.

The rigors of the section were mitigated somewhat by the last proviso which was added in 1921.

As to the third complaint, which is as to the policy laid down by the Pensions Board in exercising its discretion to award pension, the following are the regulations (in addition to those already quoted):—

"3. However, Section 12 provides that when the applicant is in a dependent condition the Board may award such pension as it "deems fit" in the circumstances."



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"4. The Board considers that a fit and proper pension in the cases of those who saw service in a theatre of actual war and whose disabilities were due to misconduct which pre-existed enlistment would be the total disability at the time of discharge without any deduction for the pre-existing condition, provided that it "was not obvious nor wilfully concealed." No increase in the disability after discharge will be pensionable. In the cases of those who did not see service in a theatre of actual war, pension can be only awarded for that portion of the disability actually aggravated by service." (Vancouver 114).

Assuming the statute deprives the man, with the pre-enlistment infection, of his right, the Commission considers that no criticism can be made of the policy laid down in the above regulations.

There is nothing however in these regulations showing what is done in the case of a man, who is infected on service and who is in a dependent condition. According to the evidence before the 1920 Parliamentary Committee (page 214) this man does not get pension at all and, neither do his dependents.

The Commission considers that there must be cases where the plenary authority given to the Pensions Board by Parliament should be used. It will not do to say that Section 12 prohibits pension for misconduct on service, because that only refers to pensions as of right. The discretionary power then comes into operation and the qualification for pension is dependency. When that qualification is present the power should, in the opinion of the Commission, be exercised.

An argument always made for the man whose misconduct occurred during service is that it was really service conditions which contributed largely to his downfall, and that, while his strict right to pension is gone, he should not be left in want particularly if his service has been good.

*Recommendation of Commission.*

1. That Section 12 (1) be amended so that the prohibition there imposed shall only apply to improper conduct after enlistment; and
2. That the discretion to award pensions should be exercised in case of dependency, even where the misconduct was on service.

**Re Section 12 (2)***Compassionate Pension or Allowance*

"Section 12 (1).—A pension shall not be awarded when the death or disability of the member of the forces was due to improper conduct as herein defined; provided that the Commission may, when the applicant is in a dependent condition, award such pension as it deems fit in the circumstances and provided also that the provisions of this section shall not apply when the death of the member of the forces concerned has occurred on service prior to the coming into force of the Pensions Act."

"Section 12 (2).—Any individual case which, in the opinion of the majority of the members of the Pension Board and the Appeal Board acting jointly, appears to be especially meritorious and for which in said opinion no provision has been made in this Act, because such case did not form part of any class of case, may be made the subject of an investigation and adjudication by way of compassionate pension or allowance irrespective of any schedule to this Act".

Subsection 2 was enacted in 1923. It is believed that the purpose in mind was to permit of consideration of cases of special merit and hardship on joint deliberation by the Federal Appeal Board and the Pensions Board. (See Report of Special Committee of the Senate 1923, p. 6). The Commission is advised that, after a close study of the subsection, the members of both these bodies

consider that under the provision as framed, no cases can be dealt with by them. Following is an extract from an official memorandum forwarded to the Commission by the Chairman of the Federal Appeal Board:—

"The members of the Pension Board and the Appeal Board have met on two occasions for the purpose of considering cases which might be deemed to come properly before them on the terms of the sub-section. They were prepared to give such fair, large and liberal consideration and interpretation as would best insure the attainment of the object of the subsection according to its true intent, meaning and spirit. The marginal note appended to subsection 2 in Chapter 62, 13-14 George V reads: 'Compassionate pension or allowance.' The view was considered that the section might be held to apply to cases where no provision had been made either for or against, and in which cases, in the opinion of the joint board the conditions were such as to warrant a pension being granted because of such exceptional circumstances. Closer reading of the Act forced the members of the Joint Board to the conclusion that the compassionate pension or allowance could be made only in cases where pension had been refused because the death or disability of the member of the forces was due to improper conduct. It was afterwards decided that even under that restricted interpretation of the enactment, no action would be possible by the Joint Board on account of the words used in the enactment 'because such case did not form part of any class of case.' Provision is made in the first part of the Section for cases arising out of improper conduct, consequently they do not form part of the class of case for which no provision has been made in the Pension Act. The words quoted also exclude the interpretation that the discretion vested in the Pension Board is to be exercised by the members of the Pension Board and of the Appeal Board sitting jointly.

"If it were the intention of Parliament that the Joint Board should deal with cases worthy of consideration, of exceptional hardship and for which no provision had been made in the Act, then an independent section of the Act should vest in the Joint Board authority for dealing with such cases.

"If on the other hand, it is the intention of Parliament that only cases arising out of improper conduct are to be considered by the Joint Board, the language of the sub-section should be amended to show to what extent the discretion now vested in the Pensions Board is to be exercised by the Joint Board, and the words of the sub-section 'for which no provision has been made in this Act because such case did not form part of any class of case' might well be struck out.

"Your Committee is therefore of the opinion that the Joint Board cannot consider any cases under the language of Section 12.

"Your Committee does not recommend that any representations be made to Parliament by the Federal Appeal Board or Board of Pension Commissioners for Canada. It does recommend however, that the Chairman of the Federal Appeal Board and the Chairman of the Board of Pension Commissioners for Canada submit this report to the Ralston Commission for the information of the Commission and for such action as it may deem advisable.

"This report will be submitted separately to the Federal Appeal Board and to the Board of Pension Commissioners."

(Sgd.) JOHN THOMPSON,  
C. B. REILLY.

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In Great Britain provision is made for deserving cases by means of a Royal Warrant of 1884, whereby the Secretary of State with the concurrence of the Treasury Board is given discretion to make payments in exceptional cases. This power is used after what is regarded as a deserving case has been refused by the Pensions Ministry and by the Appeal Tribunal.

The provisions of this Warrant (referred to in the evidence as the "dispensing warrant"—Toronto, 118, 129) are:—

Pensions 73-a.

## "APPENDIX E (1)

"COPY OF DISPENSING WARRANT 27TH OF OCTOBER, 1884

"(Clause 225 of Army Circulars 1884)

"ROYAL WARRANT  
VICTORIA R.

*Issue of Pay, Non-effective Pay and Allowances*

"Whereas it has been represented to us that it is expedient to make further provisions in respect of the issue of Pay, Non-effective pay and allowances of Our Army and its department.

"Our Will and Pleasure is that it shall be competent for Our Secretary of State, with the concurrence of the Lords Commissioners of Our Treasury, to grant, in exceptional cases, Pay, Non-effective Pay and other Emoluments or Allowances, at rates or to persons other than those mentioned or under conditions other than are laid down in any of Our Warrants or Regulations

"Provided Always that a list of such of the grants thus approved as the Lords Commissioners of Our Treasury may direct, and a statement of the grounds on which they have been made, shall be annually laid before Parliament.

"It is Our Further Will and Pleasure that our Warrant of the 17th August, 1881, be cancelled.

"Given at Our Court at Balmoral, this 27th day of October, 1884, in the 48th year of Our Regin.

"By Her Majesty's Command.

HARTINGTON."

Nothing was indicated in the evidence to show what would be regarded as a case to be dealt with under this unusual authority. All that was said was that recommendation would be made to the Treasury that this power be exercised "if it was a deserving case" (Toronto 112) and that the person to be benefited must be in a "needy circumstance" (114).

The Commission has frequently commented on the difficulty in administering an Act of Parliament hemmed in by well known principles of legal interpretation, and at the same time making allowance for special meritorious cases which the country would consider come within the spirit if not the letter of the provision which was intended to be made for ex-service men and their dependents.

*Recommendation of Commission re Section 12 (2)*

That any provision deemed necessary for permitting the grant of a compassionate pension or allowance in an individual case of exceptional merit and hardship be made by way of an entirely independent and substantive section, the constitution of the body empowered to make such grant to be as in Section 12 (2). The maximum amount of such grant to be fixed and the necessary procedure to be laid down.

## Re Section 13

### Limitation of time for Application

"Section 13.—A pension shall not be awarded unless an application therefor has been made within three years, (a) after the date of the death in respect of which pension is claimed; or (b) after the date upon which the applicant has fallen into a dependent condition; or (c) after the date upon which the applicant was retired or discharged from the forces. . . . or (d) after the declaration of peace. Provided that the provision of sub-section (d) as above shall not apply to an applicant claiming dependent's pension who was not resident in Canada at the date of the soldier's death and has not continuously resided therein."

### *Suggestion by Ex-Service Men*

To eliminate this section and permit applications so long as it can be shown that the disability is connected with service or, in the alternative, to extend the time prescribed. (Vancouver, 497; Regina 61; Winnipeg 195.)

The obvious argument is that a man with a disability which he can clearly show as connected with service should not be told "you applied too late." The answer is that medical opinion should be able to specify some period of time within which it can be assumed with reasonable certainty that all disabilities which could have any reasonable likelihood of being connected with service must have shown themselves. Certainty is desirable not only for the Country but for the man. To leave the door open to a claim that a disability is connected with service which does not manifest itself until six, seven or ten years after discharge, is to invite attempts to abuse the Statute in order to provide for a possible case which medical opinion agrees would be most isolated and rare.

In Great Britain there is no limitation of time for application. In the United States it is required that the death or disability should occur within one year after discharge, or that a certificate be obtained from the Director to the effect that the soldier was at the time of discharge suffering from injury likely to result in death or disability, and the time within which such certificate must be obtained is limited to one year after the passing of the Legislation.

It was repeatedly stated on the hearing that if there was an entry on the man's medical documents referring to the injury or disease which later is claimed to be causing a disability, that would be regarded as an application. (Regina 62; Winnipeg 445; Calgary 119.) The adherence to this practice should take care of practically every meritorious case. The limitation period which will apply must generally be the period ending September 1st, 1924, three years after the declaration of peace. (See Section 13 (d) and if the injury or disease has not shown itself in that long period sufficiently at least to cause the applicant to apply to some Unit of the D.S.C.R. for treatment, it hardly seems to be within the bounds of possibility that any manifestation afterwards should reasonably be regarded as having been present continuously from the time of discharge. If there is such a case, the Commission considers that it is one which would fairly come within the spirit of the remedial section passed in 1923, (Chap. 62, Sect. 4), to be dealt with by the Pensions Board and the Appeal Board jointly, or it might even be made the subject of a special item in the estimates.

The practice of treating an entry on the documents as an application is sufficiently important to warrant its inclusion in the Statute.

### *Recommendation of Commission.*

That Section 13 be amended to provide that where there is an entry on the service or medical documents of the ex-service men by, or in respect of, whom pension is being claimed, showing the death, or the existence

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of an injury or disease which has contributed to the disability or death, in respect of which pension is claimed, such entry shall be considered an application as of the date thereof for pension in respect of such disability or death.

## Re Section 17

### Pensions Suspended on Imprisonment

"Section 17.—When a pensioner has been sentenced to imprisonment for a period of six months or more the payment of his pension shall be discontinued and no pension shall be paid to him for or in respect of the period of his imprisonment; provided, however, that the Commission shall have discretion to pay the pension or part of it to any person who was being or was entitled to be supported by the pensioner at the time of his arrest. Upon the pensioner's release from imprisonment payment of his pension shall be reconsidered as from the date of his release and in accordance with the extent of his disability then shown to exist, or in the case of a pensioner pensioned on account of the death of a member of the forces in accordance with the rates set out in Schedule B of this Act."

### *Suggestion by ex-service men*

That provision be made whereby the pensions Board may pay the whole or part of a prisoner's pension to him when considered to be for his benefit. (Montreal 469; Calgary 88; Toronto 602, 928.)

The type case cited in Montreal (467) appeared to be of unusual hardship. A non-commissioned officer who lost his leg on service was on pension of \$45 a month. It was alleged that he was the subject of a "framed-up" prosecution arising out of a brawl in which he had unfortunately become involved. He was convicted of house-breaking and sentenced to ten years on the evidence of the agent of a bawdy house who had been the cause of the soldier's undoing, and was himself sentenced to seven years in penitentiary. The man, it was stated, was helpless, and had no funds with which to take any proceedings to have his case re-considered, his pension having automatically stopped as soon as sentence was pronounced. There was nothing against his character previously.

The contention was that a pension was a payment as of right and should not be discontinued on account of collateral circumstances having nothing to do with the man's service out of which the right to pension arose. It was claimed that otherwise the country would benefit by a man's misdeeds in a case where the pension which was discontinued was greater than the cost of his keep in prison. The ground on which pension is discontinued is apparently that pension is to compensate for loss of earning power, and if the man by reason of wrongdoing has to be incarcerated and therefore has no earning power, pension is not payable. This reasoning does not always hold true, however, for example, a pensioner who becomes ill from some other disability than that for which he is pensioned loses his earning power, but his pension still goes on.

The theory of pensions was set out in a Memorandum prepared for the purpose of stating the principles on which the Pension Act had been drafted.

This Memorandum concludes:—

"The pension payable to a soldier or sailor or to his legal wife and legitimate children is to be awarded because the soldier or sailor has *earned the payment of a debt* to his wife and children, and this pension will not be reduced or discontinued because these persons are, or have become, self-supporting."



On this basis, pension would be payable whether the soldier were in or out of prison, so long as the disability remained.

It is claimed that to cut off an ex-service man's pension because he commits a crime is to impose on him a punishment additional to that imposed on other members of the community for a like offence. While this is the result, it is only incidental. Although pension may, in one sense, be the payment of a debt, it is a debt arising out of an agreement to indemnify against pecuniary loss. The pensioner who is ill from a disability unconnected with service could, on the strict theory of indemnity, be denied pension during such illness, but because his incapacity is involuntary it is overlooked and pension is paid. The man, however, who has voluntarily and wilfully deprived himself of his earning capacity by committing crime is not in the same position to claim generosity and have his self-imposed incapacity disregarded.

Section 17 gives the Pensions Board discretion to pay the pension to—

“any person who was being or was entitled to be supported by the pensioner at the time of his arrest.”

This provision is not conditional on the person to whom the payment may be made being in need. It is however for the benefit of the dependent and not of the ex-service man himself. In Great Britain, in the case of a married pensioner his pension is stopped, but payment is made automatically to the wife, of one-half the stopped pension, in addition to her regular pension. If the prisoner is unmarried his pension is stopped, and one-third of it may, on application, be paid to a pre-war dependent. Any portion of the stopped pension not so paid to the wife or dependents is entirely forfeited. (Ministry of Pensions Manual, July 1, 1923, Part IX, Section 9401, 9403.) In the United States, if a man is drawing compensation and is sent to jail, his compensation does not stop. It is paid to him while he is incarcerated, unless his disability is shown to have decreased by medical examination or unless it is impossible to examine him, in which latter case compensation is discontinued. (Letter to D.S.C.R. from Asst. Director, U. S. Veterans Bureau, May 3rd, 1923.)

There are circumstances under which it would be to the substantial and genuine benefit of a man who is a prisoner to have some part of the pension made available, and the Commission considers that the Pensions Board should have discretion in these cases.

### *Recommendation of Commission*

That Section 17 be amended to provide that where in the opinion of the Pensions Board it appears that it is of exceptional benefit or advantage to the pensioner, the Board may in its discretion pay the pension or part thereof to or for the pensioner himself.

### **Re Section 23 (2)**

#### *Pension to Child Maintained by Member of Forces*

“Section 23 (2).—No pension shall be paid to or in respect of a child unless such child was acknowledged and maintained by a member of the Forces in respect of whom a pension is claimed at the time of the appearance of the injury or disease which caused the disability for which he is pensioned or which resulted in his death; provided, however, that a legitimate child born subsequent to the appearance of the injury or disease shall be entitled to a pension. Provided also that the Commission may, in its discretion, award a pension to or in respect of any child entitled in the opinion of the Commission to be maintained by the member of the Forces in respect of whom pension is claimed.”

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*Suggestion by Ex-Service Men re Section 23 (2)*

That pension be payable to a child of a deceased soldier if any part of its maintenance was being provided by the soldier at the time of the appearance of the injury or disease which resulted in the death. (P.E.I.-St. John 80.)

In the type case cited, the child was, at the time her soldier father's illness appeared, living with her uncle. Her father was at most only supplying her with clothing and boots. The Pensions Board discontinued her pension on the ground that she was not being "maintained" by her father at the time of the appearance of the injury or disease. (P.E.I.-St. John 78.) The suggestion made at the Hearing was that children of a soldier whose death is connected with service should be entitled to pension whether they had been maintained by him or not. (P.E.I.-St. John 78-79.) It was pointed out that the latter part of Section 23 (2) gives the Pensions Board discretion to award pension to children "entitled to be maintained" by the soldier. The case cited could have been dealt with under this discretionary clause, or it might have been ruled that the child had been "maintained" by the parent even though not *wholly* maintained by him. The evidence is that in practice it is not required to be shown that the child has been wholly maintained by the father, but that there are—

"many cases in which a pension has been awarded where there has been a very small contribution to the child's maintenance." (St. John 80.)

An examination of the type case shows that the Pensions Board considered that the contributions by the father were only casual and not as part of any regular system of maintenance, and that it was further considered that the case was not one which warranted the exercise of discretionary power to award pension when the child was "entitled to be maintained" by the father.

*Recommendation of Commission*

None—on the assumption that "maintained" is construed in practice to mean "maintained to a substantial extent," and that the discretion is freely exercised in cases where the child was "entitled to be maintained."

**Re Section 23 (4)***Increase of Children's Pension to Orphan rate*

"Section 23 (4).—When a child has been given in adoption or has been removed from the person caring for it, by a competent authority, and placed in a suitable foster home, or is not being maintained by and does not form part of the family cared for by the member of the forces or the person who is pensioned as the widow, divorced wife, or parent of the member of the forces, or by the woman awarded a pension under subsection three of section thirty-three of this Act, the pension for such child may, in accordance with the circumstances, and in the discretion of the Commission, be continued or discontinued or retained for such child for such period as the Commission may determine, or increased up to an amount not exceeding the rate payable for orphan children. Any such award shall be subject to review at any time."

*Suggestion by ex-service men re Section 23 (4)*

That on the re-marriage of the widow, pension to children should be automatically increased to full orphan rates. (Regina 19; Winnipeg 797.)

The contention was that the State had substantially benefited by the re-marriage of the widow in that payment of future pension beyond the one year's bonus was saved, and that the children in the home of a step-father would not be in quite as favourable position as if their soldier father were living. (Winnipeg 798.)

It was stated that the Pensions Board had power under Section 23 (4) to award pension at orphan rates on the re-marriage of the mother and that it had been done in many cases. (Winnipeg 798; Toronto 669.)

If this power is contained in the Section it must be by reason of the provision that, when the child "is not being maintained by" the widow, then the rate may be increased to orphan rates. The widow having re-married a man who is unable to support the children would, it is supposed, be regarded as not "maintaining" them. The Section is none too clear in this respect, but in view of the interpretation which is put on it by the Pensions Board, as indicated in the above reference, it is considered that no amendment is called for.

If provision were made for the automatic increase of the children's pension to orphan rates in all cases of re-marriage of the widow, it would be a direct discrimination against children whose mother saw fit to remain a widow, and it would be an additional attraction for mercenary suitors.

### *Recommendation of Commission*

None.

### **Re Section 23 (5) and 33 (2)**

Pension to dependents of pensioners in receipt of 80% pension or over, who die from other causes within five years after discharge or commencement of pension.

"Section 23 (5).—The children of a pensioner who was pensioned in any of Classes 1 to 5 mentioned in Schedule "A" and who has died, shall be entitled to a pension as if he had died on service, whether his death was attributable to his service or not, provided that the death occurs within five years after the date of the commencement of pension."

"Section 33 (2).—Subject to paragraph one of this Section, the widow of a pensioner who, previous to his death, was pensioned for disability in any of the Classes 1 to 5 mentioned in Schedule "A" shall be entitled to a pension as if he had died on service whether his death was attributable to his service or not, provided that the death occurs within five years after the date of retirement or discharge or the date of commencement of pension."

### *Suggestion by Ex-Service Men*

That the time limit of five years as fixed by Sections 23 (5) and 33 (2) be Removed. (Vancouver 310, 311; Toronto 686.)

This Section in effect authorizes a pension to dependents of an ex-soldier who dies from ailments not connected with military service, provided he was pensioned at 80 per cent or over at the time of death and also provided he dies within five years after discharge or five years after his pension commenced. An amendment to strike out the time limit was embodied in Bill 205 (Sec. 16) introduced in the House of Commons in 1923, but did not become law. The grounds for this unusual feature in pension legislation were apparently: (1) The impossibility of a man with an 80 per cent disability being able to lay up anything for his family and children; (2) The circumstance that the necessary care of the almost totally disabled husband would prevent the wife from earning anything to increase the family income; (3) The helpless position of the wife and children who had acquired a certain sense of security from this regular though restricted pension income, and who were abruptly deprived of it by the death of the father; (4) The probability that the total or nearly total disability would weaken the resistance of the pensioner and thus contribute toward hastening his death, even though the immediate cause was not associated with his service disability; (5) It is also said that the provision had reference to men severely handicapped

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by a war injury such as the amputations and blind who were particularly liable to accident in civil life and for whom the Section provided a form of insurance for a limited time until they accommodated themselves to their new condition.

These grounds, when summarized, show two general reasons for giving relief to the dependents even though the death was not due to service; (1) because the magnitude of the husband's disability prevented making ordinary financial provision for the future; and (2) because the magnitude of the disability, or the handicap caused by it, may have had some indirect influence in causing death even though definite evidence of this is lacking.

It must not be overlooked that the Returned Soldiers' Insurance Act, under which ex-service men were eligible for insurance no matter what their condition of health, was of great assistance in these cases.

To cover the additional danger of accident to which handicapped men are exposed, it is understood that the Pensions Board award pension to the widow even where the death is not due directly to the service disability and the existence of the disability is merely a contributing factor, unless the man was at the time of the accident engaged in some undertaking which a reasonably prudent man with his disability would not attempt. Thus, a man is blind and is in his home and fire breaks out, and if because of his blindness he is unable to escape in time, pension is awarded even though the war had nothing to do with the fire. On the other hand, if the same man were killed in attempting to cross a crowded thoroughfare without an attendant or without taking the precautions which would be obviously called for in view of his handicap and which might not at all be required of a man who had his sight, the pension would be refused.

Logically this practice is sound and ensures to the dependents a full measure of justice, but there is in the mind of the public generally a certain sympathetic consideration for men heavily handicapped which will not tolerate the idea of the wives or children of these men being in want even though the death of the husband cannot be proved to have had a direct relation to service.

It was evidently this idea which led to the enactment of the Section. In effect it constitutes an insurance policy, covering for a period of five years the death from any cause of heavily disabled men who have families. The Commission has been unable to discover the reason for the imposition of the five year limit. In fact it might be said that the longer the family of the soldier has been solely dependent on pension, the more surely they will require assistance after his death.

The indefinite extension of the period of five years which is suggested should not involve any large financial commitment because it can be fairly anticipated that in practically all cases of 80 per cent disability, except amputations and blind, the eventual cause of death will be the disability for which they are now pensioned, and pension will therefore be payable to the family in the ordinary course. There may be a few cases of accidental death, but these should be almost negligible as men thus pensioned would in most cases be so invalidated as to be confined to their house or bed. There would of course be cases of death of pensioners from epidemic infections, but, in the case of an 80 per cent pensioner it would probably be admitted that his lessened resistance, due to the large service disability, directly contributed to the death and the family would be pensioned in the usual course. The principal group to be benefitted, therefore, are the blind and amputations, the merits of whose claim no one will deny.

To sum up,—the commitment involved in removing the time limit in this Section will, the Commission considers, be confined very largely to the payment of pensions to families of the blind and of 80 per cent amputations, and to the families of the comparatively few men who may die from some other cause than the service ailment from which they are already 80 per cent disabled.

The Section for the first five years has been generous in providing for the payment of the pension automatically no matter what was the financial position

of the family. Whatever the reason for this may have been, the Commission considers that what the public desires is to see that the dependents of these heavily disabled pensioners are provided for in case of need,—not that they should receive a gratuity regardless of financial condition. The Commission considers that this object would be achieved by removing the time limit in these Sections, but limiting the benefits to those who are in a dependent condition.

#### *Recommendation of Commission*

That Sections 23 (5) and 33 (2) be amended by removing the time limit and by providing that the benefits of the section are only to be extended to children or widows who are in a dependent condition.

#### **Re Section 31 (3)**

Payments to ex-soldier who is maintaining parents

“Section 31 (3).—When a member of the Forces, previous to his enlistment or during his service, was maintaining, or was substantially assisting in maintaining, one or both of his parents, an amount not exceeding one hundred and eighty dollars per annum may be paid to him for each of such parents as long as he continues such maintenance.”

#### *Suggestion by ex-service men*

That the fact that the ex-soldier is unable to contribute towards the maintenance of his parents by circumstances beyond his control (such as unemployment) shall not prevent payment by the Pensions Board towards the maintenance of the parents. (Winnipeg 795.)

In the type case cited (795), the soldier (Imperial) was receiving a pension of \$15 per month for loss of use of the right shoulder caused by a gunshot wound. He and his mother lived in a three-roomed shack which was built by the pensioner in his spare time. He had always lived with her and on enlistment assigned half his pay to her. He was given vocational training, and allowances of \$35.00 per month, less \$13.75 per month for pension, were paid to his mother during his training. The report of the person investigating his claim for additional pension on behalf of his mother stated further that—

“Since completing training pensioner has always supported his mother, but for the past two years he has done very little beyond odd jobs. His mother, who is 59 years of age, has as a result had to go out doing work by the day, working on an average of two to three days a week at \$1.50 per day. This week she started work as a sorter in the Clean Towel Supply Co. at \$12 per week, but she says she finds the work too heavy and will have to give it up. At the present time while pensioner is out of work, the money earned by the mother and pensioner's pension of \$15 is all they have to keep up the home.”

The Investigator says of the man himself:—

“Single, lives with mother and always has, supporting her to the best of his ability, giving her all his earnings when he is working, also his pension of \$15 per month.”

The Section is, in terms, not limited to disabled or partially disabled men and as it reads any ex-service man who has been supporting his parents in whole or in part may, so long as he continues such support, draw an amount up to \$180 per year on account of each. This, in the opinion of the Commission, was not the object of the Legislation. The purpose obviously must have been to provide for the parents of the disabled soldier who would, on account of their son's disability, be deprived of the whole or part of his support.



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The person to be benefited is the parent, not the son, and the effect in practice is or should be that the \$180 is passed on by the son to the parent, with whatever additional assistance he can give. The condition that the son shall "continue such maintenance" cannot be intended to apply when the son is, on account of circumstances beyond his control, unable to supplement out of his earnings the amount paid him for his parents. If he is taken ill and is unable to earn, it would be an obvious hardship if the contribution which was being received for the parents was cut off as well. The Commission considers that confusion would be avoided by paying the parents' allowance to the parent direct and not by way of refund to the son. To be consistent with other provisions for parents, the allowance should only be made if the parents are (or would be if the son did not contribute) in a dependent condition, that is, "without income or earnings sufficient to provide maintenance."

The Section was passed in its present form in 1920. It did not follow the recommendation of the Parliamentary Committee of that year which recommended legislation—

"to provide that a disability pensioner who is maintaining his father or mother or both in addition to his wife shall be entitled to an addition to his pension for each parent not exceeding \$180 per annum when he is totally disabled, and a proportionately less amount when his disability is less than total disability." (Parl. Com. Report 1920, P. 9.)

*Recommendation of Commission re Section 31 (3)*

That Section 31 (3) be amended in the following respects: (a) Limited to pensioners; (b) Limited to cases where the parents are or would be if the son did not contribute, in a dependent condition; (c) Parents' allowance not to be withheld on account of the son being unable, by reason of circumstances beyond his control, to contribute towards his parents' maintenance.

**Re Section 33 (1)**

Refusal of pension to widow in cases where the marriage was after the appearance of the injury or disease resulting in death.

"Section 33 (1).—No pension shall be paid to the widow of a member of the Forces unless she was married to him before the appearance of the injury or disease which resulted in his death . . . ."

*Suggestion by ex-service men*

That the portion of this Section be struck out which prohibits payment of pension to the widow in cases where the marriage took place after the appearance of the disability, or that a broader interpretation be given to the Section, or that an amendment be made permitting the payment where the marriage took place within one year after the appearance of the disability, or permitting payment to the widow in all cases where there are children. (Halifax 349; P.E.I.—St. John 76; St. John 97; Vancouver 139-148; Calgary 100; Regina 19; Toronto 635-648, 763-767; Winnipeg 240-258.)

The important part of the Section is that the marriage must have taken place "before the appearance" of the injury or disease which resulted in his death.

The reasons suggested for this provision are: (1) that it is to prevent the exploitation of the Treasury by the woman who might be willing to marry a disabled soldier on his death-bed for the sake of getting pension; (2) to prevent an attempt by the soldier himself, who knows he is disabled and has an injury

or disease which may cause his death, to benefit his fiancée at the expense of the Country (Toronto 642); (3) that the Country should be under no responsibility to a woman who of her own volition enters into a marriage contract with a soldier in whom injury or disease has appeared and who thus knowingly takes the risk of possible fatal consequences. (Calgary 105, 106; Toronto 766, 767.)

These reasons involve *knowledge* by the parties concerned of the existence of the injury or the disease, and the use of the word "appearance" indicates that the draftsman of the Section had this in mind. The disease might have "existed" without having "appeared." "Appearance" means something which is evident or which manifests itself to the senses of the parties themselves. It is going far beyond the object which Parliament had in view if it is to be said that the parties married after the "appearance" of the injury or disease when neither of them knew nor could reasonably have known of the existence of the disease at that time. (Calgary 102; Toronto 641, 764.)

The following evidence was given to show the distinction which the Pensions Board made between the "existence" and the "appearance" of the disease:—

"WITNESS: We do not go that far, to say clinical signs later show that it must have *existed*, that is not considered; unless it *actually made its appearance* by signs and symptoms to some one, the man himself or some one he consulted."

"Q. You mean that "appeared" does not mean "existed?"

A. "Existed" does not mean "appeared."

"Q. After the disability appeared does not mean after the disability *existed*?"—A. No. it must have made its *appearance*." (Calgary 101, 102.)

"Q. What do you say about that . . . do you say the disability has *appeared* when the T.B. was not known and only *became evident* six months after the marriage?"—A. It has not *appeared* at the time of marriage." (Calgary 101; Toronto 641.)

The following letter to the Chairman of the 1921 Parliamentary Committee sets out and illustrates the practice of the Pensions Board under this Section, and contains an amendment suggested by the Pensions Board to remove obscurity,—

"BPC. 17-7-1, Vol. 4.

MAY 16, 1921.

"HUME CROXYN, ESQ., M.P.,

Chairman, Parliamentary Committee on Pensions,  
House of Commons.

*Section 33 of the Pension Act.*

DEAR SIR,—In accordance with your request to submit a report on the marginally noted section of the Act, the subject has had careful consideration. It is thought that this section is not clear as it might be, and the following examples will show the interpretation at present being placed on it by the Commissioners:—

- (a) A pensioner has lost a leg on service but such disabling condition does not shorten his expectancy. Marriage is contracted after discharge and within a year a sarcoma (which is a malignant tumor) develops on the stump and the man dies. The sarcoma is the direct consequence of the disability which occurred as the result of service. As, however, the actual disease which resulted in death had not manifested itself or been diagnosed at the time of marriage, the Board is of opinion that the dependents are eligible for pension.

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- (b) Another case is that of a man discharged from the service as fit. He is told that he is fit and believes such to be the case. Within a year tuberculosis appears and obviously was present prior to discharge and prior to his marriage, and yet neither this man nor his wife, being married immediately after discharge, had any reason to know of the presence of so serious a condition. Obviously the marriage was not contracted in order to obtain a pension. On the same grounds as the previous case, the Board considers that the dependents are eligible for pension.
- (c) A more difficult case is that of a man discharged for some slight disability consequent upon bronchitis. He gets married and within a few months a tuberculosis process is superimposed and he dies shortly afterwards. Because he had been awarded pension for bronchitis, which developed into tuberculosis, which latter condition is also pensionable, it is taken as proof that the disease which resulted in death had manifested itself prior to marriage; dependents on this basis are not considered as eligible for pension.

2. It is not thought that the Act should be so amended as to allow pension to widows of ex-members of the forces who have died when at the time of the marriage the member of the forces was being pensioned as a result of the disease which terminated in his death, or, to put it in other words, the purpose of the Act is understood to be to exclude from pension the widow of an ex-member of the forces who marries when medical opinion would have advised otherwise.

3. The Board is of opinion that when a member of the forces is married subsequent to physical impairment attributable to his military service and has died as the direct result of such physical impairment, no pension shall be paid to his widow unless it is fully substantiated—

- (a) that the complication or sequel of the physical impairment was a direct complication or sequel;
- (b) that it was not such as could have been, at the time of his marriage, reasonably anticipated, foreseen or expected to occur; and
- (c) that the marriage was undertaken without any intention whatsoever to obtain unwarranted pension benefits.

4. If your Committee is of opinion that Section 33 (1) of the Pension Act as amended might with advantage be more clearly expressed it is suggested, for your consideration, that this object could be attained by repealing the clause in question and substituting the following therefor:—

No pension shall be paid to the widow of a member of the forces unless she was married to him previous to the time at which the pensionable injury or disease which resulted in his death manifested itself as to be recognizable as such by medical men or prior to the recurrence of a pensionable injury or disease which had been so improved as to remove the resultant disability at the time of marriage; and further unless she was living with him or was maintained by him, or was, in the opinion of the Commission, entitled to be maintained by him at the time of his death and for a reasonable time previously thereto.

Yours truly,

(Sgd.) J. PATON,  
Assistant Secretary."

The following are summaries of the evidence presented as to some of the type cases cited in support of the contention that too strict a construction was being given to the Section by the Pensions Board.

*Case A. (Halifax 349):*

An officer, with three years' service, discharged fit, and appointed to the Permanent Force in December, 1918, after being passed medically fit for that service. He was married in November, 1919, and died May 5th, 1920. In this case it was contended that there could have been no "appearance" of the injury or disease at the time of marriage, because the officer had been passed fit for Permanent Force Service. Pension refused—marriage after appearance of disability.

*Case B. (Regina 20, 21):*

A man who was supposed to be perfectly fit and who married. He applied for insurance, and on the examination heart trouble was discovered. On enquiry the medical examiners considered that the heart trouble could be traced back to the service period as the man had fainted once while in service, although no disability was recorded. This was a case where it was suggested that although the disease had evidently existed during service, yet it had not appeared until after marriage. After the discovery of the heart trouble the man was put on a pension. He died three months after. Pension refused—because the marriage was after the appearance of the disability.

*Case C. (Winnipeg 240-255i):*

An officer, enlisted as a private in October, 1914, obtained commission in Imperial Forces, discharged March 26, 1916, medically unfit, suffering with hæmorrhage. Passed fit and joined C.E.F. January 8, 1917, proceeding to France November 29, 1917. Gassed and admitted to Casualty Clearing Station February 17, 1918, on account of hæmoptysis (spitting blood), invalided to England and admitted to hospital February 25, 1918. Discharged from hospital April 9, 1918, and passed fit for service. In view of the fact that specialists had pronounced him free of the old lung trouble he and his fiancée decided to be married. (Winnipeg 242). Married June 1, 1918. (Winnipeg 255 (f)). Proceeded to France May 31, 1918. Awarded the M.C. for gallantry in the field. Back to England for demobilization March 4, 1919. Admitted to hospital for T.B. May 25, 1919. Discharged in Canada June 10, 1919. Died November 29, 1921. Cause of death hæmoptysis, second lesion upper lobe right lung, not tuberculous. Gassed two or three times during the war. (Winnipeg 255 H). Pension refused as "pension not indicated. Disease resulting in death made its appearance prior to marriage. . . . ." (Winnipeg 255i). Medical Report January 25, 1923: "in my opinion it is obvious that the Medical Board which examined him in May, 1918, just before his marriage, was in error when it stated lungs and heart negative and no findings of T.B." (Winnipeg 255F).

The claim for pension for the widow was put on two grounds:

(1) That the disease which was the immediate cause of death was not the original tuberculosis but was a recurrence which did not take place (and which, therefore, could not be said to have appeared) until after marriage. As to this point, Section 2 (a) of the Pension Act indicates that remote and latent original disease can be separated from the active recurrence. This subsection expressly provides that—

"Appearance of the injury or disease includes the recurrence of an injury or disease which has been so improved as to have removed the resultant disability."

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There is no question apparently but that in the opinion of the Medical Board in England in May, 1918, the original injury or disease had been improved so as to have removed the resultant disability because this officer was, just previous to his marriage, passed by tuberculosis specialists as being fit for service in France, and rejoined and served accordingly.

(2) The second ground of claim is that by reason of the medical examination in May, 1918, which passed him fit for service and thus sent him back to France, the authorities are estopped from now contending that the injury or disease which resulted in the death had "appeared" before the marriage.

*Case D.* (Winnipeg 255i-256):

Enlistment in June, 1915. Proceeded to France January, 1916, and served over two years. Wounded in right ankle, also had otitis media (running ear). Discharged May 20, 1918, no pension because no disability. Married November 4, 1919. Died in October, 1920, from cerebral hemiplegia (paralysis due to trouble in the brain) due to embolism (blood clot). It was admitted that the death was attributable to service, but pension was refused to the widow because it was contended that the marriage took place after the appearance of the disability. The connection of the death with service was admitted on the ground that the clot in the brain had resulted from the old ear trouble. The specialist who performed the post mortem says:—

"I am of the opinion that the heart condition found at the autopsy must have existed for a year, possibly longer."

There was fair ground for argument that this was a "recurrence" because there had been no pensionable disability at discharge. The same argument as the first contention made in Case C. applied in this case.

*Case E.* (Toronto 635-648):

Soldier discharged August 9, 1918, with pensionable disability, loss of three fingers, married April, 1919. In June, 1919, admitted to hospital for T.B. Discharged July, 1920, as total disability. November, 1920, re-admitted to sanatorium. Died May, 1921. Pension was refused on the ground that the disease resulting in death "appeared" before marriage. The Director of Medical Services said:—

"I do not think it possible that any physician could have overlooked the fact of the man having had tuberculosis at the time he married, and that it would appear to be a reasonable conclusion that, to the *layman* he would appear to have been in anything but ordinary health. I am of the opinion, therefore, that the appearance of the disease in this case should be considered to have been previous to marriage in April, 1919."

Previous to the marriage to this man, the wife had been the widow of another soldier who had been killed in action, and she was in receipt of pension on account of the latter's death which pension was, of course, discontinued on her re-marriage. (Toronto 635, 648.)

Here was a case where the date of the appearance of the disease had to be determined by medical opinion based on the condition of the man when he was admitted to sanatorium in June, 1919 (weight 119 lbs.; height 5' 9½"; T.B., condition fairly general through both lungs). From this condition it was decided, not unreasonably, that the man must have shown distinct signs of ill-health at the time of his marriage two months before, and that the disease had therefore appeared at that time.

In some of these cases the hardship is that the wife did not, and, in view of the medical reports, could not, have anticipated that the injury or disease which was apparently cured would light up later and cause death. In others,



the existence of the disease was not known although subsequent developments indicated that it had been present at the time of marriage. There was in neither class of cases any intention to exploit the Country.

There is another class of meritorious cases, viz., where there has been a bona fide engagement previous to going overseas and the man comes home partially disabled and finds the woman ready to carry out the contract notwithstanding the less attractive outlook. Distressing cases like these were in evidence before the 1922 Parliamentary Committee (Proceedings 119, 120.) A personal instance was given by the ex-soldier himself at Calgary (104)—

"If you will permit me I will cite my own case. I was in Canada nearly four years prior to the outbreak of the war; I had been corresponding with a young lady in Scotland. I left Canada on August 1, 1914, to go home to be married. Before I got home the war broke out and I enlisted on August 30, 1914, realizing that it was my duty to fight rather than get married. I was discharged at the end of 1916, with a 40% disability. I returned to Canada in about six months, but I was unable financially to get married until the end of 1918. Surely my wife is as much entitled to a pension as the widow of a man who married and then went overseas. A man who honestly went overseas before he was married ought to be in the same position as a man who said: 'Well I am going overseas, I will get married before I go so that if anything happens my wife will get the pension.'"

There are, therefore, three classes of cases which have special merit, and in none of them is there any element of mercenary motive:

(1) The case where subsequent developments show that the disease must have existed at the time of the marriage, although its presence was not recognized, or, in other words, it had not "appeared."

(2) The cases where the marriage takes place after the first appearance of the injury or disease, but at a time when the disease has so subsided that there is no reasonable expectation that such injury or disease will be a factor in hastening death. The man subsequently dies of a recurrence.

(3) The cases where there was, before any injury or disease appeared, a bona fide engagement to marry and where the marriage was not in any sense influenced by the prospect of a pension, but to carry out the previous engagement.

As to Class (1), there should be no difficulty if the section is construed so that "appearance" means "evident or that which should be evident to the parties themselves," but if there is the appearance of ill-health and if the parties refrain from making inquiries as to its nature it cannot be said that the disease has not appeared.

The Commission with considerable hesitation suggests an amendment with the object of trying to bring out more clearly the important factor which is: knowledge by the parties of the ailment or knowledge of such symptoms as would have led reasonably prudent people to make inquiries from which they would have learned of the potential seriousness of the ailment. The amendment suggested does away with "appearance" and substitutes "knowledge", express or implied. If with such knowledge the marriage takes place, no pension should be granted if the ailment terminates fatally.

As to Class (2) (recurrences), Section 2(a) in effect allows the parties to disregard an injury or disease which is apparently cured at the time of marriage, and permits pension if death ensues from a subsequent recurrence.

The Commission therefore suggests an amendment perpetuating the spirit of Section 2 (a) and conforming with the amendment above referred to which makes "knowledge" instead of "appearance" the factor which defeats the right to pension.

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As to Class (3), viz., where the marriage is to carry out a pre-war engagement: While the fidelity shown by the wife in marrying notwithstanding the husband's disability is highly commendable, her position as to pension is distinctly different from that of the woman who marries in ignorance of the existence of any physical impairment. In the former case the wife deliberately takes the risk of the husband's premature death, and it has to be assumed that she is not unprepared for that dreaded possibility. If there are no children it is possible that she may return to her former occupation and may be no worse off financially than before her marriage. Under these circumstances it is difficult to find a sound basis upon which a claim to pension as of right can be established. There are two contingencies, however, in which the Commission thinks this widow merits special consideration: first, where there are children of the marriage, or, secondly, where the widow is in a dependent condition, that is, without earnings or income sufficient for maintenance.

As to the first, although no pension is at present awarded a widow under the above circumstances, pension is nevertheless awarded to the children of the marriage. The State recognizes its liability to them, and as result of the death of the father may provide for them at orphan rates, while the mother receives nothing. She must, therefore, if without means, do one of the two things, either leave the children and seek work outside in order to support herself, or try to eke out an existence for herself and the family on the pension granted to the children. These alternatives involve either the placing of the children in a home if she works, or poverty and under-nourishment if she remains with them. In either case the children suffer, and unjustly so in view of the liability of the State towards them, and its obligations to their deceased father. It is difficult, then, to deny that sufficient pension should be provided to meet the needs of the family, living as a family, and the only way this can be secured—because the present provision for orphan rates will not meet it—is to award pension to the widow, perhaps not as a right due herself, but, even if on no other ground, as the rightful and necessary guardian of her deceased husband's children.

The second contingency under which the woman marrying in pursuance of a pre-enlistment engagement may be entitled to consideration in case her husband dies, is the case where she is in a dependent condition, that is, without earnings or income sufficient for support. There is only one reason which occurs to the Commission for making provision for her when she deliberately married with knowledge of her husband's disability, such reason being that the engagement to marry, made before the disability occurred, constituted a definite relation in honour if not in law, and that the subsequent ratification by marriage sanctioned the bond from the beginning and gave the parties some claim to consideration in respect of a disability suffered after the betrothal. It was argued with some force that the woman honourably betrothed to a man should have no less claim than a woman who, although not married, lives with a man in immoral co-habitation as his wife. The latter may, in the discretion of the Pensions Board, be paid a wife's pension. (Vancouver 141; Pensions Act Sec. 33 (3).)

There is also the consideration, although not a reason, that recognition might well be given to a woman who as a fiancée sees her future husband go overseas and on his return honourably carried out her engagement even though the husband, as the result of service, has become disabled, and her cares and responsibilities are thereby increased. The Commission therefore considers that while no satisfying logical ground appears for granting pension as of right, the circumstances merit recognition at least to the extent of providing for such a woman if her husband dies and she is in a dependent condition.

The problem then is to ascertain the cases in which there have been bona fide engagements previous to the suffering of the disability. Obviously the proof

involved is of so indefinite a character and so difficult to obtain that such an inquiry would be quite impracticable. The only alternative is to provide for marriages within some definite period. It is reasonable to suppose that where there was a pre-enlistment engagement the parties would marry with one year at most after discharge, and, simply with the object of providing for this class, the Commission submits an amendment covering these cases when there are children or when the widow is in need. The Commission realizes that the arbitrary time limit will include, no doubt, a number of cases where there was no pre-war betrothal, and which are therefore not intended to be benefited. There will also assuredly be cases where there was such engagement and where the parties were prevented from marrying within the year from causes beyond their control, but the Commission is strongly of opinion that in the amendment suggested it has gone at least as far as can possibly be justified on any sound ground, and that no further general extension in respect of these cases should be entertained. The Commission's suggestion of limiting the benefits of the "one year" amendment to cases where there are children, or where the widow is in need, is a distinct limitation on the proposals in this respect made at Calgary (104), Regina (19), Winnipeg (240-260), Toronto (636). It is also a modification of a similar provision which was recommended by the Parliamentary Committee in 1922 (see Committee Proceedings, P. XXV and 121), and incorporated in Bills introduced both in 1922 and 1923, but struck out. An estimate of the additional liability involved in an amendment permitting pension to widows married after the appearance of the disability without time limit, and, alternatively, if the period for marriage was limited to one year after the husband's discharge from service, is contained in the following letter:—

"OTTAWA, February 7, 1924.

"H. D. DEWAR, Esq.,  
Secretary, Royal Commission on Pensions, etc.,  
Senate Chambers,  
Ottawa, Ontario.

*Re Section 33 of the Pension Act.*

DEAR SIR:—

I am instructed to refer to your letter of the 2nd instant in connection with the subject marginally noted and to report as follows:—

The Board of Pension Commissioners furnished the Parliamentary Committees of 1921 and 1922 with a rough estimate of increased annual charge on account of pension for widows who were married after the appearance of the disability.

The estimate in 1922 was \$123,000.00 per annum, with an additional increase each year of \$26,000.00.

The estimated additional charge if widows are pensioned who married within one year of the husband's discharge from service would be \$85,000 with an annual increase added to this of \$15,000.

There are no statistics available on these points and the estimates are very rough ones. They are based on the marriage rate of disability pensioners and the subsequent death rate of same.

The estimate is probably a conservative one in view of the fact that a number of badly disabled men, such as those in sanatoria, married almost immediately after discharge and died within a few months of their marriage.

Yours very truly,

(Sgd.) W. E. DEXTER,  
*for Secretary.*"

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The Commission has no information on which to base an estimate as to the liability involved if the further limitation to cases where there were children, or where the widow was in a dependent condition, were imposed.

In England no pension is paid to a widow unless the marriage took place before discharge or before the end of the war. (Winnipeg 234, 235.) In the United States, pension is paid to the widow if the marriage takes place within ten years after discharge, and the fact of the existence or appearance or knowledge of the injury or disease before the marriage seems to have nothing to do with the widow's right to pension. (See United States "War Risk Insurance Act" Section 300, 301.)

*Recommendation of Commission. Section 33 (1)*

That Section 33 be amended to the following effect: (a) By striking out the words "unless she was married to him before the appearance of the injury or disease which resulted in his death" in sub-section (1), and substituting therefor some phrase in the following sense, viz., "if her marriage to him took place at a time when symptoms existed from which a reasonably prudent man making reasonable enquiries would have known of the existence and the potential seriousness of the injury or disease which ultimately resulted in death, provided, however, that it shall be conclusively presumed that such symptoms did not exist if at time of the marriage an injury or disease previously known was so improved as to have removed any resultant pensionable disability (b) By inserting a provision that the foregoing prohibition shall not apply when the marriage took place prior to a date one year after the discharge of the member of the forces if (a) there are children of the marriage of pensionable age, or (b) the widow is in a dependent condition.

**Re Sections 33 (2) and 23 (5)**

Pension to dependents of pensioners in receipt of 80% pension or over who died from other causes within five years after discharge or commencement of pension

"Section 33 (2).—Subject to paragraph one of this Section, the widow of a pensioner who, previous to his death, was pensioned for disability in any of the Classes 1 to 5 mentioned in Schedule A shall be entitled to a pension as if he had died on service whether his death was attributable to his service or not, provided that the death occurs within five years after the date of retirement or discharge or the date of commencement of pension."

"Section 23 (5).—The children of a pensioner who was pensioned in any of Classes 1 to 5 mentioned in Schedule A and who has died, shall be entitled to a pension as if he had died on service whether his death was attributable to his service or not, provided that the death occurs within five years after the date of retirement or discharge or the date of the commencement of pension."

*Suggestion by Ex-Service Men*

That the time limit of five years as fixed by sections 33 (2) and 23 (5) be removed.

*Recommendation of Commission*

See discussion and recommendation under Section 23 (5).

**Re Section 33 (2)**

Widows of Disability Pensioners—Death not connected with service—Continuing pension

*Suggestion by Ex-Service Men*

That in case of the death of an ex-service man, receiving less than 80 per cent pension for a disability, whose death is not connected with service,

the pension be continued to the widow if she is in need. (P.E. I.—St. 71, 74).

As an example a case was cited where the soldier who had four years' service was on pension for bronchitis and injured knee, caused by gunshot wound. He became ill, went to hospital, was operated on for obstruction of the bowel and died of heart failure. Dependents were refused pension on the ground that the obstruction was not connected with service. (P.E.I.—St. John 72). The claim was that the dependents, if in need, should at least get pension to the amount which the soldier had been receiving, on the ground that on account of his disability he was not able to lay up anything for his family, (P.E.I.—St. John 74-5) and that the greater his disability the less his power to accumulate any surplus (75).

The rule is that if the service disability was a material factor in hastening death, although there were other contributing causes, the dependents get full pension, but if the death was not connected with a service disability the dependents get nothing. There is no such thing as proportionate pensions on account of death. (P.E.I.—St. John 73).

The hardship in these cases arises particularly where the family have become accustomed to rely on the disability pension as an aid to support and where the death occurs from other causes and the pension abruptly ceases.

This situation has been met, in cases where the pension is 80 per cent or over, by the provisions of Sections 33 (2) and 23 (5).

An amendment for the benefit of the children of the man who was getting less than 80 per cent disability pension was recommended by the 1922 Parliamentary Committee and added as sub-section (6) to Section 23. Under this amendment the Pensions Board is authorized to pay for the benefit of the child a bonus equal to the child's pension for one year. The ground for this recommendation by the Committee was that:—

"the pension which his children were in receipt of ceases on his death, and as a result the children are suddenly deprived of the benefits accruing to them during the lifetime of the father. The Committee considers that this works a hardship on the children." (1922 Par. Com. Report, P. XXV).

But the reasoning applies with equal or greater force to the widow. She suddenly loses the benefit of the amount which was being paid on her account as the wife of the pensioner and she also loses the benefit of the husband's partial earnings in which she would naturally share.

The suggestion is that the pension be continued to the dependents in case of need, but, basically, pensions are not granted because of the need of the applicant but because service was a material factor in the death or disability.

The Commission considers that to continue disability pensions after death, from a cause not connected with service, is such a radical departure from well-recognized pension principles that it is not warranted in recommending the further extension of the exceptions already created by Sections 23 (5), 23 (6) and 33 (2).

#### *Recommendation of Commission re Section 33 (2)*

None.

#### **Re Sections 34 (1), 34 (3), 34 (4), 34 (5), 34 (7)**

Pensions to widowed mothers prospectively dependent—Deductions for earnings and income

"Section 34 (1). A parent or any person in the place of a parent with respect of a member of the forces who has died shall be entitled to a pension when such member of the forces left no child, widow, or divorced wife who is



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entitled to a pension.... and when such parent or person is in a dependent condition and was, at the time of the death of such member of the forces, wholly or to a substantial extent, maintained by him."

"Section 34 (3).—When a parent or person in the place of a parent who was not wholly or to a substantial extent maintained by the member of the forces at the time of his death, subsequently falls into a dependent condition, such parent or person may be awarded a pension provided he or she is incapacitated by mental or physical infirmity from earning a livelihood, and provided also that in the opinion of the Commission such member of the forces would have wholly or to a substantial extent maintained such parent or person had he not died."

"Section 34 (4).—In cases in which a member of the forces has died leaving more than one parent or person in the place of a parent who were wholly or to a substantial extent maintained by him, the pension for one such parent or person may be increased by an additional amount not exceeding one hundred and eighty dollars per annum and the total pension apportioned between such parents or between the parent and such other person."

"Section 34 (5).—The pension to any parent or person in the place of a parent shall be subject to review from time to time and shall be continued, increased, decreased or discontinued in accordance with the amount deemed necessary by the Commission to provide a maintenance for such parent or person but in no case shall such pension exceed the amount of pension prescribed for parents in Schedule B of this Act."

"Section 34 (7).—The pension to a widowed mother shall not be reduced on account of her earnings from personal employment or on account of her having free lodgings or so long as she resides in Canada on account of her having an income from other sources which does not exceed two hundred and forty dollars per annum....."

"Section 2 (p).—Widowed mother may, in the discretion of the Commission, include a mother deserted by her husband when the circumstances of the case are, in the opinion of the Commission, such as would entitle her to a pension."

### *Suggestion by Ex-Service Men*

That the provision for widowed mothers who become dependent after the soldier's death be the same as for widowed mothers who are actually dependent at the time of death. (Winnipeg 265, 438, 792).

The effect of the Statute as administered is that there are two classes of widowed mothers, viz.:

(1) The dependent widowed mother who was being wholly or partially maintained by the son at the time of his death. This widow has no deduction made from her pension on account of any earning she may have from her personal employment and she may also have income up to \$240 per year without any reduction being made on that account.

(2) There is also the dependent widowed mother who, although not being maintained by the son at the time of his death, can show to the satisfaction of the Pensions Board that she would have been maintained by him if he had lived. Both the earnings and income of this widow are taken into account before pension is allowed.

To discuss the involved provisions of the subsections above quoted would only becloud the point. The distinction is there. (Winnipeg 438.) This was recognized when the Pension Act was passed, because in an annotation issued by the Pensions Board in 1919, it is clearly pointed out that—

"This proviso" (meaning the proviso prohibiting deduction of earnings from pension) "does not apply to cases of prospective dependency."

The contention is that if the Pensions Board comes to the conclusion that the needy mother would have been maintained by the son if he had lived, then the case is exactly the same as where the mother was at the time of death actually being maintained by the son. The fact of her actually having been maintained is only evidence that he would have continued to maintain her, and the claim is that the real inquiry in all these cases should be: Would the son have supported the mother if he had lived? If so, the Country should reasonably make up to her what she has lost.

If the son at the time of his death was actually supporting the mother, that is definite evidence that he would have continued to do so, and compensation is readily made. When the son was not actually supporting the mother at the time of death the Pensions Board naturally want some evidence that he would have done so, but having become satisfied on that point it is difficult to see why the Act should prescribe that the mother's earnings should be taken off the pension in the latter case and not in the former.

The object of the legislation must be to ensure that widowed mothers of soldiers, who have lost their lives on service, should not be forced to earn their living, and that if they voluntarily take up some remunerative occupation, the Country should not profit by reducing the pension. The present provision for those mothers who have only become dependent since the son's death plainly puts on them the burden of earning so long as they have the physical and mental strength. Section 34 (3) only permits pension when the parent is—

“incapacitated by mental or physical infirmity from earning a livelihood.”

This might quite properly apply to fathers but not, in the opinion of the Commission, in the case of mothers.

In Great Britain the distinction was made between parents dependent on the son at the time of his enlistment and parents who—

“*at any time . . . . .* are wholly or partly incapable of self-support from age or infirmity.” (Royal Warrant, Article 21 (1) (a) (b), and there also, if the soldier was unmarried and had no other dependents, a small pension was paid to the parent “*irrespective of pre-war dependence, age, infirmity or pecuniary need.*” (Royal Warrant, Article 21 (c).)

These distinctions have since been done away with in Great Britain and the only provision now, for parents, is in case of need, and in that case earnings and income are deducted. (Winnipeg 210; Toronto 122.) This change in the regulation did not however cut off pension which had already been awarded on the ground that the parent had been dependent on the son at the time of enlistment. This pension was at a fixed rate regardless of need, earnings, or income.

In the United States no distinction is made between widowed mothers actually dependent at the time of the son's death and those who become dependent afterward. The provision is—Article III, Sec. 301 (g), War Risk Insurance Act:

“Such compensation shall be payable whether her widowhood arises before or after the death of the person and whenever her condition is such that if the person were living the widowed mother would have been dependent upon him for support.”

On the question of deducting income, a case was cited (Regina 35) where the widow had sold a property to be paid for in equal monthly instalments which included both principal and interest. Apparently this whole sum was treated as income and was deducted in fixing the pension. It was the contention that in cases like this a calculation should be made as to how much was capital and how much income, and only the latter deducted. The Commission considers

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there is no necessity for any further regulation to cover a case of this kind. The Statute, as it stands, expressly specifies "income," not "capital," and a calculation would readily show the amount of "income" which is to be deducted.

*Recommendation of Commission re Sections 34 (1), 34 (3), 34 (4), 34 (5), 34 (7)*

That provision be made so that widowed mothers who fall into a dependent condition after the soldier's death and who, in the opinion of the Pensions Board, would have been wholly or to a substantial extent maintained by the soldier had he lived, will be in the same position regarding pension as the widowed mother under Sections 34 (1) and 34 (7), so that personal earnings will not be deducted from pension.

**Re Section 34 (1), 34 (3)**

Widowed Mother's Pension to be granted as of right

(The Sections are quoted ante.)

*Suggestion by ex-service men*

That provision be made so that a widowed mother will be pensioned irrespective of her having been previously maintained by the son and regardless of whether her earnings or income are sufficient for her maintenance; in other words, that she be pensioned as of right and not on the basis of need. (Winnipeg 265, 540; Toronto 649).

The claim was that the pension for the widowed mother should be awarded on the same grounds as pension to the wife. The rule in Canada (Sec. 34 (3) ), Great Britain (R.W. Sec. 21), and the United States (War Risk Insurance Act, Sec. 301, as amended) is that, to be entitled to pension, dependency must be shown. There was one exception (in Great Britain) whereby if the soldier was unmarried and under 26 years of age, and no pension was paid to any other dependent, a small pension of 5s per week was paid to the parents irrespective of dependence, infirmity or pecuniary need. This provision has now been done away with. It was proposed in Winnipeg that the above suggestion might be made to apply to the case of the unmarried son at least. (Winnipeg 265.)

The subject of pensions to mothers was discussed in the House of Commons on May 1, 1922 (Hansard, 1305, et seq.), and a resolution was passed approving the principle: (a) that pension to widowed mothers should not be reduced on account of her income; and (b) that pension should be granted as of right, and not simply when in need. The Parliamentary Committee of 1922 (See 1922 Parl. Com. Report, page XVII) did not accept the principle of the resolution but considered that Section 34 of the Pension Act as it stood was equitable and should not be altered. The latter part of the resolution (as to pensions to widowed mothers being granted as of right) was also the subject of a proposal made by representatives of ex-service men before the Commission at Winnipeg. (Winnipeg 265, 538).

The Commission has carefully studied the observations made in the debate on the above resolution and the instances cited, and is of the opinion that the hardship for which a remedy was sought would be largely cured by doing away with the practice of deducting earnings from the pension of a widowed mother who did not happen to be dependent at the time of her son's death. This the Commission has already recommended. The Commission considers that the underlying principle of pensions to widowed mother is different from that of pensions to wives and children and this is borne out by both the British and United States provisions. The basis of a widowed mother's pension might, as before stated, be put on the ground that she should not be forced to go out into the world to earn her living, but if, without having to engage in personal employment, she is in receipt of an income from investment or from contributions made,

by any other children, the Commission considers that it is not improper to assume that the son, if he had lived, would have taken into consideration the amount of revenue which his mother was receiving from these other sources, and would have felt justified in regulating his contribution accordingly. The aim of the Country is to make up, in reasonable measure, to the mother what the deceased son would have contributed. The general principle that dependency and need should be shown in these cases has been adopted and practised on what the Commission considers to be sound grounds. The fact that no deduction is made from the pension for earnings and that income up to \$240 per year is also not taken into consideration in awarding the pension, shows substantial recognition of the merits of this class.

*Recommendation of Commission re Sections 34 (1), 34 (3).*

None.

## Re Section 38

*Time for payment of pensions for deaths*

"Pensions awarded with respect to the death of a member of the forces shall be paid from the day following the day of the death except,—(a) in the case in which a pension is awarded to a parent who was not wholly or to a substantial extent maintained by the member of the forces at the time of his death, in which case the pension shall be paid from a day to be fixed in each case by the Commission; and, (b) in the case of a posthumous child of a member of the forces, in which case the pension for such child shall be paid from the date of its "birth."

*Suggestion by Ex-Servicé Men.*

That on the death of a pensioner one month's pension be paid to the dependents automatically in order to tide over the period during which the question of whether the death was connected with service is being investigated. (Fort William, Winnipeg 772.)

Many pensioners may die from ailments other than those for which they are pensioned, and consequently because a pension has been paid in the pensioner's lifetime it does not at all follow that pension is payable to his dependents after his death. Some investigation has to be made, therefore, in every case of death to determine whether the death itself is connected with service. Often the cause of death as stated in the death certificate is sufficient evidence to convince Head Office that it is connected with the service disability for which pension was being paid. In other cases reports have to be obtained to show connection of the death with service, and the date of marriage, family particulars and other facts, have to be procured to ensure that the death is pensionable under the many and intricate provisions of the Act.

In the type case cited (Ft. William, Winnipeg, 773) the man had been on pension for tuberculosis and died from obstruction of the bowel on April 3, 1922 (Winnipeg, 773). The first payment of pension was made on June 7, 1922 (Winnipeg, 776). This delay would not have been unreasonable if any extended investigation had been required but as the man was receiving 100 per cent pension his death was pensionable whether it was connected with service or not (Winnipeg, 777, Pensions Act, Sect. 33 (2)). Although death took place on April 3, word was not received from Ottawa until May 20, that the Pensions Board had ruled that as the deceased was a Class One pensioner his widow, if otherwise eligible, was entitled to pension. (Winnipeg 776.) Investigation was made on May 3, and request was made on June 9, that the widow fill out an application. (Ft. William, Winnipeg 776.) This delay is obviously rather extended and financial circumstances were apparently distressing (773, 775).

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The evidence as to the general practice in dealing with death claims is:

"of course an odd case (of delay) does come up. We give these death claims preference over everything else and frequently telegraph."

In Great Britain provision is made for a special payment to tide over financial distress while the question of the right to pension for the death is being considered. This payment is made on the recommendation of the Local Committee and care is taken to ensure that the widow understands that the payment is not to be regarded in any sense as indicating that pension will eventually be paid. The Committee before recommending the payment, however, must satisfy themselves that the prospect of pensions being awarded is reasonably clear. (Local Committee's Hand-book, p. 39, para. 101). Such a provision would obviate serious hardship in some cases especially where a large disability pension has been suddenly cut off by the death.

*Recommendation of Commission re Section 38.*

That provision be made that, in case of the death of a pensioner and pending consideration of a claim for Pension on account of such death, payment of an amount equal to Pension for death shall be made to the dependent in weekly instalments for a period not exceeding one month, such amount to be refunded if Pension is eventually awarded.

**Re Section 41**

Allowance to widowed mothers and widows on re-marriage

"Section 41.—Upon the marriage or re-marriage of the mother, widow, or divorced wife of a deceased member of the forces who is receiving a pension, or of a woman awarded a pension under sub-section three of section thirty-three of this Act, her pension shall cease, and she shall then be entitled to be paid one year's pension as a final payment."

*Suggestion by Ex-Service Men*

That if the widow who has re-married is deserted or again becomes a widow within five years after the re-marriage she should be restored to pension. (Toronto 666, 679, 1136; Regina 15).

Under Section 41, one year's pension is paid as a bonus to a woman who has been receiving pension as the mother, widow, etc., of the ex-soldier. Cases have arisen—not so infrequently as might have been supposed—where it turns out that the re-marriage has been induced to some extent by the attraction of the one year's bonus and later the woman has been deserted. There are also cases, much more deserving, where the second husband has died within a short time after re-marriage. In either case the woman's right to pension has been terminated by the bonus payment. The Pensions Board have authority to, and, in certain cases where the step-father was unable to earn a livelihood, did increase the children's pension to orphan rates (Toronto 669). The right of the children to pension is not affected by the re-marriage.

The reasoning is that the woman has, by her re-marriage, ceased to be the dependent of the soldier, and that consequently the obligation of the State to her, as such dependent, has terminated. The opposing consideration is that the undertaking of the State with the soldier was to make up reasonably to his dependents the pecuniary assistance he would have supplied had he lived. The State also makes the liberal presumption that had the soldier not lost his life on service he would have supplied this assistance to the dependents during their life time.

There are, the Commission is convinced, cases of genuine hardship to soldiers' female dependents who have re-married and thus lost their pension,



and whose husbands have died in a comparatively short time, leaving them with no means of support. It is strongly urged that the fact that they have tried unsuccessfully to restore themselves to normal life by re-marrying does not discharge the State from its revived responsibility.

In Great Britain there is a different practice as between officers and other ranks. In the case of the female dependent of an officer no bonus is paid on her re-marriage, but if she becomes a widow, pension is revived. In the case of other ranks, one year's pension is paid as a gratuity on re-marriage, but on the death of the second husband pension is not restored.

The attention of the Commission has been called to the Act respecting the Royal Northwest Mounted Police (R.S.C. 1906, C. 91, S. 56 (2)). This provides that on the re-marriage of a widow the pension is simply suspended, and on the death of the second husband it is restored, but under this Act no bonus is paid on the re-marriage.

The Commission considers that there is sound reason for an extension of the present provision of the Pensions Act. As the Act stands the prudent woman is faced with a serious question when an opportunity for re-marriage presents itself. If she marries she gets a home and a cash bonus, but she forfeits forever an assured maintenance for the rest of her life. The Commission considers that it is in the interest of the Country as well as of the dependent woman that her misgivings be removed and the re-marriage encouraged by some financial assurance for the future. The advantage from the general social standpoint is clear and, in addition the children of the soldier, who are to a certain extent wards of the State, have the benefit of paternal care. The financial liability involved is not absolute, but purely contingent on the death of the husband within five years. Against this can be placed the probability of a greater number of marriages, and the consequent probable relief of the State from subsequent pension payments. There would also be a reduction in the amount paid for children's pensions which, if the mother remained a widow, might have to be increased to orphan rates. All the foregoing applies to cases where the re-marriage is terminated by the husband's death.

But it is further urged that provision be made for cases of desertion by the second husband. The Commission considers that while there are cases of hardship under these circumstances, it would only open the door to fraud to make any such general provision. The woman who re-marries should take some responsibility, and the fact that in case of desertion pension will not be revived may have a good influence in preventing hasty and ill-considered marriages. If the claim for provision on desertion were admitted it would follow that there would be an even stronger claim in case the second husband was prevented by illness from supporting his wife. For the State to provide for these cases would, in effect, completely disregard the new marriage relation, and in the result, benefit a man who has no claim, viz., the second husband, both by making him careless of his responsibility for the maintenance of his family and by providing indirectly some part of his own support.

The Commission does not consider that, on the death of the second husband, the woman should be entitled as of right to be reinstated to pension. The husband may have left her a substantial estate. The provision should only cover cases of need and be for so long as such need continues. The limitation in the suggestion to cases of death within five years of the re-marriage is, it is assumed, based on the idea that, if the second husband has lived for that period, it can be presumed that he has made some provision for his wife. This ensures that the necessity for the husband and wife providing for the future is not done away with by undue reliance on the bounty of the State. It also adds the qualification of thrift to those which the woman may reasonably require of the man before accepting him.

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*Recommendation of Commission re Section 41*

That provision be made that in case of the death of the husband of a woman married or re-married, as contemplated by Section 41, and if such death takes place within five years after such marriage or re-marriage, pension be restored if and so long as the widow is in a dependent condition, and the final payment previously made under Section 41 be refunded in instalments as fixed by the Pensions Board, such instalments not to exceed 50 per cent of the amount of the restored pension being paid from time to time.

**Re Lump Sum Final Cash Payments**

(Footnote to Schedule "A" re Scale of Pensions for Disabilities)

**GENERAL CONSIDERATIONS AS TO LUMP SUM FINAL CASH PAYMENTS**

Provision for the above was introduced in 1920. Pensions rated at less than 15% were discussed by the Parliamentary Committees of 1919 and 1920. (1919, Par. Com. Proceedings, p. 201), (1920, Par. Com. Proceedings, pp. 11, 48, 67). The monthly pension for a single man was \$3.00 for 5% to 9% disability and \$6.00 for 10 to 14%. These small periodical payments caused vexation and discontent and it was decided to give the option of accepting a lump sum in final payment. It is immaterial now to discuss whether ex-service men or the Pensions Board took the initiative in suggesting this remedy. Some statements in the evidence were that it was urged by ex-service men contrary to the opinion of the authorities (St. John, 17, 123, 125; Calgary 28), but it seems quite clear from the proceedings of the Parliamentary Committee of 1919 (p. 201) and 1920 (p. 11 and 48) that the idea of the optional final payment was considered practicable and desirable both by members of the Committee and by the Pensions Board as well. Obviously there can be no room for criticising anyone who advocated this system which was accepted by everyone concerned in an attempt to promote satisfaction. The benefit was not all one sided however. There was the clear advantage to the Country in eliminating the expense of the examinations, and of the mass of accounting detail incident to the periodical payments. There was also the prospect in many cases of a substantial saving in the amount paid.

The lump sum payment was not computed on any actuarial basis. (Vancouver 95; Calgary 28). In one case disability which turned out to be permanent, and for which a pension of \$7.50 per month (including wife's allowances) was being received, was settled by a final payment of \$120.00. It is evident that for a man of 30 years of age permanently disabled to the extent of 10% and thus entitled to a life annuity of \$90.00 (subject to possible reduction if the pension bonus were discontinued) the maximum of \$600.00 would be a very inadequate present worth.

The Parliamentary Committee recommended final payment only in cases up to 14% pension (Par. Com. Report 1920, p. 11) and this was adopted by Parliament with the rider that if the disability increased, the pensioner might be reinstated on the monthly payment basis, but these payments were to be applied first to refunding the sum already paid. (Footnote to Schedule "A" to Pensions Act, Regina 127-8; St. John 127.)

The scale of lump sum payments was as follows:—

Where disability is permanent and pension is between 10 and 14%, the final payment is \$600.00.

Where disability is permanent and Pension is between 5 and 9%, the final payment is \$300.00.

Where disability may disappear and pension is between 10 and 14%, the maximum final payment is \$600.00.

Where disability may disappear and pension is between 5 and 9%, the *maximum* final payment is \$300.00.

Pursuant to this provision notice was sent by the Pensions Board to ex-service men with disabilities under 15% advising them of their right to the lump sum payment if desired. (Toronto 484, 488-9; Vancouver 102; Winnipeg 117, 118, 121). Some suggestion was made that the Pensions Board officials "induced" or "advised" the acceptance of the lump sum payment, but this is, the Commission finds, wholly unsupported by the evidence. (St. John 17; Vancouver 50, 98, 102; Winnipeg 120; Toronto 485.)

Where the disability was not permanent the Unit Pension Medical Examiners simply had to do the best they could in estimating the gradually vanishing degree of disability and its probable duration. (Regina 46; Toronto 484; Calgary 31). Assistance was obtained from instructions sent out by Head Office as a guide. (Pensions Board Routine Order 216; Vancouver 50; Toronto 490; Calgary 32, 33). Report was then made to Head Office and the man was advised direct as to the percentage of his permanent or non-permanent disability, and was told that he had the right to accept a stated amount as a final payment. (Vancouver 50, 102; Toronto 484; Winnipeg 117.)

As was said on the hearing:—

"It was a case of the country and the men gambling on the length of the disability, and in some cases it had turned out badly for the men, and in others I suppose the country has paid more than if he had been put on a non-permanent basis and paid while the disability lasted." (Calgary 27.)

The trend of opinion at most of the hearings where the subject was discussed was that experience had shown that the soundness of the policy of lump sum payments was at least questionable, and at St. John (p. 123) and Vancouver (p. 97), the opinion was frankly expressed that the adoption of this policy had been a mistake. (St. John p. 16, 122; Vancouver pp. 50, 98, 102; Calgary p. 27; Regina pp. 44, 48; Winnipeg p. 117; Toronto p. 482, 912.)

#### *Suggestion by ex-service men*

Re-open all cases of lump sum payments

It was urged repeatedly that all these cases be re-opened and that if any disability exist, the pension be revived on a periodical payment basis making deduction for the cash payment received. (See references above).

This proposal the Commission does not recommend. For the authorities to take the initiative and do this would be in the great majority of cases to simply raise false hopes. Men would be led to expect some change to their advantage; whereas, in many instances the net result would be that they would simply be put back on their former \$4.00 or \$6.00 per month allowance, and for months and perhaps years, this small amount would be eaten up in refunding the cash payment already received.

#### *Recommendation of Commission re lump sum payments*

None

#### *Suggestion by ex-service men*

Do away with lump sum payments for the future

That for the future the system of lump sum final payments be done away with. (St. John 123; Vancouver 97; Calgary 27.)

While this was suggested at the hearings mentioned above, the representative of ex-service men at Winnipeg declined to express an opinion on the suggestion

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without further consideration, (121), and the fact that this drastic step was not more generally urged indicates that the principle of lump sum payments is not regarded by any means as wholly bad. There is nothing to show that the provision has not been beneficial to the ex-service man in the general run of cases. The complaint has usually arisen in cases where it was not the scheme which was at fault, but rather some lack of elasticity in the regulations which affected individual cases. The option of getting a substantial lump sum at once, rather than in trifling instalments, must in many cases be distinctly beneficial and the Commission considers that it should not be withdrawn without more substantial reasons than have been given. The real remedy is to improve the legislation so as to take care of cases of obvious hardship.

*Recommendation of Commission re lump sum payments*

That the system of lump sum final payments be continued with the modifications recommended hereafter.

*Suggestion by ex-service men*

Re-open final payments where error in estimating degree or duration of disability

That all cases of final payment be re-opened where the pensioner can show that in arriving at the amount offered him as final payment, the duration or the degree of the disability was underestimated. (Winnipeg 119; Toronto 482).

For example: Supposing a man had synovitis (water on the knee) and the disability was rated at 10%. The Local Pension Medical Examiner estimated, as best he could, how long the trouble would continue. Supposing he reported to Head Office that it was gradually improving and that his opinion was that in two years it would have disappeared. Head Office, taking the estimate of 10% and of two years as a basis, fixed the amount of the lump sum final payment and advised the man of his option to accept a specified lump sum in lieu of periodical pension. The form of the letter sent to the Pensioner was that he had the "right to accept" a final payment in lieu of the pension then being paid and that it "appeared" that his disability was 10% "non-permanent" (no number of years mentioned). The notice then specified the periodical instalments to which he would be entitled if he continued on pension, and concluded by stating the amount of final payment which was "offered" to him. There was no compulsion about it, some men chose to continue the periodical payments, while of course the larger number took the lump sum.

No doubt, experience has shown that some men would have received more money in the aggregate if they had continued on periodical pension, trifling though it was, but that possibility was the chief thing to be weighed when deciding which plan to accept. The uncertainty was the very reason for making the scheme optional instead of imperative. It is equally probable that, in many cases, the settlement amounted to more than the pension which would have been paid. The benefit of the scheme was in its finality. It ended the bother of periodical re-examinations, and it did away with administration expenses which were necessarily out of all proportion to the amount involved; but more than this, it provided a fund of usable amount, it put a premium on quick recovery and gave the man an incentive to overcome his slight disability. It was in line with the principle of pensions legislation in other countries where disabilities under 20% are considered more suitable for final settlement than for perpetual pension.

In Great Britain, men with these minor disabilities are, with rare exception not entitled to pension, and have no alternative but to accept a gratuity payable in weekly instalments, for a period not exceeding three years. In Canada the scheme was not compulsory and only those whose disability does not increase

are precluded by the final payment. This very fact that the only exception to the scheme is where the disability increases, shows that it was understood to be final in all other cases.

No suggestion has been made that there was any lack of good faith in connection with the estimate of the degree or duration of the disability on which the offer of final payment was made.

Having regard to the circumstances leading up to the formulation of the scheme, and the intention of all those concerned in promoting it, the Commission cannot recommend the adoption of a suggestion which would in effect entirely disregard the basic features of the arrangement.

*Recommendation by the Commission*

None.

*Suggestion by ex-service men*

Gradual deductions to refund lump sum payments

That where, after final payment, the pension is derived, the absorption of the final payment should not be made at a rate greater than 50% of the monthly pension. (St. John 122; Regina 48; Calgary 30).

Following is an instance of the practice under the reinstatement provision of Schedule "A"—Supposing a married man had a 10% pension, (\$90 a year) and he accepted a final payment of \$300. At the end of one year he claims that his disability has increased. He is examined and it is found that his disability is 20%. This carries a pension of \$180 per year. This increase in disability only dates, however, from the time of examination. He would be dealt with as if he had been on the 10% pension for the past one year. That would put to his credit \$90. Against this would be charged the \$300 lump sum payment leaving him in debt \$210. He would then be credited each month with \$15 per month (his new 20% pension) but nothing would be paid him for 14 months until the \$210 had been refunded. The contention is that the man is incapacitated 10% more than the lump sum payment represented, and this his pension should not all be confiscated to repay the lump sum which might have been intended to cover three years. The whole of the first 10% should, of course, be withheld as that has already been covered by the Final Payment, but a portion of the remainder, if substantial, should, the Commission considers, be paid the pensioner.

*Recommendation of Commission re Lump Sum Payments.*

That provision be made so that in cases of final payment where pension is subsequently revived, the deductions from the current pension to refund the final payment previously made shall not exceed 50 per cent of the increase of pension, unless such increase is less than 10 per cent.

*Suggestion by Ex-Service Men.*

Pension not to be discontinued where pensioner has declined to commute, relying on statement that pension is permanent

That pension should not be discontinued where the Pensions Board has notified the pensioner of his option to accept final payment and has designated the disability as "permanent," and the pensioner has elected to continue the pension. (Winnipeg 118).

A case in Winnipeg, (117) illustrated the point. The man was advised (August 31, 1920) on the printed form used by the Pensions Board (p. 117, 121), that he had the right to accept the final payment in lieu of his pension, and that after examination of his medical documents it appeared that his disability was



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ten per cent "permanent." The amount of final payment offered was \$600. Presumably the man realized that a permanent 10 per cent pension (\$6 per month if single and \$7.50 if married) was better than a present payment of \$600. He elected to continue the pension. About 2½ years afterwards, although the District Office pointed out that the man was shown "permanent" according to their records, Head Office ordered re-examination and pension was discontinued. (118).

The form used in this case was the regular printed form of the Pensions Board and in cases which were not permanent the word "non" was inserted in the space before the word "permanent" (121). It was quite possible, therefore, that pensioners might be misled by this bald statement that the disability was "permanent." It was stated in evidence that a considerable number of cases were marked permanent and treated as permanent under the Regulation for final payment (Toronto 489). As a matter of pension regulation there is no such thing as a "permanent" pension in the sense that the Pensions Board is precluded from requiring a re-examination (Winnipeg 116-117); but the man cannot know this. He naturally assumes that the word "permanent" means that the instalments will be payable for life. In ordinary business affairs the party who represented that instalment payments were to be permanent and thus led the other to forego his right to a lump sum payment would be estopped from afterwards discontinuing those payments without reviving the lump sum offer. The Commission considers that the same right should be given to pensioners in these circumstances. Deductions should be made as provided in the footnote to Schedule "A" of the Pension Act.

*Recommendation of Commission re Lump Sum Payments.*

That provision be made that in cases where the Pensions Board has notified the pensioner of his option to accept a final payment in lieu of pension and has designated the disability as "permanent" and the pensioner has elected to continue the pension, the latter shall not be discontinued without paying to the pensioner the amount of the final payment previously offered less the amount which has been paid since September 1, 1920, or since the date when an award of 14 per cent or under was made, whichever is later.

**Re Pension Ratings Schedule.**

Pension rates to be based on pre-war occupation

*Suggestion by Ex-Service Men.*

That pension should be rated on the basis of loss of earning power of the applicant measured by his pre-war occupation. (Montreal 345.)

The argument was that the foundations of our present system of Pensions were laid when all soldiers were regulars, "who had no other profession than the profession of arms. They had no specialized instruction which had prepared them to exercise a determined profession when they were discharged and returned to civil life. It was thus quite natural that the laws and regulations applicable to these professional armies considered a diminution of the working faculties without paying attention at all to the previous aptitudes of the wounded soldier to a determined profession or trade. They were making a gross estimation of his value as a non-specialized individual."

Further reason offered for the change was that the present Workmen's Compensation Acts award compensation on the basis of previous earnings, and also that in England provision has been made—although to a limited degree—for alternative pensions based upon pre-war earnings as compared with the present ability of the man to make a living. This principle was stated to have

been recently pressed by Senator Benazett in the French Senate, where it was being discussed with considerable interest.

When the Canadian Pensions Legislation was being framed, the introduction of this principle was discussed and was rejected for reasons which appear in the following extract from a memorandum prepared by those who had in charge the drafting of the Act:—

"Upon what principles are scales of pensions made? How is the amount of pension to be decided? When the principle of gratitude formed the basis of the pension law, no set scale of pensions was ever made. A smaller or larger amount was given in accordance with the supposed value of the service rendered. When it came to be believed, however, that the pension was the payment of a debt upon contract, the amount of that debt had to be considered and scales of pension were made. One School argued that the debt should be calculated upon the basis of loss of earning power in the civilian capacity from which the soldier was drawn, in other words compensation for damage suffered. Another school considered that a soldier was a soldier. If through injury in the country's service he had become unfit to continue in his military capacity, he immediately became entitled to support, his compensation being gone. A third school took a more or less intermediate point of view. This school considered the soldier both from the point of view of his soldierhood, and from the point of view of his civil life, and it asked the questions—What qualifications are necessary for soldier-hood? In civil life what class of persons has these qualifications? What is the soldier's rank at discharge? The answer was as follows:—The soldier brings to the service of his country the healthy mind and body of a man in the class of the untrained labourer. If he shows ability, he will gain a higher rank. If he shows none, he will remain a private. If he has not gained promotion he will return, upon discharge, to civil life with nothing more than the healthy body and mind he brought with him into the service. If he is not incapacitated he is as valuable to himself as he was previous to enlistment. If, on the contrary, he is incapacitated, he has lost a certain degree of earning power, which is to be calculated only from the point of view of his earning power in the market for untrained labour. The earning power of a man in the class of the untrained labourer will be sufficient to provide decent comfort for himself and his family, that is to say a little more than enough for subsistence. The point of view of this third class has been adopted almost universally, and the scales of pension in the various countries have been calculated more or less in accordance with it."

This principle has remained fixed, and all Canadian (Great War) pensions are based on it.

*Recommendation by Commission.*

None.

## **Re children's Pensions**

*Suggestion by Ex-Service Men*

Pooling children's pensions

That where there is more than one child receiving pension, the pensions of such children be pooled and divided between, or for, the children in such proportions as the Pensions Board may consider just. (Regina p. 14; Toronto p. 666).

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As the Schedule stands, \$15.00 per month is definitely allocated for the first child, \$12.00 per month for the second, and \$10.00 per month for each of the others. One child may be in a home where little is required for its maintenance, another may be in an institution and another under the care of some organization. It does not seem desirable to put a premium on caring for the first or second child and thus indirectly discriminating against the third. No rule of thumb can quite meet the situation and the proposal seems advantageous.

*Recommendation of Commission re Schedules "A" and "B."*

That Schedules "A" and "B" be amended to provide that when there is more than one child the sum of the amounts payable to or for them for pension may, in the discretion of the Pensions Board, be distributed between such children equally or in such proportion as may be considered equitable under the circumstances.

**Re Pension Bonus***Schedule "A" and "B"**Suggestion by Ex-Service Men*

That the present bonus paid in addition to the Prescribed Pension be made permanent.

