

to bring the Chinese communists to the conference table on any conditions that we would consider.

But I should like to assure the house, Mr. Speaker, that the possibility of securing an honourable settlement by negotiation is never being overlooked by any of the governments, any of the free governments, which are concerned with this matter; we will all continue to search for any indications that the Peking regime may be ready to discuss a settlement, and we will be energetic in taking advantage of any opportunity that we might be able to discover. Meanwhile, however, I can only repeat what I said the other day, namely, that until we get that indication in some form from Peking, and while the battle is going on, diplomacy must for the time being take a second place to arms. We can only hope that the use of those arms by the United Nations will be so effective and do so much damage to the forces of communist aggression that before long they will see reason. It may then be possible to negotiate with them on United Nations terms, and the danger of a third world war arising in that part of the world will, at least, have been avoided.

**Mr. Drew:** Mr. Speaker, on a question of privilege I just want to deal with two matters that were raised, and which I did not wish to pursue at that time so that I would not interrupt the Secretary of State for External Affairs.

In the first place I might point out that the Secretary of State for External Affairs repeated several times that I had made certain allegations. If he will check the record he will find that I referred to the fact that certain allegations had been made by responsible individuals, and that I felt an explanation should be given. I repeat that statement, and I do repeat also that they are responsible individuals and that I think they deserve an explanation.

The second matter was in regard to a point that I raised later when I suggested that the possibility of air action against the Manchurian bases to which the hon. minister was referring did not seem inconsistent with what he had said on an earlier occasion. I would refer to what he said on April 26 as reported at page 2397 of *Hansard* in reply to a question which had been asked him, and these were his words:

However, it is of course possible to visualize a situation where immediate retaliatory action, without consultation, might be unavoidable in pursuing enemy bombers back to the Manchurian air base from which they came. The decision on the spot to take such immediate retaliatory action would presumably be based on overriding considerations of military security.

### *Veterans Business and Professional Loans*

It was to that statement that I was referring.

Motion agreed to.

## VETERANS AFFAIRS

### VETERANS BUSINESS AND PROFESSIONAL LOANS ACT—EXTENSION OF APPLICATION, ETC.

**Hon. Douglas Abbott (Minister of Finance)** moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Veterans Business and Professional Loans Act to make the act applicable to a greater number of veterans and to enlarge the period within which guaranteed loans may be made under the act.

**Mr. Macdonnell (Greenwood):** Will the minister or the parliamentary assistant say a word as to the history of this act?

**Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance):** I shall be very glad to say a few words, giving the history of this act. This resolution introduces a very simple bill to amend the present act and to extend the deadline for the making of loans from January 15, 1952, until January 1, 1955. The act itself is the consequence of recommendations of the veterans affairs committee in 1945. They were considering the veterans charter at that time. The veterans charter, you will recall, provided for cash gratuities to all those who served in the armed forces. It provided for reinstatement in civilian employment to those who had it on enlistment. It provided for re-establishment credits to those who wanted to use extra money for setting themselves up in business or for home furnishings, and also provided for professional and vocational training, and the Veterans Land Act.

The veterans affairs committee found that there was one group who were not provided for, namely, those who wished to use their cash gratuities or their re-establishment credits to go into business for themselves, and they made a recommendation to the house which the government accepted. That provision was made for business and professional loans to veterans. The bill was introduced in 1946, and was based on the same principle as the Farm Improvement Loans Act, which we have already dealt with this session.

The government itself does not make any loans to the veterans, but guarantees loans which are made by the chartered banks, the reason for this being that the ordinary branch managers of the chartered banks of Canada are certainly the best judges of whether or not the enterprise which the veteran was considering launching himself was likely to succeed in the community in which he was situated. The total amount of loans which