

*Supply—Defence Production*

the steel companies, including Algoma. These contracts are for the navy, army, air force, and so on.

Now, there is a place where the minister, though not a director of the corporation, is the ministerial head of the corporation and responsible to parliament for a very large commercial operation. If a minister in that position saw fit to do so he could have a very profound effect on the affairs of a corporation in which his interests on the other side, as a private citizen, are involved by reason of his executorship.

That is the kind of situation in which the potential is there and which these rules of conduct and the standard of ministerial integrity are designed to prevent. None of us, so far as I am aware, today have made any charge or suggestion of impropriety, but the impropriety is that this possibility of conflict should be allowed to continue.

Another corporation whose report I have here is Canadian Arsenals Limited, another corporation responsible to the minister as Minister of Defence Production. On the first page of this report I see that it states:

This year marks the 10th anniversary of Canadian Arsenals Limited which was established in the year 1945, by letters patent, under part I of the Companies Act, 1934: The company:—

(a) produces warlike stores and equipment to the order of the Department of Defence Production. Such stores and equipment may be for the Canadian fighting forces, members of NATO—

And so on. The volume of business transacted by this corporation is also of a very high order.

Those are only three of the five corporations that report to and are under the direction of the Minister of Defence Production. Then there are, as I say, nine more corporations reporting to the same individual in his capacity as Minister of Trade and Commerce, including Atomic Energy of Canada which carries on a very substantial operation and uses many of the products of Algoma. There is Canadian Patent and Development Limited, which seems to be more or less in a field by itself; Eldorado Aviation Limited; Eldorado Mining and Refining Limited; export credits; northern transportation; Trans-Canada Air Lines and more recently the Northern Ontario Pipe Line Crown Corporation.

So it is evident, I think, that of all the members of the government the Minister of Defence Production, by reason of his great authority and activity in the commercial field in the manufacture and procurement of supplies of all kinds for defence purposes, occupies a role which least of all should have any conflict of interest or the possibility of any conflict of interest with private commercial activities.

**Mr. Diefenbaker:** I do not intend to cover any portion of the arguments that have been advanced, but I do intend to ask two questions both of which arise out of the explanation made by the parliamentary assistant to the minister during the course of his remarks this afternoon. I began by a reference that I believe summarizes the general attitude of parliaments in the British tradition to the need for ministers of the crown at all times to act in such a way that their conduct is in keeping with the proprieties of parliamentary traditions, and also in their conduct at all times to appear to keep within the limitations that the traditions of the past have imposed upon all who hold the high and honourable position of minister of the crown.

Sir Winston Churchill, as prime minister, enunciated the principles which in his opinion should at all times govern. Those principles are set forth in the British House of Commons *Hansard* of February 25, 1952. They represent the attitude of a man who was fond of describing himself as a House of Commons man. Because the right hon. Minister of Trade and Commerce also chose a few months ago to describe himself as a House of Commons man as well, I am sure the suggestions of the then prime minister of Britain will appeal to him. These suggestions regarding the general principles that govern ministers were circulated amongst the ministers and are as follows; I am going to read only those that are pertinent:

1. It is a principle of public life that ministers must so order their affairs that no conflict arises, or appears to arise, between their private interests and their public duties.

2. Such a conflict may arise if a minister takes an active part in any undertaking which may have contractual or other relations with a government department, more particularly with his own department. It may arise, not only if the minister has a financial interest in such an undertaking, but also if he is actively associated with any body, even of a philanthropic character, which might have negotiations or other dealings with the government or be involved in disputes with it. Furthermore ministers should be free to give full attention to their official duties, and they should not engage in other activities which might be thought to distract their attention from those duties.

In accepting these two general principles I suggest this. It is difficult to understand why the minister persists with such persistency and stubbornness in holding a position as an executor of Sir James Dunn's estate which, however honourable his conduct may be, none the less does permit of a suggestion of a major clash of interest.

The hon. member for Halifax says there is no conflict. I cannot follow him in that. On the one hand there is the position of the minister as executor of one of the largest estates that has ever been administered in