As is perhaps not generally understood Schedules "A" and "B" of the Pension Act fixed certain specified sums for Pension and later, on account of economic conditions, an increase was granted by way of a maximum bonus of 50 per cent. This bonus has been continued from time to time for limited periods. At every centre where the Commission met it was strongly advocated that this bonus be made permanent, or in other words that the minimum total disability pension be \$900.00 instead of \$600.00, and the minimum pension for widows be \$720.00 instead of \$480.00. The plea in support of this was everywhere substantially the same, viz., the high cost of living and the necessity of security of income for the future if the pensioner was not to be shut out from investing in a home, obtaining insurance, and various other arrangements looking to permanent provision for his family.

The theory upon which the Pension bonus was introduced, namely, that it was intended to cover a period of high prices which might be, and was hoped would be, transient, precludes the Commission from expressing an opinion as to whether or not it should be made permanent. Such a recommendation would pre-suppose that the cost of living would not decline below the present level, something of course impossible to foresee, but this does not remove the necessity of stabilization, nor meet the argument that without some degree of security for the future, commitments cannot now be entered into for the protection of the pensioner in his old age, nor for the protection of his family.

*Recommendation of Commission*

The Commission recommends that provision be made so that the present Pension Bonus will not be cancelled or reduced for at least five years.

**Re Table of Disabilities***Suggestion by Ex-Service Men*

That the table of disabilities be revised

Schedule "A" of the Pension Act fixes the amount of money payable for any given percentage of disability. Any injury or disease which can be accurately described, such as amputations, total blindness, &c., &c., have been rated as creating a certain fixed percentage of disability and this rating is contained

in what is known as the Table of Disabilities which is authorized under Section 25 (2) of the Pension Act.

In 1916, before the passing of the present Pension Act, a Table of Disabilities (Toronto 1189) was prepared by a committee consisting of a number of prominent medical men of Toronto and Montreal with an official who had been identified with Pension legislation from the beginning. It was revised in December 1917 by the Medical advisers of the Pensions Board and was submitted for criticism to various consultants and others familiar with Pension matters and in July 1918 the Table of Disabilities practically as now in use was adopted after consideration of the suggestions thus obtained. Since then there have been some minor changes but in most points the Table remains the same (Calgary 66, 1920 Parl. Com. Report p. 437). This Table of Disabilities obviously must deal principally with injuries which can be accurately described and the effect of which will be identical in every case. This is not possible as to disease. The use of this Table as an exact guide for the rating of a definite percentage of disability as resulting from a given injury must be confined to a condition which can be so clearly pictured as to be visualized from the description, by a man who never saw the patient. The vast majority of such cases is amputations, and, as might have been expected, for this reason, requests for the revision of the Table of Disabilities came almost entirely from the Amputation Association representatives. The question which is immediately asked is how does the Canadian Table compare with that of Great Britain for instance. The answer is shown in the comparative Table of Disabilities which was put in evidence in Toronto (p. 1189A) and it can fairly be stated that, while the differences are on the whole not great, leg and foot amputations particularly are rated lower in Canada than in Great Britain. It is further pointed out that in Canada the disability from a leg amputation is more serious than in Great Britain because of the increased difficulty in walking through snow or on icy sidewalks which is encountered for several months of the year in most parts of Canada.

Another factor urged as not being fairly provided for is the additional wear and tear of clothing caused by artificial appliances. Nowhere has the Commission been able to find any satisfying evidence that this feature was considered in preparing the Table of Disabilities. In Great Britain a special allowance for clothing is made on application in individual cases where actual loss on that account is shown. A letter from the Pensions Board dated February 13, 1920, to the Secretary, Amputation Club of Vancouver, was put in evidence, one paragraph of which was

"In the matter of wearing apparel there appears to be very fair cause for further consideration in all cases where pensioners must of necessity be burdened with an orthopedic appliance. It is felt that this matter should be dealt with along lines similar to the supply of surgical boots and appliances. Your communication is, therefore, being passed to the Department of Soldiers' Civil Re-establishment for consideration."

A letter from a Toronto surgeon was put in at Winnipeg (706) which cast some doubt on the probability of there being any serious loss on account of wear of clothing, but, without referring in detail to the evidence, the Commission is convinced that the claim has merits and is one of the matters which calls for reconsideration of the Table of Disabilities. Reference is made to the evidence at Calgary 170; Winnipeg 674, 705; Toronto 1155.

A further claim is made that the Table of Disabilities as at present framed is too rigid. The opinion of the Commission is that it contains too many fine distinctions and that, in amputations, too great importance has been attached to length, in inches, of the stump. This, in turn, has tended to magnify the importance of measurements in the eyes of the officials administering the Act. As an example, in case of amputations below the knee, the minimum is 40%,

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but it is stated that up to 60% may be allotted. As a matter of fact very few such amputations receive more than 40% and in one Unit (Toronto) only three below-knee amputations receiving as high as 50% could be produced. (1,199). While, as has been said, length in inches of a stump may be used as a guide, the only common-sense rule upon which to base pension is not the length of the stump but its value to the pensioner. Take a thigh amputation: of what possible use is an inch or two of bone if the stump is too short for leverage and the man is therefore unable to wear an artificial leg? But the possession of that bit of bone cuts off 5% from the pension (Toronto 664). In the opinion of the Commission the ability or inability to wear an artificial limb should, rather than the length of stump, determine the assessment in a leg case. In amputations below the knee, if the stump is too short to exert sufficient leverage to swing the leg, or, if the scar tissue or other conditions which give rise to pain and discomfort are sufficient to prevent the use of an artificial leg, pension should be paid as for amputations through the knee. If, on account of shortness of stump above the knee, or the presence of some condition which precludes pressure, the stump is useless, pension should be granted as if the amputation had been performed at the hip.

The same criticism applies to forearm and arm amputations. Your Commission is convinced that in amputations above the elbow no use can be made of the stump except to hold an object between the stump and the chest wall. No satisfactory artificial upper arm has as yet been produced and, with few exceptions, such arms are never worn by arm amputations, except, as the men describe it, for dress purposes. In forearm amputations, length of stump sufficient for fitting and leverage is essential and of far greater importance than whether amputation is just "below the elbow," which entitles to 70% assessment, or "one and a half inches or less below the insertion of the biceps," which is rated at 65%. To attempt to differentiate in percentage between amputations and one and a half inches or less below the insertion of the biceps, and amputation through the elbow joint is an unnecessary refinement. The Table could safely jump the middle third to the elbow and thereby arrive at a standard which men suffering arm amputations could readily appreciate and understand. The English rule allows plenty of latitude and still is clearly defined. It provides: Amputation of leg below knee with stump exceeding 4 inches, 50%; amputation below left elbow with stump exceeding 5 inches, 50%. Anything above is regarded as an amputation through the knee or elbow.

Another reason advanced for revision of the Disability Table is that frequently, under the present practice, only 80% or 90% is awarded for more than one amputation (referred to as multiple disabilities) where the total of such disabilities, estimated separately, is over 100%. The method by which a rating of less than 100% for these cases is arrived at may be theoretically correct, but has given rise to considerable complaint. Take the case of a man with two legs off, one at the knee and the other below the knee. The former entitles him to 60% pension, the latter, 40%, a total of 100%. The Disability Table provides for "Loss of two extremities, up to 100%" but this maximum is seldom allowed. The pensioner is told: amputation of one leg at the knee entitles you to 60%, therefore, you are now only 40% fit. Amputation below the knee entitles you to 40%, but as you are already only 40%, we will only allow 40% of the remaining 40% which is 16%, and 16% added to 60% is 76%—say 80%. There are only 150 such cases in Canada, some of whom, it is true, may still have a slight earning power in the general labour market, but despite this and the mathematical method by which the final award is arrived at, your Commission feels that where the total of multiple disabilities is 100% or greater, 100% should always be awarded. The Canadian Table also provides only 85% for loss of a hand and foot. The English Table makes no distinction and permits no departure from the rule that loss of two extremities gives 100% certain.



Strong representations were made to the Commission that since the Disability Table had so largely to do with amputations, one member of the tribunal making the revision should be an amputation case having experience in wearing an artificial limb, and that opportunity should be given to the Amputations Association to make representations respecting the subject matter of the revision.

Representations were also made on behalf of the Blind that the helplessness allowance specified in the Table of Disabilities at \$300.00 be increased to \$400.00. The reason advanced for this is that a dependable guide cannot be procured for less. This matter will be further discussed in connection with other requests from the blind, but the Commission considers that the representations made constitute strong ground for favorable consideration in connection with any revision of the Disability Table.

#### *Recommendation of Commission*

The Commission is of the opinion that, while no radical change in the present Table of Disabilities is either indicated nor desirable, the necessary steps should be taken to examine and revise the Table of Disabilities in the light of the experience of the past six or seven years, with special reference to the matters hereinbefore discussed as well as any other matters which may appear to call for remedy.

### **Tuberculosis**

#### *Suggestion by ex-service men*

That pensions granted in tuberculosis cases be stabilized at 100% for an extended period.

The subject of Tuberculosis among ex-service men will be discussed fully elsewhere, but the above request made by representatives of the Tubercular Veteran's Association at practically every sitting of the Commission is dealt with here as any favorable action would probably be considered as involving an amendment to the Pension Act.

Rightly or wrongly, every representative of the Tuberculosis Veterans' Association is convinced that if adequate pension were granted and fixed for a period of at least two years, the patient being placed upon his own resources and no further responsibility accepted by the Department, except examination at sufficiently frequent intervals to insure proper advice and treatment, a considerable amount of money would be saved and the pensioners placed in a much more favorable position.

It has been contended and much emphasis has been placed on this, that security for the future and peace of mind of the pensioner can only be brought about by the latter knowing for a long period in advance just how much money he can count upon receiving. Instead of being isolated he could return to his family, where the risk of infection is so slight as not to seriously enter into consideration, and he would have the opportunity of training and moulding his children, together with the companionship of his wife. He could much better plan his financial future. It would be unnecessary to live in a city, where living expenses are high and the risk of inter-current infection great. He might purchase or rent a small place in the country where he could undertake some form of light employment which would permit him to work or rest as his strength dictated, a condition impossible to secure if he were forced to enter into any competitive occupation. On discharge from Sanitarium, if the disease is clinically active, pension is invariably awarded at 100% for six months and no reduction of more than 20% is made at any one time thereafter. Even this 20% reduction is not imposed in the great majority of cases. The Pensions Board has drawn, at the request of the Commission, 100 files in which a pension

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of 100% was awarded on discharge, and in which the pension being paid after a lapse of two years was calculated. It is found that the average pension to a man who was a total disability on discharge, is still, two years later, 90.26% which may be regarded as showing an average of about 95% for the whole two years. The Commission has had the opportunity of visiting seven sanatoria, meeting the patients and discussing and observing various phases of the work among the Tuberculous at first hand. The Commission has further had the benefit of discussion with Sanatoria Superintendents and T.B. Specialists and besides this has heard the evidence of two of the outstanding authorities on Tuberculosis in Canada.

In connection with this Suggestion it has been shown to the satisfaction of the Commission that, if adequate pension were assured for a sufficiently long period in advance, many cases now in sanatorium could, without risk to themselves nor danger to their families, return to their homes.

The Commission has endeavored to get information on the point as to whether applications for re-admission to Sanatorium are increased as a result of pension being reduced. There is nothing sufficiently definite on which to base a reliable conclusion. The Commission does point out, however, that it can be reasonably expected that the maintaining pension at 100% will at least remove any possible financial inducement to re-admission. The Commission also feels that the therapeutic effect of freedom from worry and dread of a cut in pension must show itself in less re-admissions. As the maintenance of a patient, in a Sanatorium, with pay and allowances, costs at least twice the amount of 100% pension, every Sanatorium patient who (having once received the requisite training as to the nature and care of his ailment) is enabled to leave or remain out of the institution means a distinct saving to the Country. If the patient is not cured at the end of a two year period, then he is probably a chronic for life and will require a permanent total disability pension.

#### *Recommendation of Commission*

The Commission recommends that such provision be made that on discharge of from Sanatorium of pensionable T.B. cases showing the presence of Tubercle Bacillus in the Sputum, or, if this cannot be demonstrated, in cases proved by X-Ray examination, if moderately advanced and clinically active during the period of observation, pension shall be awarded at 100% for a period of at least two years. (Reservation at end of Report.)

#### **Re Jurisdiction of Federal Appeal Board**

1923, C. 62, S. 11 (1) )

"Section 11 (1) . . . . an appeal shall lie in respect of any refusal of pension by the Board of Pension Commissioners on the grounds that the disability resulting from injury or disease or the aggravation thereof or that the injury or disease or the aggravation thereof resulting in death was not attributable to or was not incurred during military service".

The Commission made certain recommendations on this subject in its Report No. 2. These recommendations have in part been adopted in the amendment above quoted.

The question as to what cases should be heard by the Federal Appeal Tribunal was reported on by a Select Committee of the Senate. As appears, the question discussed was whether there should be appeals on both "entitlement," (right to pension) and "rating" (amount of pension) or whether the appeals should be confined to "entitlement" alone. The recommendation of the Committee favoured the latter course,—

"The Committee recommended that this Board shall have jurisdiction in cases of entitlement only. The question of entitlement is the

larger question and is dealt with at considerable length in the report of the Royal Commission. There is the further question of the dissatisfaction in ratings of pensions after entitlement is admitted. The evidence laid before the Committee would seem to indicate that the question of rating is normally, if not wholly, a question of medical testimony. It is thought that if the Board of Appeal were to engage in discussing questions of rating it would seriously interfere with the work of the Board in determining questions of entitlement. Your Committee, therefore, think that it will be well to leave the matter of rating as it now is and confine the appeals to be brought before the Board of Appeal to the question of entitlement only".

Entitlement includes not only the question as to the connection of the disability with service but also the question as to whether the applicant is within the class of persons for whom the Act provides.

The Section before quoted is much narrower than the recommendation of the Committee. The Section only permits appeals on one element of entitlement, viz., the connection of the disability with service.

The jurisdiction of the Federal Appeal Board thus limited, excludes not only all review in respect of assessment but it also prevents appeals such as those of widows, widowed mothers and parents refused under the provisions of Section 34 (1) and (3), children under Section 24 (1) and (2), and the soldier himself under Sections 12 and 13.

This is referred to in view of the possibility that, in specifying the cases to be dealt with by the Federal Appeal Board, it was assumed that decision as to attributability included all questions of entitlement, and to ensure that it is not overlooked that there are many grounds on which pension may be refused, even though the disability or death was connected with service. As the Act stands now, if a pension is refused on any of these other grounds there is no appeal.

## PART TWO

### SOLDIER SETTLERS

Carefully prepared and well digested statements on this subject were presented to the Commission, particularly in the West. Except as to the matter of revaluation, these statements had to do with specific suggestions for improvement of conditions in matters of detail and these are the things to which the Commission has confined its attention. It was not considered that they called for any general inquiry as to the success or failure of the salient features of the scheme or of its administration. The Commission has had to approach the suggestions made with practically no first-hand knowledge of conditions, and the conclusions reached necessarily represent a wholly detached view of the situation derived primarily from the evidence and the discussions to which the Commission has listened. The Commission has, however, considered that its main function on this subject was to bring together and discuss the evidence produced so that there might be on record for future consideration a resume of the case made by the representatives of the soldier settlers.

Soldier Settlement was introduced as a means of effecting increased settlement on the land by a system of state aid confined to ex-members of the Canadian, Imperial, and Allied Forces. Canadian soldiers in this way were given another means of re-establishment. It differed, however, from all other re-establishment measures, in that it was not instituted as a means of compensating ex-soldiers for disabilities resulting from war service, nor of granting them aid in accordance with the extent of such disabilities, as is done in the matter of pensions, treatment and vocational training. It is based, rather, on the ability of the ex-soldier to make good as a land holder.

The Soldier Settler has been given financial and other assistance, such as has been accorded no other settler on the land. Capital is provided by the Government at a low rate of interest, and no charge is made for the appraisal of the land, legal costs or other expenses. Once established, every help is given him through District Offices, Field Supervisors, etc.

The present condition of soldier settlers must of course be considered in the light of the general agricultural conditions from the time of re-establishment to date. It is authoritatively stated that during the past three years there have been more abandonments by civilians than soldier settlers and that seventy-five per cent of the soldier settlers have, by patience, diligence and hard work, been overcoming the handicaps of the general agricultural depression. Of the other twenty-five per cent the larger portion have been handicapped by personal or family illness, or by poor land, or crop failures, and in most cases personal factors and failings have contributed to the lack of progress.

When further considerations or concessions are considered, it should be not because of those twenty-five per cent who have more or less failed to overcome the conditions common to all, but in the light of the fact that seventy-five out of every hundred holders have made substantial progress. They are the settlers who truly represent the situation and who merit every reasonable consideration.

#### *Suggestion by Ex-Service Men*

##### *Appeal or Adjustment Boards*

The establishment of local or appeal boards with power of final decision for adjustment purposes. (Vancouver 409, 411, 429, 445, 449, 463; Calgary 273; Winnipeg 493).

While the necessity was stressed of providing some means through which settlers' grievances as regards the Settlement Board's decisions could be remedied, there was considerable divergence in the methods suggested but they all involved the intervention of an independent tribunal or Board.

Some proposals went so far as to suggest that the decision of such a Board on the matters within its scope should be binding on the Soldier Settlement Board. In Vancouver (409) and in Calgary (273) the tribunal suggested was called an Appeal Board. In Winnipeg it was suggested, apparently as an alternative proposal, that the settler have a Soldiers' Friend (519). In Vancouver and Winnipeg the suggestion was made that in the selection of the personnel of the Soldier Settlement Board the desirability of having some one entirely familiar with Western conditions had not been fully recognized. (Vancouver 129; Winnipeg 517).

The sum of the discussion at these different places was that the soldier settler desired some intermediary so as not to feel that he was entirely in the hands of the officials, but the scope of this intermediary's intervention was to be principally on the question as to whether, under a given set of circumstances, the settler should go into temporary or permanent salvage, that is, whether he should be allowed to suspend payments and keep on operating the farm in the hope of ultimate recovery, or should be finally and definitely closed out. (Vancouver 445; Winnipeg 493).

It was admitted that there was no wide unrest (Vancouver 448) but that there was a feeling, among the soldier settlers, of need for improvement in present conditions, and the Appeal or Adjustment Board was proposed as the remedy. (Vancouver 449). In British Columbia it was claimed that the present unfavourable conditions arose, to some extent at least, out of a too vigorous collection campaign in 1920. (Vancouver 462, 463).

The Commission does not feel called upon to go into the merits of this campaign. The situation was that about 1,900 settlers had been taken on up to the autumn of 1920, and the necessity for impressing these settlers with the fact that they were undertaking definite contract obligations was apparently in the mind of the Settlement Board. The Commission does not consider, however, that the instructions issued at that time indicate any overstepping of the true functions of the Settlement Board, neither does the Commission find any evidence that the action taken at that time is the cause of conditions calling for remedy now.

It was frankly stated that there was no criticism of present-day methods but that the Adjustment or Appeal Board was sought with the fear in mind that there might be a possible recurrence of the 1920 attitude. (Vancouver 462, 463; Calgary 259).

It was contended that conditions in British Columbia were essentially different from those in other provinces and were not clearly appreciated in administering the Act. (Vancouver 408, 411, 420, 452, 463).

An enumeration of these special local conditions as extracted from the evidence includes the following:—

(1) The special adaptability which was claimed for British Columbia in respect to small fruit farming and other operations requiring a much more limited area than that ordinarily dealt with under the Soldier Settlement Act. (Vancouver 385, 436).

(Note: A somewhat detailed investigation was made by a British Columbia official of the Settlement Board and by a Department official from Ottawa, whose findings were concurred in by a British Columbia man who was apparently regarded on all sides as an authority, and the report showed, the Commission thinks, that generally speaking the Settlement Board had a thorough appreciation of the possibilities in British Columbia and of the conditions necessary to their successful exploitation (Vancouver 408);



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(2) The heavy floods in the Fraser Valley and the bad weather conditions in the interior during 1920 (Vancouver 408);

(3) Extremely bad market conditions in 1921 (Vancouver 408);

(4) The fact that 1922 brought the longest drought in the history of British Columbia (Vancouver 408);

(5) The fact that partially handicapped men from other provinces were attracted in large numbers to British Columbia on account of its climate, thus imposing an extra load on the machinery in looking after applicants for loans under the Soldier Settlement Act (Vancouver 458);

(6) The delay in establishing the British Columbia Offices and the consequent abnormal rush and possibly less thorough investigation of applicants in 1920 (Vancouver 407).

The Commission was impressed with this unusual combination of conditions in British Columbia and considers that these conditions may call for the exercise of the discretion of the Settlement Board along lines which may be at variance with, or at least a departure from, the policy practiced elsewhere. Undoubtedly special conditions call for special consideration, but that does not necessarily support a proposal for the intervention between the Settlement Board and the soldier settler of an entire stranger in the person of an Adjustment or Appeal Board.

The relations between the soldier settler and the Settlement Board are essentially contractual and in this they differ in a very marked degree from the matters which are the subject of pensions administration. To justify the radical course of imposing on either party to the contract, the view of an outside tribunal on the question as to whether the express terms of the arrangement are to be lived up to, would require strong evidence that there is injustice which is irremediable under present procedure. Such evidence is entirely wanting.

In the first place there exist methods of checking the Settlement Board's activities. Under the Soldier Settlement Act, the Board is only the agent of the Crown. In cases calling for relief from what are considered to be drastic rulings, direct application may be made to the Minister of Immigration and Colonization. Special cases may also be dealt with on Inquiries authorized by the Settlement Board under Section 55 of the Act.

In the second place there is no evidence of undue severity. The question which it was suggested should be decided by an Adjustment or Appeal tribunal was whether the settler should go into temporary or permanent salvage. The impression might be that the Soldier Settlement Board exercised the functions of a mercenary collection agency. The evidence at Winnipeg was that ninety-nine per cent of the cases which went into salvage did so voluntarily. (Winnipeg 486.) This does not mean that the voluntary action was not at times induced by the attitude of the Board in requiring payments, but the evidence showed that the Settlement Board had only received payment of all instalments due from about one-third of the settlers (Vancouver 436; Winnipeg 486), and further that another third had only made partial payments on their instalments and any amount no matter how small, was considered as a partial payment. The remaining third had made no payment whatever. This forbearance was in addition to the exemption from interest which had been granted as a result of the recommendation of the 1922 Parliamentary Committee (1922 Parliamentary Committee Proceedings, p. XXXV).

The attitude of the representatives of the Settlement Board who appeared before the Commission was all which the Commission feels could have been asked of men who had a responsibility both to the settler and to the State, and there was no indication of any intention to do otherwise than encourage the settler in every possible way to continue his endeavour towards successful and permanent settlement.

The Commission approves the principle of giving the settler the benefit of the services of a Soldiers' Friend. (Winnipeg 519.) This does not disregard the contractual basis of the parties, but the settler is assured of an opportunity of referring his difficulties and his rights to an interested and sympathetic adviser and advocate.

*Recommendation of Commission.*

As to Appeal or Adjustment Boards—None. The Commission recommends, however, that such arrangements be made that Official Soldier Advisers appointed by the Department of Soldiers' Civil Re-Establishment be qualified and authorized to deal with and for soldier settlers where so requested.

*Suggestion by Ex-Service Men.*

*Collateral Security*

That greater latitude be given to the settler in dealing with such of his private property as has not been purchased for him by the Soldier Settlement Board. (Calgary 269; Winnipeg 475, 496; Halifax 343.)

Section 32 of the Soldier Settlement Act empowers the Board to require, "if the Board considers the security otherwise insufficient," that the settler who obtains advances shall furnish security on any property owned or held by him. Section 34 (4) also authorizes the Board to require the execution of a mortgage securing any charge imposed by the Act or agreed on between the Board and the settler. Section 34 also prohibits any alienation by the settler of property which is charged in favour of the Board so long as any amount remains due to the Board. Section 18 specifically charges the settler's own land and the increase of his stock as security for loans made for stock and equipment.

There are thus two cases in which the settler's own personal property may be charged: (a) The increase of stock is automatically charged by Section 18; and (b) Other personal property may be charged by specific mortgage when required by the Settlement Board as additional security.

The argument is that the settler in thus tying up his property is hampered in trading and in obtaining local credit. (Calgary 269; Winnipeg 475, 496; Halifax 343.)

The facts are that the policy of taking additional security is gradually being abandoned. In Calgary the evidence was that in only two cases, out of the last hundred loans made, was additional security taken. (Calgary 255.) In Winnipeg, out of 2,820 loans, additional security by way of chattel mortgage was only taken in 273 cases, i.e., about 9 per cent. The evidence is that the settler is given permission, under any reasonable circumstances, to dispose of personal property if it does not endanger the security. (Halifax 344; Calgary 274; Winnipeg 480.) The proposal was made at Calgary (274, 293) and at Winnipeg (479, 480) that it be definitely understood that a settler should be entitled to deal with \$500 worth of personal property free from the security of the Board. It was recognized in presenting the proposal that such a rule could not be laid down unconditionally, and it was proposed that in order to be entitled to this privilege the settler should show that he had lived for a reasonable time on his farm and complied with the regulations, and that the giving up of the right to this \$500 worth of stock would not jeopardize the security of the Board. (Calgary 273, 294; Winnipeg 479, 480.)

The proposal made is, in effect, very similar to the present practice. The only difference would be the existence of an express regulation under which the settler could be assured that on complying with definite conditions he would receive a release or certificate of exemption of \$500 worth of stock. Section 18

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is, the Commission considers, sufficiently wide to enable the Board to thus release property en bloc.

*Recommendation of Commission.*

The Commission recommends that a regulation be adopted recognizing the right of the settler to apply for and receive a release or exemption certificate as to personal property to the value of \$500 where at least one year has elapsed and all payments have been met and regulations complied with, and it is shown to the Board's satisfaction that the value of the remaining security will continue to bear a proportion to the amount due on the loan at least as great as at the time the loan was made.

*Suggestion by ex-service men*

Right of settler to be repaid portion of his investment in case of salvage

That where the settler gives up, and the property is sold, the settler should receive a proportion of what he has paid in for machinery, stock and for his deposit. (P.E.I.—St. John 94).

There are cases of real hardship where a man has invested his small amount of capital and has lost it all. These cases where there has been a genuine effort towards success deserve every consideration. From the facts, it would appear that the most which has been done is that the Settlement Board has not called on the Soldier to make good any deficit between the amount for which the property is sold and the amount which he has borrowed. The evidence at St. John, Winnipeg and Calgary was to the effect that in the majority of cases there has been no deficit and that the property has realized more than the amount against it, in which case the settler is given the benefit of any surplus.

Having regard to the contractual relations of the parties and the responsibility which the soldier settler takes in common with the Settlement Board, the Commission does not feel that it is justified in recommending any general regulation or practice whereby, notwithstanding there may be a substantial deficit, the settler will receive a proportion of the proceeds of the sale. The Commission believes that in a deserving case real hardship can be met through special adjustment by the Board.

*Recommendation of Commission*

None—except for consideration by special adjustments in exceptional cases.

*Suggestion by ex-service men*

Terms on which settler is given permission to sell property

That permission to sell property be granted more readily and on more generous terms as to the settler sharing in proceeds of sale. (Halifax 350; Winnipeg 487, 494).

There are instances in which the land purchased has proved to be of special value on account of unsuspected mineral deposits. From the evidence, the Commission considers it can fairly be concluded that the Settlement Board does and will give permission to the settler to make sales of property which are manifestly for his benefit and which will provide him with some ready money, so long as the security of the Board is not depreciated and so long as reasonable amounts are applied by the settler in reduction of the loan. One opinion expressed in the evidence was that there was danger to the settler in too much credit. (Winnipeg 475, 487, 494, 495, 497.)

The Commission considers that the regulations now in force and the policy of administration ensure to the settler the benefit of a fair proportion of sales of property consistent with the preservation of the security.

#### *Recommendation of Commission*

None—in view of the present practice.

#### *Suggestion by ex-service men*

##### Revaluation

That there be a general revaluation of lands purchased by soldier settlers (particularly in years 1919 and 1920) with a view to writing off subsequent deflation resulting from general economic depression. (Vancouver 445; Winnipeg 498-517; Montreal 575; Calgary 257, 272.)

The claim is that land was bought at abnormal prices in 1919 and 1920 and that the soldier settler has constantly over his head the discouraging effect of a capital liability, which has, by the deflation in prices, become quite out of proportion to the actual present value of the property which, if it were disposed of at the moment, would probably, in most instances, bring considerably less than the price paid by the soldier. The position, however, as it appears to the Commission, is that the handicap is more contingent than actual. The value of the farm is not to be taken as of this or any arbitrary date for the purpose of measuring the loss or profit of the soldier farmer. The farm is bought to be worked and paid for gradually. The only definite date for testing the improvidence or otherwise of the bargain is the date on which the purchase was made. At that time the settler himself, who was assumed to have some knowledge of the value of farm lands, decided that the farm was worth the price and in this the best available judgment of the Settlement Board officials concurred. If the subsequent fluctuations in value are to be looked at to see whether the bargain was a good one, then the date which is at least as important as any other is the date when the farm is to be actually and finally paid for, twenty-five years hence. At least, it cannot be said that the price was too high until the average value of the farm in the market year by year during the period of payment has been ascertained. Possibly the settler may in some certain year be paying interest on a larger amount than it would otherwise have been necessary to invest in that particular year to secure the production obtained, but the next year values may have so increased that it would be impossible for him to go into the market and find a farm of equal productive value, except at a much higher price with the consequent higher annual interest charge. It follows that if the right to readjustment in valuation were admitted, it would not be possible to make it until considerable time had elapsed in which to determine from the fluctuation in values a basis on which the revaluation were to be made. No possible injury could result from the delay. On any reasonable basis of values there will be instalments payable for a long time to come, and if a readjustment were found necessary in the course of a number of years there would still be ample instalments from which any reduction could be made. The figure mentioned for general deflation was roughly 30%, Winnipeg (510, 499) but a qualifying statement was made that the average deflation on farms still in the hands of settlers—

“would not amount to anything like that. For instance there would be farms where they would not have to make any change, at least not a change of more than five or possibly ten per cent.” (512).

The average loans on farms was \$1,600 (462). Assuming even a 30% deflation in the loan on the land, there would be an overpayment, until revaluation, of possibly \$35 per annum, and if there were a readjustment eventually, any annual

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overpayment made previously would automatically reduce the final indebtedness.

But even assuming that the original price had to be compared with present values and some adjustment made, Parliament on the recommendation of the 1922 Parliamentary Committee (1922 Parl. Com. P. XXXV) provided for:

(a) Putting stock and equipment loans on a 25 instead of a 20-year basis, notwithstanding the non-permanent nature of the property represented by these loans;

(b) A consolidation of arrears up to April 1, 1922;

(c) Total exemption from interest payments for 4 years for 1919 settlers, for 3 years for 1920 settlers and for 2 years for 1921 settlers.

This exemption was not an inconsequential concession. It represented in many cases a complete cancellation of interest amounting to about 16% of the principal sum, or in other words by spreading it over the 25 years, it meant that the interest-bearing principal was reduced by 16%. This adjustment was regarded by the great majority of soldier settlers as a practical benefit, at a very opportune time.

It is only fair to remember that the effect of the proposed revaluation is to ask the Country to agree to forego its claim under the terms of a solemn contract admittedly much more liberal than would be entered into by any private interest, and that the settler was himself satisfied as to the value of the land which was the basis of the contract and the security for the loan.

The Commission fully recognizes the great impetus in the development and colonization of Canada to which soldier settlers are contributing, and it is also convinced that Settlement Board officials are fully aware of the importance of their work both in the settlement of the Country and the re-establishment of ex-service men. It must not be forgotten, however, that the Soldier Settlement Act is not by any means an exclusively re-establishment measure. If it were, then soldiers in many other vocations would be warranted in complaining that discrimination was being shown in favour of the farmer class. One of the principal justifications for the special provision for soldier settlers as against other vocations is that it is a two-sided contract, under which the State has definite rights and receives unmistakable benefit.

From the evidence given it is by no means proved that there has been a permanent depreciation in values. The reference to revaluation in Quebec arose out of a special situation on account of some badly bought farms in the early days of the Act (564 and 576.) There was also an individual instance of stock for which too much was paid (563). The stock and implements were stressed more than the farms (575-576). The impression left by the evidence was that the exemption from interest provided for in 1922 pretty well met the case (577). The situation in Quebec would, the Commission considers, be fairly provided for if the Settlement Board investigated any specific complaints and considered for readjustment any case where it was found that the settler had been misled into paying exorbitant prices by some fault of the officials. There was nothing to indicate any necessity for a general revaluation.

In Vancouver, (445) the opinion was definitely expressed by the representative of ex-service men that "the question of land values will adjust itself as conditions improve." It was rather the general depression which was regarded as affecting the position of settlers adversely. The evidence goes on (445):

"Our settlers have faced these three difficult years and while land values have not dropped to a great extent the value of produce has seriously affected their position."

In Calgary, the representative of the Soldier Settlement Board gave it as his opinion that land values had not depreciated but simply that their saleability had decreased and that this was only a temporary condition (257).



In Winnipeg, the presentation of the case was much more comprehensive. It was accepted that the value of land was based—

“on its productivity and carrying power when developed to a reasonable extent.”

It was also recognized that the value of land could not be determined by its record for one year, but should be considered over a period of years, and the value of the products, less operating expenses, should be regarded as the interest on the investment (499). The evidence dealt specifically with comparative values of commodities in which the settler was interested, but the evidence as to land values was very general. Tables were presented showing comparative prices of commodities before the war and in the years 1919, 1920, 1921 and 1922. These tables covered produce (500), wheat and oats (501), equipment and implements (502), lumber (503), freight rates (503), comparative purchasing power of farm produce (504), and the contention was made that, despite improved crop conditions, the purchasing power of farm produce was still on the decline (504). The Commission did not consider these statistics as directly relevant on the main point which was as to whether the settlers' land had permanently decreased in value and, if so, whether that loss should be borne by the Country, but these figures were useful in showing some of the existing conditions which had contributed to the settlers' anxieties.

On the question of the comparative values of land, and the permanency of any depreciation, the evidence is not sufficiently certain to justify any assured conclusion. The general statement which formed the foundation for the whole contention as to necessity for revaluation was:

“During the years 1918, 1919 and 1920, and part of 1921, the farm lands of Western Canada were sold at prices never before dreamed of, and which are not likely to be realized again for many years so long as the land is not of value for other than agricultural purposes. These farms cannot now be made to produce sufficient to carry the great burden of debt accumulated as a result of purchases made during the period of abnormal prices.” (Winnipeg 499).

It was stated that on the Portage Plains where prices were \$100 an acre in 1919-20, the lands could be bought to-day for \$50 to \$60 an acre, (508) and that the same thing applied to the Dauphin District (508). It was admitted that if the prices of 1919-20 were to come back there would be no necessity for an adjustment, but it was stated that there was no hope whatever of their coming back (508). Again, the evidence of the selected representative witness dealing with this subject was:

“I do not think that in the West there is the opinion that land values will be restored for years to come. It will not be in our times, unless there is another war.” (514).

This was practically all the tangible evidence which was given as to the permanency of depreciation in values. The evidence by the representative of the Settlement Board was that 154 farms which had been salvaged were sold and that they cost, including the initial payment made by the settler, plus the permanent improvements put on them, \$563,298.86. The aggregate sale price was \$558,851.26, and shows a depreciation on the farms of \$4,447.66 (514). It was suggested that obviously those which were sold would be the best farms (514), but it was said that this was not always true, and that no less than 200 farms owned by the Board had been considered sufficiently good to be taken under lease during the previous summer on the usual profit sharing basis (515).

The evidence already referred to (499) recognized the inaccuracy of arriving at a value for the land, except by taking its record for a period of years (499). The suggestion, that in view of this it was too early to arrive at any conclusion

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as to revaluation was met by the contention that the discouraging effect on the farmer, who carried at least a nominal indebtedness out of proportion to the present productivity of his farm, would result in the settler abandoning further effort and the holdings consequently being thrown back on the Settlement Board which would have to find a fresh purchaser for the land, and bear the expense of salvage operations and of re-settling the new farmer and almost inevitably have to write off any resulting loss. (Winnipeg 499, 504, 505). The case was put as follows:—

“A number of soldier settlers in this province have already abandoned their holdings and, although of the farms that have been taken back by this Board in this Province, some have been sold at their cost price, many have been sold at prices considerably below cost, and a great many more are still on the hands of the Board with little prospect of selling them at anything like cost.

“A large number of the settlers still on the land in this province are considerably in arrears, and their present prospects are far from encouraging. Under existing conditions the prospects are that an appreciable percentage of these will have to abandon their efforts sooner or later. The vast majority of these men have nothing but what is invested in their farms; they are desirous of making a success of their undertaking, but should they through being unable to earn a livelihood and pay their way, be compelled to relinquish their holdings back to the Board, then the Board would have to find a fresh purchaser for the land and would be only able to secure the market price for the land, stock, etc., and would have to write off the loss. They would have the expense of salvage operations, and the work of securing a new settler. In view of this, would it not be better to have a complete readjustment with the man now on the land, take the loss now, and retain these worthy settlers where they will be an asset to the country generally?

“It seems to me that from a purely business viewpoint and from the viewpoint of colonization, this is the only sound and practical solution of this grave situation.”

The conditions described have already been encountered elsewhere, and a statement by Premier Massey of New Zealand was quoted at Vancouver (443) as an example of the practical steps which were urged as necessary to afford relief. The statement was as follows:—

“The Government, in these difficult circumstances,—(that is referring to the depreciation in value of stock and equipment and farm products) has proved itself an exceedingly generous landlord. Its first step was to authorize the Land Boards, which are composed of practical farmers, to postpone the payment of rentals and instalments where sufficient cause was shown.

“‘No man who is a tryer is going to be put off his farm,’ said Mr. Massey. ‘I tell the soldiers to stay on their land and do their best. The Government is not going to see them fail if there is a reasonable method of helping them through this passing trouble.’

“These concessions have eased the situation. But it has been apparent all along that some of the soldier settlers would have to have their capital values reduced. The Government, in other words, would have to write off some part of the money that it had paid for the land. The Ministers have admitted that this measure would be necessary in cases where the productive value of the land, on the basis of reduced prices, was less than the price paid when the land was bought for the soldiers. But they have argued, very reasonably, that the Government should not be asked to make this adjustment in haste. Produce prices

fell in 1920 to an exceedingly low level and have since been moving up again gradually. Wool and meat are still increasing in value.

"The soldier farmers, however, are not to be kept in suspense much longer. The Government has made the first step towards the adjustment of the land values by appointing a number of practical independent farmers to visit the farms and make recommendations. Every soldier on the land will be given an opportunity to state his case to one of these men. The inspecting farmers will confer with the Land Boards, and recommendations will be placed before the Government. The final decision will rest with Parliament, but there is no doubt that the representatives of the people will endorse whatever action the Government proposes. New Zealand may lose a million or two but it will gain thousands of contented producers."

The subject of Soldier Settlement only comes within the purview of the Commission in an accidental way as related to existing re-establishment needs.

While the Commission makes such recommendations as it considers warranted by the evidence on certain minor phases of the subject, it realizes that the far reaching effect of a decision as to revaluation requires close knowledge of local conditions, experience with agricultural and settlement matters, particularly in the West, and a detailed and critical examination of the financial operations and outlook of the whole project. The Commission has primarily and principally to do with matters of pension and re-establishment of the disabled and their dependents and does not consider itself in a position to make any definite recommendation, especially when the proposal involves a declaration of a new principle of general national policy rather than the working out of details and improvements in connection with a policy already laid down.

The Commission therefore submits the foregoing summary of the evidence given and contentions put forward and calls attention to the following considerations:

(a) To compare prices paid for the land with the values as of any arbitrary date, except the date of purchase, would not be an accurate criterion as to whether the bargain was a good one. A fair test would be the value of the land on an average during the 25-year payment period. The evidence affords no information on which to base a prediction as to when or in what degrees land values will fluctuate.

(b) If, after an experience of years, a capital loss is clearly indicated, the question as to whether the State shall bear the whole or part of the loss can then be determined and, if decided affirmatively appropriate action can be taken for a readjustment on instalments still unpaid.

(c) There is, however, a consideration which may be less logical than the foregoing, but will probably be found to be more practical, and that is, that the discouraging effect of having a large capital debt over his head for a much greater sum than the present value of the farm, may lead the settler to give up rather than take chances on an uncertain future. Thus, the country may lose the colonization benefit which the scheme had in view; it would also, almost inevitably, lose the amount of any depletion in value and be put to the trouble and expense of getting a new settler. To obviate this contingency, it may be desired to assure the settler that, in case capital loss is demonstrated eventually, some reciprocating adjustment by way of forbearance of interest or otherwise will be made by the State. This could be done by a declaration of principle, leaving the question as to whether there has been a loss, and the amount, if any, to be determined after the necessary lapse of time.

#### *Suggestion by Ex-Service Men*

Extending the Act to cover those who served in Canada only

That the Act be amended to include those who served only in Canada.

(Halifax 326; Winnipeg 517; Vancouver 400).

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Of those who served in Canada, only men who incurred some pensionable disability in service are at present eligible for loans under the Soldier Settlement Act. As was pointed out in the evidence, if the Soldier Settlement Act is to be regarded as primarily a settlement project with a collateral benefit to ex-service men, there seems no good reason why the experience and efficiency of soldiers who remained in Canada should not be taken advantage of. Many of those who undertook military service during the later months of the war, as well as soldiers held on instructional, transport or other necessary work in Canada, were sons of farmers or were experienced agriculturalists and would undoubtedly constitute excellent agencies for land settlement. The proposal involves a large additional financial commitment and the consideration of Parliament as to whether what has already been accomplished justifies further extension of the principle of the Act.

*Recommendation of Commission*

From the standpoint of re-establishment the Commission considers there is no objection to the proposed extension; apart from that, the question is one of policy respecting colonization depending in part on whether the results already obtained warrant further commitments.

*Suggestion by ex-service men*

Vendor's warranty of fitness of land

That the vendor of property to the Soldier Settlement Board, for a Settler, be required to give a warranty as to the condition of the property. (Halifax 327; Winnipeg 481).

The recommendation in Halifax had to do with personal property, particularly cattle, and was to the effect that these cattle should be warranted free from tuberculosis or that the vendors should sell them subject to the tuberculin test.

The recommendation in Winnipeg was as to the condition of the land—that it be free from weeds and stone, that the sub-soil be suitable, that the amount of ploughing to be done was as represented, and that it be free from black alkali and sourness.

The difficulty presented was that such a warranty would simply increase the cost of the property purchased by the amount which the vendor would add to insure the absence of these undesirable conditions. The soldier settler is a party to the transaction and no stock or land will be purchased without his consent. If such a warranty is desired in a particular case he may require that the Settlement Board insist on it before purchasing.

*Recommendation of Commission*

None.

*Suggestion by ex-service men*

Extending age limit

That the age limit for those who may take advantage of the Act be extended. (Halifax 325.)

The practice now is that those who have not had previous agricultural experience will not be granted loans if they are over forty-five years of age. (Halifax 326-327.) As a matter of fact, the age limit in practice is regarded as forty years. There is no age limit in the Act.

*Recommendation of Commission*

The Commission considers that age qualification should not be the subject of any hard and fast regulation, but that the general practice of limiting the benefits of the Act to those under forty-five years of age affords a good working rule.

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*Suggestion by ex-service men*

## Payment of taxes

That the Board should pay taxes on any lands which have been given up by the soldier settler and salvaged by the Board. (Winnipeg 469).

The hardship aimed at by this suggestion arises when the Settlement Board, in the right of the Crown, repossesses lands from a soldier settler in default. On account of the Crown's Immunity from taxation, an additional burden thus falls on the other residents of the locality. Not infrequently the lands are those which had, previously to their occupation by the soldier settler, been under cultivation and depended on by the local authorities for taxes. The case was put as follows:—

"There are 50 settlers go into this Municipality and take up land; they have roads graded, schools erected, and other improvements made; then half of them leave the land, and the burden for the roads and schools falls upon those who are left . . . . We farmers have to contribute our share of the taxes on the abandoned sections or quarter-sections." (Winnipeg 470).

The Settlement Board pays the taxes up to the time when they re-take possession from the settler, but after that time no taxes are payable. In 1922, on account of the consolidation of interest, etc., resulting from the recommendation of the Parliamentary Committee, all arrears of taxes were paid up (472). As a matter of law, if the taxes had not been paid up while the land was in the possession of the settler, the lands would, on repossession, revert in the Settlement Board free of any lien or claim for taxes. (Section 22 (3), Chap. 71, 1919). The Board contends that the taxes on lands held by it are more promptly and more fully paid up than the average of civilian-held lands. (Winnipeg 472.)

The question was discussed before the 1922 Parliamentary Committee (Parliamentary Committee Proceedings 1922, P. XXXVII) and arises from an application of a well-established constitutional principle. The Commission can do nothing more than make the contention a matter of record. There is no doubt that in municipalities where a large number of farms have been repossessed a great burden falls on the other property, but the remedy can only be through representations with a view to securing the consent of the Crown authorities to making these lands an exception to the general rule, possibly by consenting (with an express reservation of the general principle of exemption) to allowing the taxes or some proportion thereof to be considered a first charge on the proceeds of a re-sale, particularly in a case where the re-sale produces a surplus over the amount owing to the Settlement Board.

*Recommendation of Commission*

None.

*Suggestion by ex-service men*

## Postponing standard date of payment

That the standard date for payment of instalments be December 1st instead of October 1st. (Winnipeg 474-S).

The contention is that the soldier settler is generally the last to have his grain threshed and that he does not realize on his crop in time to make his payment on October 1st. The answer is that there are at least some cases in which payments can be made on October 1st and that the standard date should be the time of the earliest possible payment rather than the latest, in order to ensure that the crop proceeds are directly and immediately devoted to payment of instalments due to the Board. It is pointed out that no interest is charged if payments are made on or before December 1st. The reply is made that this



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provision as to exemption from interest is not a matter of standard regulation but is an instruction issued from year to year.

The Commission considers that the standard date as now fixed, with a period of grace not exceeding two months, without interest, to be granted in all cases where it has not been reasonably possible to make payment on the standard date, affords due consideration to the settler.

*Recommendation of Commission*

None.

*Suggestion by Ex-Service Men.*

Allowances for clearing on Dominion lands

That on Homestead lands or soldier grants the Board should break at least 50 acres for each settler or should make a special allowance up to \$500 for breaking. (Winnipeg 458-465; Vancouver 401.)

The practice is that the maximum loan in addition to the loan for the land is \$1,000 for improvements which cover buildings, and \$2,000 for stock and implements. (Winnipeg 460.) A man is granted a breaking loan very frequently out of the \$1,000, i.e., the total \$3,000 is treated as fluid. The amount generally allowed for breaking is \$5 per acre and it was pointed out that on homestead lands this would not cover the cost (459).

The suggestion was that a further \$500 be provided, making the maximum possible loan \$3,500 instead of \$3,000.

While it was argued that the settler would be much better off with 50 acres of broken land, it was replied that this was more than was necessary for him in the early stages on which to grow feed for his stock (463), and that 25 acres was all that was needed for that purpose. The aim of the Board was to have settlers go slowly in clearing so that they might take on this work themselves and thus get the direct benefit of the cash outlay instead of attempting a large clearing operation and having the cash go to others (465). The idea is to have the settler proceed gradually with his clearing and augment his farm revenue by labour elsewhere at those seasons of the year when labour is in demand and his earnings will be proportionately great. It was suggested at the hearing that if the settler had a large breaking proposition and wanted to be assured that sufficient cash would be forthcoming from the Board for that purpose the sum of \$500 might be specifically ear-marked out of the \$3,000 combined improvement and stock and equipment loan. Even if that were done the policy of the Board would not permit of the whole \$500 being utilized for breaking the first year. (Winnipeg 465.)

The provision for clearing land and disposal of timber and wood on farm lands is shown in the Halifax evidence (345).

The Commission considers that no general rule can be laid down. Each case must be determined on its merits having regard to the man and the conditions and prospects of the particular farm.

*Recommendation of Commission.*

None.

*Suggestion by Ex-Service Men.*

Drainage loans

That the Soldier Settlement Board take the initiative in promoting the establishment by the proper authorities of drainage districts where co-operative drainage is needed. (Winnipeg, 488-490.)

The case put was a local condition in the Hudson Bay and Howardville districts where the settlers were troubled with floods every year. The problem was one of conflicting jurisdictions. Action was not taken by the Provincial

authorities on the ground that an Indian Reserve was affected, and the Federal authorities took the ground that drainage was a local and provincial matter. (Winnipeg 488-9.)

The Settlement Act deals generally with individual farms and not with community settlements. Once the Settlement Board has purchased the land for the settler it is obviously to its interest to initiate and promote any project which will improve the property. The point made was that the average settler was not sufficiently familiar with regulations to know how to take the first steps toward getting co-operative drainage (489). The evidence is that in the case referred to the Settlement Board had taken the initiative and pressed the claims of the locality (488-9) and that the Indian Department had early in 1923 agreed to advance \$300,000.

*Recommendation of Commission.*

None.

*Suggestion by Ex-Service Men.*

Transfer of settlers from unsuitable lands

That the Board give to settlers another opportunity of borrowing where the lands on which they have originally settled have proved unsuitable. (Winnipeg 484-8.)

There is no express provision in the Act preventing the Soldier Settlement Board from making a second loan to a settler who has been salvaged. It is the practice not to do so, however, although the Board has, in special cases, transferred a settler from one farm to another and in cases of illness has taken a farm back and on recovery has given the settler another loan (Winnipeg 485). The evidence at Calgary showed that in very special cases this had also been done in Alberta (259). These are called transferred loans however. An Order-in-Council is required before making a second loan to the same settler on a different farm.

The whole consideration is how far the Board can or should go in determining or agreeing that the present holding is unsuitable. So much depends upon the determination and efficiency of the settler himself. The fact that the venture is unsuccessful does not necessarily prove that the farm is unsuitable. Where one settler by hard work and thrift makes progress under conditions which are far from ideal, it would not be fair to grant a new loan to his neighbour who because of less industry and application has allowed the conditions to master him. It must be remembered that the settler had an active part in selecting the land and that the Board purchased the land for him and at his request. If the settler who attributes his ill success solely to the condition of the land is to be reinstated in a new location, it follows that those settlers who have stuck to just as difficult propositions and who are showing evidence of permanent success should be entitled to even greater consideration.

*Recommendation of Commission.*

None, in view of the present regulations.

*Suggestion by Ex-Service Men.*

Provincial settlers—Merville and Lister Camp (Creston, B.C.)

- (a) That all settlers under provincial arrangements at Merville, Vancouver island, and Lister Camp (Creston), in the Kootenay Valley, B.C., should be taken over by the Soldier Settlement Board; (b) That the Soldier Settlement Board consider favourably applications of those settlers who have left the above districts on account of the unsuitability of provincial arrangements. (Vancouver 440-460.)

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This matter was the subject of discussion before the 1922 Parliamentary Committee (See Committee Proceedings, p. 394, and Committee Report, p. XXXVII). The above report recommended that an official of the Settlement Board be authorized to investigate the conditions with a view to having the settlers brought, if possible, under the jurisdiction of the Board. The claim is that in 1919, before the Federal organization was fully completed, some 600 ex-service men were desirous of taking up land in British Columbia on the principle of organized communities. Representatives of these men came to Ottawa and the Federal authorities, it is claimed, endorsed certain plans which were presented whereby the Province of British Columbia brought into existence a land clearing organization and carried out the initial development. The statement is made that the understanding was that the Federal government would take over the work and complete it when the Provincial authorities had reached their limit of financial strength (1922 Parliamentary Committee Proceedings, p. 393-4). If this statement were correct, there can of course be no doubt as to the course to be followed.

Pursuant to the recommendation of the Parliamentary Committee, Mr. Mabey, a representative of the Settlement Board, made an investigation and report which is set out in the Vancouver evidence (441). The report is dated December 27th, 1922, and the following is an extract therefrom:

"It is doubtful, however, that the Board could depart from its general policy of settling returned soldiers on lands ready to farm, and participate in land clearing or irrigation projects. Even were a departure made by the Board from this policy in the case of the Merville and Lister settlements, it is difficult to see in what way the Board could, at this stage materially help the settlers any better than the assistance being afforded by the local government. Buildings have already been provided; many advances for equipment, live stock, poultry, etc., have already been made where the Government in its opinion, considered it justified. The most of the holdings are not yet in shape to require or justify the loan of the stock and equipment advances such as the Board could make in the ordinary cases."

Apparently, even if these settlers were taken over by the Settlement Board, the only advantage would be a lower rate of interest and whatever improvement in administration might be afforded by the Settlement Board organization. The project, as appears from the report of Mr. Mabey, is quite outside the usual operation of the Settlement Board. As he puts it, "It is a land clearing and irrigation project rather than a farm settlement scheme."

Since the hearing at Vancouver, further representations have been made to the Commission setting out the position in detail and proposing assistance in clearing land by way of a special loan, not to exceed \$150.00 per acre. The following letter furnishes particulars which are, as far as the Commission is advised, not a matter of record elsewhere.

The Secty.,  
Royal Commission on Pensions,  
The Senate, Ottawa.

"B.C., April 4th, 1923.

SIR.—In answer to your letter of March 7th, 1923. The Merville Soldier Settlement consists of some 15,000 acres of logged off lands occupied at present by 110 men, 75 per cent of whom are married. The scheme is under the control of the Prov. Govt's Land Settlement Board who commenced operations in this locality in the spring of 1919. The intention was to clear 10 acres in each holding which consisted on the

average of 50 acres, rough clear between the stumps, another 10 acres, build a small house, fence the cleared portion, advance by way of loan to the settler, stock, implements and necessary material so that he would have a fair start towards becoming independent. Donkey engines and motor power were used at the commencement and a good start was made towards the objective, some twenty farms being put more or less in the condition as originally intended. Owing to faulty methods of supervision, political interference, and large overhead expenses the scheme broke down and settlers were all placed after fifteen months on their holdings and told they would be advanced a progress loan to enable them to develop the farm individually. This went on smoothly for another year, but the Prov. Govt., evidently were not enthusiastic over their plan and gradually withdrew their support, which up to the present has been very spasmodic and causing a great deal of dissatisfaction among the settlers, no one knowing just where he stood in regard to obtaining assistance. The Prov. Govt. recognizing that the debts piled up against the farms are such that it is impossible for any man to repay them in a reasonable time, have now in agreement with the settlers appointed three local farmers of ability and experience to revalue all the holdings, and all that they contain, both sides to abide by their decision.

In view of the fact that none of the 110 farms can support their prospective owners for some considerable time yet, and that owing to the great number of men requiring work and wages in one locality, it is impossible for more than a very few to obtain employment in the vicinity (there are some score of S.S.B. settlers adjoining us) and that owing to the natural conditions of our land if any progress is to be made towards development a man must be enabled to spend the greater part of the year working on his farm.

We submit that providing the Dom. Govt. or the Dom. Prov. Govts. combined, would adopt the scheme as here outlined, not only would the serious situation which now exists in the settlement be solved, but a way opened up for settling vast areas of otherwise waste land by contented men of the best type, who, however, enthusiastic at the commencement of their undertaking in time get disheartened by the enormous natural difficulties of placing the timbered acres in B.C. in this method of acquiring a farm.

We submit the following scheme for land clearing and at the same time providing a man with wages and keeping him in the vicinity of his farm. To obtain the services of H. M. Fraser and his 75 H.P. tractor for stump pulling, piling the stumps and breaking the land. A loan to be advanced the settler at the rate of \$150.00 for the acre cleared.

The work to be done by contract.

The amount of land to be cleared and its locality to be decided upon by the settler and the Govt. representative. The proposition is that the settler would clear away himself windfalls and debris among the stumps.....\$ 10.00  
 Stump blasting per acre..... 30.00  
 Stump pulling and piling per acre with tractor..... 75.00  
     burning..... 10.00  
     levelling and breaking..... 15.00  
 Clearing of rocks, etc., and putting in shape for cultivation .. 10.00

\$ 150.00

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H. M. Fraser is well known and has handled large contracts for the Prov. Govt. He has looked over the Merville area and is satisfied his tractor can manage the work. He has placed the figures for tractor work at the outside cost, this to be governed by the amount of work available. the tractor to clear not less than one acre on each holding the cost of moving the outfit including wages is \$1.00 per mile.

We beg to point out that this district has been proved as an ideal locality for the raising of small fruits, poultry and dairying; we refer you to the Prov. Horticulturist, Mr. White, who pronounced the strawberry crop of a Merville settler to be the best one inspected at a certain stage, of any in B.C. for the season 1922.

There are some 40,000 acres of similar logged off lands adjacent to Merville, which if settlers are given a little help and encouragement to clear would be quickly populated. Through all their discouragements the Merville settlers have stuck it out for they have faith in the district and what it can produce.

Merville is situated eight miles from the railway and connected to it by the Macadamised Island Highway, the markets are excellent. The Comox Creamery, a co-operative concern, handles the chief varieties of farm produce; the projected extension of the E. & N. Railway would serve the adjacent logged off lands to which we refer.

We can do no more than leave this proposal in your hands, knowing that it will receive your serious consideration. We shall be only too pleased to meet any commission of inquiry you may appoint to go into further details of the matter with you.

Yours truly,

(Sgd.) R. G. KER,

*Secy. Merville Com. Assn."*

That there is a complication on account of the settlement being at present under Provincial auspices, is apparent. According to this letter the Provincial Authorities have taken an important step for the benefit of the settlers in connection with a revaluation of the land. There is in this statement no claim as to any undertaking on the part of the Federal authorities, but there is to be considered the circumstance that these men are ex-service men who have undertaken a Canadian settlement proposition which has taxed severely their application, industry, and perseverance. The fact that they have stuck to it in spite of extremely discouraging conditions is a very genuine indication of their faith in the eventual possibilities. The "stake" which they have in the property by their hard work should furnish considerable of their continued endeavour to make the venture a success ultimately. Whether it would be feasible for the Federal authorities to intervene, with some assistance toward clearing land, and if so what arrangement could be made with the Province, which it is understood holds a first charge on the land, so that reasonable security would be made available to cover the suggested advances on any part thereof, and what are the actual chances of success, are all matters as to which the Commission has no information.

A proposition which really involves taking over a number of settlers en bloc, does not come within the Soldier Settlement Act, which deals primarily, with individuals. The Soldier Settlement Board would however, be the best agency through which to afford special assistance if such could be given. Any relief can only come as the result of investigation and conference at first hand with the settlers and the Public Authorities concerned. The Commission submits the case with the supporting statements and is of the opinion that the situation merits further consideration with the object of verifying the claim



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that there was an undertaking by the Federal authorities to assume certain responsibilities, and also to ascertain whether some action in the nature of the special assistance suggested may be feasible or warranted under the peculiar and exceptional circumstances.

#### *Recommendation of Commission*

Further consideration as above.

#### *Suggestion by ex-service men*

Settlers on Nicoamen Island, B.C.

That settlers on Nicoamen Island (50 miles East of Vancouver) be given an opportunity to take up other lands. (Vancouver 438).

This is another case which was brought to the attention of the 1922 Parliamentary Committee (Report 1922 Parliamentary Committee, p. XXXVI). The recommendation was that on sympathetic grounds the settlers be given an opportunity of establishing themselves on other lands, if they so wished, and further, that, in the event of the lands being again flooded, leniency be shown in the matter of payments.

The locality is one in which there is very rich land but which is constantly threatened with flooding by the Fraser River. The Settlers located there in the expectation that the dikes would be improved and the water kept out. The land is stated to be the best to be found in British Columbia. The settlement began in the spring of 1919. The lands were flooded in the summers of 1920, 1921 and considerably in 1922. (Vancouver 438-9). An \$80,000 expenditure was made but it was estimated that it would require another \$250,000, and the Provincial and Federal Governments were, for reasons of jurisdiction which they considered sufficient, unable to give the necessary assistance (Vancouver 439).

It is understood that during the past year, owing to representations made by Local authorities and by the Soldier Settlement Board, the Federal and Provincial Departments of Public Works in conjunction have commenced certain dike repair work which, it is suggested will probably solve the difficulties of the settlers.

#### *Recommendation of Commission*

The Commission considers that if the diking facilities prove insufficient, the circumstances in connection with this unfortunate venture by the settlers in that locality might properly be considered by the Settlement Board as coming within the class of extraordinary cases for which provision should be made by granting a second loan.

#### *Suggestion by ex-service men*

Local fire insurance companies

That the Settlement Board should accept policies in Mutual Fire Insurance Companies thus reducing the cost of insurance to the settlers. (Vancouver 437, 460).

The reason given for refusing policies in the local mutual companies was the failure, in some parts of Canada, of companies similarly organized which circumstance was considered by the Board as justifying its declining to jeopardize the interests of the soldier settler and of the State by the acceptance of policies in these companies. It is understood that the action of the Board in a matter of this kind is based on the opinion of the Superintendent of Insurance.

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*Recommendation of Commission*

The Commission considers that this is a matter as to which the opinion and advice of the Superintendent of Insurance should be followed.

*Suggestion by ex-service men*

Assistance to cattle industry

That salvaged lands be used for the purpose of cattle ranching. (Winnipeg 492).

Certain land between Lake Winnipeg and Lake Manitoba was referred to as being suitable for ranching and it was suggested that such of this land as had been salvaged be used by the Settlement Board for that purpose. It was pointed out at the hearing that it would require much more than a half section if the project of a cattle and dairy business were to be successfully operated. (Winnipeg 492). The project was not discussed in any detail.

The Commission considers that the matter is one entirely for decision by the officials of the Settlement Board who know the locality and possibilities.

*Recommendation of Commission*

None.

*Suggestion by ex-service men*

Small holdings for reasonably fit men

That the soldier Settlement Act be amended to permit of purchasing plots of less than 5 acres suitable for market gardening and similar agricultural pursuits requiring comparatively small acreage. (Halifax 331; Toronto 1832, 1841; Winnipeg 448; Vancouver 393).

The proposals along this line took several different forms and in some instances failed to distinguish between what the Commission considers are radically different projects, viz.; (a) Small holdings to be operated by intensive cultivation by physically fit men, such holdings to afford an exclusive occupation; (b) Small plots of ground to be operated by men partially disabled by war service, the revenue from which would be supplementary to pension and which, without the addition of pension, would be insufficient to ensure a living (these will be discussed under the next following proposal); (c) Small holdings near towns, which holdings would be simply sufficient for an artisan working at his trade to supplement provision for his family by raising a certain amount of garden truck, and on which poultry, etc., might be kept (these should properly be dealt with as Suburban Housing rather than as a Settlement or development project); (d) The provision of a house, and possibly a small lot of land apurtenant, for the benefit of disabled or partially disabled men, particular reference being made to tubercular men (this also is more distinctly a Housing rather than a Settlement scheme).

As has been said, the underlying principle of the Soldier Settlement Act has to do primarily with settlement and land development rather than with re-establishment. Project (a) above means simply that the plot of land to be worked is to be reduced in size with a corresponding intensification of operation. This idea was stressed particularly at Vancouver.

It was pointed out that a large percentage of men, whose physical capacity had been affected to some extent by war service, had received Vocational Training under the D.S.C.R. in agricultural pursuits, but that of these a comparatively small number had been accepted by the Settlement Board as fit to carry on under the Act. It was stated that of 539 men vocationally trained in agriculture, only 97 were placed by the Settlement Board, most of the remainder being regarded as unsuitable generally because of physical disabilities (Vancouver 393). These cases constituted for a time what were regarded as

serious problems, and after this had been pointed out, closer co-ordination was achieved between the D.S.C.R. and the Settlement Board, so that men could know, with some reasonable certainty, as to whether, on the termination of their vocational training course, they would be regarded as eligible as Soldier Settlers (Vancouver 394).

It was pointed out that the Soldier Settlement Act was a declaration primarily of a national land policy, the benefits being open to those who could qualify with agricultural experience, physical fitness and some financial ability. This left unprovided for a large number of men who felt that they could carry on successfully in agricultural pursuits on a small area of ground in such occupations as market gardening, poultry farming, small fruit farming, tree fruit farming, intensive dairying, bee keeping. The possibilities of men not physically strong successfully engaging in these pursuits has apparently been the subject of a great deal of discussion, and these occupations have been regarded by the men themselves as having considerable attraction.

Evidence before the Commission leads to the conclusion that the cases are very exceptional in which those who are not at least reasonably fit can hope to engage in any of these lines of work with commercial success. The restriction of the area of operation demands increased application and most thorough knowledge of the business in hand. The fact that a man had had some experience in mixed farming was not regarded by the Settlement Board as justifying his embarking in some of these more technical occupations without at least a year's experience with some one who had made a success of the business (Vancouver 395 and 464; Winnipeg 450). As was said at Winnipeg, "In order to make a success of a small holding a man has to know his trade thoroughly and he must hustle from dawn till dark". (Winnipeg 454).

A Committee consisting of a representative of the Settlement Board and an official from Ottawa made a survey of the situation in British Columbia and their conclusions are found on pages 454 to 457 of the Vancouver evidence. One of the conclusions was

"That the growing and marketing of small fruits is an exacting business and requires a special knowledge of fruit culture and market conditions".

And again that

"Successful poultry farming involves the greatest care, patience, knowledge of the work, long hours all the year around and strictest attention to minute details. To use the words of a practical successful Danish poultryman, who had built up from a small flock:—'You must like your work; know it from A to Z; have patience, work constantly and neglect not the least thing, for a little slip may mean the loss of a whole year's profits'".

And again for dairy farming

"That most farmers regard 20 acres of good bottom land or its equivalent as the minimum on which one should attempt dairy farming ... that in very exceptional cases dairy farming can be carried on successfully on 10 acres of cleared bottom land—this implies first-class men, the best of land and high producing cows".

This report went into considerably more detail and is, the Commission believes, entitled to careful consideration. It was concurred in by a prominent resident of British Columbia who had twenty-five years' experience and who states:—

"I consider it gives a fairly accurate idea of small farming as built up and carried on. I fully agree with the findings of the Committee

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based upon the evidence submitted. My personal experience of twenty-five years here leads me to a similar conclusion. I would emphasize two things in connection with small or specialised farming—first, the man, second, the quality and location of the land". (Vancouver 457).

As to market gardening, a statement was made by the representative of the Settlement Board at Winnipeg who said that what had given rise to the idea that the Soldier Settlement Board was opposed to small holdings was

"That it is so difficult to find a man who is proficient. A man who has only had experience with a back-door garden is not qualified for market gardening. It is very intensive and you must be prepared to find your market in the city and to find people who will trust you." (Winnipeg 451.)

Speaking generally of the possibilities of successfully operating small holdings, this same representative said: (450)

"Our view is that small holdings are perfectly feasible, provided you have two things. One is a man who is thoroughly experienced in the work of small holdings farming which he wishes to pursue. The second thing is the market. It is idle to put a man on a small holding unless he has a good market."

When asked how long a man should have experience in either bee keeping or poultry-raising, he said:—

"We do not lay down any hard and fast rule. He must have followed that line of farming before the war or since the war to an extent that might be called successful."

When asked what period he considered necessary, he said:—

"Probably not less than two or three (years), or preferably more than that . . . . If a man has been employed say with a market gardener who can say that the man has worked successfully with him . . ." (Winnipeg 450.)

He says further:—

"In the first place we discourage the average man who takes small holdings to us because, as I say, about 50 per cent of the men who have had some agricultural experience and do not know what they can do, would like to try a small holding because it sounds pleasant. You have to discourage them in order to sift out the men who have a real proposition in view and who have had real experience." (Winnipeg 453.)

It was intimated that around Winnipeg there were 17 men who had small<sup>1</sup> plots of ground, as to 11 of whom there was very little reason to doubt that they were probably succeeding. Of these, one was a TB man who was getting 100 per cent pension and another was a blind man.

In Vancouver some figures were given showing the financial success of some men who had engaged in small fruit farming. The witness did not know whether any of these men were returned soldiers, but did not think so (397-8). It was said that this statement showed that the average returns per acre for 5 men for 5 years were \$1,158. This was without making any allowance for labour. Some evidence was given, however, by the representative of the Soldier Settlement Board at Vancouver tending to show that the revenue from small fruit farming, in an instance which he quoted where exact records had been kept, showed for the first two years, in strawberry production, a yearly profit of \$371.75 per acre. (Vancouver 457.)

It was pointed out in Vancouver that of all those settled under the Soldier Settlement Act, the poultrymen led in the percentage of those who had made payments, the figure being that 83.6 per cent of poultrymen had paid in full or on account, whereas the average, taking all agricultural occupations, was only 66 per cent (Vancouver 436).

The above detail is given in order to indicate the increased difficulties which may be anticipated in carrying out successfully agricultural work on small holdings. The evidence shows that these difficulties are not insurmountable, and the Commission considers that, particularly in British Columbia, there is considerable opportunity for operating small holdings successfully.

#### *Recommendation of Commission.*

The opinion of the Commission is that small holdings can not be successfully operated except in selected localities and by specially trained, industrious and reasonably fit men. The question as to whether the Act shall be extended to include plots of less than 5 acres for such purposes is a matter of general policy depending in part on whether the operation of the Soldier Settlement Act to date warrants further activity along these lines.

#### *Suggestion by Ex-Service Men.*

##### **Small holdings for seriously disabled men**

That the Soldier Settlement Act be extended to permit of the acquiring of holdings of less than 5 acres by men with substantial disabilities with the idea of supplementing pension and providing occupation to the extent to which it is possible for them to work. (Halifax 331; Vancouver 396.)

The problem of finding suitable occupation in which partially disabled men may engage for the purpose of utilising their remaining percentage of working capacity is probably one of the most difficult in the whole programme of re-establishment. One of the attempted solutions has been the establishment of Vets' Shops and the provision of Sheltered Employment in Government-aided industries. The proposal now made cannot be differentiated from the provision for Sheltered Employment for men in urban centres. The only distinction is that the employment on small holdings is out of doors. There was frequently presented to the Commission the possibility of partially disabled men engaging in market gardening, bee keeping, poultry farming and small fruit farming and it was very often assumed that all that was necessary was to provide a small plot of land for the soldier, and the problem of part time employment would be solved by his engaging in an occupation which seemed to offer considerable attraction. It was suggested that such an occupation was peculiarly suitable for men injured and incapable of hard work, and that the pension of men who were weak, gassed and incapable of heavy lifting could be supplemented by their keeping a cow, pigs, hens, and having a little garden and doing light work. (Halifax 331 and 332.)

The same idea was expressed at Winnipeg where it was suggested that men whose lives before the war had been devoted to agriculture, stock-raising or dairying but who had become injured through war service might operate three or more acres in poultry raising, bee keeping or gardening, or in any other work of this nature (Winnipeg 448). This was suggested as a means of permanently re-establishing men not physically fit for Soldier Settlement (Winnipeg 449), and it was further urged that such provision would assist disabled men who have a pension and would go a long way in helping to carry them through (Winnipeg 458). The same idea was expressed at Toronto (Toronto 1832).



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The views of residents of the Okanagan Valley, to the effect that opportunity was afforded there for men with asthmatic tendencies to engage in the small fruit industry, were also put forward (Vancouver 396).

Sufficient has been said under the next preceding suggestion to indicate the conviction of the Commission that the operation of a small holding cannot hope to be commercially successful unless the man is equipped both occupationally and physically to give the project his undivided attention. There may be those who are partially disabled but whose experience will be considered by the Soldier Settlement Board as being sufficient to offset physical handicap. These would properly come within the class previously discussed. Outside of these, the Commission considers it would be out of the question to expect the successful operation of a small holding, and if the proposition is not *prima facie* sound commercially, it is not one which properly comes within the spirit of the Soldier Settlement Act. In other words, it is not a settlement or development project but purely a re-establishment measure. It is simply the creation of artificial employment and the subsidizing, in the most expensive way, of an occupation which has no sound commercial foundation. If the man's health is sufficiently good to permit the venture being a commercial success then he is provided for by the next previous recommendation, but if he is physically handicapped to such a degree as to make this impractical then the provision of a small holding means nothing less than the State investing in a separate open air Veteraft Shop for each individual applicant.

The Commission is acutely conscious of the need of such men but no feasible proposition has been put forward which would overcome the obvious impracticability of the country deliberately investing in individual holdings under these circumstances.

The Commission thinks that one possible solution may be the establishment of Soldiers' Homes (to be discussed in the Final Report) with sufficient land to provide employment for these men in such outdoor activities as are within their capabilities. Such institutions might bear, to ex-soldiers in rural localities, the same relation as Veteraft Shops to ex-soldiers in the cities.

*Recommendation of Commission*

None.

*Suggestion by Ex-Service Men*

Service to count whether entry is before or after date of enlistment

That military service is to count as residence on homestead and pre-emption entries regardless of whether the entry has been made before or after date of enlistment. (Regina 197 205; Calgary 293).

Under the Dominion Lands Act (Chapter 20, 1908, Section 22) it is provided that

".....the time during which an entrant is absent from his homestead while he is a member of a military force enrolled.....in the defence of the British Empire against a foreign power, or is a member of a company or contingent of Canadian Volunteers enrolled under the authority of the Minister of Militia for active service and also for a period not exceeding three months after his discharge.....may be counted as residence upon his homestead....."

The interpretation given to this section is that the residence does not count if the entrant was, at the time of filing, actually enlisted for military service. The point raised is that there is apparently no logical reason why a man who filed a week before enlistment should have his total military service count as residence, whereas a man who filed a week after enlistment should not get any

credit at all for the time spent on such service. The reason given for this construction of the Act is that, if it were otherwise, it would mean that every soldier who served three years and had a minimum of cultivation done either by himself or some one else would, in effect, get a free grant of land, that is to say, he could virtually get a homestead and never see the property although the obvious reason for providing these homesteads was that the country should be settled and developed. There were, no doubt, those who applied for homesteads in deliberate contemplation of enlistment, and thus succeeded in getting the benefit which is denied to those who are putting forward this remedial proposal. But such a situation is almost bound to happen in connection with the interpretation of any statute and the only way to completely prevent possible exploitation would have been to amend the Statute so that the exemption from residence duties to men on military service would only count in respect of those who had secured entry a considerable period before enlistment and who had carried out certain development work. The fact that this was not done has, no doubt, worked out for the benefit of a number who applied just previous to enlistment, but the Commission does not consider that this justifies its extension still further. The adoption of the suggestion made would not benefit the real soldier settler, but would only permit those who had their entries cancelled by reason of non-residence to now press their claim on the Department and demand patent for the quarter section originally held or, if the same had been disposed of, some other quarter section in lieu thereof. It is obvious that if the entrant had been a *bona fide* settler the residence duties would have been done by this time, and a provision that he could come in now and obtain the same rights as had been earned by the hard work of his comrades who stuck to the land, would, the Commission feels, give rise to unfair discrimination and justifiable dissatisfaction.

There are, no doubt, some who, notwithstanding they did not get credit for their military service, have stayed on the land at least a portion of the time and are gradually working out their actual residence duties. These would, of course, be benefited in the sense that they would immediately get a patent, if the suggestion made were adopted; but, in an attempt to benefit these, the class already spoken of with no meritorious claim would automatically be let in. The Commission is convinced that no settler, giving any reasonable evidence of good faith and intention to settle, would have his entry cancelled by reason of not having completed his residence duties in the required time or to the extent prescribed each year and if this is so, having in view the object of the Act, the Commission considers that the only class whose claim has some merit is taken care of.

#### *Recommendation of Commission*

None.

#### *Suggestion by ex-service men*

Refund to ex-service of fees paid on pre-emption

That in the event of a soldier not having had a soldier grant and where he has, subsequent to enlistment, paid pre-emption or purchased homestead fees, he be permitted to convert his pre-emption into a soldier grant and that the fees so paid be remitted.

The rights to Dominion Lands include at least three different classes of entry:—

(a) Homesteads, of 160 acres, available to every one, and subject to six months residence in each year for three years and to a certain amount of cultivation;

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(b) Pre-emptions, of 160 acres, subject to payment of \$3.00 per acre, and to residence and cultivation duties similar to a homestead. Pre-emptions only obtained in certain districts and were abolished on March 16, 1918;

(c) Soldier grants, free grants of 160 acres to soldiers, subject to residence and cultivation duties similar to homestead. These grants were first created on May 14, 1918.

Under the Soldier Settlement Act 1917 every eligible soldier settler was entitled to make a Soldier grant entry. By the Soldier Settlement Act July 7, 1919, a limitation was imposed and a man was shut out from obtaining a soldier grant if he held a homestead and pre-emption, unless these holdings were not sufficient to make a good average farm for the district. Settlers were, however, permitted to convert pre-emptions already held into soldier grants, and thus secure immunity from future payment, if not paid up, and a refund of any moneys already paid on account of the pre-emption. A further restriction was made on December 13, 1921, when written instructions were issued by the Department of the Interior to the effect that no conversion of a pre-emption into a soldier grant was to be allowed unless the pre-emption was paid up (Regina 192). It is understood that the Department has not strictly adhered to this regulation and that conversions have been permitted in certain cases, the position, generally speaking, being that while conversion would still be permitted as to pre-emptions unpaid on July 7, 1919, the same considerations did not apply to pre-emptions paid up previous to that date, the amendment to the Soldiers' Settlement Act having altered the situation. Probably the strictly logical way to deal with the matter would be to lay down a general policy under which, in connection with pre-emptions not fully paid on July 7, 1919, the conversion would be permitted and a refund made; and, as to those which had on that date been paid, to issue to the soldier an attestation certificate and permit him even now to take up a soldier grant. There is this to be said, however, that to permit a man now holding a homestead, and a pre-emption, to take up an additional 160 acre soldier grant, would be in most cases a doubtful privilege because of the probability that there would be no suitable vacant land available in the vicinity. The Department of the Interior naturally want to be assured that genuine settlement has taken place and the Settlement Board is in a position to obtain and give definite information on this point.

*Recommendation of Commission*

The Commission considers that in order to provide as far as possible for uniform treatment and to encourage the bona fide soldier settler it would be advisable to allow conversion in all cases where a soldier has not had a soldier grant and where he has, subsequent to enlistment, paid pre-emption or purchased homestead fees, but that, in order to insure that this privilege is being given those whom the Country particularly desires to encourage, such conversion be allowed, as to cases prior to July 7th, 1919, only where the Settlement Board certifies that the settler is actually in occupation and satisfactorily using the land which it is now proposed to convert, and that in all cases of conversion as above the fees paid in connection with the pre-emption be remitted.

*Suggestion by ex-service men*

Military service to count on soldier grant

That in the case of a conversion of a pre-emption into a soldier grant military service should count on the soldier grant to the same extent as it would have counted on the pre-emption. (Regina 204; Calgary 272).

Military service counts as residence in the case of a pre-emption but does not count in case of a soldier grant. The claim is that, since the pre-empted land is by a fiction turned into a soldier grant in order to escape acreage fees, it should also carry with it the homestead privilege of counting military service as residence.

The general considerations which have been discussed in connection with the proposal respecting military service where the entry is after enlistment apply here. To virtually exempt soldier grants from residence duties by counting military service in lieu thereof would be to revive a claim for soldier grant by men whose entries have been cancelled by reason of failure to perform residence duties and who by that very circumstance indicated that they were not those for whom the privilege of soldier grant was created.

There are instances in which soldiers on account of physical unfitness are unable to fulfil the residence duties, but these have been provided for by Order-in-Council P.C. 1471 dated May 23, 1921, whereby, on payment of \$1.00 per acre, patent may issue notwithstanding residence duties may not have been done.

*Recommendation of Commission*

None.

*Suggestion by ex-service men*

Field supervisors to receive proof of duties

That any field supervisor of the Soldier Settlement Board be empowered to receive from ex-service men, proof of duties leading to patent.

It was represented to the Commission that the Soldier settler in some cases was delayed in filing his proof of duties because of having to await the attendance of the Homestead Inspector (Regina 195).

The matter is largely one of qualification and while it is quite possible that the Field Supervisor of the Settlement Board would in most cases be competent, at the same time unless there is some real hardship it would seem inadvisable to inaugurate a system whereby the regular duties of Homestead Inspector would be usurped by another official who is not necessarily familiar with the requirements.

*Recommendation of Commission*

None.

*Suggestion by Ex-Service Men*

Time in hospital to count as residence

That time spent by a soldier in hospital on account of war disability should count as residence duties on homesteads taken up before January 1, 1921. (Regina 116).

The Departmental regulations provide that, on submission of necessary documentary proof that any settler is physically unfit to carry out his residence duties, such duties may be waived. On the other hand a man temporarily or intermittently ill is not given exemption from residence duties because it is assumed he will eventually be able to carry them out. An allowance is made for him by extending the time within which residence duties can be done. A man temporarily in hospital from a war disability is drawing pay and allowance, and there is no real hardship in requiring that, after he has recovered his health, he complete his residence. The provision mentioned for men who are permanently physically unfit leaves, the Commission considers, no condition which calls for further remedial regulation.

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*Recommendation of Commission*

None.

*Suggestion by Ex-Service Men*

Fix definite price for reservations

That a definite price be fixed for the reservations in connection with soldier grant entries in the tracts withdrawn from the Riding Mountain and Porcupine forest reserves. (Winnipeg 466-469).

The settlers have already the right to use these lands, erect improvements and cultivate the same as if legal rights to the property had been acquired. The moment price is fixed and the settlers obtain legal rights, the lands would become subject to taxes to the extent of the settler's interest which would be a further drain upon the settler. In addition to this, there is the point that so long as the price is not fixed no interest is charged. It is understood it is the intention of the Settlement Board to recommend the sale of these lands at a small nominal price as soon as the men become established. Some men may prefer to save annual charges even at the expense of certainty as to the ultimate price. Others may desire to have a definite contract.

*Recommendation of Commission*

That provision be made so that such of the settlers holding these reserves as desire it, be given definite assurances as to price.  
All the above is respectfully submitted.

J. L. RALSTON,  
*Chairman.*

WALTER McKEOWN,  
*Commissioner.*

A. E. DUBUC,  
(with reservation below).  
*Commissioner.*

*Reservation by Colonel Dubuc as to recommendation contained in the body of the Report, respecting stabilization of Tuberculosis pensions*

The present practice of the Pensions Board with regard to T.B. cases clinically active while in sanatorium is:—

- (1) If incurred on service and whether the man has served in a theatre of war or not, 100 per cent for 6 months on discharge from sanatorium.
- (2) If an exacerbation of a pre-enlistment condition:
  - (a) If service in a theatre of war, pension 100 per cent for 6 months:
  - (b) If no service in a theatre of war and, if no exacerbation within 3 months of enlistment, pension 90 per cent (aggravation) for 6 months.
  - (c) If no service in a theatre of war and, if exacerbation within 3 months of enlistment, pension for aggravation only in accordance with the circumstances of the case.

Colonel Dubuc recommends, in substitution for the recommendation made on the above subject in the body of the report, that in cases (1), (2a) and (2b) above, whatever rate may be awarded by the Pensions Board on discharge from Sanatorium shall continue without deduction for a period of at least two years, provided the symptoms specified in the recommendation contained in the body of the report are found.









ROYAL COMMISSION  
ON  
PENSIONS AND RE-ESTABLISHMENT

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**FINAL REPORT ON SECOND PART  
OF INVESTIGATION**

---

July, 1924

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA  
F. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1924

### ERRATUM

Page 99, after line 27—

*Suggestion by Ex-Service Men.*

Entries of complaint or application for information or treatment or reasons for rejection to be recorded. Entries for outside treatment also to be made.



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## TO HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

MAY IT PLEASE YOUR EXCELLENCY:

We, the Commissioners, appointed by Royal Commission dated July 22, 1922, issued pursuant to Order-in-Council P.C. 1525 of the same date, to investigate, inquire into, and report upon:—

Firstly, the matters referred to in complaints made by certain officials of the Great War Veterans Association as contained in a certain telegram; and

Secondly, certain questions relating to pension, medical treatment and re-establishment needs of Canadian ex-service men and their dependents;

have the honour to present to Your Excellency in Council our Final Report in respect of the Second Part of such Investigation (being report No. 4 of the Commission.)

The subject-matter of the reference concerning the Second Part of such Investigation is as follows:—

1. To consider and make suggestions in respect of the Procedure by which disabled ex-members of the Canadian Expeditionary Force are enabled to make application for pensions and medical treatment, or submit an appeal in respect of decisions thereon.

2. To recommend means for ensuring that suitable provision is made for those ex-members of the forces and dependents who are under serious handicaps by reason of war services, in conformity with the recommendations now made, and for whom definite legislative provision has not yet been made.

For the above purposes the Commission shall:—

1. Survey existing re-establishment needs among Canadian ex-service men and their dependents.

2. Investigate available data in respect of phases of the Parliamentary inquiry as yet incomplete.

3. Obtain information as regards suitable provision for those classes of ex-service men described in Section 7, Chapter 2, of the Committee's report.

4. Investigate the question of Canteen Funds.





## PART ONE

### RESUMÉ OF THE COMMISSION'S WORK

The Commission was authorized by Order-in-Council (P.C. 1525, July 22, 1922) to conduct two separate investigations. The first part was to investigate certain charges against the Pensions Board contained in a telegram sent out by the G.W.V.A. This inquiry continued with intervals from July to November, 1922. Public sittings were held on 29 days, 3,800 typewritten pages of evidence were taken and over 200 individual files were examined. The report was presented in February, 1923.

The second part was to hear evidence, suggestions and complaints respecting pensions, treatment, and re-establishment, particularly as affecting handicapped men. Public sittings were held at nine different centres from Halifax to Vancouver for 38 days, 160 witnesses gave evidence, a further 5,800 pages of evidence was taken with over 200 exhibits, and visits were made to the following institutions:—

- Seven General Hospitals,
- Six T.B. Sanatoria,
- One Hospital for the Insane,
- One Children's Home,
- Two Orthopedic Workshops,
- Three Red Cross Shops,
- One Vetract Shop.

The First Interim Report on the second Part (being Report No. 2 of the Commission) was presented in April 1923.

The Second Interim Report (being Report No. 3 of the Commission) was presented in May, 1924, and this Final Report (being Report No. 4 of the Commission) completes the second Part of the Investigation and the Commission's work.

The last public Hearing relating to the charges in the G.W.V.A. telegram was held on November 17th, 1922, and immediately thereafter the Commission entered on the work of preparing its Report on that subject, and also making the necessary plans for the second part of the Investigation.

There was some misapprehension concerning the Commission's function under the second half of the Reference. Many thought that the Commission had authority to revise and reverse decisions of the Pensions Board and of the D.S.C.R. and to operate general as a Super-Tribunal, not only to suggest, but to put summarily into force any remedial measures which it considered called for. As had been pointed out many times, however, the scope of the Commission was limited to receiving and presenting evidence concerning alleged defects and short-comings of the existing system and suggestion for improvement.

To ensure a clear understanding the Commission prepared and circulated a Memorandum outlining the scope of the Second Part of the Inquiry, (see Appendix). As the Memorandum indicates, the Commission acceded to a very generally and insistently expressed desire that Hearings be held in the various Provinces and in order to give opportunity for preparation, the itinerary was not to begin before January 15th, 1923. Copies of this Memorandum were sent out to all Veteran's Organizations and all offices of the D.S.C.R. and were

there made available to everyone interested. The Memorandum was also published early in December, 1922, in the form of a notice, which appeared in every Daily Newspaper and Veteran's Magazine throughout the Dominion.

At the request of the Dominion Veterans' Alliance, the Commission authorized Mr. C. Grant MacNeil to precede the Commission in every Province and confer with ex-service men in the various centres to advise them as to the scope of the Investigation and the procedure proposed to be adopted and to assist the local committee to prepare for the public Hearings. In this advance work, Mr. MacNeil travelled from coast to coast in November and December, 1922 and January, 1923. To ensure that evidence and representations made to the Commission would be well considered and concise and to prevent repetition as far as possible, a procedure was outlined in the Memorandum to the effect that evidence and views on behalf of ex-service men should be presented at the public Hearings by not more than six duly accredited witnesses, and ex-soldiers generally and Veterans' Organizations were asked to co-operate in calling meetings and instructing and selecting these witnesses. This method of procedure was wholeheartedly accepted and the evidence and suggestions were presented at all the hearings by selected witnesses thoroughly prepared on the various branches with which they had to deal. There were instances where the Commission, on its own motion or at the request of ex-service men, called additional witnesses.

To leave no source of information untapped and realizing that there were individuals who might not be in touch with Veteran Organizations or with the Central Committees or who felt that they had special views to present, the Commission prepared a questionnaire, (see Appendix), 150,000 copies of which were made universally available by being placed in every Post Office in the Dominion. 3,442 of these questionnaires were answered and returned and a tabulation of the answers has been incorporated in the Appendix. To give general advance notice of the Hearings and of the procedure, a Poster (see Appendix) was displayed in all Post Offices and Veterans' Clubs. All this publicity was in both English and French.

Prior to each sitting, a further notice was inserted in all the local Daily Papers, giving full particulars of the place, date and time of sitting. These latter notices were printed in English, French, Chinese, Japanese and Yiddish.

The itinerary of the Public Hearings of the Commission opened at Halifax on January 24, 1923, and closed at Ottawa on May 24, 1923. Dates and places and institutions visited are shown in the Appendix.

During the itinerary, the Members were also engaged in preparing the Report on the first part of the Investigation concerning the charges in the G.W.V.A. telegram, which Report was presented in February, 1923, as before stated. Concurrently also, the preparation of the First Interim Report on the second Part of the Investigation was begun and same was presented in April 1923 as Report No. 2 of the Commission. This report dealt with:—

- (a) Two urgent matters relating to procedure.
- (b) Appeals from decisions as to pensions and medical treatment.
- (c) Returned Soldiers' Insurance Act.
- (d) Employment of Handicapped men.

After the completion of the public Hearings on the Second part of the Investigation, the Commission set about gathering and studying a large amount of further documentary material along with the evidence and exhibits, which had been received. Information was obtained on various matters, the evidence relating to which, as given on the Hearings, was not sufficiently complete on which to base conclusions.

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The Commission went into joint session in connection with the Second Interim Report on the Second Part of the Investigation (being Report No. 3 of the Commission) in January, 1924. There was considerable interruption, and that Report was presented on May 8, 1924. It dealt with:—

- (a) Suggested amendments to the Pension Act.
- (b) Soldier Settlers.

Since that date the Commission has been engaged in the preparation of this Final Report which has required a much longer time for its completion than was estimated. In compiling the Report, the aim has been to provide a compendium, under appropriate headings, of the mass of evidence and suggestions presented, giving the necessary references to the pages of the Record.

It was inevitable that the Commission should be regarded as exercising functions something akin to those of a Travelling Parliamentary Committee before which any matter which had the remotest connection with ex-service men's problems could be presented, and not only ex-soldiers but public men and even officials, brought to the attention of the Commission, matters of the most diversified character.

A perusal of the evidence given on the public Hearings will show that the sittings were conducted and regarded as conferences rather than as a judicial Investigation. The opportunity offered for full and frank discussion has resulted, it is believed, in removing much misunderstanding, and so silencing unjust or misinformed criticism. Such discussions were frankly entered into by Returned Men's representatives, the representatives of the D.S.C.R. and of the Pensions Board. Any observer would be struck by the spirit of fairness exhibited and the readiness with which what might be regarded as opposing parties, admitted their error, if such were shown, after a subject was thoroughly threshed out. Anyone who followed the proceedings throughout would readily agree that despite an occasional explosive utterance by an individual or small group, the average returned soldier once properly informed is instinctively fair and reasonable.

The Commission fully realizes the difficulties of the Local Committees, overwhelmed as they must have been with complaints and suggestions from those who did not understand the nature of the Investigation, in selecting and condensing the material pressed upon them. Evidence which must have involved a great deal of work, research and discussion on the part of the Committee preparing it had been collected with care and accuracy, and it was presented effectively and with a full sense of responsibility.

The Commission feels a very deep sense of obligation to these Committees and representative witnesses who so enthusiastically and thoroughly did their part in making the sessions of the Commission useful as a clearing house for ideas and a means of concentrating and disseminating information on the important subjects being discussed.

The attitude of the representatives of the D.S.C.R. and of the Pensions Board, who have had to be referred to constantly for information, has been uniformly courteous and helpful both at headquarters and throughout the units. They have stood ready at all times to furnish freely and unreservedly the assistance which their intimate knowledge of the subjects discussed afforded. This cordial co-operation has been extremely valuable.

Information which could only be secured from other departments was often required and always available. The Commission desires to express its thanks to the officials of these departments who so carefully and willingly prepared and presented it.

All those interested in the matters under consideration are indebted to the representatives of the British and the United States Pensions organizations who gave evidence at the hearings concerning the system and procedure prevailing in their respective jurisdictions. These representatives were:—

Mr. Kenneth J. Milne, of London, England, Assistant Secretary to the Ministry of Pensions of Great Britain.

Dr. L. B. Rogers, of Washington, D.C., Assistant Director Medical Division, United States Veterans' Bureau.

Dean Evans, of Washington, D.C., Chief of Training in the Rehabilitation Division of the United States Veterans' Bureau.

The Commission acknowledges the consideration of various Public Bodies in providing suitable and commodious accommodation for the hearings.

In this report, the Department of Soldiers Civil Re-establishment is spoken of as the "D.S.C.R.", and the Royal Commission, now reporting is designated as the "Commission." In giving references to the pages of the record of evidence, duplication has been avoided, where possible, by not repeating the name of the place where the sitting was held. Where, therefore, a reference to evidence consists of simply a number shown in brackets, it refers to the evidence given at the place next previously mentioned by name.

A copy of the evidence taken on the various sittings of the Commission at Halifax, St. John, Montreal, Vancouver, Calgary, Regina, Winnipeg, Toronto, and Ottawa, consisting in all of 5,800 pages was forwarded with Report No. 3, and some 210 exhibits referred to but not incorporated in the evidence are forwarded with this final report.

## PART TWO

### EMPLOYMENT OF HANDICAPPED MEN

The plan of this portion of the report will be as follows:—

#### A. General Statement.

#### B. Methods of assistance adopted in Canada.

##### I. As to Government undertakings.

- (1) Preference in Government service.
- (2) Sheltered employment.

##### II. As to civilian industry.

- (1) Employment agencies.
- (2) Toronto Rehabilitation.
- (3) Vocational Training.

#### C. Methods adopted or proposed elsewhere.

- I. Activities of International Labour Bureau.
- II. Voluntary Employment.
- III. Compulsory employment.
- IV. Fundamental principles.

#### D. Extent of Problem in Canada.



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E. Suggestions concerning the principle to be followed and the nature of possible further effort.

I. Principle to be followed.

II. Suggested possible extension of present methods of assistance.

(1) As to Government undertakings.

(2) Civilian industrial undertakings.

III. Possible new methods of absorption.

(1) Manufacturing or trading monopolies.

(2) Compulsory employment.

F. Unemployment Relief Activities.

## A. GENERAL STATEMENT

In its first Interim Report on the second part of the investigation, under the subject of employment service for handicapped men, the Commission stated that this matter had to do with one of the most important soldier questions which the country is now facing, and one which must become increasingly difficult as time goes on. The Commission added that it could not hope, even after there had been an opportunity for the further consideration which the subject required, to find a satisfactory solution for a problem which still remained unsolved in every country which had engaged extensively in the war and which was the result, not only of war service conditions, but of an abnormal economic situation which is world wide.

In discussing this matter, reference will necessarily be made to employment measures in which fit men participate, but the main theme concerns those physically handicapped on account of war service.

## B. METHODS ADOPTED IN CANADA

### I. AS TO GOVERNMENT UNDERTAKINGS

(1) *Preference to ex-soldiers in respect of vacancies in the Government service.*

At the end of the war the Canadian Government was not slow in recognizing in its own services the preference which it owed to ex-service men, particularly those disabled by the war.

The Civil Service Act as amended in 1918 and as further amended in 1921 contains the following clauses:—

“ 39 (2) The Civil Service Commission shall prepare and maintain a special list of persons in receipt of pensions by reason of their services in the war, Nineteen hundred and fourteen to Nineteen hundred and eighteen, who

“ (1) have from causes attributable to such service lost capacity for physical exertion to an extent which makes them unfit efficiently to pursue the avocations which they were pursuing before the war,

“ (2) have not been successfully re-established in some other avocation and

“ (3) desire to be placed on such list.

“ The Commission shall obtain as full particulars of each person on such list, including particulars of his age, education, physical and mental condition, resources and responsibilities, as it is possible to obtain from all available records.

" In all examinations for entrance into the Civil Service, the persons named on such list who are found to possess the necessary qualifications shall be placed in the order of merit on the list of successful candidates above all other candidates.

" (3) In all examinations for entrance into the Civil Service, all persons other than those mentioned in sub-section 2 of this Section who have been on active service overseas on the Military Forces, or who have served on the High Seas in a seagoing ship of war in the Naval Forces of His Majesty, or any of the Allies of His Majesty, during the war, 1914 to 1918, who have left such service with an honourable record or who have been honourably discharged, or when any persons who have served as aforesaid have died owing to such service, the widows of such persons, and who in either case obtain sufficient marks to pass such examinations, shall, irrespective of the marks they have obtained, be placed in the order of merit on the list of successful candidates next after any candidates who are on the special list mentioned in subsection 2 of this Section and above all other candidates.

" (4) The provisions of any statute or regulation prescribing the age limit and physical requirements with respect to any appointment in the Civil Service shall not apply to any person with the Military or Naval Service mentioned in subsections 2 or 3 of this Section if the Commission certifies that he is of such an age and in such a satisfactory physical condition that he is then able to perform the duties of the office and will probably be able to continue to do so for a reasonable period after his appointment."

On June 29, 1922, P.C. 1053 was passed approving the suggestion of the Civil Service Commissioners that certain classes of positions, generally skilled and unskilled labourers, be exempt from the operation of the Civil Service Act under Section 38B and that the selection of employees for the above classes be left entirely in the hands of the Departments but subject to the express condition, amongst others:

" (b) That the preference extended by Section 39 of the Civil Service Act, 1918, as amended, shall be observed."

And the proviso:—

" That a report shall be made by every Department to the Civil Service Commission in the months of January, April, July and October in each year, setting out the name, duties, salary, place of residence and place of employment of each person appointed under the authority of those Regulations during the preceding three months, with the date of commencing duty and the probable duration of employment. In each case where the employee has been on military service overseas the letters 'O.A.S.' should be added after the name."

That the legislation was highly beneficial to ex-service men is proven by the following statistics furnished by the Civil Service Commission:—

APPOINTMENTS MADE BY THE CIVIL SERVICE COMMISSION INCLUDING ALL POSITIONS, PERMANENT AND TEMPORARY

Year	Grand total	Total Males	Ex-service men	Percentage of ex-service men out of male appointments
1920.....	13,470	11,226	5,552	49·46
1921.....	10,951	9,271	4,655	50·21
1922.....	6,442	5,335	2,837	53·18
1923.....	5,016	4,036	2,335	57·85
1924.....	1,379	1,066	721	67·63
(first four months)				

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Included in the above, appointments to permanent positions, which were obviously the more important, figured as follows:—

Year	Grand total	Total Males	Ex-service men	Percentage of ex-service men out of male appointments
1920.....	1,765	1,323	922	69.59
1921.....	2,447	2,172	1,434	66.02
1922.....	1,855	1,576	1,161	73.67
1923.....	1,768	1,548	1,166	75.32
1924..... (first four months)	652	481	382	79.41

Which shows that, out of all male permanent appointments made by the Civil Service Commission since 1920, from 69 per cent to 79 per cent were ex-service men, with the percentages increasing each successive year.

In April 1923, the Civil Service totalled 40,000 employees under the Civil Service Commission. Since the beginning of the preference, 35,000 ex-service men have received appointments from the Civil Service Commission. The whole Civil Service comprises about 55,000 employees, out of which about 20,000 are returned men.

As to the number of ex-service men appointed to the positions exempt from the operation of the Civil Service Act by P.C. 1053, the claim is made that such statistics as are available show only 15.8 per cent of these appointees as ex-service men. (Toronto 1817). The Commission has endeavoured to procure more additional data but is informed by the Civil Service Commission that no sufficiently complete records are yet available.

Under P.C. 2944 of August 31, 1921, provision was made whereby disabled soldiers might be trained to occupy vacancies occurring in permanent positions throughout the Civil Service. Up to December 31, 1923, 66 placements had been made, mainly in the Post Office, Public Works, and Trade and Commerce Departments.

## (2) Sheltered Employment.

Sheltered Employment may be defined as employment under conditions where the hours of work are more or less determined by the physical condition of the worker, and where the work itself is of such a character as to fit in with the man's disability. The term "sheltered" does not necessarily connote sheltered from the elements, but sheltered from the strain of competing with fit men. It particularly suits those handicapped ex-service men who, in organized industry under normal active conditions, are permanently or temporarily unemployable.

Following is a summary of classification and description of those handicapped men by a witness who had had large experience in retraining ex-soldiers (Halifax 212):—

1. Mental defectives and morose. Such men should not have been accepted for war service, but authorized agents of the Government attested some of them and they were duly placed in various military units and rendered some or little service before they were discharged. They would probably have been partially dependent on some one, but, because of their service as soldiers felt they have a claim for help from Government agencies. Unless they are imbeciles or idiots they are capable of performing simple routine duties under direction or supervision and, if properly placed, may be wholly or partially self-supporting.

2. Men with mental aberrations, recurrent insanity or other troubles of a like kind produced or aggravated by war service often necessitating a period of treatment in an institution for the insane. Such disabilities always create a prejudice against a man in the mind of the prospective employer. Almost invariably a period of training, closely supervised employment, readjustment and restoration of self confidence should follow the discharge from treatment for serious mental trouble.

3. Neurasthenic and neurological cases. Men with such disabilities often have them aggravated by being turned loose from treatment to face the perplexity of earning enough money to support themselves and dependents by ordinary methods. In many instances supervised congenial employment for part-time is the only efficacious method of treatment.

4. Epileptics. These unfortunate men seem to be almost entirely unemployable in the ordinary sense of the word, because of the prevalent use of machinery in production, even though they may be useful and efficient most of the time.

5. Men who enlisted over age, or with some disability such that a comparatively small additional war disability has produced a person who is not wanted by ordinary employers. These men misrepresented the true state of things when they enlisted but were usually applauded for their bravery and courage at the time.

6. Men seriously shattered and crippled by the war so as to be unable to carry on in an ordinary occupation but who still have a partial productive capacity left if the proper tasks and working conditions are provided.

The question of the need of additional care for the above type of cases was considered, since the end of the War, by the different Parliamentary Committees dealing with the re-establishment of ex-service men. The Parliamentary Committee of the Second Session of 1919 reports (p. 49):—

"During the course of the investigation by your Committee into matters relating to Re-establishment, it was repeatedly brought out that special provision should be made for those functionally neurologically, and mentally subnormal men who cannot be completely taken care of under existing regulations.

"Your Committee recognize that there is an urgent necessity for the establishing of a means to take care of these problem cases. In view of the highly technical and difficult nature of the question they recommend that the Department S.C.R. should take immediate steps to institute a thorough inquiry to determine the need and to recommend the means of best dealing with this difficult problem.

"They further recommend that in the interim, or until such time as proper provision is made for the care of such cases, the Department be authorized to expend the money necessary to make provision for these cases."

This recommendation was embodied in P.C. 2328 of 21st November, 1919, which is the main authority for the expenditure of

"such money as, in the discretion of the Minister, may be deemed necessary to make provision for the cases referred to."

An investigation was started immediately throughout the Dominion and a special investigator was sent to England to gather information relative to sheltered employment and after care work being conducted there.

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The Special Parliamentary Committee on Pensions and Re-establishment in June 1920 reports (p. 20):—

"With regard to problem cases in general, the time the experiments referred to in the Report of the Sub-committee have been in force, is not sufficiently long to warrant any definite recommendation. Your Committee considers that it would be in the interests of the work, that the matter be left where it is for another year, when it may be possible to submit a concrete proposal embodying plans of a permanent character."

During this time, the D.S.C.R. conducted the experimental handling of these so-called "Problem Cases," and established workshops under Government Control, providing occupation under special conditions, in Toronto, London, Hamilton, Brantford and Kingston. In Montreal, without any assistance from the Department other than providing a building, various Societies (Canadian Red Cross, Y.M.C.A., and Knights of Columbus) acting in co-operation, established a memorial workshop for taking care of "Problem Cases."

The 1921 Parliamentary Committee reviewing the various activities of the D.S.C.R. Reports (p. XIX):—

"The value of the work done in this connection by the Department is evidenced by the large number of men who were felt to be unemployable, having been placed in employment. It is possible that some of these will again come on the strength, but an effort is made as soon as a man is capable of taking employment outside, to provide same for him.

"It should also be borne in mind that for a considerable number of years, men who are now in employment will be unable through their disabilities to continue in competition with fit men, in the ordinary labour market, and *many need a period of sheltered employment before being able to go back to outside work.*

"It is felt, however, that in view of the nature of the provision required, some agency other than Governmental should conduct workshops similar to those being operated at the present time by the Department of Soldiers' Civil Re-establishment. Further, the matter of the cost of operating these workshops will have to be gone into very carefully with the organization to take up this work.

"19. The Department has already examined into the possibility of agencies outside the Government conducting the necessary special workshops or other provisions that may be approved from time to time in accordance with the needs of various centres, and the Canadian Red Cross, who have distinguished themselves in the carrying on of war work, and who it is believed are still anxious to have their organization continue in peace work were thought of and approached. To date, the proposals, which were general in character, have not been replied to by the National Executive, but the Department has been led to believe that the proposals were well received, and that action in the way of further and more detailed negotiations may be expected at an early date.

"Apart from the national organization, however, certain branches have already interested themselves and indeed started to engage actively in the establishing of definite centres of occupation. The work of the Quebec branch in Montreal has been outlined above. The Red Cross of British Columbia have signified their intention of embarking on a similar project within a short time, if, indeed, they have not already commenced operations.



"20. Your Committee has given careful consideration to resolutions forwarded in connection with this subject, and is of the opinion that the need for sheltered employment has been established. Your Committee, therefore, goes on record as being in agreement in principle with the requests submitted by the G.W.V.A., the G.A.U.V. and the Victoria Branch of the Canadian Red Cross.

"From all evidence submitted, it would appear that experiments conducted in other countries, as well as Canada, are not such as to lead to the belief that farm colonies under supervision would have any prospect of success. Your Committee, therefore, was unable to agree that the Government should embark on a definite scheme of farm homes. Your Committee believes that in the "Veteraft" shops, now being operated by the Department of Soldiers' Civil Re-establishment lies the most feasible scheme for the provision of sheltered employment in the larger centres of population.

"21. The recommendations of your Committee, therefore, are as follows:

"1. (a) That the Department of Soldiers' Civil Re-establishment continue negotiations with the Red Cross or other organization, to provide for the establishment under the administrative control of the Association or Organization, such undertaking as may, in the opinion of the Department, be considered to be advisable.

"(b) That until an organization of a definite nature is established, the Department continue to care for these cases as at present.

"2. As respects financial assistance by the Government additional to pension payments to individuals, it is felt that any decision can only be made after further negotiations with the Red Cross or other organizations undertaking the work. It is, therefore, recommended that such negotiations continue, and so soon as a definite basis of assistance is reached the proposal be placed before the Government for final approval".

As the result of a conference held in December 1921 between officers of the D.S.C.R. and members of a Special Committee appointed by the Red Cross, an agreement was entered into by which the Red Cross agreed to operate workshops in certain centres with Departmental co-operation in capital expenditures and operating loss.

The 1922 Parliamentary Committee investigating the same re-establishment needs, classified the ex-soldier for whom relief was sought into (p. XII):—

"1. Those whom real old age has at the time of discharge with or without other disability rendered unfit for employment on the open labour market, and those who are prematurely old from causes either arising out of or entirely unassociated with service. It is needless to say that this group will increase as time goes on.

"2. Those handicapped by severe physical disabilities which are the results of deformities, amputations, or arise otherwise from injuries due to service.

"3. Those with some chronic condition due to service, but who are not included in the tuberculous.

"4. Those who are suffering from some mental or nervous condition in whole or part due to service.

"5. The Tuberculous.

"6. Those who owing to various other causes due at least in part to service are unable to give to any fixed occupation the same extent of efficiency as is expected from a man 100 per cent fit."

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The Committee, after reviewing the experimental work in the workshops mentioned above and reporting the opening of new workshops at Victoria and Vancouver, B.C., through arrangements between the D.S.C.R. and the Canadian Red Cross, and after considering whether it was preferable that the conduct of such workshops would be better in the hands of some non-governmental agency, subject in so far as necessary to departmental examination, or whether such workshops should be operated entirely by the Department, expressed the opinion that where it may be considered by the Department better to enter into agreements with non-governmental organizations, it should be authorized to do so, and that the Department should equally be authorized at the outset to assist in the establishing of the shops on a proper basis by providing the capital necessary in the premises, including equipment.

The Committee further stated:—

“that while it might be justly argued that the State has no direct responsibility beyond the payment of pension as awarded, the subject is better treated from a more broad viewpoint but it should be understood that those seeking or participating in the advantages herein expressed, should be responsible on their own efforts and not in the receipt of pay and allowances”.

Negotiations between the Canadian Red Cross and the D.S.C.R. progressed to the point that on December 31, 1923, the Canadian Red Cross Society was operating workshops in Halifax, St. John, N.B., Montreal, Winnipeg, Vancouver and Victoria. In each case the agreement is on the following basis:

(a) That capital invested or involved, including the rental of premises and equipment is borne 85 per cent by the D.S.C.R., and 15 per cent by the Canadian Red Cross. If any alterations or repairs are required in rented premises, not borne by the landlord, the cost of same is included in capital expenditure.

(b) The interest of the two parties in the equipment, property, and buildings is in proportion to the expenditure made by each.

(c) In the event of any deficit in the cost of operation, in which cost is included, among other items, the costs of material, wages of staff, pay to men, lighting, power, gas, and marketing expenses, the Department contributes 75 per cent of such deficit up to a maximum contribution of \$30 (formerly \$25) per man per month, provided that such deficit is only applicable on account of men admitted to the shops under the provisions set out under the agreement. For the purposes of this apportionment the standard month is reckoned as of 175 working hours.

(d) Only pensioners of not less than 20 per cent actual nor more than 80 per cent pensionable disability are eligible for admission to workshops.

(e) Authority for admission is granted through an eligibility board of three members, two of which are appointed by the Department.

(f) Subject to the standing orders of the branch, the operation and control of the shops is totally under a committee of not less than three appointed by the Canadian Red Cross Society. This Committee decides the type of occupation to be provided, the wage to be paid, the purchase of supplies and disposal of product and all disciplinary measures necessary.

(g) Rate of pay by the hour, not exceeding standard rate paid to common labour, pension not being taken into consideration. Working day of eight hours, subject to individual consideration in consultation with Medical Adviser.

The scope of the work undertaken includes wood work of all kinds such as desks, step-ladders, tables, repairing including grass and wicker woven furniture, picture-framing, furniture, boat-making, etc. Other occupations are

weaving of scarves and homespun, knitting, manufacture of poppies distributed on Armistice Day, upholstering, basketry, toys, etc. The work is generally carried on mainly on order from the trade. The selling is helped by several clubs, newspaper advertising, etc. The utilization of the Red Cross organization for the disposal of the products in outside districts by putting on periodical sales is being considered.

The number of men on the strength of the Red Cross workshops on December 31, 1923, totalled 150, distributed as follows: Halifax, 15; St. John, N.B., 22; Montreal, 25; Winnipeg, 28; Vancouver, 31; Victoria, 29.

The average operating cost per man per month (exclusive of capital and rental charges) for the period February 1, 1923, to April 30 last, varied from \$36.41 in Halifax (the whole borne by D.S.C.R. but \$11.87 of which was charged to the local Red Cross pending final agreement) to \$46.50 in Montreal (out of which \$23.86 was paid by D.S.C.R.).

Besides, the D.S.C.R. operate separately Vetaft shops mainly at Toronto and Hamilton with smaller shops in London and Kingston. The total number employed in these Departmental Vetaft Shops on December 31, 1923, was 169, distributed: Toronto, 108; Hamilton, 35; Kingston, 12; London, 14.

The average cost per man per month is very variable depending largely on the price received for the finished product. The D.S.C.R. states that to February last the average cost has been \$58.12 at Toronto and \$48.57 at Hamilton.

As the average pay per man per month in Vetaft shops is possibly \$58.50 exclusive of pension and the average pay in the Red Cross shops is probably higher, it would, thus appear that even under the present poor selling conditions, it has been possible to pay men \$58.50 at a cost of probably \$35.00 to \$55.00 a portion of which cost is absorbed by the Red Cross Society.

To April 30, 1924, the capital costs have totalled \$120,390.23 (\$4,803.45 paid by Red Cross), the rentals \$39,647.72 (\$1,495.55 paid by Red Cross), and the net operating costs \$432,137.80 (\$42,974.59 by Red Cross), or a grand total of \$592,175.75.

Since starting the operation of workshops up to the end of the last calendar year, 954 men have been struck off strength, out of which more than one-half have gone into regular employment, or, owing to increase in their pension, have taken their discharge from the shops. Over 25 per cent have been transferred to the Treatment Branch or have been struck off strength on account of sickness or death, the remainder being apparently still unemployed.

The fact that all the men employed in workshops would be entitled to participate in unemployment relief were they not so employed, must not be lost sight of in considering the cost of these workshops.

Sheltered employment provides valuable assistance in fitting disabled men, otherwise, at least partially unemployable, for regular employment. In the majority of cases these men after long hospitalization have lost all confidence in themselves and in their ability to again successfully take their place in the regular labour market. A few months' experience in the shops in the majority of cases changes his mentality. The man, possibly even to his own surprise, finds that he has a certain earning capacity, his confidence in himself gradually increases and he finally finds himself keener to accept responsibility. Certain classes will never come to this stage and will remain permanently unemployable on the normal labour market.

## II. AS TO CIVILIAN INDUSTRY.

### (1) *Employment Agencies.*

The Federal Department of Labour has a Branch called the Employment Service of Canada, the main function of which is to assist in the solution of the unemployment problem generally. Advising the Minister there is an Employ-

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ment Service Council of Canada including representatives from the Federal Department of Labour, the D.S.C.R., the various Provinces, the Trades Labour Congress, G.W.V.A., Manufacturers Association, etc.

Through the agency of the Employment Services Co-ordination Act, accepted by all the Provinces except New Brunswick and Prince Edward Island, the Federal Government undertakes, under certain conditions of supervision and the rendering of certain returns, to contribute up to 50 per cent of the cost of maintenance and operation of the Provincial Employment Offices. (P.C. 954 of May 25, 1923). These returns facilitate the establishment of clearing house methods allowing the transfer of labour from one Province to another, etc. No regulations are in force in these offices for preferential treatment to ex-service men, although as the Commission is informed (Ottawa p. 249), a tacit understanding exists under which, all things being equal, such preference is given. The foregoing only applies to fit men.

With the object of facilitating the absorption of disabled ex-service men into the labour market, the D.S.C.R. has also maintained for a number of years a Handicap Section in the different Unit Offices. At the Annual Conference of the Employment Service of Canada in June 1923 at which provincial representatives were present, it was recognized that the placement of the handicapped ex-service men would be greatly facilitated, on account of their larger number and dissemination, if the activities of the whole Handicap Section were transferred to the Provincial Employment Offices. It was arranged that, when the provinces agreed, efforts would be made that positions suitable to handicapped men would, as far as possible, be preferably made available to them and that the Federal Government through the Employment Service would reimburse to the Provincial Government the whole of the increased expenditures.

Up to date, the provinces of Alberta, Saskatchewan, Manitoba, Nova Scotia and Ontario, have agreed to the scheme. The Department of Labour is still carrying on negotiations with the Province of British Columbia and an agreement is expected sometime this summer. With the Province of Quebec an agreement has also been signed but the Provincial organization is not felt to be sufficiently developed for the present to substantially help in placing disabled ex-soldiers. The D.S.C.R. still keeps employment offices in Ottawa, Kingston, Toronto, Hamilton, London, Montreal, Quebec, Vancouver and Victoria.

## (2) *Toronto Rehabilitation Scheme.*

On the 8th of February, 1924, a conference was held in Toronto between the Honourable the Minister of D.S.C.R. and a committee of leading business and professional men of the city of Toronto, looking towards providing a combined training and employment scheme for the rehabilitation of the partly disabled ex-service men, with a small pensionable disability and a possibly large actual disability not due to service, making them unfit, without help, to compete successfully in the open labour market.

The proposed scheme contained the following points:

1. Partially disabled ex-service men will be placed in permanent employment at a fair cost to the employer and a minimum cost to the Federal Government.
2. Partially disabled ex-service men will receive a living wage during the learning period.
3. The diligent partly disabled ex-service men will be given ample assistance to become rehabilitated, and the persistently indolent men will eventually be eliminated from this section of the labour market and from general relief.

4. All partly disabled ex-service men will eventually be given assistance to become rehabilitated without prejudicially affecting the Federal Government's interpretation of war disabilities.

5. The cost of relief for unemployed partly disabled ex-service men will eventually be reduced to a minimum.

6. The problem of unemployment may become more flexible.

This scheme was favourably received by the Government and, to give it effect, P.C. 798 of the 14th of May, 1924, was passed embodying the main features mentioned above. It provided that those in charge of the work will interview prospective employers and will arrange for the placement of men according to their ability and earning capacity. The amount earned by a man thus placed, plus pension, will be increased by the addition of a bonus to a living wage of 32½ cents per hour during a probationary period. As soon as wages and pension reach 32½ cents per hour the bonus will be discontinued, but the progress of the man will be watched until he is able to earn this amount or more without reference to his pension.

Some 29 prominent business and professional men of Toronto are formed into a general Committee of Rehabilitation in charge of the work. From this committee the government appoints a Board of Trustees of three which is put in charge of all expenditures with a provision that on a resignation, if any, from this board, the ministers are empowered to appoint a successor on recommendation of the General Committee of Rehabilitation.

All regulations and methods of procedure in connection with the operation and general working out of the proposals are left in the hands of the ministers. The D.S.C.R. is authorized to allow the expenditures necessary, such expenditures to be charged against any appropriation granted by Parliament to the department for the relief of ex-service men.

It is estimated that for a twelve month period the cost of the scheme exclusive of administration will not exceed the amount that would be required for the provision of unemployment relief, and that eventually it will result in an appreciable reduction, besides materially relieving the unemployment situation in Toronto in so far as it affects the disabled men. The cost for the first year is figured at \$300,000 out of which \$50,000 would be for administration.

The D.S.C.R. agrees to deposit the sum of \$30,000 at the beginning of the first month of operation to the credit of the Board of Trustees and to, thereafter, meet monthly the expenditures of that Board after making a complete audit as in the case of Departmental accounts.

### *(3) Vocational Training.*

The subject of Vocational Training has been frequently mentioned at the Hearings but, as would be expected, it has largely become a thing of the past so far as re-establishment efforts are concerned.

The principle on which this form of assistance was taken up was that since the ex-service men had become unfitted on account of injury or disease on service to resume his pre-war occupation, and although any loss of earning capacity in the unskilled labour market was presumed to be made up to him by pension, the country considered that he should have assistance in order, if possible, to utilize the remainder of his earning power in some remunerative form of employment. The extent of the responsibility thus assumed has been, it would appear, frequently misunderstood. The intention was, not to provide sustenance for a man and his family for whatever period was necessary to retrain him as a fully qualified journeyman, but to permit him to select, or to select for him, a trade or calling in which his disability would handicap him to



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the least extent and to afford opportunity for training and instruction in this particular occupation. His earning power at first might be nil and accordingly pay and allowances were granted to ensure the comfort of himself and family. These payments were continued, not until he had been completely trained as an expert craftsman, but until such time as his progress and proficiency made his work sufficiently valuable to enable him to secure employment outside as a useful workman in the particular trade which he had selected. The length of time necessary to accomplish this varied with the trade and the aptitude of the man. Generally eight months was allowed with a minimum of three months and a maximum of twenty-two.

A most extensive scheme of training was entered upon and over 53,000 ex-service men were passed for training from the year 1917 to date. The peak of the work was reached in February 1920 at which time some 26,000 men were in training. This training was not confined to men with a pensionable disability, but many who had minor war disabilities were also extended the privilege if, in medical opinion, their condition was such as to preclude them from taking up their pre-war occupation. While the average length of the training course given was eight months, no special limit to the period of training was laid down by the regulations. The length of course depended on the requirements of the individual case, provided he was doing his full share and taking advantage of the training received.

The basis upon which pay and allowances were calculated was the number in the family. A man with a wife and three children received \$137 a month. When the time came that he was regarded as sufficiently trained to be placed on his own resources, except in the most highly skilled trades, he found, if married a sudden decrease in his income because the employer made no difference between the married and unmarried man. This, no doubt, led to disappointments and in some cases to an unfounded inference that the training must have been insufficient or badly chosen.

Up to the time when the training of the large percentage of those entitled terminated, namely in 1921, the D.S.R.C. maintained, in connection with this work a "follow-up system" for the benefit of the trainees in order to ensure that they were properly placed and to note their progress and the sufficiency of their training as demonstrated in actual work. When from this follow-up system it was found necessary to change the training, action was taken accordingly in cases where the individual himself was not at fault.

A feature which should be mentioned, and which may not be generally known, is that, even in the early days of the system, nearly fifty per cent of the training was done by placing the man in the industry itself, rather than by giving him theoretical instruction in Departmental Schools. This percentage has steadily increased from 1919 so that, at the present time, of the comparatively few who are still on training, probably ninety per cent are being trained in the actual jobs which they expect eventually to take up.

The suggestion most strongly pressed was that there should be a resurvey of all vocationally trained men and that further consideration should be given to men who had been trained in what have since turned out to be for them unsuitable occupations, and to men who had found in practical work that their training was insufficient (Calgary 237, Winnipeg 408,433, Regina 168, Toronto 857 et seq.).

The argument in support of the necessity for these remedial measures was that Vocational Training was necessarily done at high pressure, the work was new, and there must have been a certain percentage of error which only a review could correct. This seems to have been taken into account however. The report of the D.S.C.R. for the year ending December 31, 1922, (p. 21) shows that 5,500

were permitted to change their courses after the commencement of training and that 9,000 were given training for a course longer than eight months. In about 10,000 cases (exclusive of the cases in which the course was automatically extended to eight months) extension of time was granted.

Obviously the best time to consider the suitability and sufficiency of the training was during the period when it was being received, and the figures above would indicate that full consideration was given to proper claims under this head when they were presented. There may be cases which on account of exceptional circumstances were either not considered or through no fault of their own were unable to present conditions which are now apparent, but those must be the rare exception and for these, under the practice of the Department the door is not yet closed if real merit can be shown. (Winnipeg 332).

The general practice now is that training is only given to men in one of the three following classifications:—

1. Released from hospital after long period of treatment.
2. Inability to carry on in previous vocation by reason of increase of disability.
3. Inability to carry on in the occupation for which they had been previously trained on account of an increase of disability.

but as stated, in cases where there are other exceptional circumstances further consideration is still extended.

This provision for individual cases of merit should take care of the class referred to in the evidence, without the heroic measure of a general re-opening of the whole activity, in which Forty-three million dollars have already been spent for training and for pay and allowances while instruction was going on.

Many men are not working at the occupation for which they were trained but it could not otherwise under the sub-normal economic conditions which exist. It must, in the opinion of the Commission, be frankly recognized that the fact that the vocational training student was able to depend on pay and allowances for a substantial period of his transition from military to civil life was in very many cases almost as genuine a benefit as the instruction actually received. It gave him the opportunity to look round and get his bearings and at the same time had in it none of the elements of a gratuity or bonus since he was pledging his time and energy in exchange

## C. METHODS ADOPTED OR PROPOSED ELSEWHERE

### I. ACTIVITIES OF THE INTERNATIONAL LABOUR BUREAU OF THE LEAGUE OF NATIONS

The representatives of the principal National Federations of disabled ex-service men in Great Britain, France, Italy, Poland, Germany and Austria, at a meeting at Geneva in September 1921, requested the International Labour Office of the League of Nations to undertake the study of questions relating amongst others to international protection for disabled men and their re-absorption into industry. The Governing Body of the International Labour Office decided, in April 1923, to give an affirmative reply to the above request and authorized the office to consult and to summon a meeting of experts on the problem of finding employment for disabled men.

On July 31, 1923, the experts met at the International Labour Office of the League of Nations at Geneva under the chairmanship of Mr. Albert Thomas, director of the International Labour Office with Mr. Tixier, chief of the Disablement Service acting as secretary. The following countries were represented: Australia, Austria, Belgium, Canada, Czecho-Slovakia, France, Germany,

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Great Britain, Italy, New Zealand, Poland, South Africa. From the British Empire, Australia was represented by Mr. Loftus Hill, Member of the Federal Executive of the Returned Sailors' and Soldiers' Imperial League of Australia; Canada by Mr. R. B. Maxwell, former President of the Great War Veterans' Association of Canada; Great Britain by Mr. J. R. J. Passmore, Training Department, Ministry of Labour, and Lt.-Col. G. Crossfield, Vice-Chairman of the British Legion; New Zealand by General Sir A. H. Russell, President of the New Zealand Returned Soldiers' Association, and South Africa by Brig. General J. S. Wylie, South African Branch of the British Empire Service League. The Permanent Inter-Allied Committee for the study of questions concerning war disabled men was represented by its General Secretary. Others were also present in an advisory capacity.

The experts considered that the question of the employment of disabled men is governed by two essential considerations:

1. Work is an absolute necessity to the majority of disabled men;
2. Although disabled men are obliged to support themselves by their earnings, they are ill-equipped to compete on the open labour market. They cannot hope to succeed against uninjured workers, especially if their working capacity is largely reduced by their disability. Employers are more willing to engage an uninjured worker upon whose output they can rely than a disabled man whose efficiency is presumed to have been more or less reduced and who appears to be more specially liable to the danger of accidents which may have special serious consequences in view of the disability which already exists. Again, the disabled worker sometimes encounters difficulties in his relations with the other workers who feel some apprehension lest the disabled man who is in receipt of a pension should accept work at less than the trade union rate and should thus contribute to the lowering of wages.

In consequence of these difficulties, the disabled men find it hard to obtain employment and are more seriously affected by periods of unemployment than are other workers.

The worldwide problem of re-absorbing disabled men into industry was rendered still more perplexing by the initial errors which were committed and by the general economic crisis. During the war and the months which immediately followed, business was extraordinarily active, and all workers could easily find employment, even those whose output was below normal. These workers were found employment but they were not re-absorbed. As soon as the first signs of the economic crisis appeared those undertakings which were compelled to discharge some of their workers naturally kept the most skilled and thus the majority of disabled men who had taken posts as unskilled workers, were thrown on the labour market. Another error was the failure to recognize the value of vocational training and the supply of suitable limbs and instruments for working. Until the end of the war, it was generally considered that the majority of seriously disabled men could not be made capable of performing any appreciable amount of work and that it was the duty of the State to provide for their maintenance. It has now been proved, however, that owing to the technical and scientific progress which has been made in supplying suitable instruments for work and in organizing vocational training on systematic lines, nearly all disabled men, even if they have suffered very serious mutilation, can work nearly as efficiently as uninjured workers provided they have been suitably guided in the choice of an occupation. When the disabled men found that it was very difficult to obtain work they naturally turned in the first place to the State, in whose services they had received their wounds or contracted their illness. All the belligerent countries laid down by legislation or by regulation that disabled ex-service men were to have preference in obtaining posts in the

public services. The right of preference is organized in widely divergent ways in the various countries. This, though, was found as only a part of the solution of the problem, as vacancies were not nearly sufficient to provide for all the applicants and employment had to be found in private undertakings as well.

In the latter case, two widely different methods were adopted, the first based on the collaboration of the employers, and the other on the adoption of legislation making it compulsory to engage a certain percentage of disabled men. Great Britain adopted the former (voluntary) scheme, nearly all the other countries adopting the latter (compulsory) scheme.

## II. VOLUNTARY SYSTEM—BRITISH NATIONAL SCHEME—KING'S HONOUR ROLL

This form of providing for the employment of disabled men by appeal to the voluntary co-operation of the employers is known in Great Britain as the "National Scheme" or "King's Honour Roll" and was initiated in September 1919.

The object of the scheme is to insure the permanent absorption of disabled men into industry as well as their equitable distribution among the several branches of industry.

The beneficiaries under the scheme are disabled ex-service men only, who are meant to be:

(a) Any man who is in possession of a disability pension, or who has been in receipt of a disability pension while in his present employment but has ceased to receive such a pension while in that employment.

(b) Any man who has received from the Ministry of Pensions a gratuity for a minor disablement or aggravation of a complaint and who is adjudged by the local committee to be incapacitated, either wholly or in part, from following his normal occupation.

(c) Any man who has had a disability pension commuted by the Ministry of Pensions.

All private employers and all public authorities national and local are invited to co-operate in the National Scheme. All employers are asked to employ as many disabled ex-service men as possible, with a minimum percentage of all employed to be fixed by agreement, but normally 5 per cent. It was realized, however, that a lower percentage might be regarded as sufficient in certain cases, as example in industries in which the work is arduous or of a kind on which a substantial proportion of female labour is normally employed. This general percentage of 5 was fixed by taking into consideration the total number of disabled men to whom the scheme applied, compared with the total number of wage earners in the country.

In the case of a firm owning branch establishments or controlling subsidiary firms, it is preferred that a comprehensive undertaking be given by the head office covering the total employees involved. For this purpose the percentage of disabled ex-service men is based upon the number of employees taken as a whole, it being not essential that each branch or subsidiary firm should employ that percentage. The negotiations are carried out by the local Committee in whose area the head office is situated. An employer is allowed to count toward his quota of disabled ex-service men, any disabled ex-service men training in his establishment and any vacancies as to which he gives the Minister of Labour a definite guarantee that they will be filled by disabled ex-service men trained elsewhere.

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The wages are governed either by agreements between the employers and the National Trade Advisory Committees set up by the Ministry of Labour, or through arrangements in trades where a mode of settling questions of wages is in operation. In other trades, except in cases where his earning capacity is very considerably reduced, the disabled man as a rule has a right to the average district rate of wages. The disability pension is not taken into account in computing the disabled man's rate of wage.

This National Scheme is administered by the Ministry of Labour through the King's Roll Committee or local Employment Committees, to which applications to enroll are submitted. If the local committee recommends the acceptance of the application and the Department agrees, the Minister of Labour issues a certificate to the employer and the employer's name is entered upon the King's National Roll. Employers who agree to co-operate in the National Scheme sign an undertaking in a form drawn up by the Ministry of Labour. The latter issues to the employer a certificate recognizing the undertaking given, and the name of the employer is inscribed on the King's National Roll, which is kept at the Ministry of Labour. When an employer has thus given an undertaking, he is entitled to use on his business stationery a Special Official device, "the Seal of Honour," indicating that he is a participant in the National Scheme for the employment of disabled ex-service men. The Certificate is issued on the understanding that the holder will be prepared at any time to satisfy the Minister of Labour that he is conforming to the undertaking. The Minister of Labour may withdraw the certificate and use of the die at any time if he is not satisfied that the terms of the undertaking are observed. When an undertaking under the Scheme has been in existence for a period of twelve months, it is renewable for a further period of two years.

The Roll contains the names of His Majesty the King, Her Majesty Queen Alexandra, His Majesty's Treasury on behalf of all Government Departments and Government industrial establishments, leading County, Municipal and other local authorities, and most of the largest industrial and commercial undertakings in the Country.

Since June, 1921, Government Contracts are limited, except in very exceptional circumstances, to firms which are on the King's Roll. A number of local authorities have followed the Government's example and have adopted resolutions restricting the allocation of contracts to firms on the Roll.

The National Scheme was put into execution at the end of 1919, with the result that from 1920 to June, 1923, the number of firms enrolled varied from 20,000 to over 30,000 and the number of disabled men employed reached 367,521 with a maximum in early 1922 and a tendency to decrease since. From October 1922 to July 1923 the number of employed remained fairly constant in the neighbourhood of 300,000.

In August 1922, it was estimated that the number of unemployed disabled men in Britain was still between 70,000 and 100,000 and the British Legion, by far the largest ex-service men's Association in Great Britain, claimed that the appeal to the voluntary co-operation of employers under the National Scheme had failed. In May, 1923, the Legion in Annual Conference adopted a resolution calling upon the Government to bring forward a Bill embodying the principle of compulsion in order to secure employment for all disabled men out of work. The House of Commons set up a Select Committee,—

"to examine and report upon the systems adopted in other Countries to provide for the employment of disabled ex-service men and to recommend a system which men who have suffered disablement in the service of the Country may be secured employment."



After many meetings, the Committee found that the voluntary system was failing and that it was necessary either to await a revival of trade or to constitute the voluntary system on a different basis or to adopt compulsion. It recommended amongst other measures:—

"1. That a further effort should be made to obtain employment for disabled men on a voluntary basis by partially recasting the existing voluntary system.

"2. That the principle to be adopted should be that of decentralization and devolution of duties and responsibilities to local bodies, with local knowledge and local enthusiasm, whose services in general should be honorary.

"7. That a Central Statutory Body, a King's Roll National Council should be set up to control generally, supervise and co-ordinate the activities of the County and County Borough Committees, and that it should be composed of representatives of both Houses of Parliament, of all Government Departments concerned, of employers, Trades Unions, and ex-service men's organizations. This body should work under the aegis of and derive its power from the Ministry of Labour, which would be responsible for the provision and regulation of public funds.

"8. That the problem of the severely disabled ex-service men should be dealt with by the King's Roll County and County Borough Committees . . . . . by the encouragement of voluntary institutions and home industries with limited State assistance. . . . .

Its general conclusions were:—

"So urgent is the problem that the Committee recommend that their proposals should be carried into effect forthwith, and the necessary legislation passed during the autumn session. But should the figures show that the problem has not, by the first of May, 1923, been successfully dealt with on the lines proposed, recourse should then be had to a form of compulsion modified in character and scope as circumstances may dictate".

The giving effect to a majority of the above recommendations improved the situation to some extent. The National Council, instituted in February 1923, reported in June following that the system of decentralizing voluntary effort for the benefit of disabled men, and of interesting the local authorities in the matter, is the right one. The essential principle of its work was to appeal to local enthusiasm, to the local personal interest of the employers and to the spirit of local competition. The Council concluded:

"that if the winter does not bring another unemployment crisis and if local enthusiasm was kept up, it will be possible with the assistance of the local committees and the press to improve the facilities for the employment of disabled men without having recourse to compulsion".

That the National Scheme as far as it went has been useful, there can be no doubt, but that it has permanently solved the problem of providing employment for an adequate number of disabled ex-service men, is still at least very doubtful as seems proven by the fact that, in June 1923, a Bill for the Compulsory employment of disabled ex-service men was introduced in the British House of Commons by a private member but later withdrawn and that, in May 1924, a second bill

"to compel all employers to employ a certain percentage of disabled ex-service men, the employers to be given two years to adjust their establishments to the new requirements."

was introduced in the same House, and although not disposed of to date had, at last reports, been unanimously given a second reading.

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## III. COMPULSORY EMPLOYMENT OF DISABLED EX-SERVICE MEN

In France, Germany, Austria, Poland, Italy and the Kingdom of the Serbs, Croats and Slovenes, legislation has been adopted with a view to making it compulsory for employers to engage a certain percentage of disabled men. In Hungary the Government has included a clause relating to compulsory employment in a bill concerning assistance for disabled men. In Czechoslovakia the Ministry of Social Affairs has drafted a bill of the same character.

The arguments brought forward in these countries in favour of the system of compulsory employment may be summarized as follows:—

“Disabled men are entitled to compensation for the disadvantage under which they are placed owing to their disabilities or ailments contracted in the service of the nation. The right to work is only one form of the general right to compensation. The realization of this right to work cannot be obtained without legal intervention because disabled men are placed in an altogether disadvantageous position by the free play of the forces of supply and demand of a general labour market”.

The system of voluntary collaboration of employers does not secure the permanent absorption of all disabled men. On the one hand, it is very difficult for the seriously disabled to find employment, and a number of them remain out of work. On the other hand, the periodical renewal of the undertakings entered into by employers, undertakings which may moreover be cancelled at any time, do not offer disabled men guarantees of the security and stability which they need and to which they are entitled.

The system of compulsory employment alone can secure the fair distribution of disabled labour among employers. Further, compulsory employment, by imposing on employers a definite and lasting obligation, leads them to investigate the possibilities of adapting their equipment and of placing disabled men in posts in which their output is likely to be normal or almost normal.

*1. Persons covered by Legislation.*

In Germany, the legislation applies to ex-service men as well as to persons disabled in industrial accidents and other disabled persons, whatever the origin of their infirmity. In Austria, the legislation applies to seriously disabled ex-service men and to a few limited categories of persons seriously injured in industrial accidents. In Poland and Italy, the legislation applies exclusively to seriously disabled ex-service men. In France, the bill adopted by the Chamber of Deputies grants the right to compulsory employment to members of the Land and Sea Forces who hold a final or temporary pension.

*2. Scope of Application of Legislation and Regulations and Percentage of Disabled Men to be Employed.*

(a) In Germany the compulsion applies both to private undertakings and to public departments whether Federal, State or Municipal, and it covers agricultural as well as industrial and commercial undertakings. In practice, the obligation has only been applied to public services employing at least 25 manual and non-manual workers and private undertakings employing at least 20 workers. The proportion of disabled men which must be employed is normally 2 per cent.

(b) In Austria, the legislation applies to industrial undertakings of all kinds, mining, agricultural and forestry, and in general, all undertakings carried on for the purpose of gain, and employing not less than 20 workers. The number of disabled men to be employed in each undertaking averages 4 per cent of the total staff.

(c) In Poland, the legislation applies to agricultural, commercial, industrial and transport undertakings employing not less than 50 manual or non-manual workers. The compulsion averages 2 per cent.

(d) In Italy, the legislation applies to public services and private undertakings, of whatever nature, employing more than 10 male paid workers, and the average compulsion is 5 per cent.

(e) In France, the legislation applies to all industrial and commercial undertakings employing during the current part of the year more than 10 paid workers of either sex over 18 years of age, whether of French or other nationality, and all agricultural undertakings which similarly employ more than 15 paid workers. The general proportion of compulsion is 10 per cent.

### 3. *Administrative Organization.*

In practically all cases the administering organizations for the finding of employment, in the above-mentioned countries, is through public or provincial employment exchange and in certain cases through special employment agencies attached to central offices.

### 4. *Conditions of work.*

The conditions of work including wages and periods of notice for dismissal, are variable in the different countries, but, generally speaking, the wages are fixed without taking the pension into consideration. In many instances the disabled man whose output is normal must receive the normal wage of his category and in many cases special regulations apply as to period of notice, two to four weeks being necessary before dismissal.

### 5. *Bodies responsible for application and supervision, appeals, penalties, fees and other compensatory taxes.*

Equally provisions vary considerably on these matters. The Ministry of Labour is generally the body responsible for the application of the Act. Appeals as to wages are in some instances decided by the ordinary courts. The penalties vary from, in France, 3 francs per working day per disabled man not employed to, in Poland, 1,000,000 marks or not less than six week's detention. The fees and compensatory taxes in certain cases, as in Poland, apply to all; in Austria, to those exempt from the application of the Act; and in Germany, Italy and France these fees and taxes do not apply to those totally or partially exempt.

## IV. FUNDAMENTAL PRINCIPLES

As the foregoing situations in different countries were being placed before and explained to the experts in Assembly, they were asked to summarize fundamental principles and formulate conclusions which might serve as the ground work for a satisfactory organization for the employment of the disabled. The points to be considered were:—

### " 1. *In defining the persons entitled to compulsory employment:*

" (a) Should legislation be of a temporary character and apply exclusively to ex-service men, or should it be of a permanent character and apply to persons disabled in industrial accidents and all disabled persons?

" (b) Should legislation apply to all disabled persons or only to certain categories, and, if so, what are the principles according to which the categories should be determined?

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" 2. *Relative to problems connected with the scope of application of legislation and the fixing of the percentage of disabled men to be compulsorily employed:*

" (c) Should compulsory employment apply to all undertakings or to certain categories only?

" (d) In the latter case, in what manner should the undertakings exempted from the obligation be defined? Should exemptions be allowed to undertakings in which, owing to their nature, it is difficult to employ disabled men? Should the obligation apply to small undertakings, and is it desirable to fix a minimum number of workers below which the obligation does not apply?

" (e) Should the undertakings exempted from compulsory employment be required to pay fees or compensatory taxes? If so, on what principles should such fees or taxes be calculated?

" (f) Should legislation fix a general percentage applicable to all undertakings, or should a special percentage for each category of undertakings be fixed by decree or administrative regulation.

" (g) If a general percentage is fixed, on what basis should it be calculated?

" (h) In what manner should the special percentage for each category of undertakings be fixed, and on what basis? Have any trustworthy technical investigations been made into the percentage of disabled men which can be employed by the various categories of undertakings without injuring their efficiency?

" 3. *Relative to the administrative organization for finding employment for disabled men:*

" (i) Should it be entrusted to the public employment exchange responsible for finding employment for ordinary workers, or to special organizations attached to the offices, dealing with questions especially affecting the disabled?

" (j) Should it be made legally compulsory for employers to notify the employment exchanges of vacancies which have to be allocated to disabled men?

" (k) Should any period be fixed within which the vacancies must be notified to the employment exchanges?

" (l) Should any period be fixed within which the employment exchanges must submit candidates to fill the vacancies notified to them and after which employers become free to engage disabled or other workers?

" (m) Should it be made compulsory for employers to have recourse to the employment exchanges to obtain the statutory number of disabled workers or should they remain free to engage such disabled workers (1) before notifying the employment exchanges of the vacancies (2) before and after notifying the employment exchanges of the vacancies.

" 4. *As to the protective measures relating to the wages and discharge of disabled men:*

" (n) Is it desirable to adopt legislation regulating the wages of disabled men?

" (o) Should employers be forbidden to take disabled man's pension into account in fixing his wages?

"(p) Should the wages of the disabled man be fixed without regard to his vocational capacity, or should a certain relation be established between the wages paid and the vocational capacity, and, if so, what should the relation be?"

"(q) Should legislation be adopted laying down special regulations for the discharge of disabled men, and if so, what special measure for the protection of disabled men are necessary?"

"5. *Finally, as to the Application and supervision of the legislation, Appeals Penalties and Fees or Compensatory Taxes:*

"(r) Is it desirable to set up special organizations for the application and supervision of the finding of employment for disabled men, or is it desirable to make use either of disabled men's committees, or of the officers responsible for the welfare of disabled men, or of the administrative organizations responsible for supervising the application of the legislation and regulations relating to labour in general?"

"(s) Is it desirable to set up special courts to deal with disputes arising out of the employment of disabled men, or should such disputes be submitted to existing courts (civil, commercial and industrial courts, etc.)?"

"(t) Should undertakings which are not subject to the obligation of employing disabled men be required to pay a fee or compensatory tax?"

The experts carefully considered all the above questions, and after six sittings and much discussion, came to the following general conclusions:

*A. Fundamental Principles:*

"1. In the firm conviction that the nations are unanimous in desiring that the men who have suffered in their service should enjoy the facilities for obtaining an adequate and steady means of livelihood which they would have had if they had not been disabled, independently of the pension which they receive, by their own productive work, and further that in view of the immense amount of wealth consumed by the war, it is in the interest of society that all makes of production should be fully utilized by a rational organization, and that in consequence disabled men should be enabled to work to the fullest extent of their capacity.

"The experts are definitely of the opinion that it is *pre-eminently the duty of the State to assume complete responsibility for the means of livelihood and welfare of those disabled during the war*, and are further of the opinion that such responsibility may be discharged by introducing legislation and otherwise devising means whereby disabled men shall be enabled to find employment and to contribute to the fullest extent of their capacity towards national production.

"2. While agreeing that during the years immediately following the war a system of employment based upon the voluntary collaboration of employers by means of renewable agreements has yielded, and may still yield important results, the experts consider that in densely populated countries with a large proportion of disabled men this system cannot ensure an equitable distribution of disabled labour among employers, and does not furnish to the disabled the necessary permanent guarantees of employment in the future to which they are entitled. They declare that in order to insure definitely and finally the permanent employment of the disabled man, it is absolutely necessary to have recourse to the



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legal obligation of employment, taking into account the varying conditions of labour prevailing in different countries, and call the attention of the governments to the fact that neither such a system of legal obligation nor the system of voluntary collaboration will adequately provide for the care of disabled men in their old age and consider that it is primarily the duty of the State to take the necessary steps for attaining this object.

*"B. Essential Provisions to be Included in all Legislation, Regulations or Agreements relating to finding employment for disabled men:*

*"1. Persons entitled to benefit:*

*"(a)* All legislation, regulations or agreements should be applicable to all disabled men in receipt of pensions whatever methods of compensation are adopted by the Pensions Legislation;

*"(b)* All legislation, regulations or agreements should be of a permanent character;

*"(c)* The experience acquired in safeguarding the employment of the war-disabled could appropriately be applied for the benefit of disabled workers and other disabled persons.

*"2. Undertakings covered by Legislation, Regulations or Agreements:*

*"(a)* All legislation, regulations or agreements should be applicable to all undertakings in which the minimum number of workers employed reaches or exceeds a certain figure to be fixed in each State;

*"(b)* Undertakings subject to such legislation, regulations or agreements by virtue of the number of persons employed therein should, however, be able on application to obtain exemptions when it is proved that the employment of disabled men in such undertakings is impossible or particularly difficult. Such exemptions should be granted by authorities entrusted with the application of such legislation, regulations or agreements, in which the associations comprising disabled men and the trade organizations affected should be represented;

*"(c)* Undertakings subject to such legislation, regulations, or agreements which obtain exemptions should be liable to the payment of a compensatory tax or charge, the produce of which should be applied for the benefit of the persons entitled to the benefit of such legislation, regulations, or agreements.

*"3. Percentage of disabled men to be employed:*

*"(a)* All such legislations, regulations or agreements should fix a general percentage of disabled men to be employed. Such percentage should, in each State, be calculated having regard to the total number of wage earners, the number of disabled men entitled to benefit and the variations from the general percentage which it may be necessary to allow to certain undertakings or certain classes of undertakings;

*"(b)* Variations from the general percentage should be allowed to undertakings applying for the same, when it is proved that it is impossible or very difficult for them to attain the general percentage. Such variations should be granted by the authorities entrusted with the application of such legislation, regulations or agreements, in which the associations comprising disabled men and the trade organizations concerned should be represented.

*"4. Administrative organization of employment agencies:*

*"(a)* In Countries which, in conformity with the decisions of the International Labour Conference at Washington, have established a

general and complete system of public employment agencies, under the control of a central authority, with provision for the joint consultation of employers and workers, it would be desirable to entrust the application of such legislation, regulations and agreements to such public employment agencies;

"(b) Such public employment agencies should, wherever necessary and particularly in the larger towns, establish special sections for finding employment for disabled men. Such sections should act in close co-operation with any Government Department dealing with disabled men and with the Associations comprising disabled men;

"(c) The Committees administering the public employment agencies should include representatives of any Government Department dealing with disabled men and of the Associations comprising disabled men, who should be directly entrusted with application of the legislation, regulations or agreements relating to the employment of disabled men;

"(d) The action of the public employment agencies should be supplemented, wherever it is considered necessary, by the action of any Government Department dealing with disabled men and of the associations comprising disabled men;

"(e) In States possessing both a system of public employment agencies and a general system of social welfare institutions for the benefit of all classes of disabled persons, whatever be the origin of their disability, such institutions which possess great experience of the medical and vocational aspects of the problem of the disabled, might be entrusted with finding employment for disabled men. Such institutions should, in the matter of finding employment, act in close collaboration with the public employment agencies.

#### "5. *Wages of disabled men:*

"(a) The amount of the pension of a disabled man should not have any effect on wages, but wages should be fixed independently of the pension;

"(b) In principle, the wages of a disabled man should be equal to the normal current wages of ordinary workers carrying on the same vocation in the same district, and should be subject to the additions of every kind payable to ordinary workers according to the same methods of calculation. Nevertheless, in Countries in which, owing to the economic situation, the employment of all disabled men on full wages is not possible, and in very exceptional cases in which, notwithstanding the efforts made to secure adequate vocational re-education and vocational guidance, the vocational capacity of the disabled remains appreciably reduced, it is admissible that such disabled men should not receive the whole of the basic wages of ordinary workers, but subject to the following reservations:

"(aa) Such reduction shall not apply to cost of living bonuses and increments on grounds of seniority, or to any payment based on other considerations than output. (bb) The conditions in which and the limits within which such reductions of wages may be allowed shall in each State, be the subject of provisions contained in legislation, regulations, and agreements, and agreements of service, involving such reductions shall be subject to approval by authorities including representatives of the associations comprising disabled men and the trade organizations concerned; (cc) The associations comprising disabled men shall be empowered to take legal proceedings for enforcing the penalties and

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damages imposed by the general labour legislation and the legislation, regulations or agreements especially applicable to the employment of disabled men.

*"6. Dismissal:*

"In all such legislation, regulations and agreements, disabled men shall be especially protected against wrongful dismissal, both by the provision of a period of notice and by providing for the submission of disputes between a disabled man and his employer to one of the authorities entrusted with the application of such legislation, regulations or agreements in which the associations comprising disabled men and the trade organizations concerned shall be represented".

#### D. THE EXTENT OF THE PROBLEM IN CANADA

The number of disabled ex-service men unemployed to-day in Canada cannot be much better than guessed at.

It was stated in the evidence (Toronto p. 1422) that a survey was made in early 1922 of the unemployment conditions in the Province of Ontario and statistics were obtained from 15 cities (outside of Toronto and Ottawa) in which the Provincial Government operated Employment Bureaux. The survey showed that in the above cities, out of the total unemployed, from 58 per cent to 80 per cent were ex-service men.

It is further stated (1423) that from a report submitted to the Federal Government from 6,000 firms, representing 743,128 men, 156,000 less men were employed at the beginning of 1922 than during the standard year 1920. Out of these, 101,400 or 65 per cent would have been returned men; or, in other words, while unemployment amongst the civil population only represented  $2\frac{1}{2}$  per cent, amongst ex-soldiers it represented 20 per cent.

This high percentage of ex-service men unemployed may be partially explained by the fact that the Government Relief payments being then made, might have induced employers, who were reducing their staffs, to start by dismissing ex-service men, knowing that they would be helped anyway. (1422).

In reply to a questionnaire, the various Superintendents of the Employment Bureaux of Ontario supplied the information that in 1922, while the Civil Unemployment had been practically absorbed in industry, the percentage of unemployed ex-service men remained stationary. In April, 1923, it was reported (1433) that the total number of ex-service men, heads of families, assisted by the City of Toronto through the House of Industry was 2,104 from April, 1921, to April, 1922, and 2,137 or an increase of 2 per cent during the following year, whilst during the same period the Civilian Relief had decreased 35 per cent. Reports of the Dominion Bureau of Statistics would show that taking January, 1920, as normal, employment in March, 1921, was 12 per cent, in March, 1922, 18 per cent, in March, 1923, and January, 1924, 10 per cent below normal. In Toronto, statistics showed March, 1921, as 18 per cent, 1922,  $11\frac{1}{2}$  per cent and 1923, 14.3 per cent below normal.

On the other hand, the number of disabled ex-service men who had applied to the D.S.C.R. and who were classed pending placement on February 2nd, 1924, was 2,841, distributed as follows: Halifax, 53; St. John, 12; Montreal, 779; Quebec, 38; Ottawa, 177; Kingston, 35; Toronto, 948; Hamilton, 169; London, 40; Winnipeg, 232; Regina, 34; Calgary, 33; Vancouver and Victoria, 291.

The figures of the above distribution are an absolute minimum, as a probably large number of unemployed disabled ex-service men in addition, possibly over 3,000, had not at that date, applied to the D.S.C.R. offices for employment.

This last estimation is based on the fact that the Department of Labour, as in February, 1923, from returns submitted by 5,768 firms employing 729,950 persons, estimates that 11.3 per cent of the labour market in Canada is unemployed. The total number of living disabled pensioners of all classes as at December 31st, 1923, is 43,289. The number of pensioners who accepted final payment is 24,618 but it is estimated that 500 have since died and 1,200 have been reinstated, leaving a total number of men who have received final payment 22,518. 2,888 disability pensioners reside in the British Isles and 3,864 in the United States. Of those who received final payment 3,680 reside out of Canada. The total number of disability pensioners and final payment pensioners still living in Canada may be thus estimated at 55,375, 11 per cent of which would represent over 6,000 disabled unemployed.

Notwithstanding the Toronto figures first mentioned, it may be fair to assume that the percentage of unemployed disabled ex-service men is probably lower than that of the general labour market in view of the preference given in the Civil Service, but, on the other hand, it must not be lost sight of that many disabled men with relatively low pensions are classified as employed although possibly deriving a very small and inadequate remuneration for their services, and should better opportunities for them be offered, they would undoubtedly become candidates for more remunerative employment. It is equally fair to call attention to the fact that the number of unemployed increases gradually yearly, during December, with signs of improvement only with the start of building operations in April.

## E. SUGGESTIONS CONCERNING THE PRINCIPLE TO BE FOLLOWED AND THE NATURE OF POSSIBLE FURTHER EFFORT.

### I. PRINCIPLE TO BE FOLLOWED

The Commission has hereinbefore collected expressions which might be taken to indicate the extent of the State's responsibility for the employment of the man who is partially incapacitated by war service. To determine the principle which is to govern is extremely important. The Commission has not found any absolutely clear and distinct pronouncement in Canada, but the efforts which have been made to assist in the employment of the partially disabled by Vetacraft and Red Cross workshops and by Vocational Training recognize the moral, if not the legal responsibility of the State to provide facilities for utilizing the residuum of earning power even though compensation is made, by pension, for the loss of earning power which service has caused. The Parliamentary Committee of 1922 called attention to the distinction between the legal responsibility for pension and the much more indirect obligation to provide employment, but the report of that committee (p. xiv) seems to concede the latter liability, at least by implication. It says:—

“Your Committee expresses the opinion that while it might be justly argued that the State has no direct responsibility beyond the payment of pension as awarded the subject is *better treated from a more broad viewpoint* but it should be understood that those seeking or participating in the advantages herein expressed should be responsible on their own efforts and not be in receipt of pay and allowances”.

The 1921 Parliamentary Committee in considering the necessity for sheltered workshops says (p. xix):—

“It should also be borne in mind that for a considerable number of years, men who are now in employment will be unable through their dis-

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abilities to continue in competition with fit men, in the ordinary labour market, and *many need a period of sheltered employment before being able to go back to outside work*".

Further down in the same Report the Committee definitely adds:—

"Your Committee has given careful consideration to resolutions forwarded in connection with this subject, and is of the opinion that the need for sheltered employment has been established. Your Committee, therefore, goes on record as being in agreement in principle with the requests submitted by the G.W.V.A., the G.A.U.V., and the Victoria Branch of the Canadian Red Cross".

The conclusions of the experts, consulted by the International Labour Office of the League of Nations, quoted previously in this Report, very clearly and definitely state the liability which they consider the State should accept, as follows:—

"The experts are definitely of the opinion that it is pre-eminently the duty of the State to assume complete responsibility for the means of livelihood and welfare of those disabled during the war, and are further of the opinion that such responsibility may be discharged by introducing legislation and otherwise devising means whereby disabled men shall be enabled to find employment and to contribute to the fullest extent of their capacity towards national production."

But this general principle is somewhat modified in considering:—

"Countries in which, owing to the economic situation, the employment of all disabled men on full wages is not possible. ...."

The claim which was made at Montreal (222) on behalf of ex-service men was stated as follows:—

"My conception of it is whatever the man's disability is, and he cannot get a job on the labour market, he should be given employment by the Government under Government supervision. If he has a 40 per cent disability, the Government should find him employment so that he may earn the other sixty per cent".

And again (547):—

"It is up to the Government to look after him in some way or other. If he does not get a pension sufficient to keep him and his family, there is no doubt that he should be given sheltered employment so as to make up the difference between the pension he is getting or should get. .... and enough to keep his wife and family".

(See also Calgary 236-8, Winnipeg 153, Toronto 858, 919, Vancouver 248).

The Commission considers that these claims are too broad. An enunciation of an equitable principle to govern these cases would be, in the opinion of the Commission, that where ex-soldiers, receiving over 20 per cent pension are, after reasonable and diligent efforts, unable to secure employment, the State is not absolved from liability until employment opportunity in proportion to that enjoyed by the normal man for his 100 per cent capacity is provided for whatever substantial remnant of working capacity the pensioner may have.

## II. SUGGESTED POSSIBLE EXTENSIONS OF PRESENT METHODS OF ASSISTANCE

### (1) As to Government Undertakings:

(a) *Civil Service Preference*.—The Commission has already referred to the large percentage of positions given ex-service men under the provision for them in the Civil Service Act and has called attention to the percentage of disabled



men who have received the benefit of the super-preference provided for this class. As has been stated, a large number of positions in the outside service were by P.C. 1053 exempt from the jurisdiction of the Civil Service Commission and placed entirely under departmental control. As to these, it is definitely laid down that the preferences prescribed by the Civil Service Act are to be observed. The transference, therefore, would not deprive soldier applicants for these positions of the priority previously enjoyed. Reference has been made to the claim that this special treatment has only been accorded to a comparatively limited degree.

The suggestion was made (Winnipeg 314) that there should be less stringency in examinations for ex-service men in connection with non-technical positions. The Commission can only assume that the examinations for these positions are not more strict than the qualifications for the position demand and, if that is so, the fact that the ex-service man who passes an examination is placed above all the other applicants no matter what his standing in the examination may be, ensures to him, from the examination standpoint, as much preference as can be reasonably expected.

(b) *Other Suggestions as to Government Employment.*—On this point a great variety of proposals were brought forward ranging all the way from the proposal that Government contracts should not be awarded except to contractors who employed a certain percentage of disabled men, to a suggestion that 10 per cent of ex-service men should be employed in all Government offices and that dismissals of men who had not served be made so far as necessary to create the requisite vacancies. The Commission summarizes herewith the references to some of the suggestions received:—

That there be a pool of all ex-service men in the Civil Service (Toronto 1819).

That war service be considered in fixing seniority (Montreal 600).

The more general employment on the Canadian National Railways of disabled ex-service men (Winnipeg 781).

The transference of Rural Postmasterships to the jurisdiction of the Civil Service Commission (Regina 92).

The amputations representatives, in discussing employment, very fairly put the problem not only of their group but of all the partially disabled. Their summary of suggestions as to employment was equally applicable to all handicapped men.

They did not attempt to advocate any new system or any radical change in existing facilities. They concentrated on the necessity for activating and improving principles already accepted, such as Government and Civil Service preference, training for departmental positions, and further efforts towards absorption of these men into industrial enterprises. Three other matters were mentioned by them:—

(a) The precarious position of ex-service (as well as other) employees of the Soldier Settlement Board, D.S.C.R. and Income Tax office under P.C. 2958, which excludes them from the list of employees occupying what are regarded as permanent positions (Toronto 1271).

(b) Compulsory employment of a certain percentage of disabled men on all State contracts (Toronto 1294).

(c) Representation of Amputations on the Civil Service Commission organization (1277).

The Commission can only make the foregoing proposals, suggestions and representations matters of record for the consideration of the authorities concerned. It is convinced that every reasonable effort is made by the D.S.C.R.

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to forward the claims for employment of partially disabled men and any improvement along almost any of the lines indicated in these proposals must come primarily through negotiation rather than by legislative enactment.

The Commission does, however, consider that further efforts are warranted to improve the position of ex-service employees of the Soldier Settlement Board, D.S.C.R. and Income Tax Office with a view to having a certain length of service together with a certificate of efficiency taken as entitling them to special consideration for employment without examination, in other branches of the service. The Commission is also of the opinion that there must be opportunities for absorbing more disabled men in the organization of the Canadian National Railways where the variety of occupations permit the useful employment of almost every class of handicapped man.

Regarding the proposal by the Amputations Association for representation on the Civil Service Commission organization, the Commission is of the opinion that, while this cannot be applicable to any one group, there is good ground for direct representation there of ex-service men as a class, in view of the fact that that organization is the agency through which Parliament has provided the machinery to make effective the cardinal principle of the priority of ex-service men.

(c) *Sheltered Employment.*—The system of sheltered workshops now in operation in Canada has already been described. The extension of sheltered employment establishment and facilities was urged with a great deal of force, particularly at Vancouver (264-5 et seq), where it was discussed with considerable detail. It was advocated that there be some Central Federal Service for purchasing and marketing the products of sheltered workshops and that a Central Research section be created analogous to the Rural Industrial Intelligence Bureau affiliated with the Development Commission in England, for the purpose of making investigations regarding the economic possibilities of establishing new industries, studying market intelligence, technical matters including designing processes, the possibilities of manufacturing goods now largely imported, and generally gathering information which would be of value in connection with these industries. Such a Bureau, it was suggested, might form part and make use of the present machinery and organization of the Department of Trade and Commerce. The establishment of any Central Agency will not, however, lessen the desirability of fostering special industries not hitherto carried on in the locality concerned in order to eliminate as far as possible the objection to Government assistance of workshops in competition with private undertakings.

The Commission is convinced that the most satisfactory method of operating workshops for the employment of partially disabled men is through civilian agencies such as the Red Cross, and its opinion is that active steps should be taken for the completion of the chain of Red Cross workshops across Canada including the provinces where workshops entirely under Departmental operation now exist. The Report of the 1921 Parliamentary Committee previously referred to, points out very definitely the need for facilities for sheltered employment which these workshops fill.

## (2) *Civilian Industrial Undertakings*

(a) *Employment Office Service.*—Frequent suggestions were made that there should be close liaison between the D.S.C.R. and the local employment bureaux to ensure that ex-service men were being given first consideration through those agencies. The Commission has no reason to doubt that close touch is kept in this respect although the official connection is necessarily indirect on account of the fact that the D.S.C.R. is not a party to the agree-

ments respecting the operation of employment offices entered into between the Department of Labour and the Provincial Authorities. The Commission is of the opinion that Provincial Employment offices should be asked to keep a record and make a return periodically of the number of ex-servicemen, disabled and otherwise, who apply for or are placed in employment. It was stated (Ottawa 252) that such record was abandoned with the idea that the knowledge that the applicant was an ex-service man might act as a deterrent with prejudiced employers. This does not prevent, however, the keeping of the office record.

The Commission recommended in its First Interim Report on the Second Part of the Investigation (p. 26) that the co-ordination of the D.S.C.R.'s Handicap Section with the Provincial Bureaux be completed and put into operation without delay. This has been done except respecting the province of British Columbia, and the completion of negotiations to that end is highly desirable.

(b) Government Contracts.—Suggestions were made that a requirement be exacted of Government tenderers and contractors that they employ a certain percentage of disabled ex-service men (Vancouver 258, Calgary 238-9, Ottawa 293). This proposal is, the Commission thinks, well worthy of consideration. It would only mean, in effect, that these collateral services would be brought under the terms of the preference already afforded within the Government organization proper.

*(c) Voluntary Absorption into Civilian Industry:*

(aa) King's Honour Roll.—It is by no means certain that the method of procuring the co-operation of employers in Canada by persuasion and inducement to take on more disabled men in existing industries has been exhausted (Vancouver 248). As it was expressed at Vancouver (244,345) there is a niche for each man with a substantial (although impaired) degree of working capacity. The difficulty, particularly in times of trade depression, is to find the appropriate niche. An outstanding example is the Ford Plant at Detroit where there are said to be (Vancouver 345) nearly 10,000 sub-standard men employed, some of them very heavily handicapped, including one with both arms off and four with amputation of both legs or feet.

The King's Honour Roll Scheme, which has been described in discussing activities in other countries, and which for a considerable period worked so successfully in Great Britain, may with necessary modifications still be found to be effective in Canada. The D.S.C.R. has already removed the objection made by employers to taking on disabled men, on account of increased liability under the Workmen's Compensation Acts, by paying the assessments in respect of such men (see 1922 Parliamentary Committee Report XX and XXV).

(bb) Local Committees.—A suggestion which particularly appealed to the Commission was made at Vancouver (297) in which it was proposed that local Committees of prominent citizens be organized to take special interest in assisting disabled men by conferring with local employers, acquainting them with the needs of the situation, and ascertaining from them the possibilities of their particular business or industry in helping to absorb such men. The official appointment by the Government throughout the country of Local Boards of prominent public spirited citizens for this purpose would, it is believed, reawaken public interest and have beneficial results. These local Committees should only be utilized with the full concurrence of the Provincial Employment agencies with which they would be co-operating, their function being to bring their local influence and interest to the support of these agencies in placing handicapped men.

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(cc) *Toronto Rehabilitation Scheme.*—This has already been outlined. It represents a considered and promising step in relieving the situation. The basis of this project is that a local body of citizens investigates and secures opportunities for employment, not necessarily at the ordinary rate of wages, but at a rate commensurate with the disabled man's capabilities. The State co-operates, by applying the money previously paid out for unemployment relief towards bringing up the pay of the man so employed to a minimum wage scale. The practical working out of the Scheme by the influential body of citizens which has taken it up should be studied with serious interest elsewhere because if successful it offers almost a complete solution for the present problem.

(dd) *Financial Inducements.*—Suggestions were also made for pecuniary inducements to firms which employ a certain percentage of disabled ex-service men (Vancouver 257). The particular consideration mentioned was a graduated reduction in the percentage of income tax depending on the proportion of such men employed. The fact that the taxable income of an individual or firm has no relation whatever to the number of men employed makes this scheme, the Commission thinks, entirely impracticable. If persuasion fails the only effective financial inducement would be to make up to the employer the discrepancy between the workers earning capacity and a certain standard wage. This is the essence of the Toronto Scheme.

## III. POSSIBLE NEW METHODS OF ABSORPTION

(1) *Manufacturing or Trading Monopolies.*

Naturally, in connection with a problem so universal there could hardly be any solution which has already been put forward. Suggestions have been made that there might be created a monopoly in favour of disabled ex-service men for the manufacture and distribution of certain commodities now largely imported from foreign countries (Winnipeg 286). A solution also suggested was to give to these men the exclusive right to retail some special line of merchandise (Regina 183, Ottawa 224). Both of these involve serious considerations of interference with legitimate and established industries and businesses and possibly of confiscation.

(2) *Compulsory Employment.*

However, the situation is one which has to be met and if efforts for voluntary co-operation fail, the country must be prepared to face a condition similar to that which exists in Great Britain and which led to the declaration (previously set out) by the Committee of the British House of Commons of 1922 to the effect that the Country was within measurable distance of compulsory legislation.

If the methods reviewed and suggested above, such as preferential employment in the Government services, sheltered workshops, employment bureau service, the King's Honour Roll Scheme, the Toronto Rehabilitation scheme and any other special arrangements with or inducements to civilian employers, all prove inadequate to permanently absorb into industry disabled ex-service men, who after diligent effort have failed to find employment, there appears to be no other solution than a compulsory employment enactment which would require all industries to employ a certain percentage of these men. As has been pointed out such legislation exists to-day in practically all continental countries. The various forms which such measures take have been already briefly summarized. It is significant that for a second time within a year the British House of Commons is now considering a Bill introduced for the purpose of bringing into effect in Great Britain this compulsory feature.

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## F. UNEMPLOYMENT RELIEF

At the beginning of the winter of 1919 the economic crisis and the large number of soldiers recently demobilized who had not been able to obtain employment and who were without sufficient means of support for themselves and families, rendered necessary the innovation of relief measures, and a large sum of money, called the Federal Emergency Appropriation, was made available by Parliament.

All applicants for work were required to register with the D.S.C.R. and those for whom no positions were immediately available and who claimed to be in need, were referred to the Canadian Patriotic Fund for investigation of each individual case. If this need was established, they were assisted, to March 31st, 1920, a single man with dependents or a man and wife, \$75 per month, with an additional \$12 for the first child under 16 (girl 17) and another \$10 for the second child. The single man with dependents was given a maximum allowance of \$50 per month. All this relief was in cash.

The unemployment situation of the winter of 1920-21 rendered necessary the combination of some relief measures and authority was granted to D.S.C.R. to grant medical and surgical treatment to unemployed ex-service men until March 31st, 1921, and to grant relief, but in kind only, to the unemployed pensioners or vocationally trained on account of disability. This relief was extended from April 1 to December 1921, but the monthly allowance was reduced from \$75 to \$65 and the single man without dependents cut out altogether.

From January 1922 the unimproved trade conditions rendered necessary the continuance of relief measures with a gradually decreasing schedule rate as follows:—

	1922	1923
Man and wife, maximum amount .....	\$60 00 per month	\$45 00 per month
First child under 16 (girl 17) .....	12 00 "	12 00 "
Second child under 16 (girl 17).....	10 00 "	10 00 "
Maximum to any family.....	85 00 "	67 00 "
Single man without dependents (maximum allowance for winter months only).....	45 00 "	30 00 "

Single men with dependents, same as married man.

In all cases any income received by the family by way of earnings, increment or pension was deducted.

Assistance granted was limited to expenditures by the Department on behalf of the pensioner of such amounts as might enable him and his dependents to carry on for the period indicated.

Although the last Order in Council extended relief only up to May 31, 1922, the D.S.C.R. has carried on the practice of granting relief under the last schedule set forth above. Some exceptions are made in regard to single men, the general practice being to leave it to the discretion of the Unit Director of Administration of each Unit.

The expenditures of the D.S.C.R. for actual relief and administration of same until the end of last fiscal year were:—

Year	Actual Relief	Administration
	\$ cts.	\$ cts.
1919-20.....	5,043,188 90	256,068 71 (by Canadian Patriotic Fund)
1920-21.....	842,403 02	
1921-22.....	1,662,192 43	102,519 93
1922-23.....	967,204 41	70,938 94
1923-24.....	287,543 07	24,465 91
Total.....	8,802,531 83	



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Outside of cash allowances in 1919-20, actual relief expenditures were mainly for food, fuel and rent. During the calendar year 1923, the number of men who received relief for the first time was 1,268, the total number of men who received relief, 4,558, the number of times relief was granted, 35,748, the average amount to each individual \$85.38, the average amount to men with dependents \$102.34 and the average number of times relief was granted to each man 7.84.

Assistance is only granted to men who are in destitute circumstances and who are in receipt of a pension payable by or through the B.P.C. or the D.S.C.R. for a disability due to or aggravated by service, or have been paid a lump sum by agreement in settlement of pension. Former members of the Imperial and Allied Forces may be granted relief under the conditions laid down for former members of the Canadian Forces subject to their having been residents of Canada for three months prior to making application.

## PART THREE

**THE DISABLED SOLDIER WITH SMALL PENSION  
OR NO PENSION****Section 1. Substantial Natural Disabilities Added to Pensionable Disabilities***Suggestion by Ex-Service Men.*

That provision be made for ex-soldiers without means and who are wholly or partially incapacitated by the combination of a non-pensionable ailment with a previous pensionable disability. (Montreal 508, 514, 519, 548; Toronto 176, 178.)

The granting of a pension for a small service disability cannot be urged as a reason for paying pension for some superimposed condition which has no relation whatsoever to military service. The two must, from a pensions viewpoint, be kept absolutely separate, but the two combined may render the victim helpless. These cases cannot, in the opinion of the Commission, be distinguished from the handicap cases dealt with under the heading of employment. If, however, earning power is destroyed for practical purposes by the combination of disabilities, then the applicant comes within the class entitled to the privileges of a Soldiers' Home. Which method is to be pursued depends, therefore, on the total degree of disability, pensionable and otherwise, which exists. It must be distinctly remembered, however, that the provision of either employment or the Home is on different principles from those underlying pension, and should not be taken as admitting nor creating responsibility for pension for the portion of disability which is unconnected with war service or for death resulting therefrom.

*Recommendation of Commission.*

That in the case of ex-soldiers without means and who are wholly or partially incapacitated by the combination of a pensionable disability with a subsequent non-pensionable ailment (a) The general principles applicable to the employment of war handicapped men apply. (b) If no substantial working capacity remains the pensioner should have the benefit of maintenance in a suitable Soldiers' Home.

## Section 2. The Indigent, Old and Disabled not Pensionable.

### *Suggestion by Ex-Service Men.*

Further provision for indigent and incapacitated not eligible for pension.

That provision be made for ex-soldiers who through lack of resources and physical incapacity due to advancing age are unable to support themselves. (Vancouver 245).

The representative appointed by the Central Committee at Vancouver to speak of handicapped men put forward the problem of the old man and the man, who, possibly as the result of war, was physically ten years older than his age in years. He is described as chronically sub-standard. Although it is impossible to put one's finger upon any disability induced by war service, his strength is equal to the demands of but few occupations. It is stated that the number of these men is large, and it is certain that it will increase as time goes on, and that most of them will ultimately become a permanent charge on the community.

While impossible to disprove that war may have been in some degree responsible for the present physical condition of this type of ex-soldier, it is equally difficult to bring forward sufficient proof to justify an award of pension. Most were over age on enlistment, many stating they were younger than was really the case. Eight to nine years have since elapsed, and in the ordinary course of events many would have become unfitted for competitive employment had they remained in civil life. During their period of military service their age and lack of necessary physical strength generally precluded their assignment to any duty which required severe exertion or undue exposure, so that they were employed largely as batmen, cooks, orderlies, or for light duty, etc. Except those in the labour battalions, no great number of these went beyond England where their living conditions were comparatively hygienic and comfortable. Admitting all this and that war service has not produced the condition in which the middle-aged ex-service man may now find himself, it is hard to escape the conclusion that the country, having inadvisedly accepted his services, is now under a moral obligation based in a large degree upon recognition of service rendered, but also on the possible, although not provable, effect of service, to see that he does not become dependent upon public charity.

Not only does the proposal apply to the man who was old in years or physique on discharge, but, as advancing age accompanied by impaired health comes on men now in the prime of life, there is bound to be a claim by them that the exertion and strain of service has been a contributing and hastening factor and such a claim will be hard to disprove. The Commission is of the opinion that the State will not see these men in want.

How is this moral obligation to be met? Not by pensions, because there is no means of proving a clear relation between the present condition and military service. It may be contended that while proof is impossible, yet conversely, it cannot be stated with certainty that military service has not hastened the advent of old age and its concomitant disabilities. But if this lack of negative evidence were considered sufficient, practically everyone could demand pension, because a time must invariably come when physical disability renders them unfit to compete successfully with the young and strong. Another very serious objection to placing these cases on a pension basis arises, namely, that if the right to pension is once admitted the pension must be increased as the disability increases, and after death be continued to the dependents.

The conclusion is: first, that the group composed of old and prematurely old men, suffering from diseases incident to or commonly found in middle life and later, and whose impaired condition cannot reasonably be ascribed to service,

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should not be dealt with on a pension basis, and secondly, that these men cannot be allowed, through no fault of their own, to become dependent on charity.

The Commission has, throughout all the discussions which have taken place, heard of nothing, and it can suggest nothing which will meet the situation more fully or effectively than the establishment of Soldiers' Homes. There is admittedly no novelty in the suggestion. Such institutions have been successfully operated for many years in other Countries. Chelsea was established nearly 300 years ago. Into these homes could be admitted any man who has served and who through physical incapacity and lack of resources is unable to support himself.

These Homes would accommodate at once a substantial number of those in hospital whose principle qualification for remaining there is, not that further treatment can improve their condition, but because they are permanently disabled and require food, shelter and care. The saving in expense of a Soldiers' Home compared with a hospital adds a further argument. The 1922 Parliamentary Committee Report p. XVIII recommended—

"that consideration be given to the providing for homes where ex-soldiers during old age may reside in comfort subject to being there provided with the necessary subsistence and reasonable comforts which the pension awarded, if any, might not be sufficient to give".

The Commission considers that the number of men in the category being discussed is now sufficiently large to warrant immediate steps to provide such institutions.

The possibility of the establishing by Canada of Old Age Pensions was repeatedly mentioned as affording provision for this class (St. John 61, Vancouver 303, Calgary 237, Winnipeg 289, Montreal 188). Such a scheme involves a great deal more than provision for indigent soldiers. The Commission does not profess to have given the subject the consideration which would warrant the making of a recommendation on a project which, in its most usual form, takes in every individual in the country, ex-soldier and civilian, after attaining a certain age. It is to be remembered that the age at which Old Age Pensions generally become effective is much too far advanced to be of benefit to the prematurely old soldier.

The 1922 Parliamentary Committee also made a recommendation (Report p. XVIII) suggesting some form of pensions for those who were not provided for in Homes. The recommendation was as follows:—

"That where ex-soldiers reach a stage in life considered to be old age and are not in receipt of such reasonable pension under the regulations at that time existing, and are not in receipt of care or treatment in homes which may be provided for the purpose, that consideration be given to the establishment of pensions or other help as may be considered reasonably necessary for the purpose of assisting ex-soldiers in their old age".

This seems to contemplate Special Old Age Pensions for ex-soldiers but when taken up for practical action it would probably be part of a general Old Age Pension scheme similar to those in force elsewhere. The whole subject is now being considered by a special Committee of Parliament, and indigent and aging ex-soldiers will, no doubt, be one of the groups referred to as indicating the desirability of adopting some such scheme.

*Recommendation of Commission.*

That provision be made, by the establishment in suitable localities of Soldiers' Homes, for the maintenance and care of ex-soldiers who from lack of resources and physical infirmity are unable to support themselves.

### Section 3. Soldiers' Homes

The need for the establishment of these institutions has been dealt with under the two preceding headings in this Report.

The plan of the Homes themselves, their distribution throughout Canada and the conditions of admission thereto are all subjects of administration respecting which, it goes without saying, the best available advice should be obtained and the experience of other countries examined. The Commission has suggested (see Report No. 3 p. 73) that in connection with these Homes there might be sufficient land to provide employment for men physically handicapped who live in the country and have been unable to find employment for their remaining degree of earning capacity, the idea being that this would take the place of the separate small holdings which have been advocated for these men, and would permit the ex-soldier to try out his capabilities without committing him to the risks of an independent proposition. Such institutions might bear to disabled men in rural localities somewhat the same relation as Vetscraft shops to ex-soldiers in cities.

## PART FOUR

### SPECIAL DISABILITIES

#### Section 1. The Blind

##### GENERAL STATEMENT

With the exception of a discussion at Montreal concerning travelling expenses, the whole evidence concerning the blind was presented at Toronto by two representatives, one of whom was the President of the Arthur Pearson Club for Blinded Soldiers and Sailors, which includes all ex-Canadian Soldiers wherever resident, and the other was the General Secretary of the Canadian National Institute for the Blind and Vocational Adviser to the D.S.C.R. for blinded cases.

The evidence showed (Toronto 1314) that there were 171 blinded Canadian ex-service men, of whom 135 reside in Canada, 32 in England, 3 in the United States and 1 in Belgium. Of this total, 127 were completely blind and receiving \$300 per year helplessness allowance in addition to their total disability pension. 44 men, partially blind, did not receive any helplessness allowance, but were paid total disability pension.

5 of the totally blind had died after the compilation of the above figures, and the occupations in which the remaining totally blind were engaged were given as follows:

##### TOTALLY BLIND

Agent, insurance.....	1
Boot repairing and matmaking.....	2
Broom making.....	1
Book Agent.....	1
Business for themselves.....	9
Employed in business firms, etc.....	2
Employed with C.N.I.B.....	2
Farming.....	10
General Secretary.....	1
Joinery.....	4
Massage.....	18
Matmaking and netting.....	4
Piano Tuning.....	1
Poultry farming, netting, etc.....	14
Reed and willow articles, rattan, etc.....	21
Returned to former occupation.....	4
Stenographer with Government.....	6
Stenographer with business firms.....	1
Translating and teaching French.....	1
Unable, unwilling or waiting for work (living on pension).....	19
Total.....	122

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One of the partially blind had died after the compilation of the statistics and the remaining 43 partially blind had been trained and were employed as follows:—

Boot repairing and mat making.....	1
Broom making.....	2
Business for themselves.....	4
Commercial salesman.....	2
Employed with business firms, etc.....	10
Employed with C.N.I.B.....	2
Farming.....	1
Instructor with C.N.I.B.....	1
Massage.....	3
Matmaking and matting.....	1
Piano Tuning.....	1
Poultry farming, netting, etc.....	3
Reed and willow articles, rattan, etc.....	4
Unable, unwilling or waiting for work (living on pension).....	7
Working in Government Department.....	1
Total.....	43

The above tables are misleading in that the conclusion must not be drawn therefrom that five out of six have found profitable employment. In many cases the work performed is of little value in adding to the pensioner's income and in forty per cent of the cases nothing whatever of marketable value is produced. Despite this, the work taken up offers an opportunity to keep occupied and is regularly performed. Diversion is, of course, the primary object.

As a rule the blind man has been unable to make any substantial addition to the income provided by his pension, notwithstanding vocational training freely offered by the D.S.C.R. and as gratefully acknowledged by the blinded veterans.

The only occupation in which success has been attained is the practice of massage. Stenography as a rule has not been successful, nor has piano-tuning for which very few are primarily fitted in that they have not the necessary apprehension of pitch which is possessed, on the average, by but one out of every fifteen individuals. It also appears that, on account of the age at which the blinded soldier takes up his training, as good results cannot be obtained as might be looked for as if similar effort were spent in early life. This is illustrated nowhere more clearly than in the study of "Braille." Facility in touch reading is rarely obtained by soldiers, whereas, with those blind from birth and trained in youth, proficiency is the rule.

### *Suggestion by Ex-Service Men on Behalf of the Blind.*

#### Stabilization of Pension

That pensions be stabilized at an amount not less than the sums specified in schedules to the Pension Act plus the amount of pension bonus now paid. (Toronto 1326).

This was the first request put forward and was stressed throughout as of the greatest importance. The strong argument in support of the suggestion was the depressing mental effect of the future, unless a definite income was assured. It was stated that the blind are particularly susceptible to discouraging influences and that for this reason the dread of a future cut in pension weighs more heavily upon them than others. Further, with rare exceptions, the hope of improving his present position and the expectation of promotion as years go on, which are always open to normal men, are, to the blind, a closed door.

#### *Recommendation of Commission.*

This consideration has already been discussed in Report No. 3 of the Commission (p. 45), and the advantage of removing uncertainty and ensuring freedom from anxiety has been endorsed.



*Suggestion by Ex-Service Men on Behalf of the Blind.*

## Increased Helplessness Allowance

That the present helplessness allowance should be increased from \$300 a year to \$400, for those totally blind and who, in addition, have amputations of either arm or leg or who have an immovable knee joint. (Toronto 1328).

The Pension Act (Section 27 as amended) gives the Pensions Board discretion to add to the pension an amount, not less than \$250 and not more than \$750 per annum (subject to review from time to time), where a man is totally disabled and helpless and is, in addition, in need of attendance. The provision applies, of course, to many other pensioners besides the blind, but the Pensions Board in exercising this discretionary power concede that a man totally blind is helpless within the meaning of Section 27 and have made a definite rule as to the amount to be paid him. This rule has been incorporated into the Table of Disabilities. The practice thus laid down provides for payment of attendance allowance at the rate of \$350 per annum for the first 6 months and at the rate of \$300 per annum subsequently.

The Commission has already (Report No. 3, p. 48) recommended a revision of the Table of Disabilities with special reference to the claim for increase in attendance allowance. The claim there dealt with, however, was based on the difficulty in getting a competent attendant for less than \$400. The special claim here made for increased attendance allowance to one who is blind and has other disabilities as well deserves even greater consideration.

These cases of this kind were cited: The first was a man with his left arm off, a fracture of his jaw and a piece of bone missing from his forehead. Extra allowance was asked for and \$50 was granted. He was stated to be uneducated and "absolutely helpless as far as following any occupation goes." (It was pointed out that even if this man had an artificial hand it was quite useless without the eye to guide it. In the second case the knee joint was fixed and the claim for increased helplessness allowance was based on the fact that one so incapacitated could not go down stairs unattended without serious danger of falling. One man, so handicapped, fell from the top to the bottom of a stairway leading to the underground railway in London. The third case had a right arm amputation just below the elbow.

To such men a reliable guide is essential. While others may manage to get about alone with a degree of safety and may possibly at times, although not without danger of injury, be willing to run the risk, these men with additional disabilities require constantly a dependable attendant if they are to move about with any degree of security.

*Recommendation of Commission.*

The Commission recommends that, at least where the blind pensioner suffers from a serious additional disability which increases his difficulty in moving about or guarding against accident attendance allowance be increased to \$400 per annum.

*Suggestion by Ex-service Men on Behalf of the Blind.*

## Helplessness Allowance to be merged in Increased Pension

That instead of \$900 pension and \$300 helplessness allowance a straight pension of \$1,200 a year be granted to the totally blind. (Montreal p. 537).

There was a case instanced where the helplessness allowance had been withdrawn (Montreal 1537) after having been previously awarded. There was no suggestion, however, that it was at all typical and as the Table of Disabili-

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ties expressly provides for a minimum of \$300 per year in the case of total blindness (Toronto p. 1189A) the case must have been dealt with under special circumstances. The Commission considers that it is preferable to make provision for exceptional handicaps incident to certain disabilities by way of special additional allowance rather than by increasing the Pension as such. Pension is fixed primarily on the basis of loss of earning power. The necessity for an attendant in these cases is in addition to such loss, and is intended to permit the man to experience, at least to a limited extent, the ordinary privileges of life.

*Recommendation of Commission.*

None.

*Suggestion by Ex-service Men on Behalf of the Blind.*

## Travelling Expenses

That some more favourable arrangement be made for the travelling expenses of the blind and of an escort when necessary. (Montreal 537, Toronto 1339).

The present regulations provide for transportation for an escort accompanying a totally blind pensioner. As already stated, a minimum allowance at the rate of \$300 per annum is made to reimburse the pensioner for the wages and expenses of the escort. The claim for an increase in this allowance has been dealt with previously in this Report and in Report No. 3, (p. 48). Three suggestions are made for greater consideration to the Blind when travelling:

1. That transportation for the escort should be granted by any ticket agent of the Canadian National Railways on the production of a certificate from the General Secretary of the Canadian National Institute for the Blind and without the necessity of application to the D.S.C.R. (Montreal 542, 543).

2. That some method should be devised whereby the full expense of the escort's maintenance, while travelling, will not fall upon the pensioner (Montreal 538).

3. That a totally blind pensioner should have free transportation at least for limited periods and purposes (Montreal 541, 543, Toronto 1340).

As to the first, the Commission considers that so long as the present regulations are in force and the right to transportation applies only to the escort, some assurance would have to be given to the D.S.C.R. Officials that an escort was actually necessary and employed, and the responsibility for issuing transportation accordingly could not be fairly assigned to any outside body or official. The adoption hereafter, of the recommendations made in respect of the second and third suggestions, will obviate any difficulty or inconvenience.

As to the second suggestion, with respect to reducing the pensioners obligations for the escort's maintenance, the principle of which the fare of the escort is supplied is that it is an additional expense to which the pensioner is put by reason of his blindness, and carrying the same reasoning a step farther, it is asserted that the State should also be liable for the escort's maintenance. On the other hand, a provision of this sort does not fall within ordinary pension principles. The 100 per cent disability allowance is presumed to have been discharged the country's obligations to recompense the soldier for loss of earning power. These additional concessions are simply to make ordinary living conditions more bearable, and to permit the soldier, even though he has been compensated for loss of earning power, to move about and mingle with his fellow men without actually endangering his life. The concession as to escort's fare

can, therefore, hardly be invoked as creating a legal liability for the escort's maintenance. It is said that frequently the provision of fare for the escort works for the benefit of the pensioner's wife, the latter travelling as escort.

The Commission does not consider that the liability of the Country in respect of the escort can fairly be extended beyond the allowance now made for the escort's wages and transportation. It was recognized at the Hearing, that if any contribution was to be made by the State towards the escort's maintenance while travelling, such contribution could in fairness only be asked for some special occasion and covering a limited period of time. A period of one week was mentioned. (Montreal 541).

As to the third suggestion, namely the provision of free transportation for the totally blind pensioner, it was stated that in most countries the blind have free transportation. (Montreal 540). The Commission has not been able to verify this statement.

The Parliamentary Committee of 1922, (See 1922 Parliamentary Committee Report Page XIV, Section 8) made the following recommendation on the subject:—

"The Committee has carefully considered the disabilities suffered by ex-soldiers who are totally blind and who have suffered disabilities necessitating the employment of an escort. The Committee recommends that free transportation in Canada be granted to *any member of the forces* who has been pensioned for total blindness or for a disability which necessitates an escort accompanying on a journey such ex-soldier—in cases where an escort does so accompany such ex-soldier. The provision only to apply to cases of irregular travel or where the ex-soldier is travelling on account of his annual vacation, and in no case where the travelling is ordinarily at frequent intervals. In all cases the Department to be given discretionary power when or when not to accord this privilege."

It is not altogether clear from the above whether it was intended that the transportation was to be for the man or for the escort but it was construed to be the latter, and in September, 1922, Order-in-Council P.C. 1929 was passed reciting the above recommendation and providing for the issue of free transportation to ex-members of the Forces totally disabled and requiring an escort, but providing that such transportation should cover the fare of the escort only, and not that of the ex-member of the Forces, and should only be issued where an escort was actually employed. The Order was further limited to annual vacations or other infrequent trips, the previous approval of the D.S.C.R. had to be obtained, and the granting of such transportation was to be wholly in the discretion of that Department.

If a blind man be compelled to visit another district with which he is unfamiliar, he must necessarily either have the aid of a friend or employ somebody to direct him. As has been said, if he took an escort with him, the State supplies the latter's transportation but the blind man pays his other expenses. Whether then he takes an escort with him or relies on somebody in the place he visits to help him about, he is under expense which does not fall on the ordinary man. In consideration of this, the Commission suggests that the blind ex-soldier might be granted the privilege of free transportation up to one thousand miles annually, leaving it to him to make his own arrangements as to an attendant, and allowing himself or for the escort when accompanying him or for both as he sees fit. Some one might object that as much as one half of the transportation could thus be improperly used for the benefit of a person not a bona fide escort who accompanied the pensioner, but the Commission considers that these men may be safely relied on to honorably observe the purpose of the concession. The pensioner would thus be on his own resources and

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quite independent of regulations, which under the most favourable conditions are irksome. This policy would be directly in line with the training which these men receive at St. Dunstan's, the outstanding principle of which is to make a man rely upon his own efforts, and, as was expressed no one of the hearings, "to believe and make his fellow citizens believe in the words of the late Sir Arthur Pearson that the blind man can see, and that they can do things as well and sometimes better than people with sight." (Montreal 542).

*Recommendation of Commission.*

That provision be made for the issue, to any ex-member of the forces in receipt of a total disability pension for blindness, of free transportation for the use of the pensioner and of an escort when actually accompanying him, the combined mileage for pensioner with escort not to exceed one thousand miles in any one year.

**Section 2. Amputation Cases**

## GENERAL STATEMENT

As with the Tuberculous Veterans, the Amputations Association left no stone unturned to thoroughly prepare and present their case. Their organization in the larger centres is very complete, and witnesses chosen to advocate their claims were carefully selected and well informed. No argument which might support a claim for increased recognition was overlooked. Amputations form the second largest group of Pensioners in the Dominion.

The total number of Canadian amputation cases on Pension is 3802 of which 1143 are arm amputations and 2,659 amputations of the leg. These include a number of double or multiple amputations.

The Canadian war amputations are divided, as to disability, as follows:—

Right leg amputated.....	1,190
Left leg amputated.....	1,300
Right arm amputated.....	485
Left arm amputated.....	528
Both arms amputated.....	95
Both arms amputated.....	7
Both legs and both arms amputated.....	1
Both legs and right arm amputated.....	1
Both legs and left arm amputated.....	2
Right leg and right arm amputated.....	2
Right leg and left arm amputated.....	3
Left leg and left arm amputated.....	2
Left leg and right arm amputated.....	6
Both arms and right foot amputated.....	1

These are cases into which the question of entitlement does not enter because it can be at once admitted. The only subject for consideration as regards pensions is the percentage of disability. The Commission has already (Report No. 3, p. 46) dealt with the Table of Disabilities upon which the amount allowed for various amputations is based and has mentioned certain considerations which should be kept in mind by those to whom the revision of the Table may be entrusted.

There are other factors which were not discussed in detail in the previous Report some of which might fairly be considered on such revision after an opportunity has been afforded to representatives of the Amputations' Association to describe and present them. These matters are summarized in the brief presented by Amputations' Association at Toronto, as follows:—

*Climatic Conditions*

Handicaps of amputation cases.

- (a) Heat causing chafing.
- (b) Additional weariness from artificial limbs and difficulty in moving about.
- (c) Extra protection needed for stumps to protect from frost-bite.
- (d) Inability to walk in slippery weather and deep snow.
- (e) Delay in getting to work.

*High Cost of Living*

- (a) Necessity for clothing allowance.
- (b) Necessity for living close to transportation lines.
- (c) Necessity for hiring others to perform ordinary chores such as ashes, snow shovelling, etc.
- (d) Increased cost of transportation.

*Limitations as to health*

- (a) Insomnia.
- (b) Pain.
- (c) Nerve ends.
- (d) Irritability and indigestion.
- (e) Organic complaints.

All these exist whole 24 hours, not simply during working hours.

*Employment Handicaps*

- (a) Prejudice of employers has to be overcome by persuasion or practical demonstration.

*Recreational Handicaps*

- (a) More expensive.
- (b) Extremely limited, most recreations being prohibited.

There remain several suggestions which the Commission feels should be discussed and dealt with.

## ORTHOPAEDIC APPLIANCES

The request was made (Regina 146, also Calgary 154) that orthopaedic boots should be supplied with every limb, and it was also claimed at Regina that the boots supplied were too heavy. The average artificial leg case does not require an orthopaedic boot but wears the same sort of boot as on the sound limb. In any case, where an orthopaedic boot is required, as, for instance, to compensate for shortening, such boots are now readily supplied.

The sox were said to be of poor quality and it was also claimed that the supply was inadequate (Regina 146, and Calgary 149). Both complaints were admitted by the D.S.C.R. representative to be justified on account of a temporary condition, and a promise made that the matter would be set straight. It was claimed at Winnipeg that the present allowance of sox is insufficient. This may have been due to their wearing out more quickly on account of the poor quality. To remedy this, it was asked that new sox should be issued on turning in the old ones. It is a small matter and the Commission recommends that the request be granted if the practice is not already in force.



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## ARTIFICIAL LIMBS

Few complaints were heard in reference to the quality of artificial limbs supplied. It was stated that scarcely any above-elbow arms were used except for dress purposes, yet it is admitted that the only reason for this is that no satisfactory arm has yet been produced. At Toronto (1303) it was stated that the request of the Amputations' Association to the Parliamentary Committee that the Canada convertible arm made by N. O. Handigord, Regina and the Gawley arm devised by Mr. Gawley, who is himself a double arm amputation case, be given a thorough test, had not so far been acceded to.

As regards the general question of the quality and efficiency of the artificial limbs provided, the Commission considers that those at present in use are unquestionably the best obtainable and that no expense is being spared to maintain this standard.

Toronto endorsed the request of Regina Branch that the Research Department be re-organized and an amputation case be placed in charge. Regina further asked that research should not be confined to Toronto but developed at other centres. (Regina 162).

The Commission visited the Toronto workshops and was impressed with the pride shown by the workmen in their products and the ambition manifested to perfect and improve them. The Commission is confident that research work carried on is constant and thorough and that every facility exists for trying out new ideas. Work of probably real value has been done in developing a new method for the utilization of raw hide as a light and strong material for construction. Nearly the whole staff of this institution are amputation cases.

As to the suggestion that research centres be established in the various provinces (Regina 162) the Commission does not consider that this is either necessary or justified. Practically every country in the world is engaged in this work and the exchange of ideas is constantly going on. This is one matter in respect of which centralization is desirable because only by a concentration of ideas and ample facilities for investigation and demonstration can any substantial progress be made. There is not the slightest difficulty for anyone with an idea in connection with the perfecting of orthopædic appliances to have his suggested improvement promptly brought to the attention of the present Research Department and, if it shows possibility of merit, in having it thoroughly tested. The various D.S.C.R. units afford ready and accessible channels of communication if the inventor does not deal directly with Headquarters.

The establishment of additional research centres would not, in the Commission's opinion, serve any good purpose.

A request was made at Winnipeg that a limb fitter should be sent periodically to Port Arthur.

The question as to whether the case should be brought in or the fitter sent out obviously depends considerably on comparative convenience and expense and above all the relative facilities for satisfactory treatment of the patient. The feasibility of this suggestion must, therefore, be decided locally. In this connection a claim was also made that the per diem allowances to amputations called in for examination or limb fitting were insufficient. This has been discussed under the subject of Procedure and concerning the contention made generally for increased allowances to all cases (amputation or otherwise) brought in by the unit officials.

## HOMES

A group exists among the amputation cases as among all others which is for various reasons, aside from their war disabilities, unemployable, and for this

group it was asked at Toronto (1257) that further provision be made by establishing Soldiers' Home. As this subject has reference to a much wider constituency than the amputations, it is considered, in its broad aspect, elsewhere in this Report.

### *Suggestion by Ex-service Men.*

Impaired general physical condition directly consequent upon the injury, to be considered in addition to actual disability from amputation itself

That in estimating the degree of disability, the history and progress of the patient between the time of the injury and the award of pension should be taken into consideration where this has so affected his general health as to constitute an additional impairment to his earning power. (Winnipeg 661).

The type of case referred to in this suggestion is well described by a witness at Winnipeg (661) as follows:—

"Two below knee amputation cases may have a similar length of stump at the time of final board, one of them we find gets along exceedingly well and has no further trouble, the other, has for a time a continual recurrence of trouble with his stump and is forced to take treatment resulting in numerous surgical operations for a long period of time, the consequence is that when finally discharged he is not in as good a physical condition as the other who has had no trouble with his stump, and is unable to attempt the same physical functions that he otherwise would have been able to do if he had had no trouble, such functions that the previous individual is able to accomplish with ease. Further, one being able to take his discharge and have no stump trouble is able to apply himself far better to any system of Re-establishment that may be provided for him, I might explain that, in regard to how this applies to Vocational Training, an amputation might be taking up some form of training and after he has been going about 6 weeks or 2 months, his stump breaks down and he has to go into hospital, he may be taking treatment for 6 months before he is again discharged and able to take up his training, the result is he has forgotten all he previously learned, and generally has to start all over again, in other words, he has gone stale, and does not get the full benefit of what that training might mean to him thus we claim that a recurrence of disability should have the greatest consideration in regard to the percentage of disability. It is reasonable to assume that one has a greater disability than the other, but both are rated the same owing to the fact that they are both below knee amputation cases, and we sincerely think this matter should have your consideration, and a recurrence of disability taken into account when awarding percentage of disability".

There can be no doubt that long-continued residence in hospital, with its consequent idleness and encouragement to look to others for assistance, must have, in a large proportion of cases, a permanent lowering effect upon earning power, and where this is shown, the percentage representing such diminution should be added to the percentage representing the physical disability, as shown by the Table. This additional handicap could be adequately covered if, when a definite percentage is stated for a particular amputation, that percentage could be regarded as a *minimum*. There could then always be added the necessary percentage for impairment to general health or other additional disability contributed to by the injury. The Table of Disabilities of February 1921 seems

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to leave room for such allowance to be made. The following clause appears therein:—

“The Table of Disabilities exists only to assist the Board of Pension Commissioners and Medical Officers in fulfilling their responsibilities. It does not offer final nor absolute values. Every disability must be considered on its own merits.”

What the Commission has in mind is the exceptional case of a disability arising out of long continued illness which leaves the man permanently sub-normal in general health, vigour and initiative.

*Recommendation of Commission.*

That in assessing the degree of disability for amputations covered by the percentages specified in the Table of Disabilities further allowance be made when there is in addition a permanent impairment of general health or other lasting disability directly consequent upon the injury and that in any revision of the Table of Disabilities provision be made accordingly if not regarded as sufficiently covered by the Table and Instructions now in force.

*Suggestion by Ex-service Men.*

Disabilities claimed to be either the remote cause or the remote effect of amputations

That provision be made for payment of pension for amputations remotely connected with service disabilities, or for disabilities remotely connected with service amputations. (Toronto 1231).

This class of cases was repeatedly referred to under the obscure captions “Eligibility of Disability” and “Attributability of Disability.” Recognition is asked for various disabilities claimed to be the result of the original disability and in all these cases either the cause or the effect was an amputation. As examples of cases where amputation was claimed to be the remote cause, there were presented

- (a) a case of insanity developing in a man who was on pension for an amputation;
- (b) the case of a man pensioned for a leg amputation who, while at work, tripped and lost a hand by crushing.

Examples of cases where amputations were claimed to be the remote effect of service disabilities were

- (a) the case of a man pensioned for neurasthenia who had his hand taken off while working at a machine;
- (b) the loss of a leg in a motor cycle accident by a man drawing pension for a wound of the hand.

Each of these cases depends on evidence of the relation between the service disability and the ultimate ailment or accident. The Pensions Board does not take the position that in awarding pension for a service disability it thereby compensates for everything which may result therefrom. It is ruled that the pension compensates the soldier for the normal loss of working capacity and for the things which may happen to him in what would be the usual every day life of a man in his condition. But the intervention of some unforeseen and unusual event or combination of circumstances may give rise to increased liability. The question is whether the original disability was a contributing factor and, secondly, whether the activities and surroundings of the pensioner, at

the time of the accident, were safe for a man suffering from his disability. If these two essentials are present, pension will be granted. But if either the new disability was not the result of the old, or, if the pensioner was running a risk which one in his physical condition should not have taken, pension will be refused. The pension awarded for the original disability is supposed to have compensated him for refraining from doing certain things which a normal man without his disability could safely have done. An instance of the effect of this practice is given in Report No. 3, p. 21.

The Commission finds that, assuming the above correctly outlines the principles adopted, it fairly covers the cases entitled to consideration.

Bearing upon the same subject, claims were made at almost every hearing for additional pension on the assumption that leg amputations may give rise to flat foot, spinal curvature, hernia, appendicitis or kidney and liver diseases. No evidence whatsoever was advanced in support of this nor does the Commission know of the existence of any such evidence. That an idea so erroneous should be so widely accepted is psychologically interesting.

#### *Recommendation of Commission.*

None.

#### *Suggestion by Ex-service Men.*

##### *Employment of Amputation cases*

That increased facilities be provided for the employment of amputation cases. (Regina 138, Toronto 1260.)

Unemployment among amputation cases is not as widespread as might, at first thought, be expected. Their representative at Regina (138) stated:—

“There are, I am led to believe, only some 400 cases actually out of employment at the present time.”

This number is cut in half by the Toronto representative (1260) who states that in the whole of Canada

“as far as we know there are only 200 men who are either out of employment or are engaged temporarily”.

In Winnipeg, a number varying from 25 to 42 had been out of work, many for a year or more, and 75 were unemployed out of a total of 687 in Toronto. We may take it that in general not more than 10 per cent are unemployed, which percentage contains a group recognized and admitted by the witnesses themselves as unemployable. The amputations as a class, considering their severe disabilities, have succeeded in re-establishing themselves to an extent that is most commendable.

The great difficulty to be overcome was to try and place three to four thousand amputations suddenly thrown on the labour market and to find for them suitable employment. Such positions were few, barely sufficient to absorb peace-time casualties.

It was claimed, although not further substantiated (Toronto 1164), that Amputations and Blind were unable to take any form of vocational training which has added materially to their earning capacity, and that the whole problem would have proved insoluble had not the municipal authorities, and the Provincial and Dominion governments united to meet it.

Thirty-four amputations are employed in the Orthopaedic Branch and 21 in the Administrative Branch of the D.S.C.R. in Toronto. 4 amputations are employed in the Toronto Post Office as switchboard operators. The City of Toronto employs 34 and the Ontario Civil Service 60, these latter not including those employed by the Legislature or Sessional employees (1290).

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The Commission, while believing that more can yet be done, feels that, on the whole, better results have been secured than the most sanguine could have anticipated three or four years ago.

The representative witnesses insisted that a distinct difficulty in securing employment, even where the work sought is suitable, is the fact that an amputation disability is at once noticed by the employer who fears additional risk as regards accident to men so afflicted. The "Visibility of the Disability" is the phrase which the amputation representatives use to describe this special handicap which they suffer on account of the prominence of their defect, and for this reason at least, the problem of employment of amputation cases differs from that of other classes. But the opposite is true as well, and the visible deformity may often ensure a preference.

Although it may not be generally known, the employer's risk is covered by the provisions of P.C. 4432 whereby the Government discharges the employer's liability for Workmen's Compensation Board assessments in respect of pensioners. Transportation and Railway Companies, however, refuse to employ amputation cases, one reason probably being, aside from public safety, that they must first provide for their own injured workmen.

The amputations representatives, in discussing employment, very fairly put the problem not only of their group but of all the other partially disabled. Their summary of suggestions as to employment was equally applicable to all handicapped men. They did not attempt to advocate any new system or any radical change in existing facilities. They concentrated on activating and improving principles already accepted, such as Government and Civil Service preference, training in Government departments, and further efforts towards absorption of these men into industrial enterprises.

Three other matters were mentioned:—

- (a) The precarious position of ex-service (as well as other) employees of the Soldier Settlement Board, D.S.C.R. and Income Tax office under P.C. 2958 which excludes them from the list of employees occupying what are regarded as permanent positions (Toronto 1271);
- (b) Compulsory employment of a certain percentage of disabled men on all State contracts (1294);
- (c) Representation of amputations on the Civil Service Commission organization (1277).

On account of their applicability to all classes, these matters will be dealt with in discussing the problem of employment of handicapped men generally.

### Section 3. The Tuberculous

#### GENERAL STATEMENT

No group presented its claims more effectively or thoroughly than the tuberculous veterans. The evidence as to the difficulties under which they laboured and the redress claimed, was substantially the same at every session where their representatives appeared. Close association of the tuberculous over a long period of time while undergoing treatment, Provincial organizations between which a constant interchange of views takes place, and a Dominion Convention held in August, 1922, have permitted a survey of individual opinion which is practically complete. They have apparently a large and efficient organization and had selected, for the purpose of presenting their arguments, members fully informed upon the subjects which they discussed and capable of presenting their facts in a most convincing manner.



Tuberculous pensions form the largest of any group. Of a total of 43,289 pensions, 4,962, or 11.4 per cent of the total, are awarded on account of tuberculosis. This large percentage would alone indicate the importance, from a pension standpoint, of this disease, but it is further emphasized by the high percentage of pension necessarily awarded which is, on the average, seventy per cent.

#### EFFECT OF WAR SERVICE IN INCREASING THE INCIDENCE OF TUBERCULOSIS

Speaking broadly, tuberculosis is twice as common among Canadian ex-service men as in the civilian population. From this fact, at first glance, the conclusion might be drawn that the exposure and strain incident to war was responsible for the increased prevalence and that, therefore, one-half the ex-service men now classified as tubercular had developed the disease as the result of war service. Closer examination does not bear this out.

Both during service and frequently for a greater or less period following discharge, ex-service men were under medical supervision much more intimate and constant than obtains in civilian life. Should the slightest suspicious symptom develop, investigation immediately followed and, if any doubt still existed, the patient was immediately referred for examination to men specially trained in chest conditions and who had at their command every auxiliary means by which a correct diagnosis might be arrived at.

Although incapable of proof, it seems a fair inference that were the civilian population subjected to the same careful scrutiny and combed over with the same care, a large number now unsuspected would be discovered to be tubercular. How great this number is, it is impossible to tell but it would probably be sufficiently large to considerably alter the present two to one tuberculosis ratio between the ex-soldier and civilian population. The present accepted incidence of tuberculosis in the civilian population can, with certainty, be regarded as low. One can also, the Commission feels assured, regard the ex-soldier incidence as high. It is particularly difficult to escape the latter conclusion when it is considered that, despite repeated efforts, the presence of the tubercle bacillus has been demonstrated in but 44 per cent of those now in receipt of pension for tuberculosis.

But putting the above considerations aside and admitting, for the moment, that war service is responsible for the total increase of tuberculosis among soldiers, it is clear that, although we are unable to ear-mark them, one-half the soldiers now receiving pension for tuberculosis would have this disease were the war never fought nor a single soldier ever enlisted.

#### ENTITLED TO TREATMENT AND PENSION. THE EVIDENCE REQUIRED TO RAISE A PRESUMPTION THAT THE DISEASE WAS INCURRED DURING SERVICE

The impossibility of fixing the exact date of the beginning of such a slowly progressive disease as tuberculosis naturally has led to great difficulty in co-relating symptoms present to-day with military service rendered five to nine years ago. All those competent to express an opinion are apparently agreed that no case iron rules designed to guide medical examiners and others in reaching a correct conclusion can, with advantage, be promulgated. On the other hand, it is but fair to admit that in a disease in which early symptoms may be so easily overlooked, a certain period of time must necessarily have elapsed between the inception of disease and the time when it first made its appearance so as to be recognizable.

To provide a working rule and subject to certain limitations it has been arbitrarily, but after careful consideration, laid down that this period is to extend until one year after discharge, and a concession is thus extended to

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patients suffering from tuberculosis which is not granted in the case of any other disease. It is true that in conditions such as mitral stenosis, ulcerative endocarditis, nephritis and other like diseases, a similar presumption may be admitted, but each case is judged on its own merits.

Even the regulation as to tuberculosis creates no conclusive presumption that the disease appearing within one year after discharge was incurred during service. It states that:—

“Cases of pulmonary tuberculosis with signs and symptoms becoming apparent within one year after discharge, shall be considered as due to service.”

But it goes on to suggest circumstances which may quite negative this seemingly imperative rule. The rest of the regulation is:—

“It is assumed that the length of service shall form a reasonable ratio to this term, and the conditions after discharge have not been such as would be more likely to predispose to tuberculosis than would those of service.” (St. John 52, Chapter 4, Section 4, Clause 15.)

The difficulty, even in the hands of the most expert, of diagnosing certain cases as tuberculosis, particularly in the early stages, may necessitate observation over a more or less lengthy period and this in turn can be best accomplished by admission of the patient to hospital. Twenty per cent of all suspects have been so admitted in order to confirm or disprove the suspected infection, and if confirmed, to determine the relation between the patient's then present condition and his military service. This generally turns upon the date at which symptoms first appeared.

Up to this point, no complaint has been offered by the T.V.A. representatives and thorough investigation has never been denied. Wherever reasonable doubt existed, treatment has been instituted but whether pay and allowance would be granted in addition, has apparently proved a subject of great difficulty to the Department on the one hand and of serious complaint from the men on the other.

That the difficulty is a real one is clear from the fact that of a tubercular hospital population of 910, 832 were in receipt of pay and allowances and 78 were not. The presence of the latter group in hospital is justified upon compassionate grounds.

BASIS OF DIAGNOSIS—LARGE NUMBER OF CASES IN WHICH DIAGNOSIS OF T.B.  
QUESTIONABLE

It is stated by the Assistant Medical Adviser of the Pensions Board who deals with tuberculosis pensions that only 44 per cent of tuberculosis patients now drawing pension have shown the presence of tubercle bacillus in the sputum, even after repeated examinations. While the Commission has evidence which leaves no doubt that pulmonary tuberculosis may exist without the bacillus being demonstrable, it has great difficulty in convincing itself that 56 per cent of tuberculous patients, pensioners or others, are in this position. In other words there must be in this group a fair percentage placed there as the result of over-diagnosis. It is always difficult, even in the hands of the most expert to say that a suspected case is absolutely free from infection. It has been regarded as an easier and safer path to tread to diagnose the case as tuberculosis and if wrong, to correct the diagnosis subsequently.

No rule bearing upon this has been set out by the Board of Pension Commissioners. The diagnosis of the Sanatorium Superintendent or of the medical officer delegated by him to make the chest examination is invariably accepted. Without some definite regulation concerning the presence or absence of the

bacillus, it could not be otherwise for the reason that the physician at Ottawa who determines the acceptance or rejection of the claim never sees the applicant. There thus may be a lack of uniformity dependent upon the relative importance placed upon the absence of tubercle bacillus by different experts.

Bearing upon the point as to the correctness of T.B. diagnoses the following evidence (Ottawa 666-668) is of interest:—

(Witness:.....“I am going to be perfectly frank because you gentlemen want to get all the information you can. There are lots of cases in the army to-day categorized as tuberculosis and you cannot change them because they are on the military documents as such. Conditions are absolutely different now from what they were during the war. I had cases at Ste. Agathe that I have discharged; saying—This man has not tuberculosis; he has got chronic bronchitis—and I have discharged them knowing they were getting a pension for tuberculosis, and I also knew that those men would be equally well at home. Well, they were back sometimes in ten days. Why did you discharge him?—This is the army—I discharged him because he wasn't tuberculous. Well, the instructions during the war were to keep them off the street, not to let those poor boys go around the streets, and I suppose the sanatorium was the best place for them. I know of two instances, both categorized as tuberculosis and drawing pension for that. Well, I was morally certain that it was not tuberculosis and I said so in my Boards but it was decided that they were clinically tuberculous. They are both living to-day and I am delighted that they are receiving compensation because I think they deserve it just as much as if they were tuberculous”.....

(Second Witness):.....“There are a number of cases of a certain type that can be established by X-Ray evidence, by that I mean showing involvement of lung tissue or fibrous changes and I think those might be considered in the same group as your positive sputum cases that you are suggesting giving the longer period”.

(First Witness): “For the reason that they were very positive cases, active cases. .... These additional classes would not add a very great number ..... In practice, by saying positive sputum cases, we have covered the vast majority of cases. ....

Q. “Does it resolve itself into this that you two gentlemen would rather concur in the idea that there should be some definite and prolonged period over which 100 per cent should be paid for moderately advanced cases without showing positive sputum, say of the class you have mentioned, that is, moderately advanced, and for an incipient case showing positive sputum?”

(Second Witness): “That is exactly the definition.

Q. “In other words, you carve out the incipient case that doesn't show positive sputum but you both agree on moderately advanced?”

(First Witness): “That is right because it is those very incipient cases that are the stumbling blocks”.

A letter from the superintendent of the Kentville (N.S.) Sanatorium, put in at Vancouver (319) is illuminating. He says:—

“In the first place, a large proportion of the cases counted as re-admissions do not require treatment, and are kept at the institution only for the seven to twelve days necessary for examinations, study and report upon their condition. In 200 patients (D.S.C.R.) re-admitted to the Nova Scotia Sanatorium, we find 37 who had no tuberculosis and 54 in addition whose tuberculous disease was well arrested or apparently

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cured. For example, one patient who has been admitted here four times and as yet has never had a diagnosis of tuberculosis established. All patients sent to us from Camp Hill for observation are admitted or re-admitted to this institution."

We have, therefore, a group in which, despite the absence of tubercle in the sputum, diagnosis is made certain by X-Ray examination and also by the fact that the disease is "moderately advanced" and, while under observation, active. It is a group which everyone will admit to entitlement as far as diagnosis alone is concerned, but to assume that such a group would furnish 56 per cent of all pensions need only be stated to show to any one informed on the subject the absurdity of the assumption.

But it may be argued—what difference does it make? One of the specialists says he is glad these poor boys have pension, because they are sick and deserve it. It may, in the opinion of the Commission, make very considerable difference. Many may have been admitted under the one-year presumptive concession who would otherwise have been refused, others may be in receipt of pension on account of the prohibition imposed in tubercular cases, quite out of proportion to their disability as measured by the ordinary standards, they may be able to work all day even if unable to perform heavy work, and finally, it is not satisfactory to feel that pension has been granted upon an incorrect diagnosis.

It is on account of the considerations which have just been discussed that the Commission has, in its recommendation for full pension for two years, specified that this shall be confined to genuine T.B. cases proved by the presence of tubercle bacillus in the sputum, or X-Ray evidence of pulmonary infiltration, with the additional evidence in the latter case that the disease, at some time during the period of observation was clinically active.

According to a statement of the medical correspondent of the *London Times* in an article published therein and copied into the *Ottawa Morning Journal* of May 6, 1921, the London County Council has been reviewing cases of suspected tubercle by placing them for examination in Brompton and the London Chest Hospital, during the year of 1920. He states that in 72 cases accepted as tuberculous by the Ministry of Pensions but queried by the tuberculosis officers, only 11 were found to be tubercular and 63 not tubercular, and that of 16 cases of civilians diagnosed by tuberculosis officers as tuberculous only 2 were found to be tuberculous. He characterizes these results as "remarkable" as he very well may.

## PHTHISIOPHOBIA—DREAD OF T.B. CONTAGION

When a patient is once diagnosed tuberculous and this information becomes generally known, phthisiophobia becomes a serious difficulty to him. Through ignorant fear of contagion, fellow-workmen avoid him in the workshop and others refuse to live under the same roof with him. The general public should be instructed that their fears are unfounded, and this, which would be such an evident and humane solution, is probably not more generally taken up by Boards of Health and others through fear that people may go to the other extreme and become lax or indifferent even in cases undoubtedly dangerous. The public has for years been instructed and exhorted to avoid contagion. This has, erroneously been interpreted to mean to avoid the consumptive who for this reason has, in many communities, been led to feel that he is a pariah and outcast. That education of the public would remove this prejudice without in any way increasing the danger of contagion, is proved by the fact that many residents of St. Agathe are willing to take as boarders patients discharged from the Sanatorium and that this is frequently done with no ill effect. On the other



hand the suggestion that a T.B. colony was about to be established in the vicinity of one of our largest cities gave rise to sudden panic on the part of the surrounding residents.

The Commission considers, however, that public education in this respect is making substantial progress but is of opinion that active and constant efforts should be put forward by co-operation between the Federal and Provincial Departments of Health and the D.S.C.R. to see that the unjust handicap under which the trained ex-sanatorium patient suffers, through ignorant dread of contagion is removed.

#### *Suggestion Ex-Service Men.*

##### *Early discharge from Sanatorium*

That after a period in sanatorium reasonably sufficient for the education of the patient as to the care of himself and the prevention of contagion, he be allowed to return to his home if he so desires. (Montreal 362, Ottawa, 663).

Not a single serious complaint has been heard regarding the conduct of hospitals, nor of the treatment and consideration shown patients during their stay therein. Any discomfort suffered by patients has been unavoidable and attributable generally to monotony, homesickness or unrest caused by the difficulty of providing distracting occupations.

But the vexed question is, how long should hospital treatment continue? The most frequently voiced complaint has been that on account of this monotony and, in the case of married men, their enforced absence from their families over long periods, the stay at these institutions of the average patient, under the present regulations, is needlessly prolonged. A great deal of evidence upon this very important subject was submitted, both by the representatives of the Tuberculosis Veterans' Associations and by hospital Superintendents. It seems rather extraordinary that, after what seemed at first a considerable divergence of opinion, the discussion of the relative advantages of home and hospital treatment at different stages of the disease and under other varying conditions demonstrated that the Hospital Superintendents and their patients were not very far apart in their views. The patients spoke, of course, as laymen but they proved a highly intelligent and well-informed group.

It would appear, in order to secure a course of conduct which is necessary for successful treatment and also for the protection from infection of the hospital personnel, that instruction must be given and education effected which would be unnecessary with any other common disease. Some witnesses showed a knowledge of Tuberculosis even in technical details which was remarkable. The Commission nevertheless has taken care to check up their viewpoint by presenting it for revision and necessary criticism by experts.

The necessity for the admission of every case of Tuberculosis to a sanatorium in the first instance is admitted. The point is how long should he stay there? Two elements are to be considered viz., the welfare of the man and the protection of his fellow citizens. Once these two can be secured it is unquestionably the unanimous desire of the Tubercular Veterans that the patient, if he so wishes but not otherwise, should be awarded pension and allowed to go and live his own life as an ordinary member of the community.

The most important function of a Sanatorium is to so educate a patient so that he ceases to be a menace to his fellows, and at the same time instruct him as to the mode of life necessary to promote recovery. Actual supervision in hospitals is necessary to compel patients to follow the rules laid down but with rare exceptions, patients are anxious to learn and willingly follow instructions. It is found that as a rule those who are intractable while in Sanatorium are care-



less and indifferent after discharge while those who were willing to co-operate during their hospital residence can be depended on to follow advice given for the ordering of their lives at home.

The desirability of discharging suitable cases at as early a period in their Sanatorium life as possible has been already recognized and acted upon by the Superintendent of one of the largest Sanatoria in Canada. He states as follows (Ottawa 633):—

"Q. We are asking you to give us any help you can in considering a proposition which was made to us on behalf of the Tuberculous Veterans of Canada to the effect that a man after having had a reasonable amount of Sanatorium treatment should then be discharged if he desires to be discharged and permitted to go to his family, or his own home, and receive 100 per cent pension. I am putting it to you just briefly?—A. Well, broadly speaking, sir, that has been our practice in our area. A man who has conscientiously put in treatment in the sanatorium for a year or longer, who had reached a certain, definite stage in his disease, and had perhaps got into what we might call a chronic stage, it was felt that the sanatorium, if you forced it on the man, was failing to accomplish its duty, and we took advantage then of a ruling that was made seven years ago that if, in the judgment of the medical Board sitting on his case, it was reasonable that he should do this thing, and the Board coincided and concurred as a whole, that it was reasonable, then we stated in the Board, that we concurred in his request.

"We always made him insert in the Board's proceedings why he was requesting it, a definite request stating his reasons why he wished to forego treatment; we caused him to write something like this:

"I have completed a year or two years' treatment. I know the state of my health. I know how careful I must be. I have a suitable place in which to live and I request to be discharged on these reasonable grounds'. . . . We then ask the Social Service Department to investigate the home conditions, and if they said they were all right sanitary and proper conditions, we felt more convinced that we were justified in concurring and allowing the man to try a period at home. We felt that that man had been well trained and had been careful and that even if he was discharged from the sanatorium he would continue to be so. On discharge, he was informed that in doing this he need have no fear that he would be in any way penalized, because we were practically discharging him from the sanatorium but definitely at his request. . . . .

"Q. You are speaking of all cases now in which a man has spent a year or more in sanatorium?—A. Yes.

"Q. Would you discharge a bed case?—A. Very rarely unless we had every assurance that the people at home were willing to assume the control of that patient. Many times I have been asked by patients to give them reasonable refusal of treatment, because a brother or a sister had said or told them that they were welcome home. Before concurring in such a discharge, I always write a letter to the exact party who had been quoted as saying they were welcome, and they must furnish me, in writing, a statement saying that their home was open and that the patient was welcome, and that they knew how to take care of that man and assume the responsibility.

A. They were more chronic types. The infirmary case rarely wanted to be discharged.

"Q. The infirmary case, that is the bed case?—A. Yes. I have a case in mind now, a boy from Prince Edward Island. He was under

treatment and wanted to go home, so I wrote to his father and mother and told them exactly his condition and they wrote back and assumed full responsibility for taking care of him, and then that boy was sent home in care of a nurse and delivered to his own people. I have another instance away out in British Columbia where a mother and father said they were willing to take their boy and were willing to take care of him. I had it in writing that they would assume full responsibility".

Looking then to the welfare of the patient alone it may be taken for granted that if he has proper living quarters to which he may remove, if in receipt of adequate pension and not too far removed to be able to obtain medical advice when necessary, he may with safety be allowed to go home after one year's sanatorium instruction and treatment.

But the welfare of the public is also involved, and until a tuberculosis patient has been educated or until the tubercle bacilli have completely disappeared from the sputum, it is imperative, especially where the patient is in contact with young children, that he should be isolated.

The length of time necessary to educate a patient sufficiently that he may with almost complete safety return to his home varies with the intelligence of the patient and his willingness to learn. It should prove, in the case of an intelligent man anxious to co-operate, a comparatively short period. The evidence presented is to the effect that once a patient is educated, he may live at home and not expose his relatives to any greater danger than by periodical visits home on leave. Your Commission is convinced that the danger of contagion is, in the case of the trained patient, much exaggerated by the public. The answers to inquiries as to whether there were instances of infection in the families of Canadian pensioners returned home from sanatorium would lead to the conclusion that these cases were exceedingly rare, and even nurses, physicians and attendants in sanatoria had been practically free from infection unless predisposed by subnormal physical condition.

It follows from the above that if proper medical supervision can be maintained and the patients regularly examined and advised by a capable physician, once education is completed and the home conditions found to be satisfactory, patients not confined to bed can be as effectively treated at home as in a sanatorium.

#### *Recommendation of Commission.*

That the practice be adopted of permitting tubercular patients, if during treatment they have shown a proper sense of responsibility, and if they so desire, after one year's sanatorium treatment, to leave the institution unless outside living conditions are unsuitable.

#### *Suggestion by Ex-Service Men.*

No deductions for maintenance in Sanatorium

That pay and allowances should be paid to patients for maintenance. (Winnipeg 629).

If while on pension an ex-soldier is readmitted for treatment, \$30 per month is deducted from his pension, and applied to the cost of his maintenance in sanatorium. Objection was made to this practice on the ground that, while the ex-soldier is compelled to contribute to the up-keep of the sanatorium, very few civilians who are receiving identical treatment and privileges, pay anything, and that the ex-soldier should receive at least as much consideration as the

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civilian. The obvious reason however for not asking certain civilians to contribute is that they are penniless, whereas the pensioner has an income, part of which, at least, is conserved by living in an institution, and he is thus saving his cost of living at home.

*Recommendation of Commission.*

None.

*Suggestion by Ex-Service Men.*

Suitable employment or, preferably 100 per cent

That provision be made by means of sheltered workshops or home industries or other suitable periodically intermittent employment so that tubercular pensioners may supplement their pension by earnings, or preferably that in cases moderately advanced or of a greater degree of severity 100 per cent pension be paid for life, or that incipient or moderately advanced good type cases 100 per cent pension be paid for one year, and that reductions be not made at a greater rate than 20 per cent at any one time, with an irreducible minimum of 50 per cent. Halifax 124, St. John 90, Winnipeg 521, 536, 631, Calgary 324, Vancouver 323, 324, Regina 79, Toronto 1618, 1619, 1625, Montreal 372, 376, 394, 396).

First, as to sheltered workshops. Even in advocating this, the difficulties and limitations were recognized by their advocates. The great difficulty facing such a proposal is that on account of phthisiopobia, such workshops would necessarily have to be limited to men suffering from tuberculosis. Even the Red Cross Society will not, on account of the opposition of its non-tubercular workmen, admit tubercular cases into their workshops. Again, sheltered employment could only be provided in large centres. This would either compel the congregating in cities of the tubercular who wished to take advantage of the opportunity offered, something not at all to be desired, or shut out a number equally well entitled.

There was no unanimity of opinion; witnesses at Montreal (376), Toronto (1625) and Winnipeg (536) were either indifferent or opposed to institutional or supervised employment. Two specialists who gave evidence at Ottawa (188 and 657) were of the opinion that sheltered employment might have some therapeutic value but were not at all strong in its support, in fact the principal advantage mentioned by both was that it provided a means of increased income.

There are many difficulties in maintaining and operating Vetreft and Red Cross workshops even under the most favourable conditions, and when those difficulties are increased by the necessity of having to maintain such institutions exclusively for one class and further when many of the representatives of that class are themselves not by any means unanimous as to its efficacy or desirability and in some cases opposed this form of re-establishment, the Commission considers that its adoption is not warranted.

Secondly, as to Home Industries. These, like sheltered workshops, are not applicable alone to the tubercular. If the establishment of such industries were feasible they would be particularly suitable for tubercular pensioners because the necessity for associating with other workmen who may fear infection is eliminated. The evidence before the Commission on this phase of re-establishment is exceedingly meagre and such as it is will be dealt with in connection with the employment of the disabled generally.

The alternative to providing part time employment for tubercular cases was that 100 per cent pension should be paid for life in moderately advanced or more serious cases and that in the less severe cases there be 100 per cent for a

substantial period with reductions of not less than 20 per cent at any one time down to an irreducible minimum of 50 per cent. The Commission has tried to weigh the varying and sometimes conflicting considerations involved in these proposals. Immediately there arises the suggestion that to make any such arbitrary provision would be apparently to discriminate against those suffering from other disabilities. On the other hand the peculiarities of this disease make rest, quiet and freedom from anxiety a necessary part of treatment.

There is, the Commission considers, a disadvantage suffered by many tuberculous pensioners as compared with those assessed at just as great a percentage of disability on account of other ailments. The T.B. pensioner in many cases is required to take absolute rest for a considerable portion of his working day while the other man may put in a certain percentage of work without interruption during the whole day. The disability of the T.B. man is total for a portion of the time while the active man has a limited working capacity all the time, consequently the jobs for the T.B. men are more difficult to find. Employers would rather have a man whose percentage of working capacity can be spread out evenly over the whole working day than one who must put in his work at intermittent periods even though at greater intensity while actually working.

Another point brought up is that while the object of the 100 per cent pension is to permit the man to have complete rest and thus promote recovery and cure, this does not always work out for the reason that men not conscious of illness and ambitious to add to their income go to work and thus defeat the very purpose for which the total disability pension is given. There are undoubtedly cases where this has occurred and the man has broken down. All that can be said is that naturally these cases would be even more frequent if the pensions paid were less and the inducement to work that much greater.

There were many other considerations discussed but the argument of the T.B. representatives rested on two main contentions: (1) That all efforts to provide suitable employment and sufficient income consistent with proper after care were ineffective and sheltered employment, home industries and T.B. colonies were one by one eliminated; (2) That the cost to the country of 100 per cent pension would be less than the cost of maintaining the men in hospital to which they would (it was said) have to return on account of break-downs resulting from being forced to work to earn a livelihood at the expense of health.

As to the first contention, the Commission has already indicated its opinion that the country may as well recognise the futility of trying to seek, as substitutes for pension, occupations which will be remunerative and yet be suitable for the inconstant nature of the working capacity of the tuberculous pensioner. An extract from an article by an eminent specialist on tuberculosis and published in the 22nd Annual Report of the Canadian Tuberculosis Association (p. 78 Record p. 399-402) clinches the argument. He says:—

“Though many attempts have been made to furnish lists of suitable and unsuitable employment, it must be recognized that the problem is an individual one, and that rigid and uniform rules are impossible of general application....

“What is bad for one tuberculous man, in view of his condition and many sets of circumstances, may be good for another, differently placed and in a different physical condition....

“While this is the case and definite white and black lists are impossible, it should be pointed out that popular ideas are especially wrong about farming and gardening as suitable occupations for the consumptive. Both the living and working conditions on the average farm are emin-

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ently unsuitable for the ex-Sanatorium patient unless he is an experienced farmer, whose physical condition is particularly good and who in the position of owner with some capital, can select his own duties or develop one of the less laborious lines of farming.

"Market gardening which has been looked on as an easy, suitable and even poetic form of farming, is perhaps even more undesirable as a means of livelihood.

"How very rarely indeed is the opportunity for suitable employment afforded the average type of ex-Sanatorium patient, if, to the conditions existing in the ordinary labour and industrial markets, the complex of principles involved be applied as a standard. As a rule he is hopelessly handicapped and not infrequently permanently so....

"Indeed it has been found that actually the great majority of employers would far rather be called upon for a direct financial contribution than be asked to find employment for the sub-standard tuberculous man....

"Even the 75 per cent efficient physically are practically 100 per cent disabled as far as opportunities for suitable employment under ordinary conditions are concerned. It is seldom that a full day's work is not demanded from an employee if he is to expect to retain a position permanently. It was the realization of the great paucity of opportunity for suitable occupation in which the tuberculous ex-patient could earn a reasonable livelihood without unduly jeopardizing his unstable health that justified the conclusion of Varrier-Jones that '*a consumptive with moderate disease is as utterly incapable of earning a living under present economic conditions as an epileptic.*' Apparent exceptions to this sweeping statement will of course at once occur to everyone. When these are carefully analyzed, however, it will almost invariably be found that either the character of the work or the conditions under which it is performed have been materially modified by a considerate employer, frequently a relative. Occasionally also a higher degree of skill may mitigate the handicap of the patient's physical limitations."

Further on in this Report the Commission will deal with T.B. Colonies but only as a possibility in improving living conditions rather than as an aid to earnings.

As to the second contention that 100 per cent pension will cost less, the Commission has already intimated its opinion (Report No. 3 p. 49) that this will in the end be found to be true.

The establishing of these two contentions does not however inexorably point to the conclusion that there should be an arbitrary award of 100 per cent pension for life.

Admittedly a convalescing tuberculous man is not fit from a practical standpoint, because of the prohibition imposed on him as part of his treatment, to take up remunerative employment. But while this contention of the representatives of the tuberculous men is sustained, it does not follow that the prohibition imposed will be necessary for all time and the Commission has not found in the evidence the necessary factors to support that claim.

It is readily recognized that there should be ample liberality in rating T. B. disabilities because of the beneficial effect of contentment of mind and freedom from anxiety in accelerating cure. Restoration of health and earning power is what is sought. With this in mind the Commission has already recommended an arbitrary rating in designated cases of full pension for 2 years after discharge from Sanatorium (Report No. 3, p. 49).



In addition to this there is the practice of the Pensions Board in accordance with the recommendation of the Parliamentary Committee of 1922, as follows:—

"The Committee recommend that pension awarded an ex-soldier by reason of tuberculosis should not be in any event whatsoever reduced with too great suddenness; and recommend that a reduction in pension awarded for tuberculosis be not made at any one time to any extent greater than 20 per cent."

This practice of arbitrarily limiting the reduction of pension is inconsistent with the provisions of Section 25 (1) of the Pension Act, since the latter requires the pension rating to conform to the actual degree of disability. The Pensions Board have, however, readily accepted and put into operation the policy recommend (Montreal 372) and the Commission's conclusion hereafter on this proposal as to pension allowance for life for the tubercular is based on the assumption that this practice will continue and that reductions will not take place more frequently than half yearly.

Assuming the Commission's recommendation as to full pension for two years were adopted the practice would work out as follows: After the T. B. pensioner had received his 100 per cent for two years, he would still be entitled, no matter how much he might have improved, to have 80 per cent for the following 6 months, with subsequent half yearly reductions of not more than 20 per cent, so that his pension could not possibly entirely cease until  $4\frac{1}{2}$  years after discharge from Sanatorium. But a further practice has been adopted by the Pensions Board to ensure to the pensioner the benefit of adequate medical supervision. A regulation (Routine instruction No. 236, Montreal 368) is in force which prevent T. B. pensioners being cut off entirely and provides that the pension must continue at at least 15 per cent for 2 years from the time when the pensioner arrives at the stage known to T. B. Specialists as "apparently cured." This classification is never made until a patient has been, under ordinary living conditions free of symptoms for a period of 2 years and the regulation itself sets out that in effect it ensures pension and medical supervision for an approximate period of 5 years at least after discharge. The maintenance of the pension, of course, automatically involves periodical re-examinations which are desirable to detect recurrences.

The foregoing has in mind a pensioner who has so improved that the arbitrary percentage of pension awarded under these provisions is really considerably greater than his actual bodily disability. As to the man who does not improve, it must be remembered that nothing in the foregoing prejudices his right to receive pension commensurate with his disability, for example, if at the end of the 2-year period he is still a chronic invalid, the 20 per cent reduction is not made, and he may be paid a pension according to his total or partial disability for the rest of his life. Neither is it to be assumed that even if a man has substantially recovered there is anything in the recommendation made or the practice in force to prevent the Pensions Board giving full effect to any handicap which he may suffer by being prohibited on account of fear of recurrence from engaging in activities open to a normal man of his age.

It should also be remembered that if a relapse should occur and symptoms of renewed activity develop, the patient would automatically be restored to 100 per cent and continue, as in the first instance, at that rate for a period of two years. In other words after a relapse, the right to full pension for a 2-year period becomes again operative and the same system of limited reductions resumed.

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*Recommendation of Commission.*

1. The Commission is convinced of the futility of attempts to provide special employment for the convalescing tuberculous in an endeavour to afford opportunity for earning wages to supplement partial pension.
2. The Commission refers to the recommendation as to the payment under the circumstances set out in Report No. 3 (p. 49) of full pension to the tuberculous for 2 years after discharge from Sanatorium.
3. The Commission further recommends the continuance of the practice of not reducing T.B. pensions by more than 20 per cent after any re-examination and that these reductions be not made more frequently than half yearly.

*Suggestion by Ex-service Men.*

Specialists to state opinion as to rating

That in the province of Manitoba the decision as to pensions for tuberculosis be made by the local chest clinic. (Winnipeg 534).

One situation for which a remedy was sought was the delay due to the roundabout procedure of applications made to the sub unit office having to go to the unit at Winnipeg and thence to Ottawa. The idea was that since these cases were, under the present practice, dealt with at the local chest clinic acting in an advisory capacity, it would increase neither the work nor the expense of the clinic to have it make actual decisions instead of reports. This would be to adopt the principle of local autonomy. Canada's unique position in vesting exclusively in the authorities at Ottawa the power to make effective decisions has already been pointed out and the opposite practice in other Countries indicated (Report No. 2 p. 15). Unless the policy of decentralization is to be adopted nation wide the above suggestion could not be favourably entertained.

There is another element in the proposal and that is, the desirability of having the opinion of experts as to the degree of disablement under which the man suffers instead of confining their function to describing the stage of progress or of cure of the disease. It cannot be denied that the Specialist in the clinic is in a more favourable position to estimate the percentage of disability because it is he who, instructing his patient, fixes the hours of rest or work and who, therefore, directly determines his capability to earn a living. In other words, the prohibition imposed upon a tubercular patient should be the basis for pension, and not the classification now used of "quiescent," "apparently arrested," etc.

The suggestion is, not that the chest clinic specialist should take the place of the local pensions medical examiner, but that the specialist in expressing his opinion should do so in terms of percentage of disability and not solely in an abstract description of the patient's condition. Exactly the same principles apply concerning the reports of the sanatorium specialists. If, however, the recommendation of the Commission as to full award on discharge is adopted there would be no necessity for sanatorium reports to state percentages.

*Recommendation of Commission.*

That Tuberculosis Specialists in reporting on pensioners coming up for re-examination should not only describe the physical condition of the patient and the stage of the disease but should definitely state what, in their opinion, is the percentage of the pensioner's disability.

*Suggestion by Ex-Service Men.*

## One-third increase in T.B. Pensions

That the present standard of pension be increased by one third in cases of tuberculosis. (Calgary 329).

Obviously this suggestion could not be adopted. It would be regarded, and rightly so, as discrimination. In principle the standard of pension rates is based on average living costs and like all averages must apply equally to all, and cannot be altered to fit each individual case or class.

The ground for the request was that those suffering from Tuberculosis require more expensive food and better living quarters. While there is to a minor degree some merit in this contention, the Commission has tried to make its recommendations in connection with pension ratings sufficiently ample and unmeasured as to fairly make allowance for such special conditions as surround the tubercular.

*Recommendation of Commission.*

None.

*Suggestion by Ex-Service Men.*

## Retroactive Pension for T.B.

That when pension is awarded for tuberculosis it be made retroactive for the period during which the ailment must have previously existed as indicated by the progress which the disease had made at the time of the application. (Vancouver 332).

It is a fair presumption that if the disease has progressed sufficiently to have caused a disability the ex-service man would apply for treatment, and therefore pension dating from that time would cover all actual disability. Under these circumstances to allow retroactive pension would be to base pension upon the presence of the disease and not, as is the rule, on the disability arising therefrom. This principle was recognized when the Pension Act was passed and is embodied in Section 28(b) as follows:—

“28. Pensions awarded for disabilities shall be paid from the day following that upon which the applicant was retired or discharged from the forces except,—

“(b) In the case in which a pension is awarded to an applicant the appearance of whose injury or disease which caused his disability was subsequent to his retirement or discharge from the forces, in which case the pension shall be paid from the day upon which the application for pension has been received”.

In the opinion of the Commission there are no special considerations in the case of the tubercular which justify an alteration in this general and long standing statutory provision.

*Recommendation of Commission.*

None.

*Suggestion by Ex-Service Men*

## Extension of time for presumptive attributability

That regulations be adopted to the effect that, if signs and symptoms of tuberculosis appear within three years after discharge, it shall be presumed that the disease was incurred during service, or in the alternative, that the period of one year now generally allowed for the purpose of such presumption be extended. (Ottawa 684, 597, 656, 328, St. John 44, Calgary 328, Vancouver 313, Regina 67, 71, Montreal 57.)

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In some places the representatives of the T.V.A., even went the whole length of advocating that the burden of proof be shifted entirely, and consequently that T.B. in an ex-soldier be presumed to be connected with service no matter how long after discharge it appeared. The suggestion above summarized was a modification of this much more drastic proposal. (Halifax 121, Montreal 56, Calgary 322, Regina 63). The general request as to shifting the burden of proof is dealt with under the heading of "Procedure" since this applies not only to T.B. but to all other disabilities as well.

The serious difficulty in T.B. cases is to determine whether the disease began before or after discharge. If before, then it was "incurred" or "aggravated" "during service" and is pensionable, while if after, it is like any other ailment suffered by the ex-service man in civilian life. The progress of the disease varies remarkably in different persons even in the same environment, and, with the most efficient aids to diagnosis, expert and experienced specialists find in numbers of cases great difficulty in expressing any assured opinion as to the time of onset. In view of the far-reaching effect which these opinions have on the rights of an applicant and the indistinct nature of the conditions on which they have to be based, it has been thought well by the Pensions Board to adopt a working practice under which a presumption is generally made that if signs and symptoms appear within one year after discharge the disease can be fairly said to have been present during service. This does not take the form of a hard and fast regulation but is an instruction issued for the guidance of pension medical advisers and examiners to aid them in coming to a conclusion as to whether the disease was present at discharge. It states that: —

"Cases of pulmonary tuberculosis with signs and symptoms becoming apparent within one year after discharge, shall be considered as due to service. It is assumed that the length of service shall form a reasonable ratio to this term, and the conditions after discharge have not been such as would be more likely to predispose to tuberculosis than would those of service." (Chapter 4, Section 4, Clause 15.)

It was sought on the hearings to get from the specialists some reasonably definite idea as to how long the disease could have existed without being apparent. If any definite opinion could be expressed on this point then it would at least be possible to reason back from the date when the symptoms were discovered in any given case and say whether the disease could have existed at discharge. The specialists considered that the variations in the onset and progress of T.B. made it impossible to fix any term which would reasonably cover all cases. Naturally, they contended that from the medical standpoint the scientific way in which to decide when the disease began was to investigate each case on its own history and symptoms and express an opinion on the facts of that case alone. When asked their opinion as to the advisability of fixing a period within which, if disease appeared, it should be presumed to have been incurred on service they considered that such a presumption should be a matter of expediency for legislators rather than of expert opinion by professional men. (Ottawa, 622, 681, 683, 686.)

Legislators would naturally be governed by the law of averages. In making the present rule the Pensions Board no doubt considered that, since a very large proportion of the cases in which T.B. appeared within the one-year period after discharge were, after investigation, granted pension, then the few who were unable to produce the required evidence might as well be admitted also, particularly since it never could be said with positive certainty that they were not entitled. Admittedly the one-year presumption is made as an expedient and not as a scientifically exact rule.

The question as to whether this one-year period should be made longer depends, then, on whether the underlying basis of expediency will still obtain.

If it is found that nearly all cases in which the symptoms do not appear until two or three years after discharge are pensioned, then the delay and annoyance and expense may as well be eliminated and pension be conceded on the simple fact being shown that the disease manifested itself within that time. There is a great dearth of information as to this crucial point.

The consensus of opinion of those most competent to judge as expressed before the Commission was that practically all tuberculosis first presenting symptoms during service or within a short period of discharge were cases of reactivation of a condition present in childhood or youth. Further proof of this is furnished by the fact that the ratio of incidence of tuberculosis among ex-soldiers is practically the same as the incidence of tuberculosis in the province from which they enlisted. It is unreasonable to assume if the disease originated on service that soldiers from Nova Scotia would develop, as is the case, tuberculosis three times as frequently as soldiers from Alberta because on the whole, each group was faced with the same strain and exposure and lived under the same conditions. If then it is true, that in almost all cases where pensions are now being paid, attributability is based on "aggravation" during service, it is at least probable that such aggravation would reveal itself by clinical evidence within one year following the exciting cause.

No figures have been obtained so far which indicate what proportion of the cases admitted to pension showed their first signs and symptoms of T.B. after one year from discharge. The general statement was made by the Director of Medical Services in 1923 (four years after demobilization) that of the cases applying at that late date, only about 10 per cent were rejected and this estimate was corroborated by one of the assistant medical advisers (Ottawa 593). One of the foremost specialists in Canada (Ottawa 684-5) told of his investigation of a residue of cases which had been the subject of controversy and which were getting into the two year period after service. The result of his examination of 71 cases was that only 11 were rejected and of this 11 some were afterwards admitted. It might be argued that of those who wait four years after discharge before applying there must be a large number whose symptoms have only recently appeared and that the fact that 90 per cent are still admitted shows that T.B. appearing long after discharge can be presumed to have existed on service; but there are too many chances for other factors to operate to warrant using these figures as a basis for anything more than they indicate on their face. First, they are only impromptu estimates. Secondly, the 10 per cent rejected may be largely made up of these very cases where the disease manifested itself after one year and the admission of the other 90 per cent would, therefore, prove nothing, and thirdly, the disease when it was discovered may have been so well developed as to indicate unmistakably that symptoms must have appeared within the year even though they were unnoticed.

Whether it is likely that a disease, the symptoms of which have just now been discovered, existed on service, depends on at least two things, first, how long a period has elapsed since discharge, and the second enquiry necessary is, what headway has the disease made, because the condition might be so incipient as to show clearly that it could not have existed ever since discharge and not have made further progress. While the present presumption affords a good working rule for a period which is close to discharge it is not exact since it omits to take account of this second factor, viz., degree of progress at the time of application. This is evidently because it is always barely possible that even incipient T.B. may have been smouldering for a year and that consequently it was thought not worth while to draw distinctions between the different stages of the disease found within that short period. But if the period of presumption is to be lengthened a reciprocating requirement would have to be introduced as to the stage of development. It could hardly be urged that incipient disease discovered say two years after discharge is so invariably found to be connected



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with service as to warrant a general regulation admitting that conclusion in all cases.

In the United States both the stage of development and the lapse of time are considered and definite statutory rules are made. (Montreal 64, Regina 67). Under these rules if the patient shows active T.B. to a 10 per cent degree within two years it is presumed to have been incurred "in line of duty." In other words, that condition is considered severe enough to warrant the presumption that it existed back to the period of service and has been progressing since that time. But in the United States they go a step farther to provide for the man who does not present himself until long after the two years. Since they are without first hand knowledge of his condition within the two years they have made elaborate provisions for judging from the present condition what the previous condition was. For example, if there is cavity formation to the extent of two entire lobes of the lung three years after discharge, it will be presumed therefrom that the 10 per cent was present within the two year period. If, however, the present condition is less serious, namely, "moderately advanced," then it must show itself within two years and nine months to give the applicant the benefit of the presumption, and in cases still milder, namely, "minimal stage," the appearance must have been within two and one-half years. The plan is, that a certain stage of progress of the disease within a certain time raises a presumption that at least a 10 per cent degree existed within two years after discharge, and this presumed existence of 10 per cent within two years raises a further presumption that the disease must have existed at discharge and is therefore pensionable.

The difference between the United States and Canada is that, in the former, in order to prove that the disease was connected with service the T.B. patient must show within two years a condition of active T.B. to the extent of 10 per cent, while in Canada no certain stage of development is required to have been reached so long as some symptoms no matter how incipient have manifested themselves within one year. In the United States the rule is absolute, in Canada it is only a presumption.

In Great Britain T.B. cases are dealt with similarly to any others and no presumption is made.

On the basis of the United States regulations any change in the Canadian provision would be by way of making a certain present degree of severity conclusive or at least presumptive evidence that there were signs and symptoms within a year after discharge and thus by a process of relays tying the present condition up with service. If the Commission had any definite reliable evidence whatever that where conditions such as those described in the U.S. regulations are found, the disease must with rare exceptions go back from two to three years then it could fairly recommend that all such cases be admitted. The saving to the other (say) 95 per cent of the worry of painfully gathering the required evidence to show that their ailment was connected with service would quite justify letting in an odd case which would have been shut out if examined on its merits. But no such evidence has been forthcoming. Two Specialists were asked by the Commission to speak on this point. Both of whom enjoy, the Commission believes, not only the confidence of the profession but of the Tubercular ex-service men as well. One on being insistently pressed for an opinion declined to generalize and always came back to the statement that

"every case is an individual case and must be established on its own merits." (Ottawa 686).

and again,

"every case is a case unto itself and I think ought to be dealt with on its own merits." (Ottawa 683).

The general effect of his evidence that from a medical viewpoint no set period after discharge could be fixed for the appearance of service Tuberculosis and his only experience cited from which any average could be deducted was in the examination of the residue of 71 cases spoken of above (Ottawa 681-3-4-5).

The other Specialist when asked as to the practicability of establishing an arbitrary time limit said

"I can think that many patients would come under the three year clause who would have no right whatever to come on the Country." (Ottawa 597, 617).

And this was reiterated later (Ottawa 617).

Without any evidence whatever (except the United States regulations) that Tuberculosis found three years after discharge is generally recognized as having been incurred during service the Commission feels that it is not warranted in recommending that a statutory presumption do duty for clinical and historical evidence in the individual case. The Commission does feel, however, that there is not a clear appreciation of the fact that in order to connect up Tuberculosis existing to-day with service, or in other words to show "continuity," it is not always necessary to show actual intervening manifestation of the disease. "Continuity" only means the continuous existence of the disease, and if the clinical findings and opinions as expressed by experts are to the effect that, from the condition found, the history and other circumstances which are regarded as valuable in diagnosis, the disease now shown existed during service, that should be regarded as showing continuity although interim symptomatic evidence is wanting.

#### *Recommendation of Commission*

None—further than the recognition of the above principle in deciding as to continuity.

#### T. B. COLONIES AND HOUSING

Not only does the Commission consider that the establishment of T.B. colonies with any idea of providing an opportunity to supplement partial pension is impracticable as being unremunerative, but the scheme is not favoured by representatives themselves. Even where sheltered employment was favoured. (e.g. Calgary) Colonies were opposed. Aside from the fact that Colonies offer no advantages which cannot individually be obtained, is the objection to supervision common to all men and perhaps particularly so to the hyper-sensitive consumptive. Rules and regulations will only be submitted to if self-interest or the good of one's fellow-man is dependent upon their observance. The representative at Winnipeg (Winnipeg 536) gives as his opinion that any organized system of after care is undesirable; the Montreal representative insists (Montreal 323) that even social service and follow-up activities are of little value and the whole is summarized (Toronto 1625) by the Secretary of the T.V.A.:—

"A. In discussing 'Sheltered Employment' one is met with the deep-rooted conviction in the majority of T.B. patients that these necessarily take the form of Colony Schemes, Segregated Areas, or Vetscraft Shops, so I propose to state the objection to all these. Firstly, the impression of Colony Schemes is a 'large community centre governed by irksome, strict rules and regulations that would suggest an Army Camp.' A hot bed of social strife owing to the limited change of environment, boredom from monotonous routine, and officialdom necessary for the maintenance of said rules and regulations. . . .

"I think the Colony Scheme is very desirable in this part of the Country and in many other parts, but there is a deep-rooted objection

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to it. Because the Scheme has been advocated in different parts of the Country it has been shown that because of the climatic conditions being different the needs of the men should receive different treatment and they should be permitted to make their own presentation as to their needs. . . .

"Q. Do I understand you to say that no Colony Scheme in the Province of Ontario would be practicable?—A. It would be absolutely impracticable and undesirable."

It has been represented however to the Commission by tuberculous patients at Tranquille Sanatorium and by members of the local Red Cross Branch at Kamloops that some patients particularly those from the coast cannot return to the moist atmosphere and low altitude of their homes without detrimental effect upon their health. The conditions at Kamloops which is situated in the so-called Dry Belt are claimed to be unique on account of the dryness of the air. Persons treated for tuberculosis in this atmosphere must in some instances remain a considerable time in the locality after the disease is arrested.

A rather ambitious plan was worked out two or three years ago aiming at the establishment at Kamloops of a model village but the aversion as already noted of the Tuberculous men to colonies or segregation destroyed any hope that such a scheme would prove successful. Men unwilling to live in Colonies or model villages are, however, quite anxious to remain in the vicinity of Kamloops and would do so if ordinary places of residence were available for their accommodation. It is claimed that there are none such—practically every house is occupied and the number built annually is insufficient for the ordinary demand. Under these circumstances, it is asked that a small number of houses suitable for families, one member of which is tuberculous, should be erected and rented to ex-patients of the sanatorium at a rate sufficient to carry the cost of the land and construction. The Red Cross Branch at Kamloops undertakes to look after the selection of tenants, collection of rents, and general supervision of the properties. It is said that suitable houses can be erected for three thousand dollars each, or less.

The Commission recognizes the danger of recommending an innovation which may elsewhere be pointed to as a precedent but believes that the conditions at Kamloops are really, as claimed, unique in Canada and that there is no other district with Sanatorium facilities where similar conditions prevail. The Commission with this in mind feels that the request should be granted but, as there is no certainty of the number who would avail themselves of the chance to rent such houses, that not more than five be erected, and on the understanding that the Red Cross Society agrees to become responsible for the general direction of the whole project.

Various other suggestions respecting special housing facilities for the Tuberculous were made but the Commission is not prepared to go farther than to recommend the above as an experimental project under special conditions and not as a commitment to any general policy.

#### **Section 4. The Chronic Pulmonary Conditions Not Tuberculous**

##### *Suggestion by Ex-service Men.*

That a minimum rate of pension varying from 50 per cent to 100 per cent be granted to men suffering from chronic bronchitis, asthma and kindred ailments, for a fixed period of not less than six months following their discharge from hospital. (Halifax 123, Montreal 482, Regina 72, Calgary 336).

At Halifax the recommendation was simply that these cases be adequately pensioned. At Montreal, Calgary and Regina it was requested that they be considered as total disabilities for at least six months and that the pension be

not reduced more than 20 per cent at any one time thereafter. The representations on behalf of these men were based largely on the contention that sufficient recognition was not given to the severe effects of asthmatic and bronchitic conditions on working capacity. Cases of bronchitis are not infrequently admitted to Sanatorium for observation as suspected tubercular cases and the men, after having been allowed prolonged residence there, have been discharged as non-tuberculous. While for the first six months after discharge the Bronchitis case may be severely handicapped, after that time improvement may be more confidently looked for than in the case of the tuberculous. Bronchitis and tuberculous cases having however been associated for a long time in the Sanatorium, not unnaturally, come to the conclusion that there is some relation between the bronchitis and tuberculosis and that following discharge both should receive the same consideration as regards pension.

The fact is that the only relation between tuberculosis and other pulmonary conditions such as asthma, bronchitis, emphysema, etc., is that they all occur in the chest. Otherwise there is no connection whatsoever.

The Commission can see no reason why pulmonary conditions other than tuberculosis should be considered for pension upon a basis different from that of other diseases. It fully recognizes however that many asthmatics and chronic bronchitis cases are handicapped as completely as the tubercular and may, in addition, suffer keen distress upon the slightest exertion. There is the further fact that they may be completely incapacitated for outdoor work during the winter months. All these elements emphasize the necessity that generous consideration be given in assessing the degree of their disability.

#### *Recommendation of Commission.*

None—further than as indicated by the above.

### **Section 5. The Insane**

Considerable discussion took place on the Hearings before the Commission with regard to the regulations in force relating to the insane. There apparently exists some misunderstanding of the principles and practice due in no small degree to the complexity of these special provisions. The regulations particularly referred to are contained in P.C. 580.

As would be expected, cases of insanity are dealt with somewhat differently from other disabilities. For instance, when an insane ex-service man is in an institution, sufficient money is paid for incidental expenses but his general pay and allowances are withheld. His dependents are paid what they would have received in case of his death, and on discharge from the institution an adjustment is made. If the amount which he would have received for pay and allowances is greater than the amount paid to the dependents the difference is paid and the man is put on pension; on the other hand if the amount paid to the dependents has been greater than pay and allowances no refund is asked for. (Vancouver 130).

Contrary to the practice which is followed respecting other ailments, cases of insanity are not put on pension when further treatment appears to be hopeless. Even though the case is incurable the man is kept on a basis of "Treatment with Pay and Allowances" for life. This only applies, of course, to those whose insanity is connected with service.

There are cases where the patient is entitled to pension for some disability other than the insanity; under these circumstances the pension may be paid to the D.S.C.R. and be applied by that Department on account of maintenance, but more often it is paid by the Pension Board to the man's dependents when necessary for their support.

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## CLASSIFICATIONS FOR TREATMENT

P.C. 580 contains no less than five different classifications of ex-service men suffering from mental derangement. These classifications depend on the time of onset of the trouble and its relation to service. The man is examined and placed in one or other group and the classification so made determines whether or not he shall receive pay and allowances together with treatment, or whether treatment alone shall be given, or whether he shall be entitled neither to pay and allowances nor treatment but handed over to a Provincial Institution. The net result of these classifications is that institutional care and treatment are given to certain men whose insanity is not related to service.

Those who are interested in these men are not unnaturally confused by this prolixity of regulations. It should be remembered that they only apply to treatment and that pension for mental afflictions rests on exactly the same principles as for other disabilities. The pension is applied somewhat differently on account of the applicant's unfitness to handle it personally but the grounds of entitlement and the amount of award do not differ from other cases. The practice is for the Pensions Board and the D.S.C.R. officials to confer so that it may be known whether the Pensions Board will, if the question of pension comes up for decision, concede that the disability is connected with service. This enables the D.S.C.R. officials to place the applicant in the appropriate classification under P.C. 580 and to give him treatment and allowances to the extent to which the classification entitles him.

## RECURRENCES

It developed in a discussion in Montreal (77-80) that if a man was pensioned for mental trouble incurred during service which became apparently cured, and if after September 1, 1920, the mental trouble appeared again, pension would not be restored unless the ailment was shown to have been attributable to service. This ruling comes about from the interpretation placed on the Pension Act to the effect that the "Insurance principle" was abrogated after September 1, 1920, (see Report No. 1, p. 44-47). This has been corrected by the 1923 Amendment to Section 11. It is assumed that the ruling that the recurrence must be shown to be "attributable" would not now be made and that in mental cases as in all others the fact that the disability is one resulting from injury or disease incurred on service would be considered as entitling the applicant to pension.

*Suggestion by Ex-service Men*

Old Section 25 (3) as applied to mental cases

That the classification which permits of refusing pay and allowances to a man who is discharged owing to a mental disability be modified so as not to affect those entitled to pension under section 25 (3) (now 11 (1) (b).) (Toronto 1739).

P.C. 580 divides those who are not mentally responsible into five classifications: (a) those suffering from a mental disability which either developed during or after service, but which is admittedly attributable to or was contracted on service; (b) those suffering from a mental disability which either developed during or after service but which was aggravated on or by service; (c) those discharged from service owing to a mental disability not attributable to or contracted on nor aggravated on or by service; (d) those who, while on pension or undergoing treatment for some disability other than mental, have developed mental disability not attributable to or contracted on service; (e) those discharged A-1 who have subsequently developed a mental disability not attributable to or contracted on service.



Further on the Order in Council sets out the extent of the treatment and allowances to which each of these groups is entitled. The provision for those in classification (c) is that they are maintained in an institution, and their clothing and money enough for incidental expenses is provided, but they are not entitled to pay and allowances.

The point is made that the terms of classification (c) are broad enough to include a man who served in France and who was discharged with a mental disability. This man would be entitled to more than is specified for group (c). He would be entitled under Section 25 (3) (now 11 (1) (b) to pension for his full disability on discharge and would, of course, be entitled to have full pay and allowances while under treatment; but if he were tied down to the benefits which the Order in Council gives to those in class (c) he would be deprived of pay and allowances.

Perhaps exception was made for most of the men who got to France and the Order in Council was not regarded as excluding them from the benefits to which they are entitled quite irrespective of its provisions. Possibly some were put in classification (a) since their disability although not *in fact* attributable to service was so attributable *in law*, by reason of section 25 (3). The wording of the Order in Council does justify apprehension, however, that some men who served in a theatre of war may have been treated no differently from the others who are covered by group (c), and that on account of their insanity, and there being no one with the same interests in the matter, the error has remain uncorrected. This apprehension is strengthened by the circumstances that statistics furnished to the Commission show that over 50 men who served in France are classified under group (c).

#### *Recommendation of Commission.*

That careful examination be made to see that those who served in a theatre of war and are entitled to the benefits of Section 25 (3) now 11 (1) (b) ) have not been deprived of pay and allowances nor of pension on account of their special statutory rights being overlooked.

#### *Suggestion by Ex-service Men.*

Insurance principle to apply to Insane

That clause 9 of P.C. 580 be amended so that the benefits of treatment, etc., will be extended to cases of mental derangement incurred during service as well as attributable to or aggravated by service. (Toronto 1743).

This suggestion arises, it is thought, from a misunderstanding of the effect of the provision of P.C. 580. The sections in Clause 9 which confer certain benefits on mental cases refer to disabilities "attributable to" or "entirely attributable to service". This was evidently taken to mean that the service must have caused the disability or, in other words, as not recognizing the "insurance principle" which has been so often discussed. This contention overlooks the fact that the definition of a "disability attributable to service" includes, according to Clause 1 (G), "an injury suffered or disease contracted on service or the result of an injury or disease aggravated on service".

There is, therefore, no intention apparent in this Order in Council to eliminate the "insurance principle" in dealing with these cases.

#### *Recommendation of Commission.*

None in view of existing regulations.

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**Section 6. The Neurasthenics**

Like the more serious mental cases, special provision has been made for those suffering from neurasthenic or hysterical conditions. When treatment was first instituted for these men it was early recognized that compensation in the form of pension was unsatisfactory for the reason that it induced the men to lean upon this and make no effort to recover their nervous stability. Accordingly, it was laid down by Section 29 (12) of the Pension Act that a lump sum not to exceed \$500 could be granted to such men with the idea, which was conveyed to them, that this was a final payment. Placed upon their own resources in this manner, the system proved of great value and many men, who might otherwise have dragged along for years on pension, succeeded in recovering their health and their capacity to earn a livelihood.

An attempt was also made, following the recommendation of the Parliamentary Committee of 1919, to further assist these men by providing employment. There were probably two ideas in mind: firstly, to afford distracting occupation, the effect of which would be to promote the man's recovery, and secondly, to afford relief in cases of need without the badge of actual charity.

It was urged at the hearings at Regina (22) and at Winnipeg (155-171) that employment be continued to these men and, in effect, that the D.S.C.R. take full responsibility for seeing that they receive a living wage. Cases were cited of which it was complained that the remuneration which had been allowed men in this category was too low. It was overlooked, however, that the very essence of the provision was therapeutic and that allowances for work were on a relief basis.

Those who framed Section 29 (2) of the Pension Act evidently quite clearly foresaw the situation which has, during the past five years, developed. The stages contemplated by that Section were: first, an attempt to cure by making to the men a lump sum final payment and thus putting him on his mettle; secondly, if such payment did not produce the desired effect, giving him further treatment with a small living allowance; thirdly, if this did not result in cure recognizing the futility of further effort and awarding pension.

The Commission is of the opinion that in view of the fact that five years has elapsed since demobilization, all the good effect which could have been expected from treatment of these neurasthenics, either by way of institutional care or of employment, must by this time have been obtained and that further effort along this line except in the most unusual circumstances, is valueless. The Commission therefore believes that these cases should be now considered for pension on the principles applicable to all disabilities.

The representative who advocated departmental responsibility for employment and maintenance, recognized that if the authorities were willing to substitute pension in these cases, and to assess the disability in the same manner as for any other disease this would meet the difficulty quite as well. (Winnipeg 169).

The general complaint was that the ratings for disabilities of this class did not fairly represent the degree of working incapacity present. The Commission considers that there is evidence that some of these cases have not been rated as liberally as was warranted. The excuse may be offered that it was feared that recognition of subjective symptoms would militate against recovery and tend to perpetuate the very condition it was sought to cure. Once a case is regarded as not capable of further improvement by "suggestion," this excuse disappears and there can be no reason for rating the disability otherwise than according to loss of earning power which the condition causes. As above stated, in the Commission's opinion this time has now arrived.

The Commission has already indicated its strong conviction that despite the absence of objective symptoms, neurasthenia produces a lack of earning power which is just as actual as that from an injury which might be described in a Table of Disabilities. (Report No. 1, p. 116).

## Section 7. The Syphilitics

### *Suggestion by Ex-Service Men.*

Diagnosis and effect of V.D.S.

That more adequate safeguards be provided to prevent any error of diagnosis of V.D.S., and that when estimating the disability arising from other diseases less emphasis be placed on a positive Wassermann test (Toronto 390).

The Commission has already dealt with the provisions of Section 12 (1) of the Pension Act which prohibits pension when the death or disability was due to "improper conduct." The Commission has made recommendations for amendment to this Section, confining it to improper conduct on service, and for a change in the procedure so that the discretionary power to award pension, even in the latter case, should be generally exercised. (Report No. 3, pp. 11-13).

The witness presenting the above suggestion had particularly in mind the undue importance ascribed by Pension doctors to a positive Wassermann test in diseases in which the influence of syphilis could not be positively disproved but in which syphilis may have had no influence whatsoever.

It is contended that far too frequently when a Wasserman test is shown to be positive, other conditions, particularly diseases of the heart and of the arteries, are immediately assumed to have been due to syphilis and pension is refused.

There were instances presented from which the Commission has formed the opinion that the presence of syphilis no matter how latent instinctively creates a tendency to rest the case there and not to pursue the enquiry, as to the real cause of the disability, with the same open-mindedness as would otherwise be shown.

There has been in fact a general inclination, not only on the part of the authorities, but by the public generally, to regard disabilities in which syphilis might have played some part as not worthy of the same diligent and enthusiastic investigation as other cases, and the Commission is satisfied that in the result, men have been prejudiced.

The general application of the Wasserman test and its sensitiveness in discerning the presence of syphilis, which could not be detected otherwise, increases the necessity that the utmost caution be used in ascribing to syphilis any portion of the disability for which pension is asked, because many men whose spinal fluid would give a positive Wassermann reaction are in perfect health, are no more subject to disease than others, and might live quite as long as if never infected.

Refusal of pension on the ground that the disability is due to syphilis, should be confined to cases where the relation between syphilis and the condition presented is direct and clear, rather than a possibility which perhaps cannot be refuted.

### *Recommendation of Commission*

That steps be taken to ensure that the considerations above mentioned are given full effect in dealing with cases where there is a suggestion that the disability has been contributed to by syphilis and further that pension should not be refused except in cases of recognized syphilitic origin, or where other evidences of syphilis aside from blood reaction are present.

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**Section 8. Dentures.***Suggestion by Ex-Service Men*

That when teeth are extracted as part of treatment for a disability connected with service dentures should not only be furnished in the first instance but should be renewed when necessary. (Toronto 839).

Complaint was made that in some cases, although dentures were furnished, they were not replaced as would be done in the case of an artificial limb. The rule now is that if the teeth are lost as the result of service, the denture is supplied and repaired or replaced whenever necessary. If, however, teeth have been extracted for treatment purposes only, the denture while supplied in the first instance is not renewed. It is urged that if teeth are extracted in order to minimize the disability and, as a result of this, improvement follows and pension is decreased the State having gained to the extent of the reduction in pension is thereby made liable for supplying and maintaining a denture.

*Recommendation of Commission*

That dentures supplied as part of treatment for a disability connected with service be maintained and renewed by the D.S.C.R. except where such maintenance or renewal has been made necessary by the negligence of the applicant.

## PART FIVE

**VARIOUS MATTERS PRESENTED AS RELATING TO PROCEDURE ON APPLICATION FOR PENSION OR TREATMENT**

Upwards of Seventy-five suggestions were made on this subject by the representatives of ex-service men. Many of these proposals were covered or partially covered by existing Regulations or practice—others were, after discussion, modified or not pressed—and again others were not at all within the scope of the Commission's work. It would extend the Report unnecessarily to refer to each separate suggestion, good, bad or indifferent, and discuss and dispose of it. The Commission has, therefore, endeavoured to consolidate those which appear to it to be similar in general character although they were presented at different places and contain differences in detail. Generally speaking, and with the above eliminations, only those proposals will be discussed which contain some point sufficiently meritorious to be entitled, in the opinion of the Commission, to favourable consideration.

There are instances, however, in which there is some discussion of suggestions which are not recommended favourably, but the Commission has tried to confine these instances to matters which were thought to be too important to dismiss summarily. The references to the pages of the evidence will show the particular local form in which the suggestion on the general subject was put forward at the various Hearings. The suggestions are dealt with in the order in which they would likely come up in the case of an applicant who is seeking treatment or pension.

*Suggestion by Ex-Service Men**Publicity as to Regulations*

That more effective action be taken to inform ex-soldiers and their dependents as to their rights and privileges in connection with treatment and pension. (Halifax 352, St. John (P.E.I.) 65-66, Montreal 24, Calgary 106, Winnipeg 443, Regina 51).

The immediate necessity for the publication of a non-technical handbook was clearly stated by the Commission in Report Number 2 (p. 9). A similar recommendation was made previously by the Parliamentary Committee of 1922. (1922 Parl. Com. Report, p. X and XI).

### *Recommendation of Commission*

Reference to recommendation previously made in Report Number 2, page 9, as follows: That a handbook be prepared for general circulation, setting out succinctly, and in non-technical language, information:

- (1) As to the rights of ex-service men and their dependents respecting pension and treatment, and outlining the procedure to be followed;
- (2) As to the various other activities of the D.S.C.R. and the rights and privileges of ex-service men and their dependents in respect thereto, and the method whereby these rights and privileges may be exercised.

### *Suggestion by Ex-Service Men*

Access to File of applicant.

That the applicant or his representative have, under supervision, reasonable access to his file for the purpose of preparing his case. Halifax 78, 123, St. John 68, Montreal 30, 34, 37, Vancouver 68, 329, Calgary 322, Regina 7, 71, Winnipeg 98, Toronto 3621.

This matter was strongly pressed at every hearing of the Commission from Coast to Coast, and substantial reasons were given for permitting the applicant to see his file. The practice of refusing access to the files was adopted by the D.S.C.R., from a similar practice laid down by the Department of Militia and Defence (now the Department of National Defence) in a letter issued under date of January 20th, 1920. (Halifax p. 78, 79). Some objections were pointed out at the Hearings to releasing to the applicant information of a confidential nature which might be on his file. It was suggested that medical men would hesitate to express their real opinion of the case if such were to be divulged and that in some cases domestic tranquillity might be disturbed. The Commission considered that the governing principle should be the right of a man to know the grounds on which his case was being decided, so as to be in a position to refute, if possible, anything damaging to his claim. It is the opinion of the Commission that all information on file which has or could have any bearing on the applicant's claim should be accessible to him. The opinions of medical men are expressed every day in open Court without hesitation, and in Pension and Treatment cases the medical men or investigator who furnishes the opinion or the information is generally an officer of the Department and is paid for this very service.

The views of the Commission were set out in Clause (h) of the proposed Appeal Procedure (Report Number 2, p. 17). This was incorporated in the Bill passed by the House of Commons (Bill No. 205, Section 11 (9) ) but was subsequently struck out.

### *Recommendation of Commission.*

Reference to Report Number 2, at p. 17, as follows:—

for the purpose of preparing the case the soldier adviser, the applicant or some one person authorized by him in writing to have reasonable access to the applicant's personal file in the presence of a D.S.C.R. official.



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*Suggestion by Ex-Service Men.*

Officials assisting applicant as to evidence required.

That D.S.C.R. and Pensions Board Officials should co-operate with the Applicant by advising him, if more evidence is required, of the nature of such evidence, and by assisting if possible in collecting it. (Vancouver 26, 27, 76, 77, Regina 42, Toronto 245, Halifax 53, Montreal 22, 23, 26).

This is already dealt with in Report No. 1, at p. 119. The statement there made is repeated below. Since Report No. 2 was presented, the recommendation of the Commission as to appointing Soldiers' Advisers has been carried out. This, with the adoption (if and where not already done) of the general principles below stated, should ensure an interested and aggressive presentation of all the just claims of applicants to consideration.

*Recommendation of Commission.*

- (a) The desirability for co-operation with and assistance to the applicant is not questioned, and simply to bring that general attitude down to practical terms, the Commission states its opinion that, in both Pensions and Treatment matters the officials should give to the applicant "correct and clear statements as to the principles on which pensions are granted, indicate the lines along which evidence is required, and, where possible, utilize any available staff in assisting the soldier in procuring and putting into shape this information"; (b) That wide publicity be given to the appointment of the soldier adviser so that applicants and their friends will automatically take cases up with him direct and regard him as the most effective channel of communication.

*Suggestion by Ex-Service Men.*

Organization of local civilian Committees.

That the Government initiate and support the organization of local committees to assist ex-service men. (Winnipeg 189, 190, 267, 268).

As was pointed out in Report No. 2 (p. 15), in England applicants are advised and assisted with their claims by local committees of prominent citizens who serve without remuneration, but are allowed a secretary from the local Pensions Office who is paid by the Ministry. A recommendation for a somewhat similar organization was made at the Hearing in Winnipeg.

It is considered that these organizations being purely voluntary cannot be successfully organized or operated except as they may be initiated locally. They would, no doubt, serve a very useful purpose in many instances. It is of advantage to the meritorious applicant to have the support and interest of a responsible body of fellow citizens and this would disseminate more widely a knowledge and understanding of pension and treatment statutes and regulations. It would also be a deterrent to the presentation of unfounded claims.

*Recommendation of Commission.*

In view of the appointment of soldier advisers, the Commission does not recommend any official action in the way of organization or assisting local committees; at the same time, the advantages above suggested would, the Commission considers, fully justify local effort for that purpose.

*Suggestion by Ex-Service Men.*

Requirements now exacted before medical examination is given. Form 819.

That the present requirements governing entitlement to medical examination be made less onerous and that Form 819 be abrogated or substantially amended. (Halifax 70, Vancouver 26, 27, Winnipeg 11, Toronto 771, 776, Ft. William-Winnipeg 772).

*(1) Re Medical Examination*

Evidence was given in Halifax (70) of a ruling in a particular case cited, to the effect that no medical examination would be made until the man established "prima facie" evidence that the disability was due to service. The D.S.C.R. Regulations (Halifax 73) provide for examination by a Medical Board where

"In the opinion of the examining physician the condition *might reasonably be attributed to service.*"

These regulations may in practice be construed very broadly and almost any indication of a possibility that the disability was attributable to service could be accepted as showing a "prima facie" case. It is considered, however, that the wording of the Regulations above quoted might be interpreted to exclude cases which are expressly included in P.C. 1127 as being entitled to treatment, namely, those cases

"where in the opinion of the Department the condition . . . is not attributable to service, but where there is nevertheless a real possibility that the condition might be considered attributable to service though reasonable proof is not obtainable.

*Recommendation of Commission.*

That the regulations above referred to be broadened so as to entitle the applicant to be medically examined in all cases where there is a reasonable possibility that subsequent investigation might reveal that the condition is related to service even though present proof is wanting.

*(2) Re Form 819*

The practice is that when the applicant, particularly from outside, asks for a medical examination, claiming that his disability has increased, he is sent "Form 819" and is required to have this form completed by a medical man (see Routine Instruction No. 128, Winnipeg p. 20) as follows:—

1. Apparently it has been the practice in some district offices to examine ex-soldiers who call on complaint re non-award of pension, or their present assessment of pension. After examination, it is found that the complaint is not well founded and that the time of the Medical Examiner has been needlessly taken.

2. The marginally-noted instruction provides that the man must present prima facie evidence of disability before examination is made. It is considered that this can best be provided in all cases by the submission of form 819.

3. The use of this form will reduce the number of examinations considerably, as only those men who believe they have a reasonable claim will go to the trouble of having the 819 completed, with the possibility of having to pay the charges themselves.

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There are three classes of cases which might apply for examination:—

(a) The man ill for the first time who considers his illness to be connected with his service:

(b) The man who has a pension but who considers that his service disability has increased since his last examination, thus entitling him to more pension;

(c) The man who has been refused pension or treatment on the ground that he had no disability but who now claims that his condition is worse.

Form 819 is headed

"to be used when the discharged soldier wishes to submit a description of his disabling condition by his own physician."

The form itself gives some general directions as to what are disabilities and how to describe them. It does not provide for information as to the degree of disability and, therefore, is of little assistance to the Pensions or Treatment doctor in cases (b) and (c) where the important question for determination is whether the applicant's condition is worse than when last examined.

The claim is made that a man should not be put to the expense of procuring an outside medical examination as a condition precedent to having his case investigated or re-investigated; and also that Form 819 is not sufficient in that it does not direct the attention of the civilian doctor, to whom the man goes for this preliminary examination, as to the point on which information is desired. (Winnipeg 12, Toronto 771).

The Commission realizes that there must be some reasonable ground shown for investigation particularly where it may involve substantial Departmental liability for travelling expenses; but the fact that the applicant is an ex-service man, and claims to be ill from a possible service disability, makes it only right that the conditions preliminary to an investigation be reduced to the minimum.

*Recommendation of Commission.*

That completion of Form 819 should not be the exclusive passport to examination. If the Unit authorities have before them information which indicates reasonable possibility that the applicants disability has increased since his last examination or (if he had no previous examination) that he now has a disability which might be connected with service, he should, the Commission considers, be examined under D.S.C.R. or Pensions Board auspices; and that Form 819 be altered to specifically direct the attention of the outside examining doctor to what information is required to enable the D.S.C.R. doctors to judge the extent of the applicant's disability.

*Suggestion by Ex-service Men.*

Expense and time allowances on account of medical examination

That the scale of allowances to men in attendance for medical examination or limb fitting be increased. (Calgary 35, 59, 207, Vancouver 19, 89, Regina 51, 145, Winnipeg 21, Toronto 363, 364).

The Statute (Pension Act 1919, Section 26 (2) ) provided that the pensioner "shall be paid a reasonable amount for travelling expenses and subsistence and loss of wages."

This was amended in 1920 by striking out the word "and" between "expenses" and "subsistence." The Section then read,—

"shall be paid a reasonable amount for travelling expenses, subsistence and loss of wages."

Under the original Statute the per diem amount paid was \$3 for expenses and \$1 for loss of time from work. It was objected that this was too small and the total amount payable per day was increased to \$5, but without any specific division between expenses and loss of time. This is the provision to-day. (Vancouver 20). Certain deductions are made from the \$5 if the pensioner stays with friends or if accommodation is provided for him at a hospital.

It was urged, particularly on behalf of the amputation cases, that the payment of this amount to men who were forced to remain in attendance at a hospital or a limb-fitting establishment periodically, for possibly a week or more, worked a considerable hardship, especially where these men were losing time from good paying jobs. (Calgary 206). \$9 per day was urged as a minimum. The probability of amputation cases being left longer than ordinary cases is recognized by paragraph (10) of Clause 20 of P.C. 580, as amended in 1923 by P.C. 1127. This provides for Pay and Allowances at Treatment rates if the soldier is detained longer than a period which varies from 10 to 14 days according to the distance from home.

Another witness at Calgary urged on behalf of men engaged in occupations such as mining, etc., that their monetary loss was considerably more than \$5 per day. He urged the rate of \$7.50 per day.

The representative of British Ex-service men in the United States also called attention to the loss of wages suffered by men working in Detroit where the average rate of wages was stated to be \$6 per day (Toronto 71).

The Commission considers that as in the case of pensions, so in matters incidental thereto, such as time necessarily spent in awaiting medical examinations, the earning capacity of the pensioner in his civilian occupation cannot be taken into consideration. If wage scales were to be taken as a standard, there would inevitably be invidious comparisons and dissatisfaction due to variation in wages in different parts of the country.

The present regulation cuts down the per diem allowance by dividing the day into four periods and paying for fractional parts thereof.

These Regulations (P.C. 1127, Clause 11) provide

that the ex-service man may receive: Return transportation, first-class with sleeping berth if necessary and *\$5 per day of 24 hours for actual time occupied in travelling by the most direct route to and fro and . . . for actual time detained in the town where the institution or place of examination is situated, made up as follows: 7 p.m. to 1 a.m., \$1; 1 a.m. to 7 a.m., \$1; 7 a.m. to 1 p.m., \$1.50; 1 p.m. to 7 p.m., \$1.50.*

There are provisos to the following effect:—

- (a) \$2 is deducted if sleeping berth is provided.
- (b) \$3 is deducted if subsistence is furnished.
- (c) \$2 is deducted if the man stays with friends.
- (d) This rate of allowance is not to be paid for more than ten days unless the train trip takes more than one-half day, in which case the allowance may be paid up to fourteen days, depending on the time consumed on the train.
- (e) Where the man lives in the same town or within 5 miles and is not away over night, he is allowed only out-of-pocket expenses plus wages actually lost but the whole allowance is not to exceed \$3.

(See also Vancouver 19-20 and P.C. 580, Clause 20).

The above figures include both the time and the expense allowance. The splitting up of the day in an attempt to apportion expenses is likely to be a source of annoyance, and an incentive to evasion, with very slight saving.

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The Commission considers that a proper basis for these allowances would be to indemnify the man against reasonable out of pocket expenses and against loss of wages up to a per diem rate equal to 100 per cent pension. If the man is under no expense and loses no wages, no reimbursement is called for.

*Recommendation of Commission.*

That ex-service men called for medical examination or otherwise necessarily attending should receive first-class return transportation with sleeping berth if required and also reasonable out of pocket expenses not to exceed \$4 per day of 24 hours, plus wages actually lost not to exceed \$3 per day of 24 hours.

*Suggestion by Ex-service Men.*

Payment to dependents of men in hospital awaiting decision

That allowances be paid to dependents while an ex-service man is in hospital for a period of observation or awaiting the result of the investigation of his case. (Halifax 35, 43).

The point was raised that in doubtful cases, the man was admitted to hospital, but that no provision was made for the support of his family during what might be possibly a long period of investigation. One of the reasons given for requiring that a man be paid during investigation was that Headquarters would, on that account, treat the case as more urgent and make decision more promptly.

Since the hearing at Halifax, P.C. 1127 has been passed under date of June 26, 1923. The provision as to payment to dependents, pending investigation, is contained in Clause 11, paragraph 6 (c) which amends Clause 20 of Order in Council 580. The extract is as follows:—

“If it is found that he requires treatment for a disability attributable to service, he shall be taken on strength by the Department for treatment and shall be paid the allowances set forth in Clause 4 hereof. If it is found that he requires treatment for a disability not attributable to service, he shall not be entitled to treatment by the Department. If the diagnosis is *uncertain*, and it is considered necessary that there should be a period of observation, he may be placed in hospital but no allowance shall be paid until after the expiry of fourteen days, after which, special dependents' allowances may be payable as set forth in paragraph (13) of this Clause *until the case has been diagnosed*.”

The important part of the foregoing is “if the diagnosis is uncertain”. In that case the Department may pay allowances to dependents after the fourteenth day of observation. This provision hardly meets the case. What is urged is, that delay for *any cause* in dealing with the case may work a hardship on dependents. There seems to be no good reason for refusing to pay dependents where the delay is caused by inability to decide the relation of the disease to service, and on the other hand, paying them when the delay results from inability to diagnose what the particular disease is.

It is understood that in practice, the word “diagnosis” is construed broadly and applies not simply to the identification of the disease, but to its connection with service. The Order in Council, as worded, leaves room for variance and inconsistencies in rulings, depending on whether a strictly literal, or a loosely practical, interpretation is given.

*Recommendation of Commission.*

It is recommended that provision be made for payment of allowances to dependents beginning after the man is in the hospital for more than two weeks and continuing until final decision is given by Head Office as to entitlement to treatment.



*Suggestion by Ex-service Men.*

More ready acceptance for treatment pending investigation

That more leniency be exercised, in admitting men to hospital for treatment, while investigation is being made as to whether his disability is connected with war service. (Halifax 70, 73, Calgary 9, 15, Winnipeg, 133, Toronto 237).

It was urged (Calgary 9, 15) that where men needed treatment, even though the case was not urgent, they should be taken on for treatment while the case was being investigated.

The D.S.C.R. only gives immediate treatment when the case comes within one of the following classes (Toronto 398):—

1. Where the diagnosis is uncertain and a prolonged period of observation is necessary (see P.C. 1127, Clause 11 (6) as follows:—

“ . . . If the diagnosis is uncertain and it is considered necessary that there should be a period of observation, he may be placed in hospital. . . ”

2. In cases where disability requires investigation and the man is in urgent need of some treatment in the meantime. (Toronto 398).

There is apparently no written headquarters rule as to the degree of urgency which must be shown before immediate treatment is given, nor in fact is there any Headquarters Regulation on the subject. It appears in evidence, however, that if the case is dangerous or urgent and there is any reasonable probability that the condition might be attributable to service, the man is taken on for treatment pending decision from Headquarters.

The Montreal unit issued local instructions (39-40) an extract from which follows:—

“ When an ex-member of the Forces applies for treatment and his eligibility for treatment is questionable, he should be given the benefit of the doubt and treatment as indicated, if the case is an *emergency* one.”

It appears that the Unit Medical Directors are allowed a good deal of latitude. The Unit Medical Director at Calgary (13) said:—

“ You can understand the position I occupy is one in which I am ruled by regulations, yet a certain amount of discretion is allowed. If an ex-service man comes into town absolutely down and out, we try to give him help; it may be through the department or it may not. I have, as a matter of fact, sent a good many over for food and rest, that was their requirement. Whether I was within the regulations of the department or not, I would not say; I hardly think I was. It was a matter of humanity; I had to if I could not get him taken care of in some other way.”

The Unit Medical Director at Montreal (41) said:—

“ I am allowed every latitude that is necessary to put the man in and give him whatever treatment is necessary and use our own discretion in the matter. If I admit to hospital a case of doubtful attributability, possibly at the time that man is admitted, I have not any documents. It is on the man's clinical condition and his history has warranted taking action thus far.”

The third class where immediate treatment is given, although the connection of the disability with service is not established, are those admitted on what

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is known as "compassionate grounds." No Pay and Allowances are given during Treatment. This is covered (in part at least) by Clause 2 of P.C. 1127, which is as follows:—

"Where, in the opinion of the Department, the condition for which application for treatment is made is not attributable to service, but where there is nevertheless a real possibility that the condition might be considered attributable to service, though reasonable proof is not obtainable, in order that full justice may be accorded, the Department may grant treatment only, without allowances."

The provision as to treatment on compassionate grounds requires the direct authorization of the Deputy Minister and only applies to residents of Canada. The Commission is of opinion that the above provisions, coupled with the latitude allowed the Unit Medical Directors, as indicated in the evidence above quoted, constitute fair and satisfactory provisions for treatment of ex-service men before connection of the disability with war service is established.

*Recommendation of Commission.*

None, in view of the practice now in force.

*Suggestion by Ex-Service Men.*

Re Constitution of First examining Board

That the first examining board should have in its personnel men with industrial experience as well as medical men. (Winnipeg 743, Montreal 216, Toronto 143, 144, 901).

The argument for this proposal is that personnel, so qualified, would be better able to judge how seriously a man's disability interferes with his capacity for work.

There is something to be said for this proposal, but the practice both in Great Britain and the United States is to have the Board which assesses the amount of disability composed exclusively of medical men. The reason is apparently that the almost universal rule adopted, in estimating the percentage of a man's disability, is to compare the physical condition of the applicant with that of a normal man of the applicant's age, and estimate from such comparison the difference between the two men in earning capacity in the unskilled labour market. The question therefore resolves itself primarily into a medical one in which the applicant's physical condition and his consequent fitness or unfitness for work have to be compared with those of a normal man of the same age.

If the question as to the employability of a particular individual in a particular occupation does arise, it is quite feasible for the examining board to procure the opinion of an employer or of an industrial expert.

It is also to be noted that the first examining Board is one which has to do largely with the question of the connection of the disability with service and this involves scientific knowledge as to progress of disease, and as to the possibility of the development of the particular disability from various injuries and illnesses.

*Recommendation of Commission.*

Reference to the Commission's recommendation contained in Report No. 2 (p. 9) as follows: that as a basis for any recommendation for treatment or pension, applicants be heard and medically examined at the local unit by a Board of three medical men, one of whom shall be a pension medical examiner.

*Suggestion by Ex-Service Men.*

Personal appearance of the applicant before first Examining Board

That the first examining body shall actually see and hear the applicant.  
Toronto 621-628, Halifax 293).

The Commission in the next preceding Recommendation expressly states its opinion that the first examining board shall hear and examine the applicant. Generally this is done, but it appears that, in the case of a man coming out of a hospital situated at a distance from the Unit Office, the Pensions Medical Examiner simply acts on the discharge board which has been held at the Institution, and does not actually see the man himself.

The Commission had before it two rather striking cases (Halifax 131-136) where the Pensions Medical Examiner contented himself with an apparently perfunctory examination of the discharge board and neither saw the applicants, nor made enquiries as to previous history, which enquiries would have (according to subsequent decision) demonstrated that the applicants were entitled to pension.

*Recommendation of Commission.*

That the fact that there has been a discharge board held on the man should not in any way be regarded as relieving the Board which makes recommendations as to pension from the invariable obligation of seeing, hearing and examining the applicant for themselves.

*Suggestion by Ex-Service Men.*

Attending doctor to be present at examination

That the civilian or D.S.C.R. doctor who has been treating the applicant should go before the first examining board. (Vancouver 72).

The principal of having the medical man, who knows most about the application, consulted in respect of his entitlement to treatment, or pension, is sound. The Commission considers however, that the proposal cannot be laid down as a hard and fast rule of procedure.

*Recommendation of Commission.*

That in cases where either the civilian Doctor or the D.S.C.R. Doctor has had an opportunity to observe the applicant and where his experience in that respect is, or might reasonably be, of assistance on the question as to whether the disability is connected with service, his evidence should be taken and he should be consulted by the examining Board, at least before an adverse decision is made.

*Suggestion by Ex-Service Men.*

More formal procedure

That official assistance be provided in connection with the presentation of pension applications and that the procedure be analogous to that of arbitration boards. (Toronto 145).

The providing of Soldier Advisers meets the suggested need of official assistance. It is considered that the present informal procedure under which certificates and statements are accepted without the formality of proof or oath enures to the benefit of the applicant.

*Recommendation of Commission.*

None.

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*Suggestion by Ex-Service Men.**Burden of proof*

That the burden of proof be shifted so that an ex-service man with a disability shall be presumed to have incurred same on service unless the D.S.C.R. or the pensions board proves the contrary. (Montreal 56, 63, Calgary 24, Vancouver 328, Halifax 121, Regina 63).

The subjects of "burden of proof" and "reasonable doubt" have been much discussed. It has been pointed out that the proposal does not really have to do with procedure, but with a most important matter of substantive rights. The burden of proof in one sense means the onus of bringing forward evidence. This naturally and properly is on the applicant. In another sense it means the degree of proof which the applicant is required to produce. The latter is particularly important in pension cases. It has been repeatedly stated (see Report Number 1, page 114) that if there is any reasonable doubt, the applicant is given the benefit of it. See also Report of 1922 Parliamentary Committee, p. XXIV, which urges

"That every effort be continued so that when any doubt exists on these subjects the exsoldiers be given the benefit....."

The usual rule at law is that the person asserting the claim has to produce a preponderance of evidence. If to give the applicant the "benefit of any reasonable doubt" means any greater concession than that given an ordinary litigant, it must imply that the application for pension is entitled to succeed, not simply if there is more evidence in support of his case than against it, but if he can bring sufficient evidence to create in the mind of the tribunal dealing with his case a reasonable doubt as to whether his pension should be refused. An obvious principle of pensions administration is that it is better to award pensions in some cases not strictly entitled than by a too close application of the rules of proof, to run the risk of depriving those to whom pension should justly be given.

*Recommendation of Commission*

Reference to principle stated in Report No. 1 (p. 114) as follows: that in practice the applicant for pensions be given the benefit of the doubt in the sense that pension is not to be denied if the applicant brings evidence sufficient to create in the mind of the tribunal a reasonable doubt as to whether pension should be refused.

*Suggestion by Ex-Service Men**Insurance principle applicable to Pensions and Treatment*

That any further necessary steps be taken to ensure that all those dealing with pension or treatment matters clearly understand that treatment and pensions are to be granted, if the disability is incurred during service, just as readily as if it were directly due to service. (Winnipeg 27-28).

There has been so much discussion about the "insurance" principle and the "due to service" principle that it would seem as if no further reference were called for. The Pension Act expressly laid down that pensions were to be granted if the disability was "incurred during" service. A question was raised as to whether this was subsequently altered in cases where the soldier had died after a certain date. Report No. 1, (p. 12 to 47) dealt fully with the whole

question. All questions was set at rest in the adoption by Parliament in 1923 of an amended Section 11 of the Pension Act (Acts of 1923, C. 62, S. 3) as follows:—

"Pensions shall be awarded to or in respect of members of the forces who have suffered disability resulting from injury or disease or an aggravation thereof, in accordance with the rates set out in Schedule A of this Act, and in respect of members of the forces who have died in accordance with the rates set out in Schedule B of this Act, when the disability resulting from injury or disease or the aggravation thereof in respect of which the application for pension is made or the injury or disease or the aggravation thereof resulting in the death in respect of which the application for pension is made, was attributable to or was incurred during such military service."

The Commission believes that the "Insurance" principle is generally recognized and acted on, but the possibility of error should and can be absolutely negated by appropriate instructions. The matter came up in Winnipeg when a statement of the procedure followed in that unit and was put in evidence. The first paragraph of the statement is as follows:—

"It is necessary that a man show by medical certificates from outside physicians, that there has been a continuous disability since discharge, and that in their opinion his disability is *due to or aggravated by* service."

This statement of procedure was prepared by an experienced and capable Unit Medical Director. He said they did not take it literally (28) but the danger is that less experienced officials, intent on administering ex-service men's right "according to the book" and not knowing of the verbal understanding as to interpretation, might do an injustice, and the evidence referred to in Report No. 1 shows that this has actually occurred.

#### *Recommendation of Commission*

That steps be taken to make it abundantly clear that pensions are to be awarded in connection with disabilities resulting from injury or disease or the aggravation "incurred during" service as well as attributable to service.

#### *Suggestion by Ex-Service Men*

Assessment of degree of pre-enlistment disability

That assessment of the degree of pre-enlistment disability should only be made upon direct and positive evidence. (Regina 52, Toronto 498, Winnipeg 442).

The evidence (Toronto 498) indicates that it is very difficult for the Pensions Medical Examiner to determine definitely how much of the present disability existed at the time of enlistment, and that, necessarily, resort has to be had to considerable speculation. Fortunately, the extent of pre-enlistment disability is not material except in comparatively few cases (See Section 11 (1) (b) as amended in 1923). The question is primarily a medical one, depending on professional knowledge as to the progress of the disease or injury under service conditions, but it also involves knowledge by the examiner of the degree and intensity of service conditions, such knowledge being acquired by actual experience or from a thorough-going inquiry.



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*Recommendation of Commission*

No more definite rule can be adopted than: (1) That the examiner should, from the evidence before him, be convinced beyond a reasonable doubt that the disability or some portion thereof existed before enlistment; (2) That he should be equally certain that the degree of the disability existing on enlistment was as great as the percentage at which he fixes it.

*Suggestion by Ex-service Men.*

Absence of entries on medical documents not evidence against applicant

That the absence of corroborating entries in the applicant's medical documents should not be considered as disproving the applicant's statement (Toronto 42, 365).

The subject, generally, has been discussed and the Commission's opinion recorded in Report No. 1 (page 115). There is an idea abroad that unless a man actually has an entry on his document showing injury or illness during service he is barred from pension for any disability claimed to have originated during service. There is no such rule, but there is a strong tendency to accept the fact of the absence of an entry on service documents as a contradiction of the statement of the applicant. A statement was made at Toronto (42, 363, 372, 373 and 773), as to the circumstances and conditions under which entries were made, indicating that the fact that no entry appears as to treatment for illness or injury on service cannot be relied on as substantive evidence that treatment was not given.

*Recommendation of Commission.*

That the absence of entries should be regarded as nothing more than the absence of corroboration, and not as negating either the statement of the applicant or any other evidence which he may produce in support of the history he gives of illness or injury on service.

*Suggestion by Ex-service Men.*

Applicant to be informed of reasons for adverse recommendation or decision

That the applicant be informed in writing of the recommendation made from the local unit and, in case of an adverse recommendation, of the particular grounds for same, and that he be given similar information in case of a refusal of treatment or pension by headquarters. (Winnipeg 134, 135, Toronto 245, Regina 42, 141, Halifax 59, Montreal 22, 26, 30, 34, Vancouver 70, 75).

In some Units the applicant is told whether he is being recommended favourably or not, and also the percentage of pension in case pension is recommended. In other Units this is not done.

In the evidence given before the Parliamentary Committee of 1922 (page 275 of Committee's proceedings), it was distinctly stated that

"the Medical Examiner in the Unit' tells the man when he examines him what his recommendation will be,"

and that

"the Medical Examiner in the Unit' states what he is going to recommend by way of pension."

See also Routine Instruction 243 (Calgary 26).

The only objection suggested to informing the applicant of what recommendation was being forwarded to Ottawa, was that there was the danger of invidious comparisons being made by the applicant and his friends, between the officials, who deal with the application, depending on whether they take a favourable view or otherwise.

The Commission considers that this objection is not well founded. There need be no more mystery about Pension and Treatment decisions than about a case at law where the view of each individual judge is known. The applicant needs the information to follow up his case.

An instance was cited at Halifax (129) where if the applicant a T.B. man had known of the adverse recommendation he would probably have been saved a delay of three months in getting his pension.

The Commission has already indicated (Report No. 1, p. 119) that

"In case of refusal of pension, the applicant is further entitled to know the correct grounds on which the decision is based."

The above reference had to do with Pensions but the principles laid down apply equally to the D.S.C.R. officials in cases of treatment.

What is complained of is a letter such as the following, which appears in a file referred to at Halifax (129):—

"SIR,—Your letter of the 1st inst. is herewith acknowledged. You are not entitled to pension because of the fact that the disability which you have is not attributable to your military service."

The letter to the applicant should contain the essential information about the case so that the production of it by the applicant to his friends would give them a summary of the situation and enable them to proceed along the lines indicated without the delay and inconvenience, to both applicant and officials, caused by extended preliminary correspondence in order to find out just what the case is about.

#### *Recommendation of Commission.*

That a general and uniform practice be adopted and insisted on in both treatment and pension cases that the applicant be promptly advised in writing by the Local Unit of the recommendation made in his case with a comprehensive statement of the reasons if the recommendation is adverse and that a similar course be followed by Headquarters if Treatment is refused or if Pension is refused or reduced.

#### *Suggestion by Ex-service Men.*

More dispatch in procedure

That action be taken to ensure more dispatch in the various steps connected with the consideration of pension and Treatment applications, (Halifax 45, 57, 59, St. John 29, Montreal 39, Vancouver 77, 314, Calgary 89, Winnipeg 773, Toronto 17).

An example of alleged undue delay was cited at Calgary (89). The application was for treatment. The Local Unit first gave all the circumstances pro and con and asked Headquarters for a ruling as to whether the disability could be considered to be connected with service and whether the applicant was eligible for treatment. Head Office of the D.S.C.R. ruled that he was not eligible. The Local Unit took it up again and forwarded an opinion that the disability was connected with service. Head Office again refused to authorize treatment. Then it was recommended by the Local Unit that, as the diagnosis was obscure, the patient be sent to some centre for examination by a specialist. This led to

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further correspondence and to the requirement by Head Office that further information be secured, and, although the recommendation that the patient be taken to Winnipeg for examination was made in November, 1922, it was not until late in February, 1923, that the order came to have the transfer made. The evidence showed (90-91) that the need for a diagnosis was urgent and that eligibility for treatment depended on the diagnosis.

The case was made the basis of a proposal by the representatives of ex-service men that the decision of the local authorities as to entitlement to treatment should be final. There is objection to this course in the danger of lack of uniformity and dissatisfaction which might arise from varying decisions under different jurisdictions, but the case illustrates the very strong argument which can be made for local autonomy in the units on the ground of prompt and effective disposition of the cases.

Cases were cited at several of the hearings which shows lack of persistent and thoroughgoing attention in pursuing the investigation and in making necessary inquiries for further information. It is true that decisions were given promptly denying entitlement, but these were only tentative and while they served as a disposition of the case for the time being, were obviously not final as they were made without full information and had eventually to be the subject of further discussion and correspondence. Failure to obtain full reports in the first instance inevitably causes delay. These reports are gradually procured at spasmodic intervals when, at the instance of organizations or individuals, the case is brought up for renewed consideration. On these occasions there is the necessity for the tribunal to familiarize itself afresh with a mass of complicated detail.

The case thus may be finally decided favourably on an accretion of information resulting from recurring presentations and consequent renewed investigations. The reply may be made that in many instances information only comes to light gradually and a final disposition of the case on all the evidence apparently obtainable at any particular time might often result adversely to the applicant. This is so, but there are before the Commission instances where initiative in instituting inquiries has been noticeably lacking and a case which has turned out to be meritorious has only succeeded because of persistent effort on the part of those outside the official organization to keep up the investigation and exhaust every source of information.

The adoption of the recommendation of the Commission in Report Number 2 (9), to the effect that

"as soon as an applicant is accepted for treatment, the question of his pensionability should at once be dealt with without awaiting discharge from treatment,"

would do much to expedite prompt decision as to pension for those undergoing treatment.

*Recommendation of Commission.*

The Commission can simply make a matter of record the practice which it considers should obtain in dealing with treatment and pension application. The important point generally is the connection of the disability with service. The Commission strongly urges that on the first occasion when the case comes up for consideration, there be a prompt and thorough canvass of all possible sources of information, that inquiries be made from all such sources and that there be a close following up of these inquiries, a digesting of the information collected and an expeditious disposal of the application with the reasons for the action taken.

*Suggestion by Ex-service Men.*

Delay in awarding Pension after discharge from Hospital

That some method be devised for providing income to the ex-service man between the date when he is discharged from the hospital and ceases to receive pay and allowances, and the date when his pension payment begins. (Halifax 129, Vancouver 77, 314, 332, Toronto 610).

The D.S.C.R. and its Medical Staff determine the length of a man's treatment. The Pensions Board, with a separate and distinct Medical Staff, finally decide his right to Pension.

A man has satisfied the D.S.C.R. that his disability was connected with service. He has been admitted to hospital for treatment and has been receiving pay and allowances. When the time arrives when his condition cannot be further improved by treatment, he is discharged from hospital and his pay and allowances stop automatically. He may be unable to work but he gets no monetary assistance until he proves his case over again to the satisfaction of the Pensions Board. This results in considerable delay and, not infrequently, in hardship. A case was cited (Halifax 129) where the man had been receiving treatment with pay and allowances for some 16 months; he was discharged in May and Pension was not awarded until October.

The Parliamentary Committee of 1921 recognized the hardship particularly on men discharged from sanatorium and recommended that

"a man be given a 90 per cent pension out of pay and allowances until such time as his pension was awarded".

This recommendation was never put into effect (Vancouver 316), but no explanation was given for its having been disregarded.

Then there was a provision in P.C. 580, Clause 4 (16), which provided, under certain conditions, for an additional month's pay to a man being discharged from treatment if

"necessary to assist him in obtaining employment or to tide over a period of temporary financial difficulty".

In the London district, the extra month's pay was given to everybody whether needed or not (Toronto 207). In Toronto, no payment was made under this regulation up to September 1921 (202, 212). The evidence is that, generally speaking, the provision was only occasionally put into operation (205). Then it is said that this regulation was cancelled and made to apply to T.B. patients only (209). There is no evidence of actual cancellation but two different regulations were put in evidence which expressly apply the benefits of P.C. 580 to T.B. patients but do not cancel the provision as to hospital patients generally (206 and 210).

In practice, the effect of these regulations is that T.B. men may be paid an extra month's pay and allowances to help bridge the gap between discharge from hospital and pension award. This does not, however, help the man who happens to be suffering from other disease or illness, neither does it fully provide for the T.B. man unless his pension comes through within a month.

Two contributing factors for the delay in payment of pension to men coming out of hospital are:—

(a) The peculiar organization in Canada under which entitlement to treatment and entitlement to pension are determined by two entirely different bodies and at different times. The system has already been briefly described in Report No. 2 of the Commission (10-12). If the system in Canada were as it is in Great Britain and the United States, viz., that there is only one decision and that is as to pension and that this decision automatically determines the right to treatment, there could be no delay;

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(b) The second contributing factor is that the Pensions Board wait until the man is discharged from Hospital before entering upon a consideration of his right to pension, and after that there are delays which the Commission feels could have been considerably minimized at least in some of the cases presented.

The Commission has already endeavoured to suggest a simple although admittedly not a complete remedy for the situation, by recommending in Report No. 2 (p. 9) that as soon as an applicant is accepted for treatment the question of his pensionability should at once be dealt with without awaiting discharge from treatment. If this recommendation is carried out, it will obviate the delay occasioned by having to decide on a man's right to pension after his treatment is completed. It, of course, will not do away with the anomaly that it may be decided that there is to be no pension, although there has been treatment with pay and allowance.

#### *Recommendation of Commission.*

That so long as the present dual system is maintained, the recommendation of the Parliamentary Committee of 1921 be adopted and that a 90 per cent pension be paid, as pay and allowances, to men who have been discharged from hospital treatment with pay and allowances, until decision is made as to pension; and that the previous recommendation of this Commission as to dealing with the question of eligibility for pension as soon as an applicant is accepted for treatment be carried out.

#### *Suggestion by Ex-service Men.*

Although refused treatment—applicant to be examined for Pension

That an application for treatment should be considered an application for pension and, even if treatment is refused, the applicant should not be dismissed without being examined for pension. (Calgary 75, Toronto 388).

It may be that a man is refused treatment, not because his disability has no relation to service, but because treatment will not benefit him. In that case he obviously should be handed over to the First Examining Board for consideration as a pension applicant.

Again, he may have a disability which the D.S.C.R. refuse to recognize as connected with service and, therefore, treatment is refused. Under the present system this is not conclusive on the Pension authorities who may, as to matters within their sphere, decide that the disability is connected with service. Under these circumstances, the man should, in the opinion of the Commission, be always given this second chance. He runs the risk of having pension refused although treatment has been granted, and he should have the corresponding opportunity of having pension granted even if treatment has been refused.

#### *Recommendation of Commission.*

That an application for treatment should be considered an application for pension and, even if treatment is refused, the applicant should not be dismissed without being examined for pension.

#### *Suggestion by Ex-Service Men*

Superior position of local examiners to judge as to applicant's entitlement

That Head Office should only reverse the decision of the Examining Board which has heard and seen the man when there are palpable and gross errors, and then only after discussion. (Toronto 148, 333, Winnipeg 768, Calgary 94, Fort William, Winnipeg, 78).



While the Pensions Board itself cannot, except in isolated instances, see the applicants, it is presumed to act on the opinion of local medical examiners who have had that opportunity. The Commission's view, as already intimated in Report No. 1, (114-117) is that the examiner who has the

"opportunity of seeing the man, listening to his story, testing his genuineness by means well known to men of experience in this work, and generally sizing him up, is in a far superior position to one whose knowledge of the case only comes from the written reports of another."

The instructions of the Pensions Board are that where there is a difference of opinion between the local office and the medical adviser, at Headquarters the case shall be referred to the Board itself, but this difference of opinion may become infrequent from the fact that the superior position of the Headquarter's officer may unconsciously affect the local official and result in an agreement which is more formal than real but which will be sufficient to obviate a reference to the Pensions Board itself.

Since the expression of opinion quoted above, the Commission has been referred (Vancouver 172) to the portion of the Report of the 1919 Parliamentary Committee of the British House of Commons on the subject. Although it was found that the revision of a pension by a Medical Board was, in the majority of cases, in favour of the man, still they (The British Parliamentary Committee) say—

"the system by which the award of a board, which has seen the men, is liable to revision by medical men who have not seen him, is indefensible and this has now been admitted. All cases of doubt should be sent for re-hearing by the same or by a second board who, in every case, should re-examine the man in person, and he, in turn, should have the right to appeal in every case on amount as well as on entitlement, as explained below. The guiding principle here and indeed throughout pension administration should be that the man should always be given the benefit of any doubt".

This principle has been stated in another form by the 1922 Canadian Parliamentary Committee (see Proceedings p. XXV):

"It is also submitted and recommended as well also as regards the Board of Pension Commissioners as the Department of Soldiers' Civil Re-establishment that soldiers be subjected to a personal examination and that decision be not based on documentary evidence except in unavoidable cases".

### *Recommendation of Commission*

That, where the local recommendation is favourable to the applicant, the more advantageous position of the Local Unit Officials for observing the applicant and satisfying themselves of his good faith and reliability be accepted as a deciding factor in doubtful cases where the decision turns on information or opinion which can best be obtained or formed as the result of personal interview.

### *Suggestion by Ex-Service Men*

Medical Board on discharge from Vocational Training

That a Medical Board should be held on all men discharged from Vocational Training or in hospital even for short periods. (Halifax 88, 202, Vancouver 98).

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The regulation (Halifax 91) is that a man, receiving vocational training who falls ill and is detained for less than seven days, or a man detained for observation whose detention does not exceed ten days, is discharged without a Board.

It was urged against the proposal that if men discharged from vocational training were immediately sent before a Medical Board it would have a tendency to deter them from taking vocational training on account of the fear that it would be followed by a re-examination and a reduction of pension. Section 30 of the Pension Act, as originally passed, indicated that there should be a new Board on completion of vocational training, but that Section was amended in 1923 and the practice now, under the Statute, would be that a pensioner discharged from vocational training would not be boarded until he came up for his regular re-examination. There are men, however, who get vocational courses who are not pensioners and are therefore not subject to periodic re-examination.

There may be considerable advantage in the future, both to the ex-soldier and to the State, in having the most complete and constant record of physical condition. It is considered that the opportunity for examination afforded by the presence of ex-service men in hospital, either for observation or pending decision as to entitlement or while temporary ill during vocational course, should not be allowed to pass.

*Recommendation of Commission*

That, except in the case of pensioners who will come up for periodical re-examination, a Medical Board should be held on ex-service men when discharged from vocational training or who may happen from time to time to be inmates of hospital either for observation, or for temporary treatment.

- (a) That an entry showing particulars be made on the file of the individual concerned in connection with any complaint or application for information, or medical treatment, and that in cases of rejection for treatment the reasons for rejection be also recorded; (b) That some system be adopted to ensure as far as possible that a record be made on the medical documents of ex-service men showing any treatment received from either D.S.C.R. representatives outside the centres, or from private doctors, for disabilities which might have possible relation to service. (Vancouver 105, Calgary 98, 99, Winnipeg 9, Toronto 230, 390).

These proposals are for the benefit of both the state and the individual as a check and a help to diagnosis. As to (b) the difficulty is one of method. In Calgary (98, 99) a local form is used which is sent out to be completed by outside doctors and to accompany their account for services. In Vancouver a card record, taken from the record of payment for doctors' service, is kept on the file.

*Recommendation of Commission*

- (a) That an entry be made on the file of an ex-service man of the particulars of any application made by him for information or medical treatment or on complaint, and that the particulars of the way in which such application or complaint has been disposed of and the reasons therefor, be also recorded; (b) That the best method possible be adopted for ensuring that entries are made of all medical examinations and treatment of ex-service men by Local D.S.C.R. representatives or civilian doctors. (The method requiring, as a condition precedent to payment for services, that a detailed form be completed giving full information as to the examination or treatment seems practical).

*Suggestion by Ex-Service Men*

## Sub-office files

That sub-offices should be advised, and their files kept complete, as to all matters affecting ex-service men within the territorial limits of the office. (Vancouver 123. Toronto 388, St. John 68).

There are a few instances in the Dominion, of Sub-offices in the D.S.C.R. districts, for example, Charlottetown, P.E.I., St. John, N.B., Port Arthur, Ont., and Victoria, B.C. These offices are established for the convenience of applicants. One instance was cited where an application was made through the sub-office and subsequently decision was given in connection with the application but the decision was neither filed in the sub-office, nor was the man notified thereof (Vancouver 123). The sub-office, should be, to the applicant for whose convenience it was established, a Unit office.

*Recommendation of Commission*

The Commission recommends that sub-office files should be completed and kept complete in respect of all the essential documents relating to ex-service men within its territorial jurisdiction.

*Suggestion by Ex-Service Men*

## Refund of expenses

That expenses paid out in connection with disabilities which are afterward recognized as connected with service be paid in full. (Vancouver 98, Toronto 492, Winnipeg 132).

The practice as indicated by the cases referred to is that expenses so incurred are taxed according to a scale fixed by the Director of Medical Services.

As pointed out at the hearing, the Commission does not consider that it would be a proper practice to impose on the country the liability for any medical expenses which the applicant may see fit to incur. The practice which was adopted in the cases referred to is considered to be proper under the circumstances.

The real ground of complaint in both these cases was the length of time which was taken before departmental responsibility was acknowledged.

*Recommendation of Commission*

That the present practice of reimbursing medical and other expenses according to a scale based on usual and reasonable fees for the services rendered be adhered to.

*Suggestion by Ex-Service Men*

## Cancellation of Widows Pension because of Immorality—Investigators

Section 40.—“The pension of any female pensioner who is found to be a common prostitute or who openly lives with any man in the relationship of man and wife without being married to him shall be suspended, discontinued or cancelled.”

That a change be made in the methods adopted by investigators in enquiring into the private life of widowed pensioners and the section 40 be construed so that pensions to widows who are considered guilty of immoral conduct will not be cancelled unless these women are clearly shown to come specifically within one or other of the Categories mentioned in the section. Toronto 738, Montreal 527-537, Halifax 359-370).

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## GENERAL INVESTIGATORS

The staff engaged in this work is a large one. At Toronto ("D" Unit) for example there are three general investigators, three pension investigators and fifteen nurses. One of the latter is at Christie St. Hospital, attached to the chest clinic, and two are at Hamilton. These nurses look after 1,683 tubercular cases, all the relief cases, all the 100 per cent disabled cases and conduct also such investigations as are required by the Pensions Branch of the Department. (Toronto 702).

No good ground of complaint is offered as regards the activity of these Investigators when reporting upon relief cases or on home surroundings in cases of tuberculosis, but serious criticism was made of unnecessary enquiries into the private life of pensioners when seeking evidence bearing on eligibility for pension (709). Information secured by enquiry from outside sources must often be of great value in cases such as disabilities where there are no objective symptoms, or where malingering is suspected. As might be anticipated some Investigators have not shown the best judgment, and have asked questions of an unnecessary, and perhaps unduly inquisitive nature. This has been occasionally resented, but on the whole, the Commission finds no serious ground of complaint as to these general investigations.

## INVESTIGATORS AS TO ALLEGATIONS OF WIDOW'S IMMORALITY

The methods of investigation and the reports presented in the case of widows of deceased pensioners, stand however, on another plane. According to the evidence presented (738, et seq) such investigations, nearly all originate following the receipt by the Department of an anonymous letter. Fifty per cent of these contain information which is untrue and inspired by spite (744). All, however, are investigated with a thoroughness which is undaunted. The widows against whom the allegation is made are not informed of it, and are often given no chance to refute the charges.

Information is secured by quiet methods, some of which are very bitterly resented by the persons involved, and strongly condemned by witnesses who spoke on this subject. Enquiries are frequently made as to whether any man lives in the house, how many beds there are, and where placed. Young children, even those of the widow herself, have been questioned on these and other suggestive subjects. (752).

Your commission feels that the objection taken to these methods is fully justified.

## INTERPRETATION GIVEN TO SECTION 40

Only two considerations (See Section 40 above) enter into the right of the State to supervise or control the private life of the widow drawing pension; first, is she a prostitute, and secondly, does she openly live with a man who is not her husband? In either case her pension may be suspended or cancelled. A woman cannot be classed as a prostitute unless her calling is of common knowledge. Neither can she live openly with a man without the whole household or neighbourhood being aware of the fact; the only thing to determine is are they married. This surely presents no great difficulty.

Several cases were mentioned where despite the fact that no claim was made that the widow was a prostitute, nor any evidence adduced that she had openly lived with a man not her husband, pension was cancelled, not suspended, the only evidence in support of such action being that she had given birth to an illegitimate child (760). It is a well-known fact that prostitutes generally do not bear children, and while the birth of an illegitimate child is proof of immorality, it is absolutely no proof that the widow lived openly with a man who was not her husband.

To confirm the understanding that the Section was not intended to deprive women of pension unless their indiscretions were habitual and public, it is only necessary to refer to the annotated copy of the Pension Act issued by the Pensions Board when the Act was passed in 1919. The note under Section 40 is as follows:—

"This section caused a great deal of controversy both before the Parliamentary Committee and the House. Arguments were made that a woman who was guilty of immorality should lose her pension whether she could be considered a common prostitute or not. It was finally decided that the wording of the section as it appears in the Act must be strictly adhered to. If pension is to be suspended, discontinued or cancelled it must be proved that the woman is a common prostitute, in other words habitually prostitutes herself, is an inmate of a disorderly house, etc., or is openly living with a man as his wife, that is to say, lives with a man in such a way that their relationship is a matter of common knowledge to their neighbours. Pension cannot be suspended or cancelled for isolated indiscretions. It is only when the woman who is definitely leading an immoral life that the question of suspension or cancellation of pension can come up."

Even if the Section did include an isolated lapse from virtue, suspension of pension rather than cancellation would be sufficient, and thus offer the widow a chance for reform. It should also be borne in mind that the penalty, if the widow has children, falls as heavily on the latter as on her. She must, if she is to live and the children are not removed from her care, take from their income to provide for herself, because the total income of the family, even treating the children as orphans and allowing them double rates, would be less than was previously judged necessary for the family support. It seems obvious that if a woman is considered by the State sufficiently moral to be a proper guardian for her children, it cannot be claimed that she is such an immoral character as to be deprived of pension, and yet there are a number of cases where this double standard is set up.

#### *Recommendation of Commission.*

1. That Section 40 be construed and administered on the principle set out in the memorandum of the Pension Board quoted above, viz, that the offences there dealt with are such as are of common knowledge and habitual.
2. That no pension should be cancelled under Section 40 until the widow accused of the misconduct has been advised of what is alleged against her and of the particulars and evidence thereof and has been given full opportunity to meet the charge.
- 3 (a) That investigators should be given clearly to understand that the necessary element is that the misconduct is habitual and is so open as to be a matter of common knowledge and that if this cannot be readily verified it is evident that the essential factor of publicity is lacking and, therefore, the investigation should not be pressed farther;
- (b) That in no case should suggestive inquiries be made of young children;
- (c) That in cases where the investigation is prompted by anonymous letters or by information from sources of doubtful reliability, the investigator should use the greatest caution in making inquiries of others so as to prevent the possible spread of damaging rumours which may turn out to be baseless.



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*Suggestion by Ex-service Men.*

Co-ordination of Treatment and Pension decisions

That the administrative activities and regulations of the D.S.C.R. and Pensions Board be so co-ordinated as to enable decisions upon the question of attributability for pensions and medical treatment to be made by the same department organization and with consistency. (Toronto 342).

The same idea in different terms was expressed at Regina (13-15) and Winnipeg (65). The Commission has set out in Report No. 2 (10-12) the effect of the dual system which obtains in Canada whereby eligibility for treatment and pension respectively is decided by two entirely different bodies. The regulations under which these respective rights are created are identical but notwithstanding this, a man's disability may be considered by the D.S.C.R. to be connected with service so that he is entitled to treatment, but the same disability in the same man may be considered by the Pensions Board not to be connected with service, and pension refused, or vice versa.

In both the United States and Great Britain there is only one decision and that is as to pension; this automatically determines the right to treatment. Treatment is, of course, simply with the idea of improving the man's condition and thus reducing the eventual liability for pension. The way the Canadian system affects the soldier was put by the witness at Winnipeg (67) as follows:—

“Here is a man suffering from a war service disability and to the amazement of everyone, when he is boarded out and put up for pension, the Pension Board say ‘No, this is not a war service disability’ or ‘There is some reason why we cannot accept it as a war service disability and pension you for it.’ I think if the practice were consolidated it would do away with a great many of the complaints.”

The compensating factors were stated as follows (Winnipeg 67):—

“You know the reason for that. For treatment, they do not have to consult the Pensions Board; the D.S.C.R. does not consult the Pensions Board for treatment. Treatment may be quite temporary and therefore the D.S.C.R. regulations may not be so severe as for pensions. Either the D.S.C.R. regulations will have to be tightened and brought up to the level of the Pensions Board, or you will have to try to get the Pensions Board to loosen their regulations to the level of the D.S.C.R.

“If the D.S.C.R. regulations are the same as the Pensions Board as to attributability, it would mean that it would be much more difficult for a man to get in for treatment. As it is now, the D.S.C.R. are freer, in order to help the man.”

The matter was again brought up at Ottawa (538-544). It involves a most important change not primarily of procedure but in governmental administration and general policy. In effect it means the absorption by one or the other of these bodies of the judicial functions at present exercised by both in making decisions as to rights of ex-service men to treatment and pension, or the establishing of an entirely new body in which would be vested the powers of decision mentioned above.

The Commission considered that under the scope of its reference its duty would be done if it got together, in conjunction with the evidence given on the Hearings, the considered views in writing of the D.S.C.R. and the Pensions Board with any further matters which the representative of the Dominion Veterans Alliance desired to present.

The Commission, therefore, had prepared a circular summarizing the points which had come out on the various hearings with respect to the co-ordination of treatment and pension decisions and giving the appropriate references to the evidence. It asked that any further comments which it was desired to make be forwarded in writing. Copies of this circular were, on January 31, 1924, forwarded to the D.S.C.R., the Pension Board and the Official representative of the Dominion Veterans Alliance. Replies were received from the Pensions Board on February 6, 1924, and from the D.S.C.R. on the 15th of February 1924. The receipt of the memorandum was acknowledged by the representative of the Dominion Veterans Alliance but no representations additional to those contained in the evidence were made.

The Circular and accompanying letter with the replies of the D.S.C.R. and the Pensions Board are incorporated in this Report as follows:

#### ROYAL COMMISSION ON PENSIONS AND RE-ESTABLISHMENT

#### MEMORANDUM—RE PROPOSAL OF EX-SERVICE MEN AS TO CO-ORDINATION OF TREATMENT AND PENSION DECISIONS

On the hearings before this Commission, proposals were made by representatives of ex-service men to the effect that decisions as to the rights of ex-service men to treatment and pension respectively, should be decided by the same Body, and that once the service connection of a certain disability had been conceded, that decision should govern in any future application either for pension or treatment in respect of such disability.

The subject was particularly considered at

Regina (evidence p. 9-15).

Winnipeg (evidence p. 65-76).

Toronto (evidence p. 342-359 and 614-615).

and was further dealt with in a Memorandum read by the Secretary of the Board of Pension Commissioners and followed by a short discussion, (see Ottawa evidence p. 538-544).

It was intimated that there would be opportunity for further representations. The Commission would now like to have any memorandum which the D.S.C.R., the Board of Pension Commissioners for Canada, or the General Representative of ex-service men, would care to submit covering any phase of the matters involved in the discussions above referred to and on which supplementary or further representations are desired to be made.

The points brought out seem to be:—

- (a) The anomaly of diametrically opposite decisions as to service connection of the same disability.
- (b) The duplication of investigations and examinations.
- (c) The delay occasioned by having to make an investigation as to pensionability after discharging the man from hospital, and the consequent inconvenience and possible hardship in cutting off income in the meantime.
- (d) The lack of control of the Board of Pension Commissioners of Canada over the outside medical examiners.
- (e) Whether eligibility for treatment with pay and allowances should be decided on the same principles as eligibility for pension, and the possible hardship to men needing treatment if treatment practice conforms to that regarding pension.

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- (f) The practicability or otherwise of one Body administering different regulations as to eligibility for treatment and pension respectively.
- (g) What difference (if any) in principle should be adopted in awarding treatment either with or without pay and allowances as compared with awarding pension.

It would be appreciated if the memorandum which is suggested could be filed with the Secretary by the 9th proximo.

(SGD.) H. D. DEWAR.

31-1-24

THE BOARD OF PENSION COMMISSIONERS FOR CANADA.....

OTTAWA, February 6, 1924.

The Secretary,

Royal Commission on Pensions and D.S.C.R.,  
Parliament Buildings, Ottawa, Canada.

SIR:—With reference to your communication of 31-1-24 requesting that a further memorandum be sent from the Board of Pension Commissioners outlining their suggestions with regard to the points brought out in the evidence before the Royal Commission as outlined on the sheet attached to your letter, the Board of Pension Commissioners submits herewith a further memorandum enlarging upon the evidence already given before the Royal Commission by the Secretary of the Board.

The comments follow the order of your classification:—

“ A ”

(1) In respect of diametrically opposite decisions re entitlement by the Board of Pension Commissioners and the Department of Soldiers' Civil Re-Establishment, the Board is of opinion that one decision only should govern entitlement to pension as well as treatment (*with pay and allowances*).

(2) A decision for pension may entail an expenditure continuing perhaps thirty or even forty years for a pensioner and his dependents.

A decision for treatment (*with pay and allowances*) only entails a temporary expenditure.

The decision as to entitlement to pension is the major decision and entitlement to treatment (*with pay and allowances*) should be contingent on entitlement to pension.

(3) Decision as to entitlement to pension and treatment (*with pay and allowances*) could be rendered by the Board of Pension Commissioners with very little extra expense and the Department giving treatment would be under no expense whatsoever with regard to entitlement to treatment (*with pay and allowances*) if the following procedure were adopted:—

The Board of Pension Commissioners to issue on linen paper to every pensioner an entitlement to treatment (*with pay and allowances*) certificate containing:—

- (a) The description of the pensioner for identification purposes;
- (b) The medical nomenclature of the injuries or diseases for which the pensioner is entitled to treatment (*with pay and allowances*).

NOTE.—A copy of this certificate to be sent to the nearest District Pension Office and listed on a treatment list for reference, if necessary.

## " B "

(1) With respect to duplication of investigations and medical examinations, the investigations in respect of pensioners and dependent pensioners are so important and far-reaching in their results that only carefully selected and trained investigators should be engaged in this work. These investigators should be directly responsible to the Commissioners and the Commissioners should have direct communication with them. Pensions investigations should be carried out irrespective of all other investigations.

(2) With regard to the multiplicity of examinations under the present system, these examinations would be very much reduced if entitlement to treatment (*with pay and allowances*) followed as of course a decision giving entitlement to pension.

## " C "

(1) With respect to the delay in deciding entitlement after the man is discharged from hospital and the hardships resulting therefrom, the present procedur  should be revised and the following procedure substituted—

- (a) Pensioners should be conceded treatment (*with pay and allowances*) for the disability for which they are pensioned. (No delay or hardship in these cases).
- (b) In cases of all ex-members of the C.E.F. where entitlement to pension has not been conceded, and whose medical documents may show a possibility of entitlement being established, it is suggested that before admission to treatment these ex-service men should apply to the District Pensions Medical Examiner for a conditional certificate of entitlement to treatment (*without pay and allowances*), and that the District Pensions Medical Examiner should, with the greatest possible expedition from the date the man is admitted to hospital, carry out investigations and examinations to establish whether the applicant is entitled to pension and treatment (*with pay and allowances*) and a decision should be arrived at within the course of two or three weeks and before the man is discharged from hospital, this decision to be confirmed or otherwise by the Head Office of the Board of Pension Commissioners.
- (c) The District Pensions Medical Examiner, after examination of the man's documents should, if he considers there is no reasonable likelihood of entitlement being conceded, refuse to give the man a conditional entitlement certificate to treatment (*without pay and allowances*) but should refer the case to the Head Office of the Board of Pension Commissioners before the man is finally refused entitlement.

## " D "

(1) With respect to control of the District Pension Medical Examiners by the Board of Pension Commissioners, the Board of Pension Commissioners should have complete control of its District Office Medical Examiners for the following reasons.—

- (a) If any of these Medical Examiners prove inefficient the Commissioners may dispense with their services;
- (b) Civility, courteousness and patience is so important in dealing with returned men that the Commissioners should have full authority to discipline or discharge any of the Medical Examiners if it is found necessary;

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- (c) The Commissioners could then issue direct to their Medical Examiners regulations and instructions and the Examiners could have direct communication with the Board. This they have not at present;
- (d) If at any time a Medical Examiner is deviating from pension practice and regulations he could be brought to Head Office for instruction and training;
- (e) If the Commissioners consider it advisable, Medical Advisers at Head Office could be interchanged for certain periods with the Medical Examiners from the District Offices so that each could be conversant with the work both at Head Office and in the field;
- (f) Closer co-operation would result in a better understanding between the Medical Examiners and the Commissioners to the mutual benefit of both and in this way bring the Commissioners in more direct touch with the pensioner;
- (g) There are only twenty-seven doctors in the whole of Canada at present engaged in carrying our examinations for pension purposes and this number, with the necessary clerical staff for carrying on office work, would be ample organization for carrying on Pensions' Work in the various districts.

## "E"

(1) With reference to any difference in the regulations regarding entitlement to pension and to treatment (*with pay and allowances*) and the hardship to men if the same regulations for both existed, the Board points out that at the present time—five years after the Armistice—the regulations with regard to pension and treatment (*with pay and allowances*) are practically the same and based on the same requirements, namely that the injuries or diseases were incurred on or aggravated during service. This did not exist formerly as men were treated for any condition within a year of their discharge from the forces. At the present time it would appear that no C.E.F. men come under this treatment regulation. There is no difference, therefore, in the regulations with regard to entitlement to pension and to treatment (*with pay and allowances*) at the present time.

## "F"

(1) With regard to the practicability of one body administering different regulations in respect of entitlement to pension and treatment it would seem that this is practical only in so far as it means treatment (*with pay and allowances*).

When treatment (without pay and allowances) is granted for any other reason, namely compassionate grounds, destitute circumstances, etc., this should be decided by some other body than that administering pensions; otherwise the ex-service man always feels that if he can be admitted to treatment (without pay and allowances) on compassionate or good service reasons he can be admitted to pension or treatment (*with pay and allowances*) on the same grounds.

Entitlement to pension and to treatment (*with pay and allowances*) should be confined to one body for a decision—should be definite—either in or out.

(2) The procedure as outlined in "A" would admit a pensioner to treatment (*with pay and allowances*) for a pensionable condition at any time to any Soldiers' Hospital throughout the country.



## "G"

(1) With respect to the difference in principle in entitlement to pension and to treatment (with or without pay and allowances):—

- (a) No difference in principle should be adopted with regard to entitlement to pension and entitlement to treatment (with pay and allowances) for the same injuries or diseases;
- (b) A considerable difference in principle must necessarily follow with regard to entitlement to pension and entitlement to treatment (without pay and allowances) as the treatment would necessarily be for injuries or diseases not incurred on or aggravated during service, and should depend on regulations outside of the Body deciding entitlement to pension.

(2) Treatment (without pay and allowances) of ex-service men for injuries or diseases not related to service should be a matter for decision for the Minister in charge of the Department. The Board, with some diffidence, suggests that this might be granted by the Minister in the following cases,—

- (a) Ex-service men who are in receipt of pension of forty per cent or over for a war disability.

NOTE:—This would involve a class numbering fourteen thousand, nine hundred and seventy-three pensioners and it is estimated that not more than five per cent per annum of these would require treatment for conditions not related to service. This procedure, if adopted, would extend to pensioners a concession which would be far-reaching in its good results and yet only commit the country to a small extra expenditure. It could be carried out entirely by the Soldiers' Hospitals without any reference as regards entitlement except the required pension credentials which every pensioner would have in his possession.

- (b) Ex-service men in destitute circumstances on compassionate grounds only.

## REMARKS

Although not included in your memorandum, the following suggestions are offered:—

- (1) The system of pay and allowances should be abolished and one hundred per cent pension in lieu thereof substituted therefor.

One hundred per cent pension in the case of privates is slightly more; in the case of Officers and Non-Commissioned Officers with no family or small families slightly less; with large families practically the same as pay and allowances.

It would be necessary to amend the Pension Act otherwise the benefits of Section 33 would accrue to those receiving one hundred per cent pension in respect of treatment.

- (2) The Board of Pension Commissioners should control the payment of all pensions and all correspondence to pensioners with regard to their pensions.

(3) A daily list of pensioners admitted to treatment (with pay and allowances) could be forwarded from all Soldiers' Hospitals to the Head Office of the Board of Pension Commissioners and these be automatically placed on one hundred per cent pension to date from the date of admission to hospital.

(4) Soldiers' Hospitals before discharging any patient should send him with his Hospital Treatment Case Sheet to the District Pensions Medical Examiner for complete examination and recommendation as to his future award of pension.

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(5) The pensioner following his discharge from hospital should be carried on one hundred per cent pension for a certain number of days after discharge (approximately five to ten) in order that he may be provided with an extra amount of funds pending his resuming his former occupation. At the expiration of that time he automatically reverts to the amount of pension recommended by the District Pensions Medical Examiner.

This would dispense with all pay and allowances and the large accounting and paying staffs in each Unit, and all cheques would be issued monthly from Pay Branch of the Head Office of the Board of Pension Commissioners as is done in the case of all other pensioners. A saving of hundreds of thousands of dollars in administrative expenses would result from this procedure.

(6) The only funds paid to ex-soldiers by the Treatment Branch would be their expenses at a fixed rate for board and lodging in travelling to and from treatment. Travelling warrants would also be issued.

(7) The man on discharge from hospital would be paid at a fixed rate any expenses incurred in travelling to and from treatment and he would receive a cheque for one hundred per cent pension at the end of the month covering a period of treatment and for some days following discharge. The pension for the extra days following discharge from hospital would more than compensate him for any loss of immediate pay at the time he is discharged. It has been shown that a small percentage of pensioners remains in hospital less than three weeks and they and their dependents would be money in pocket by accepting the one hundred per cent pension during treatment together with the one hundred per cent pension for a certain number of days (to be decided on) following pensioner's discharge from hospital.

(8) Out patient, Class One (with pay and allowances) should be discontinued. The number of such cases is negligible.

These suggestions are offered to the end that:—

(1) A large saving in administrative expenses would be made;

(2) The adjustment of claims for pension and treatment would be accelerated;

(3) The arrangements for pension outlined above would afford a financial bridge in treatment cases between discharge from hospital and the resumption of former occupation.

Respectfully submitted,

(Sgd.) W. E. DEXTER,  
*for Secretary,*

*Board of Pension Commissioners for Canada.*

DEPARTMENT OF SOLDIERS' CIVIL RE-ESTABLISHMENT

OTTAWA, February 15, 1924.

DEAR COL. RALSTON,—I have before me a letter dated January 31st, from your Secretary, together with a memorandum regarding the co-ordination of treatment and pension decisions. The memorandum has been the subject of discussion with the executive officers of the Department, and this memorandum being forwarded to you has the approval of the Honourable the Minister.

In giving you these comments I have tried to keep the subject of my remarks in accordance with the various headings of your memorandum, as follows:—

(A) The anomaly of diametrically opposite decisions as to service connection of the same disability.

While there may have been a number of diametrically opposite decisions in the early days during which time the staffs of the Board of Pension Commissioners and the Department of Soldiers' Civil Re-establishment were separated, and for a short time after the amalgamation of the staff of these bodies, amalgamation has effected not an absolute but a practical co-ordination of decisions. I say not an absolute because either body has power to deal with the question of eligibility as respecting treatment with pay and allowances or pension, as apart from the other body. On the other hand, during the past year there has been, at least to my knowledge, no case in which the Department has given a decision which has not been concurred in by the Board of Pension Commissioners, or vice versa. To say, however, that the Department approves of the principle of deciding as to attributability in accordance with the terms of the Pension Act, would be superfluous, since to all intents and purposes this principle is in effect at the present time apart from the question of dealing with specific diseases which are covered in special departmental regulations. Under date of June 26th, 1923, an Order in Council P.C. 1127, providing certain revisions to Order in Council P.C. 580, was passed. In this Order in Council provision was made under Clauses 4 and 6 on Pages 6 and 7 for the payment of special dependents' allowances in cases where immediate treatment is required and (a) where the diagnosis is uncertain and may reveal a condition attributable to service, or (b) where the diagnosis is known but the question of attributability is uncertain. This provision was made in order to obviate distress on the part of those cases where it appeared likely that the condition would eventually be accepted as attributable to service but where there might be delay in obtaining necessary proof or further evidence required before attributability could be accepted or full pay and allowances could be granted. This, as you will note, is an additional provision over and above those found in the Pension Act, and to a great extent obviates any difficulty that might be involved in the acceptance by the Department of the principle of adapting the Pension Act to the department's regulations as respecting attributability. In this connection I would further draw your attention to the provisions in Clause 2, subsection 2, on page 2, granting authority to the Department to provide treatment only without pay and allowances under certain special circumstances.

Since it is obviously necessary for the Department to supervise the treatment examination services of the various districts, it is necessary to have, apart from the Pension Medical Advisors at Head Office, a certain medical staff, which staff is charged with the administration of regulations which fall outside the provisions of the Pension Act. It is not considered that there is any duplication of medical services at Head Office at the present time. There are some eleven or twelve advisors to the Board of Pension Commissioners dealing entirely with pension matters. On the other hand there are only some six medical officers, including the Director of Medical Services, on the strength of the Department, who deal with the administration of Department affairs. They include specialists in the various lines of treatment conducted by the Department such as Dr. Mitchell, specialist in psychiatry; Dr. Carmichael, specialist in chest diseases; Dr. Biggar, who handles the administration of treatment for cases outside of Canada, including the United States and Great Britain; Dr. Filson, who in addition to reviewing the medical history of cases admitted to the strength of the Department, handles certain matters relating to the Federal Appeal Board; and Dr. McCormick, who generally assists Dr. Filson, and in addition deals with recommendations *re* vocational training. Apart from these medical officers, there is only the Director of Medical Services and his assistant, so that the question of reducing the medical staff by centering responsibility for attributability in the Board of Pension Commissioners, would not affect the medical staff in any way at the present time.

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Apart from the above considerations if the departmental regulations provided definitely that the Pension Board decisions must be accepted as respecting attributability, there would be certain additional delays on admission since all cases taken on for treatment would have to be first submitted to the board for decision before pay and allowances could be granted. At the present time, as you are aware, the unit officials of the department have authority to take on cases for treatment and to grant pay and allowances, subject only to review at Head Office and later reversal of decision. As I say, however, this feature would not be very serious in view of the additional provisions made under authority of P.C. 1127, above referred to.

New cases are becoming fewer; the majority of cases taken on for treatment at present are old pensioners, where there is very little question as to attributability. On the other hand, there were 400 new T.B. cases taken on the strength in the last twelve month period. There were in addition a few new neuros-thenic and mental cases, and a few coming under other classifications. The total number dealt with in this connection during the period:

Pensioners—Non-pensioners:—(This information not readily available. I can get it for you if required).

(B) The duplication of investigations and examinations.

Those who made the statement as to the above were not informed as to the departmental machinery. Pension award is now made on Form 76, the Medical Discharge Board of the hospital, and is of course required in every case. Prior to the amalgamation it was necessary for a man to be boarded on discharge from hospital, after which he was obliged to report to a separate office operated by the Board of Pension Commissioners, in a different part of the town, where he had to undergo another examination by a pension examiner, and the information was then forwarded on Form 865. This duplication, as indicated above, has been eliminated since amalgamation. As respecting investigations, the same condition applies. When a man is taken on strength for treatment he applies for dependents' allowances, and investigation is made as to his circumstances. The result of this investigation is used later when the question of additional pension on account of such dependents is under consideration. At present there is only one investigating section in each unit, composed of social service nurses and especially trained investigators. All requests for investigation go through one source, and as a result of amalgamation any duplication in this service has been done away with.

(C) The delay occasioned by having to make an investigation as to pensionability after discharging the man from hospital, and the consequent inconvenience and possible hardship in cutting off income in the meantime.

The reply to (A) above pretty well covers suggestion (C) that the Department approves the principle of the application of the Pension Act to eligibility for either treatment with pay and allowances or pension, and furthermore this principle is practically in effect. I would, however, point out to you that there must be a certain amount of delay in certain cases either on admission or after discharge. The new procedure will place this delay on admission, which is probably preferable in view of the fact that provision has been made to take care of cases which appear to warrant same.

(D) The lack of control of the Board of Pension Commissioners of Canada over the outside medical examiners.

No pension medical examiner is at present on the strength of the Department making medical examinations for the Board, who has not been approved of by the Board. No changes are made in the personnel without the Board's

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approval. Instructions from the Board of Pension Commissioners to the examiners are conveyed direct to these examiners by the Chief Medical Advisor who is also the Director of Medical Services of the Department. Pension Medical advisors on the staff of the Board of Pension Commissioners at Head Office write direct to pension examiners and give instructions to them under authority of the Director of Medical Services and Chief Medical Advisor. Examiners are instructed to accept such instructions as being the direct authority of the Director of Medical Services.

- (E) Whether eligibility for treatment with pay and allowances should be decided on the same principles as eligibility for pension, and the possible hardship to men needing treatment if treatment practice conforms to that regarding pension.

Here again I would draw your attention to reply to (A) above. There are special classes of cases dealt with by the Department which do not come under the Pension Act. I refer to specific diseases, and those covered by the terms of P.C. 1127. In these respects the Department regulations are not in conformity with the Act. The Department has no objection in using the Pension Act as an authority for treatment with full pay and allowances, so that it becomes a question of Government policy. It is considered, however, that the terms of P.C. 1127, providing treatment with special allowances, and treatment only should not be interfered with.

- (F) The practicability or otherwise of one body administering different regulations as to eligibility for treatment and pension respectively.

There should be no necessity for different regulations as respecting pension or treatment with pay and allowances; the Pension Act should govern. The other considerations under which treatment can be granted are covered definitely by regulations and there is no apparent reason why a separate section should not deal with these additional regulations as is being done at present.

- (G) What difference (if any) in principle should be adopted in awarding treatment either with or without pay and allowances as compared with awarding pension.

The principles already adopted by the Government are set out in Order-in-Council P.C. 580, as amended by P.C. 1127, a copy of which is attached hereto.

I trust that the above memorandum will meet your requirements. You will, of course, realize that the various principles involved in your memorandum and reply herewith have been subject to consideration by not only the Departmental officials but by the Government, for a considerable time. The principle that one basis on which the right to grant treatment with pay and allowances or pension should be adopted, was definitely in view at the time amalgamation between the staffs of the Department and the Board of Pension Commissioners was brought about.

If there is any further information I can give you in this connection, I would be glad if you would advise me.

Yours sincerely,

(Sgd.) N. F. PARKINSON,  
*Deputy Minister.*

Col. J. L. RALSTON,  
Chairman, Royal Commission on Pensions and Re-establishment,  
Ottawa, Ont.



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The only interest of the Commission in the matters discussed in the foregoing memorandum is to see whether there is anything which calls for suggestions in respect of the procedure affecting applications for Pensions and Treatment.

The ramifications of the Pensions and Treatment Organizations, their respective jurisdiction, and the agencies through which they have to operate, are matters for representation to the Government and Parliament and are entirely outside the scope of the Commission except in so far as they affect the applicant. On this aspect the following deductions from the evidence and memoranda sum up the situation:—

1. Both the D.S.C.R. and the Pensions Board concur in the statement that the principles under which the right to Pensions and the right to Treatment with pay and allowances are decided are identical.

2. Even if, in practice, the Pensions Board and the D.S.C.R., may arrive at similar conclusions concerning the man's right to Pension and his right to Treatment with pay and allowances, this does not meet the objection that in order to secure these decisions the man has had to undergo a completely separate investigation by each tribunal and that both are entirely independent of and uninfluenced by the decision of the other.

3. This dual system could be obviated by having one authority decide both claims or by having the decision of either body accepted by or binding on the other.

4. The amounts payable to a patient during treatment are more logically based on 100 per cent Pension than on service pay and allowance.

5. Treatment on compassionate grounds could still be extended by a separate body under appropriate special regulations.

*Suggestion by Ex-Service Men*

After two years pensions not to be cancelled as having been granted in error.

That in all cases where pension has been granted for any disability and has been continued for a period of two years from the date of the award there shall be a conclusive presumption that such disability is attributable to, or, incurred or aggravated during, service. (Winnipeg 107).

The reasons advanced in support of this suggestion were that once pension is granted the recipient is entitled to conclude that it will be continued as long as the disability remains and if the disability be permanent he has a perfect right to feel that his income from this source is secure for life. With this assurance he may enter into commitments which if he is unable to carry out may spell ruin to him.

Two cases were instanced in which pensions granted, one nearly six years previously, were cancelled on the ground that the disability was not related to service and hence pension had been granted in error. This may have been true, but it was argued that as no new fact had been produced the error could have been corrected within a month or two quite as readily as years after and that the Pensions Board having paid the pension for such a long period was thereby stopped from refusing to continue payment.

It was distinctly stated that there was no thought of applying the rule to cases of malingerers or others who might have obtained pension by fraudulent means.

The rush and haste with which pensions were put through during demobilization and shortly after perhaps offered justification for subsequent correction of errors which might never have been made had there been time for orderly consideration of applications even although a considerable time had elapsed between the grant and cancellation of the pension. A long time was necessary

in order to review and properly consider such pensions. Pensions, therefore, already cancelled should not be revived, but as there was no reason for hasty decision and plenty of opportunity for revision during the past two years this cause of possible error no longer obtains, and corrected within a reasonable time should not be invoked to cancel a pension which the pensioner had every reason to believe finally decided as regards entitlement.

### *Recommendation of Commission*

That if entitlement to pension has been admitted and pension paid for a period of two years, pension should not be cancelled on the ground that the service connection of the disability was conceded in error. This recommendation does not apply to pensions heretofore cancelled, or to cases of fraud.

## PART SIX

### CANADIANS AND IMPERIALS IN THE UNITED STATES

#### GENERAL STATEMENT

The following figures give an idea of the extent of the work done by the Canadian authorities among ex-service men living in the United States:—

Number of Canadian Pensioners in the United States on February 29, 1924—

- (a) Disability, 3,767.
- (b) Dependents, 1,287.

As to the distribution of these men, the information which the Commission has, places the largest concentration in New York City and the surrounding territory, the second largest in Massachusetts and the third in California. In the Detroit-Windsor district there are 1,059.

Number of medical examinations conducted by the U.S. Veterans Bureau for D.S.C.R. on Canadian ex-soldiers from April, 1923, to March 31, 1924, 3,420.

Amount of money paid annually for pensions to Canadians residing in the United States, \$2,153,004.

Amount of money paid annually for treatment, etc. of Canadian ex-service men residing in the United States from April 1, 1923, to March 13, 1924, \$121,890.92.

Number of Imperial Pensioners in the United States on December 31, 1923—

- (a) Disability, 3,876.
- (b) Dependents, 1,799.

Number of medical examination conducted by the U.S. Veterans Bureau for D.S.C.R. on Imperials from April 1, 1923 to March 31, 1924, \$3,122.

Amount of money paid annually for pensions to Imperials residing in the United States, £267,833; (Canadian supplement) \$169,867.

Amount of money paid annually for treatment, etc., of Imperial ex-service men residing in the United States from April 1, 1923 to March 31, 1924, \$45,077.57.

Number of Canadian ex-service men residing now or lately residing in the United States (estimated), 45,000.

All members of the Empire forces who reside in the United States are looked after by the D.S.C.R. through the U.S. Veterans Bureau, which is the corresponding Department of Government in the United States. The D.S.C.R. reciprocates by affording similar services to United States soldiers living in Canada.

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No reliable information could be obtained as to the approximate number of Canadian ex-service men living in the United States while it was estimated on the Hearing that there were between 50,000 and 60,000 residents of the United States who enlisted in the Canadian and British forces. A later estimate furnished the Commission makes the more probable number between 40,000 and 50,000.

The evidence on this subject was presented at the Toronto Hearing by the President of No. 1 Post of the Detroit Command of the British Great War Veterans Association of America. This organization is composed, and for the benefit of Canadian and Imperial ex-service men living in the United States. There are 33 branches, called Commands.

This Association, in anticipation of the Commission's Hearing, circulated a special questionnaire through the various Commands in the United States and also, by advertisement, mass-meetings, and personal interview, called for suggestions from ex-service men as to the subjects of the Commission's enquiry. The answers which were returned to about 3,000 of these questionnaires were then gone through by the National Council of the Association, sitting at New York and the proposals for presentation to the Commission were the result.

### *Suggestion by Ex-Service Men*

Facilitating readmission to the United States of Canadian ex-service men who return to Canada temporarily

That arrangements be made so that Canadian Ex-Service men residing in the United States, and coming temporarily to Canada for purposes connected with pension or treatment, should be promptly readmitted, without difficulty, on return.

The cases referred to particularly were Canadians near the border, who had crossed to Canada for the purpose of receiving from the post-office, or cashing, their pension cheques, and had, on their return, found some difficulty in being admitted, particularly if they had a partial disablement which was apparent (Toronto 69, 70, 95). Some men had a mistaken notion that if they lived in the United States they were not entitled to Canadian pension. Consequently, they gave a Canadian address, near the border, to which pension cheques were to be sent, and, to procure these they had to cross to Canada.

There are also men who may want to come to Canada for treatment or special examination. Arrangements for their return can always be made in advance by representations from Ottawa to Washington through the regular channels. The drawback to this is the necessary 3 or 4 weeks delay. This regular procedure is followed in cases where the man is officially authorized to come to Canada for any purpose which may involve his remaining for any length of time, but in the ordinary case, of the man coming over independently on some casual mission, formality is generally dispensed with. In these latter cases there is always the possibility that a man, particularly one who is disabled, may encounter difficulty in returning although instances of this are evidently not at all common. It is probable that any absolute remedy would involve some alteration in the immigration regulations of the United States, with reciprocal changes by Canada, to permit the readmission into either Country of ex-soldiers ordinarily resident there who have been temporarily absent in connection with pension or treatment upon presentation of a letter of identification from the U.S. Veterans Bureau or the D.S.C.R. as the case may be, vised by the official to whom the man has reported. It is felt that such a provision applying reciprocally in both Countries could not offend against the spirit of the regulations of either.

*Recommendation of Commission*

That representations be made by the D.S.C.R. to the Department of Immigration with a view to such action as may be considered necessary and advisable to make certain an unmolested return for the man who has a bona fide errand out of either Country into the other in connection with his service disability.

*Suggestion by Ex-Service Men*

That provision be made to insure more promptness in granting treatment in urgent cases to ex-service men residing in the United States (Toronto 65, 66).

The arrangements for emergency treatment are similar to those in Canada, except that the treatment is afforded by the U.S. Veterans Bureau. A somewhat indefinite intimation was given that treatment was not always afforded as quickly as the circumstances of the case warranted. It was not alleged that there had been any general delay (Toronto 81). The statement by the D.S.C.R. representative was that recently there had been a very small number of complaints, and that the service was, generally speaking, working very smoothly. (Toronto 76).

The need for more prompt emergency treatment was made the basis of a recommendation that there be organized some sort of a local Committee, with one official to be paid by the Department, and that this Committee should have the power to determine, regardless of the decision of the U.S. Veterans Bureau, whether the case was sufficiently urgent to require immediate treatment. (Toronto 71 and 80).

Admittedly if a man in need of immediate treatment had to wait until his application was dealt with in the ordinary course of post through Washington to Ottawa and back again there would be need of some drastic change but nothing of this kind was even hinted at and the arrangement in force should prevent any such occurrence.

The practice to be followed when a Canadian ex-service man applies to the U.S. Veterans Bureau for treatment is set out in an agreement between the D.S.C.R. and the Bureau, an extract from which follows:—

“Except in cases covered by paragraph (b) in no case should treatment be undertaken pending receipt of authority from the Bureau. Before issuing such authority it will be necessary for the Bureau to secure authority from the Department.

(b) If it is apparent that emergency treatment is required for what appears to be a war disability the medical representative of the Bureau can give the treatment or order the man to hospital without waiting for specific authority.”

This arrangement gives ample scope for dealing with an urgent case without delay. No doubt there are cases where the Veterans Bureau officials decline to accept the responsibility which paragraph (b) confers and the man is kept waiting until a request to Ottawa for authority is sent through Washington and a reply received thereto. This can in appropriate cases be done by telegraph so that 24 to 36 hours should be the maximum time consumed even if the Bureau official wanted to take the less decisive course.

It would be expected also that there are cases where the ex-soldier gets the benefit of a quick “on the spot” decision by the Veterans Bureau officials taking him on for treatment rather than running the risk of delay when if the case had been referred to the Canadian authorities the application would have been refused.

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The regulations seem ample. The difficulty arises from the necessary interjection of the personal factor not only in the official but in the applicant as well. The official may appear active and sympathetic or lethargic and indifferent, the applicant may seem to be trustworthy and civil or unreliable and assertive. Both may be entirely misjudged but the action taken by the official and the contentment of the applicant may be influenced greatly by these appearances. This holds true, however, concerning many besides ex-soldiers and officials, and the Commission cannot find from the evidence that ex-service men in the United States applying for treatment under the present regulations and practice are dealt with less favourably than if they were in Canada.

*Recommendation of Commission.*

None.

*Suggestion by Ex-service Men.*

Facilitating medical examinations and decisions thereon

That provision be made for eliminating delays in connection with medical examinations, and the subsequent decisions thereon. (Toronto, 71, 82, 83).

It was pointed out that the Canadian Pension authorities do not accept the assessment of the Medical Examining Board of the United States Veterans Bureau. All that is asked for from the United States authorities is that they describe the condition. This description goes forward through Washington to Ottawa and on it the Canadian authorities assess the degree of disability (Toronto 70). There is delay necessarily, and it is accentuated where further correspondence is required to amplify the information received: If the assessment itself were made by the Examining Doctor in the United States there would probably be quicker action, but so long as Pension Statutes and Regulations differ in the two Countries, and so long as there are variations in their respective Tables of Disabilities the decision must necessarily be made by the authorities of the State which pays the bill.

In order to meet the difficulty, and still retain the necessary Canadian Supervision, it was suggested that a Canadian Examining Board might visit the border cities and make the examinations of men residing there. The City of Detroit, and the City of Boston were mentioned as two places where there was a very large concentration. This suggestion which seems on its face feasible enough is, on consideration, open to serious objection. Canada and the United States have reciprocally undertaken to look after each others' soldiers in the respective Countries. While, no doubt, the United States officials would welcome being relieved from some of this work there would, in the sending over of Canadian Medical Boards, be a hint of want of confidence which the most absolute assurances to the contrary could hardly be expected to entirely dispel. Unless Canada proposes to undertake her own Medical examinations in the United States it is felt that the system now followed should be adhered to uniformly without making exceptions on account of differences in geographical location.

Involved in the above suggestion there is also an intimation of delays experienced in waiting for Medical examinations. So far as the Commission can learn no distinction whatever is made between United States and Canadian soldiers attending for examination. Obviously so long as the Canadian authorities agree to utilize the machinery of the United States organization, suggestions and methods of improvement, if any such are indicated, cannot properly or effectively be made by way of formal recommendation by a body such as



this Commission. All that can be proposed is the maintenance of close liaison between the two kindred services not only at Headquarters but throughout both Countries.

*Recommendation of Commission.*

None.

*Suggestion by Ex-service Men.*

Canadian Soldier Advisers in the United States

That a Canadian official qualified to afford service to Canadian and Imperial ex-soldiers in respect of pensions, treatment and re-establishment matters be appointed in the larger centres of the United States. (Toronto 71).

There appeared frequently in the evidence given on the Hearing at Toronto a suggestion of a desire for closer contact between the Canadian ex-service man in the United States and the Canadian authorities. This did not indicate complaint of the service afforded by the United States Veterans Bureau but simply expressed the natural preference of these men for their own institutions. The idea as voiced was:—

“The general consensus of opinion in the minds of the men there, is that they would rather be treated by their own countrymen.” (Toronto 73-8-9, 96).

It goes without saying that Canadians living in foreign countries cannot be expected to have the same intimate relations with, and service from, the institutions of their own country as those residing in Canada. Nevertheless it was rather broadly asserted on the Hearing that Canadians residing in the United States should

“enjoy the same privileges as the Veterans resident in Great Britain and the Dominions.” (Toronto 65, 79).

This claim must have been advanced only in a strictly relative sense. No suggestion was offered whereby any such ideal conditions could be brought about. It is also to be remembered that manifestly the geographical situation alone makes even an attempt at such a service futile. Everything possible is done to adapt the existing organization to reach, at least indirectly, all Canadian ex-service men, and direct correspondence between the ex-soldiers and Canadian Headquarters is freely carried on. But Canada's activities in some respects must stop at the Canadian border. The Canadian authorities make no provision for unemployment relief of Canadian ex-service men living in the United States, and also, if vocational training is granted, such training must be taken in Canada. (Toronto 66, 67, 69). The general principle of closer association was made the ground of a suggestion that there should be established at the larger centres, a permanent Canadian office, with at least one paid official in co-operation with a Local Committee to look after Canadian and Imperial ex-service men (Toronto 71).

An illustration of the possible usefulness of such a Local organization was given in 1920 when a very acute employment situation was experienced. In New York, a United British Relief Committee was formed as a result of the initiative of the British Great War Veterans Association and the efforts of the British Consul General.

This Committee passed on over 7,500 cases of application for relief in 22 months, granting relief in nearly 6,000 cases, found permanent employment for over 550, and temporary jobs for a large number.

The only other agency which was brought to the attention of the Commission through which the Canadian ex-service man might be assisted, was the

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American Red Cross Order. The arrangement put in evidence (Toronto 89) indicates that a very thorough and interested service is provided for members of the Canadian and Imperial forces by this body. Wide circulation was given to this arrangement, and apparently the information was acted upon, as the evidence showed that complaints direct to the Canadian Authorities decreased very noticeably.

The Commission considers it worth while incorporating herein the text of the arrangement with the American Red Cross. It is as follows:—

(Toronto 89). "The American Red Cross gives service not only to the families of ex-service men, but to the men themselves. The Department of Soldier's Civil Re-establishment has agreed to furnish the Social Service Workers in the Division offices with the names of men who complete treatment in the United States for a War disability. These names will be sent on to the Home Service Workers of the Red Cross Chapters, who will endeavour to make contact with the men and to assist them in various ways.

"In the hospitals, the Red Cross co-operates with the United States Government in providing Social Workers and recreation. The Social Workers in the hospitals in co-operation with others in the men's home town inquire into home conditions and try to make any needed social adjustments. Often family difficulties prevent a man from taking advantage of hospital care or other benefits to which he is entitled, and in such cases it is the rule of the Red Cross Social Service Workers to give advice and, if necessary, assistance. The Workers are not limited to any "Types" of service, but are supposed to answer every need of the disabled man and his family in so far as that is possible. While the general policy of the Red Cross is to render service wherever it is needed, many of the smaller chapters, which were active during the war, have practically ceased to exist, and in some of the larger cities the Red Cross serves only the disabled men and their families, turning over the problem of able-bodied ex-service men to other agencies. On the other hand, about five hundred chapters have extended their Social Service Work to Civilian families on a peace-time basis, and another five hundred will soon be added to this number. The general rule, however, holds that, wherever, in the hospital or outside, the American Red Cross maintains a Social Service staff, these workers will do for the former member of the Canadian or British forces and his family what they would do for the former member of the American Expeditionary Force and his family. If, therefore, any men from Canada or the British Isles as well as from Australia and New Zealand, are in need of friendly advice or assistance, there need be no hesitation in laying the matter before a Red Cross representative.

"If any man is unable to get in touch with the local Red Cross representative he may write to the Division Director of the Red Cross, having jurisdiction over the State in which he is living."

The information, which the Commission has is that the work of the American Red Cross has been most thorough and as might have been expected, has been given for the benefit of Canadian and Imperial ex-service men just as freely as for their own nationals. This excellent organization is, as appears from the above circular, very widely established and is within comparatively easy reach of any soldier needing help or advice.

The question as to whether the appointment of a Canadian in the capacity of a soldier's friend or soldier's adviser is desirable depends, in the Commission's opinion, largely on the area concentration of men whom such an official would

serve. While the United States Veterans' Bureau and the American Red Cross are co-operating in every way, they are, of course, not altogether familiar with Canadian statutes and regulations governing pensions and treatment. The intricacies of both these branches require careful training and experience and the Commission is of the opinion that in one of two of the larger centres of the United States where Canadian ex-service men are congregated the appointment of a soldier's friend or adviser might be tried as an experiment and any future policy in that respect based on the experience thus gained.

#### *Recommendation of Commission.*

That in one or two of the centres in the United States where the largest number of Canadian ex-soldier men are concentrated a soldier's adviser be selected and appointed under conditions and regulations governing the appointment and duties of soldier's advisers in Canada.

## PART VII

### EXISTING RE-ESTABLISHMENT NEEDS

#### GENERAL

Paragraph 2 of clause 2 of the Commission's Reference speaks of a "survey of existing re-establishment needs". While this was intended only to indicate the method and scope of the Commission's inquiry concerning handicapped men, it was apparently regarded by ex-service men as an invitation to submit to the Commission practically anything which could be regarded as in the remotest degree affecting ex-soldiers or their dependents.

The Commission intimated in its Memorandum (see Appendix) its views of the limited effect of this paragraph. The Commission concluded, however, without any undertaking to make recommendations or state conclusions on matters not properly within its scope, that to refuse to hear evidence which had been prepared at considerable trouble, on other soldier problems would not only be unnecessarily strict, but would throw away a favourable opportunity to have on record information which might well be of value in other connections.

The Commission is, therefore, including the following subjects under the above general head, namely, Employment Generally, Housing, Repatriation and Refund of Passage Money, Women and Children, Prisoners Welfare.

There are also three matters which are entirely outside the purview of the investigation. As to those, permission was given to make the representations matters of Record. They are Imperials, R.N.W.M.P. and Burials.

In cases where the Commission has stated any conclusions or made recommendations in connection with any of the foregoing, it has been done simply as the Commission's endeavour to focus the discussion.

#### **Section 1. Employment Generally**

The subject of employment of handicapped men has been gone into at length. Turning to the problem of the employment of the fit ex-service man, its solution must, to a great extent, depend on the same factors as enter into the employment situation generally.

It was claimed, however, that ex-service men had experienced more difficulty in obtaining employment than the men who had not been in the army. All that can be done here is to set out the statements which were made and the statistics which were submitted in support of that contention. It is true that the impression existing that ex-service men were not as readily taken on for work as civilian was one of the reasons for discontinuing, two or three years ago,

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the practice of differentiating in the Provincial Employment Bureaux between ex-soldiers and others, on the theory that a man labelled as an ex-soldier when sent to an employer, was less likely to be eugaged.

Official statistics which would show, separately, the extent of unemployment of the two classes of ex-service men, namely, disabled and fit, are not procurable and the Commission has not any satisfactory method of arriving at the number or percentage of fit ex-service men unemployed. The Commission has already set out (Part Two) various statistics which were submitted at Vancouver (339) and Toronto (1418, 1422-3, 1425-9, 1423-3) which were claimed to support the contention that the ex-service man was prejudiced in obtaining employment.

The Commission has been unable to verify by official statistics the definite figures submitted to show number of ex-service men unemployed as compared with civilians. On their face they represent local situations. The Commission has incorporated them simply to show the contentions which were made.

While the deduction which is attempted to be drawn from these figures that fit ex-service men are to a substantial extent discriminated against by the average employers cannot be accepted as applying to-day, it is generally known and requires no statistics in proof thereof that, in the earlier days a prejudice grew up in some quarters to the disadvantage of ex-service men. The reason for this very largely disappeared and it must be the very exceptional case to-day where, other things being equal, any distinction is made at least to the prejudice of the ex-soldier.

Based on the condition which it was claimed, statistics showed, a remedy was suggested as an alternative to the generally recognized methods of assisting ex-service men to obtain employment. This alternative was in effect what is commonly known as the "bonus."

It was put forward at two of the Hearings, namely, Vancouver (382) and Toronto (1418, 1432, 1425-9). At the former it was a minority report, and at the latter it was claimed to represent the views of ex-service men who answered a questionnaire which had been locally circulated. The same scheme had been presented verbatim before the 1922 Parliamentary Committee and the arguments advanced then were reiterated in their entirety. (Toronto 1441, Vancouver 361, 1922 Parl. Com. Rep. p. 220). Those frequently referred to in emphasizing the need for this measure were men who had as a result of their service

"suffered physical impairment which has rendered many of them incapable of earning their living and taking their place in civilian life." (Toronto 1422).

and

"who have broken down as a result of war disability." (Toronto 1431).

While the particular needs of the disabled and of those out of work were urged as the group requiring relief, the remedy as outlined had no special reference to them but was for the sick and the well, the needy and comfortable alike. After five years of rehabilitation work along lines of co-operative assistance, a universal grant could hardly be justified as a re-establishment measure to surmount the large commitments already incurred for that purpose. Stripped of the reference to special and emergent cases the proposal is that, considering discrepancy between the pay of the soldier and the civilian, an allowance be granted to all ex-service men, no matter what their circumstances, in addition to the rate fixed on their enlistment. The suggestion, from this angle, proposes a radical departure in general national policy and having regard to the varied

and extensive activities undertaken and the expenditures made towards rehabilitation, it concerns recognition of war service rather than re-establishment, and as such is outside the scope of the Commission.

Unemployment relief on the other hand is a measure which although temporary takes account of acute conditions in individual cases and varies with the necessities presented from time to time. It may not be generally known that the Government has to date expended over eight million dollars in assisting ex-service men in this way. This constitutes probably 85 per cent of all unemployment relief paid by the Federal Authorities. In the winter of 1922-23 there was being paid out in the Toronto Unit alone, about \$12,000 per week to ex-service men. Naturally this mode of assistance is resorted to only when all other means have failed or are inapplicable. Men do not want the dole any more than the authorities are anxious to give it, and as mentioned in Toronto (1,563) relief should not be given without return,

"For every year we give relief we will suffer for ten years."

The Commission has already, in discussing the employment of handicapped men, indicated the special regulations which are in force, whereby fit ex-service men are given a preference over all other applicants for Government positions, excepting their disabled comrades. This preference is contained in the Civil Service Act, previously quoted, and has also been preserved by Order in Council P.C. 1053 which transfers a certain number of positions from the jurisdiction of the Civil Service Commission to the various Departments. The percentage of accepted applicants for civil service positions, who have been employed in the years 1920 to 1924, has also been set out and, as already summarized the statistics show that from 69 per cent to 79 per cent of these are ex-service men, with the percentage increasing perceptibly each successive year. Reference has been made (Part Two) to the lack of statistics showing the percentage of ex-service men appointed to positions under Departmental control.

Unemployment Insurance was proposed at Vancouver (341) with the usual limitation that it be restricted to ex-service men. It would seem that almost the first principle of a feasible scheme of unemployment insurance would be that the risk be spread over as great a number as possible rather than confined to a particular class. Other exceptional features proposed would, the Commission considers, make the serious consideration of this particular scheme impossible. The whole subject of unemployment insurance is another matter of general national policy involving investigations quite outside the special requirements of ex-service men.

## **Section 2. Housing for Ex-Service Men**

### *Suggestion by Ex-Service Men*

That provision be made whereby ex-service men may secure financial assistance in providing and securing suitable homes for themselves and their dependents by means of direct loans from the Federal Authorities, administered by the Soldier Settlement Board. (Halifax 332, 348, St. John 187, Montreal 590, Toronto 1,519-20, 1,840, Winnipeg 361-3-4, Regina, 268, Vancouver 212, 215, 217, 332, Calgary 331).

The general idea expressed in short was that special provisions should be made for providing homes for ex-service men and their dependents and that this should be done by the Federal Authorities dealing directly with the borrower.

The Federal Housing Act made no distinction between ex-soldiers and others. Under the scheme of the Act it depended entirely on the local municipal authorities whether any housing assistance would be available. The plan was that the Federal Government allotted \$25,000,000 for loan to the Provinces on



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the security of their Bonds, this amount could be taken up by the respective provincial governments in proportion to the population of the province as shown by the 1911 census (Vancouver 217). The provinces in turn advanced this money to such municipalities as were willing to borrow it and pledge their bonds. The municipality in turn, through its municipal council, or through a local Housing Commission, loaned to individual applicants.

It was represented at Halifax (332), at Vancouver (221) and Winnipeg (368) that there were still a large number of ex-service men who were desirous of taking advantage of the Act if funds were made available.

The matter of providing better housing facilities for ex-service men along the lines generally urged on the Hearings before the Commission was brought to the attention of the 1922 Parliamentary Committee (pro. 1922 Parl. Com. p. 169, 170), but no recommendation was made.

The evidence before the Commission showed in British Columbia over \$1,700,000 was spent and that province took up more than its allotment of the vote, some of the other provinces not taking their full share (Vancouver 212-3). Under the administration in British Columbia it was expressly provided by the local authorities that ex-service men should be given the preference (Vancouver 213-4). Before the provision giving the preference to returned men came into force 488 loans were made to returned men and 85 loans were made to civilians. (Vancouver 213). Thirty municipalities in British Columbia took advantage of the provisions of the Act and, as the representative of ex-service men expressed it:—

“I do not think there is any re-establishment legislation that has been more wholly beneficial than that; it is what I would call 100 per cent effective. There is now a general call throughout the province for a renewal of this scheme.” (Vancouver, 214).

It was stated that there was a waiting list in the City of New Westminster, and also in Nelson (Vancouver 221).

The point was also made that there was a certain percentage of ex-service men who had not been benefited because they were living in unorganized territories which had not the status of municipalities and, therefore, could not borrow from the provincial government. This was one of the reasons advanced for the proposal that the loan be effected direct between the ex-service men and the Federal Government (Vancouver 215-7-9).

The proposal from British Columbia included not only assistance in building houses, but in buying those already built and adapting them to the needs of the applicants, and also the alteration, repair and enlargement of homes already owned by the soldiers.

In Saskatchewan the need was emphasized for facilitating this assistance for ex-service men by direct contact between the proposed borrower and the Federal authorities. The scheme there proposed was referred to as the Federal Housing Loan and provided in some detail for the administration of the fund by the Soldier Settlement Board, the wholesale purchase of building materials, the standardizing of plans and the official supervision of construction. Here also the proposal was that the scheme should include provision for the purchase of houses already built.

In Manitoba it was said that the whole scheme of assistance in housing had been most enthusiastically received, so that the full Federal allotment of nearly \$2,000,000 had been expended and, in addition to that, independent loans were made by the province amounting to about \$1,600,000, and by the City of Winnipeg amounting to \$2,340,000, making in all \$5,915,000 spent on housing in that province (Winnipeg 358, 359). In Manitoba also (as in British Columbia) returned soldiers had been given the preference in granting the loans (Winnipeg 358).

At Toronto, it was stated that the scheme had not been a success either in Toronto or in London, the reason, apparently, being that the houses had been built at too great a cost (1834). It was argued, however, that as costs had now decreased so as to make building commercially sound, special provision should be made for the benefit of many ex-service men still without proper housing accommodation (Toronto 1837, 1839).

It was here also urged that the loans should be made not only for the purpose of building new houses, but to permit of the purchase of existing houses, to pay off present mortgages and permit repayment over a long term on the amortization plan, and to complete dwellings already begun (Toronto 1520, 1840).

As appears from the 1923 Report of the Department of Health (p. 30), the provinces of Manitoba, New Brunswick and British Columbia took their full quota of the Federal Housing loan, but out of the total \$25,000,000 originally appropriated, there had only been advanced to the provinces a little over \$20,000,000 as of March 31, 1923.

It is stated that the consensus of opinion of the Provincial Housing Directors is that, as a rule, the monthly payments have been remitted promptly, but there are no statistics available showing how ex-service men have met their loans in comparison with civilians. The average cost of a house has been \$3,230.

First, as to whether there is a need for further provision for housing ex-service men. The Commission is convinced that a limited requirement in this respect exists. The difficulty is to gauge and state the extent of it. It can be said at once that, according to the evidence, the conditions in both British Columbia and Manitoba warrant further assistance. An endeavour has been made by a questionnaire to ascertain the situation in the various provinces and the results are shown in the Table in the Appendix D. The only reliable source of information as to housing conditions and the supply of and demand for suitable dwellings must be the local authorities. The Commission, therefore, makes its recommendation as to the extent of further assistance to be given, dependent on the representations which these bodies may make.

Secondly, as to the special claim of ex-service men for assistance for better dwellings. It is sometimes suggested that, because the State has provided loans on comparatively small margin for settlers on land it follows that it would be discrimination if similar provisions were not made for housing the ex-soldier in the city. The Commission does not consider that the cases are analogous, for the reason that, in the former case, the country secures a distinct commercial benefit, by way of settlement and colonization. In the latter case the benefit to the country is much more indirect, and consists chiefly in increasing the assessable value of property, and in providing temporary employment. Moreover, the fact that the farm loan is secured in a large proportion by land, rather than buildings, which are subject to rapid deterioration, makes the former more desirable on a long term loan.

As is pointed out below, however, the principle of housing loans for ex-service men was accepted when demobilization was taking place. The original scheme as evidenced by Order in Council, P.C. 2997, of December 3, 1918, indicates very clearly that a strong factor in inducing the Government to grant this very substantial assistance was that it would be for the welfare of returned soldiers. The Order in Council recites that the cessation of building operations during the war has created a great scarcity of house accommodation in cities to-day, and that this condition will become intensified "with the return of our soldiers from overseas, and their re-establishment with their families in civil life and occupation." It is further pointed out that, in view of the importance of the matter to the health and general well-being of the entire community, "its relation to the welfare of returned soldiers and their families," the loan

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should be authorized. When the project took more concrete shape, and the Housing Committee of the Privy Council formulated the general principles to be followed, they expressly recognized as one of the principal beneficiaries of the scheme the ex-service man. The objects as stated were: (a) to relieve congestion; (b) to put within reach of working men "particularly returned soldiers," the opportunity to acquire homes at actual cost; (c) to contribute to the general health of the community. (See pamphlet "Housing in Canada," issued by the Department of Health, p. 10). Later this is repeated, and again it is pointed out that it is for the benefit of working men "particularly returned soldiers."

The "ex-soldier" feature of the New Zealand Act was cited, under which it was provided:—

"The minister may set land apart for the purpose of soldiers' dwellings, and may erect suitable buildings thereon. The land and dwellings may then be disposed of to discharged soldiers, in the same manner generally as in the case of workers, by the Workers' Dwelling Act, 1910". (Vancouver 390).

Although it is quite apparent that when this scheme was launched the ex-service man was to be the most prominent beneficiary, that idea was not expressed in the legislation itself and only British Columbia and Manitoba gave the soldier any preference in application over the civilian. Whether the ex-service man has obtained the advantage which the project was intended to afford him is questionable, and the Commission considers that any further extension of the scheme can well be confined to those who afforded the real reason for its promotion.

Thirdly, as to the claim that the Federal authorities should deal direct with the soldier borrower, if a scheme were now being worked out for the first time the experience of the past 5 years would provide a reason for very seriously considering (a) confining the loans to ex-soldiers, or at least giving them a preference and (b) having the Federal authorities deal direct with the borrower.

The scheme as adopted did not expressly contain either of these principles although ostensibly the ex-service man was the one who was to be primarily benefited. The bulk of the work has been done. Provincial and municipal organizations in the shape of Housing Commissions have been built up and are now functioning. The problem now is to provide for a comparatively small proportion of cases confined principally to British Columbia and Manitoba although there will be a few in every province. The Commission does not consider that it is warranted in recommending the setting up of new organizations throughout the country under Federal control to deal with this residue of cases. The suggestion that the Soldier Settlement Board could take on this work is, the Commission considers, more plausible than sound. The Soldier Settlement Board deals with housing only incidentally to the scheme of land settlement. The buildings bears a small proportion of the total loan. If a building fit for a Settler's use is erected there is nothing left out of the \$1,000 loan which could be wasted. Consequently there is not the necessity for constant inspection and attention to see that the loan for building is providently expended. But if the Soldier Settlement Board took on housing as a project its corps of inspectors and advisers would have to be very materially increased and they could not perform their work as they do now by occasional visits to the borrower to note his progress in farming, but they would necessarily have to act as inspecting architects supervising, from day to day, the work and materials supplied.

It has also been suggested that special building loan societies be established in each province, authorized to receive money on deposit and loan it to ex-soldiers for housing purposes at low rates of interest, additional necessary funds to be made available by the Government which would also have to make

up any deficit in administration expenses. The Commission does not consider, however, that the housing requirements still existing are sufficiently widespread to necessitate the inauguration of a scheme so ambitious.

At this late date the obvious and practical thing seems to be to utilize the present organizations which have for a long time specially dealt with Housing. This does not, however, take care of the man in the unorganized territory. (Vancouver 215-7-9). Generally speaking these are Settlement rather than Housing problems but there are instances particularly on the outskirts of municipalities where security for a Housing loan is afforded. The evidence before the Commission does not justify the alteration of the entire scheme for these cases. In British Columbia already the Provincial authorities have made some special exceptions. From the very fact that the locality is unorganized there will be few instances in which the security would justify a loan as a building proposition solely, but since this is a returned soldier project some scheme of co-operation should be worked out whereby the risk, if any, in such eligible cases as are found, is shared by the Dominion with the Province. The Province could easily utilize the nearest Municipal Housing Commission to investigate the loan and, if granted, supervise the construction. The Federal authorities before approving the loan might utilize the Soldier Settlement Board organization to check up the surrounding conditions and the prospects of the borrower. The fact that Provincial authorities are willing to share the risk should assure the Federal authorities that the loan has been properly scrutinized.

Almost everything which can be said concerning the general benefits of a Housing scheme have been fully set out and considered in the various reports of the Ministry of Health, and in the Order in Council authorizing the expenditures for this purpose. There is to be emphasized the advantage of spending public money on reproductive work, such as building, as compared with the expenditure in re-establishment by way of promiscuous subsidizing, and there is the further point that good housing, in which a man has made an investment, is a stabilizing influence and prevents emigration. The whole subject of the operation and advantages of the Housing Scheme is fully dealt with in a Report by Mr. Thomas Adams, submitted to the Parliamentary Committee on Pensions and Re-establishment of 1921. (See Committee Report 577).

The best method of working out housing assistance for ex-service men involves the determination of very important questions of practical detail which would have to be decided by the Housing authorities of the Department of Health in consultation with those of the Provincial and Municipal organizations, all of whom have been closely in touch with the working of the scheme for the past 5 years. It would be unwise for the Commission to go further than to indicate generally the condition which exists and the principles which it considers ought to be observed in any scheme for their improvement.

#### *Recommendation of Commission*

- (1) In the opinion of the Commission a limited need exists for further provision of suitable housing accommodation for eligible ex-service men.
- (2) Such provision should recognize the following principles:—
  - (a) Further funds should be made available under the general conditions of the present Housing Scheme but with such modifications as these recommendations indicate.
  - (b) Such further provision should be earmarked for ex-service men.
  - (c) The extent of such further provision must be regulated by local housing needs among ex-service men as indicated by information procured, from time to time, through the Municipal and Provincial authorities.

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### Section 3. Transportation of Canadians from England to Canada and Refund of Passage Money

The claim was made (Winnipeg 351-256, Toronto 1783, 1810, 1525-32) that ex-members of the Canadian Forces who enlisted in Canada but who took their discharge in England, should be given transportation back to Canada, when they decided to come. It was also claimed that such of these men as had, after their discharge in England paid their own passage back to Canada, should be reimbursed. The ground for these claims was that Canada having taken these men overseas should relieve them of any expenses in returning. The answer is that at the close of the war Canada did provide these men with the facilities to return with their comrades and to be demobilized in Canada, but that if they preferred for reasons of their own to take their discharge in England there should be no obligation on the Country to carry perpetually the liability to return them. To emphasize this it was required that a soldier who applied for his discharge in England should sign a waiver of any claim for refund in the following terms:—

"I fully understand that if granted my retirement or discharge in the British Isles instead of Canada, I will not be entitled to receive return passage to Canada at the public expense for myself or my dependents by reason of having been a member of the Overseas Military Forces of Canada. (Toronto 1784)."

There was an exception made where the soldier was detained in England on account of domestic affairs, and in these cases the man was given free transportation if he returned within six months or, if he had returned in the meantime at his own expense, refund was made at military rates.

Early in 1920 further consideration was given these cases by assistance furnished through the High Commissioner's Office under P.C. 122 of January 22, 1920. About 770 were returned to Canada but they were required to give an undertaking to repay their transportation. The amount expended was about \$58,000 and practically none of this money has been repaid.

There is also a further means whereby men born in Canada can, if they are in destitute circumstances in England, be brought back as distressed Canadians by the Department of Immigration.

By a series of Orders in Council provision was made for free repatriation from England of dependents of Canadian soldiers all during the war and up to November 1921.

In 1922 special representations were made to the Parliamentary Committee on behalf of a certain number of men who, it was reported, were still in England, having taken their discharge there for special reasons, and who now desired to return to Canada. A claim for refund was also made on behalf of men who had returned to Canada and paid their own way. The Parliamentary Committee recommended an appropriation of \$150,000 to be devoted to the repatriation as quickly as possible of the most deserving of these cases and P.C. 1757 of September 7, 1922, put this recommendation into force with the restriction that the assistance should be given by way of loan and also that advantage must be taken of the provision before April 30, 1923, which date was by Order in Council (P.C. 1056) extended to May 31, 1923.

Up to October 31, 1922, 2,625 applications for repatriation had been received in the office of the High Commissioner for Canada. These included the accumulation of arrears for a considerable period, and involved approximately 6,000 persons, including dependents. After consideration of the individual cases the net result was that only 122 applicants with their dependents (about 390 persons in all) actually returned to Canada, the total expenditure being about \$39,000. About \$2,000 has been refunded on account



of the undertakings given for repayment, but about 50 per cent of this amount is adjustments and not actual repayments by the borrowers. Many more applicants were accepted but for various reasons they failed to avail themselves of the Government's offer of assistance. Only a very few of the applications were refused.

It is argued that some claim to consideration arises because Canada saved about 14 days' pay and allowances for every soldier who took his discharge in England. This does not, however, obligate Canada to, in effect, place to the credit of the man discharged in England the amount thus saved and entitle him to ask that it be applied for his benefit in payment of transportation when he decides to change his residence as a civilian. The obligation to return the soldier to the place where he enlisted ceases when he elects not to return but to re-enter civilian life somewhere else, and when he has signed an express waiver there can be no doubt that his attention has been very definitely drawn to the consequences of his decision to remain in England.

There are a few individual cases where men have been brought home on convincing the authorities by entries on service documents, of the genuineness of their reasons for remaining in England, but in the only two occasions when ex-service men as a class were assisted, namely, in 1920 and 1922, there was the distinct stipulation that it was only by way of loan, so that there has been no recognition of any claim as of right to have free transportation furnished. The need for further assistance by way of transportation to ex-service men discharged in England is not indicated by the evidence. The problem, if any exists at this late date concerns immigration and not soldiers re-establishment. The only ground upon which those who paid their own passage could claim refund is that collection of the loans made to those who were brought out has apparently not been insisted on. (Toronto 1531). The reason for this, and whether the exceptional circumstances surrounding those selected for repatriation were regarded as justifying special consideration, is a matter on which the Commission has no information.

#### **Section 4. Protection of Women and Children**

##### *Suggestion by Ex-service Men.*

That provision be made for the payment of pension to the dependents of pensioners who have deserted their families. (Montreal 463).

This is one of the most difficult problems which is met with. The public know that a man has been on pension for a disability, they know he has later deserted his family and they cannot understand why the pension cannot be continued to the deserted family. The reason is that it is necessary to have the pensioner examined periodically so as to note the increase of the ailment or the progress towards recovery and adjust the pension accordingly, or, the man who has disappeared may have died from other cause, or, he may have completely recovered, in which case the pension would be cut off. The fact that these circumstances cannot be ascertained makes it impossible to decide whether pension would be payable. In cases where the injury is permanent, such as amputations, the doubt as to possible recovery is eliminated, but there still remains the contingency that the absent man may have died from some other cause thereby terminating the right to pension. There are many cases where the Pensions Board could speculate with reasonable certainty that the disability still exists, judging from the nature of the ailment. The Board could also determine satisfactorily that the case was one of bona fide desertion and not simulated abandonment in order to conceal the fact that the disability had disappeared. The only really serious uncertainty is whether the pensioner

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is alive. As to this the Pensions Board naturally can expect to get little substantial information. The health and habits of the man, his normal occupation and the circumstances under which he was last seen may be of assistance. The only way to deal with these cases is either to treat them on a strictly pension basis and refuse them entirely, as is done now, on the ground that the applicants have not shown that the deserting husband would be entitled to pension, or to deal with them on a partially compassionate basis by giving the Pensions Board discretion to pay the pension to the dependents under such circumstances as the Pensions Board may consider proper. The latter course would permit inquiry as to whether the disability is likely to still exist and as to the genuineness of the desertion; it will also leave it open to the Pensions Board to adopt such practice as may be thought proper in speculating as to the probability of the pensioner still being alive. The common law rule allows a period of seven years before a missing man is presumed dead. Some rule of thumb might be adopted whereby, a man whose disability was not such as to constitute a menace to life, would be presumed to be alive for some substantial proportion of this common law period.

The payment of Pensions in cases of desertion is already recognized by the Pensions Act Section 2 (p) whereby the Pensions Board may, in its discretion, treat as a widowed mother a woman who is deserted. No indication is given concerning the circumstances which must be present before this concession is made. A further extension of this principle was contained in the Bill amending the Pension Act introduced in 1923 (Bill No. 205, Section 17). This particular amendment did not become law.

The subject received consideration by the 1922 Parliamentary Committee (Com. Report p. XXV-XXVI) and it was there pointed out that the practice now is that when the disability is permanent or fixed the pension is paid, presumably to the family, for so long as it is known that the man is alive.

The Committee recommended that an attempt should be made to continue the pension by making the disability fixed where possible. These recommendations recognize the difficulty but do not cover the case where it is not known whether the husband is alive. It is with a particular view to mitigating the hardship where this information concerning the husband is not available that the Commission makes the recommendation below.

The Commission considers that there may be substantial merit in these cases and that the difficulty in procuring reliable information should not be a bar to the claim for assistance.

*Recommendation of Commission*

That provision be made so that notwithstanding Section 26 (2) the Pensions Board may in its discretion pay such pension as they consider might reasonably have been awarded, if the pensioner had presented himself for examination, to any person who was being, or was entitled to be, supported by the pensioner at the time of his last examination.

Family Welfare Association.

Association for the Protection of Women and Children.

Canadian Prisoner's Welfare Association.

At Montreal (463) memoranda were presented by the Family Welfare Association and by the Association for the protection of Women and Children. The work of these societies as it touches ex-service men's problems, deals particularly with the unfortunate position of deserted wives and children. The situation which is most frequently put forward is that the deserting husband and father has, as a result of his service in the war, changed from a decent steady working

man to an unsettled and irresponsible drifter. Cases were also cited of men who had been severely wounded or who had undergone particularly trying service conditions and who had shown definite evidence of mental instability.

A memorandum was also presented on behalf of the Canadian Prisoners' Welfare Association, which includes in its activities, ex-service men who have been unfortunate enough to run foul of the criminal law. This Association also incidentally keeps in touch with the home conditions and furnishes assistance when necessary to families of men imprisoned.

In all these cases the inference is that war conditions may have been responsible for the altered behaviour. From a pensions viewpoint it is extremely difficult to establish liability both on account of the nebulous character of the evidence and also because the Pension Act deals entirely with physical and mental disabilities and then only as affecting the earning capacity of the individual. Deterioration in character and behaviour are not within its scope, the reason being, quite possibly, that these alleged disabilities are capable of correction by the man's own volition. If, however, the condition goes beyond simply a loss of moral fibre and actually affects the man's earning capacity and is considered incapable of correction by his own effort, then it passes into the class of mental disabilities and should be dealt with as such. There may be "borderland" cases where definite decision is impossible but the exercise of the principle that the benefit of the doubt is given to the applicant should cover these.

The work which is carried on by such organizations as the three above mentioned is designed to supply the desired moral rehabilitation, and to furnish practical assistance to the families affected until this is accomplished. The Commission is impressed with the value of the work of these Associations. They are supported entirely by private subscriptions and are limited in their effectiveness by lack of funds.

Organizations of this kind have the facilities for securing first hand knowledge, and their local situation and interest enable them to sift out the cases which are undeserving. The Commission considers that such Societies should have their efforts supplemented, when necessary for carrying on their work, by substantial aid from the State in order to ensure the relief of cases which in the opinion of these organizations are deserving of help because of circumstances indirectly or remotely connected with the war. The existence and operation of these voluntary bodies affords to the Country an opportunity for co-operation in assisting those whom the public believes are entitled to some consideration, and at the same time of avoiding a direct admission by the State of a liability which cannot fairly or logically be assumed.

## PART EIGHT

### MISCELLANEOUS

#### Section I. Imperials

Representations were made to the Commission on behalf of those ex-members of His Majesty's (Imperial) Forces who are at present residing in Canada. While the Commission's Reference was confined to Canadian ex-soldiers, it was agreed that since these men were ex-soldiers domiciled and resident in Canada (Vancouver 466) their representations would be placed in the Record and the Commission has endeavoured to summarize the considerations affecting the points brought up.

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These came under the following headings:—

1. Treatment.
2. Gratuity.
3. Canteen Funds.
4. Special Pension—British Reservists—Instructional Duty.
5. Repatriation of Dependents.
6. Payment of Imperial Pension Cheques at Par.
7. Representation of Ex-Imperials in Unit Offices.
8. Supplementary Pension to Parents.

### 1. *Treatment*

The D.S.C.R. acts as the agent of the British Ministry of Pensions in all matters concerning payment of Pensions, Medical examinations and treatment of Imperials resident in Canada or the United States. The Canadian authorities have no jurisdiction to decide eligibility for pension or treatment.

Under the present procedure when an ex-member of His Majesty's Forces is ill and applies for treatment to the local office of the D.S.C.R., before he can be admitted to hospital he has to wait (unless it is an urgent case) until his application has been sent to England and his eligibility determined there and the decision sent back. It was urged that this caused considerable hardship (Halifax 63). The D.S.C.R. is authorized by an arrangement with the British Ministry of Pensions to give treatment, without awaiting express authority, in case of a disability for which pension has been awarded, and in urgent cases, *i.e.* where the examining medical official certifies that, in his opinion, the disability for which treatment is required is due to service and that the condition of the applicant makes immediate treatment imperative. In all other cases the applications must be submitted to the Ministry and a decision received conceding entitlement. The provision for urgent cases seems fair except for the difficulty which naturally faces an examining doctor in undertaking to even express an intelligent opinion concerning the service connection of the disability when the documents are not at hand. The other disadvantage is that there can be no treatment given to Imperials on compassionate grounds except at Canadian expense. The claim was that the jurisdiction now possessed by the D.S.C.R., be increased to permit this organization to deal with the Imperials under the same regulations as apply to Canadian ex-service men. (Halifax 63). If and insofar as this involves a suggestion that the Canadian authorities should assume a greater liability than is admitted by the Ministry, the Commission cannot make any recommendation. The real remedy lies in some alteration of the terms of the authority conferred on the D.S.C.R. by the British Ministry, to which any representations would properly have to be made.

### 2. *Gratuity*

Strong representations were made on behalf of the following classes of ex-imperials, for War Service Gratuity, from the Canadian Government, at Canadian rates, in respect of their Imperial Service.

(a) *Ex-Officers of the Royal Army Medical Corps.* (Vancouver 491).—Upon enlistment in the R.A.M.C., the Imperial Government made a special agreement to pay officers, irrespective of rank, in addition to the regular Army pay, sixty pounds per year as a gratuity, for satisfactory service. The Canadian Government by P.C. 2389 of December 1, 1919, granted to officers of the Imperial Forces, who resided in Canada before the war and who had returned to Canada thereafter, War Service Gratuity at Canadian rates notwithstanding the fact

that their service was not with the Canadian Forces. In paying this Gratuity the Canadian authorities deducted the Imperial Gratuity of £60 per year. Ex-officers of the R.A.M.C., have protested, claiming that the £60 was not a gratuity but was a part of their regular pay. In the form of contraet which every R.A.M.C., officer signed, this £60 payment was referred to in clause 6 as a "gratnity." It was contended at Vancouver that this gratuity ought fairly to be regarded as pay, for the reason that the pay of an officer of the R.A.M.C. was less than that of an officer of the same rank in C.A.M.C. The figures given showing the comparative yearly salaries in the two services prior to June 1918 were: Canadian Captain \$2,213.75 including Separation Allowance. Imperial Captain (including bonus £60) \$2,423.50, less income tax \$210, \$2,213.50. It was said on the Hearing that the Income Tax was the subject of an adjustment but there was no verification of this. (Vancouver 495). It must be remembered that the R.A.M.C. officer signed on for only one year at a time while the Canadian enlisted for the duration of the war. Making a comparison for a three-year period from October 1, 1915, to September 30, 1918, the R.A.M.C. Officer would receive \$7,276.64, (converted at par) while the same man, serving for the same period with the C.A.M.C. would have received \$6,247.75. Order in Council P.C. 1494 of June 15, 1918, was passed to bring C.A.M.C. pay up to approximately that of the R.A.M.C. The matter was discussed before the 1921 Parliamentary Committee (Com. Rep. p. 296) but no action was taken. So far as appears the payment of the £60 per year by the Imperial Government served purposes identical with those of the Canadian War Service Gratuity.

(b) *Ex-members of Mercantile Marine.* (Vancouver 466.)—From the outbreak of the War until 1916 men of the Mercantile Marine signed an agreement known as Form T. 124. The Admiralty treated this Agreement as a semi-mercantile form of engagement, and therefore, declined to give men serving under it the status of members of His Majesty's Forces. The prerequisite for payment of supplementary gratuity by the Canadian authorities is that the applicant shall have served in His Majesty's Forces (Vancouver 489) and this decision of the Admiralty has led to the refusal of gratuity by the Canadian authorities. The Agreements were signed after war was declared and on their face there is nothing which would indicate that the signatories were to have the status or duties of Naval ratings. Strong representations were made at Vancouver (466 et seq.) to the effect that, notwithstanding the definite refusal of the Admiralty, the Canadian Government should recognize the claim. This contention was supported, first, by answering the points stressed by the Admiralty in refusing the claim. These points were, mainly, that the service had been under Mercantile Agreements. The answer made was that regardless of the form of the Agreement the service performed was belligerent duties in essentially Naval Service, and instances of this service were given such as patrolling, searching for and pursuing the enemy, bombarding a Turkish town and taking possession of the Cameroon Islands. The Agreement is said not to be an Agreement between the men and the ship owner, but with the Admiralty, and that although the term was for one year it was in effect for the duration of the war since their discharge after one year was conditional on the boat being in a British Port for seven days, which never happened. The claim is further that the signed Agreement should not be regarded as barring them, as the Agreement was signed on the spur of the moment on August 3, 1914, when they were asked if they would volunteer for service in the Navy or take free passage back to Vancouver, and they accepted the former, being largely influenced by the Commander of the boat, an R.N.R. man, who said he was going to stay with the ship. The second point made by the Admiralty was that these men received special rates of pay much higher than that of the Royal Navy. The answer made is that



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the men of the Royal Navy proper are members of a permanent Force with the privilege of service pensions and that this was temporary Naval Service in time of war and also in tropical countries, and that the rates of pay should be higher. The men were, it is said, given Naval discharges and a medal. It was also stated (Vancouver 488) that some men serving under T. 124 received a gratuity of 28 days' pay (presumably from the Imperial authorities) and it is claimed that if this gratuity is paid by the Admiralty then automatically the Canadian authorities should supplement it. (Vancouver 489). Whether such payments were made or not, the difficulty still remains, as until the Admiralty recognizes these men as having the status of Naval ratings, they do not come within the Canadian War Service Gratuity provision made for members of His Majesty's Forces. Naval officers on these same ships have, of course, received their gratuity. Further effort to secure recognition by the Admiralty seems to have been abandoned (470) and the claim was presented as meritorious from a Canadian point of view.

(c) *Extension of Gratuity.* (Winnipeg 733)—On behalf of ex-members of His Majesty's Forces who were before the war and are now bona-fide domiciled and resident in Canada, it was urged that the period for payment of War Service Gratuity at Canadian rates, which expired 31st, March, 1923, be extended until December 31, 1925. Since the Hearing the time limit was extended to March 31, 1924, as a final date for these applications.

### 3. *Canteen Funds.* (Winnipeg 373, 718)

This matter was brought to the attention of the Commission at Winnipeg, which is the headquarters in Canada of the Imperial Veterans who represent British reservists who were resident in Canada before the war, Canadians who served with the Imperial Forces, and Imperials who settled in Canada subsequent to the Armistice. The request was that these men be included in any disposition of Canteen Funds. The Imperial share of Canteen Funds has been allotted in England and an amount for the Canadian share has been sent to Canada. The latter is dealt with in Part Nine of this Report. The claim was made that when moneys were paid out of this fund to various veteran organizations no payment was made to the organization of Imperial Veterans in Canada. The intention to shut out the Imperials was disclaimed by the representative of the Dominion Veterans' Alliance. (Winnipeg 721). It was pointed out that many of the members of the Imperial Veterans had also served with the Canadian forces. A suggestion made by the officers of the United Services Fund in Great Britain for an arrangement between Canadians and Imperials to reciprocate in furnishing assistance to the ex-members of each others forces out of canteen funds was referred to, and assurance was given that no distinction between Canadians and Imperials was made in extending the benefits of the Fund in England (716). It was equally stated by the representative of the Dominion Veterans' Alliance that the money which had been received by Veteran Organizations out of the Canadian share of the Canteen Fund

"was expended for the benefit of Canadian or Imperials generally independent of and regardless of his affiliation (721)".

Correspondence was read in which application was made by the Imperial Veterans in Canada to the Honourable the Minister of D.S.C.R., asking for a grant of \$50,000 for use in their work and the upshot of the correspondence was that action was deferred pending the Report of this Commission (719).

As intimated elsewhere, the Commission is dealing with the Canteen Fund as it stands and not with the considerations surrounding previous payments nor with the reasons governing the apportionment of any such payments. This is

not a matter as to which it is thought any hard and fast apportionment could be expected. The basis of arrangement can only be co-operative. The circumstances as to the creation of the Canteen Fund which will be referred to at length in Part Nine preclude, in the opinion of the Commission, the allocation suggested.

Since the Hearing at Winnipeg, attention has been called to correspondence between the organizing Secretary of the United Services Fund (the body administering the British share of the Canteen Fund) and His Excellency the Governor General of Canada respecting British provision out of such canteen moneys for ex-Imperial soldiers in Canada. It is stated that, as the Dominion Governments have decided that the money paid over to them by the War Office should be solely utilized for the benefit of the men who served in their own Forces, the Council of Management of the United Services Fund has decided to make an allotment of £5,000 for the benefit of ex-Imperial soldiers and their families who have emigrated. This correspondence has been forwarded to the Commission through the Honourable the Minister of D.S.C.R. who intimates that the Commission might make suggestions as to the administration of such allotment. The letter of the Secretary of the United Service Fund discusses the setting up of Committees, upon which ex-service men should be largely represented, to devise scheme for the best method of spending the money.

The Commission considers that the limitations of the Fund and the scattered location of the men to be benefited make any general system of standardized schemes formulated by local committees as in England unpracticable here. Such Committees might be formed in the few large centres and a portion of the Fund definitely allotted for such areas.

The Commission is of the opinion that the Fund should be vested in a Central Trustee or Trustees with full discretionary power to disburse the money. It is also considered that the Imperial Veteran's Organization in Canada will be found to be an efficient instrument in deciding on the particular forms of assistance to be rendered and in making the distribution of the fund effective. The Commission therefore suggests that any scheme of administration be formulated in consultation with that organization. It would seem that probably the best use to be made of the fund would be the furnishing of special relief in emergent and distressing cases of individual merit, investigated by local committees in centres, and by responsible officials elsewhere.

#### *4. Special Pension—British Reservists—Instructional Duty. (Winnipeg 723-725)*

When war broke out there were 149 British Reservists in the Canadian Permanent Force. It is claimed on behalf of these men that they were prevented from returning to rejoin their regiments because the Canadian Government asked that they be retained here as instructors. As a result the time which they served during the war was not counted for increased pension by the British Authorities as would have been the case had they gone home. Pension is granted by Canada for 10 years' service, but there is no obligation on the part of the Canadian Authorities to retain a man for ten years, and it is asked that if any of these men be discharged from his Canadian unit before his ten years' service is completed, service previously rendered in the British Army should count for pension purposes.

The merit of the claim depends on whether it is established that these men were required to stay in Canada. Admittedly their pay in Canada was much greater and there was the advantage of remaining with their families (1920 Parl. Com. Rep. 665). Whether it was their indispensability as instructors which resulted in their losing the chance to increase their pension is a question which it is thought warrants at least some further investigation. It was

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pointed out on the Hearing that it would be unreasonable to expect the Canadian Government to add 9 years Imperial Service, for example, to 1 year Canadian Service and inaugurate a pension.

A middle course was suggested (725) namely that, since these men were precluded by their Canadian Service from increasing their Imperial pension, the Canadian Government should keep them on in the service for 10 years so that their Canadian pension would begin and, if discharged before that time, that the pre-war Imperial Service be allowed to count toward Canadian pension.

5. *Repatriation of Dependents. (Winnipeg 356, 731, 732).*

Formerly, Ex-members of His Majesty's Forces were repatriated by the Overseas Colonization Society and were allowed to claim refund of transportation, in respect of their dependents, from the Federal Government. On November 5, 1921, this privilege was cancelled. The Parliamentary Committee of 1922 recommended that the sum of \$150,000 be voted for repatriation purposes. This applied primarily to members of the Canadian Forces but in P.C. 1757, passed pursuant to this recommendation, dependents of Imperials who resided in Canada were included as one of the classes which might be assisted, provided that the claims for same were actually pending on the date the original Order in Council expired. A small number were brought to Canada under this provision, the money being advanced by way of loan. Ex-members of the Imperial Forces claim that repatriation of dependents should not have been discontinued, and urge that the Order in Council revoking such authority be rescinded, or at least that assisted passage be given to some pre-war residents of Canada who had served with the Imperials and were still in England (Winnipeg 731). The same subject has been considered in connection with the claim of Canadians for repatriation. Similar conclusion seems indicated here, namely, that the matter has now largely lost its character as an ex-soldier problem, and more properly concerns Immigration and Colonization. In fact, the proposal that assisted passage be furnished was put on the ground that these men and their families were much more desirable as settlers than new immigrants.

6. *Payment of Imperial Pension Cheques at Par (Regina 128).*

Representations were made at several centres that Imperials who now receive their pension cheques in pounds, shillings and pence, should have them marked "negotiable at par" in order that they may not lose by the difference in exchange. Until the beginning of 1922 pension cheques were negotiated at the current rate of exchange at the bank, and the pensioner then made a claim on the Canadian authorities for the loss in exchange. This privilege was later discontinued and now no refund of exchange is made. The question is whether this concession which was made by the Canadian Government during the unsettled period after demobilization should be revived and transformed into a permanent obligation.

7. *Representation of Ex-Imperials in Unit Offices (Winnipeg 736-738).*

Suggestions were made that Imperials should have representation on the strength of the D.S.C.R. at the unit offices. The points made were that the Canadian authorities act as agents for the Ministry of Pensions on a percentage basis thus giving them a free hand as to staff, that about one-fifth of the total pensions administered are Imperial, and that this would justify the appointment of an ex-Imperial to take charge of Imperial Pensions in each Province. An opposing consideration is that the staff must be available for all kinds of work and that it would constitute an undesirable precedent to accord this right to any particular group of Pensioners.

### 8. *Supplementary Pension to Parent.* (Toronto 680).

At Toronto, it was urged that the supplementary pension which Canada pays under Section 47 of the Pension Act to certain dependents of Imperial pensioners be made to apply to dependent parents of a deceased member of the Imperial Forces. Under present procedure pension under such circumstances, is only payable to the widow, children or widowed mother. It was suggested that in many cases the pensioner has assumed the responsibility of supporting dependent parents, and that they therefore should receive similar consideration to that given to widowed mothers. As this Section originally stood, it did not even include the widowed mother but by an amendment of 1920 she was brought in. The question of further extending this provision is one of policy. It would not involve any very serious commitment, to amend the Section so as to include a mother who, if the soldier had been in the Canadian Forces, would have been awarded a pension under subsections (1), (2) or (3), of section 34 of the Pension Act.

## Section 2. Royal Northwest Mounted Police

A memorial was presented to the Commission through the Chairman of the Central Committee representing ex-service men of British Columbia urging that the pensions of veterans of the R.N.W.M.P. be increased to the present scale of pensions paid to the recently organized R.C.M.P. It was pointed out to the witness that the scope of the Reference to the Commission only had to do with military service but that at the request of the Committee the memorial would be received and incorporated in the Record. (Vancouver 4). This was done. (554). A letter has been addressed by the Chairman of the Commission to the Honourable, the Minister of Justice, transmitting the memorial and stating the circumstances under which it was received.

A similar course was followed concerning another memorial setting out the claim of certain members of the Royal North West Mounted Police for land and the serip medal issued in recognition of service in the Rebellion of 1885. A letter has been addressed by the Chairman of the Commission to the Honourable, the Minister of the Interior, transmitting this latter memorial and stating the circumstances under which it was received. (Vancouver 4, 556).

## Section 3. Burials

### *Suggestion on behalf of Ex-Service Men*

That the D.S.C.R. should take the responsibility for burial of indigent ex-service men instead of making grants to civilian organizations formed for that purpose. (Winnipeg 344-8).

Indigent soldiers dying in hospitals are buried by the D.S.C.R. If not in hospital but in receipt of pension at the time of death and if indigent the Pension Act (Sec. 32) authorizes the Pensions Board to pay \$100 towards the funeral expenses, even though death may have been caused by something quite apart from the disease for which pension was granted.

For the burial of indigent ex-soldiers not included in either of the above classes, an organization known as "The Last Post Fund" has been formed with headquarters in Montreal. The Association at first was entirely dependent on private contributions, but as the calls upon it increased, it was compelled to appeal to the Dominion Government and in 1922 received a grant of \$10,000, half of which was to be devoted to organization purposes. In 1923 the same amount was granted and a similar amount appears in the 1924 estimates.



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Strong representations were made at Winnipeg (344) that any unexpended portion of this grant or any future grants should be administered by the D.S.C.R. directly for the reason that (as it was expressed) the Department had already the necessary machinery for investigation and should know better than anyone else whether the deceased soldier was indigent or not. (344). The other objection to the "Last Post Fund" undertaking these burials was the delay which it was thought would be involved on account of the administrative organization being so far away. (Winnipeg 347, Regina 131). The first point was not stressed and the relative facilities of the D.S.C.R. compared with a civilian organization for enquiring as to the circumstances of the family differ so little as to be, in the opinion of the Commission, a negligible factor contrasted with the important principle which is involved.

The commission is convinced that the principle of having these burials arranged for under civilian auspices is both desirable and proper.

As to the objection concerning delay, the "Last Post Fund" when represented by a Provincial Branch can operate as quickly as the D.S.C.R. and such Branches now exist in every Province but Nova Scotia and Prince Edward Island.

The principle which must not be overlooked is that the Federal authorities feel that in providing as they do for the burial of those who die during treatment or while on pension they have gone as far as any principle of State responsibility will permit and that if the burial of other indigent ex-service men is directly looked after by the Department it will be regarded as creating a new obligation where none now exists. The object sought is the respectful and fitting interment of men who have served. This object is fully achieved by the present co-operation of civilians and Government in the "Last Post Fund" and the creation of an additional direct public liability is avoided.

#### *Recommendation of Commission*

None.

#### *Suggestion on behalf of Ex-Service Men*

That the expenses of burial of the widow of an ex-service man who at the time of her death was on pension and was in indigent circumstances should be borne by the state. (Winnipeg 349).

The argument is that since a widow is paid a year's bonus on her marriage, it would only be reasonable if, when the Country's further liability for pension is terminated by her death, an amount sufficient to defray funeral expenses were paid in cases where her means were insufficient for that purpose. The one years' pension bonus was, however, probably not altogether a free gift because it was realized that the attraction of one years' pension in a lump sum would result in the prompt notification of remarriage. There is the possibility that if it were conceded that the Country should provide the burial expenses of the widow, the next claim would be in respect of the widowed mother or the children.

In Australia by a recent amendment provision has been made to the extent of £10. for the funeral expenses of the indigent widow or orphan of the soldier whose death has resulted from war service.

For other quite obvious reasons the considerations underlying the provision for the widow on remarriage are not applicable to the claim for funeral expenses at death. While no argument has been advanced on which to base any claim



as of right, the fact remains that public opinion resents the idea of a widow being buried as a pauper who has, during her lifetime, been recognized as entitled to support on account of her husband's service.

### *Recommendation of Commission*

That provision be made for the payment by the State of the expenses of the last sickness and burial of the pensioned widow of a soldier if she dies in indigent circumstances.

## PART NINE

### CANTEEN FUNDS

Under paragraph 4 of clause 2 of the Commission's Reference authority is given to "Investigate the question of Canteen Funds." To do this literally would involve most extensive inquiries into the correctness of the proportions paid over from time to time as Canada's share, the propriety of the objects for which disbursements were made in England, the objects for which funds have been used since they came to Canada, the fidelity of the administration of all trusts under which the moneys have been held, and a complete examination by competent accountants of all books, documents, accounts, vouchers, and other records connected with the accumulation, custody and administration of these funds.

The Commission has done none of these things. It has considered that if any such elaborate investigation were contemplated, it would have been specifically indicated as a substantive Inquiry rather than as the last item in an investigation which had to do primarily with pensions, treatment and re-establishment of the handicapped and their dependents.

The Commission in its Memorandum as to the Scope of the Inquiry, (See Appendix) interpreted this portion of the Order in Council as meaning

"To hear evidence and suggestions as to disposal of Canteen Funds," and this is the only phase of the subject which has been discussed on the Hearings, with the single exception that at Calgary (276) it was urged that an investigation be held to determine whether Canadians had received their fair share of the funds, and also whether all expenditures made in England from the Fund were authorized.

For the purposes of this Report it is assumed, that, subject to an adjustment for interest, the Statement received from the Department of National Defence which is set out below, together with the more detailed statements contained in the Appendix, show correctly the amounts remaining after proper receipts and expenditures have been accounted for.

#### SUMMARY CANADIAN MILITARY TRUST FUNDS OVERSEAS IN TRUST WITH FINANCE DEPARTMENT FROM MARCH, 1921

CONSOLIDATED ACCOUNT AS AT JUNE 18, 1924

Description of Account	Principal	Interest	Total
	\$ cts.	\$ cts.	\$ cts.
Canteen Main Account (A).....	1,687,928 14	55,554 49	1,743,482 63
Cinematograph Account (B).....	48,666 66	2,603 21	51,269 87
Regimental Funds Account (C).....	289,433 45	58,061 07	*347,494 52
	2,026,028 25	116,218 77	2,142,247 02

\*Total funds in Bonds at Cost and in cash.

NOTE.—No interest has been credited by Finance Department, excepting Interest on Bonds (Regimental Funds Account).

(For further particulars of the above accounts see Appendix E.)

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These funds are held by the Receiver General for Canada under P.C. 3144 of December 18, 1920, which refers to them as "held in Trust for the general benefit of members of the Canadian Forces or their dependents." Following is a copy of this Order in Council:

" P.C. 3144

54-21-23-71.

" *CERTIFIED COPY of a Report of the Committee of the Privy Council, approved by His Excellency the Deputy Governor General on the 18th December, 1920.*

"The Committee of the Privy Council have had before them a report, dated 15th December, 1920, from the Minister of Militia and Defence, submitting that, owing to the winding up of the affairs of the Department of the Overseas Military Forces of Canada, it is desirable that provision should be made for the transfer of non-public funds received from various sources, as set out in the annexed memorandum, which are held at present in Trust for the general benefit of members of the Canadian Forces or their dependents."

"The Minister, therefore, recommends, with the concurrence of Sir Edward Kemp, late Minister of the Overseas Military Forces of Canada, that such funds and any further funds of a similar nature hereafter received for the general benefit of members of the Canadian Expeditionary Forces be dealt with in the same manner as is provided by the Order in Council of the 6th September, 1919 (P.C. 1856) for the disposal of the accumulated funds of Units having a shifting personnel, namely, by paying the same to the Receiver General for Canada to be kept in a special account, subject to withdrawal from time to time on the Order of Your Excellency in Council; Provided, however, that any outstanding accounts which would ordinarily be paid out of such funds and which have not yet been so paid may hereafter be paid on the joint cheque of Major-General J. H. MacBrien, C.B., C.M.G., D.S.O., Chief of the General Staff, Department of Militia and Defence, and Colonel J. L. Regan, C.M.G., Director of Pay Services, Department of Militia and Defence, against credits from time to time authorized by Your Excellency in Council to be provided from funds paid to the Receiver General as aforesaid.

"The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) RODOLPHE BOUDREAU,

*Clerk of the Privy Council.*

The Honourable

The Minister of Militia and Defence,

D.M.

Referred

Sgd. H. W. BROWN,

for A.D.M.

22/12/20."

The memorandum referred to in the above Order in Council is prepared by Col. W. R. Ward, Accountant General, and it states briefly the history of the three Funds which are mentioned in the foregoing account, P.C. 1856, to which the above Order in Council refers contained a provision that the special account should be credited half yearly with interest at the usual deposit rate.

As the above account shows there are three separate Funds to be considered; Canteen Funds proper, Regimental Funds and Cinematograph Fund. In describing them in more detail it will be convenient to take them in reverse order as the last two require very brief reference while the first has a history which is more involved.

(a) *Cinematograph Fund.*

This is derived from a payment of £10,000 made by the Imperial Authorities to the Minister of the Overseas Military Forces of Canada for division among such of the Canadian War Charities as the Canadian Government may decide upon. The War Office Cinematograph Committee had been formed in 1917 to take over arrangements previously made by the Government with certain Cinematograph firms taking pictures in the area of active operations. The members of the Committee agreed to act on the understanding that any profits be devoted to war charities to be selected by the Committee in consultation with the Rt. Honourable D. Lloyd George, and the Rt. Honourable A. Bonar Law. As to this £10,000 the privilege of selecting the war charities to be benefited was passed over to Canada. The amount was Canada's allocation in the distribution of a sum of £50,000, the remainder of which was paid as follows:

£20,000 to British War Charities, and £5,000 each, to Australia, New Zealand, South Africa and India.

(b) *Regimental Fund.*

This item is made up of moneys of units, the members of most of which were scattered, having had no local territorial affiliation in Canada. This made it impracticable to appoint Local Trustees to take charge of the Funds (under P.C. 1445 of May 29, 1917), and the Commanding Officer was, therefore, permitted to divest himself by paying the moneys in to the Receiver General. There are Funds of about 375 different units consisting of various Training Schools in England and France, Hospitals, Units with Specialist Personnel, and some line units of Artillery and Infantry.

(c) *Canteen Funds Proper.*

The units of the C.E.F., for a certain time, after mobilization, conducted Unit Canteens as one of their Regimental Institutes, as they are known in army parlance. Para. 1131A of K.R. & O. provided for the maintenance of Dry Canteens for each unit of the C.E.F., and that same were

"to be maintained solely for the use and benefit of the unit".

and that

"any profits arising from these Canteens are to be applied for the use and benefit of the non-commissioned officers and men of such unit".

These Canteens were to be organized, administered and carried on

"under the supervision and direction of the officer commanding the unit, or a committee appointed by him".

It was also provided in Paragraph 3 of the Rules for the management of Garrison and Regimental Dry Canteens in Canada, published in 1916, that

"...any profits arising from operating the Canteen are to be applied for the direct benefit of the N.C.O's. and men of such unit. The disposition of profits will be determined by the Committee of Management, subject to confirmation of commanding officer,"

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and paragraph 1121 had indicated one of the objects of a Regimental Institute to be

"to organize and maintain the means available for their (the troops') recreation and amusement".

When the units reached England the separate Canteens were still maintained but they were operated by letting them to contractors who paid the unit a fixed rebate on the takings. Even under supervision there were drawbacks to the contractor system and the Army Council in 1916 decided to take over these Regimental Institutes under its organization as from January 1st, 1917. There was accordingly formed the Army Canteen Committee, afterwards known as the Navy and Army Canteen Board, to operate canteens in England and at some permanent stations overseas. Arrangements were made by the Canadian Authorities with this Committee early in 1917 whereby the Army Canteen Committee took over and conducted all

"Regimental Institutes occupied by the Canadian Forces at home", on the terms that the Committee would "pay rebate monthly" at a percentage on the total takings and, after provision for administrative expenses and the support of a central regimental institute fund, would pay to the "headquarters of the Canadian Forces" a proportion of the trading profits which might, from time to time, be determined by the Army Council as available for distribution. This arrangement appears from letters passing between the Secretary Army Canteen Committee and the then High Commissioner for Canada, between January 24th and February 21st, 1917. The monthly rebate was paid direct to each unit to be used for unit purposes. It is the accumulation of trading profits made by the Committee over and above the monthly rebate which helps to make up the Fund which is for distribution now.

Concerning canteens in France, the Expeditionary Force Canteen Committee was formed in January, 1915, by the co-operation of the two largest canteen contractors to conduct canteens in Overseas Theatres of War. It was definitely agreed that

"any profits earned were to be devoted to the general welfare of the soldier under the orders of the Army Council, and in such manner as they, in their absolute discretion, should think fit."

(See Report dated May 14, 1921, of Special Committee, British House of Commons, on Canteen Profits). On March 8, 1918, an arrangement with the Expeditionary Force Canteen Committee was made to which the Canadian authorities in England were parties, and under which the Overseas Forces were to receive profits (on terms laid down) as full partners in the Expeditionary Force Canteens the same to be retroactive. This arrangement appears from a Memorandum of points agreed on between Military representatives of the Overseas Forces and the Expeditionary Force Canteen Committee, at a meeting of the latter held January 29, 1918. There was apparently some formal approval by letter from the Secretary of the Expeditionary Force Canteen Committee dated March 8, 1918.

Evidently this was only the formal consummation of an arrangement which had all along been in effect as an understanding. The High Commissioner for Canada had, by a Document dated previously, November 20, 1917, appointed Trustees to receive all sums of money which might become payable by

"the Navy and Army Canteen Committee and the Expeditionary Force Canteens."

and the destination of the funds is indicated by the statement in this Document that these moneys are to be

"distributed and used in the discretion of the Trustees for any purposes or objects which they consider will benefit the Canadian Military Forces on their dependents."

Later (in 1920) a basis of apportionment of the Expeditionary Force Canteen profits between the various Overseas Contingents was arrived at. As appears from the Minutes of their proceedings, these Trustees received and administered the moneys paid over from time to time by the Navy and Army Canteen Board and the Expeditionary Force Canteen Committee.

The difficulties in finally settling the respective shares in such a ramified partnership were very great, particularly since actual liquidation could not be completed within any reasonable time. During 1920, 1921 and 1922 there were most extended negotiations by conference and correspondence. Various contentious points arose. Finally in October, 1921, failing a settlement by agreement, it was arranged to refer the question of the basis on which accounts were to be closed to the President of the Institute of Chartered Accountants of Great Britain as arbitrator. He entered on this work, but in March, 1921 a special Committee of the British Parliament was appointed to investigate the whole subject of Canteen Profits and pending the Report of this Committee the arbitrator suspended operations.

The Committee reported May 14, 1921, and laid down certain principles to govern the distribution. The Committee's finding was favourable to the Canadian contention on one of the principal points of difference, namely, that the whole of the assets should be taken into account in making up profits instead of withholding a certain amount for financing canteens in the future. The Committee did not however, accept the Canadian view concerning the date up to which the accounts should be made up. It was considered, however, that further representations on that point would be futile and the Canadian authorities decided to acquiesce in the terms laid down by the Committee's Report.

Accounts and balance sheets showing the operations of the Navy and Army Canteen Board and the Expeditionary Force Canteen Committee were prepared in accordance with the Parliamentary Committee's Report and were presented to the Secretary of State for War accompanied by a Report of Sir William Plender, G.B.E., showing balance of profits undistributed. The Law Officers advised that these Canteen Profits were technically public moneys and, therefore, could not be disposed of without the sanction of Parliament. An Act was, therefore, passed by the British Parliament in the summer of 1922, ratifying payments already made and approving of further distributions, including the sum of £363,450 between Canada, Australia, New Zealand, South Africa, Newfoundland and India. A statement was received by the Canadian High Commissioner from the Secretary of the War Office in August 1922 showing £99,741, 14s. 3d., as outstanding to Canada and this amount, with a slight addition, was after further correspondence accepted by the High Commissioner for Canada as the balance due. The exact amount of this payment was £99,748, 14s. 5d., and was made in January, 1922. It is the item of \$485,443.77 shown in the account (See Appendix).

To recapitulate the successive steps were to have these two British Canteen Organizations take the place of the individual unit Committees in holding any profits made over and about the rebate which was paid to the units monthly, then for the Canadian Trustees overseas and, later, the High Commissioner for Canada to take on this management of the moneys, and finally for the balance to be brought back to Canada into the custody of the Receiver General impressed, as set out in P.C. 3144, with a trust similar to the one which would have operated if the Canteens had continued to be administered by the unit.



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These three funds, the history and general nature of which have just been outlined, are all trust earmarked, and the next consideration concerns the effect of such Trusts. The question is, who is entitled to specify the actual things for which the money is to be spent in endeavouring to "benefit" the class indicated and whether the Government of Canada, as the present custodian of the Fund, is anything more than a bare Trustee and, as such, subject entirely to the direction of those beneficially interested, or whether there is a discretion vested in the Authorities to make a selection and devote the Fund accordingly.

Views have been expressed indicating an idea that there was some individual property right in the Fund. The variation in the individual contribution and the consequent impossibility of determining the extent of any such interest, if it existed, would render it futile to consider these funds otherwise than as for the benefit of a class. But the very genius of army organization precludes the idea of property right in either the individual or the class, and particularly is this so after the status of member of the unit has been lost by demobilization. The necessity for legislation in the British Parliament to confirm the distribution of canteen profits was because of the opinion that they were public funds and section 134 of the Militia Act (R.S.C. 1906 C41) gives some added importance to that view. It is true that there is no insistence by the Crown or any such technical rights, and the documents quoted uniformly carry through the idea of the trust, but the true legal position of the fund is of importance in determining how active the authorities should be in directing or suggesting objects for the use of the money. The fact that the Army Council reserved by the terms of its Agreement full discretion regarding the disposition of the Fund and the fact also that the High Commissioner for Canada purports by his appointment of Trustees to expressly vest in them a similar right shows that, although the intention was to carry through the trust, there was an equally definite intention to retain some voice in its execution. If it were otherwise the trust would be abortive. There is no way whereby the wishes of the beneficiaries could be expressed in proportion to the degree of their interest nor strictly speaking could it be said that anything short of unanimity could be regarded as an effective expression of the opinion of the class. Some one should have power to finally decide. In the opinion of the Commission the conclusion is clearly indicated that when some practical application of the money has to be determined there must be some substantial measure of discretion to be exercised by the Governor in Council as Trustee and as successor to the Commanding Officer and his Canteen Committee.

While the terms of Paras. 1121 and 1131A of K.R. & O. clearly vest in the Commanding Officer the power to guide the application of the fund, undoubtedly any Commanding Officer would seek to find out the wishes of those for whose benefit the money is expressly earmarked, and only after all reasonable efforts in that respect failed, would a Commanding Officer be likely to make some arbitrary selection of his own. This situation here with regard to the conglomerate Fund is, the Commission ventures to think, very similar. It is impossible to ascertain the individual interests or wishes but the class to be benefited is quite clearly indicated in all the documentary evidence available, and the Government, acting towards all ex-members of the Overseas Forces of Canada in a capacity relative to that of the Commanding Officer towards the N.C.O's and men of the unit, ought to make all reasonable efforts to ascertain the wishes of the beneficiaries, and if any general consensus of opinion is obtained to conform therewith.

In Great Britain the Army Council in 1919, exercising the discretion reserved to dispose of the surplus profits accruing in respect of the Imperial Troops during the war, asked General Lord Byng, now His Excellency the present Governor General of Canada, to be responsible for the distribution of

the money. This he undertook to do on condition of freedom from Government control. A Council of Management was formed of representatives of important ex-service men's organizations and a Royal Charter was granted to this Body under the name of the United Services Fund. The Country was divided into 10 areas each with a Committee constituted on the same lines as the Council of Management. In developing the organization, over 2,500 local Committees were formed. Apparently the method of ascertaining the wishes of ex-service men concerning desirable objects for the fund was merely through members of the Committee. The 1922 Act of the British Parliament (previously referred to) confirmed all expenditures, disbursements and distribution which had been made of Canteen moneys including this payment to the United Services Fund.

The Canadian Government attempted to ascertain the views of ex-service men by a plebiscite taken under P.C. 4122 of November 3rd, 1921. A joint Committee composed of officials of the D.S.C.R. and of veterans' organizations was appointed to take charge of the vote. The Committee was known as the Canteen Funds Disposal Committee and it reported under date March 15, 1922.

Four suggestions were set out on a post card ballot which was distributed through all post offices. A blank was left so that the individual might make any original suggestion of his own. 550,000 ballots were distributed as follows:

1. To all post offices throughout the Dominion of Canada, 231,529.
2. To offices and hospitals of the D.S.C.R., 106,000.
3. To veterans' associations, 100,000.
4. To England, 17,000.
5. To the United States, 22,000.
6. To Pensioners outside of Canada, 8,000.
7. To meet miscellaneous demands, 65,471.

22,974 votes were returned distributed as follows:—

Canada . . . . .	19,299
England . . . . .	1,364
United States . . . . .	1,815
Newfoundland . . . . .	62
21 different countries . . . . .	391

The result of the ballot is given as follows in the Committee's Report (p. 15):—

#### RESULT OF BALLOT

"10. The transferrable vote system was employed, so as to obtain an exact knowledge of the wishes of the ex-members of the forces, based on the indicated order of preference, where votes for more than one suggestion were received.

"The schemes, which the Committee considered worthy of inclusion on the ballot cards as suggestions, evoked considerable interest and received a large number of votes. A heavy vote was polled also for a per capita cash distribution and a lottery while the remainder of the votes were scattered over scores of miscellaneous suggestions of which few are practical enough to demand serious consideration.

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"A survey of the returns disclosed that the first choice was as follows:—

"Scheme A—	
"Establishment of memorial workshops for the provision of sheltered employment and home employment for disabled ex-service men, including the tuberculous.....	5,764
"Cash Distribution.....	3,574
"Scheme B—	
"Establishment of a non-competitive industrial enterprise jointly owned and operated by ex-service men.....	2,874
"Scheme C—	
"Provision of scholarships or other educational facilities for the children of ex-members of the Forces in need of such assistance.....	2,298
"Lottery.....	2,297
"Scheme D—	
"Provision of burial facilities for ex-members of the Canadian Forces who die in indigent circumstances.....	689
"Loaning Corporation.....	392
"Miscellaneous Schemes.....	3,598
"Spoiled Ballots.....	1,488
Total.....	22,974

## FINAL RESULT

"11. The final result stands as follows:—	
"Scheme A.....	11,565
"Single Votes not cast for the above and spoiled ballots.....	11,409
Total.....	22,974

The other suggestions received on the plebiscite are shown in the appendix of this report.

The result of the plebiscite was not regarded as sufficiently representative or conclusive. (See 1922 Parl. Com. Report, p. 148-50, 227-8 and p. XV).

The 1922 Parliamentary Committee recommended a Board of Administration composed of officers of the D.S.C.R., representatives of ex-service men and prominent citizens and further recommended that this Board consider the advisability of employing the Canteen Funds:

- (a) For the promotion of Sheltered workshops, and
- (b) in providing further educational facilities for children of ex-members of the forces who would otherwise be unable to enjoy same.

No action was taken on this recommendation and the matter was included in the order of Reference to this Commission.

The expressions of opinion on the Hearings have not indicated any crystallized opinion as to the ultimate object to which this fund should be devoted. There was one principle upon which there was almost universal agreement, namely, that the funds should not be used to relieve the Government of any obligations properly belonging to it. The Commission is convinced that to adopt any scheme that might be construed as a violation of this principle would be a mistake and therefore makes no reference to suggestions put forward for Soldiers' Homes and other similar objects. While many suggestions were offered, the plans most favoured at each particular centre are summarized below:

Halifax (376).—The opinion was expressed by a Convention held previously that the money should be used for the education of orphan children whose fathers served in the war.

St. John (99).—The consensus of opinion in New Brunswick and Prince Edward Island was likewise said to be that the canteen fund should be used to provide for the education of the children, particularly orphans, whose fathers had served.

Montreal (608).—That the Dominion Government appoint a Board of Trustees including at least six ex-service men to administer the Canteen fund and that similar Boards be created in each Province with the object of definitely obtaining the opinion of ex-service men and women as to the most equitable means of distribution.

Vancouver (202).—It was asked that the capital be kept intact for some years until opinion has become crystallized, no conclusion having been reached as yet concerning the method to be adopted.

Calgary (291).—A resolution was presented, adopted by the Alberta Provincial Convention, held on the 7th, 8th and 9th of February, 1923, asking that the fund be divided by provinces on the basis of enlistment and discharges, and that Alberta's share be placed in the hands of trustees appointed by the Provincial Government to be disposed of as decided by the ex-service men of Alberta.

Another proposal presented at Calgary was that the fund be used for Housing loans, Industrial loans and pensions for those otherwise ineligible. This proposal known as the McInnis plan was approved by the Woodstock (N.B.) branch of the G.W.V.A. It was also favoured by 94 of those who answered the Commission's Questionnaire.

Regina (125).—It was proposed that half a million dollars should be placed at the disposal of the D.S.C.R. for providing decent burial for soldiers and the after care of their graves, and that a further one million dollars be allocated to the same Department to be administered for the next ten years for the benefit of men who served in France, if ill and indigent.

Winnipeg (378).—It was recommended that principal and interest in proportion to enlistments be placed in the hands of Provincial Trustees to whom the veterans might communicate their wishes.

Toronto (91-95).—It was asked that the fund be divided by Provinces, basing such division on enlistments and placed in the hands of Provincial Trustees for administration.

To determine from the foregoing the common desire of the ex-service men concerning the ultimate use of the money is impossible, but the two clearest suggestions were, education of children whose fathers served in the War, and relief of distress among ex-service men and dependents.

As to its immediate disposition, the plan most generally favoured was that the fund be divided according to Provinces so that the local conditions might be considered before a definite object was decided on. Alberta, Manitoba, Ontario and Quebec all advocated the division, and the suggestions of Nova Scotia, New Brunswick and Prince Edward Island that the money be devoted to children's education necessarily involves the allocation of a certain amount to each Province. British Columbia is not yet ready for an expression of opinion, and Saskatchewan alone might oppose provincial administration, the main idea there being that the fund should be kept together for the relief of distress among ex-service men and their dependents.

No suggestion which would not necessitate the splitting up of the fund was put forward, such as the construction of a monument or other memorial, although a Vimy Memorial was among the additional suggestions received on the Plebiscite.

Keeping in mind the accepted view that this fund is for the benefit of the class who contributed to it, and that consequently every attention should be paid to a generally expressed and reasonable wish of those concerned regarding its disposition, the Commission considers that, as a first step, the proposal for division of the Funds into provincial allotments should be acceded to. This should assist materially in getting some consensus of opinion among those

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interested, both on account of local interest and because agreement is more likely to be reached when the varying conditions of the different Provinces can be eliminated. There is another distinct advantage in the provincial division. The limitations of the fund will make it requisite that, whatever Scheme for its ultimate application is adopted, there shall be a restricted class of beneficiaries, and those coming within this class must be ascertained by some standard of selection. It is thus desirable that those who have the handling of the fund should be in the closest possible touch with the applicants, to be able to estimate their special claim to participate in any Scheme adopted and decide whether, and for how long, their situation justifies continuing its benefits.

In Australia a similar fund is decentralized and administered by military districts. (1921, Parl. Com. Rep. 404). While in Great Britain central administration is feasible, the immense distances and sparse population and the **variety of conditions in different provinces** make a system which is suitable in England unwieldy here, at the same time it would be of distinct advantage to capitalize provincial individuality and interest. What is proposed here is that the Provincial Boards of Trustees have the responsibility for actual decision of the merits of any proposal submitted, while in England the Area Committee only advises. It is not proposed that the Provincial Board of Trustees shall be bound to adopt any suggestion made, simply because it is strongly supported. There is to be in the Provincial Board of Trustees, relatively, the power of the Commanding Officer to confirm or otherwise any proposed use of the money. The Provincial allotment would, in short, increase the facilities for securing an intelligent expression of opinion from ex-service men and make the administration of the money more effective by direct interest.

As to the basis on which the funds should be divided, the ideal would be a distribution based on the number of overseas ex-service men resident in the respective provinces, averaging this over a substantial period of time, say three years. Unfortunately there is no method whereby this can be directly arrived at, and the Commission, after consideration, is of opinion that a fair, although arbitrary, result can be arrived at by using three factors, viz., enlistments, discharges and pensions paid in the respective provinces. Enlistments alone are not enough upon which to base a conclusion, because many men who enlisted did not return to their native province after their discharge and many others were not residents of the province where they joined up. Discharges, on the other hand, may easily give fallacious results because thousands were discharged in England and many others discharged in one Province have been removed to some other. The number of pensions paid should furnish a good criterion but the drawback there is that the proportional number of pensions to ex-soldiers may not be the same in every Province. For instance, it is said that, in British Columbia, the mild climatic conditions have attracted a large number of pensioners from other parts of Canada, and therefore to take pensions alone as a standard would allot British Columbia an undue percentage of the total ex-soldier population.

After a close examination of the proportions which each Province shows, taking these three factors separately, the Commission is quite convinced that as fair a method as can be devised, since no one of these elements by itself can be relied on to correctly represent the proportion of ex-service men in each province, is to combine the three percentages and strike an average.

Even then there is a difficulty. The only figures available to show enlistments from each Province include both those who saw overseas service and those who served only in Canada. These are the figures which will have to be used, and they will be inaccurate for present purposes to whatever extent the proportion of those who went overseas to those who served in



Canada only varies in different provinces. Regarding discharges, the only statistics available, for a provincial calculation, cover the limited period from the Armistice to October 31, 1919, but notwithstanding this, the Commission sees no reason why they should not give a fair cross-section of the Provincial distribution of all Canadians discharged. Concerning both enlistments and discharges, the figures for Nova Scotia and Prince Edward Island are combined and the only way to secure a separate percentage for these provinces is to take the ratio of pensions paid in each of them, and apply that ratio to the enlistments and discharges. The third factor, namely, number of pensions paid in each province, can be accurately stated as of March 31, 1924.

There may have been some important factor which has been overlooked but, based on the figures of enlistments, discharges and pensions shown in the appendix, the Commission has had worked out the following percentages which it considers would afford a fair basis for a provincial allotment of such canteen funds as are available for that purpose. In Great Britain similar difficulties were experienced in arriving at the number of ex-service men in stated localities and lack of active statistics made it necessary to resort to such arbitrary methods as taking the number of pensioners plus the food cards issued, or taking a fixed percentage of total population.

RATIO TABLE FOR PROVINCIAL ALLOTMENT BASED ON THE AVERAGE OF PERCENTAGES OF DISCHARGE, ENLISTMENTS AND PENSIONS

Province	Percentage of Discharges from Nov. 11, 1918, to Oct. 31, 1919	Percentage of Total Enlistments	Percentage of Total Pensions in Canada for Death and Disabilities	Ratio of distribution of Canteen Fund (Average of foregoing percentage)
Ontario.....	42.849	41.600	40.474	41.641
Quebec.....	14.773	14.019	9.362	12.718
New Brunswick.....	4.530	4.379	3.700	4.203
Nova Scotia and Prince Edward Island.....	9.899	5.646	6.343	7.296
Manitoba.....	10.097	11.230	10.780	10.702
Alberta.....	5.597	7.644	8.796	7.346
Saskatchewan.....	4.311	6.378	6.735	5.808
British Columbia and Yukon.....	7.944	9.104	13.810	10.286
	100.000	100.000	100.000	100.000

Ratio between Nova Scotia and Prince Edward Island:—

Nova Scotia.....	88.247 per cent.	6.439 per cent
Prince Edward Island.....	11.753 "	.857 "

Regarding details of administration, if the objects to which the fund was ultimately to be devoted were identical in each province, it would probably be of distinct advantage to have the benefit of a Central Advisory Board to formulate some general plan and to act as a clearing house for ideas from the various provinces but since the uses selected for the fund are not likely to be similar throughout, the Commission does not see the utility of a central governing or advisory body. Any necessary co-ordination of efforts along similar lines in the various provinces could be effected through the good offices of the officials of the D.S.C.R. in conjunction with such prominent citizens as may be agreed upon by the provinces concerned and the Department.

The body authorized to receive the Fund on behalf of the province from the Receiver General should be, in the opinion of the Commission, a Board of Trustees, composed of not more than five citizens of the province, a majority

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of whom should have served overseas, such Trustees to be appointed by the Lieutenant-Governor in Council and to serve without remuneration. The Commission's opinion is that the Board should be small, not only to ensure close personal interest but to save the expenses necessarily involved in calling together a large personnel. The suggestion of the Commission is, therefore, a board of five in Ontario and three in the other provinces.

If relief work is taken up it would seem feasible to have the local work done by veteran and social welfare organizations while, if an educational scheme is adopted, the Board of Trustees would formulate the conditions for participation, and the decision as to the qualification of the candidate could be advised on by the local educational authorities.

The duties of the Provincial Board of Trustees would, generally speaking, be to receive and hold the funds and to ascertain by such method as might appear to them most feasible, the wishes of those residing in the province or, in the case of British Columbia, in the province and the Yukon, who are interested in the fund concerning its disposition; following this, to determine the object to which the fund should be devoted, and, as far as necessary, to administer the fund for such object or to provide for such administration through others, and to do such other things as might be indicated in the Order in Council appointing them. All expense in connection with the trusts should of course be a charge on the fund.

It is realized that this distribution does not specially provide for those not now resident in Canada, but although their removal may not extinguish whatever benefit can be reasonably extended to them, it would seem unfair to impose on those administering the fund the burden and expense of providing special machinery and organization in order to carry to them its advantages. The fact that they are scattered makes impracticable the adoption, for their benefit, of any general scheme which might be applicable to a closely associated group.

The Canadian abroad does not lose the privilege of participation in the Fund of his particular province. It may be said that while he is away, this benefit is of no practical value, but the Commission does not consider that any fair basis of administration of the Fund can be arrived at unless it is considered as essentially Canadian and administered on Canadian soil.

There will, however, be cases of peculiar distress which cannot be foreseen and concerning which it might be felt that an injustice had been done if some portion of the Fund were not as close at hand as possible, and the Commission, while not committing the Fund as a whole to relief purposes, is of the opinion that a sum of \$100,000 should be allotted for the benefit of special cases of distress of Canadians who served in France or England and their dependents resident in Great Britain and the United States, one-half of this amount to be placed at the disposal of the United Services Fund of Great Britain to be used in their discretion for the above purposes, and a similar amount to be sent to the American Red Cross with the same request.

It will be expected that an indication of the views of the Commission be given concerning any objects for which the Fund might be used. Some principles, the adoption of which the Commission recommends, should be noted.

Firstly, that the fund should, in the opinion of the Commission, not be spent immediately but its use should be providently spread over a reasonable number of years so that there would be something available for children now very young who might later be benefited by special assistance in particularly distressing circumstances which might arise at any time until a wage earning period is reached, or who might become eligible for School or University Scholar-

ships if such were created. Neither should the fund be kept perpetually. The Report of the United Services Fund in Great Britain contains the following:—

“It is preferable in a Fund of this nature that the greatest amount of good should be done over a limited period of reasonable length rather than that any sum should be set aside for an indefinite period”.

In England the period decided on was 15 years from 1923. It may be thought that there are those who, even after that time, might require the assistance which such a fund could give, but within that period, the abnormal effect of war conditions should have subsided and most of the children would have grown up. Assuming the total fund to be  $2\frac{1}{2}$  million dollars the yearly value over a period of fifteen years at 5 per cent would be about \$206,000.

Secondly, any use of the fund for relief purposes from time to time should be limited to the class of cases for which no relief is then available from Government sources; in other words, the money should not be used to relieve the State of any responsibility devolving on it.

Thirdly, that only ex-members of the Canadian Expeditionary Forces below commissioned rank who served in France or England, and their dependents, should be eligible to participate in the benefits of the Fund.

With these principles in mind the Commission has two suggestions to make regarding schemes for disposition:—

(a) Assistance to specially meritorious cases where ex-members of the forces and their dependents are in genuine distress. No elaboration is needed here. The experience of the United Services Fund of Great Britain will afford valuable information and guidance. This is the purpose for which a similar fund is used in Australia, and has been frequently put forward as a suggestion.

(b) The provision of scholarships in schools (not necessarily confined to the higher grades) and Universities, for specially promising children of ex-service men.

Some details of such a scheme were presented to the 1922 Parliamentary Committee (Report p. 224 et seq.) and a draft plan designed for the whole of Canada was submitted to the Commission by the Deputy Minister of the D.S.C.R. under date of October 12, 1923. An educational scheme has the advantage that, probably more than any other, it expresses the wishes of those who did not come back. It permits the survivors to unite their portion with that of their fallen comrades for the benefit of a class which the dead would desire to see cared for above all others. It further provides a rare opportunity for ex-service men to develop and inject into Canadian national life a group of bright young men and women with inherited traditions of patriotic service whose talent might otherwise remain undeveloped. It should call for no expensive administration. The co-operation of the Department of Education in any Province in which the Scheme was adopted could be readily enlisted.

In Saskatchewan children of deceased or disabled soldiers receive a special educational grant of \$24 per month until they are 21 (Regina 56). The Pensions Board may, under Section 23 (1) (b) of the Pension Act, continue the pension to the child of a pensioner until the child becomes 21, provided he or she is without resources and is making satisfactory progress. As a rule the Pensions Board in practice only exercises this discretion in favour of a child showing more than ordinary ability (Toronto 1751). These provisions should be kept in mind in preparing any scheme, in order that the principle above referred to, of not relieving the State of its recognized obligations, will be observed.

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Representations have been made that before there is any distribution of this fund, care should be taken to see that machinery is maintained for the active presentation and prosecution of claims which may arise from time to time on behalf of ex-service men and their dependents, concerning the various forms of assistance which the State provides in respect of Pensions, Re-establishment, etc.

There are a variety of instances in connection with such questions as government employment, land settlement, training, housing, and rehabilitation activities generally, the considerations affecting which depend on the presentation of the individual case rather than on the terms of a general regulation. There are also Parliamentary matters, not only affecting pensions, but amendments to existing statutes which may directly affect the right and privileges of ex-service men, and in addition there is the desirability of having some agency completely detached from Government organization to supply the necessary personal contact between ex-service men and dependents and those who deal with matters affecting their interests.

The appointment of soldier advisers throughout the units has supplied, it is believed, a genuine want, particularly in regard to pensions and treatment matters and, primarily, concerning appeals. In suggesting the necessity of maintaining such a bureau it is not to be understood as a reflection on officials who are administering soldier matters, any more than the intervention of counsel in a case at law would be regarded as a reflection on the judiciary. The Commission has not hesitated where it considered it was called for to point out defects and shortcomings of existing regulations and practice, but, assuming that the system was working with absolute precision, there would still be a proper place for an agency of this kind.

The Commission considers that it is in the interests of ex-members of the Forces and their dependents to have such a service maintained for some time yet and that this would be a proper object for a small proportion of this fund which should be held and administered by a Central Board of Trustees to be appointed by the Governor-in-Council.

The Commission, therefore, recommends:—

1. That requisite legislative provision be made so that, under direction of the Governor-in-Council, any necessary accounting be had to ascertain and certify the amount, including interest, properly belonging to the funds and held by the Receiver General under P.C. 3144 of December 18th, 1920, and to have said funds (excepting the sum of twenty thousand dollars to be held for payment of any outstanding accounts in respect of the units, the funds of which are included in said amount), hereafter referred to as the "Canteen Fund", distributed as follows:—

(a) The sum of \$100,000 to be paid to a Central Board of three Trustees, at least two of whom have had overseas service, to be appointed by the Governor-in-Council, without remuneration, such sum to be used by such Central Board of Trustees from time to time in such amounts and in such matter as it may deem best for the maintenance and assistance of an adjustment service and bureau for the benefit of ex-service men and their dependents.

(b) The sum of \$50,000, to be said to the United Services Fund of Great Britain and the sum of \$50,000 to be paid to the American Red Cross to be used by them respectively in such manner from time to time as they deem proper for assistance in specially meritorious cases of ex-members of the Canadian Expeditionary Force who have served in France or England, and their dependents, resident in Great Britain or the United States as the case may be, and who are in genuine distress.

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(c) The residue of the Canteen Fund to be divided into nine provincial allotments in the proportion indicated by the following percentages:—

	Per cent
Alberta.....	7.346
British Columbia and the Yukon.....	10.286
Manitoba.....	10.702
New Brunswick.....	4.203
Nova Scotia.....	6.439
Ontario.....	41.641
Prince Edward Island.....	.857
Quebec.....	12.718
Saskatchewan.....	5.808
	<hr/> 100.000

(d) Upon notification of the appointment by the Lieutenant Governor in Council, of any province, of the Provincial Board of Trustees hereinafter referred to, the provincial allotment, determined as above, in respect of the territory indicated to be paid over to said Provincial Board of Trustees.

2. (a) That the necessary steps be taken to procure the effective appointment and authorization by the Lieutenant Governor in Council of each province of a Provincial Board of Trustees, without remuneration, composed of citizens of the Provinces, five for the Province of Ontario and three for the other provinces, a majority of whom shall have served overseas, to perform the duties specified hereunder and any other duties which may be considered necessary concerning the provincial allotment in respect of such Province determined as set out in paragraph 1 (c) above.

(b) The duties of the Provincial Boards of Trustees to be to receive and hold the Provincial allotment and to ascertain, by such method as may appear to them most feasible, the wishes of those interested and residing in the province or, in the case of British Columbia, in the Province and the Yukon, concerning the disposition of such allotment and, following this, to determine the object to which the allotment should be devoted, and, as far as may be necessary, to administer same for such object or to provide for such administration by others and to do such other things as may be indicated in the Order-in-Council appointing them. The expenses in connection with the trust to be a charge on the allotment.

All the above is respectfully submitted.

J. L. RALSTON

*Chairman.*

WALTER McKEOWN

*Commissioner.*

A. E. DUBUC

*Commissioner.*

July 5, 1924.



## APPENDIX A

OTTAWA, November 25, 1922.

## ROYAL COMMISSION ON PENSIONS AND CERTAIN PHASES OF RE-ESTABLISHMENT

## MEMORANDUM RE SCOPE OF INQUIRY AND PROCEDURE

## A. SCOPE

The scope of the inquiry is indicated below.

1. To receive suggestions as to:—

- (a) Any improvements in the method of procedure whereby Canadian ex-service men may apply for pensions and treatment.
- (b) Procedure whereby these ex-service men may submit an appeal from decisions as to pensions and treatment.

2. To hear evidence as to the needs of discharged handicapped men of the C.E.F. and as to means of making suitable provision for them, apart from any definite legislative provision which already exists.

Those contemplated by the term handicap men might be considered as including the following classes:—

- (a) Those whom real old age has at the time of discharge, with or without other disability, rendered unfit for employment on the open labour market, and those who are prematurely old from causes either arising out of or entirely unassociated with service. It is needless to say that this group will increase as time goes on.
- (b) Those handicapped by severe disabilities which are the result of deformities, amputations, or arise otherwise from injuries due to service.
- (c) Those with some chronic condition due to service but who are not included in the tuberculous.
- (d) Those who are suffering from some mental or nervous condition in whole or part due to service.
- (e) The tuberculous.
- (f) Those who, owing to various other causes due at least in part to service are unable to give any fixed occupation the same extent of efficiency as is expected from men 100 per cent fit.

Examples of matters which might come under paragraph 2 are:—

Sheltered workshops.  
Home industries.  
Soldier homes.  
T. B. colonies.  
Orphans' education.

3. To hear evidence as to the extent and nature of existing re-establishment needs among Canadian ex-service men and their dependents.

NOTE.—In connection with paragraph 3 it is to be noted that, under the terms of the Order in Council, this has to do particularly with the re-establishment needs of handicapped men. The Commission has decided, however, that while keeping this class particularly in mind, evidence as to the needs of other classes

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of returned men will be taken, but this should be confined as closely as possible to the nature and extent of actual existing needs, rather than to remedies; the latter being within the purview of Parliament and not of the Commission.

4. To hear evidence and suggestions as to disposal of canteen funds.

#### B. PROCEDURE

1. The endeavour is being made to obtain the views on behalf of Canadian ex-service men in widely separated portions of Canada and to report during the ensuing Session of Parliament, if possible. To do this it is necessary to have the co-operation of all concerned in ensuring that what is presented is concise, well considered, and directed along the lines indicated above—with this in mind the following is a general outline of procedure:—

- (a) Evidence and suggestions on behalf of Canadian ex-service men will be received only from those selected to represent soldier interests generally, rather than as individuals or officers of individual organizations and, for this purpose, it is requested that these organizations and returned men generally will combine in selecting these joint representatives who will come to the hearing duly accredited. This does not in any way preclude the selection of officers of any organizations as joint representatives, nor the presentation by these joint representatives of evidence and suggestions on behalf of any particular class or classes of Canadian ex-service men.
- (b) The number of representatives to be limited as much as possible, but not to exceed six on the hearing in any one place.
- (c) A brief summary of the evidence proposed to be submitted, to be forwarded to the Secretary of the Commission, Room 379, House of Commons, Ottawa, ten days before the hearing.
- (d) Hearings to be held in Halifax, St. John, N.B., Montreal, Toronto, Winnipeg, Calgary, Regina and Vancouver.
- (e) Notice of the date and place of hearings to be given later, but the hearings will not commence before January 15th, 1923, and the first hearing will be held in Halifax.
- (f) Where a selected representative does not reside in the place where the hearing is to be held, his expenses as a witness will be certified by the Commission.

H. D. DEWAR,  
*Secretary, Royal Commission.*

#### NOTICE TO EX-MEMBERS OF THE FORCES

The Royal Commission on Pensions and Re-establishment will hold sittings, beginning about January 15, 1923 (definite dates to be announced later), in Halifax, St. John, Montreal, Vancouver, Calgary, Regina, Winnipeg, and Toronto, in the order named.

To enable a report to be made during the ensuing session of Parliament if possible and to ensure that evidence be concise and well-considered and to prevent repetition, it is proposed that evidence and views on behalf of ex-members of the forces be presented at each of the above places by not more than six duly selected representative witnesses. Ex-members of the forces generally, and veteran organizations are asked to co-operate in calling meetings and instructing and selecting these witnesses.

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Further details as to the scope of the Inquiry and procedure may be obtained from Veterans' Organizations or from any office of the Department of Soldiers' Civil Re-establishment.

Individuals who, for any reason, cannot co-operate by being represented by such selected witnesses may present their views by filling out a form of questionnaire which has been prepared and which may be procured from any post office. This form to be returned before February 28, 1923, postage free, addressed to The Secretary of the Post Office Department, Ottawa.

OTTAWA, December 14, 1922.

## . APPENDIX B

ITINERARY OF COMMISSION SHOWING PLACES AND DATES OF  
PUBLIC HEARINGS AND VISITS TO INSTITUTIONS.

1923.

- January 24.—Halifax sitting.
- January 25.—Halifax sitting.
- January 26.—Halifax sitting.
- January 29.—Kentville Sanatorium.
- January 31.—St. John sitting.
- February 1.—St. John sitting.
- February 14.—Montreal sitting.
- February 15.—Montreal sitting.
- February 16.—Montreal sitting.
- February 17.—Montreal sitting.
- February 22.—Vancouver sitting.
- February 23.—Vancouver sitting.
- February 24.—Vancouver sitting.
- February 25.—Victoria-Red Cross Workshops and Jubilee Hospital.
- February 26.—Vancouver sitting.
- February 27.—Vancouver sitting.
- March 2.—Vancouver-Shaughnessy Hospital and Memorial Workshops.
- March 3.—Kamloops-Tranquille Sanatorium and Royal Inland Hospital.
- March 6.—Calgary sitting.
- March 7.—Calgary sitting.
- March 8.—Calgary sitting—Bowness Hospital and Colonel Belcher Hospital.
- March 10.—Edmonton—Stratheona Hospital and Children's Home.
- March 12.—Regina sitting.
- March 13.—Regina sitting.
- March 14.—Ninette Sanatorium.
- March 15.—Winnipeg sitting.
- March 16.—Winnipeg sitting.
- March 17.—Winnipeg sitting.
- March 19.—Winnipeg sitting.
- March 20.—Winnipeg sitting.
- April 2.—Toronto sitting.
- April 3.—Toronto sitting.
- April 4.—Toronto sitting.
- April 5.—Toronto sitting.
- April 6.—Toronto sitting.
- April 7.—Toronto sitting.
- April 8.—Hamilton—Mountain Sanatorium.

1923

April 11.—Toronto sitting.  
April 12.—Toronto sitting.  
April 13.—Toronto sitting.  
April 14.—Toronto sitting.  
April 15.—London—Westminster Hospital and Byron Sanatorium.  
April 16.—Toronto sitting.  
April 19.—Ottawa sitting.  
April 20.—Ottawa sitting.  
April 21.—Ottawa sitting.  
May 24.—Ottawa sitting.

1924.

April 16.—St. Anne de Belevue Hospital.

## WITNESSES BEFORE THE COMMISSION ON THE SECOND PART OF THE INVESTIGATION

### HALIFAX

Dr. Edward McLellan, Asst. Unit Medical Director "B" Unit, D.S.C.R.  
Dr. Wm. McKascy, Pensions Medical Examiner "B" Unit, D.S.C.R.  
Col. Smith L. Walker, Senior Secretary, Central Veterans Committee, G.W.V.A.  
Dr. G. W. Whitman, M.D., Witness for Central Veterans Committee, G.W.V.A.  
Mr. R. R. Murray, Witness for Central Veterans Committee, T.V.A.  
Col. S. S. Wetmore, Unit Director of Administration, "B" Unit, D.S.C.R.  
Dr. Fred. H. Sexton, Witness for Central Veterans Committee, vocational officer for the Maritime Provinces and Quebec and Director of Technical Education for the Province of Nova Scotia.  
Capt. R. I. Donaldson, O.B.E., Acting District Superintendent of the Soldier Settlement Board.  
Mr. J. L. Hetherington, President of the Provincial Red Cross Society.  
Dr. F. W. Tidmarsh, Pensions Medical Examiner, "B" Unit, D.S.C.R.  
Rev. Dr. Clarence McKinnon, Witness for Central Veterans Committee.  
Mr. H. F. Hamilton, Provincial Secretary, G.W.V.A., and Witness for Central Veterans Committee.  
Mr. J. W. L. Rose, Officer in Charge of Dependents Pensions "B" Unit, D.S.C.R.  
Mr. E. A. Saunders, Secretary, Canadian Patriotic Fund, Halifax Branch, Secretary Halifax Board of Trade.

### ST. JOHN

Mr. Jas. D. McKenna, M.P.P.  
Dr. J. B. Peat, Witness, Central Veterans Committee.  
Mr. Frank A. Nicholson, Witness, Central Veterans Committee.  
Col. H. D. Johnson, Witness from Prince Edward Island.  
Mr. W. M. Woodside, Witness from Prince Edward Island.  
Major J. S. Scott, Witness, Central Veterans Committee.  
Mr. W. B. Manzer, Witness, Central Veterans Committee.  
Mr. J. P. Bourgeois, Witness, Central Veterans Committee.  
Mrs. Young, Representative from the St. John Local Council of Women  
Mayor E. A. Schofield, Witness, Central Veterans Committee.  
Major H. Priestman, Witness, Central Veterans Committee.  
Mr. G. Earle Logan, Counsel, Central Veterans Committee.  
Dr. C. M. Pratt, Pensions Medical Examiner "K" Unit, D.S.C.R.

## SESSIONAL PAPER No. 203a

## MONTREAL

- Major W. G. Fellows, Chairman and Witness Central Veterans Committee, Army and Navy Veterans.  
Mr. Sydney D. Cunningham, Witness, Central Veterans Committee, G.W.V.A.  
Mr. Victor J. Locke, Witness Central Veterans Committee, T.V.A.  
Dr. A. E. Lundon, Unit Medical Director "A" Unit D.S.C.R.  
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Mr. George H. Abbott, Witness Central Veterans Committee, G.W.V.A.  
Capt. G. H. Boyd, Unit Director of Administration "A" Unit, D.S.C.R.  
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Mr. Royal E. C. Werry, Witness, Central Veterans Committee, G.W.V.A.  
Mr. A. L. Kauffman, Witness, Central Veterans Committee, Army & Navy Veterans.  
Mr. Edgar Kingsland, Witness, Central Veterans Committee, G.W.V.A.

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- Major C. A. Bell, M.C., Unit Director of Administration "J" Unit, D.S.C.R.  
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Mr. C. L. Fillmore, Western Counsel, Soldier Settlement Board.  
Major M. J. Crehan, Chairman, Central Veterans Committee.  
Mr. W. Drinnan, Secretary, Central Veterans Committee.  
Mr. Ian McKenzie, M.L.A., Supervising Counsel for Central Veterans Committee.  
Capt. H. D. Twigg, Witness Central Veterans Committee, Canadian Legion.  
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Mr. C. G. Crawford, Witness, Central Veterans Committee, G.A.U.V.  
Mr. H. H. Currie, Witness, Central Veterans Committee, G.W.V.A.  
Mr. C. Coles, Witness, Central Veterans Committee, T.V.A.  
Capt. J. C. Brown, Witness, Central Veterans Committee, G.W.V.A.  
Mr. J. A. W. O'Neil, Imperial Veterans.  
Dr. A. R. Thomson, Pensions Medical Examiner, "J" Unit, D.S.C.R.  
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Col. G. C. Johnston, District Superintendent S.S.B., Vernon.  
Capt. J. T. Barnet, District Superintendent S.S.B., Vancouver.

## CALGARY

- Mr. H. G. Nolan, Witness, Central Veterans Committee, G.W.V.A.  
Mr. A. B. Clow, Witness, Central Veterans Committee, G.W.V.A.  
Mr. W. C. Warner, Witness, Central Veterans Committee, Army and Navy Veterans.  
Mr. G. W. Hinks, Witness, Central Veterans Committee, Amputations Association.  
Mr. H. Green, Witness, Central Veterans Committee, T.V.A.  
Mr. W. A. Irwin, Witness, Central Veterans Committee, G.W.V.A.  
Mr. R. W. Gallacher, Chairman, Central Veterans Committee.  
Mr. C. L. Fillmore, Western Counsel, S.S.B.  
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Dr. Geo. Johnson, Unit Medical Director, "I" Unit, D.S.C.R.  
Dr. W. D. Gray, Pension Medical Examiner, "I" Unit, D.S.C.R.  
Dr. R. D. Sansom, Pension Medical Examiner, "I" Unit, D.S.C.R.  
Dr. A. W. Park, Pension Medical Examiner, "I" Unit, D.S.C.R.  
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Mr. W. S. Woods, District Superintendent, S.S.B., Calgary.



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 Mr. E. C. Leslie, Witness, Central Veterans Committee, T.V.A.  
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 Mr. J. L. Norman, Witness, Central Veterans Committee.  
 Mr. Stephen Mitchell, Witness, Central Veterans Committee.  
 Mr. F. B. Bagshaw, Witness, Central Veterans Committee, G.W.V.A.

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 Major A. R. Taylor, M.D., Asst. Unit Medical Director, "G" Unit, D.S.C.R.  
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 Mr. J. J. Bannerman, i/c Insurance Branch, "G" Unit, D.S.C.R.  
 Mr. T. Leever, Asst. Unit Director of Administration, "G" Unit, D.S.C.R.  
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 Mr. K. J. Milne, Asst. Sec. to Ministry of Pensions, Great Britain.  
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 Capt. E. Browne-Wilkinson, Witness, Central Veterans Committee, Army and Navy Veterans.  
 Mr. A. E. Moore, Witness, Central Veterans Committee, G.W.V.A.  
 Mr. P. J. Rummer, Witness, Central Veterans Committee, G.W.V.A.  
 Mr. J. H. Ferguson, Witness, Central Veterans Committee, G.W.V.A.  
 Mr. T. Downing, Witness, Central Veterans Committee, G.W.V.A.  
 Mr. W. H. Hamilton, Witness, Central Veterans Committee, G.W.V.A.  
 Mr. A. Palmer, Witness, Central Veterans Committee, Amputations Association.  
 Mr. F. G. Thompson, Witness, Central Veterans Committee, Imperial Veterans Association.  
 Mr. Leo Warde, Representative Red Cross Society.  
 Major F. G. Taylor, D.S.O., M.C., Witness, Central Veterans Committee. President Dominion Veterans Alliance.  
 Dr. W. P. Day, Neurologist, "G" Unit, D.S.C.R.  
 Mr. J. H. Martinson, Witness, Central Veterans Committee.

## TORONTO

Lt.-Col. G. F. Morrison, D.S.O., Unit Director Administration, "D" Unit, D.S.C.R.  
 Mr. Harry Young, Asst. Director Administration, "D" Unit, D.S.C.R.  
 Dr. S. R. D. Hewitt, Unit Medical Director, "D" Unit, D.S.C.R.  
 Dr. T. A. Carson, Asst. Unit Medical Director, "D" Unit, D.S.C.R.

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TORONTO—*Concluded*

Dr. W. J. M. Marey, Pensions Medical Examiner, "D" Unit, D.S.C.R.  
 Dr. R. J. Kee, Asst. Director Medical Services, Ottawa, D.S.C.R.  
 Dr. R. Coutts, Pensions Medical Examiner, "D" Unit, D.S.C.R.  
 Capt. W. M. Parry, Witness, Central Veterans Committee, G.W.V.A.  
 Mr. J. B. Conroy, Witness, Central Veterans Committee, G.W.V.A.  
 Col. A. T. Hunter, Witness, Central Veterans Committee, G.W.V.A.  
 Dr. N. H. Sutton, Witness, Central Veterans Committee, G.W.V.A.  
 Major B. Wemp, D.S.O., Witness, Central Veterans Committee, Unaffiliated Veterans.  
 Mr. W. S. Dobbs, Witness, Central Veterans Committee, Amputations Association.  
 Mr. W. Hubbard, Witness, Central Veterans Committee, Vetreraft Shops.  
 Mr. H. McLeod, Witness, Central Veterans Committee, G.A.U.V.  
 Mr. E. S. Keeling, Witness, Central Veterans Committee, T.V.A.  
 Mr. J. F. Johns, Witness, Central Veterans Committee, Army and Navy Veterans Association.  
 Mr. R. Myers, Witness, Central Veterans Committee, Amputations Association.  
 Capt. M. Woods, Detroit British G.W.V.A.  
 Mr. W. B. Seaton, Pensions Medical Examiner, "D" Unit, D.S.C.R.  
 Mr. J. Warwick, Secretary, Ontario Soldiers' Aid Commission, Toronto.  
 Mr. R. J. Lennox, Pension Clerk, D.S.C.R.  
 Mr. D. W. Megaffin, Officer i/c Employment & Relief, D.S.C.R.  
 Mr. N. Burnette, Director of Occupational Therapy and Vocational Guidance, Canadian National Committee for Mental Hygiene.

## OTTAWA

Dr. L. B. Rogers, Asst. Director Medical Division United States Veterans' Bureau, Washington.  
 Mr. E. S. Keeling, Representative for T.V.A.  
 Mr. V. J. Locke, Representative for T.V.A.  
 Mr. Dean Evans, Chief of Training and Rehabilitation Division United States Veterans' Bureau, Washington.  
 Mr. R. A. Rigg, Director of Employment Service, Department of Labour, Ottawa.  
 Major E. Flexman, Director of Administration, D.S.C.R., Ottawa.  
 Mr. Chas. M. Bland, Asst. Sect. and Chief Examiner, Civil Service Commission, Ottawa.  
 Mr. N. F. Parkinson, Deputy Minister, D.S.C.R., Ottawa.  
 Dr. W. C. Arnold, Director of Medical Service, D.S.C.R., Ottawa.  
 Dr. A. T. Bond, Asst. Medical Adviser, B.P.C., Ottawa.  
 Major C. B. Topp, D.S.O., M.C., i/c Insurance Division, D.S.C.R., Ottawa.  
 Mr. J. White, Insurance Division, D.S.C.R., Ottawa.  
 Col. J. L. Biggar, Chairman of the Medical Appeal Board, Ottawa.  
 Mr. G. D. Finlayson, Supt. of Insurance, Ottawa.  
 Dr. H. A. Rawlings, Asst. Medical Adviser, B.P.C., Ottawa.  
 Dr. M. V. Valiquet, Pensions Medical Examiner, "C" Unit, D.S.C.R., Ottawa.  
 Dr. C. D. Parfitt, Medical Supt. Calydor Sanatorium, Gravenhurst.  
 Dr. J. R. Byers, Ex-Supt. Laurentian Sanatorium, Ste. Agathe des Monts and Medical Adviser to "B" Unit, D.S.C.R., Montreal.

## GENERAL REPRESENTATIVES

Mr. C. G. MacNeil, Secy. Treas. Dominion Veterans Alliance, Secy. Treas. Dominion Command G.W.V.A., General Representative of Ex-service men.  
 Mr. E. H. Scammell, Asst. Deputy Minister and Secy., D.S.C.R., Ottawa.  
 Mr. J. Paton, Secy. Board of Pension Commissioners, Ottawa.

## APPENDIX C

## ROYAL COMMISSION ON PENSIONS AND RE-ESTABLISHMENT

## QUESTIONNAIRE

Name in full . . . . .  
 Present Address . . . . .  
 Regimental Number . . . . . Rank . . . . . Unit . . . . .  
 Pension Number, if any . . . . .  
 Length of Service . . . . .

France . . . . . months.

England . . . . . months.

Canada . . . . . months.

1. What suggestions, if any, have you to improve the present method of applying for pension or medical treatment?  
 . . . . .

2. What suggestions, if any, have you as to the best method whereby applicants who are not satisfied with a decision as to pension or treatment may appeal therefrom?  
 . . . . .

3. What provisions (further than those already in force) do you suggest should be made for men who are physically or mentally handicapped?  
 . . . . .

4. As to other ex-members of the forces, do you know of any re-establishment needs not already provided for? If so, give information as to their nature and extent.  
 . . . . .

5. How do you suggest the Canteen Funds should be disposed of? (It is understood that there will be available between \$1,500,000 and \$2,000,000).  
 . . . . .

N.B.—If space provided for answers not sufficient add extra sheet.

This Questionnaire, when completed, should be mailed not later than February 28th, 1923, addressed:—

The Secretary, Post Office Department,  
 Ottawa.

(No postage is required).

SESSIONAL PAPER No. 203a

# STATISTICAL SUMMARY OF ANSWERS TO QUESTIONNAIRES DISTRIBUTED BY ROYAL COMMISSION ON PENSIONS AND RE-ESTABLISHMENT TO APRIL 30, 1923

## 1. SUGGESTIONS RE APPLYING FOR PENSION OR MEDICAL TREATMENT

1. That applicants be represented by their own doctors when being boarded.....	85
2. That a more thorough and sympathetic examination be given.....	245
3. That the opinion of local doctor or doctors be accepted that applicant requires a board.. . . . .	246
4. That all expenses under No. 3 be paid by the Department.. . . . .	2
5. That more publicity be given to procedure of method of applying.. . . . .	73
6. That decisions should be speeded up.. . . . .	43
7. That men should be able to receive treatment free at home under the care of their own doctors (especially in distant places).. . . . .	87
8. That a Committee visit the Hospitals.. . . . .	3
9. That all soldiers be entitled to free treatment at any time whether for war disability or not.. . . . .	92
10. That all ex-soldiers be re-boarded, and any findings different to former board be made retroactive.. . . . .	18
11. That report of a country doctor should not be considered sufficient evidence on which to reduce rate of pension.. . . . .	5
12. That soldier representatives be appointed in all centres who will deal with all ex-soldiers' interests and communicate them to the proper authorities..	21
13. That B.P.C. doctors be appointed for six months only.. . . . .	1
14. To extend time limit for applying, from three to six years.. . . . .	11
15. That all men having reasonable service in C.E.F. who may break down within a period of at least five years after discharge, and who upon medical examination are found T.B. be considered as having a disability due to the above mentioned service. Furthermore that these men be entitled to treatment with P. & A. and all existing provisions of the Pensions Act, and in addition, to such after care as may be provided by the Government (Received from patients in Byron San, London, Ont.).. . . . .	161
16. That local representatives of D.S.C.R. be appointed to principal cities in U.S.A.	377
17. That ex-soldiers (British & Canadian) in U.S.A. be allowed to apply through B.G.W.V.A.. . . . .	5
Blanks.. . . . .	1,967
Total.. . . . .	3,442

## 2. SUGGESTIONS RE APPEALING DECISIONS AS TO PENSION OR TREATMENT

1. That applicants be represented by their own doctors when appeal is being heard.	50
2. That the opinion of one, two or more local doctors should be accepted as giving a correct diagnosis of the case.. . . . .	219
3. That Provincial Boards of Appeal be set up.. . . . .	90
4. That a Board of Appeal be held as in England.. . . . .	6
5. That a man be allowed to appeal his case direct to Head Office and that same be dealt with, without consulting local D.S.C.R. opinion.. . . . .	52
6. That the evidence of regimental officers or soldier comrades be given more weight in determining the attributability of disabilities to service.. . . . .	14
7. That a re-examination of an appeal case be heard by a Board unfamiliar with former Board's decision of case.. . . . .	274
8. That the Appeal Board consist of a committee made up from Veteran Organizations.. . . . .	39
9. That pensions be awarded more equitably.. . . . .	39
10. That Civic Boards of Appeal be set up to include doctors, ex-service men, clergymen, lawyers, etc.. . . . .	129
11. That a man be able to appeal to the Royal Commission direct.. . . . .	10

2. SUGGESTIONS RE APPEALING DECISIONS AS TO PENSION OR TREATMENT—*Concluded*

12. That a more sympathetic attitude be taken by Board of Appeal.. . . .	82
13. That a Board of Appeal be appointed to travel and hear appeals in the different municipalities annually.. . . .	44
14. That a soldier be allowed to appeal to an appointed Board composed of medical specialists.. . . .	381
15. That recommendations of supervisors of S.S.B. with respect to those living in rural districts be considered.. . . .	1
16. Appeal by petition.. . . .	2
17. That a Supreme Board be set up in U.S.A.. . . .	9
18. That ex-soldiers (British and Canadian) in U.S.A. be allowed to appeal through Consul General.. . . .	1
Blanks.. . . .	2,000
Total.. . . .	<u>3,442</u>

## 3 SUGGESTIONS AS TO FURTHER PROVISIONS FOR PHYSICALLY OR MENTALLY HANDICAPPED

1. That the Government should find positions.. . . .	168
2. Larger, or Permanent pensions.. . . .	227
3. That all physically or mentally handicapped should be examined or investigated monthly or periodically to establish their claim for pension.. . .	104
4. That special consideration be given in granting relief or loans.. . . .	182
5. That the totally disabled become the sole charge of the Government.. . . .	79
6. Pensioners not having had vocational training, and now unable to find positions, to be granted vocational training.. . . .	48
7. That free treatment be given, no matter what the cause of disability may be, or flat rate of say \$1.50 per day.. . . .	403
8. Sheltered employment.. . . .	130
9. Clothing allowances for amputation cases.. . . .	9
10. In case of death, Government will bear burial expenses of any ex-soldier.. . .	1
11. That the Government makes up the difference in a man's earning power, to his pre-war earnings.. . . .	15
12. That all mentally deficient be placed in Institutions and looked after.. . .	60
13. Larger pensions for Imperials resident in Canada.. . . .	2
14. That rate on Imperial pension cheques be given publicity when cheques are issued.. . . .	4
15. Free Life Insurance.. . . .	2
16. Pension be one dollar per one per cent disability and at no time be less than fifty per cent for T.B. cases. (Received from patients in Byron San., London).. . . .	161
17. T.B. cases be granted extra allowances to provide for special living conditions required. T.B. suspects be accorded same consideration.. . . .	1
18. Same privileges to ex-soldiers (British and Canadian) in U.S.A. as to those in Canada.. . . .	3
Blanks.. . . .	1,843
Total.. . . .	<u>3,442</u>

## 4 SUGGESTIONS AS TO FURTHER RE-ESTABLISHMENT

1. Insurance—	
1. Extend the time limit.. . . .	3
2. For pensioners children.. . . .	2
2. Employment—	
1. To be placed in Industries, the Government to supplement their earnings to a living wage.. . . .	14
2. That all girls and married women (war widows and nurses excepted) be discharged from Government offices and replaced by ex-soldiers.. . . .	5



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4. SUGGESTIONS AS TO FURTHER RE-ESTABLISHMENT—*Concluded*

2. Employment— <i>Concluded</i>	
3. That further efforts be made to secure employment for ex-soldiers.. . . .	130
4. That temporarily employed ex-soldiers in C.S. be made permanent at once.	6
5. Unemployed Insurance for T.B. cases. (Received from patients in Byron San., London, Ont.).. . . .	160
6. Recommend legislation to protect T.B. cases from the possible prejudice of employers. (Received from patients in Byron San., London, Ont.).. . . .	....
7. That examinations for entrance to C. S. be waived in the case of ex-soldiers.	2
3. Pensions—	
1. That all men who served in the trenches be given a pension.. . . .	36
2. That all men be given a pension who served in the front line for one year.	5
3. That a pensioner deserted by his wife be given the wife's pension for benefit of children.. . . .	3
4. Increased Pensions to widows and children.. . . .	2
5. Equal pensions to all ranks.. . . .	3
6. Pension cheques to ex-soldiers (British and Canadian) in U.S.A. to be payable at par.. . . .	1
4. Treatment—	
1. That men who contracted a disability indirectly attributable to service and unable to earn their living, should receive the same consideration as men with service disabilities.. . . .	12
2. Immediate financial assistance to soldiers discharged from hospital.. . .	9
5. Dental—	
1. That those not having received dental treatment be allowed to go to their local dentist.. . . .	17
6. Land Settlement—	
1. That the regulations allowing transfer of pre-emptions into soldiers grants be continued indefinitely.. . . .	8
2. That soldier settlers land be re-valued.. . . .	16
3. That the 10 per cent cash payment be waived or lowered in the case of experienced farmers.. . . .	13
4. Grant of Land similar to South African Script to all ex-soldiers.. . . .	11
5. That S.S.B. be transferred to Department of Agriculture.. . . .	5
6. Lower interest, or none at all on S.S.B. Land.. . . .	3
7. That time spent in hospitals be counted as residence on land under S.S.B.	1
7. Training—	
1. For ex-Imperial non pre-war residents.. . . .	1
2. Training for minors who have not already received it.. . . .	6
3. Further vocational training.. . . .	74
4. To British and Canadian soldiers in U.S.A.. . . .	361
8. Bonus—	
1. For those who are wounded.. . . .	11
2. Bonus of \$1,000. to all who served in theatre of war.. . . .	8
3. Bonus for all ex-soldiers.. . . .	39
9. Loans—	
1. Housing.. . . .	92
2. That regulations be extended to include all ex-soldiers requiring loans for re-establishment purposes.. . . .	374
10. Relief—	
1. Relief to all in need.. . . .	66
Blanks.. . . .	1,943
Total.. . . .	3,442

## 5. SUGGESTIONS RE DISPOSAL OF CANTEN FUND\$

1. To provide for Unemployment Insurance.. . . .	7
2. To build workshops or Hospitals.. . . .	95
3. That the Canteen Funds go to augument pensions.. . . .	17
4. That it should provide the necessary funds to cover cost of making application for treatment or pension.. . . .	13
5. Lottery.. . . .	77
6. School for blind.. . . .	7
7. Home for old soldiers or for those out of work.. . . .	208
8. Provide scholarships or endowment for educational purposes.. . . .	104
9. Funds to be kept in trust for future needs of ex-soldiers.. . . .	74
00. That it be divided evenly among all ex-soldiers.. . . .	834
01. To the unfit.. . . .	154
02. To the poor soldiers.. . . .	59
03. To be proportioned according to length of service and unfitness (dependents of those who died to share in the grant).. . . .	268
04. To help to pay for independent medical opinion, the balance of such expenses to be augmented by Pensions for Soldiers' Organizations.. . . .	3
05. That it be divided among those who have not been on pension.. . . .	26
06. That it be divided among those originally with the first and second division.. . . .	4
07. That it be divided among all men on pension or who have been on pension.. . . .	7
08. That it be divided among all soldiers with families (excluding officers and N.C.O's).. . . .	4
09. Among those who voluntarily enlisted and went overseas.. . . .	124
10. To be given to voluntary organizations who served during the war such as Salvation Army, Y.M.C.A., Hospitals, Patriotic Fund, etc.. . . .	232
11. Widows, Orphans, or parents of deceased soldiers.. . . .	150
12. That it should be invested so that it yield a paid up insurance policy to those who served in a theatre of war.. . . .	7
13. That it be used for re-establishment loans.. . . .	27
14. That it form the nucleus of a housing fund to be supplemented.. . . .	37
15. Old Age Pensions.. . . .	45
16. Towards paying of national debt.. . . .	6
17. That it be used for relief for the unemployed.. . . .	32
18. That it be used to purchase land for ex-soldiers.. . . .	12
19. That it be invested in a business enterprise and all soldiers who saw service in a theatre of war be given a share.. . . .	37
20. That it be used for the burial of soldiers in destitute circumstances.. . . .	15
21. McInnis suggestion.. . . .	94
22. That it be used to assist relatives to visit the graves of soldiers buried in France.. . . .	...
23. Committee to be composed of all ranks of ex-soldiers to make decision.. . . .	3
24. Miami Command.. . . .	18
25. As in England.. . . .	9
26. Through Veteran Organizations.. . . .	361
27. To maintain an ex-soldiers bureau in U.S.A. to take care of British and Canadian ex-soldiers.. . . .	1
28. That it be used for transportation of ex-soldiers to original place of enlistment. Blanks.. . . .	1 270
Total.. . . .	3,442

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## APPENDIX D

## HOUSING

Various Provinces and the results follow:—

FEDERAL DEPARTMENT OF HEALTH, CANADA

(Division of Housing, with Hospitalization and Sanitation)

Province	1 Number of Municipalities your Province which could be eligible to participate Housing Act	2 Number of Municipalities your Province which have taken advantage of Housing Act	3 Total number of instalments overdue	4 Total number of borrowers and number of these who are ex-service men	5 Total amount instalments overdue from ex-service men	6 Any information you may have as to number of ex-service men who have applied for housing assistance which has not yet been available for them
British Columbia.....	67	30	Approximately \$15,000	(a) 500 (b) 100%	Approximately \$15,000	Loan not sufficient to meet applications.
Manitoba.....	Not available	22	\$48,000 (This is one Municipality only)	Not available	Not available	Unable to supply additional information at short notice.
New Brunswick	40	15	Nil	(a) 390 (b) not available	Not available	A few applications for loans for which no money is available.
Nova Scotia....	68	10	Approximately \$14,000	(a) 390 (b) 45%	\$7,000	Many applied who were not accepted as eligible by Commission.
Ontario.....	680	77	\$15,866 80	(a) 2459 (b) 20%	Not available	Do not think there is any large number. Had a number direct queries from such men but great majority of these were in municipalities which had not come under provision of either of our Housing Acts and therefore no assistance could be given them.
Prince Edward Island.....	7	1	Nil	(a) 5 (b) None	Nil	No ex-service applicants.
Quebec.....	103	28	Nil	(a) 722 (b) 43	Nil	
Saskatchewan..	87	No application	made for any loan	as of present date.		

## APPENDIX E

CANADIAN MILITARY TRUST FUNDS OVERSEAS IN TRUST WITH  
FINANCE DEPARTMENT

## CANTEEN (MAIN ACCOUNT) ("A")

## RECEIPTS

Date	Particulars	Principal	Interest	Total
		\$ cts.	\$ cts.	\$ cts.
April 20, 1918	<i>By O.M.F.V. Trustees—</i>			
to	Proportion of Rebates on purchases by Canteens from			
Jan. 30, 1920	Navy and Army Canteen Board, being one-fifth of			
	rebate of 10 per cent to units from Jan. 1, 1917, to			
	Dec. 31, 1919 (£45,281 1 5)	220,367 89		220,367 89
July 8, 1919	On account share of Trading Profits, to Dec. 31, 1918,			
to	Navy and Army Canteen Board (£41,503 0 0)	201,981 26		201,981 26
Oct 2, 1919	On account share of Profits to Dec. 31, 1917, Ex-			
Jan. 17, 1920	peditionary Force Canteen (£106,650 11 11)	519,032 90		519,032 90
Dec. 14, 1918	Bank Interest on Deposits and Discounts on Treasury			
to	Bills (£11,415 6 1)		55,554 49	55,554 49
Jan. 31, 1921		941,382 05	55,554 49	996,936 54

## EXPENDITURE

Date	Particulars	Amount
		\$ cts.
Feb. 11, 1919	<i>By O.M.F. of C. Trustees—</i>	
to	To Mr. P. B. Barron (Special Investigation Committee for assistance to distressed	
Oct. 9, 1919	Canadian soldiers and their dependents (£4,150)	20,196 66
Nov. 1, 1919	To High Commissioner for Canada, London, England, for assistance to distressed	
	Canadian soldiers and their dependents on cases arising after November 1, 1919	
	(£20,000)	97,333 34
Mar. 3, 1919	To Secretary Treasurer Petty Cash Disbursements (£5 2 1)	24 84
to	To Canadian Military Athletic Association, for training and other expenses of	
July 16, 1920	teams in Empire Competition and Inter-Allied Sports in France (£2,004.10 0)	9,755 43
April 8, 1921	To difference in exchange	2
	Balance transferred to Finance Department	869,626 25
		996,936 54

## RECEIPTS

Date	Particulars	Principal	Interest	Total
		\$ cts.	\$ cts.	\$ cts.
April 8, 1921	Balance transferred to Finance Department by O.M.-			
	F.C. Trustees	814,071 76	55,554 49	869,626 25
June 22, 1921	Canadian Share of Naval Trading—Balance of the			
	Funds of the Navy and Army Canteen Board in			
	respect of R.C.N.V.R. (£562.10 0)	2,737 50		2,737 50
June 27, 1921	Deposit by War Office, being interim payment of Profits			
	of Expeditionary Force Canteen (£130,000)	632,666 67		632,666 67
Mar. 8, 1922	Deposited by High Commissioner for Canada, being			
	balance due on Canadian share of Canteen Profits			
	(£99,748 14 5)	485,443 77		485,443 77
		1,934,919 70	55,554 49	1,990,474 19
June 18, 1924	Balance held in trust	1,687,928 14	55,554 49	1,743,482 63

NOTE.—The interest due since the account was opened with the Finance Department (April 8, 1921) has not yet been credited.

NOTE.—There is also a credit of £774 12 9 (approximate) held by the High Commissioner for Canada, being Bank Interest on Funds received from O.M.F.C. Trustees. These funds will be expended by High Commissioner under Order-in-Council P.C. 667, April 26, 1924.

SESSIONAL PAPER No. 203a

CANADIAN MILITARY TRUST FUNDS OVERSEAS IN TRUST WITH  
FINANCE DEPARTMENT—*Concluded.*CANTEEN (MAIN ACCOUNT) ("A")—*Cont'd*

## EXPENDITURE

Date	Particulars	Amount
		\$ cts.
Dec. 14, 1920	<i>By O.M.F.C. Trustees after transfer of funds to Finance Department—</i>	
	To High Commissioner for Canada, London, England, for assistance to distressed Canadian soldiers and their dependents (£10,000) .....	48,666 66
1921	<i>By Finance Department—</i>	
	Payments under Orders in Council to various Veteran Organizations in Canada or to Trustees therefor—	
July 22 .....	Under authority P.C. 2378, 5 7 21.	\$ 20,000 00
August 17 .....	" P.C. 2378, 5 7 21	10,000 00
September 17 .....	" P.C. 2378, 5 7 21.	10,000 00
September 30 .....	" P.C. 3519, 21 9 21	8,000 00
October 1 .....	" P.C. 3647, 24 9 21	6,500 00
October 1 .....	" P.C. 3647, 24 9 21	2,000 00
October 1 .....	" P.C. 3519, 21 9 21 ..	4,000 00
October 12 .....	" P.C. 2378, 5 7 21	10,000 00
October 17 .....	" P.C. 3887, 12 10 21	120,000 00
December 3 .....	" P.C. 3519, 21 9 21	8,000 00
December 3 .....	" P.C. 3647, 24 9 21	4,000 00
		\$ 202,500 00
January 30, 1923 ..	Less amount expended (P.C. 3887, 12 10 21)	4,175 10
		\$ 198,324 90
June 18, 1924 .....	<i>Balance held in trust</i>	198,324 90
		1,743,482 63
		1,990,474 19

OTTAWA, July 2, 1924.

(Copies of above Orders in Council follow in the Appendix E.)

CANADIAN MILITARY TRUST FUNDS OVERSEAS IN TRUST WITH  
FINANCE DEPARTMENT FROM MARCH 30, 1921

## CINEMATOGRAPH FUNDS ACCOUNT ("B")

## RECEIPTS

Date	Particulars	Principal	Interest	Total
		\$ cts.	\$ cts.	\$ cts.
1921				
March 30 .....	Balance of Accumulated Funds, Principal and Interest, transferred by Trustees O.M.F.C. to Finance Department, £10,000 plus interest .....	48,666 66	2,603 21	51,269 87
1924				
June 18 .....	<i>Balance held in trust</i> .....	48,666 66	2,603 21	51,269 87

NOTE.—No interest has been credited to this account since funds were transferred to Finance Department.

EXPENDITURE—(Nil)

OTTAWA, ONTARIO, June 30, 1924.



14-15 GEORGE V, A. 1924

CANADIAN MILITARY TRUST FUNDS OVERSEAS IN TRUST WITH  
FINANCE DEPARTMENT FROM MARCH 24, 1921

## REGIMENTAL FUNDS ACCOUNT ("C")

## RECEIPTS

Date	Particulars	Principal	Interest	Total
		\$ cts.	\$ cts.	\$ cts.
1921				
March 24	Cash from Paymaster General, O.M.F.C., (O.M.F.C.) Trustees also deposited with Finance Department at same time \$250,000 (par) Victory Bonds, 1923, bearing 5½ per cent interest and representing investment of \$349,375.	40,135 94	16,186 07	56,322 01
March 30	Cash re 1st Tank Battalion.	666 23		666 23
April 27	" re Sundry Units	748 37		748 37
May 6	" Interest on Bonds		6,875 00	6,875 00
July 12	" re 55th Battalion	12 60		12 60
October 11	" re 239th Battalion	428 10		428 10
November 15	" Interest on Bonds		6,875 00	6,875 00
December 29	" 11th Reserve Battalion	20 60		20 60
December 29	" 67th Battalion	2 35		2 35
December 29	" 48th Battalion	9 24		9 24
December 29	" Sundry Units	60 92		60 92
1922				
March 22	" General Base Depot	2 95		2 95
April 5	" No. 2 Const. Battalion	385 07		385 07
May 10	" 5th Can. Inf. Band	4 14		4 14
May 10	" 4th Div. Artillery	1 87		1 87
May 9	" Interest on Bonds		6,875 00	6,875 00
May 30	" 4th Battery	16 83		16 83
November 11	" Interest on Bonds		6,875 00	6,875 00
December 29	" 2nd Inf. Brigade	1 33		1 33
December 29	" 2nd C.M.R.	16 09		16 09
1923				
January 30	" Sundry Units	5 50		5 50
May 9	" 102nd Battalion	1,108 14		1,108 14
April 20	" Sundry Units	58 15		58 15
May 14	" " "	59 86		59 86
May 14	" Interest on Bonds		6,875 00	6,875 00
November 9	" " "		6,875 00	6,875 00
November 9	" Profit on Investment Victory Bonds maturing Nov. 1, 1923.....\$ 250,000 Cost price.....249,375 Bonds, par value.....250,000		625 00	
	Dominion of Canada Refunding Loan, 1943, cost.....245,625	3,750 00		4,375 00
November 29	Cash Sundry Units	546 68		546 68
1924				
January 9	Cash Sundry Units	381 93		381 93
January 24	" " "	225 51		225 51
March 18	" " "	13 68		13 68
March 21	" 1st Tank Battalion	286 26		286 26
		48,948 34	58,061 07	107,009 41
1924				
June 18	Balance cash held in trust	45,808 45	58,061 07	101,869 52
June 18	Bonds, Dominion of Canada Refunding Loan, 1943, held in trust— Purchase price.....	245,625 00		245,625 00
	Total funds on Bonds at Cost and Cash.	289,433 45	58,061 07	347,494 52

NOTE.—No interest has been credited to this account by Finance Department except on Victory Loan Investment.

SESSIONAL PAPER No. 203a

CANADIAN MILITARY TRUST FUNDS OVERSEAS IN TRUST WITH  
FINANCE DEPARTMENT FROM MARCH 24, 1921—*Concluded*

## REGIMENTAL FUNDS ACCOUNT ("C")

## EXPENDITURE

Date	Particulars	Amount
		\$ cts.
1921		
August 27....	Payments to Unit Trustees and payment of Unit Accounts by Trustees, Regimental Funds, O.M.F.C.	221 49
September 27.....	" " " "	12 78
December 2.....	" " " "	47 11
1922		
January 14.....	" " " "	237 90
April 28.....	" " " "	231 98
July 8.....	" " " "	120 00
December 27.....	" " " "	14 00
1923		
February 26.....	Payments by Letter of Credit cheques to Unit Trustees and Payment of Unit Accounts by Trustees Regimental Funds, O.M.F.C.	393 50
April 26.....	" " " "	1,108 14
July 18.....	" " " "	69 19
September 19.....	" " " "	4 26
December 27.....	" " " "	1,629 66
February 6.....	" " " "	251 50
March 17.....	" " " "	752 76
April 24.....	" " " "	45 62
June 18.....	Balance Cash on Hand.....	101,869 52
		107,009 41

OTTAWA, ONTARIO, June 30, 1924.

COPIES OF ORDERS IN COUNCIL REFERRING TO PAYMENTS TO  
VETERAN ORGANIZATIONS

## RE GREAT WAR VETERANS' ASSOCIATION

P.C. 2378

*CERTIFIED COPY of a Report of the Committee of the Privy Council, approved by His Excellency the Deputy Governor General on the 5th July, 1921*

The Committee of the Privy Council have had before them a Report, dated 30th June, 1921, from the President of the Privy Council, stating that the special Committee, appointed by the House of Commons to consider questions relating to the Pensions, Insurance, and Re-establishment of returned soldiers, the report of which was submitted to and approved by the House of Commons on the 26th May, 1921, gave a large amount of consideration to the disposal of the canteen funds amounting to upwards of Two Million Dollars now in the hands of the Receiver-General for Canada or which may hereafter be paid over by the British authorities. Various suggestions were made to the Committee respecting these funds, and the following recommendation was passed:—

"That this matter be referred to the Government, together with the recommendations of the G.W.V.A., Army and Navy Veterans' Association, and G.A.U.V., and that the Government obtain through these organizations an opinion as to the best method of the disposal of these funds".

A letter has been received from the Secretary Treasurer of the G.W.V.A., a copy of which is submitted herewith, proposing co-operation with the Government along certain lines of activity conforming to provisions made by the

Government, the receipt and sifting of complaints, and the completing of an organization through the Provincial Commands of the Association for assisting the Federal, Provincial and Municipal authorities, in dealing with the unemployment situation.

While the G.W.V.A. is only one of several ex-soldier organizations operating in Canada, it is the largest and most representative. It maintains a Head Office with branch offices in all Provinces, and with Association Headquarters at upwards of eight hundred centres. The chief executive officers of the Association are in constant touch with the executive officers of the Department of Soldiers' Civil Re-establishment and other Departments, and there has been and is a marked degree of co-operation.

It would appear that a portion of the canteen funds, now in the hands of the Receiver-General, might very properly be allocated to the G.W.V.A., for the purpose of extending the scope and usefulness of that Association, provided that the expenditure of any moneys, which may be allocated to the Association, is properly safeguarded.

The Minister, therefore, recommends as follows:—

1. That the Great War Veterans' Association be authorized to expend such moneys as may be paid to the Association out of the canteen funds, on such activities as may be approved by the Board of Trustees, hereinafter designated.

2. That payment be made to the Great War Veterans' Association of Twenty Thousand Dollars (\$20,000) at once for the month of July, and a further Ten Thousand Dollars (\$10,000) on the first of every succeeding month, during the period this arrangement shall remain in force.

3. That John Barnett, Norman F. Parkinson, Robert B. Maxwell, C. Grant MacNeil, of the City of Ottawa, be appointed Trustees of the moneys payable to The Great War Veterans' Association, with power to supervise the expenditure herein recommended, and to require the production of vouchers and other evidence, as they may consider necessary.

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) G. G. KEZAR,

*Assistant Clerk of the Privy Council.*

P.C. 3648

*CERTIFIED COPY of a Report of the Committee of the Privy Council, approved by His Excellency the Governor General on the 24th September, 1921.*

The Committee of the Privy Council have had before them a Report, dated 16th September, 1921, from the Minister of Militia and Defence, stating that under the terms of P.C. 2378, dated 5th July, 1921, certain payments were authorized to be made to the Great War Veterans' Association out of the Canteen Funds now in the hands of the Receiver General of Canada subject to the terms and conditions in the said report set out.

It is considered advisable to limit the application of the said grant to the Great War Veterans' Association to relief work among the unemployed returned soldiers in Canada and their dependents, and it is also desirable to appoint an additional trustee for the purposes set out in the said report.

The Minister therefore recommends that Order in Council P.C. 2378, dated 5th July, 1921, be amended as follows:—

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1. That in respect of all future payments made to the Great War Veterans' Association the said association shall be bound to apply the same for the benefit of the unemployed returned soldiers in Canada and their dependents.

2. That the monthly payments of Ten Thousand Dollars, (\$10,000) per month mentioned in the said Order in Council shall finally cease with the payment to be made on the First of October next.

3. That J. W. Margeson of the City of Ottawa is hereby appointed a further additional Trustee of the said moneys under the term of the said Order in Council as hereby amended.

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) ROLDOLPHE BOUDREAU,  
*Clerk of the Privy Council.*

The Honourable The Minister of Militia and Defence.

## RE GRAND ARMY UNITED VETERANS

*P.C. 3519*

*CERTIFIED COPY of a Report of the Committee of the Privy Council approved by His Excellency the Governor General on the 21st September, 1921.*

The Committee of the Privy Council have had before them a Report, dated 15th September, 1921, from the Minister of Militia and Defence, representing that the Special Committee, appointed by the House of Commons to consider questions relating to the Pensions, Insurance and Re-establishment of Returned Soldiers, the report of which was submitted to and approved by the House of Commons on the 26th May, 1921, gave a large amount of consideration to the disposal of the Canteen Funds amounting to upwards of two million dollars now in the hands of the Receiver General for Canada or which may hereafter be paid over by the British authorities. Various suggestions were made to the Committee respecting these funds, and the following recommendation was passed:—

“That this matter be referred to the Government together with the recommendations of the Great War Veterans' Association, Army and Navy Veterans' Association, and Grand Army of United Veterans and that the Government obtain through these organizations an opinion as to the best method of the disposal of these funds.”

A letter has been received from the Grand Army of United Veterans requesting an allocation from the said Canteen Funds for relief purposes during the unemployment crisis; in which application it is stated:—

“It is the intention of this association to use the money granted by your Government for relief purposes during the unemployment crisis, expressly for veterans with overseas service who contributed to the Canteen Fund, also dependents of those who paid the supreme sacrifice.”

While the Grand Army of United Veterans is only one of several ex-soldier organizations operating in Canada, it maintains a Head Office with branches in the various provinces and the chief executive officers of the association are in close touch with the executive officers of the Department of Soldiers' Civil Re-establishment and other departments of the Government.

It would appear that a portion of the Canteen Funds now in the hands of the Receiver General might very properly be allocated to the Grand Army of United Veterans for the purpose of dealing directly with the unemployment situation among returned soldiers, provided that the expenditure of any moneys that may be allocated to the association is properly safe-guarded.

The Minister therefore recommends:—

1. That there be paid from the said Canteen Funds to the trustees hereinafter named for expenditure by the Grand Army of United Veterans in relief work among unemployed returned soldiers residing in Canada and their dependents during the ensuing autumn months the following amounts, namely,—Eight thousand dollars (\$8,000) forthwith, four thousand dollars (\$4,000) on the first day of October next, four thousand dollars (\$4,000) on the first day of November next, and four thousand dollars (\$4,000) on the first day of December next upon which last mentioned date all payments from the said Canteen Funds shall cease.

2. That the Grand Army of United Veterans is hereby authorized to expend such sums of money or so much thereof as may be necessary to meet the unemployment situation among returned soldiers in Canada and their dependents but all such expenditure shall be subject to the approval of the Board of Trustees hereinafter designated.

3. That J. W. Margeson, John Barnett and Norman F. Parkinson of the city of Ottawa, G. R. McNicol of the city of Hamilton and J. F. Marsh of the city of Toronto be appointed Trustees of the said moneys to be paid from the said Canteen Funds.

4. The said trustees shall have full power to supervise all expenditure recommended herein and to require the production of vouchers and other evidence as they may consider necessary.

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) RODOLPHE BOUDREAU,  
*Clerk of the Privy Council.*

The Honourable The Minister of Militia and Defence.

*P.C. 3762*

*CERTIFIED COPY of a Report of the Privy Council, approved by His Excellency the Governor General on 3rd October, 1921.*

The Committee of the Privy Council have had before them a report, dated 1st October, 1921, from the Minister of Militia and Defence, submitting that by Order in Council of the 21st September, 1921 (P.C. 3519) authority was granted for the payment of certain sums to The Grand Army of United Veterans out of the canteen funds now in the hands of the Receiver General of Canada.

The amounts so paid to The Grand Army of United Veterans being used for certain purposes specified in the said Order in Council of the 21st September, 1921, it is considered that the purpose for which said funds were to be used by The Grand Army of United Veterans as specified in the said Order in Council are somewhat limited in their scope.

The Minister, therefore, recommends that paragraphs 1 and 2 of his recommendation as approved by Your Excellency in Council on the 21st September, 1921, be repealed and the following substituted therefor:—



SESSIONAL PAPER No. 203a

1. That The Grand Army of United Veterans be authorized to expend such moneys as may be paid to it out of the canteen funds on such services as may be approved by the Board of Trustees appointed by Your Excellency in Council under the said Order in Council of the 21st of September, 1921, P.C. 3519.

2. That payments be made from the said canteen funds to The Grand Army of United Veterans in the following amounts, namely:

Eight thousand dollars (\$8,000) forthwith; four thousand dollars (\$4,000) on the first day of October, 1921 and four thousand dollars (\$4,000) on the first day of each succeeding month during the period this arrangement shall remain in force.

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) RUDOLPHE BOUDREAU,  
*Clerk of the Privy Council.*

The Honourable The Minister of Militia and Defence.

*Re* ARMY AND NAVY VETERANS IN CANADA

*P.C. 3647*

*CERTIFIED COPY of a Report of the Committee of the Privy Council, approved by His Excellency the Governor General on the 24th September, 1921.*

The Committee of the Privy Council have had before them a Report, dated September 23, 1921, from the Minister of Militia and Defence, stating that the Special Committee, appointed by the House of Commons to consider questions relating to the Pensions, Insurance and Re-establishment of Returned Soldiers, the report of which was submitted to and approved by the House of Commons on the 26th May, 1921, gave a large amount of consideration to the disposal of the Canteen Funds amounting to upwards of Two Million Dollars now in the hands of the Receiver General for Canada or which may hereafter be paid over by the British Authorities. Various suggestions were made to the Committee respecting these Funds, and the following recommendation was passed:—

“That this matter be referred to the Government together with the recommendations of the Great War Veterans Association, Army and Navy Veterans Association, and Grand Army of United Veterans and that the Government obtain through these organizations an opinion as to the best method of the disposal of these Funds.”

A letter has been received from the Army and Navy Veterans in Canada requesting an allocation from the said Canteen Funds for relief purposes during the unemployment crisis.

While the Army and Navy Veterans in Canada is only one of several ex-soldier organizations operating in Canada, it maintains a Head Office with branches in the various provinces and the Chief Executive Officers of the Association are in close touch with the Executive Officers of the Department of Soldiers' Civil Re-establishment and other Departments of the Government.

It would appear that a portion of the Canteen Funds now in the hands of the Receiver General might very properly be allocated to the Army and Navy Veterans in Canada for the purpose of dealing directly with the unemployment situation among returned soldiers, provided that the expenditure of any moneys that may be allocated to the Association is properly safeguarded.

The Minister therefore recommends:—

1. That there be paid from the said Canteen Funds to the Trustees hereinafter named for expenditure by the Army and Navy Veterans in Canada in relief work among unemployed returned soldiers residing in Canada and their dependents during the ensuing autumn months and the following amount, namely, Twelve Thousand Five Hundred Dollars (\$12,500) payable as follows: Six Thousand Five Hundred Dollars (\$6,500) cash and Two Thousand Dollars, (\$2,000) per month for the next three months at which time all payments from the said Canteen Funds shall cease.

2. That the Army and Navy Veterans in Canada is hereby authorized to expend such sums of money or so much thereof as may be necessary to meet the unemployment situation among returned soldiers in Canada and their dependents, but all such expenditure shall be subject to the approval of the Board of Trustees hereinafter designated.

3. That J. W. Margeson, John Barnett, and Norman F. Parkinson, of the city of Ottawa, Sir Hugh John MacDonald, of the city of Winnipeg, and Major Fawcett G. Taylor, of the city of Winnipeg, be appointed Trustees of the said moneys to be paid from the said Canteen Funds.

4. The said Trustees shall have full power to supervise all expenditure recommended herein and to require the production of vouchers and other evidence as they may consider necessary.

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.)      RUDOLPHE BOUDREAU,  
Clerk of the Privy Council.

The Honourable The Minister of Militia and Defence.

*P. C. 3761*

*CERTIFIED COPY of a Report of the Committee of the Privy Council, approved by His Excellency the Governor General on the 3rd October, 1921.*

The Committee of the Privy Council have had before them a report, dated October 1, 1921, from the Minister of Militia and Defence, submitting that by Order in Council of the 24th September, 1921 (P.C. 3647) authority was granted for the payment of certain sums to the Army and Navy Veterans in Canada out of the canteen funds now in the hands of the Receiver General of Canada.

The amounts so paid to the Army and Navy Veterans in Canada being used for certain purposes specified in the said Order in Council of the 24th September, 1921, it is considered that the purpose for which said funds were to be used by the Army and Navy Veterans in Canada as specified in the said Order in Council are somewhat limited in their scope.

The Minister, therefore, recommends that paragraphs 1 and 2 of his recommendations as approved by Your Excellency in Council on the 24th September, 1921, be repealed and the following substituted therefor:—

1. That the Army and Navy Veterans in Canada be authorized to expend such moneys as may be paid to it out of the canteen funds on such services as may be approved by the Board of Trustees appointed by Your Excellency in Council under the said Order in Council of the 24th of September, 1921. (P.C. 3647).

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2. That payments be made from the said canteen funds to the Army and Navy Veterans in Canada in the following amounts, namely:—

Six Thousand Five Hundred Dollars (\$6,500) cash, and Two Thousand Dollars (\$2,000) per month on the 1st day of each month for so long as this arrangement shall remain in force.

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) RODOLPHE BOUDREAU,  
*Clerk of the Privy Council.*

#### Re VARIOUS ORGANIZATIONS

P. C. 3887

*CERTIFIED COPY of a Report of the Committee of the Privy Council, approved by His Excellency the Governor General on the 12th October, 1921.*

The Committee of the Privy Council have had before them the recommendations of the Special Committee appointed by the House of Commons to consider questions relating to the Pensions, Insurance and Re-establishment of Returned Soldiers, the report of which was submitted to and approved by the House of Commons on the 26th May, 1921; which report gave a large amount of consideration to the disposal of Canteen Funds amounting to upwards of \$1,800,000 in the hands of the Receiver-General for Canada, or which may hereafter be paid over by the British authorities. Various suggestions were made to the Committee respecting these funds, and the following recommendation was passed:—

“That this matter be referred to the Government together with the recommendations of the Great War Veterans' Association, and The Grand Army of United Veterans, and that Government obtain through these organizations an opinion as to the best method of the disposal of these funds.”

The Minister of Militia and Defence has requested the several organizations mentioned to submit the recommendation thus solicited. In response, advice has been given that arrangements are under way to ascertain the consensus of opinion among Canadian ex-service men generally. There is general agreement that the main fund be held intact and its final disposition determined by Act of Parliament, following the reference stipulated.

Urgent requests have been received, however, for further small allocations from the said Canteen Funds for immediate requirements, relating to the welfare of ex-service men, and arising largely from the danger of wide-spread unemployment. In view of the fact that the needs so described demand immediate attention, it would appear that a portion of the interest accruing on the Canteen Funds might very properly be allocated for the purpose of dealing with such problems among ex-service men, provided that the principal sum be kept intact, and further provided that the expenditure of such moneys be properly safeguarded.

In view of such urgent requests and of the unemployment of ex-service men the whole question was referred to a Sub-committee of Council consisting of the Ministers of the Department of the Interior, Labour, Finance and Railways and Canals, and such Committee recommend:—

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1. That there be paid from the interest accruing on the said Canteen Funds to the Trustees, hereinafter named, the sum of one hundred and twenty thousand dollars.

2. That the said Trustees be authorized to award from the sum so allocated reasonable amounts among organizations of ex-service men capable of demonstrating ability to efficiently conduct the activities, hereinafter set forth.

3. That all awards from the said Trust Fund be devoted expressly for the purpose of General Information and Service Work, Relief Work in Special Cases, Organization enabling effective co-operation with National, Provincial and Municipal interests to cope with unemployment conditions among ex-service men and dependents and such organization development and maintenance, as may be required for the welfare of ex-service men and dependents.

4. That all such expenditures be submitted for the approval of the Board of Trustees, hereinafter designated.

5. That J. W. Margeson, Thomas O. Cox, and W. C. Arnold, of the city of Ottawa, be appointed Trustees of the said moneys to be paid from the said Canteen Funds.

6. The said Trustees shall have full power to supervise all expenditure, recommended herein, and to require the production of vouchers and other receipts as they may consider necessary.

7. That no further payments be made under any prior orders to the Great War Veterans' Association.

The Committee concur in the foregoing recommendations and submit the same for approval.

(Sgd.) RODOLPHE BOUDREAU,  
*Clerk of the Privy Council.*

## PLEBISCITE ON CANTEEN FUNDS DISPOSAL

### ADDITIONAL SUGGESTIONS RECEIVED

The Canteen Funds Disposal Committee (appointed under P.C. 4122 of November 3, 1921), in its Report of March 15, 1922, says:—

#### "ADDITIONAL SUGGESTIONS

" 13. Attached hereto, marked schedule ' B ' is an analysis of the suggestions received, after the issue of the ballot cards, apart from the lottery and cash distribution schemes. There were a number of additional suggestions which could not be taken seriously."

Schedule "B" of the Report is as follows:—

- "1. Add enough to fund to pay \$1 to men for service in France.
- "2. Community land settlement, depot system.
- "3. Distribution amongst widows not receiving pension.
- "4. Provision of suitable permanent employment for every disabled man.
- "5. Publication of war memorial volume to be presented to each veteran.
- "6. Investment, and the interest to be available for loan for building homes for veterans.
- "7. Veterans Trust Company. Featuring housing scheme for returned soldier and special rates of interest on savings deposits.
- "8. Any productive manufacturing or agricultural enterprise.

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- "9. Distribute as cash bonus to men at present in receipt of pension.
- "10. To be used to increase present pension.
- "11. Cash distribution to save further argument.
- "12. Old age pensions for veterans.
- "13. For re-establishment of veterans in industry.
- "14. Distribution according to length of service in the line.
- "15. Distribution to 100 per cent disabled cases.
- "16. To open up a gold mine, 1 share of stock for each year's service in France.
- "17. Houses for men incapable of self-support.
- "18. More cash bonuses.
- "19. Provision for veterans still in hospital.
- "20. Officers to be excluded in any case.
- "21. Establishment of home for old soldiers.
- "22. Proportional division by Provinces for home building.
- "23. Out of employment insurance veterans.
- "24. Speculation. Purchase of land to be held for ten years.
- "25. To provide better allowances for widows and dependent mothers.
- "26. Widowed mothers to receive arrears in pension from time son killed until time pension began.
- "27. Scholarships after Rhodes methods.
- "28. Old age pension at 65.
- "29. \$2,000 per man as far as it will go.
- "30. Defray surgical expense in respect of veterans' dependents.
- "31. Establishment of orphans' home.
- "32. Help homesteaders five miles or more from towns.
- "33. Free hospital treatment veterans and dependents.
- "34. Co-operative stores in each city.
- "35. To provide Christian burials for veterans' wives.
- "36. To be distributed amongst men of 1st and 2nd Divisions.
- "37. To build a monument at Vimy.
- "38. To provide facilities for disabled men to learn trades.
- "39. Divide among districts according to enlistments and let local committee in each district deal with it.
- "40. Allotment of proportion to B.G.W.A. to be held in trust for veterans domiciled in U.S.A.
- "41. Establishing old soldiers' homes and homes for disabled throughout Canada.
- "42. Money to be invested and interest drawn for by lottery half yearly.
- "43. For exploration purposes Province of British Columbia.
- "44. Construction and operation of theatre in Montreal.
- "45. Thorp's suggestion to provide work for 500 men and 150 women.
- "46. To provide treatment for men discharged A.I. and who subsequently became tuberculous.
- "47. Funds to be available as loans to veterans to commence business.



## APPENDIX F

## RE CANTEEN FUNDS

STATISTICS ON WHICH PROVINCIAL ALLOTMENTS ARE BASED

Province	Total C.E.F. enlistments	Per cent	Discharges from 11-11-18 to 31-10-19	Per cent	Total of Disability and Death pensions as - of 31-3-24	Per cent
Ontario, M.D. No. 1 .....			15,422			
M.D. No. 2 .....			73,817			
M.D. No. 3 .....	245,677	41.600	22,423	42.849	20,305	40.474
Quebec, M.D. No. 4 .....			33,420			
M.D. No. 5 .....	82,793	14.019	5,075	14.773	4,697	9.362
New Brunswick, M.D. No. 7	25,864	4.379	11,802	4.530	1,856	3,700
Nova Scotia and Prince Edward Island, M.D. No. 6	33,342	5.646	25,787	9.899	3,182	6,343
Manitoba, M.D. No. 10	66,319	11.230	26,314	10.097	5,407	10,780
Alberta, M.D. No. 13	45,146	7.644	14,585	5.597	4,413	8,796
Saskatchewan, M.D. No. 12	37,666	6.378	11,253	4.311	3,379	6,735
British Columbia and Yukon, M.D. No. 11	53,765	9.104	20,702	7.944	6,928	13,810
	590,572	100.000	260,600	100.000	50,168	100,000

## APPENDIX G

(Copy)

Great Seal of  
Canada(Sgd.) L. H. DAVIES,  
*Deputy Governor General.*

## CANADA

GEORGE THE FIFTH, by the Grace of God of the United Kingdom of Great Britain  
and Ireland and of the British Dominions beyond the Seas KING, Defender  
of the Faith, Emperor of India.

To all whom these presents shall come, or whom the same may in anywise  
concern.

GREETING:

Whereas in and by an Order of our Governor General in Council bearing  
date the twenty-second day of July in the year of our Lord one thousand nine  
hundred and twenty two provision has been made for an investigation with respect  
to certain matters therein mentioned by our Commissioners therein and herein-  
after named as upon reference to the said Order in Council, a copy of which is  
hereto annexed, will more fully and at large appear. The matters to be so investi-  
gated are set out in complaints made by certain officials of the Great War  
Veterans Association as contained in a telegram reported in the press as follows:  
"Following recent disclosures surrounding Parliamentary inquiry we openly  
charge Pensions Board with contemptible and cold-blooded conspiracy to  
deprive ex-service men of rights previously granted by Parliament. There  
has been deliberate concealment, secret regulations pensions and insurance in

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direct violation intention of Parliament and deliberate attempt to disguise facts before present Parliamentary Committee. This is culmination unsympathetic policy of increasing severity during recent months. Chairman Committee has consented to re-open question impressed by generally expressed indignation. This plot challenges basic rights ex-service men, nullifies in principle established privileges and frustrates further re-establishment effort required." In addition to the matters alleged in the said telegram the Commissioners are hereby authorized to deal also with the following matters namely:—

1. To consider and make suggestions in respect to the procedure by which disabled ex-members of the Canadian Expeditionary Force are enabled to make application for pensions and medical treatment, or submit an appeal in respect of decisions thereon.

2. To recommend means for ensuring that suitable provision is made for those ex-members of the forces and dependents who are under serious handicaps by reason of war services, in conformity with the recommendations now made, and for whom definite, legislative provision has not yet been made. For the above purposes the commission shall, 1°, Survey existing re-establishment needs among Canadian ex-service men and dependents. 2° Investigate available data in respect of phases of the Parliamentary inquiry as yet incomplete. 3°, Obtain information as regards suitable provision for those classes of ex-service men described in Section 7, Chapter 2 of the Committee's report. 4°, Investigate the question of Canteen funds.

Now know ye, that by and with the advice of Our Privy Council for Canada, We do by these presents nominate constitute and appoint James Layton Ralston, of the City of Halifax in the Province of Nova Scotia, Esquire, one of Our Council learned in the law, Walter McKeown, of the City of Toronto, in the Province of Ontario, Esquire, Doctor of Medicine and Arthur Edouard Dubuc, of the City of Montreal, in the Province of Quebec, Esquire, Engineer, to be Our Commissioners to conduct such enquiry. To have, hold exercise and enjoy the said office, place and trust unto the said James Layton Ralston, Walter McKeown and Arthur Edouard Dubuc, together with the rights, powers, privileges and emoluments unto the said office, place and trust of right and by law appertaining, during pleasure.

And we do hereby appoint the said James Layton Ralston to be Chairman of Our said Commission.

And we do hereby, under the authority of the Revised Statute respecting inquiries concerning public matters, confer upon Our said Commissioners, the power of summoning before them any witnesses and of requiring them to give evidence on oath, or on solemn affirmation if they are persons entitled to affirm in civil matters, and orally or in writing, and to produce such documents and things as Our said Commissioner shall deem requisite to the full investigation of the matters into which they are hereby appointed to examine.

And Our said Commissioners are hereby authorized to engage the services of such accountants, engineers, technical advisers or other experts, clerks, reporters and assistants as they may deem necessary or advisable, and the services of Counsel to aid and assist in either or both of the said inquiries and Our Commissioners are hereby clothed with all the other powers specified in Chapter 28, 2 George V. And We do hereby require and direct Our said Commissioners to report to Our Governor General in Council the result of their investigation together with the evidence taken before them and any opinion they may see fit to express thereon, and any recommendation or recommendations they may think it advisable to make.

In testimony whereof We have caused these Our Letters to be made Patent and the Great Seal of Canada to be hereunto affixed.

*Witness*, Our Right Trusty and Well-beloved Counsellor The Right Honourable Sir Louis Henry Davies, one of Our Most Honourable Privy Council, Knight Commander of Our Most Distinguished Order of Saint Michael and Saint George, Chief Justice of Canada and Deputy of Our Right Trusty and Well-beloved Julian Hedworth George Baron Byng of Vimy, General on the Retired List and in the Reserve of Officers of Our Army, Knight Grand Cross of Our Most Honourable Order of the Bath, Knight Grand Cross of Our Most distinguished Order of Saint Michael and Saint George, Member of our Royal Victorian Order, Governor General and Commander-in-Chief of Our Dominion of Canada.

At Our Government House in Our City of Ottawa, this twenty-second day of July, in the year of Our Lord one thousand nine hundred and twenty-two and in the thirteenth year of Our Reign.

By Command,

(Sgd.) P. PELLETIER,  
*Acting Under-Secretary of State*

## APPENDIX II

### LIST OF DOCUMENTS FILED WITH COMMISSION DURING THE SECOND PART OF INQUIRY

<i>Subject</i>	<i>Particulars of documents</i>
Treatment and Allowance pending Headquarters decision.	Letter from Secretary-Treasurer Pouce Coupe Branch, G.W.-V.A. to Provincial Secretary-Treasurer, G.W.V.A., Vancouver, dated January 29, 1923. Letter from Assistant Deputy Minister, D.S.C.R. to Chairman, Royal Commission, dated January 24, 1924.
Conflict between Pensions Treatment Decisions.	Memorandum showing method by which the actual cost of treatment in Hospitals can be ascertained.
Appeals.	Statistics and outline of procedure of the Board of Appeals on Pensions and Re-establishment, dated January 25, 1923. Letter from Secretary, B.P.C. to Chairman, Royal Commission, giving certain details of cases dealt with by Board of Appeal, dated April 26, 1923. Copy of regulations and general orders issued by the U.S. Veterans' Bureau dealing with organization and duties of Boards of Appeal. Memorandum to the Minister, D.S.C.R., from the Chairman of Board of Appeals dated December 7, 1923, and reply thereto. Copy of a type case presented for appeal with supporting documents. Memorandum to Special Committee of the Senate on Bills 203, 204 and 205 prepared by Deputy Minister D.S.C.R.
Sheltered Employment.	Balance sheet Red Cross Work Shops, Vancouver. Outline of principles for provision of sheltered employment. Statistics furnished by D. Unit, Veterans shops. Recommendation submitted by Central Veterans' Committee, Vancouver, re handicapped cases. Memorandum re operation of Red Cross work shops. Copy of Agreement between B.C. Provincial Division Canadian Red Cross and D.S.C.R. made August, 1922. Memorandum re B.C. Red Cross work shops. Memorandum re re-establishment and sheltered employment for ex-service men prepared by Prof. F. H. Sexton, Halifax.

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LIST OF DOCUMENTS FILED WITH COMMISSION DURING THE  
SECOND PART OF INQUIRY—*Continued*

<i>Subject</i>	<i>Particulars of documents</i>
Pensions in other Countries.	Extracts from French Military Pension Act dated November 15, 1917, with all Amendments to said Act from 1803.
Mental cases and Neuros-thenics.	Monthly return Neuropsychiatric service, Westminster Hos-pital, for the month ending March 31, 1923.
Syphilitics.	Letter from Dr. R. G. Armour dated April 26, 1923.
Tuberculosis.	Summary of medical classifications and percentage of readmis-sions prepared by Tuberculous Veterans' Association, Moun-tain Sanatorium Branch.
	Memorandum re housing scheme at Kamloops submitted by T.V.A., Tranquille, B.C.
	Letter dated February 15, 1923, from Dr. A. F. Miller, Kent-ville Sanatorium, to Deputy Minister, D.S.C.R.
	Sugge tions received from T.V.A., Manitoba Branch, and pre-sented during Sessions at Winnipeg.
	Memorandum submitted by T.V.A., Tranquille, B.C.
	Memorandum submitted by T.V.A., Calgary Branch, dated March 24, 1923.
	Report of the Committee of T.B. Specialists on attributability dated March, 1922.
	Further memorandum re pensions submitted by Tranquille Branch, T.V.A.
	Memorandum re model village for T.B. ex-soldiers at Kamloops, B.C.
	Letter from Assistant Deputy Minister, D.S.C.R., to Chairman, Royal Commission, dated May 15, 1923, furnishing statistics re aggravation in cases of T.B.
	Statement as to readmission cases, Mowat Sanatorium.
	Summary of civilian patients on strength of D.S.C.R. as at May 12, 1923.
	Memorandum re T.B. statistics from Secretary, B.P.C.
	Letter from Deputy Minister, D.S.C.R., to Chairman, Royal Commission, re T.B. amongst ex-members of the C.E.F., dated May 29, 1923.
	Documents submitted by Montreal Branch Patriotic Fund as to T.B. situation in Great Britain.
	Memorandum from Dr. C. D. Parfitt to Director Medical Services, D.S.C.R., on readmissions to Sanatorium.
	Memorandum from Secretary, B.P.C., to Chairman, Royal Commission, giving estimate of costs for increased pension to the T.B.
Old Age Pensions.	Memorandum from Deputy Minister to Commission outlining scheme for old age pensions.
-	Letter from J. H. Walsh to Capt. McKenzie, Vancouver, out-lining a proposed scheme.
-	Memorandum from Medical Examiner, B Unit, Halifax, to Chairman, illustrating type of case which would benefit by old age pensions.
Home Industries.	Memorandum submitted by Miss G. Helen Mowat, St. Andrews, N.B., as to what can be accomplished by home industries.
Amputations.	Letter from Director of Administration, D.S.C.R., Ottawa, to the Commission re issue of orthopaedic boots, dated January 29, 1924.
	Statement submitted by Major W. A. Burgess re amputation statistics.
	Memorandum on artificial limbs by witness at Calgary.
	Information and statistics supplied by Amputations' Associ-ation, Calgary Branch.
	Memorandum as to amputation cases in Nova Scotia.
	Report of special Departmental Representative in England relative to artificial limbs.
	Copy of P.C. 3342.
	Brief submitted on behalf of the Amputation's Association of the Great War and the Sir Arthur Pearson Club of Blinded Soldiers and Sailors before Commission at Toronto.

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# LIST OF DOCUMENTS FILED WITH COMMISSION DURING THE SECOND PART OF INQUIRY—*Continued*

<i>Subject</i>	<i>Particulars of documents</i>
Loans. Vocational Training.	Statement of loans made in J. Unit, D.S.C.R., Vancouver. Report on vocational training in Great Britain. Memorandum on vocational training submitted by F. H. Riches, dated March 19, 1923.
Unemployment Insurance.	Report in re rehabilitation of partially disabled ex-service men prepared by H. W. Nichol, Toronto. Analysis of the problem of the employment of the partially disabled ex-service man presented by Dr. Albert H. Abbott, Toronto.
Relief.	Type cases dealt with by Canadian Patriotic Fund, Halifax Branch. Statement as to relief administered by Ex-Service Men's Centralized Aid Association, Toronto.
Amendments and Rulings re Pension Act.	Memorandum on permanent pensions from the Director of Medical Services to Dr. R. J. Kee, dated April 10, 1923. Statement as to number of pensioners in Nova Scotia and Prince Edward Island. Statement as to disability pensioners in Nova Scotia and Prince Edward Island. Statement as to approximate number men who volunteered for service and were called up under Military Service Act in Nova Scotia and Prince Edward Island. Statement as to disability cases in Province of New Brunswick. Report from Select Committee of the House of Commons on pensions (Great Britain). Statement as to number of pensioners on strength of A unit, D.S.C.R., Montreal.
Section 25 (3).	Memorandum dated April 9, 1923, from Secretary, B.P.C.
Section 33 (1).	Memorandum from Secretary, B.P.C., to Chairman, Royal Commission, dated May 12, 1924. Letter from Secretary, B.P.C., to Hume Cronyn, Chairman, Parliamentary Committee on pensions, dated May 16, 1921.
Section 40.	Statistics as to cases dealt with under this section.
Desertions.	Letter from Secretary, B.P.C., to Secretary, Royal Commission, dated May 28, 1923.
Dependents.	Correspondence on a type case (No. 408090, J. Gorman, Toronto). Statement and statistics submitted by the President, Widows, Wives and Mothers of Great Britain's Heroes Association. Statement as to dependents' pension paid in Edmonton district. List of dependent pensioners in B. Unit, Halifax. Memorandum submitted by President, Widows, Wives and Mothers of Great Britain's Heroes Association, dated February, 27 1923.
Table of Disabilities.	Copy, routine instruction No. 216 issued by Secretary, B.P.C. Table for estimating incapacity in pulmonary T.B. Table showing comparison of percentages for disabilities of Canadian, English, French and United States systems. Memorandum re Table of Disabilities from Secretary, B.P.C., to Chairman, Royal Commission, dated April 25, 1923. Instructions and Table of Disabilities as prepared by the Board of Pension Commissioners dated February, 1921. Table of Disabilities as prepared by the United States Veterans' Bureau.
Section 33 (2).	Memorandum from Secretary, B.P.C., to Secretary, Royal Commission, dated February 7, 1924.
Vicious and Immoral Conduct.	Statement prepared by Chairman, B.P.C., as to disability due to misconduct, dated March 4, 1922. Forfeiture of pension for misconduct, Imperial regulations. Type cases submitted by Soldiers' Aid Commission, Ontario, re discontinuance of widows pension on grounds of misconduct.



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LIST OF DOCUMENTS FILED WITH COMMISSION DURING THE  
SECOND PART OF INQUIRY—*Continued*

<i>Subject</i>	<i>Particulars of document</i>
Children.	Memorandum re orphan and fatherless children prepared by C. L. Tucker, Regina. Letter from Superintendent in charge of Neglected and Delinquent Children of the Attorney General's Department, Province of Nova Scotia, to Chairman, dated January, 1923. Type cases to illustrate procedure, submitted by Halifax Unit Office. Type cases submitted by Soldiers' Aid Commission of Ontario as to procedure. Memorandum as to children's pension presented by witness at Toronto session.
Protection of Women and Children.	Memorandum submitted by Miss Mary A. Burke, Secretary of the Society for the Protection of Women and Children.
Prisoners' Welfare.	Memorandum submitted by the General Secretary of the Family Welfare Association of Montreal. Memorandum submitted by the Honorary Secretary, Canadian Prisoners' Welfare Association.
Imperials.	Statement as to pay of an officer in the R.A.M.C., and also C.A.M.C. Copy of R.A.M.C. contract. Documents in connection with claim for war service gratuity of ex-members of the Mercantile Marine who served under Agreement T121. War office regulations covering agreement T124.
Soldiers' Settlement.	Memorandum and statistics re implement price list, International Harvester Company, Limited, supplied by J. H. Martinson, witness at Winnipeg. Memorandum and statistics re live stock and grain markets supplied by J. H. Martinson. Memorandum re lumber price list supplied by J. H. Martinson. Replies received to circular letter sent by J. H. Martinson to Bank Managers, Loan Companies, etc., re soldier settlement land values. Copies of questionnaires sent to residents of rural districts in Manitoba, with replies. Memorandum from E. N. Johnston, District Superintendent, Soldier Settlement Board, Regina, dated April 19, 1923, re Dominion lands. Summary of individual cases mentioned by Capt. J. C. Brown, witness at Vancouver. Report of Committee on Farming on Small Holdings in British Columbia. Memorandum on various aspects of soldier settlement submitted by J. H. Martinson, dated March 12, 1923. Memorandum from J. W. Berry, dated 28/4/21, re subject of Small Holdings. Memorandum on subject of Land Settlement prepared by Capt. J. C. Brown. Memorandum from Soldier settlers on Nicomen Island, B.C. Memorandum submitted by W. A. Irwin, dated Edmonton, February 19, 1923. Memorandum submitted by W. A. Irwin, dated Edmonton, February 28, 1923. Copy of Address given by Major E. J. Ashton, D.S.O., Commissioner, Soldier Settlement Board, Ottawa, to the Canadian Club at a luncheon at the Cecil Hotel, London. Memorandum from Chairman, Soldier Settlement Board re Land Settlement matters. Memorandum from Col. N. W. Belson, Kelowna, B.C., on subject of Small Holdings.

# LIST OF DOCUMENTS FILED WITH COMMISSION DURING THE SECOND PART OF INQUIRY—*Continued*

<i>Subject</i>	<i>Particulars of document</i>
Housing.	Report dealing with the Housing problem by Dr. Charles J. Hastings, dated July, 1918. Annual Report of the Winnipeg Housing Commission for the year 1922. Memorandum re housing submitted by Mr. H. H. Currie, Vancouver. Suggested Housing Scheme from G. Holloway, Humber Bay, Ontario. Various resolutions on Housing submitted by Mr. W. A. Irwin at Calgary Session.
Free Treatment.	Statement as to procedure by Dr. S. R. D. Hewitt, Unit Medical Director, D. Unit, D.S.C.R., dated May 29, 1923. Statement of patients on treatment, D. Unit, D.S.C.R., compassionate grounds as from July, 1921, to April 15, 1923.
Employment and Relief.	Memorandum from W. J. Burnett to W. W. Parry, Toronto, under date of April 18, 1923, re unemployment of ex-service men. Copy of P.C. 2914. Memorandum from the Minister of Labour, Province of British Columbia, to Employers of Labour in British Columbia, dated February 1, 1923. Statement outlining the National Scheme for the employment on a percentage basis of disabled ex-service men in Great Britain. Statement as to employment ex-service men in a Civil Service in G Unit, D.S.C.R., Winnipeg. Copy of the <i>Labour Gazette</i> for the month of February, 1923. Memorandum submitted by C. W. Belton dated March 19, 1919, on the unskilled labour market. Extract from Civil Service Act as amended June 4, 1921. Statement showing number of ex-service men placed through the Civil Service Commission during the year 1922.
Royal North West Mounted Police.	Memorandum re claims for Veterans' scrip submitted by R.N.W.M.P. Veterans' Association, February 23, 1923. Memorandum re increase of pensions to qualified Veterans submitted by R.N.W.M.P. Veterans' Association, dated February 23, 1923. Copy of B.C. Veterans' Weekly, dated December 2, 1920.
Burials.	Copy of Year Book of the G.W.V.A., Saskatchewan Commission, 1922-23. Collection of forms used by Last Post Fund of Canada. Pamphlet outlining activities of Last Post Fund of Canada. Copy of general instructions to officers of the Last Post Fund of Canada. Memorial submitted by H. C. Cornish, Toronto, dated April 13, 1923, re burials of dependents.
Insurance.	Method of procedure of Insurance for District and Sub-district offices prepared by the Insurance Division, U.S. Veterans' Bureau, Washington, dated February, 1923. Copy of the War Risk Insurance Act with Amendments prior to September 1, 1921. Returned Soldiers' Insurance Act statement of activities up to April 24, 1923. Memorandum submitted by E. Browne Wilkinson at Winnipeg on subject of Insurance. Resolution of the T.V.A., Victoria, B.C., dated April 16, 1923. Resolution re Insurance, from General Mercer Branch, G.W.V.A., Toronto.

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LIST OF DOCUMENTS FILED WITH COMMISSION DURING THE  
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<i>Subject</i>	<i>Particulars of document</i>
Homesteads and Dominion Land Registration.	Dominion Lands Hand-book edition of 1919. Dominion Lands Hand-book edition of April 3, 1920. Dominion Lands Hand-book edition of May 11, 1921. Resolution of Homesteaders who lost their land on account of war service submitted by E. A. Sands, Chiliwack, B.C., dated February 12, 1923. Memorial re Soldier Settlers at Camp Lister and Courtney Settlement, B.C.
Refund of Passage Money and Repatriation.	Memorandum prepared by witness at Winnipeg. Copy of Order-in-Council P.C. 179 of January 29, 1919. Copy of P.C. 2390, November 29, 1919. Copy of P.C. 845, April 22, 1920. Copy of P.C. 632, March 21, 1919. Copy of P.C. 1798, August 5, 1920. Copy of P.C. 122 of January 10, 1920. Copy of P.C. 3932, November 11, 1921. Copy of P.C. 4385, November 15, 1921. Copy of P.C. 186, January 31, 1923. Copy of P.C. 1757, September 7, 1922. Copy of P.C. 437, March 17, 1923.
War Service Gratuity.	Copy of P.C. 157, January 26, 1923. Copy of P.C. 17, January 9, 1924. Copy of P.C. 18, January 9, 1924. Copy of Naval Agreement T124. Copies of correspondence between Secretary, Imperial Veterans' of Canada and various Departments re eligibility of ex- members of the Mercantile Marine to receive War Service Gratuity. Copy of P.C. 3165 of December 21, 1918. Statement re War Service Gratuity to deserted wives. Copy of P.C. 3145 of December 22, 1920. Copy of War Pensions Act 1921 (14 and 12 Geo. 5, ch. 49) Sections 1 to 10.
Canteen Funds.	Letter from Dominion Secretary, Imperial Veterans' in Canada, dated March 27, 1923. Resolution from Central Toronto Branch, G.W.V.A., dated April 16, 1923. Letter from Deputy Minister, D.S.C.R., outlining Scheme for use of these funds for provision of educational facilities. Memorandum from E. Browne Wilkinson, Winnipeg, as to dis- posal of funds. Memorandum from P.C. McInnis re disposal of funds. Resolution from Langley Command, G.V.W.A., as to disposal of funds. Replies received by N. F. Parkinson, Deputy Minister, D.S.C.R., from General A. W. Currie and Dr. H. M. Torry as to disposal of funds. Memorandum as to Scheme for distribution of funds prepared by T. O. Cox, Department of National Defence. Report of Canteen Funds Disposal Committee.



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 References to 1st Interim Report on 2nd Part Investigation are shown as (ii)  
 References to 2nd Interim Report on 2nd Part Investigation are shown as (iii)  
 References to Final Report on Second Part of Investigation are shown as (iv)

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# LAUSANNE CONFERENCE AND TREATY

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EXCHANGE OF TELEGRAMS BETWEEN THE  
BRITISH AND CANADIAN GOVERNMENTS

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*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA  
F. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1924



# LAUSANNE CONFERENCE AND TREATY

## EXCHANGE OF TELEGRAMS BETWEEN THE BRITISH AND CANADIAN GOVERNMENTS

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## LAUSANNE CONFERENCE AND TREATY

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*From the Secretary of State for the Colonies to the Governor General*

LONDON, October 27, 1922.

Following for your Prime Minister. Begins:—

Yesterday invitations were sent by the Governments of Great Britain, France and Italy, to the Japanese, Roumanian, Yougoslav, Greek and Turkish Governments, "both of Constantinople and Angora", to send representatives to Lausanne November 13th to conclude Treaty to end the War in the East which will replace Treaty of Sevres. Russian Soviet Government and Bulgarian Government also being invited to send to Lausanne, at any date to be fixed, representatives to take part in discussion on question of the Straits which the Conference will undertake at a later stage. Enquiry (?) is also being addressed by the three Governments to the United States expressing hope that they will permit United States representative to be present during Lausanne negotiations in a capacity similar to that in which United States representative was present during negotiations at San Remo in 1920, or to take more active part in the negotiations, specially on the question of the Straits. According to arrangements agreed upon with French and Italian Governments each Government would be represented at Lausanne by two plenipotentiaries. Secretary of State for Foreign Affairs will personally act as chief British plenipotentiary and it is proposed he should be accompanied by the British High Commissioner at Constantinople. Dominion Governments will be kept informed from time to time on the general lines of policy on which British plenipotentiaries propose to proceed and of course of negotiations and in case of other Treaties arising out of the peace will of course be invited to sign new Treaty and any separate instrument regulating the status of the Straits. His Majesty's Government trusts that this procedure will be in accordance with the wishes of your Government. Plenipotentiaries are fully acquainted with the Imperial aspect of the problem and with the keen interest taken by the Dominion Governments in its solution. Similar telegram sent to other Prime Ministers. Ends.

DEVONSHIRE.

---

*From the Governor General to the Secretary of State for the Colonies*

OTTAWA, October 31, 1922.

Following from Prime Minister for you. Begins:

I have the honour to acknowledge the receipt of Your Grace's despatch of the 27th instant, informing our Government of the invitations to the Lausanne Conference which have been sent to the Governments of other countries by the Governments of Great Britain, France and Italy, and setting forth the procedure in reference thereto.

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Our Government has no exception to take to the course pursued by His Majesty's Government with respect to the conclusion of a treaty to end the war in the Near East. As, however, it is proposed to keep our Government informed from time to time of the general lines of policy on which British plenipotentiaries propose to proceed, and of the course of negotiations, and to invite us to sign a new treaty and any separate instrument regulating the status of the Straits, we deem it advisable to avail ourselves of the earliest opportunity to inform His Majesty's Government that in our opinion the extent to which Canada may be held to be bound by the proceedings of the conference or by the provisions of any treaty or other instrument arising out of the same, is necessarily a matter for the Parliament of Canada to decide and that the rights and powers of our Parliament in these particulars must not be held to be affected by implication or otherwise in virtue of the information with which our Government may be supplied. Ends.

BYNG.

---

*From the Secretary of State for the Colonies to the Governor General*

LONDON, November 16, 1922.

Following from Prime Minister for your Prime Minister. Begins:—

I brought your message of October 31 as to the Lausanne Conference before the Cabinet to-day. We fully understand that it is the desire of the Canadian Government that any Treaty with Turkey, which may result from the Conference, should be submitted to the Canadian Parliament for approval before His Majesty is advised to ratify it. It is our most earnest desire that you should be kept fully informed of the developments of the Conference and we shall endeavour to send you full details. Ends.

DEVONSHIRE.

---

*From the Governor General to the Secretary of State for the Colonies*

OTTAWA, November 25, 1922.

Following from Prime Minister for you. Begins:—

Your Grace's message of November sixteenth, referring to mine of October thirty-first, concerning the Lausanne Conference, was carefully considered by our Cabinet to-day. We feel that the purport of my message of October thirty-first has not been correctly interpreted or understood. (Stop) Our Government has not expressed a desire to have any treaty with Turkey, which may result from the Conference, submitted to the Canadian Parliament for approval, before His Majesty is advised to ratify it. nor do we wish to be understood as preferring

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any such request. My message was intended to make clear that we had no exception to take to Canada not being invited to be represented at the Conference, but, inasmuch as we had been informed that we would be invited to sign a new Treaty and any separate instrument regulating the status of the Straits we wished to make it perfectly clear that in our opinion the extent to which Canada may be held to be bound by the proceedings of the Conference or by the provisions of any treaty or other instrument arising out of the same, was necessarily a matter for the Parliament of Canada to decide. (Stop) We deem it of the utmost importance that there should be no misunderstanding as to our position with respect to Canada's obligations in this and kindred matters. (Stop) In our opinion Parliament will desire, as respects the Treaty with Turkey and any other instruments arising out of the Lausanne Conference to reserve to itself the right to decide upon the merits of the case what action on the part of the people of Canada is right and proper. In this connection we shall be pleased to have authority to place before Parliament all the information with which we may from time to time be supplied. Ends.

BYNG.

---

*From the Secretary of State for the Colonies to the Governor General*

LONDON, December 8, 1922.

Your telegram of November 25. Following for your Prime Minister. Begins:—

Treaty with Turkey. Our message of November 16th was framed on the assumption that the Canadian Government would wish to follow the procedure adopted in the case of treaties with Germany, Austria and Bulgaria. I am sorry if your telegram of October 31 was not fully understood here, as you say it is most important that there should be no misunderstanding on so important a question. Awkwardness therefore sets out the position as it appears to us. It is this. Any Treaty resulting from the Lausanne Conference will of course replace the Treaty of Sevres and until it comes into force, a state of war between the British Empire and Turkey will technically continue. Treaty must therefore be binding on the whole Empire when ratified. It remains to be seen whether there will be a successful issue to the Lausanne Conference, but if there is, we should much prefer that any new Treaty should follow (?) Paris precedent, and include signatures on behalf of all the Dominions. Do I gather from your telegram that the Canadian Government are not adverse to the procedure proposed as regards the signature of the new Treaty and of any separate instrument regarding the Straits but wish to make it clear that should anything in the Treaty or instrument be held to impose any serious international obligation on Canada, as part of the British Empire, it cannot be considered binding on Canada until approved by Parliament? If so, it does not appear to us that the procedure which you propose is essentially different from that which we should

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adopt in relation to Parliament here if the contingency contemplated should arise. In any event should legislation be required to give effect to the technical provisions of the Treaty, this would presumably necessitate its submission to the Parliament in Canada as here.

As regards to last sentence of your telegram, would it not be well to wait until it is known whether the Lausanne Conference results in the signature of a Treaty or Treaties and then lay the instruments themselves before Parliament. I do not think that it would be possible to publish any of the telegrams now being sent to you concerning the proceedings at Lausanne seeing that they often contain records of confidential interviews and impressions and other material intended only for private information. Ends.

DEVONSHIRE.

*From the Governor General to the Secretary of State for the Colonies*

OTTAWA, December 31, 1922.

Following from Prime Minister for you. Begins:—

Treaty with Turkey. Your Grace's telegram of December 8 begins: Quote. Our message of November 16 was framed on the assumption that the Canadian Government would wish to follow the procedure adopted in the case of treaties with Germany, Austria and Bulgaria. End quote.

The procedure referred to is, we understand, that adopted with respect to the Paris Peace Conference, and followed later with respect to the Washington Conference on the Limitation of Armament. As regards Canada's participation there were in that procedure four separate, distinct and essential stages.

One. Direct representation of Canada at the conferences at which the treaties were drafted, and participation in the proceedings of the conferences by Canada's representatives, each representative holding a Full Power signed by His Majesty the King in the form of letters patent authorizing him to sign (quote) for and in the name of His Majesty the King in respect of the Dominion of Canada (end quote) any treaties, conventions or agreements that might tend to the attainment of the object of the conferences, the Canadian Government having by Order in Council sanctioned the issuance of these Full Powers by His Majesty.

Two. Formal signing of the treaties on behalf of Canada by the plenipotentiaries so named.

Three. Approval by the Parliament of Canada of the treaties thus signed on behalf of Canada.

Four. Assent of the Government of Canada to the final act of ratification by His Majesty the King of the treaty signed on behalf of Canada and approved by the Parliament of Canada.



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Your Grace is quite right in assuming that as regards treaties in which Canada is supposed to have a direct or immediate interest, the procedure here outlined is the one which our Government would wish to follow. In the case of the main political treaties concluded since the War, in general the rule seems to have been followed that, wherever the Dominions could be said to have a direct or immediate interest, the procedure was shaped to include their participation in, and signature of, the proceedings. That in the case of the conference at Lausanne a like procedure has not been followed with respect to representation and participation by Canada, has been regarded by us as evidence that in the opinion of the countries by whom the invitations to the conference at Lausanne were extended, Canada could not have been believed to have the direct and immediate interest which she was supposed to have in the conferences at Versailles and Washington.

To the course pursued with respect to the Lausanne conference, we have, as mentioned in my telegram of October 31, no exception to take. As regards procedure, however, it must be apparent that quite apart from any action or representation on the part of the Government of Canada, a different procedure has been followed in the case of the present conference at Lausanne to that followed at Versailles and Washington. In so far as one stage in procedure is necessarily dependent upon the stage preceding, it is difficult to see how a like procedure can be followed. Canada has not been invited to send representatives to the Lausanne Conference, and has not participated in the proceedings of the conference either directly or indirectly. Under the circumstances, we do not see how, as respects signing on behalf of Canada, we can be expected in the case of a new treaty or of any separate instrument regarding the Straits, to follow the procedure adopted in the case of the treaties with Germany, Austria and Bulgaria. Ends.

BYNG.

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*From the Secretary of State for the Colonies to the Governor General*

LONDON, January 27, 1923.

Your telegram dated December 31, Lausanne Conference. Please inform your Prime Minister that in the circumstances His Majesty's Government willing to fall in with his suggestion that any Treaties with Turkey resulting from Conference should be signed only by the British Plenipotentiaries who have negotiated them, if it is generally acceptable. I am ascertaining whether it will be agreeable to the Prime Minister of the Commonwealth of Australia and the Prime Minister of New Zealand.

DEVONSHIRE.

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*From the Secretary of State for the Colonies to the Governor General*

LONDON, June 7, 1923.

My telegram dated January 27. I am assuming that if, as is hoped, the Conference at Lausanne results in the completion of a Treaty with Turkey, your Prime Minister would wish the previous arrangements regarding signature by British plenipotentiaries to hold good.

DEVONSHIRE.

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*From the Governor General to the Secretary of State for the Colonies*

OTTAWA, June 15, 1923.

Your telegram June 7.

In the event of Conference at Lausanne resulting in completion of Treaty with Turkey, Canadian Government are agreeable that previous arrangements regarding signature by British Plenipotentiaries should hold good.

GOVERNOR GENERAL.

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*From the Secretary of State for the Colonies to the Governor General*

LONDON, February 22, 1924.

My telegram Peace Treaty with Turkey. In order that the necessary action may be taken as soon as possible after the Bill becomes law, hoped that your Ministers will be in position, at very early date, to signify concurrence in ratification of Treaty and Conventions in question, including the Convention relating to Reparations, and also to intimate their wishes as regards declaration in connection with the Convention respecting the conditions of the Business and Commercial Convention, see my predecessor's despatch dated August 20, Dominion Treaty No. 31, paragraph 3.

SECRETARY OF STATE FOR THE COLONIES.

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*From the Secretary of State for the Colonies to the Governor General*

LONDON, March 21, 1924.

My telegram dated February 22. Peace Treaty with Turkey. Bill has now been read third time House of Lords and hoped to introduce it into House of Commons March 28th, and to secure passage within very short period thereafter.

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It is considered extremely important that His Majesty's ratification should take place at the earliest possible moment after passage of Bill. In the circumstances hoped that your Ministers may be in a position to reply to my telegram at very early date and if possible by the end of March.

SECRETARY OF STATE FOR THE COLONIES.

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*From the Governor General to the Secretary of State for the Colonies*

OTTAWA, March 24, 1924.

Your telegrams March 21 and February 22—

The Government of Canada not having been invited to send a representative to the Lausanne Conference and not having participated in the proceedings of the Conference either directly or indirectly, and not being for this reason a signatory to the Treaty on behalf of Canada (see my telegram to your predecessor December 31, 1922) my Ministers do not feel that they are in a position to recommend to Parliament the approval of the peace Treaty with Turkey and the Conventions thereto. Without the approval of Parliament they feel they are not warranted in signifying concurrence in ratification of the Treaty and Conventions. With respect to ratification, however, they will not take exception to such course as His Majesty's Government may deem it advisable to recommend. This appears to be in harmony with the resolution of the recent Imperial Conference (cmd. 1987, pages 14 and 15). The provisions thereof with reference to signature 2 (a) on page 14 and ratification (a) on page 15 appear to cover this case, which is not within the provisions of Signature 2 (b) on page 14 and Ratification (b) on page 15.

GOVERNOR GENERAL.

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# TREATY

For the Suppression of Smuggling Operations along the  
International Boundary between the Dominion  
of Canada and the United States

and

Assisting in the Arrest and Prosecution of Persons  
Violating the Narcotic Laws of either Govern-  
ment and for Kindred Purposes



OTTAWA  
F. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1924





## TREATY

### **For the Suppression of Smuggling Operations along the International Boundary between the Dominion of Canada and the United States and Assisting in the Arrest and Prosecution of Persons Violating the Narcotic Laws of either Government and for Kindred Purposes.**

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India, in respect of the Dominion of Canada, and the United States of America being desirous of suppressing smuggling operations along the boundary between the Dominion of Canada and the United States of America, and of assisting in the arrest and prosecution of persons violating the narcotic laws of either Government, and of providing as to the omission of penalties and forfeitures in respect to the earriage of alcoholic liquors through Alaska into the Yukon territory, have agreed to conclude a Convention to give effect to these purposes and have named as their Plenipotentiaries:

His Britannic Majesty, in respect of the Dominion of Canada: The Honourable Ernest Lapointe, K.C., a member of His Majesty's Privy Council for Canada and Minister of Justice in the Government of that Dominion; and

The President of the United States of America: Charles Evans Hughes, Secretary of State of the United States;

Who, having communicated to each other their respective full powers, which were found to be in due and proper form, have agreed upon the following articles:

#### ARTICLE I

The High Contracting Parties agree that the appropriate officers of the Governments of Canada and of the United States of America respectively shall be required to furnish upon request to duly authorized officers of the other Government, information concerning clearances of vessels or the transportation of cargoes, shipments or loads of articles across the international boundary when the importation of the cargo carried or of articles transported by land is subject to the payment of duties; also to furnish information respecting clearances of vessels to any ports when there is ground to suspect that the owners or persons in possession of the cargo intend to smuggle it into the territory of Canada or of the United States.

#### ARTICLE II

The High Contracting Parties agree that clearance from Canada or from the United States shall be denied to any vessel carrying cargo consisting of articles the importation of which into the territory of Canada or of the United States, as the case may be, is prohibited, when it is evident from the tonnage, size and general character of the vessel, or the length of the voyage and the perils or conditions of navigation attendant upon it, that the vessel will be unable to carry its cargo to the destination proposed in the application for clearance.

## ARTICLE III

Each of the High Contracting Parties agrees with the other that property of all kinds in its possession which, having been stolen and brought into the territory of Canada or of the United States, is seized by its customs authorities shall, when the owners are nationals of the other country, be returned to such owners, subject to satisfactory proof of such ownership and the absence of any collusion, and subject moreover to payment of the expenses of the seizure and detention and to the abandonment of any claims by the owners against the customs, or the customs officers, warehousemen or agents, for compensation or damages for the seizure, detention, warehousing or keeping of the property.

## ARTICLE IV

The High Contracting Parties reciprocally agree to exchange information concerning the names and activities of all persons known or suspected to be engaged in violations of the narcotic laws of Canada or of the United States respectively.

## ARTICLE V

It is agreed that the customs and other administrative officials of the respective Governments of Canada and of the United States shall upon request be directed to attend as witnesses and to produce such available records and files or certified copies thereof as may be considered essential to the trial of civil or criminal cases, and as may be produced compatibly with the public interest.

The cost of transcripts of records, depositions, certificates and letters rogatory in civil or criminal cases, and the cost of first-class transportation both ways, maintenance and other proper expenses involved in the attendance of such witnesses shall be paid by the nation requesting their attendance at the time of their discharge by the court from further attendance at such trial. Letters rogatory and commissions shall be executed with all possible despatch and copies of official records or documents shall be certified promptly by the appropriate officials in accordance with the provisions of the laws of the respective countries.

## ARTICLE VI

The following offences are added to the list of offences numbered 1 to 3 in Article I of the Treaty concluded between Great Britain and the United States on May 18, 1908, with reference to reciprocal rights for Canada and the United States in the matters of conveyance of prisoners and wrecking and salvage, that is to say:

4. Offences against the narcotic laws of the respective Governments.

## ARTICLE VII

No penalty or forfeiture under the laws of the United States shall be applicable or attached to alcoholic liquors or to vessels, vehicles or persons by reason of the carriage of such liquors when they are in transit under guard by Canadian authorities through the territorial waters of the United States to Skagway, Alaska, and thence by the shortest route, via the White Pass and Yukon Railway, upwards of twenty miles to Canadian territory, and such

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transit shall be as now provided by law with respect to the transit of alcoholic liquors through the Panama Canal or on the Panama Railroad, provided that such liquors shall be kept under seal continuously while the vessel or vehicle on which they are carried remains within the United States, its territories or possessions, and that no part of such liquors shall at any time or place be unladen within the United States, its territories or possessions.

## ARTICLE VIII

This Convention shall be ratified, and the ratifications shall be exchanged at Washington as soon as possible. The Convention shall come into effect at the expiration of ten days from the date of the exchange of ratifications, and it shall remain in force for one year. If upon the expiration of one year after the Convention shall have been in force no notice is given by either party of a desire to terminate the same, it shall continue in force until thirty days after either party shall have given notice to the other of a desire to terminate the Convention.

In witness whereof, the respective Plenipotentiaries have signed the present Convention in duplicate and have thereunto affixed their seals.

Done at the city of Washington this sixth day of June, one thousand nine hundred and twenty-four.

(Sgd.) ERNEST LAPOINTE.

(Sgd.) CHARLES EVANS HUGHES.





# INTER-ALLIED CONFERENCE

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EXCHANGE OF TELEGRAMS BETWEEN THE BRITISH  
AND CANADIAN GOVERNMENTS REGARDING  
REPRESENTATION OF THE DOMINIONS

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JUNE - JULY, 1924

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*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA  
F. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1924







## INTER-ALLIED CONFERENCE

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*From the Governor General to the Secretary of State for the Colonies*

OTTAWA, June 25, 1924.

Mr. Ramsay MacDonald's statement in the House of Commons of June 23rd that he is now in communication with the Dominions regarding proposed Inter-Allied Conference, has been seen by Prime Minister in cable despatches to press here. No message on this subject has been received so far by him from Mr. Ramsay MacDonald or yourself, and before questions are asked him in the House here Prime Minister is anxious to receive same.

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*From the Secretary of State for the Colonies to the Governor General*

LONDON, June 25, 1924.

Your Prime Minister will have seen press reports of the Prime Minister's statement in Parliament on June 23rd, as to the result of the conversation with the French Prime Minister at Chequers and the proposed allied Conference in London next month. Prime Minister is away till to-morrow and arrangements for the organization of the Conference must await his return but further telegram will be sent as soon as possible.

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*From the Secretary of State for the Colonies to the Governor General*

LONDON, June 26, 1924.

Please let your Prime Minister know that I hope to telegraph again before the end of the week as to the Inter-Allied Conference. Message from him crossed my telegram of yesterday.

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*From the Secretary of State for the Colonies to the Governor General*

LONDON, June 28, 1924.

My telegram dated June 25th. Following from Prime Minister for your Prime Minister: Begins:—

I have now had an opportunity of going further into the question of the participation of the Dominion Governments in the Inter-Allied deliberations



next month. Work of the Conference will be to concert the necessary arrangements for putting the Dawes Report into operation. Conference being restricted to this one subject, question of Inter-Allied debts and problem of securities will not be dealt with. Principal task of the Conference seems therefore likely to be, to agree upon the terms of an instrument, to be signed by the Allies and by Germany, formally binding the parties executing the recommendations of the Dawes Report.

In order to avoid any appearance of wishing to amend the Treaty of Versailles, this instrument might take the form of a protocol.

As I had already suggested in conversation with the Belgian Minister, at the beginning of May, we favour the plan of fixing in such protocol (i) a date by which Legislative and other measures to be taken by Germany must be complete, and (ii) a second date, say a fortnight later, when all fiscal and economic sanctions and other arrangements, affecting the economic activities of the German Reich and now in force in German territory, will be withdrawn.

*Note.*—See later developments as set out in Anglo-French note July 9th.

Dawes Report lays down that sanctions shall not be re-imposed, except in the case of flagrant failure to fulfil conditions embodied in the Report itself. A stipulation to this effect will accordingly have to find a place in the protocol, and the question will have to be decided who is to be the authority to declare there has been flagrant failure. That duty cannot properly be entrusted to the Reparation Commission, whose functions are strictly determined by the Treaty of Versailles, since the engagements to be undertaken by Germany under the Dawes scheme go altogether beyond those imposed by the Treaty. A suggestion has been made that the Financial Committee of the League of Nations might be brought in for the purpose, but the matter is still open for discussion.

Lastly, the protocol should contain a clause providing that any dispute as to its proper interpretation shall be referred to an International Court.

You will see from above outline of the task before the Conference, that the procedure, as regards the association of the various Governments of the Empire in its work, should clearly be governed by the principle of the resolution as to the negotiation, etc., of Treaties agreed to by the Imperial Conference 1923. Our suggestion is that a meeting should be held in London of Dominion and Indian representatives, to discuss with His Majesty's Government policy to be adopted at the Conference, and make arrangements for representation.

If you agree, I should be grateful for a reply as soon as possible, and also to learn the name of the representative who will attend the preliminary meeting. As the opening date of Conference likely to be July 16th, we ought hold the preliminary meeting in the previous week. Report of Dawes Committee enclosed in Secretary of State's despatch of April 19th, No. 188. Similar telegram sent to other Dominion Prime Ministers. Ramsay MacDonald. Ends.

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*From the Governor General to the Secretary of State for the Colonies*

OTTAWA, June 30, 1924.

Following from my Prime Minister for your Prime Minister. Begins:—

Re participation of Dominion Governments in Inter-Allied Conference: Your telegram June 28th was received yesterday (Sunday) and contents considered with colleagues at Cabinet Council to-day. We agree, from outline of the task before the Conference as set forth in your telegram, that the procedure as regards the association of the various Governments of the Empire in its work should be governed by the principle of the resolution as to the negotiation, etc., of treaties agreed to by the Imperial Conference, 1923. In this connection, we assume that the procedure with respect to the proposed protocol will be that set forth in the case of treaties negotiated at International conferences where there is a British Empire delegation, in which, in accordance with the now established practice, the Dominions and India will be separately represented.

We are pleased to concur in your suggestion that a meeting of such representatives should be held in London to discuss with His Majesty's Government policy to be adopted at the Conference and make arrangements for representation. We should like to have our Government represented by one of its Ministers at the preliminary meeting, but as you indicate this meeting should be held in the week previous to July 16th, we doubt if it will be possible so to arrange owing to the limited time between now and then.

We hope, however, to be able to arrange to have one of our Ministers represent Canada at the main Conference. To effect this, it will be necessary for us to be immediately advised if we are right in the assumption, that, as respects negotiation, signature and ratification of the proposed protocol, principles governing will be same as those regarding treaties negotiated at international conferences as referred to in Section 1, subsection (c) respecting negotiation, and Section 2, subsection (c) respecting signature, of the procedure as set forth in the resolution of the Imperial Conference, 1923. We should like, if possible, to be informed as to this before deciding on the representative to be named to attend the preliminary meeting, as the selection of the latter will necessarily be governed to some extent by the procedure to be observed with respect to our representation at the Inter-Allied Conference. Ends.

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*From the Secretary of State for the Colonies to the Governor General*

LONDON, July 3, 1924.

Your telegram dated June 30th. Following from Prime Minister for your Prime Minister: Begins:—

Your message was considered by the Cabinet July 2nd. As explained in my message of June 28th, work of the Inter-Allied Conference will be of strictly limited scope. There is no question, for example, of changing the percentage

payable to the British Empire on account of sums received by way of reparations (viz: 22 per cent) or of altering the allocation of this percentage, which was agreed at the Imperial Conference of 1921.

Also, not only will the problem of securities not be dealt with, but no military commitments will be entered into. We intend to retain the liberty of action in the event of wilful default by Germany, and not to go further than agreeing, in that event, to consult the Allies as to the nature of the sanctions to be applied.

Generally speaking, it is difficult to see that any special obligations on the Dominions will be entailed.

I thus find it difficult to give a definite answer to that part of your message which deals with the precise application of the principle of the resolution as to the negotiation, etc., of Treaties, passed at the Imperial Conference last year, to the arrangements for representation at the Inter-Allied Conference. We had contemplated that the question of representation should be discussed and settled at the preliminary conference in London, referred to in my message of June 28th. Would you have any objection to this and nominate representative accordingly to attend it? I ought to tell you quite frankly that, in the circumstances, we do see the difficulties in arranging for a separate representative of all the Dominions and India, if this should be desired, since this would result in our total representation largely out-numbering that of Foreign countries.

For this reason we had hoped to consider at the preliminary Conference with the Dominions and India, whether there was any method of arranging to keep our representation down to three.

One method might be the application of the panel system, as arranged at Paris in 1919, but as to this, I should explain that I think my own prerogative will be essential throughout, and probably that of the Chancellor of the Exchequer. Another method might be that the Dominions and India should agree on a single representative, but this would be a departure which, so far as I know, has never been discussed previously, and might very probably be regarded as open to objection.

Whatever system adopted, British Empire Delegation should, we think, remain in session during the Conference, so as to deal with all developments requiring discussion after the Conference has opened. Also our view is that arrangements should be considered as applicable to this Conference only, which as already indicated, is of a very special character. As regards the general question of the application of Conference resolution on the negotiation, etc., of Treaties, see my message of June 23rd.

Our present view is that the proposed protocol should be signed on behalf of all Powers represented at the Conference, and that separate signature(s) for the Dominions and India should be included. I should add, however, that it is intended to be an instrument not requiring ratification.

Prime Minister of the Commonwealth of Australia has nominated the High Commissioner to attend the preliminary meeting. No replies yet received from other Dominions. Duration of Conference estimated at about a week. I am repeating your message and this reply to the Commonwealth of Australia, New Zealand, Union of South Africa, and the Irish Free State. I should like to arrange the preliminary meeting, if possible, Thursday, July 10th. Ends.

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*From the Governor General to the Secretary of State for the Colonies*

OTTAWA, July 7, 1924.

*Re* participation of Canada in Inter-Allied Conference.

Following from my Prime Minister for your Prime Minister. Begins.

I have submitted to my colleagues in Council your reply of the third instant to my telegram of the thirtieth ultimo. We feel that the representations of your telegram in respect of the negotiation and signature of the proposed protocol present so many features parallel to those of the Lausanne Treaty which have given rise to the recent discussions in your Parliament and our own, that the exact position cannot be too clearly understood or too carefully stated.

In your telegram you say: Quote:

"Our present view is that the proposed protocol should be signed on behalf of all parties represented at the Conference and that separate signatures for the Dominions and India should be included". End quote.

Elsewhere in the same message you say: Quote:

"I thus find it difficult to give a definite answer to that part of your message which deals with the precise application of the principle of the resolution as to the negotiation, etc., of treaties, passed at the Imperial Conference last year, to the arrangements for representation at the Inter-allied Conference". End quote.

And also: Quote:

"I ought to tell you quite frankly that in the circumstances we do see the difficulties in arranging for a separate representative of all the Dominions and India if this should be desired". End quote.

If the proposed protocol is to be regarded as coming within the category of treaties negotiated at international conferences where there is a British Empire delegation, and if, as stated in your telegram of June 28th, the principles of the resolution as to the negotiations, etc., of treaties agreed to by the Imperial Conference, 1923, are to apply, there would in our opinion, from the wording of the resolution, appear to be no escape from the conclusion that the now established practice with respect to negotiation in such a case requires that the Dominions and India should be separately represented, and that the existing practice with respect to signature demands signature by plenipotentiaries on behalf of the Governments of the Empire represented at the Conference, the Full Powers to be in the form employed at Paris and Washington.

At Paris and Washington, Canada's representative held a Full Power signed by His Majesty the King in the form of letters patent authorizing him to sign, (quote) "for, and in the name of His Majesty the King in respect of the Dominion of Canada," (end quote), and treaties, conventions and agreements that might tend to the attainment of the object of the Conference, the Canadian Government having, by Order in Council, sanctioned the issuance of these Full Powers by His Majesty.

If the protocol is to be signed on behalf of Canada and the terms of the resolution of the Imperial Conference are to be followed, it will, we think, be

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necessary to have at the Conference a representative of Canada holding a full power signed by His Majesty the King in the form described, and sanctioned by Order in Council of our Government.

We regret that it will not be possible for Canada to be represented at the preliminary meeting by a member of our Cabinet who is wholly familiar with all the considerations of which we think full account should be taken and who might also serve as Canada's representative at the Inter-Allied Conference. As time, however, will not permit of this, I am to-day cabling our High Commissioner in London, the Honourable Peter C. Larkin, to represent our Dominion at the preliminary meeting which it is anticipated will be held on Thursday, and am instructing Mr. Larkin to present the point of view of our Government as herein set forth. I should be deeply obliged if you would have Mr. Larkin immediately supplied with copies of all the correspondence that has been exchanged between our respective Governments upon the subject of Canada's representation at the Inter-Allied Conference, including a copy of this message, in order that he may, in advance of the meeting, be made as familiar as possible therewith. Ends.

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*From the Governor General to the Secretary of State for the Colonies*

OTTAWA, July 9, 1924.

Following from my Prime Minister for your Prime Minister, Begins:—

On the Orders of the Day to-day a question was asked with respect to the Inter-Allied Conference, to which I replied intimating that I would bring its contents to the attention of His Majesty's Government with a view to ascertaining your wishes in the matter. I should be obliged if you would kindly indicate the reply which you wish me to make as from His Majesty's Government. The Question and Answer appear on Hausard as follows:

"Mr. Jos. T. Shaw (West Calgary): Press despatches having indicated that Premier Ramsay MacDonald has issued a memorandum with reference to the proceedings at the proposed Conference regarding the Dawes report, and that the French Press in discussing the memorandum has treated it as a formulation of British policy, I want to ask the Prime Minister the following questions: First, has the Government received such a memorandum? Second, will the Government lay on the table all the correspondence in connection with this matter? And lastly, if for any reason the Government is unable to table all the correspondence, will the memorandum referred to be tabled?"

"Rt. Hon. W. L. Mackenzie King (Prime Minister): The Government has not received a formal memorandum, but has received a communication from the Prime Minister of Great Britain, intimating the matters that would probably come before the Inter-Allied Conference. That communication is very similar in its contents to the memorandum to which I think the honourable member refers, and which I have seen quoted in the press. It was an intimation from the Prime Minister of Great Britain to the Government of Canada of the matters which would



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probably be discussed at the Inter-Allied Conference. There was, however, a further communication, requesting that the Government should name a representative to meet with the representatives of the other British Dominions in conference with His Majesty's Government in London this week. The Conference, I believe, takes place to-morrow, and we have asked our High Commissioner, Mr. Larkin, to represent us at that preliminary conference, at which, I understand, the policy of the British Empire in this matter will be considered. Pending authority from the British Government, I should hesitate to place on the table any of the communications which have thus far been received, but I shall have pleasure in communicating to the British Government the request of the honourable member with a view to ascertaining their wishes in the circumstances." Ends.

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*From the Secretary of State for the Colonies to the Governor General*

LONDON, JULY 11, 1924.

Following from Prime Minister for your Prime Minister: Begins:—

I have had full and frank talk at Conference with the High Commissioners for Canada, Commonwealth of Australia, New Zealand, Irish Free State, and the Secretary of State for India, this afternoon Friday, and have explained to them in detail the difficulties which confront us in securing separate representation of the Dominions and India in the same manner as at Versailles and Washington.

It is of most urgent necessity (?) that the Dawes Report should be put into operation without delay, and that the Inter-Allied Conference, which is to deal with nothing but how this can be done, and is therefore not treaty making, should meet as fixed on July 16th.

Under the present arrangements delegations of each of the chief Powers are to consist of three representatives, and even if we were in a position to negotiate an extension now, it could not be fixed up before next Wednesday. In view of the political and economic situation in Europe, that would mean that the Conference would be postponed indefinitely. This would destroy all chances of the Report being put into operation, with disastrous consequences to Europe and indeed the whole world. All that the British Government has striven for would be wrecked and any hope of obtaining financial results from the Treaty of Versailles would be gone. While Australia, if separate representation at the Conference is impossible, and New Zealand are prepared to be represented by a British Minister, instructions of the other High Commissioners present did not enable any definite recommendations to be made. It seemed, however, that the following arrangements were likely to meet the situation best—

(a) British representatives to keep in continuous consultation with the High Commissioner or other representative(s) appointed by the Governments of the Dominions and India, during the course of the sittings of the Conference.

(b) Dominion Governments to be kept fully informed by telegraph of Conference proceedings.

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I gave the High Commissioners present and the Secretary of State for India following assurance "Whatever is agreed to now, under exceptional (?) character, this Conference will not be regarded or quoted as a precedent and a statement to that effect will be made by me to the Conference".

I am quite sure you will appreciate our difficulties, and do your best to help us. Please reply urgently.

I am sending this message to the Prime Ministers of Canada, Commonwealth of Australia and New Zealand, and to the President of the Executive Council of the Irish Free State. I am also repeating it to the Prime Minister of the Union of South Africa. Ramsay MacDonald. Ends.

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*From the Secretary of State for the Colonies to the Governor General*

LONDON, July 12, 1924.

Following is English text of the Anglo-French Note prepared in Paris, July 9th. Begins:—

British and French Governments have agreed to submit to the Allied Governments following and recommend to them acceptance of the conclusions therein set.

1. In the view of the British and French Governments, object of the Conference to be convened in London July 16th, is to settle the method of putting into execution the Experts' Report, so far as concerns questions the solution of which devolves on interested Governments.

2. The two Governments recognize the importance of the economic and financial points of view, and more especially the necessity of establishing a state of confidence, which may give necessary security to eventual lenders, but they do not consider that this necessity is incompatible with respect for the provisions of the Treaty of Versailles, a point which the following considerations will make perfectly clear.

Moreover violation of these provisions would lead to a collapse of both of the permanent foundations on which rests the peace so painfully achieved, and of confidence in solemn national engagements, and would tend not to prevent but to inaugurate new conflicts.

3. Experts were appointed by the Reparation Commission, who invited them on November 30th, 1923, to "consider means of balancing the budget and measures to be taken to stabilize the currency of Germany."

Reparation Commission in this respect acted in view of the powers vested in them by Part VIII of the Treaty of Versailles, and notably by Article 234 (here follows text of Article).

It was in order to obtain enlightenment in the exercise of these powers that the Reparation Commission consulted the Experts Committee appointed under Paragraph 7 of Annex II to Part VIII, which reads as follows (here follows text).

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4. Experts submitted their reports to the Reparation Commission, which, by a letter of April 17th, communicated them to the interested Governments, stating the Commission had unanimously decided (i) to take note of the reply in which the German Government adhere to the conclusions of the Experts' Reports, (ii) to approve, within the limits of its competency, the conclusions formulated in these reports, and to adopt the methods contained therein, (iii) to transmit officially the reports of the Committee to the Governments concerned, recommending to them the conclusions which fall within their competency, so that the suggested plan may produce their full effect as early as possible, etc."

As the Reparation Commission point out, certain of the measures, which have to be taken in order to put into operation the Experts' plan, are thus solely within the competency of Governments.

This is moreover explicitly stated in the Dawes Report, paragraph 3 of which runs as follows (here follows text).

5. It becomes necessary, therefore, that creditors of the Government should conclude an arrangement in virtue of which they engage to take measures within their competency, in order to ensure effect is given to the Dawes plan.

British and French Governments declare it is of the highest importance that the Experts' Report shall be put into operation without delay, in order to ensure payment of reparations by Germany, and to bring the Allies back to co-operative action.

To this end, the two Governments have agreed on the following points:

(a) A Conference shall meet in London July 16th; two Governments note with satisfaction that the United States of America have decided to be represented.

(b) Governments concerned will first of all confirm acceptance, so far as they are concerned, of the conclusions of the Dawes Report—an acceptance which they have already given individually to the Reparation Commission.

(c) The arrangements to be concluded must not diminish the authority of the Reparation Commission. But in view of the fact that some security must be given to those who provide the 800 million gold marks and take up economic bonds, the two Governments will unite in an effort to secure the presence of an American on the Reparation Commission, in the event of the latter having to consider a default on the part of Germany. If this solution proved impossible, and in the event of members of the Reparation Commission being divided in opinion as to the fact, the two Governments would recommend that the Reparation Commission should call in the Agent General for reparation payments, who is to be of American nationality.

(d) Dawes Report contains provisions to meet minor defaults by means of various supervisory organizations; but an important wilful default would at once raise the question of Germany's good faith. In the event of the Reparation Commission declaring such a default, the Governments concerned will confer at once on how to put into operation such measures as they shall agree to take to protect themselves and investors.

(e) The plan by which German economic and fiscal unity should be restored, so soon as the Reparation Commission has decided that the Dawes Report is in operation, shall be settled at the Inter-Allied Conference. The Reparation Commission will be asked to prepare and present to the Inter-Allied Conference suggestions for such plan.

(f) In event of experience showing the necessity for modifications of the Experts' plan, they should only be introduced subject to all necessary guarantees, and by common agreement between interested Governments, except in so far as the Reparation Commission already has the necessary powers.

(g) In order to take full advantage of reparation payments provided for in the Experts' Report, and secure that they may benefit the Nations interested, Allies shall appoint a special body to advise the Governments interested what organizations should be set up in each country to use the payments made by Germany (in particular concerning transfer and deliveries in kind).

(h) It will also be necessary to settle the question of who shall be the authority to be entrusted with the interpretation of the Dawes Report, as well as of the arrangements to be concluded in London for putting the report into operation.

6. In the event of difficulties of interpretation arising in respect of the present document, the two Governments agree to refer these to their respective legal advisers.

7. The two Governments have had a preliminary exchange of views on the question of Inter-Allied Debts. British Government declare they, in consultation with the Governments concerned, seek an equitable solution of this problem, due regard being had to all factors involved. This question is therefore referred, for a preliminary examination, to the Experts of the Treasury.

8. The two Governments have likewise proceeded to a preliminary exchange of views on the question of securities. They are aware that public opinion requires pacification; they agree to co-operate to devise—through the League of Nations or otherwise—as opportunity presents itself, means of securing this, and to continue consideration of the question until the problem of general securities can be finally solved. Ends.

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*From the Governor General to the Secretary of State for the Colonies.*

OTTAWA, July 13, 1924.

Following from Prime Minister for your Prime Minister. Begins:—

Inter-Allied Conference—Your telegram July 11th was received yesterday, and contents carefully considered by Cabinet at meeting held during day. We are naturally most anxious to avoid any embarrassment to your Government, and it was with this end in view that when informed by you that Inter-Allied Conference came within scope 1923 Imperial Conference resolution and that in consequence we were being asked to send a representative to a preliminary

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conference between His Majesty's Government and the self-governing Dominions and India to arrange for representation at Inter-Allied Conference we deemed it advisable to anticipate the possibility of any misunderstanding by stating clearly our position with respect to representation in accordance with the terms of that Resolution. From the statements of your telegram of July 11th it would seem that the preliminary conference was not, as we had been led to believe, so much for the purpose of arranging for representation of the Dominions and India on a British Empire Delegation as for the purpose of informing the Dominions and India of what, in advance of consultation with their representatives, had been decided upon with respect to representation at the Inter-Allied Conference. This is precisely the procedure adopted with respect to representation at the Lausanne Conference to which exception has been taken, concerning which, we have been told, we should have spoken more plainly at the time, and which for many reasons, we had hoped would not be repeated. We regret that we are unable to acquiesce in this method of proceeding, or to depart from the position which we have consistently maintained of having Canada's right to representation at the Inter-allied Conference determined in accordance with the precedents established at Versailles and Washington, and confirmed by the 1923 Conference Resolution which our Government has formally approved. With regard to possible objection by other countries we deem it sufficient to observe that the British Empire has an absolute right to determine its internal organization which in the relevant aspect has already received international recognition. In case the rules of procedure at the Inter-Allied Conference do not permit the entire British Empire Delegation to be present at the Sessions of the Conference, we are quite prepared to agree that the representation at such Sessions shall be determined from time to time by the Delegation, but we regard as essential to our signature to any protocol or other agreement negotiated at an international conference where there is a British Empire Delegation, representation of Canada on such delegation by a delegate holding full powers in the manner set forth in my previous telegram. In thus stating our position we feel that we are adopting the only course which will commend itself to our parliament. Ends.

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*From the Secretary of State for the Colonies to the Governor General.*

LONDON, July 15, 1924.

Please communicate following very urgent message from me to your Prime Minister. Begins:—

In the unavoidable absence of the Prime Minister I had further meetings this morning with the High Commissioners for Canada, Commonwealth of Australia, New Zealand and Irish Free State. I read to them your message to the Prime Minister of July 13th and replies from the other Dominions which are being repeated to you separately. I am grateful for your suggestion that



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representation at the Sessions of the Inter-Allied Conference should be determined from time to time by the British Empire Delegation which I interpret as meaning that you think the panel system (which will enable one Dominion representative to be present at the Sessions each day) offers way out of difficulty. This plan certainly seems the best means of meeting the position and I am prepared to take steps accordingly and to arrange for each Dominion representative to be furnished with the necessary full powers.

Please reply to-day in view of the opening of the Conference to-morrow. Ends.

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*From the Secretary of State for the Colonies to the Governor General.*

LONDON, July 15, 1924.

Following from Prime Minister for your Prime Minister. Begins:—

Your message of July 9th. There are really two questions involved. First—representation of the Dominions in connection with the Inter-Allied Conference; second—Agenda for the Conference. As to the first, would it not be best to defer the question of publication of papers till correspondence complete. As to the second, it is quite true that the first part of my message of June 28th contained the substance of the memorandum referred to in the question in the Canadian House of Commons, but as you know there have been later developments, which resulted in my visit to Paris and joint Anglo-French Note subsequently issued. This was telegraphed by the Secretary of State for the Colonies, July 12th, and has been published. Ends.

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*From the Governor General to the Secretary of State for the Colonies*

OTTAWA, July 15, 1924.

Prime Minister desires me to send you following message in reply to your communication of to-day. Begins:—

*Re representation, Inter-Allied Conference.*

My understanding of your telegram just received is that you are agreeable to following, as respects Inter-Allied Conference which opens to-morrow, precedent of Paris Peace Conference with respect to representatives of self governing Dominions on British Empire Delegation, and that procedure to be followed at Inter-Allied Conference as respects British Empire Delegation will be similar to that followed at Paris Peace Conference.

In accordance with this understanding, our Government has to-day passed Order in Council appointing the Honourable N. A. Belcourt as the representative of Canada at the Inter-Allied Conference and requesting issuance to him of the necessary full powers. Ends.

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*From the Governor General to the Secretary of State for the Colonies.*

OTTAWA, July 15, 1924.

Minute of Council approved to-day recommending the appointment of the Honourable Napoleon Antoine Belcourt, member of the King's Privy Council for Canada and a Senator, as Commissioner and Plenipotentiary in respect of the Dominion of Canada to the forthcoming Conference at London, on 16th July, 1924, for the purpose of considering Dawes Report on German Reparations, and requesting the grant of full powers to Senator Belcourt.

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P.C. 1233

*Certified copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 15th July, 1924.*

The Committee of the Privy Council have had before them a report, dated 15th July, 1924, from the Right Honourable W. L. Mackenzie King, Prime Minister and Secretary of State for External Affairs, representing that in connection with the forthcoming conference to be held at London on the 16th July, 1924, for the purpose of considering the Dawes Report on German Reparations, it is expedient to invest a fit person with full power to treat on the part of His Majesty the King in respect of the Dominion of Canada with a person or persons similarly empowered on the part of the other participating States.

The Minister therefore recommends that His Majesty the King be humbly moved to issue Letters Patent to the Honourable Napoleon Antoine Belcourt, a Member of the King's Privy Council for Canada and a Senator, naming and appointing him as commissioner and plenipotentiary in respect of the Dominion of Canada with full power and authority to conclude with such plenipotentiary or plenipotentiaries as may be vested with similar power and authority on the part of any powers or states, any treaties, conventions or agreements in connection with the said conference, and to sign for and in the name of His Majesty the King in respect of the Dominion of Canada everything so agreed upon and concluded and to transact all such other matters as may appertain thereto.

All of which is respectfully submitted for Your Excellency's approval.

E. J. LEMAIRE,  
Clerk of the Privy Council.

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*From the Secretary of State for the Colonies to the Governor General.*

LONDON, July 17, 1924.

Following from your Prime Minister, begins:—

Your two messages of July 15th in regard to my message of the same day, were read at (?) further meeting with the High-Commissioners to-day, at which Senator Belcourt was present.

In order to avoid any possibility of misunderstanding, I want to make it quite clear that the proposal in my message of July 15th was that the Canadian representative should attend the meetings of the Inter-Allied Conference under the panel system in rotation with the representatives of the other Dominions.

This procedure follows that at the Paris Peace Conference in so far as that Conference provided that each Delegation had the right to avail itself of the panel system, but is not in accordance with that part of the rules of the Paris Conference which provided for separate representation of the Dominions and India, in addition to the possibility of their inclusion, if so desired, in the representation of the British Empire by the panel system.

I feel bound to point this out before definite arrangements made for the representation of the Dominions, as I am not sure on reading your telegram whether this position was understood.

I hope very much that my proposal (which has already been accepted on behalf of Australia, New Zealand and India) may be carried out, it being understood of course, that the arrangement is a special one, and governed by the Prime Minister's assurance contained in my telegram dated July 11th.

You will also like to know that it can be arranged for representatives of the Dominion to be present at the meetings of the Inter-Allied Conference on the days when it is not their turn to sit as members of the British Empire Delegation. This will ensure that they are fully acquainted with all that goes on in conference. Ends.

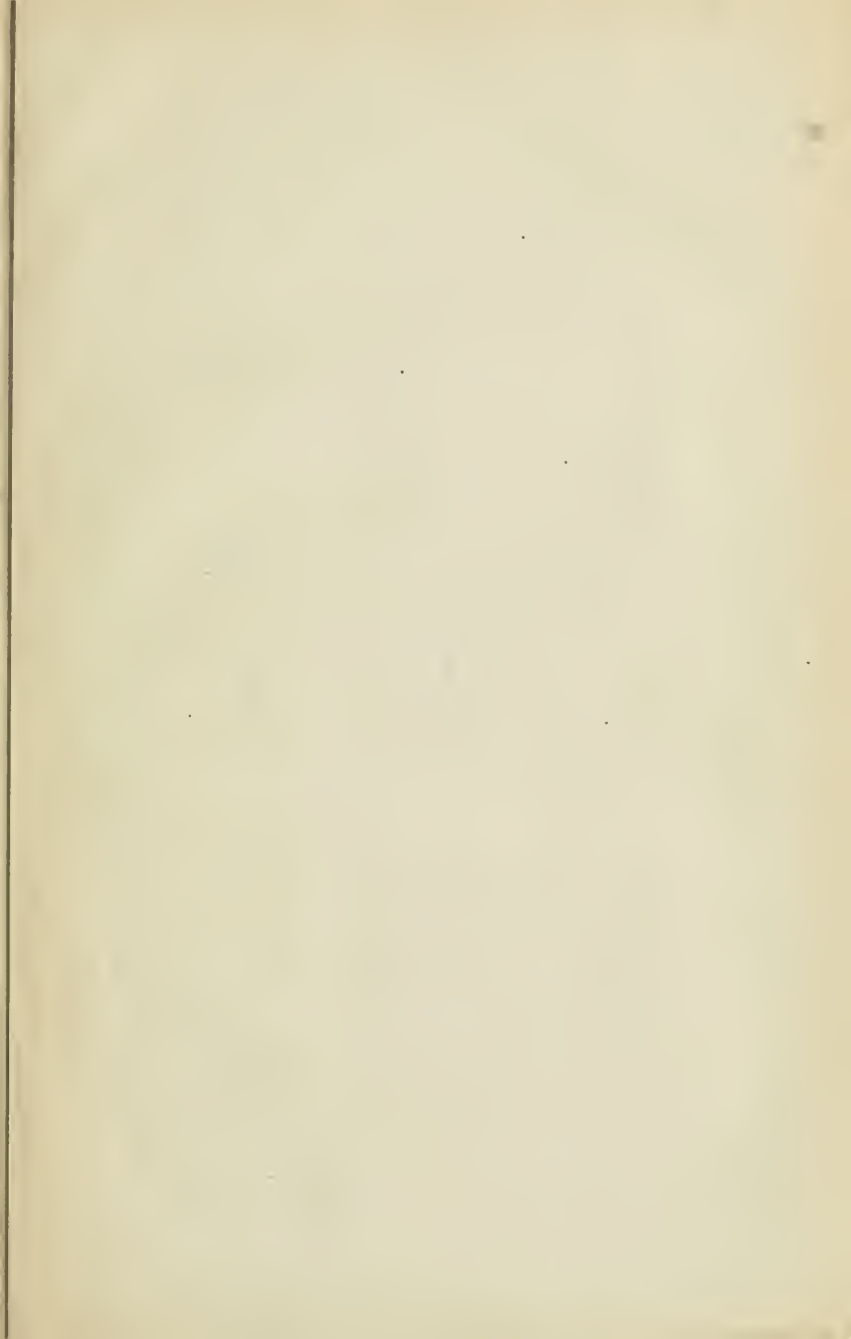
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*From the Governor General to the Secretary of State for the Colonies.*

OTTAWA, July 17, 1924.

Following from my Prime Minister. Begins:—

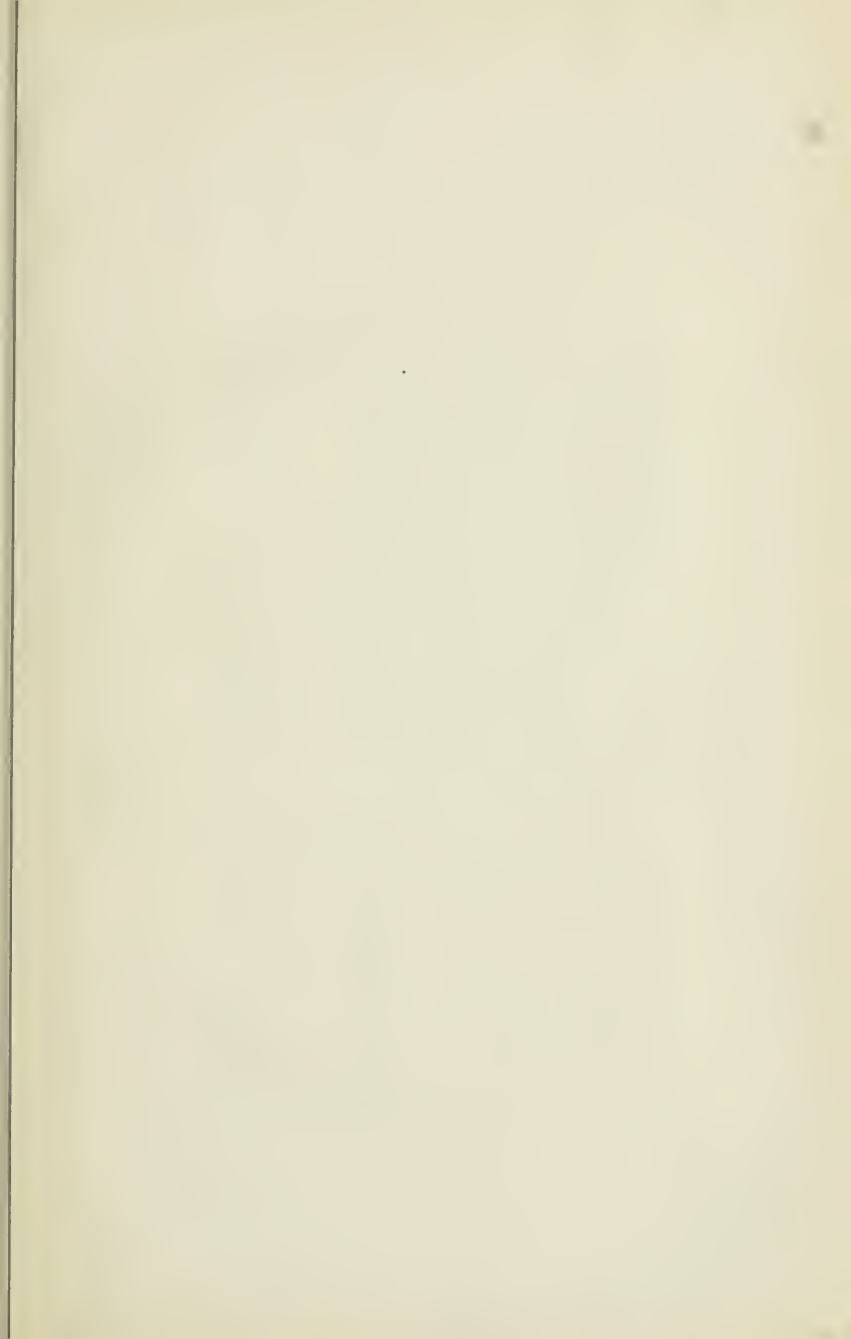
In view of representations and assurances contained in your telegram just received, and in order to avoid as far as possible any embarrassment to His Majesty's Government in existing situation and to facilitate as far as may be in our power work of the Inter-Allied Conference, our Government is prepared to accept your proposal of July 15th as interpreted in your telegram of to-day. I am advising our High Commissioner and Senator Belcourt accordingly.



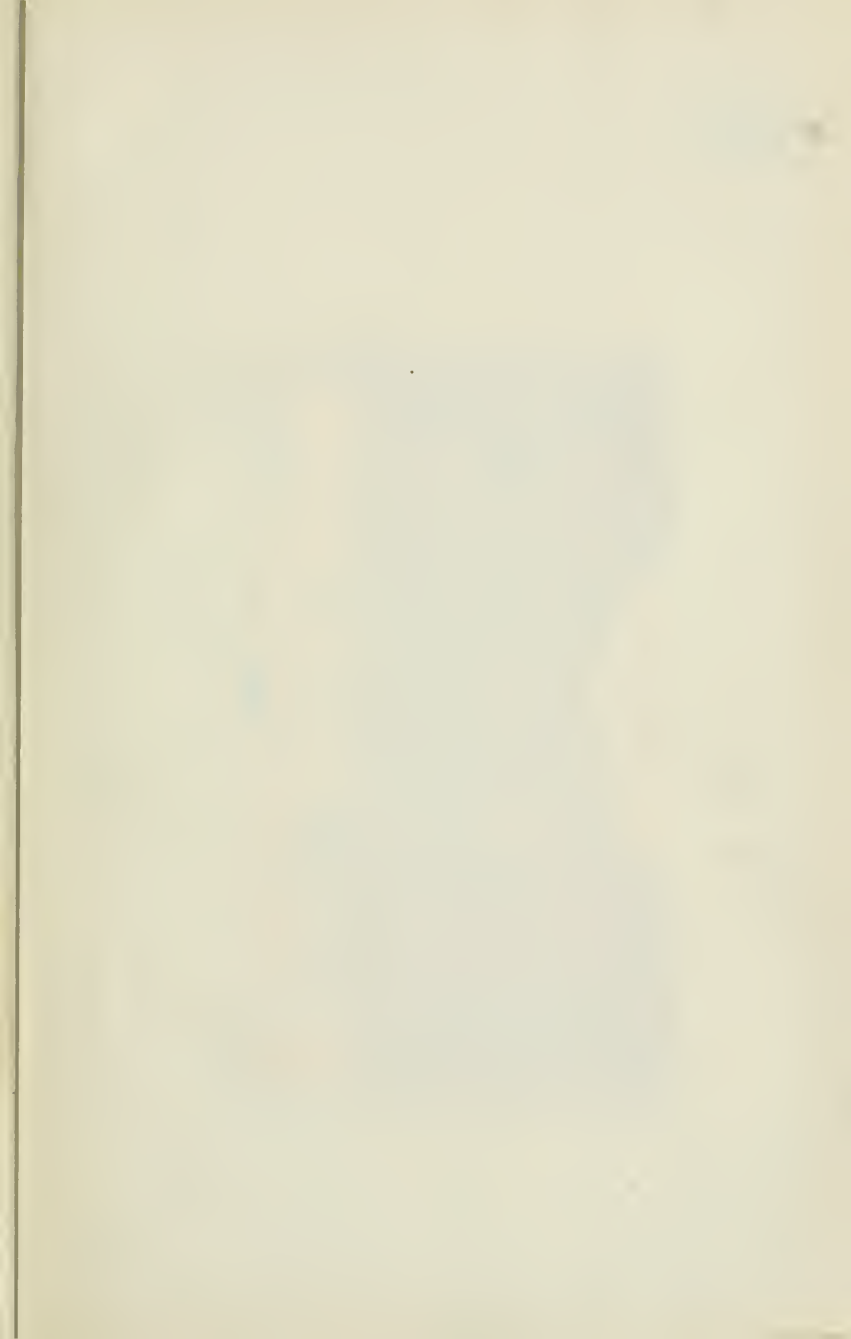
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